



NEWS RELEASE

Alvopetro Announces Q4 2023 Dividend of US\$0.14 Per Share and Commencement of Caburé Unit Redetermination Process

Calgary, Alberta, December 18, 2023 – Alvopetro Energy Ltd. (TSX-V:ALV; OTCQX: ALVOF) announces our Q4 2023 dividend and an update on our Caburé Unit Redetermination process.

Q4 2023 Dividend

Our Board of Directors has declared a quarterly dividend of US\$0.14 per common share, payable in cash on January 15, 2024, to shareholders of record at the close of business on December 29, 2023. This dividend is designated as an “eligible dividend” for Canadian income tax purposes.

Dividend payments to non-residents of Canada will be subject to withholding taxes at the Canadian statutory rate of 25%. Shareholders may be entitled to a reduced withholding tax rate under a tax treaty between their country of residence and Canada. For further information, see Alvopetro’s website at <https://alvopetro.com/Dividends-Non-resident-Shareholders>.

Caburé Redetermination Process

As previously disclosed, the Caburé natural gas discovery extends across two blocks owned by Alvopetro (Block 197 and 198) and two adjacent blocks owned by a third party (Blocks 211 and 212). Under Brazilian legislation, petroleum accumulations straddling two or more licensed blocks must undergo unitization (pooling) in order to promote efficient and fair exploration and development. In April 2018, Alvopetro and the adjacent resource owner finalized the terms of the Unit Operating Agreement (“UOA”), the unit development plan and all related agreements, with Alvopetro’s initial working interest share of the unitized area (the “Unit”) being 49.1% and Alvopetro’s 50.9% partner being named initial operator. Under the terms of the UOA, the working interest split is subject to redeterminations. The first redetermination was to occur 18 months after Alvopetro commenced production allocations or on January 5, 2022. The first redetermination was deferred to include data up to October 31, 2023, and has now commenced.

Under the provisions of the UOA, the parties agreed that the redetermination would be evaluated by an independent expert (the “Expert”). Pursuant to the provisions of the UOA, where an Expert is engaged, the Expert’s determination shall be made using what is commonly referred to as the “pendulum” method of dispute resolution. Under this method, the Expert is not required or permitted to provide their own interpretation, but is required to select the single Final Proposal (between the two partner’s respective Final Proposals), which, in the Expert’s opinion, provides the most technically justified result of the application of the relevant information and data and material provided to the Expert consistent with the UOA and all related documents.

The Expert has been engaged and the schedule estimates a final decision to be made near the end of the first quarter of 2024. The outcome of the Expert’s decision and the resulting working interest to Alvopetro following the decision is uncertain. Based on proposals presented by each party, Alvopetro’s working interest may be adjusted higher or lower and the resulting impact on Alvopetro’s reserves and future cash flows may be material.

Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:
<http://www.alvopetro.com/corporate-presentation>.

Social Media

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

Alvopetro Energy Ltd. *'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé natural gas field and our strategic midstream infrastructure.*

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

All amounts contained in this new release are in United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.

Forward-Looking Statements and Cautionary Language. *This news release contains "forward-looking information" within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the expectations discussed in the forward-looking statements. These forward-looking statements reflect current assumptions and expectations regarding future events. Accordingly, when relying on forward-looking statements to make decisions, Alvopetro cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. More particularly and without limitation, this news release contains forward-looking information concerning the redetermination and Alvopetro's working interest share of the Unit and the potential impact on future cash flows, the Company's dividends, plans for dividends in the future, the timing and amount of such dividends and the expected tax treatment thereof. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro, including but not limited to equipment availability, the timing of regulatory licenses and approvals, the success of future drilling, completion, testing, recompletion and development activities, the outlook for commodity markets and ability to access capital markets, the impact of global pandemics and other significant worldwide events, the performance of producing wells and reservoirs, well development and operating performance, foreign exchange rates, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, expectations regarding Alvopetro's working interest in properties and the outcome of any redeterminations, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. In addition, the declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors. Although Alvopetro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvopetro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on factors that could affect the operations or financial results of Alvopetro are included in our annual information form which may be accessed on Alvopetro's SEDAR profile at www.sedar.com. The forward-looking information contained in this news release is made as of the date hereof and Alvopetro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

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