

The following Management's Discussion and Analysis ("MD&A") is dated August 6, 2025 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes of Alvopetro Energy Ltd. ("Alvopetro" or the "Company") as at and for the three and six months ended June 30, 2025, MD&A for the year-ended December 31, 2024 and the audited consolidated financial statements as at and for the years ended December 31, 2024 and 2023. Additional information for the Company, including the Annual Information Form ("AIF"), can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or at [www.alvopetro.com](http://www.alvopetro.com). This MD&A contains financial terms that are not considered measures under IFRS Accounting Standards ("IFRS") and forward-looking statements. As such, the MD&A should be used in conjunction with Alvopetro's disclosure under the headings "Non-GAAP and Other Financial Measures" and "Forward Looking Information" at the end of this MD&A.

**All amounts contained in this MD&A are in United States dollars ("USD"), unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW

#### Description of Business

Alvopetro is engaged in the exploration for and the acquisition, development and production of hydrocarbons in Brazil and Canada. Alvopetro's shares are traded on the TSX Venture Exchange (TSX: ALV.V) and are also traded on the OTCQX® Best Market in the United States (OTCQX: ALVOF).

#### Strategy

Alvopetro is deploying a balanced capital allocation model where we seek to reinvest roughly half our cash flows into organic growth opportunities and return the other half to stakeholders. Alvopetro's organic growth strategy is to focus on the best combinations of geologic prospectivity and fiscal regime. Alvopetro is balancing capital investment opportunities in Canada and Brazil where we are building off the strength of our Caburé and Murucututu natural gas fields and the related strategic midstream infrastructure.

## FINANCIAL & OPERATING SUMMARY

	As at and Three Months Ended			As at and Six Months Ended		
	June 30,			June 30,		
	2025	2024	Change	2025	2024	Change (%)
<b>Financial</b>						
<i>(\$000s, except where noted)</i>						
Natural gas, oil and condensate sales	14,010	10,672	31	28,023	22,424	25
Net income	6,830	2,350	191	12,900	6,900	87
Per share – basic (\$) <sup>(1)</sup>	0.18	0.06	200	0.35	0.19	84
Per share – diluted (\$) <sup>(1)</sup>	0.18	0.06	200	0.34	0.18	89
Cash flows from operating activities	10,473	8,860	18	19,290	17,073	13
Per share – basic (\$) <sup>(1)</sup>	0.28	0.24	17	0.52	0.46	13
Per share – diluted (\$) <sup>(1)</sup>	0.28	0.24	17	0.51	0.45	13
Funds flow from operations <sup>(2)</sup>	10,366	7,910	31	19,588	16,423	19
Per share – basic (\$) <sup>(1)</sup>	0.28	0.21	33	0.53	0.44	20
Per share – diluted (\$) <sup>(1)</sup>	0.27	0.21	29	0.52	0.44	18
Dividends declared	3,660	3,296	11	7,303	6,592	11
Per share <sup>(1) (2)</sup>	0.10	0.09	11	0.20	0.18	11
Capital expenditures	8,986	3,437	161	17,361	5,876	195
Cash and cash equivalents	15,001	19,681	(24)	15,001	19,681	(24)
Net working capital <sup>(2)</sup>	6,838	14,692	(53)	6,838	14,692	(53)
Weighted average shares outstanding						
Basic (000s) <sup>(1)</sup>	37,261	37,286	-	37,278	37,282	-
Diluted (000s) <sup>(1)</sup>	37,795	37,600	1	37,770	37,647	-
<b>Operations</b>						
Average daily sales volumes <sup>(3)</sup> :						
Brazil:						
Natural gas (Mcfpd), by field:						
Caburé (Mcfpd)	11,811	8,822	34	11,761	9,029	30
Murucututu (Mcfpd)	1,191	422	182	1,639	426	285
Total natural gas (Mcfpd)	13,002	9,244	41	13,400	9,455	42
NGLs – condensate (bopd)	128	76	68	131	77	70
Oil (bopd)	3	12	(75)	7	12	(42)
Total (boepd) - Brazil	2,298	1,629	41	2,371	1,665	42
Canada:						
Oil (bopd) - Canada	138	-	-	69	-	-
Total Company (boepd)	2,436	1,629	50	2,440	1,665	47
Average realized prices <sup>(2)</sup> :						
Natural gas (\$/Mcf)	10.62	11.83	(10)	10.53	12.21	(14)
NGLs – condensate (\$/bbl)	72.32	92.27	(22)	76.78	90.06	(15)
Oil (\$/bbl)	47.10	71.87	(34)	48.31	68.54	(30)
Total (\$/boe)	63.20	71.97	(12)	63.43	74.00	(14)
Operating netback (\$/boe) <sup>(2)</sup>						
Realized sales price	63.20	71.97	(12)	63.43	74.00	(14)
Royalties	(2.97)	(1.94)	53	(5.28)	(1.98)	167
Production expenses	(5.37)	(5.73)	(6)	(5.34)	(6.77)	(21)
Transportation expenses	(0.14)	-	-	(0.07)	-	-
Operating netback	54.72	64.30	(15)	52.74	65.25	(19)
Operating netback margin <sup>(2)</sup>	87%	89%	(2)	83%	88%	(6)

### Notes:

- (1) Per share amounts are based on weighted average shares outstanding other than dividends per share, which is based on the number of common shares outstanding at each dividend record date. The weighted average number of diluted common shares outstanding in the computation of funds flow from operations and cash flows from operating activities per share is the same as for net income per share.
- (2) See "Non-GAAP and Other Financial Measures" section within this MD&A.
- (3) Alvo Petro reported volumes are based on sales volumes which, due to the timing of sales deliveries, may differ from production volumes.

## HIGHLIGHTS AND SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER OF 2025

- Average daily sales in Q2 2025 were 2,436 boepd<sup>(1)</sup> (+50% from Q2 2024 and consistent with Q1 2025 sales of 2,446 boepd). In Brazil, daily sales averaged 2,298 boepd (+41% compared to Q2 2024) and in Canada, oil sales commenced in April 2025, contributing 138 bopd in the quarter.
- Our average realized natural gas price was \$10.62/Mcf in Q2 2025 (-10% from Q2 2024 and +2% from Q1 2025). Our overall averaged realized sales price per boe was \$63.20/boe (-12% from Q2 2024 and -1% from Q1 2025).
- With higher sales volumes, our natural gas, oil and condensate revenue increased to \$14.0 million (+31% from Q2 2024).
- Our operating netback<sup>(2)</sup> in the quarter was \$54.72 per boe, a decrease of \$9.58 per boe compared to Q2 2024 due mainly to lower realized sales prices as well as higher royalties. Compared to Q1 2025, our operating netback increased \$3.95 per boe with lower royalties partially offset by lower realized prices.
- We generated funds flows from operations<sup>(2)</sup> of \$10.4 million (\$0.28 per basic and \$0.27 per diluted share), increases of \$2.5 million compared to Q2 2024 and \$1.1 million compared to Q1 2025.
- We reported net income of \$6.8 million (\$0.18 per basic and diluted share), an increase of \$4.5 million compared to Q2 2024 due to higher sales volumes as well as foreign exchange gains (compared to foreign exchange losses in Q2 2024), partially offset by lower realized prices and higher royalties, production expenses, depletion and depreciation expense and tax expense.
- Capital expenditures totaled \$9.0 million, including drilling costs for the 183-D4 well on Alvopetro's 100% Murucututu field as well as Alvopetro's share of costs incurred on unit development, including costs for two of five development wells which commenced drilling in the quarter.
- Our working capital<sup>(2)</sup> surplus was \$6.8 million as of June 30, 2025, decreasing \$2.9 million from March 31, 2025.

## RECENT HIGHLIGHTS

- July sales volumes averaged 2,418 boepd<sup>(1)</sup>, including 2,284 boepd from Brazil (with natural gas sales of 12.9 MMcfpd, associated natural gas liquids sales from condensate of 130 bopd, and oil sales of 9 bopd) and 134 bopd from oil sales in Canada, based on field estimates.
- Two (1.0 net) additional wells were drilled in Saskatchewan subsequent to June 30, 2025. The wells are now being completed and equipped and are expected to be on production later in the third quarter.
- We have now completed our 183-D4 well on our 100% Murucututu field. The well was drilled in the second quarter and was completed subsequent to June 30, 2025 in seven intervals. We expect the well to be on production later in the third quarter.
- On the unitized area, which includes our Caburé field, we have now drilled three (1.7 net) of the five (2.8 net) planned development wells. The fourth development well (0.6 net) is expected to be drilled later in the third quarter.
- Effective August 1, 2025, our natural gas price under our long-term gas sales agreement ("GSA") was adjusted to BRL1.90/m<sup>3</sup> and will apply to all natural gas sales from August 1, 2025 to October 31, 2025. Based on our average heat content to date and the July 31, 2025 BRL/USD exchange rate of 5.60, our expected realized price at the new contracted price is US\$10.27/Mcf, net of applicable sales taxes, a decrease of 3% from the Q2 2025 realized price of \$10.62/Mcf due mainly to reduced Henry Hub and Brent prices in the second quarter. Amounts ultimately received in equivalent USD will be impacted by exchange rates in effect during the period August 1, 2025 to October 31, 2025

(1) Alvopetro reported volumes are based on sales volumes which, due to the timing of sales deliveries, may differ from production volumes.

(2) See "Non-GAAP and Other Financial Measures" section within this MD&A.

## NATURAL GAS AND OIL PROPERTIES

As at June 30, 2025, Alvopetro held interests in the Caburé and Murucututu natural gas assets, one exploration block (Block 183) and two oil fields (Bom Lugar and Mãe-da-lua), in the Recôncavo Basin onshore Brazil as well as a 50% non-operated working interest in 27.5 sections of land (13.8 sections net to Alvopetro) focused on the Mannville Formations in Western Saskatchewan.

### BRAZIL

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#### **NATURAL GAS ASSETS AND MIDSTREAM INFRASTRUCTURE:**

##### **Caburé Natural Gas Field (56.2% Working Interest)**

Alvopetro commenced commercial natural gas deliveries from the Caburé natural gas field (the “Caburé Field”) on July 5, 2020. The Caburé Field extends across four blocks in the Recôncavo Basin in the state of Bahia in Brazil (the “Unit”), two of which are held by Alvopetro and two of which are held by our partner (the “Partner”). 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 Partner finalized the terms of the Unit Operating Agreement (“UOA”), the unit development plan and all related agreements, with Alvopetro's Partner being named initial operator.

Under the terms of the UOA, the working interest to each party is subject to redeterminations and the first redetermination was completed in 2024 wherein the appointed independent third party expert (the “Expert”) accepted Alvopetro’s final proposal which resulted in Alvopetro’s working interest in the Unit being increased from our initial working interest of 49.1% to 56.2% (the “Redetermined Working Interest”) effective June 1, 2024. Alvopetro’s partner is disputing the Expert decision; however the findings of an emergency arbitration before the International Court of Arbitration of the International Chamber of Commerce (“ICC”), deemed the Expert decision to be binding until reviewed by an arbitral tribunal pursuant to the Rules of Arbitration (the “Rules”) of the ICC as provided for under the terms of the UOA. The full arbitration process is currently underway. See the section entitled “*Risks and Uncertainties – Arbitration of Alvopetro’s Working Interest and Impact of Future Redeterminations*” within the MD&A for the year ended December 31, 2024 for additional information. Operatorship of the Unit transitioned to Alvopetro in the third quarter of 2024.

Under the terms of the UOA each party is entitled to nominate for their working interest share of Unit production and for any natural gas not nominated for by the other party. Once a party produces their share of estimated proved plus probable recoverable hydrocarbons from the Unit, they will no longer be entitled to further production allocations. As of June 1, 2024, Alvopetro is entitled to 56.2% of natural gas production from the Unit plus any natural gas production not nominated by our Partner. Alvopetro’s ability to sell its share of natural gas production from the Unit is dependent on natural gas demand, subject to firm volumes pursuant to take-or-pay provisions under the terms of our gas sales agreement, as further described below.

Natural gas liquids (“NGLs”) production from the Unit (relating to condensate production) is split based on working interest. As of June 1, 2024, Alvopetro is entitled to 56.2% of NGL production from the Unit plus an additional 5% to recover the historical shortfall of NGL production that was allocated at the original 49.1% working interest.

The parties have agreed to a development plan at the Unit including drilling and completing five (2.8 net) wells. In the second quarter of 2025, drilling commenced, and three (1.7 net) of the planned wells have now been drilled. The fourth well (0.6 net) is expected to be drilled later in the third quarter. Alvopetro’s share of unit development costs in Q2 2025 was \$1.7 million and an additional \$5.5 million is anticipated for the second half of 2025. The timing of drilling of the fifth planned development well (0.6 net) is subject to receipt of regulatory approvals.

In January 2025 Alvopetro completed the commissioning phase of our recently installed compression system at the Caburé field, increasing our productive capacity from the Unit.

##### **Murucututu Natural Gas Field (100% Working Interest)**

Alvopetro’s Murucututu natural gas project extends across Blocks 183 and 197, both held 100% by Alvopetro. There are four existing wells at the field including the 197(1) well and the 183(1) well, both of which were drilled in 2014, and the 183-A3 well which was drilled in 2023 and recompleted in the third quarter of 2024. The 183-D4 well was drilled in the first half of 2025. Subsequent to June 30, 2025, we completed the 183-D4 well in seven intervals and expect to have it on production later in the third quarter. A total of \$3.3 million of capital expenditures are expected on the field in the second half of 2025.

The first three Murucututu wells are tied into field production facilities with the 183-D4 well to be tied in during the third quarter. A 9-kilometre transfer pipeline connects the field to the Caburé transfer pipeline. With the 183-A3 well on production since the third quarter of 2024, natural gas sales from the field increased to 1.2 MMcfpd in Q2 2025, an increase of 182% from Q2 2024.

### **Natural Gas Sales (100% Alvopetro)**

Alvopetro's share of natural gas from the Caburé Field and the Murucututu natural gas field is shipped via our 11-kilometre Caburé transfer pipeline and processed through the natural gas processing facility (the "Facility") owned and operated by Enerflex Ltd. ("Enerflex") pursuant to our Gas Treatment Agreement. All natural gas is sold to Bahiagás, the local state distribution company, under the terms of our gas sales agreement ("GSA").

The GSA provides for the sale of firm volumes and interruptible volumes and has take-or-pay provisions and ship-or-pay penalties based on firm volumes to ensure performance by both parties. In late 2024 Alvopetro and Bahiagás agreed to amend the terms of the GSA, increasing firm volumes by 33% to 14.1 MMcfpd (400 e<sup>3</sup>m<sup>3</sup>/d) effective January 1, 2025.

Take-or-pay provisions apply under the terms of the GSA where Bahiagás demand is below the firm volumes set out in the GSA. See "Sales Volumes" below for further details.

### **OIL ASSETS:**

The Company has two oil fields (Bom Lugar and Mãe-da-lua). In 2023, Alvopetro drilled the first of two initially planned development wells on the Bom Lugar field (BL-06) and the well was brought on production. Future plans on the Bom Lugar field include a recompletion of BL-06 to improve production rates from the well and a second development well. On the Mãe-da-lua field, future plans include a stimulation of the existing well to improve oil recovery.

### **EXPLORATION ASSETS (Block 183)**

Alvopetro's E&E assets include the portion of Block 183 that is not part of the Murucututu project. Block 183 includes the 183-B1 well which was drilled in 2022. In Q4 2024, Alvopetro re-entered the existing wellbore with a plan to sidetrack the well. Total costs of \$4.2 million were incurred on the project, with \$1.0 million in Q1 2025. Operational challenges prevented the project from continuing and the Company now plans to abandon the well. The Company has identified an additional prospect on the block which is expected to be drilled in advance of the newly extended expiry date of October 1, 2027.

## **CANADA**

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In Q1 2025, Alvopetro entered into a farmin agreement with a private company in Canada (the "Farmin"). Under the terms of the Farmin, Alvopetro agreed to fund 100% of two earning wells in exchange for a 50% non-operated working interest in 12,243 acres of land in Western Saskatchewan. The two earning wells were drilled, completed and equipped and sales commenced in mid-April, averaging 138 bopd net to Alvopetro in Q2 2025. Subsequent to June 30, 2025, an additional two wells (1.0 net to Alvopetro) were drilled and are expected to commence production later in the third quarter. In addition, we have now increased our land position in Saskatchewan to 17,780 acres (8,890 acres net).

## FINANCIAL AND OPERATING REVIEW

Canadian operations commenced in the three months ended June 30, 2025. As such, all 2024 comparative data included in this MD&A relating to sales volumes, realized sales prices, natural gas, condensate and oil revenues, royalties, production expenses and operating netback relate solely to operations in Brazil.

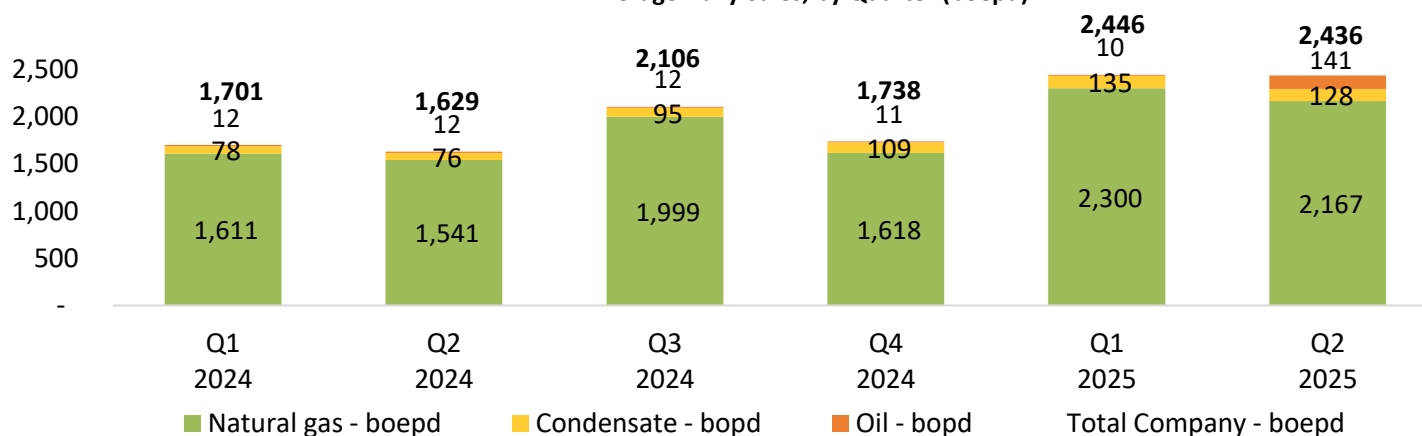
### Sales Volumes

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
<b>Total sales volumes<sup>(1)</sup>:</b>						
<b>Brazil:</b>						
Caburé (Mcf)	1,074,835	802,737	34	2,128,732	1,643,195	30
Murucututu (Mcf)	108,383	38,433	182	296,716	77,547	283
Total natural gas (Mcf)	1,183,218	841,170	41	2,425,448	1,720,742	41
NGLs – condensate (bbls)	11,642	6,958	67	23,770	14,035	69
Oil (bbls)	279	1,127	(75)	1,218	2,203	(45)
Total sales (boe) - Brazil	209,124	148,280	41	429,229	303,028	42
<b>Canada:</b>						
Total oil sales (bbls) - Canada	12,567	-	-	12,567	-	-
Total Company sales (boe)	221,691	148,280	50	441,796	303,028	46
<b>Average daily sales volumes<sup>(1)</sup>:</b>						
<b>Brazil:</b>						
Caburé (Mcfpd)	11,811	8,822	34	11,761	9,029	30
Murucututu (Mcfpd)	1,191	422	182	1,639	426	285
Total natural gas (Mcfpd)	13,002	9,244	41	13,400	9,455	42
NGLs – condensate (bopd)	128	76	68	131	77	70
Oil (bopd)	3	12	(75)	7	12	(42)
Average daily sales (boepd) - Brazil	2,298	1,629	41	2,371	1,665	42
<b>Canada:</b>						
Average daily sales (bopd) - Canada	138	-	-	69	-	-
<b>Average daily sales (boepd) - Total</b>	<b>2,436</b>	<b>1,629</b>	<b>50</b>	<b>2,440</b>	<b>1,665</b>	<b>47</b>

(1) Alvo Petro reported volumes are based on sales volumes which, due to the timing of sales deliveries, may differ from production volumes.

In Brazil, with the amended natural gas sales agreement in effect as of January 1, 2025, average daily sales volumes increased 41% compared to Q2 2024 and 42% in the six months ended June 30, 2025 compared to the same period in 2024. Brazil sales decreased 6% from the Q1 2025 average daily sales of 2,446 boepd due to facility turnarounds at both Alvo Petro facilities and Bahiagás end user. Sales commenced in Canada in April from the two earning wells drilled in Q1 2025, contributing 138 bopd in Q2 2025 resulting in an overall 50% increase in total Company sales compared to Q2 2024.

Average Daily Sales, by Quarter (boepd)



## Take-or-pay provisions – Brazil GSA

Under the terms of the GSA, Bahiagás must prepay for gas volumes where monthly demand is below 80% (or where annual demand is less than 90%) of the firm volumes under our contract. Any prepayment will be recovered through future natural gas deliveries where future offtake exceeds 90% of the firm volumes. Prepayment under the take-or-pay provisions in the GSA is reflected as unearned revenue through other liabilities on the Corporation's consolidated statement of financial position and only recognized as revenue when the volumes are delivered. The take-or-pay provisions under the GSA did not apply at any time in the six months ended June 30, 2025 or June 30, 2024.

### Average Realized Sales Prices

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
<b>Average realized prices<sup>(1)</sup>:</b>						
<b>Brazil:</b>						
Natural gas (\$/Mcf)	10.62	11.83	(10)	10.53	12.21	(14)
NGL – condensate (\$/bbl)	72.32	92.27	(22)	76.78	90.06	(15)
Oil (\$/bbl)	53.76	71.87	(25)	62.40	68.54	(9)
Average realized price (\$/boe) - Brazil	64.17	71.97	(11)	63.91	74.00	(14)
<b>Canada:</b>						
Average realized price - Oil (\$/bbl)	46.95	-	-	46.95	-	-
<b>Total Company:</b>						
Natural gas (\$/Mcf)	10.62	11.83	(10)	10.53	12.21	(14)
NGL – condensate (\$/bbl)	72.32	92.27	(22)	76.78	90.06	(15)
Oil (\$/bbl)	47.10	71.87	(34)	48.31	68.54	(30)
Average realized price (\$/boe)	63.20	71.97	(12)	63.43	74.00	(14)
<b>Average benchmark prices:</b>						
Henry Hub (\$/MMBtu)	3.19	2.06	55	3.66	2.10	74
Brent oil (\$/bbl)	68.07	84.68	(20)	72.03	83.79	(14)
WTI (\$/bbl)	64.57	81.81	(21)	68.12	79.69	(15)
WCS (C\$/bbl)	74.89	91.54	(18)	79.65	84.68	(6)
WCS (\$/bbl)	54.11	66.92	(19)	56.53	62.31	(9)
<b>Average contracted natural gas price<sup>(2)</sup></b>						
BRL/m <sup>3</sup>	2.037	1.940	5	1.974	1.949	1
<b>Average foreign exchange rate:</b>						
\$1 USD = BRL	5.666	5.213	9	5.759	5.084	13
\$1 USD = CAD	1.384	1.368	1	1.409	1.359	4

(1) See "Non-GAAP and Other Financial Measures" section within this MD&A.

(2) Under the terms of the GSA, the volumes delivered are adjusted for heat content in the determination of the final amounts paid, representing a gross-up of approximately 8% to the contracted volumetric natural gas price, which contributes to a higher realized price overall relative to the contractual price. The contracted price is then grossed-up for applicable sales taxes.

### Brazil

In December 2024, Alvo Petro and Bahiagás agreed to amend the GSA effective January 1, 2025 to increase contracted firm volumes to 400 e<sup>3</sup>m<sup>3</sup>/d (14.1 MMcfpd) and to adjust the natural gas pricing model. Under the new pricing structure, the natural gas price is recalculated on a quarterly basis (rather than a semi-annual basis as in 2024 and prior years) and incorporates average USD benchmark prices for Brent and Henry Hub (no longer incorporating National Balancing Point prices). In addition, the floor and ceiling provisions with the original GSA were removed. The natural gas price is then converted to a BRL-denominated natural gas price based on historical average foreign exchange rates and billed monthly in BRL until the next price reset. As all invoices are issued in BRL, actual receipts and revenue recognized in equivalent USD will be subject to exchange rate variations. See "Foreign Exchange" discussion below.



Alvopetro's average contracted price increased 5% in Q2 2025 compared to Q2 2024 and increased 1% in the six months ended June 30, 2025 compared to 2024; however, with the depreciation of the average BRL to USD in 2025 compared to 2024, as well as lower sales tax credits available in 2025, Alvopetro's realized price decreased 10% and 14% in the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024.

Condensate production from the Caburé Unit, the Murucututu natural gas field and the Facility is sold pursuant to contracts based on Brent, typically at a premium. Oil sales from the Bom Lugar field and the Mãe-da-lua fields are sold at a discount to Brent.

#### Canada

Oil sales in Canada are sold pursuant to contracts based on Canadian dollar Western Canadian Select ("WCS") prices, adjusted for quality discounts relative to the benchmark price.

All sales and realized prices are reported net of applicable sales taxes.

#### Natural Gas, Oil and Condensate Sales Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
<b>Brazil:</b>						
Natural gas	12,563	9,949	26	25,532	21,009	22
Condensate	842	642	31	1,825	1,264	44
Oil	15	81	(81)	76	151	(50)
Total - Brazil	13,420	10,672	26	27,433	22,424	22
<b>Canada:</b>						
Oil – Total Canada	590	-	-	590	-	-
<b>Total Company:</b>						
Natural gas	12,563	9,949	26	25,532	21,009	22
Condensate	842	642	31	1,825	1,264	44
Oil	605	81	647	666	151	341
<b>Total Company</b>	<b>14,010</b>	<b>10,672</b>	<b>31</b>	<b>28,023</b>	<b>22,424</b>	<b>25</b>

Total natural gas, oil and condensate revenues increased by \$3.3 million (+31%) compared to Q2 2024 due to the 50% increase in average daily production, partially offset by the 12% decrease in the average realized sales price.

#### Royalties

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Royalties – Brazil	563	287	96	2,236	599	273
Royalties – Canada	96	-	-	96	-	-
Royalties – Total Company	659	287	130	2,332	599	289
Royalties per boe (\$) <sup>(1)</sup> :						
Brazil	2.69	1.94	39	5.21	1.98	163
Canada	7.64	-	-	7.64	-	-
Royalties per boe (\$) <sup>(1)</sup> – Total Company	2.97	1.94	53	5.28	1.98	167
Royalties as a % of sales <sup>(1)</sup>						
Brazil	4.2%	2.7%	56	8.2%	2.7%	204
Canada	16.3%	-	-	16.3%	-	-
Royalties as a % of sales <sup>(1)</sup> – Total Company	4.7%	2.7%	74	8.3%	2.7%	207

(1) See "Non-GAAP and Other Financial Measures" section within this MD&A.

#### Brazil

Alvopetro's sales (other than sales from the Bom Lugar field) are subject to a base 7.5% government royalty plus a 1% landowner royalty. The Bom Lugar field is subject to a base 5% government royalty plus a 0.5% landowner royalty. Government and landowner

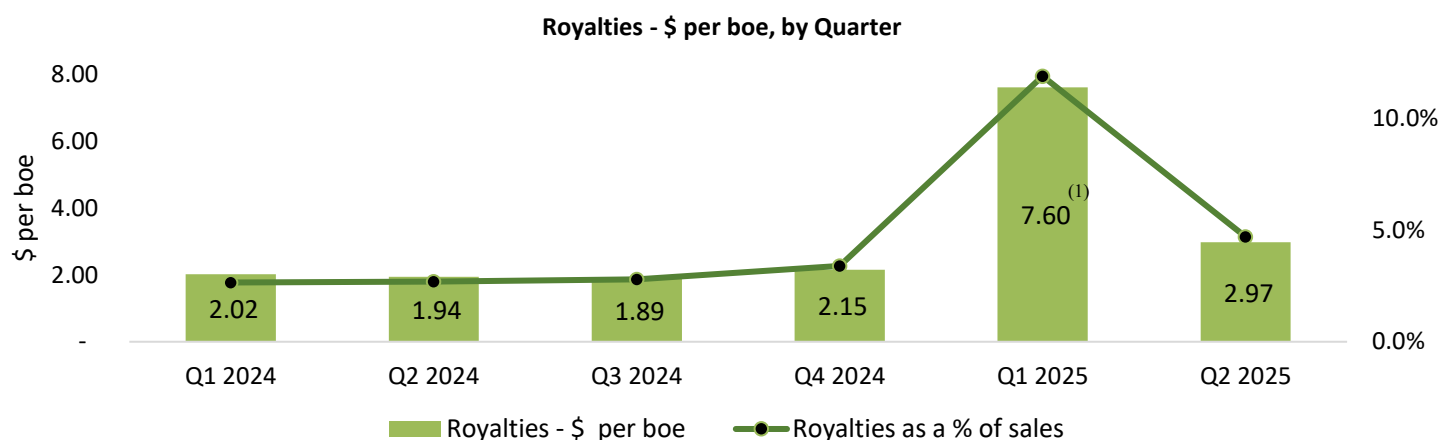


royalties on natural gas are based on production volumes at an inherent reference price attributable to the raw natural gas produced at the wellhead (prior to midstream processing), resulting in lower effective royalty rates compared to base royalty rates. As Henry Hub spot prices are a significant component of the reference price used for natural gas royalties, Alvo Petro's effective royalty rate fluctuates with changes in Henry Hub prices relative to Alvo Petro's contracted natural gas price. With Henry Hub increasing 55% in Q2 2025 compared to Q2 2024, government and landowner royalties increased as a percentage of sales.

There is an additional 2.5% gross-overriding royalty ("GORR") on the portion of the Caburé and Murucututu fields that were previously on Block 197 and the Mãe-da-lua field. In Q1 2025, Alvo Petro recognized an additional amount owing with respect to the GORR on natural gas on Block 197, the computation of which is in dispute with the holders of the GORR. Pursuant to dispute resolution provisions, the matter proceeded to arbitration following the Rules of Arbitration of the ICC. In Q2 2025 Alvo Petro received the decision of the arbitral tribunal finding in favour of the GORR holders, requiring Alvo Petro to adjust the sales price used in the computation of the GORR. Alvo Petro has estimated the additional GORR owing pursuant to the decision of the tribunal and recognized the expected additional royalty (including inflation adjustments) in 2025 with interest owing on the balance outstanding recognized in finance expenses. The additional GORR is estimated from the date natural gas sales commenced in July 2020. The final amount owing by Alvo Petro is uncertain as of the date of this MD&A as it remains subject to the approval of the arbitral tribunal and may be adjusted by the tribunal. As a result, the ultimate amount owing may be different than the amounts recognized by Alvo Petro and such difference may be material. Q1 2025 royalties include the GORR relating to the three months ended March 31, 2025 as well as the GORR adjustment impacting prior periods (from the date natural gas sales commenced in July 2020 to December 31, 2024) resulting in higher royalties in the six months ended June 30, 2025. Q2 2025 royalties include the additional GORR estimate relating to the three months ended June 30, 2025. For future periods we would expect our Brazilian royalties to be approximately 4% to 6% of natural gas, oil and condensate revenues, based on forecasted commodity prices, subject to the final outcome of the GORR dispute.

## Canada

Royalties in Canada include Saskatchewan Crown royalties, Saskatchewan resource surcharge as well as royalties paid to freehold mineral rights owners and gross-overriding royalty holders. Royalties vary depending on the specific contract terms in place. With respect to Crown royalty charges in Saskatchewan, the government has a multi-lateral oil well drilling incentive program effective for wells drilled from April 1, 2024 to March 31, 2028, reducing the Crown royalty rate for a set volume of production depending on the number of laterals drilled. One of the two initial wells is subject to Saskatchewan Crown royalties and is eligible for the reduced Crown royalty rate for the first 100,000 barrels of production (50,000 net to Alvo Petro).



(1) Includes additional non-recurring royalties arising out of GORR dispute, representing amounts from July 2020 to December 2024. For future periods we would expect our Brazilian royalties as a percentage of sales to be approximately 4% to 6%, based on forecasted commodity prices.

## Production Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Production expenses by type:						
Personnel costs	332	178	87	702	311	126
Facility and infrastructure costs	411	426	(4)	811	871	(7)
Other fixed costs	243	62	292	440	474	(7)
Variable costs	197	140	41	397	268	48
Workover costs	7	44	(84)	7	127	(94)
Production expenses – Total Company	1,190	850	40	2,357	2,051	15
Production expenses - Brazil	1,130	850	33	2,297	2,051	12
Production expenses - Canada	60	-	-	60	-	-

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Production expenses per boe(\$) <sup>(1)</sup> :						
Personnel costs	1.50	1.20	25	1.58	1.03	53
Facility and infrastructure costs	1.85	2.87	(36)	1.84	2.88	(36)
Other fixed costs	1.10	0.42	162	1.00	1.56	(36)
Variable costs	0.89	0.94	(5)	0.90	0.88	2
Workover costs	0.03	0.30	(90)	0.02	0.42	(95)
Total Company – per boe(\$) <sup>(1)</sup>	5.37	5.73	(6)	5.34	6.77	(21)
Brazil	5.40	5.73	(6)	5.35	6.77	(21)
Canada	4.77	-	-	4.77	-	-

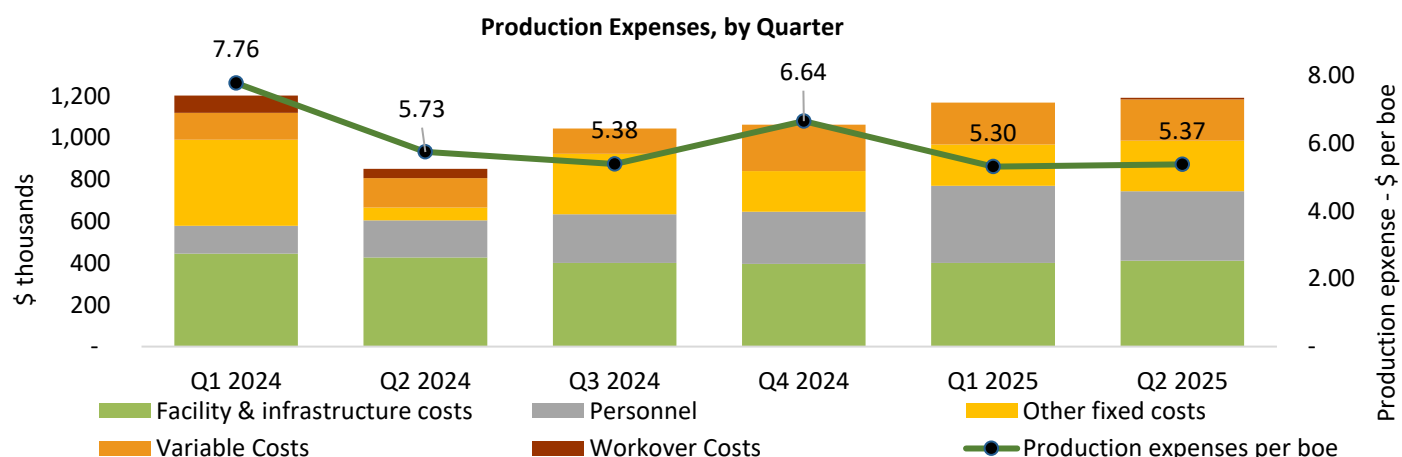
(1) See "Non-GAAP and Other Financial Measures" section within this MD&A.

### Brazil

In Q3 2024 Alvopetro assumed operatorship of the Unit resulting in increased personnel and variable costs for both the three and six months ended June 30, 2025 compared to 2024. The majority of production expenses for Unit operations are split between Alvopetro and our Partner based on monthly production allocations and as a result Alvopetro's share of such costs can fluctuate even where Alvopetro production levels are consistent due to fluctuations in our Partner's natural gas deliveries. Personnel costs in 2025 were also impacted by additional personnel associated with the compression operations at Caburé. Production expenses increased \$0.3 million compared to Q2 2024. In the prior period, Alvopetro recognized \$0.5 million of tax credits which reduced overall production expenses in both the three and six months ended June 30, 2024. While overall production expenses increased compared to 2024, on a per boe basis production expenses decreased with the increase in sales volumes.

### Canada

In Canada, production expenses include contract operator expenses, water trucking and disposal and other variable expenses.



## Transportation Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Transportation expenses – Brazil	-	-	-	-	-	-
Transportation expenses – Canada	31	-	-	31	-	-
Transportation expenses – Total Company	31	-	-	31	-	-
Transportation expenses per boe (\$) <sup>(1)</sup> :						
Brazil	-	-	-	-	-	-
Canada	2.47	-	-	2.47	-	-
Total Company – per boe(\$) <sup>(1)</sup>	0.14	-	-	0.07	-	-

(1) See “Non-GAAP and Other Financial Measures” section within this MD&A.

Transportation expenses include the cost to truck clean crude oil from the field to sales points. Transportation expenses incurred relate solely to Canadian operations.

## Operating Netback

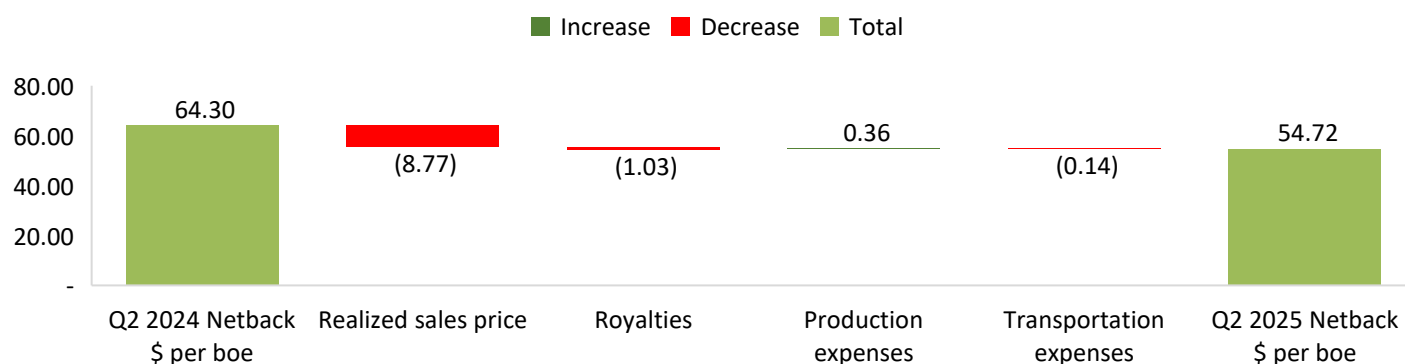
	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
<b>Brazil:</b>						
Operating netback <sup>(1)</sup>						
Natural gas, oil and condensate sales	13,420	10,672	26	27,433	22,424	22
Royalties	(563)	(287)	96	(2,236)	(599)	273
Production expenses	(1,130)	(850)	33	(2,297)	(2,051)	12
Operating netback <sup>(1)</sup>	11,727	9,535	23	22,900	19,774	16
Operating netback - \$ per boe <sup>(1)</sup> :						
Average realized sales price - \$ per boe <sup>(1)</sup>	64.17	71.97	(11)	63.91	74.00	(14)
Royalties - \$ per boe <sup>(1)</sup>	(2.69)	(1.94)	39	(5.21)	(1.98)	163
Production expenses - \$ per boe <sup>(1)</sup>	(5.40)	(5.73)	(6)	(5.35)	(6.77)	(21)
Operating netback per boe	56.08	64.30	(13)	53.35	65.25	(18)
Operating netback margin <sup>(1)</sup>	87%	89%	(2)	83%	88%	(6)
<b>Canada:</b>						
Operating netback <sup>(1)</sup>						
Natural gas, oil and condensate sales	590	-	-	590	-	-
Royalties	(96)	-	-	(96)	-	-
Production expenses	(60)	-	-	(60)	-	-
Transportation expenses	(31)	-	-	(31)	-	-
Operating netback <sup>(1)</sup>	403	-	-	403	-	-
Operating netback - \$ per boe <sup>(1)</sup> :						
Average realized sales price - \$ per boe <sup>(1)</sup>	46.95	-	-	46.95	-	-
Royalties - \$ per boe <sup>(1)</sup>	(7.64)	-	-	(7.64)	-	-
Production expenses - \$ per boe <sup>(1)</sup>	(4.77)	-	-	(4.77)	-	-
Transportation expenses - \$ per boe <sup>(1)</sup>	(2.47)	-	-	(2.47)	-	-
Operating netback per boe	32.07	-	-	32.07	-	-
Operating netback margin <sup>(1)</sup>	68%	-	-	68%	-	-

<b>Total Company:</b>	<b>Three Months Ended June 30,</b>			<b>Six Months Ended June 30,</b>		
	<b>2025</b>	2024	Change (%)	<b>2025</b>	2024	Change (%)
Operating netback <sup>(1)</sup>						
Natural gas, oil and condensate sales	<b>14,010</b>	10,672	31	<b>28,023</b>	22,424	25
Royalties	<b>(659)</b>	(287)	130	<b>(2,332)</b>	(599)	289
Production expenses	<b>(1,190)</b>	(850)	40	<b>(2,357)</b>	(2,051)	15
Transportation expenses	<b>(31)</b>	-	-	<b>(31)</b>	-	-
Operating netback <sup>(1)</sup>	<b>12,130</b>	9,535	27	<b>23,303</b>	19,774	18
Operating netback - \$ per boe <sup>(1)</sup> :						
Average realized sales price - \$ per boe <sup>(1)</sup>	<b>63.20</b>	71.97	(12)	<b>63.43</b>	74.00	(14)
Royalties - \$ per boe <sup>(1)</sup>	<b>(2.97)</b>	(1.94)	53	<b>(5.28)</b>	(1.98)	167
Production expenses - \$ per boe <sup>(1)</sup>	<b>(5.37)</b>	(5.73)	(6)	<b>(5.34)</b>	(6.77)	(21)
Transportation expenses - \$ per boe <sup>(1)</sup>	<b>(0.14)</b>	-	-	<b>(0.07)</b>	-	-
Operating netback per boe	<b>54.72</b>	64.30	(15)	<b>52.74</b>	65.25	(19)
Operating netback margin <sup>(1)</sup>	<b>87%</b>	89%	(2)	<b>83%</b>	88%	(6)

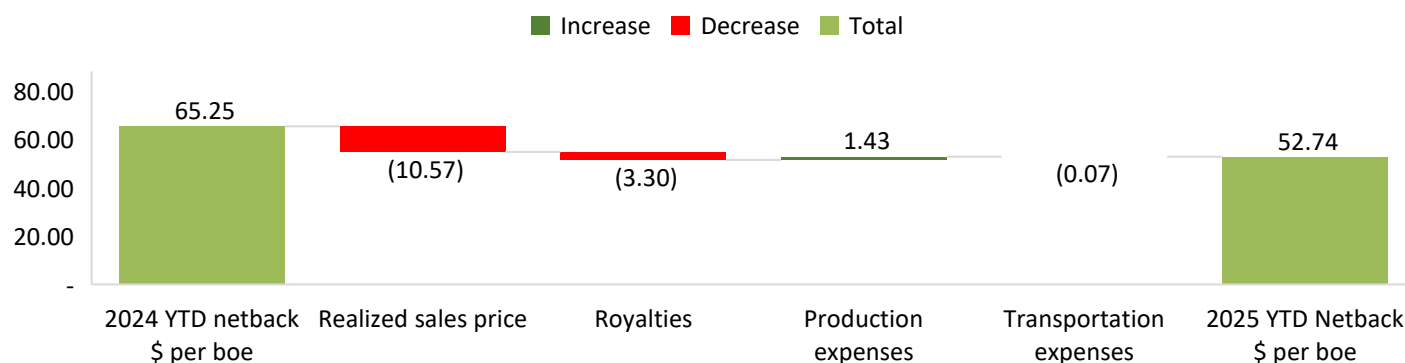
(1) See "Non-GAAP and Other Financial Measures" section within this MD&A.

With lower realized sales prices and higher royalties in Brazil and lower operating netbacks on new production from Canadian operations, Alvo Petro's operating netback decreased by \$9.58 per boe (-15%) in Q2 2025 compared to Q2 2024 and by \$12.51 per boe (-19%) in the six months ended June 30, 2025 compared 2024.

#### Change in Operating Netback per boe by Component (Q2 2025 compared to Q2 2024)



#### Change in Operating Netback per boe by Component (Six months ended June 30, 2025 compared to 2024)



## Other Income

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Interest income	283	359	(21)	525	621	(15)
Tax recoveries from operations and other	135	85	59	296	221	34
Total	418	444	(6)	821	842	2

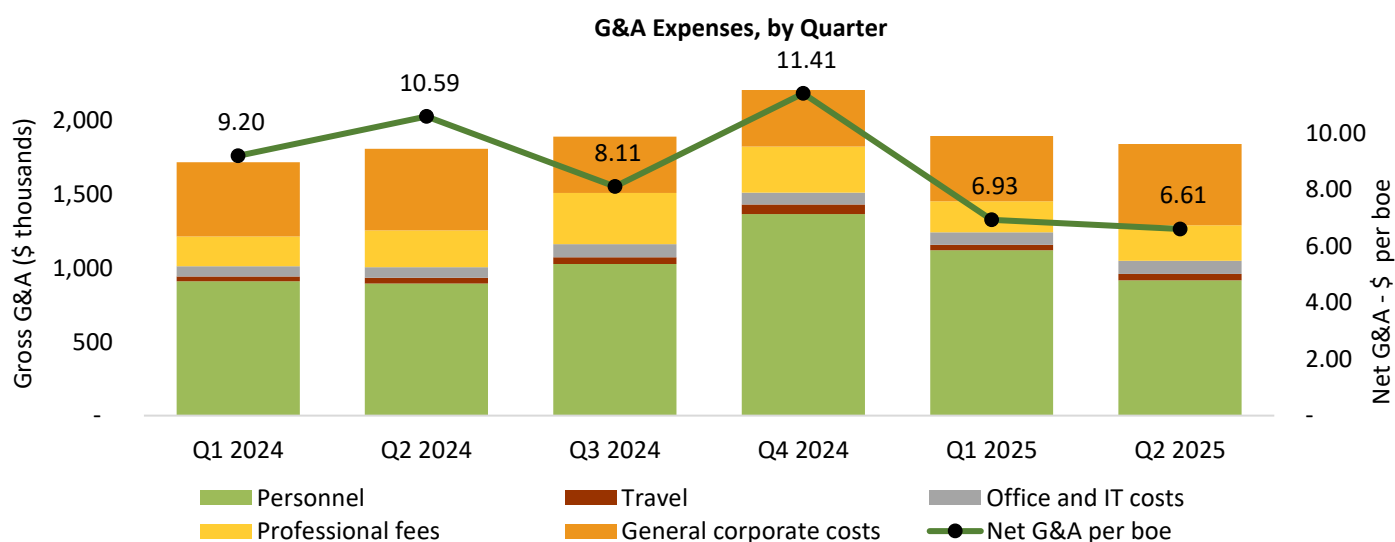
The majority of other income relates to interest income on cash and cash equivalent deposits and tax credits arising from ongoing operations. With lower interest rates in Canada in Q2 2025 and lower cash balances, interest income decreased 21% compared to Q2 2024 and 15% in the six months ended June 30, 2025 compared to 2024. This was offset by higher tax recoveries from operations in the current period due to higher production volumes in Brazil.

## General and Administrative (“G&A”) Expenses

G&A Expenses, by type:	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Personnel	917	895	2	2,038	1,805	13
Travel	43	38	13	79	70	13
Office and IT costs	88	72	22	173	141	23
Professional fees	241	250	(4)	450	452	-
General corporate costs	551	553	-	995	1,056	(6)
Gross G&A	1,840	1,808	2	3,735	3,524	6
Capitalized G&A	(375)	(238)	58	(744)	(531)	40
G&A expenses	1,465	1,570	(7)	2,991	2,993	-
\$ per boe <sup>(1)</sup>	6.61	10.59	(38)	6.77	9.88	(31)

(1) See “Non-GAAP and Other Financial Measures” section within this MD&A.

Growing staffing levels associated with the assumption of Caburé Unit operations in Q3 2024 as well as inflationary adjustments and higher activity levels increased personnel costs in 2025 compared to 2024. On a per boe basis, G&A expenses were 31% lower in the six months ended June 30, 2025 compared to 2024 due to higher production volumes.



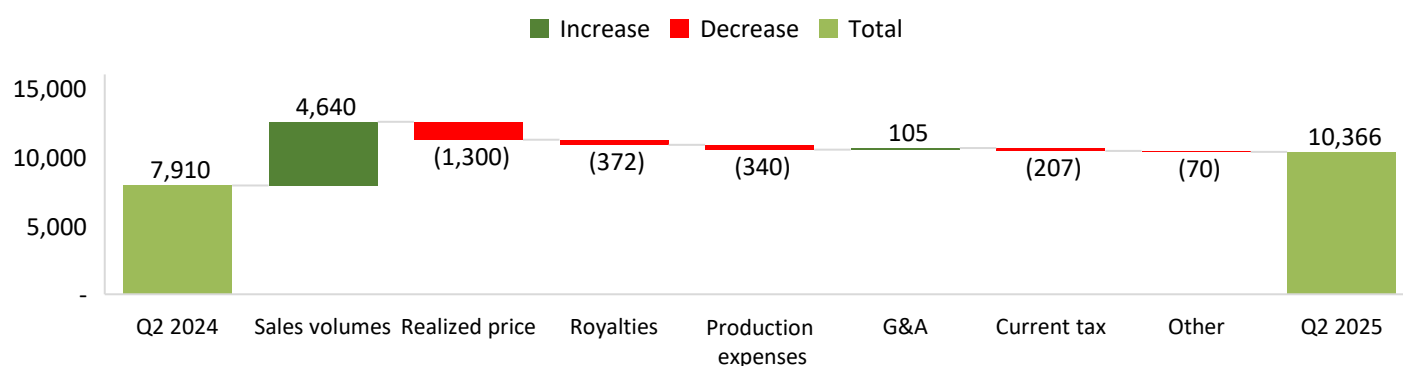
## Cash Flows from Operating Activities and Funds Flow from Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Cash flows from operating activities	<b>10,473</b>	8,860	18	<b>19,290</b>	17,073	13
Per share – basic (\$)	<b>0.28</b>	0.24	17	<b>0.52</b>	0.46	13
Per share – diluted (\$)	<b>0.28</b>	0.24	17	<b>0.51</b>	0.45	13
Funds flow from operations <sup>(1)</sup>	<b>10,366</b>	7,910	31	<b>19,588</b>	16,423	19
Per share – basic (\$)	<b>0.28</b>	0.21	33	<b>0.53</b>	0.44	20
Per share – diluted (\$)	<b>0.27</b>	0.21	29	<b>0.52</b>	0.44	18

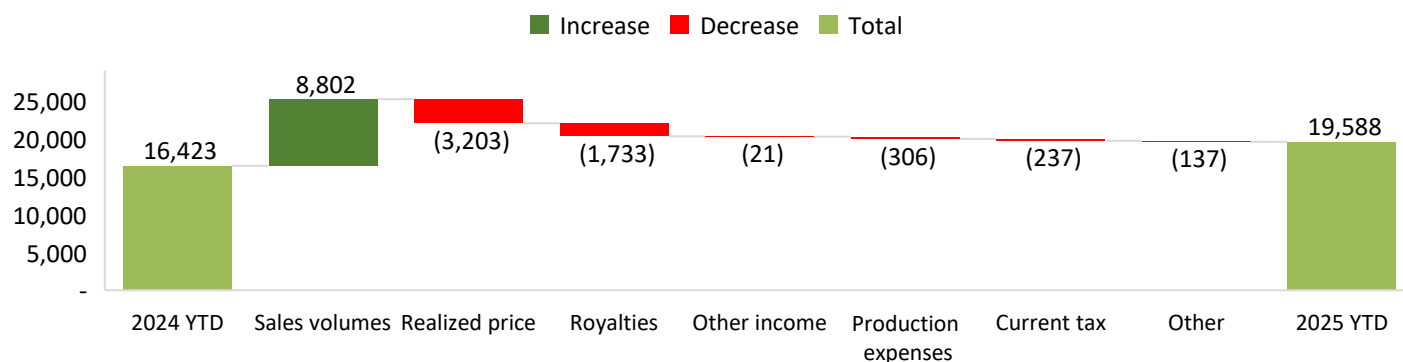
(1) See “Non-GAAP and Other Financial Measures” section within this MD&A.

Funds flow from operations in Q2 2025 increased \$2.5 million from Q2 2024 (+31%) and \$3.2 million in the six months ended June 30, 2025 compared to 2024 (+19%) due to higher sales volumes, partially offset by lower realized sales prices and higher royalties, production expenses and current tax.

### Change in Funds Flow From Operations (Q2 2025 compared to Q2 2024)



### Change in Funds Flow From Operations (Six months ended June 30, 2025 vs. 2024)



## Foreign Exchange

	June 30, 2025	As at March 31, 2025	December 31, 2024	% Appreciation (Depreciation) of BRL/CAD to USD	
				Q2 2025	YTD 2025
<b>Rate at end of period:</b>					
\$1 USD = BRL	5.457	5.742	6.192	5	12
\$1 USD = CAD	1.364	1.438	1.439	5	5

The Company's reporting currency is the USD, and its functional currencies are the USD and the BRL. Substantially all costs incurred in Brazil are in BRL and the Company incurs head office costs in both USD and CAD. In each reporting period, the change in the values of the BRL and the CAD relative to the Company's reporting currency are recognized. Foreign exchange rates for the reporting periods as specified are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		% Appreciation (Depreciation) of BRL/CAD to USD	
	2025	2024	2025	2024	Change from Q2 2024	Change from YTD 2024
<b>Average rate in the period:</b>						
\$1 USD = BRL	5.666	5.213	5.759	5.084	(9)	(13)
\$1 USD = CAD	1.384	1.368	1.409	1.359	(1)	(4)

The assets and liabilities of Alvo Petro's Brazilian subsidiaries are translated to USD at the exchange rate on the reporting period date. The income and expenses of BRL-denominated items are translated to USD at the exchange rates on the date of the relevant transactions. All resulting foreign currency differences are recorded in exchange gain or loss on translation of foreign operations in other comprehensive income or loss. The BRL appreciated 12% from December 31, 2024, resulting in an exchange gain in comprehensive income in the six months ended June 30, 2025.

Foreign exchange fluctuations on USD-denominated balances of the Brazilian subsidiary are recognized in earnings, including fluctuations on USD denominated intercompany amounts advanced to the Brazilian subsidiaries and the USD denominated lease liability of the Brazilian subsidiary associated with the Facility. In Q2 2025, the Company recorded a foreign exchange gain of \$0.1 million on intercompany advances (Q2 2024 - \$2.3 million foreign exchange loss) and a foreign exchange gain of \$0.4 million on the lease liability (Q2 2024 -\$0.9 million foreign exchange loss). In the six months ended June 30, 2025, the Company recorded a foreign exchange gain of \$0.4 million on intercompany advances (2024 - \$3.2 million foreign exchange loss) and a foreign exchange gain of \$1.0 million on the lease liability (2024 -\$1.2 million foreign exchange loss). As of June 30, 2025, the USD denominated intercompany balance was \$0.8 million (December 31, 2024 - \$4.7 million) and the USD denominated lease liability was \$7.3 million (December 31, 2024 - \$7.8 million).

As discussed above, the Company is exposed to foreign exchange fluctuations on its natural gas revenues in Brazil. With respect to Alvo Petro's natural gas price reset on February 1, 2025 and May 1, 2025 respectively, the price determined in BRL was based on average historical exchange rates of 5.84 and 5.85 BRL to 1.00 USD. In Q2 2025, the actual average rate was 5.67, an appreciation of 3%. The following table denotes the overall estimated impact on natural gas revenues of a 5% and 10% depreciation and appreciation of the BRL relative to the USD:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Increase (Decrease) to Natural Gas Revenues from:				
5% Appreciation of BRL to USD	661	562	1,344	1,180
10% Appreciation of BRL to USD	1,396	1,186	2,837	2,492
5% Depreciation of BRL to USD	(598)	(508)	(1,216)	(1,068)
10% Depreciation of BRL to USD	(1,142)	(970)	(2,321)	(2,039)

To mitigate exposure to foreign exchange volatility with respect to the BRL, the Company has periodically entered into BRL/USD forward exchange rate contracts. The Company recognizes the fair value of these contracts in the statement of financial position with



changes in fair value recognized as an unrealized gain or loss included in net income. Realized gains or losses are recognized in the period the contracts are settled. No forward contracts were entered into or outstanding at any time in 2024 or to date in 2025.

Head office transactions in CAD are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities are translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Exchange gains or losses are included in the determination of earnings.

## Depletion and Depreciation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Depletion and depreciation on PP&E	2,545	1,408	81	5,376	2,964	81
Depreciation of right-of-use assets	291	293	(1)	582	584	-
Depletion and depreciation expense	2,836	1,701	67	5,958	3,548	68
\$ per boe <sup>(1)</sup> – Total Company	12.79	11.47	12	13.49	11.71	15

(1) See “Non-GAAP and Other Financial Measures” section within this MD&A.

Depletion is calculated on a unit-of-production basis for all upstream PP&E assets. All midstream PP&E assets are depreciated over the estimated useful life of the assets on a straight-line basis. With the increase in daily sales volumes in 2025 as well as a higher depletable base, depletion and depreciation on PP&E increased 81% in both the three and six months ended June 30, 2025 compared to 2024.

The Company’s right-of-use assets are depreciated over the lease term on a straight-line basis.

## Share-Based Compensation Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Share-based compensation expense	325	315	3	654	602	9

Share-based compensation expense is based on the fair value of stock options, restricted share units (“RSUs”) and deferred share units (“DSUs”) granted and amortized over the respective vesting periods. As of June 30, 2025, a total of 2.9 million awards were outstanding (June 30, 2024 – 2.8 million) with 1,835,664 stock options (June 30, 2024 – 1,842,774) and 1,047,169 RSUs and DSUs (June 30, 2024 – 937,878).

## Finance Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Lease interest	305	346	(12)	629	704	(11)
Accretion on decommissioning liabilities	43	25	72	73	50	46
Other	23	-	-	125	-	-
Finance expenses	371	371	-	827	754	10

Finance expenses increased 10% in the six months ended June 30, 2025 compared to 2024 mainly due to estimated additional interest owing on the GORR dispute, as further described above.

## Income Tax Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Current income tax expense	<b>700</b>	493	42	<b>1,340</b>	1,103	21
Deferred income tax expense (recovery)	<b>425</b>	(25)	1,800	<b>713</b>	155	360
Total	<b>1,125</b>	468	140	<b>2,053</b>	1,258	63
Effective tax rate	<b>14.1%</b>	16.6%	(15)	<b>13.7%</b>	15.4%	(11)

The statutory corporate tax rate in Brazil is 34%. This is comprised of a basic 15% corporate income tax, plus 10% surtax and a 9% social contribution tax. Alvo Petro is eligible for Supertintendência de Desenvolvimento do Nordeste ("SUDENE"), a regional tax incentive offered in Bahia State. Under the incentive, special deductions reduce the inherent current tax payable on qualifying projects to an effective rate of 15.25% where SUDENE profits align with taxable income under the actual profit regime. The SUDENE incentive applies to natural gas and condensate profits Alvo Petro earns for a period of ten taxation years, commencing January 1, 2021, and ending December 31, 2030. The incentive generally reduces corporate tax and surtax on qualifying projects by 75% where SUDENE profits align with taxable income under the actual profit regime, resulting in an effective tax rate of 15.25%. Where SUDENE profits exceed taxable income, it is possible to further reduce corporate income tax and surtax to a tax rate below 15.25%. As Alvo Petro expects the majority of temporary differences to reverse during the SUDENE period, for deferred tax purposes Alvo Petro has estimated the future tax rate applicable to temporary differences based on the SUDENE rate of 15.25%.

Current tax expense increased in 2025 compared to 2024 due to higher net income. Deferred tax expense was also higher due mainly to foreign exchange gains compared to foreign exchange losses in 2024. Overall, the effective tax rate (computed as total income tax expense divided by income before taxes) is 13.7% in 2025, marginally lower than the SUDENE rate of 15.25% as SUDENE profits exceed taxable income in the period, resulting in a lower overall effective tax rate.

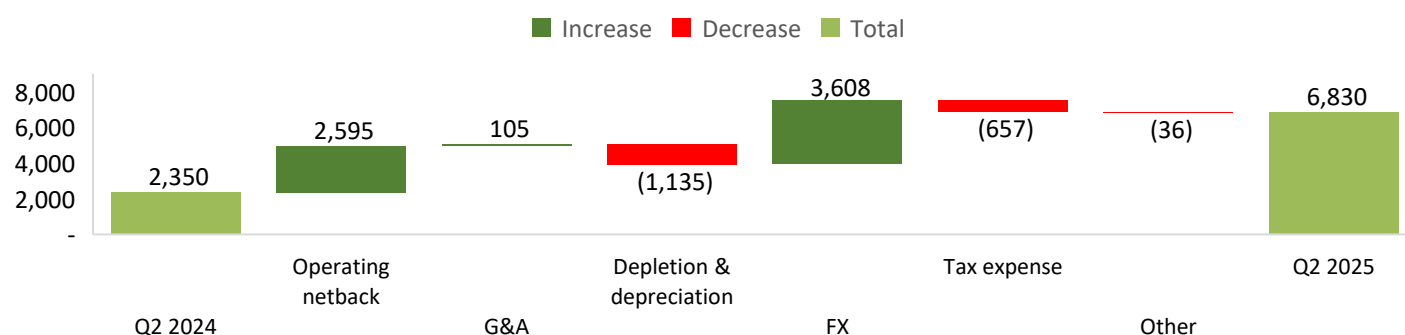
All current and deferred tax expense relates solely to Brazil operations. The Company has an unrecognized deferred tax asset in Canada of \$1.9 million (December 31, 2024 - \$1.3 million). Total tax pools of \$9.7 million (December 31, 2024 - \$6.7 million) are available to shelter future earnings from Canadian operations, including tax loss carryforwards of \$6.6 million (December 31, 2024 - \$6.9 million).

## Net Income

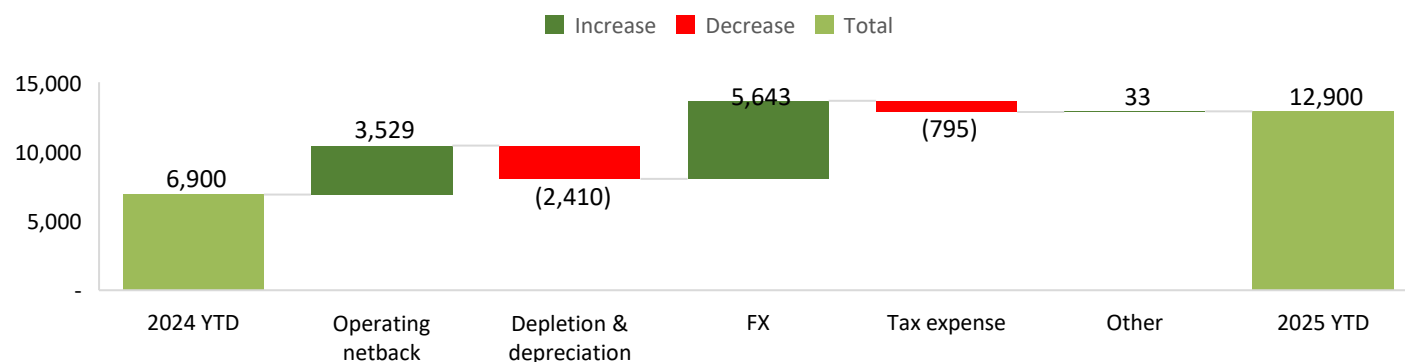
	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Net income	<b>6,830</b>	2,350	191	<b>12,900</b>	6,900	87
Per share – basic (\$)	<b>0.18</b>	0.06	200	<b>0.35</b>	0.19	84
Per share – diluted (\$)	<b>0.18</b>	0.06	200	<b>0.34</b>	0.18	89

Net income in Q2 2025 increased \$4.5 million compared to Q2 2024 and \$6.0 million in the six months ended June 30, 2025 compared to the same period in 2024 due to higher sales volumes and foreign exchange gains (compared to foreign exchange losses in 2024), partially offset by lower realized prices and higher royalties, production expenses, depletion and depreciation and tax expense.

**Change in Net Income**  
(Q2 2025 compared to Q2 2024)



**Change in Net Income**  
(Six months ended June 30, 2025 compared June 30, 2024)



## Capital Expenditures

Capital Expenditures by Type	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>E&amp;E</b>				
Drilling and completions	(34)	11	1,019	36
Land, lease, and similar payments	2	2	4	2
Equipment inventory purchases	1,258	408	1,555	523
Capitalized G&A	-	16	41	16
<b>Total E&amp;E</b>	<b>1,226</b>	<b>437</b>	<b>2,619</b>	<b>577</b>
<b>PP&amp;E</b>				
Drilling & completions	7,072	400	12,944	710
Facility & equipment	261	2,365	692	3,987
Land, lease, and similar payments	31	5	66	13
Capitalized G&A	375	222	703	515
Furniture & fixtures and other	21	8	337	74
<b>Total PP&amp;E</b>	<b>7,760</b>	<b>3,000</b>	<b>14,742</b>	<b>5,299</b>
<b>Total Capital Expenditures</b>	<b>8,986</b>	<b>3,437</b>	<b>17,361</b>	<b>5,876</b>

Capital Expenditures by Property	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>E&amp;E - Brazil</b>				
Block 183	(32)	29	1,064	54
Equipment inventory purchases	1,258	408	1,555	523
<b>Total E&amp;E – Brazil</b>	<b>1,226</b>	<b>437</b>	<b>2,619</b>	<b>577</b>
<b>PP&amp;E - Brazil</b>				
Caburé and associated midstream assets	1,764	2,332	2,306	3,894
Murucututu	5,828	659	9,407	1,394
Bom Lugar	-	4	-	5
<b>PP&amp;E – Brazilian Properties</b>	<b>7,592</b>	<b>2,995</b>	<b>11,713</b>	<b>5,293</b>
<b>PP&amp;E - Canada</b>				
Western Saskatchewan	95	-	2,731	-
<b>PP&amp;E – Corporate</b>	<b>73</b>	<b>5</b>	<b>298</b>	<b>6</b>
<b>Total PP&amp;E</b>	<b>7,760</b>	<b>3,000</b>	<b>14,742</b>	<b>5,299</b>
<b>Total Capital Expenditures</b>	<b>8,986</b>	<b>3,437</b>	<b>17,361</b>	<b>5,876</b>

Capital expenditures in Brazil in Q2 2025 on our 100% Murucututu field include drilling costs for the 183-D4 well as well as initial tie-in and completion costs for the well and recompletion costs on our 183-A3 well. Capital expenditures on the Caburé field include our share of unit development costs incurred in the quarter, including drilling the first of five (2.8 net) planned development wells and initial costs on the second development well. Capital expenditures in Canada in Q2 2025 include final completion and equipping costs on the two earning wells drilled in Q1 2025.

## Summary of Quarterly Results

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
<b>Financial</b>								
Natural gas, oil and condensate sales	14,010	14,013	10,214	12,879	10,672	11,752	15,300	12,313
Net income	6,830	6,070	2,243	7,152	2,350	4,550	652	5,819
Per share – basic (\$) <sup>(1)</sup>	0.18	0.16	0.06	0.19	0.06	0.12	0.02	0.16
Per share – diluted (\$) <sup>(1)</sup>	0.18	0.16	0.06	0.19	0.06	0.12	0.02	0.15
Cash flows from operating activities	10,473	8,817	7,114	10,714	8,860	8,213	7,904	12,469
Per share – basic (\$) <sup>(1)</sup>	0.28	0.24	0.19	0.29	0.24	0.22	0.21	0.34
Per share – diluted (\$) <sup>(1)</sup>	0.28	0.23	0.19	0.28	0.24	0.22	0.21	0.33
Funds flow from operations <sup>(2)</sup>	10,366	9,222	6,966	9,886	7,910	8,513	12,393	9,618
Per share – basic (\$) <sup>(1)</sup>	0.28	0.25	0.19	0.27	0.21	0.23	0.33	0.26
Per share – diluted (\$) <sup>(1)</sup>	0.27	0.24	0.19	0.26	0.21	0.23	0.33	0.25
Dividends declared	3,660	3,643	3,283	3,295	3,296	3,296	5,127	5,122
Per share (\$) <sup>(1)(2)</sup>	0.10	0.10	0.09	0.09	0.09	0.09	0.14	0.14
Capital expenditures	8,986	8,375	4,682	4,747	3,437	2,439	4,934	10,703
Net working capital <sup>(2)</sup>	6,838	9,742	13,181	15,848	14,692	15,047	13,117	11,392
<b>Operations</b>								
Average realized prices <sup>(2)</sup> :								
Natural gas (\$/Mcf)	10.62	10.44	10.51	10.92	11.83	12.57	12.85	13.06
NGL – condensate (\$/bbl)	72.32	81.05	75.95	86.70	92.27	87.89	89.45	89.43
Oil (\$/bbl)	47.10	64.96	61.74	68.36	71.87	65.06	73.67	73.08
Average foreign exchange (\$1 USD = BRL)	5.666	5.852	5.837	5.545	5.213	4.952	4.955	4.880
Operating netback (\$/boe) <sup>(2)</sup>	63.20	63.67	63.88	66.46	71.97	75.94	77.60	78.90
Realized sales price	(2.97)	(7.60)	(2.15)	(1.89)	(1.94)	(2.02)	(2.07)	(2.04)
Royalties	(5.37)	(5.30)	(6.64)	(5.38)	(5.73)	(7.76)	(5.84)	(6.52)
Production expenses	(0.14)	-	-	-	-	-	-	-
Transportation expenses								
Operating netback	54.72	50.77	55.09	59.19	64.30	66.16	69.69	70.34
Operating netback margin <sup>(2)</sup>	87%	80%	86%	89%	89%	87%	90%	89%
Average daily sales volumes:								
Natural gas (Mcfpd)	13,002	13,803	9,707	11,994	9,244	9,666	12,245	9,675
NGL – condensate (bopd)	128	135	109	95	76	78	92	81
Oil (bopd)	141	10	11	12	12	12	10	3
Total average daily sales (boepd)	2,436	2,446	1,738	2,106	1,629	1,701	2,143	1,696
Brazil	2,298	2,446	1,738	2,106	1,629	1,701	2,143	1,696
Canada	138	-	-	-	-	-	-	-

### Notes:

- (1) Per share amounts are based on weighted average shares outstanding other than dividends per share, which is based on the number of common shares outstanding at each dividend record date. The weighted average number of diluted common shares outstanding in the computation of funds flow from operations and cash flows from operating activities per share is the same as for net income per share.
- (2) See “Non-GAAP and Other Financial Measures” section within this MD&A.

Average daily sales volumes in Q2 2025 were consistent with Q1 2025. While Brazil sales volumes decreased 6% (due to facility turnarounds at both Alvo Petro facilities and end user facilities), with Canadian production commencing in April 2025 and contributing 138 bopd, total Company sales averaged 2,436 boepd. Alvo Petro generated natural gas, oil and condensate sales of \$14.0 million despite a marginally lower realized sales price per boe. With higher royalties recognized in Q1 2025 associated with historical amounts for the GORR dispute, royalties in Q2 2025 decreased \$4.63 per boe and our operating netback improved to \$54.72 (+\$3.95 per boe). With lower royalties in Q2 2025 our funds flow from operations also increased \$1.1 million and net income increased \$0.8 million compared to Q1 2025.

Over the past eight quarters, fluctuations in average daily sales volumes, the average realized sales price per boe and average foreign exchange rates have impacted natural gas, oil and condensate revenues and funds flow from operations. Net income has fluctuated over the same period due to changes in funds flow from operations, impairment losses and fluctuations in deferred tax expense and

foreign exchange gains and losses. Capital expenditures have fluctuated throughout the period due to changes in the Company's planned spending levels on E&E and PP&E assets. With higher overall production and cash flows, the Board of Directors increased the quarterly dividend to \$0.10 per share in Q1 and Q2 2025 compared to \$0.09 per share throughout 2024.

## Commitments and Contingencies

The following is a summary of Alvo Petro's contractual commitments as at June 30, 2025:

	< 1 Year	1-3 Years	Thereafter	Total
<b>Gas Treatment Agreement<sup>(1)</sup></b>	1,488	2,976	2,976	7,440
<b>Total commitments</b>	<b>1,488</b>	<b>2,976</b>	<b>2,976</b>	<b>7,440</b>

(1) Amounts for the Gas Treatment Agreement are BRL denominated commitments and reflected in the table above based on the U.S. dollar equivalent as at June 30, 2025. As a result, such commitments are subject to fluctuations in the USD/BRL foreign exchange rate.

Amounts presented above for the Gas Treatment Agreement represent the monthly service fees for operation and maintenance of the Facility and operating fees for Alvo Petro's 11-kilometre transfer pipeline.

The Company has abandonment guarantees that are required to be posted with the ANP for the Bom Lugar, Mãe-da-lua, Caburé and Murucututu fields under the terms of the concession contract for each field. Alvo Petro has recognized the estimated abandonment costs relating to these and all exploration assets as part of decommissioning liabilities on the consolidated statements of financial position.

As is customary in the oil and gas industry, we may at times have work plans in place to reserve or earn certain acreage positions or wells. If we do not complete such work plans in a timely manner, the acreage positions or wells may be lost, or penalties may be applied.

In the normal course of operations we have disputes for which we currently cannot determine the ultimate results. The Company rigorously defends its positions in any such matters and has a policy to record contingent liabilities as the amounts become determinable and the probability of loss is more likely than not. In the three and six months ended June 30, 2025, Alvo Petro recognized a provision for additional GORR associated with the GORR dispute as further described in "Royalties". The Company currently has no contingent liabilities recorded however, the outcome of adverse decisions in any pending or threatened proceedings related to these and other matters are unknown and could have a material impact on the Company's financial position, results of operations or cash flows.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash and Working Capital

At June 30, 2025, Alvo Petro's cash and cash equivalents of \$15.0 million were held as follows:

	Total	U.S. Dollar	CAD Dollar <sup>(1)</sup>	BRL <sup>(1)</sup>
Cash and cash equivalents held in Canada	9,376	9,024	352	-
Cash and cash equivalents held in Brazil	5,625	-	-	5,625
<b>Total</b>	<b>15,001</b>	<b>9,024</b>	<b>352</b>	<b>5,625</b>

(1) Amounts in the table above denote the U.S. dollar equivalent as at June 30, 2025.

The Company had cash and cash equivalents of \$15.0 million and a total net working capital surplus of \$6.8 million at June 30, 2025. Positive cash flows from natural gas deliveries and associated condensate sales from operations are projected to be sufficient to fund the Company's operational activities, planned capital projects and future dividends. However, the Company is exposed to a variety of risks which may adversely impact future cash flows. The Company manages these risks by forecasting cash flows for a minimum period of twelve months, which involves preparation of capital expenditure, operating and general and administrative budgets, all of which are monitored closely, and adjusted as necessary. The Board of Directors has discretion with respect to any future dividend amounts and the Company has flexibility on future capital plans.

The liability for decommissioning obligations of Alvo Petro was \$1.6 million as at June 30, 2025, with \$0.3 million expected to be incurred within one year. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings, and for revisions to the estimated future cash flows, if applicable.

At June 30, 2025, the Company had \$6.3 million of equipment inventory to be utilized for future operations which is included in exploration and evaluation assets in the consolidated statements of financial position.

### Lease Liabilities

The lease liability to Enerflex in respect of the monthly facility payments under our Gas Treatment Agreement represents the majority of the Company's lease liabilities as at June 30, 2025 and December 31, 2024. Additional lease liabilities outstanding relate to office space in Canada and Brazil and surface land access for our midstream assets. The Company's lease liabilities are as follows:

	As at	
	June 30, 2025	December 31, 2024
Lease liabilities, beginning of period	7,863	8,681
Additions	76	114
Finance expense	629	1,370
Lease payments	(1,124)	(2,278)
Foreign currency translation	11	(24)
Lease liabilities, end of period	7,455	7,863
Current	1,132	1,069
Non-current	6,323	6,794
Total, end of period	7,455	7,863

### Dividends

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Dividends declared	3,660	3,296	11	7,303	6,592	11
Dividends declared – per share (\$) <sup>(1)</sup>	0.10	0.09	11	0.20	0.18	11

(1) See "Non-GAAP and Other Financial Measures" section within this MD&A. Dividends per share is based on the number of common shares outstanding at each dividend record date.

In the first and second quarter of 2025 the Board of Directors increased the quarterly dividend to \$0.10 per share from \$0.09 per share paid throughout 2024. All dividends are designated as "eligible dividends" for the purpose of the Income Tax Act (Canada). The Company expects future dividends to be paid quarterly as part of Alvo Petro's long-standing capital allocation objective to balance spending from cash flows between reinvestment in growth opportunities and returns to stakeholders. However, the decision to declare any future quarterly dividend and the amount of such dividend, if any, remains subject to the discretion of the Board and may vary depending on numerous factors. There can be no assurance that dividends will be paid at the intended rate or at any rate in the future.

### Normal Course Issuer Bid

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change (%)	2025	2024	Change (%)
Shares repurchased (#)	57,600	-	-	140,900	-	-
Average price per share (C\$)	5.46	-	-	5.18	-	-
Total cost of share repurchases - \$000s <sup>(1)</sup>	227	-	-	524	-	-

(1) Includes applicable fees.

On August 13, 2024, Alvo Petro launched a normal course issuer bid (the "2024 NCIB") to repurchase Alvo Petro common shares. The terms of the 2024 NCIB permit Alvo Petro to repurchase up to 2,953,044 common shares from August 13, 2024 to the earlier of August 12, 2025 or when the 2024 NCIB is completed or terminated by Alvo Petro. Any shares repurchased under the NCIB will be cancelled.



57,600 shares were repurchased in Q2 2025 pursuant to the 2024 NCIB with a total of 140,900 repurchased in the six months ended June 30, 2025. All shares repurchased were subsequently cancelled.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and preferred shares in one or more series. As of August 6, 2025, there were 36,650,164 common shares, 1,869,664 stock options, 671,788 RSUs and 357,497 DSUs outstanding. There are no preferred shares outstanding.

## NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A or documents referred to in this MD&A make reference to various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Such measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by IFRS and therefore might not be comparable to similar financial measures disclosed by other issuers. While these measures may be common in the oil and gas industry, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. The non-GAAP and other financial measures referred to in this report should not be considered an alternative to, or more meaningful than measures prescribed by IFRS and they are not meant to enhance the Company's reported financial performance or position. These are complementary measures that are used by management in assessing the Company's financial performance, efficiency and liquidity and they may be used by investors or other users of this document for the same purpose.

Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures used in this MD&A.

### Non-GAAP Financial Measures

#### ***Operating Netback***

Operating netback is calculated as natural gas, oil and condensate sales revenues less royalties, production expenses and transportation expenses. This calculation is provided in the "Operating Netback" section of this MD&A using our IFRS measures. Operating netback is a common metric used in the oil and gas industry to demonstrate profitability from operations.

### Non-GAAP Financial Ratios

#### ***Operating Netback per boe***

Operating netback on a per unit basis, which is per barrel of oil equivalent ("boe"), is a common non-GAAP measure used in the oil and gas industry and management believes it assists in evaluating the operating performance of the Company. It is a measure of the economic quality of the Company's producing assets and is useful for evaluating variable costs as it provides a reliable measure regardless of fluctuations in production. Alvopetro calculated operating netback per boe as operating netback divided by total sales volumes (barrels of oil equivalent). This calculation is provided in the "Operating Netback" section of this MD&A using our IFRS measures.

#### ***Operating Netback Margin***

Operating netback margin is calculated as operating netback per boe divided by the realized sales price per boe. Operating netback margin is a measure of the profitability per boe relative to natural gas, oil and condensate sales revenues per boe and is calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating netback - \$ per boe	54.72	64.30	52.74	65.25
Average realized price - \$ per boe	63.20	71.97	63.43	74.00
Operating netback margin	87%	89%	83%	88%

### ***Funds Flow from Operations Per Share***

Funds flow from operations per share is a non-GAAP ratio that includes all cash generated from operating activities (as calculated below) divided by the weighted average shares outstanding for the respective period. For the periods reported in this document the cash flows from operating activities per share and funds flow from operations per share is as follows:

<b>\$ per share</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Per basic share:				
Cash flows from operating activities	<b>0.28</b>	0.24	<b>0.52</b>	0.46
Funds flow from operations	<b>0.28</b>	0.21	<b>0.53</b>	0.44
Per diluted share:				
Cash flows from operating activities	<b>0.28</b>	0.24	<b>0.51</b>	0.45
Funds flow from operations	<b>0.27</b>	0.21	<b>0.52</b>	0.44

### **Capital Management Measures**

#### ***Funds Flow from Operations***

Funds flow from operations is a non-GAAP capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. The most comparable GAAP measure to funds flow from operations is cash flows from operating activities. Management considers funds flow from operations important as it helps evaluate financial performance and demonstrates the Company's ability to generate sufficient cash to fund future growth opportunities. Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flows from operating activities however management finds that the impact of working capital items on the cash flows reduces the comparability of the metric from period to period. A reconciliation of funds flow from operations to cash flows from operating activities is as follows:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Cash flows from operating activities	<b>10,473</b>	8,860	<b>19,290</b>	17,073
Changes in non-cash working capital	<b>(107)</b>	(950)	<b>298</b>	(650)
Funds flow from operations	<b>10,366</b>	7,910	<b>19,588</b>	16,423

#### ***Net Working Capital***

Net working capital is computed as current assets less current liabilities. Net working capital is a measure of liquidity, is used to evaluate financial resources, and is calculated as follows:

	<b>As at June 30,</b>	
	<b>2025</b>	<b>2024</b>
Total current assets	<b>22,915</b>	25,300
Total current liabilities	<b>(16,077)</b>	(10,608)
Net working capital	<b>6,838</b>	14,692

### **Supplementary Financial Measures**

"Average realized natural gas price - \$/Mcf" is comprised of natural gas sales as determined in accordance with IFRS, divided by the Company's natural gas sales volumes.

"Average realized NGL – condensate price - \$/bbl" is comprised of condensate sales as determined in accordance with IFRS, divided by the Company's NGL sales volumes from condensate.

"Average realized oil price - \$/bbl" is comprised of oil sales as determined in accordance with IFRS, divided by the Company's oil sales volumes.

**“Average realized price - \$/boe”** is comprised of natural gas, condensate and oil sales as determined in accordance with IFRS, divided by the Company’s total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

**“Dividends per share”** is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

**“Royalties per boe”** is comprised of royalties, as determined in accordance with IFRS, divided by the total natural gas, condensate and oil sales volumes (barrels of oil equivalent).

**“Royalties as a percentage of sales”** is comprised of royalties, as determined in accordance with IFRS, divided by the total natural gas, condensate and oil sales, as determined in accordance with IFRS.

**“Production expenses per boe”** is comprised of production expenses, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

**“Transportation expenses per boe”** is comprised of transportation expenses, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

**“G&A expenses per boe”** is comprised of net G&A expense, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

**“Depletion and depreciation expense per boe”** is comprised of depletion and depreciation expense, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

## OFF BALANCE SHEET ARRANGEMENTS

Alvopetro has off-balance sheet arrangements consisting of various contracts entered into in the normal course of operations. Contracts that contain a lease are accounted for under IFRS 16 and recorded on the balance sheet as of December 31, 2024 to the extent the lease has commenced. All other contracts which are entered into in the normal course of operations are captured in the *Commitments and Contingencies* section above.

## RISKS AND UNCERTAINTIES

Alvopetro is exposed to a variety of risks including, but not limited to: reservoir performance risk, market risk, exploration, exploitation, acquisition and disposition risk, operational and uninsurable risks, inflation and supply chain management risk, foreign operations risk, legal and regulatory risks including the impact of new and stricter environmental regulations, liquidity and financing risk and competitive risks within the oil and gas industry. Investors should carefully consider the risk factors set forth under the heading "Risk Factors" in our Annual Information Form that can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and in our MD&A for the year-ended December 31, 2024.

There have been no significant changes in the six months ended June 30, 2025 to the risks and uncertainties identified in the MD&A and Annual information Form for the year-ended December 31, 2024 other than with respect to the findings of the GORR dispute. As further described in the section entitled *“Royalties”*, Alvopetro has recognized an additional provision with respect to the GORR on natural gas on Block 197. Pursuant to dispute resolution provisions, the dispute proceeded to arbitration pursuant to the Rules of Arbitration of the ICC. The Company had not previously recognized any additional provision related to the GORR as Alvopetro had expected to be successful in the dispute. However, in April 2025 Alvopetro received the findings of the arbitral tribunal wherein the tribunal found in favour of the GORR holders requiring Alvopetro to utilize the sales price to Bahiagás in the computation of the GORR. Alvopetro has estimated the additional GORR owing and recognized the additional royalty (including inflation adjustments) with interest owing on the balance outstanding recognized in finance expenses.

Alvopetro is required to submit all calculations of the additional GORR owing to the tribunal for review. The tribunal will then issue a final decision on the amount owing. The historical amount recorded in the three months ended March 31, 2025 for periods up to December 31, 2024, as well as the ongoing GORR calculations for the three and six months ended June 30, 2025 represent management’s best estimates however the actual calculation will be determined by the tribunal which may be materially different. As a result, the final amount owing is uncertain as of the date of this MD&A as it remains subject to the approval of the tribunal and will be subject to any adjustment required by the tribunal. The final amount owing may be different than the amounts recognized by

Alvopetro as of June 30, 2025 and such difference may be material. In addition, as the GORR award is subject to inflation and interest adjustments, the balance owing will increase over time.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The accounting policies used in preparation of the unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2025 are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended December 31, 2024. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

**Management's Report on Internal Control over Financial Reporting.** In connection with National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company are required to file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

**Dividend and Normal Course Issuer Bid Advisory.** The decision to declare any future quarterly dividend and the amount and timing of such dividend, if any, remains subject to the discretion of the Board and may vary depending on numerous factors, including, without limitation, the Company's operational performance, available financial resources and financial requirements, capital requirements and growth plans. There can be no assurance that dividends will be paid at the intended rate or at any rate in the future. Similarly, the decision by the Corporation to repurchase shares pursuant to its normal course issuer bid and the amount and timing of share repurchases under the Company's normal course issuer bid is also uncertain and there can be no assurance that the Company will repurchase any shares in the future.

**Forward-Looking Statements.** Certain information provided in this MD&A constitutes forward-looking statements. 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. More particularly and without limitation, this MD&A contains forward-looking statements concerning the arbitration procedures associated with the redetermination of working interests of the Unit, the anticipated outcome of the GORR dispute, expected royalty rates, expecting timing of production commencement from certain wells, the Company's dividend policy and plans for dividends in the future, plans relating to the Company's operational activities, proposed exploration and development activities and the timing for such activities, capital spending levels and future capital costs, exploration and development prospects of Alvopetro, future production and sales volumes, production rates and allocations from the Caburé natural gas field, the expected natural gas price, gas sales and gas deliveries under Alvopetro's long-term gas sales agreement, and sources and availability of capital. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to the success of future drilling, completion, testing, recompletion and development activities and the timing of such activities, the performance of producing wells and reservoirs, well development and operating performance, expectations and assumptions concerning the approval of and timing of regulatory licenses, equipment availability, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the outlook for commodity markets and ability to access capital markets, foreign exchange rates, the outcome of any redeterminations, the outcome of any disputes, general economic and business conditions, forecasted demand for oil and natural gas, the impact of global pandemics, weather and access to drilling locations, the availability and cost of labour and services, and 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. Current and forecasted natural gas nominations are subject to change on a daily basis and such changes may be material. Although we believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because we can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, reliance on industry partners, availability of equipment and personnel, uncertainty

surrounding timing for drilling and completion activities resulting from weather and other factors, changes in applicable regulatory regimes and health, safety and environmental risks), commodity price and foreign exchange rate fluctuations, market uncertainty associated with trade or tariff disputes and general economic conditions. Certain of these risks are set out in more detail in our 2024 Annual Information Form which has been filed on SEDAR+ and can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca). Except as may be required by applicable securities laws, Alvopetro assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

**Abbreviations:**

ANP	=	The National Agency of Petroleum, Natural Gas and Biofuels of Brazil
bbls	=	barrels of oil and/or natural gas liquids (condensate)
boepd	=	barrels of oil equivalent ("boe") per day
bopd	=	barrels of oil and/or natural gas liquids (condensate) per day
BRL	=	Brazilian real
CAD	=	Canadian dollar
e <sup>3</sup> m <sup>3</sup> /d	=	thousand cubic metre per day
m <sup>3</sup>	=	cubic metre
m <sup>3</sup> /d	=	cubic metre per day
Mcf	=	thousand cubic feet
Mcfpd	=	thousand cubic feet per day
MMBtu	=	million British Thermal Units
MMcf	=	million cubic feet
MMcfpd	=	million cubic feet per day
NGLs	=	natural gas liquids
Q1 2025	=	three months ended March 31, 2025
Q2 2024	=	three months ended June 30, 2024
Q2 2025	=	three months ended June 30, 2025
USD	=	United States dollar

**BOE Disclosure.** The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this MD&A are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.