



To: Our Shareholders,

We are excited to be embarking on a new journey with AlvoPetro. I would like to take this opportunity to update our shareholders on our progress and share with you our Vision and Strategy for AlvoPetro.

The spin-out of AlvoPetro from Petrominerales Ltd. in late November 2013 was a pivotal transition that allowed us to create a truly unique entity, combining a world class resource opportunity in Brazil with an exceptional team of technical professionals. Our significant financial resources provide us with a strong platform from which to pursue the opportunities in front of us.

Our assets in Brazil are comprised of 148,500 acres of land primarily in the underexplored Recôncavo Basin, onshore Brazil. We have always assessed opportunities based on a combination of geological prospectivity and fiscal regime. On both these measures, we view our assets in Brazil as offering exceptional potential.

Vision and Strategy

Our vision is to be the premier independent exploration and production company in Brazil, maximizing shareholder value by being the lowest cost operator and applying innovation to underexploited opportunities.

The key to delivering on this vision is to combine developed basin talent and technologies with local operating capacity and apply it in areas that have been largely under explored and developed. Our Team has extensive operating experience in dynamic and changing environments, and we will relentlessly pursue performance improvement while lowering costs.

Our initial Strategy is to target three core opportunities:

- 1) Lower risk development drilling on our **mature fields**. Our year-end reserves included one undeveloped probable horizontal well which we plan to drill in 2014. With success, we have at least three additional wells we would target drilling in the near-term.
- 2) Pursue shallow **conventional exploration** potential. We have secured seven new blocks at recent bid rounds and reprocessed available 3D seismic. Our work has already uncovered several exciting exploration prospects.
- 3) The large prize is the potential of the **deep Gomo resource play**. From a land perspective we have tied up the majority of the deep Gomo prospective play fairway. Our priority is to prove the commercial viability of the play and commence a large-scale, repeatable, low-risk, multi-well development program. The resource potential of the Gomo has been further supported by the initial results on our recently drilled 1ALV5BA well on Block 197 and we look forward to upcoming production tests.



Progress

Since creating AlvoPetro as a standalone operating entity on November 28, 2013, we have made considerable progress.

We have assembled a complete team of highly qualified professionals that will allow us to execute our near-term business plans and are poised to successfully steward AlvoPetro through considerable growth in the years to come. I am very confident in our team's ability to deliver exceptional results allowing us to realize our vision in Brazil.

We have reprocessed available 3D seismic over our land base and are very happy with the results. This reprocessing has significantly enhanced our view of the opportunities available to us.

We expanded our opportunity base by adding four new blocks at Brazil's 12th Bid Round covering 28,488 acres.

We successfully drilled our 1ALV5BA well on Block 197 and the well has exceeded our initial expectations, encountering 43 meters of potential net hydrocarbon pay. We have achieved our initial objectives for our 1ALV5BA well by obtaining high quality geological and reservoir information and optimizing our operational practices. The key next steps are to test the deliverability of the well and determine an initial reservoir access solution that can unlock the vast potential of the Gomo resource play.

Looking Ahead

We have made steady progress and are pleased with our early results in the short timeframe since inception. We look forward to the testing results from our Block 197 well, and are similarly excited about the resource potential on Block 183, where we plan to drill our next well in the second quarter of 2014.

It is an exciting time to be an AlvoPetro shareholder and I believe that an investment in AlvoPetro represents a compelling risk versus reward proposition. Our Team is strongly aligned with our shareholders and focused on adding shareholder value by delivering per share production and reserve growth. We have a tremendous opportunity in front of us and I am confident our Team can deliver on the full potential that our asset base offers.

We look forward to updating you on our progress throughout 2014.

A handwritten signature in black ink, appearing to read "Corey Ruttan", written in a cursive style.

Corey C. Ruttan
President, Chief Executive Officer and Director
April 22, 2014