



April 13, 2016

To the Shareholders of Alvopetro Energy,

I would like to take this opportunity to update you on our progress in 2015 and share our strategy for 2016 and beyond. By any measure, 2015 was a challenging time for the energy industry. Throughout these turbulent times, we have maintained focus on preserving and adding shareholder value. We have a tremendous opportunity in Brazil, combined with an exceptional team, and Alvopetro is uniquely positioned to grow in this business environment.

2015 Highlights

- Our drilling to date has resulted in four discoveries (197(1), 183(1), 197(2) and 182(B1)) and one dry hole at 170(B1). Alvopetro ended 2015 with an inventory of 20 conventional exploration prospects.
- In 2015, we successfully tested three separate intervals in our 197(2) natural gas discovery. Pressure transient analysis forecasts potential post-stimulation rates with total deliverability averaging 15.9 MMcfpd (2,650 boepd) over the first three months of continuous production and averaging 10.2 MMcfpd (1,700 boepd) over the first year of continuous production.
- Alvopetro's 197(2) contingent resources are comprised of a "best estimate" (2C) of 5.8 MMboe and our 2015 year-end reserves are 741 Mstb (total gross proved plus probable). Upon elimination of certain of the contingencies to commerciality, Alvopetro expects resources currently classified as contingent resources to be re-classified as reserves.
- Our 197(2) contingent resources have an NPV10 of US\$91.3 million (2C) and our 2015 year-end reserves have an NPV10 of US\$9.5 million (total gross proved plus probable).

2016 Focus

Our primary focus in 2016 is building a natural gas business from our 197(2) discovery by securing a gas sales contract and finalizing the field commercialization plan. Concurrently, we continue our disciplined capital program in light of low commodity prices, focusing on high impact exploration prospects that have the potential to significantly increase shareholder value without impairing our ability to grow when commodity prices recover.

Strong Financial Resources and Balanced Commitments

Our asset base in Brazil consists of 140,510 gross acres of land (130,496 net acres), primarily in the Recôncavo Basin onshore Brazil, comprising 14 exploration blocks and two mature fields. Our financial resources remain strong with US\$29.4 million at year-end. Of our 14 exploration blocks, eight were acquired in the 12th and 13th Brazil Bid Rounds, providing us with a timeframe for completion of commitments extending out to January 2019. Our operating plan and prudent management of capital and commitments has provided Alvopetro with a solid foundation for growth.

Strategy: Three Core Opportunities

Alvopetro's vision is to be the premier independent exploration and production company in Brazil, maximizing shareholder value by applying innovation to underexploited opportunities. Our strategy is to focus on three core opportunities, which we believe will translate into strong financial performance and value creation for our shareholders.

1) Shallow Conventional Exploration:

What started as a strategic concept has evolved into an expanding inventory of high-impact conventional exploration prospects. Since inception, Alvo Petro has directed considerable effort on reprocessing and interpreting our extensive 3D seismic database, enabling us to build our current 20-well inventory of conventional exploration opportunities. We have three prospects in our prospect inventory targeting the same reservoir as our significant natural gas discovery on Block 197. Commercializing our 197(2) discovery will not only allow us to convert our contingent recoverable resource to reserves, production, and cash flow, it also supports our ability to pursue our broader exploration inventory and the potential present within our Gomo hydrocarbon play.

In the coming months we plan to drill our 256(A1) well, which is a multi-zone prospect located on Block 256 near existing state gas transmission infrastructure and one of our largest natural gas prospects.

2) Proving the Commercial Potential of the Gomo Resource:

From a land perspective, we have secured the majority of the prospective deep Gomo resource play fairway. Our aim is to prove the commercial capability of the play and commence a repeatable, low-risk, multi-well development program. Our early capital expenditures were dedicated to drilling our 197(1) and 183(1) wells, which have advanced our initial Gomo resource play concepts and proved up a significant deep, tight, natural gas opportunity. In 2016, we plan to advance our Gomo resource play by testing our 183(1) well and, pending receipt of regulatory approval, defining deliverability through the use of fracture stimulations and reservoir modeling.

3) Lower Risk Development Drilling on our Mature Fields:

The original Bom Lugar discovery well came on production at over 500 bopd and has cumulatively produced over 300,000 barrels of oil. At Bom Lugar, we have the flexibility to expand our development drilling program and apply cash flow to our shallow conventional exploration program.

Acknowledgements

With our exciting resource base and large inventory of conventional exploration prospects, Alvo Petro is well positioned for its next stage of growth. I want to thank our dedicated employees, whose hard work drives our success and fuels our future growth. I also want to thank our Board of Directors for their strategic input and guidance.

Despite challenging commodity prices, we have a tremendous opportunity in front of us and I am confident we can deliver on the full potential of our asset base. Our team is strongly aligned with our shareholders, and, above all, our objective remains the creation of shareholder value by delivering per share production and reserve growth.

Sincerely,



Corey C. Ruttan
President, Chief Executive Officer and Director