

Letter to Shareholders

April 29, 2024

Dear Fellow Shareholders:

In 2023 we generated record operating netbacks and strong funds flow from operations despite a reduction in average daily sales in 2023 compared to 2022. With the recent announcement of our increased working interest in the unitized area which includes our Caburé natural gas field (the “Unit”), we are well positioned to pursue our growth objectives in 2024 and beyond. All of these efforts would not be possible without our employees whose unwavering dedication drives the success of our business and the other members of our board of directors (the “Board”) for their invaluable strategic insights and ongoing contributions. We thank the entire Alvpetro team for their ongoing efforts in making Alvpetro a success.

2023 Financial and Operating Highlights

- Annual sales averaged 2,142 barrels of oil equivalent per day (“boepd”).
- We generated funds flow from operations¹ of US\$48.0 million.
- Our operating netback per barrel of oil equivalent¹ (“boe”) averaged US\$68.82 per boe, a 90% operating netback margin¹ relative to our average realized sales price of US\$76.33 per boe, industry leading margins compared to peers.
- We had no debt outstanding throughout 2023 and ended the year with a US\$13.1 million net working capital¹ balance, including cash and cash equivalents of US\$18.3 million.
- We declared dividends of US\$0.56 per share, a 56% increase from 2022.

2024 Plans

In April 2024 we announced the results of the redetermination process of our working interest in the Unit wherein the appointed independent expert (the “Expert”) found in favour of Alvpetro’s proposal, increasing our working interest from 49.1% to 56.2%. While our Unit partner has indicated they dispute the findings of the Expert and are seeking to stay the redetermination result, we are confident the decision of the Expert is binding and disagree with the position of our partner. We have now filed a request for emergency arbitration before the International Court of Arbitration of the International Chamber of Commerce, seeking to make the Expert decision binding and effective as provided for under the terms of our Unit Operating Agreement. Contractually, the new working interest is to be effective June 1, 2024 (the “Effective Date”). From the Effective Date, Alvpetro will be entitled to higher daily natural gas and natural gas liquids allocations from the Unit. Incorporating the increased working interest, our proved plus probable reserves increased 11%² effective December 31, 2023. Alvpetro intends to pursue operatorship of the Unit on the Effective Date.

Our upcoming capital plans are focused on optimizing production from our three existing wells on our 100% owned and operated Murucututu natural gas field. We have recompletions planned on both the 183-1 and 183-A3 wells targeting the Caruaçu Formation and are planning a chemical treatment in the 197-1 well to enhance productivity from the Gomo Formation. At the Unit, we have agreed to a five-well development plan expected to commence later this year.

We remain committed to our balanced capital allocation and stakeholder return model. With lower production volumes in early 2024 we recently announced a reduction in our quarterly dividend to US\$0.09 per share effective Q1 2024. We will continue to evaluate our quarterly dividend as the year progresses.

¹ Refer to the “Non-GAAP and Other Financial Measures” section in this management information circular.

² Refer to the “Oil and Natural Gas Advisories” section in this management information circular. Alvpetro’s December 31, 2023 reserves (the “Original December 31, 2023 Reserves”) were based on an independent reserves and resources assessment and evaluation prepared by GLJ Ltd. (“GLJ”) dated February 26, 2024 with an effective date of December 31, 2023 (the “GLJ Reserves and Resources Report”) and incorporated the original working interest in the Unit of 49.1%. GLJ prepared an updated evaluation of reserves as of December 31, 2023 (the “GLJ Proforma Report”) incorporating the redetermined working interest of 56.2% (the “Proforma December 31, 2023 Reserves”), which was announced by Alvpetro on April 5, 2024 with a material change report filed on April 12, 2024.

The Meeting

The enclosed management information circular contains important details about the meeting, including matters to be voted on and how to vote your shares. The meeting will be held in person and only registered shareholders or their duly appointed proxy holders will be able to vote their shares at the meeting. We encourage any registered shareholders who are unable to attend the meeting in person and all beneficial shareholders to vote their shares in advance of the meeting as further outlined in the information circular.

We will also be broadcasting the meeting via live webcast for the interest of all shareholders. Please be advised that shareholders will not be able to vote any shares through this webcast format. Details for joining the event are as follows:

Date: June 18, 2024

Time: 9:30 a.m. Mountain time/11:30 a.m. Eastern Time

Link: <https://us06web.zoom.us/j/85643699805>

Dial-in numbers: <https://us06web.zoom.us/u/kdTMTKlxry>

Webinar ID: 856 4369 9805

Looking Ahead

Since commencing production from our Caburé natural gas field on July 5, 2020 to December 31, 2023, we have generated over US\$130 million in funds flow from operations, repaid 100% of the original project financing and declared dividends totaling over US\$37 million to shareholders. While 2023 was a more challenging year for Alvo Petro in terms of production growth, with our strong financial resources, debt-free balance sheet and our increased working interest in the Unit, we are excited to embark on our plans for 2024 and beyond.

We would like to take this opportunity to express our gratitude to our fellow shareholders for their ongoing support and we look forward to updating you on our progress throughout 2024.

Sincerely,

(signed) "Corey C. Ruttan"

Corey C. Ruttan
President, Chief Executive Officer and Director

(signed) "John D. Wright"

John D. Wright
Chairman of the Board of Directors