The following Management's Discussion and Analysis ("MD&A") is dated November 5, 2026 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 nine months ended September 30, 2026, MD&A for the year-ended December 31, 2025 and the audited consolidated financial statements as at and for the years ended December 31, 2025 and 2024. Additional information for the Company, including the Annual Information Form ("AIF"), can be found on SEDAR+ at www.sedarplus.ca or at 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 September 30, | | | As at and Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| **Financial** | | | | | | |
| ***($000s, except where noted)*** | | | | | | |
| Natural gas, oil and condensate sales | **19,271** | 14,175 | 36 | **55,843** | 42,198 | 32 |
| Net income | **8,548** | 4,613 | 85 | **26,371** | 17,513 | 51 |
| Per share – basic ($)[1] | **0.23** | 0.12 | 92 | **0.70** | 0.47 | 49 |
| Per share – diluted ($)[1] | **0.22** | 0.12 | 83 | **0.69** | 0.46 | 50 |
| Cash flows from operating activities | **16,101** | 12,153 | 32 | **40,737** | 31,443 | 30 |
| Per share – basic ($)[1][2] | **0.43** | 0.33 | 30 | **1.08** | 0.84 | 29 |
| Per share – diluted ($)[1][2] | **0.42** | 0.32 | 31 | **1.06** | 0.83 | 28 |
| Funds flow from operations[2] | **14,307** | 10,448 | 37 | **40,910** | 30,036 | 36 |
| Per share – basic ($)[1][2] | **0.38** | 0.28 | 36 | **1.09** | 0.81 | 35 |
| Per share – diluted ($)[1][2] | **0.37** | 0.28 | 32 | **1.07** | 0.79 | 35 |
| Dividends declared | **4,483** | 3,673 | 22 | **13,368** | 10,976 | 22 |
| Per share[1] | **0.12** | 0.10 | 20 | **0.36** | 0.30 | 20 |
| Capital expenditures | **16,084** | 11,249 | 43 | **28,752** | 28,610 | - |
| Cash and cash equivalents | **32,628** | 12,081 | 170 | **32,628** | 12,081 | 170 |
| Working capital[2] | **2,517** | 2,209 | 14 | **2,517** | 2,209 | 14 |
| Working capital, net of debt (net debt)[2] | **(1,483)** | 2,209 | (167) | **(1,483)** | 2,209 | (167) |
| Weighted average shares outstanding | | | | | | |
| Basic (000s)[1] | **37,866** | 37,263 | 2 | **37,676** | 37,273 | 1 |
| Diluted (000s)[1] | **38,489** | 37,851 | 2 | **38,303** | 37,801 | 1 |
| **Operations** | | | | | | |
| Average daily sales volumes[3]: | | | | | | |
| Brazil: | | | | | | |
| Natural gas (Mcfpd), by field: | | | | | | |
| Caburé (Mcfpd) | **12,256** | 8,735 | 40 | **11,998** | 10,741 | 12 |
| Murucututu (Mcfpd) | **3,663** | 3,558 | 3 | **4,242** | 2,286 | 86 |
| Total natural gas (Mcfpd) | **15,919** | 12,293 | 29 | **16,240** | 13,027 | 25 |
| NGLs – condensate (bopd) | **178** | 147 | 21 | **174** | 137 | 27 |
| Oil (bopd) | **3** | 9 | (67) | **7** | 8 | (13) |
| Total (boepd) - Brazil | **2,834** | 2,205 | 29 | **2,887** | 2,315 | 25 |
| Canada: | | | | | | |
| Oil (bopd) - Canada | **132** | 138 | (4) | **166** | 93 | 78 |
| Total Company (boepd) | **2,966** | 2,343 | 27 | **3,053** | 2,408 | 27 |
| Average realized prices[2]: | | | | | | |
| Natural gas ($/Mcf) | **11.49** | 11.04 | 4 | **10.87** | 10.69 | 2 |
| NGLs – condensate ($/bbl) | **97.60** | 74.16 | 32 | **95.09** | 75.83 | 25 |
| Oil ($/bbl) | **68.40** | 50.42 | 36 | **66.84** | 49.36 | 35 |
| Total ($/boe) | **70.62** | 65.76 | 7 | **66.99** | 64.19 | 4 |
| Operating netback ($/boe)[2] | | | | | | |
| Realized sales price | **70.62** | 65.76 | 7 | **66.99** | 64.19 | 4 |
| Royalties | **(3.68)** | (3.54) | 4 | **(3.97)** | (4.71) | (16) |
| Production expenses | **(5.92)** | (6.10) | (3) | **(5.51)** | (5.58) | (1) |
| Transportation expenses | **(0.15)** | (0.22) | (32) | **(0.19)** | (0.12) | 58 |
| Operating netback | **60.87** | 55.90 | 9 | **57.32** | 53.78 | 7 |
| Operating netback margin[2] | **86%** | 85% | 1 | **86%** | 84% | 2 |

**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) Alvopetro 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 THIRD QUARTER OF 2026

- Average daily sales in Brazil in Q3 2026 were 2,834 boepd[(1)] (+29% from Q3 2025 and -2% from Q2 2026). Brazil sales volumes were impacted by a scheduled shutdown to complete a planned upgrade of our gas processing facility. In Canada, daily sales averaged 132 bopd[(1)] (-4% from Q3 2025 and -24% from Q2 2026). Overall, total daily sales averaged 2,966 boepd (+27% compared to Q3 2025 and -3% compared to Q2 2026).
- Our average realized natural gas price was $11.49/Mcf (+4% from Q3 2025 and +5% from Q2 2026). Our overall average realized sales price was $70.62/boe (+7% from Q3 2025 and +3% from Q2 2026).
- Our natural gas, oil and condensate revenue increased to $19.3 million, an increase of 36% from Q3 2025 due to higher sales volumes and higher realized sales prices. Natural gas, oil and condensate revenue increased $0.1 million from Q2 2026 despite the 2% reduction in sales volumes due to higher realized sales prices.
- Our operating netback[(2)] in the quarter was $60.87 per boe, increases of $4.97 per boe compared to Q3 2025 and $1.79 per boe compared to Q2 2026.
- We generated funds flow from operations[(2)] of $14.3 million ($0.38 per basic share and $0.37 per diluted share), increases of $3.9 million compared to Q3 2025 and $0.2 million compared to Q2 2026. The increase relative to Q3 2025 was driven by higher sales volumes and higher realized sales prices. The increase relative to Q2 2026 was due to higher realized sales prices.
- We reported net income of $8.5 million ($0.23 per basic share and $0.22 per diluted share), an increase of $3.9 million compared to Q3 2025 and a decrease of $1.2 million compared to Q2 2026.
- Capital expenditures in Q3 2026 of $16.1 million were focused on drilling, completion and facilities projects on our 100% owned Murucututu natural gas field as well as initial drilling costs for our share of two wells drilled on our existing land base in Saskatchewan.
- Our working capital[(2)] was $2.5 million as of September 30, 2026 and our net debt[(2)] was $1.5 million.
- In September 2026, Alvopetro announced a new farmin agreement (the "2026 Farmin") wherein Alvopetro agreed to fund 100% of the costs to drill, complete and equip five wells (the "Earning Wells") commencing in the fourth quarter of 2026 to earn a 50% working interest in 28 sections of land in Western Canada.

## RECENT HIGHLIGHTS

- In October 2026, Alvopetro was awarded four blocks in the Tucano Basin covering a total of over 462 $km^2$, north of Alvopetro's core operating area in the state of Bahia in Brazil, including three exploration blocks and one marginal field.
- Sales volumes averaged 3,200 boepd[(1)] in October 2026, including Brazil sales volumes of 3,095 boepd and Canadian sales volumes of 105 bopd.
- Effective November 1, 2026, our natural gas price under our long-term gas sales agreement was adjusted to BRL1.97/$m^3$ on the first 400$e^3m^3$/d (14.1 MMcfpd) reference volumes ("QDC1") with the incremental 100 $e^3m^3$/d (3.5 MMcfpd) reference volumes ("QDC2") adjusted to BRL1.84/$m^3$. Based on our average heat content to-date and the October 30, 2026 BRL/USD exchange rate of 5.42, our weighted average realized price (QDC1 + QDC2) on firm natural gas sales during the November 1, 2026 to January 31, 2027 period is expected to be $11.10/Mcf, a decrease of 3% from our Q3 2026 realized price of $11.49/Mcf. Amounts ultimately received in equivalent USD will be impacted by exchange rates in effect during the relevant period.

(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 September 30, 2026, Alvopetro held interests in the Caburé and Murucututu natural gas assets and one exploration block (Block 183), in the Recôncavo Basin onshore Brazil as well as a 50% non-operated working interest in 104.4 sections (34,511 net acres) of land focused on the Mannville Formation in Western Saskatchewan.

### BRAZIL

***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. Operatorship of the Unit transitioned to Alvopetro in the third quarter of 2024. Alvopetro's partner disputed the Expert decision and the matter proceeded to arbitration before the International Court of Arbitration of the International Chamber of Commerce ("ICC"). On April 27, 2026, Alvopetro received the final order (the "Final Order") of the appointed arbitral tribunal (the "Tribunal"). Pursuant to the Final Order, the Tribunal found in favour of Alvopetro, stating that the Expert decision is final, valid and effective, definitively binding the parties, pursuant to the UOA and maintaining Alvopetro's 56.2% working interest. The working interest is subject to future redeterminations as further discussed in Alvopetro's MD&A for the year ended December 31, 2025 in the section entitled "*Risks and Uncertainties – Arbitration of Alvopetro's Working Interest and Impact of Future Redeterminations*".

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. 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.

Capital expenditures at the Unit in the fourth quarter of 2026 are forecasted at $0.9 million, primarily relating to sidetracking one unfinished well from the 2025 development program.

**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 seven existing wells at the field including the 197(1) and 183(1) wells (both drilled in 2014), the 183-A3 well (drilled in 2023 and recompleted in 2024), the 183-D4 well (drilled in the first half of 2025 and commenced production in the third quarter of 2025), the 183-D1 well (drilled in Q2 2026 and completed and brought on production in Q3 2026), the 183-H2 well (drilled in Q3 2026 and completed and brought on production in Q4 2026) and the 183-G2 well (which completed drilling in October 2026 from our newly constructed 183-G well pad). Murucututu wells other than the 183-G2 well are tied into field production facilities. The completion and tie-in of the 183-G2 well is planned for early 2027. A 9-kilometre transfer pipeline connects the field to the Caburé transfer pipeline and then on to the natural gas processing facility.

In Q3 2026, total capital expenditures of $13.7 million were incurred on the field, including costs for completing the 183-D1 well, drilling the 183-H2 well, initial completion costs for the 183-H2 well and initial drilling costs for the 183-G2 well, as well as costs associated with ongoing facility projects. Subsequent to September 30, 2026, we completed the 183-H2 well in five intervals and brought the well on production in late October 2026 and we also completed drilling the 183-G2 well. In the fourth quarter of 2026 we continue to advance our facilities upgrades to expand our field production facility and pipeline offtake capacity to support an increase in our field capacity from the approximately 150 $e^3m^3/d$ up to 600 $e^3m^3/d$. Total capital expenditures of $14.2 million are expected at the Murucututu field for all drilling, completions and facilities projects in the fourth quarter of 2026.

**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. In 2026, we entered into an agreement with Enerflex to enhance our gas processing capability at the Facility to accommodate increasing proportions of richer gas production from our Murucututu field, which was completed in September 2026.

All natural gas is sold to Bahiagás, the local state distribution company, under the terms of our gas sales agreement ("GSA") and spot sales contracts from time to time. 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 early 2026, Alvopetro and Bahiagás agreed to update the terms of the GSA, increasing firm reference volumes by 25% from 400 $e^3m^3/d$ to 500 $e^3m^3/d$ (17.7 MMcfpd) for 2026 and 2027.

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 contract reference volumes under our contract. Any prepayment can 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 Company'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 nine months ended September 30, 2026 or at any time in 2025.

***OIL ASSETS:***

As of September 30, 2026 and the date of this MD&A, the Company also held two oil fields in Brazil (Bom Lugar and Mãe-da-lua). In the third quarter of 2025, Alvopetro entered into an assignment agreement to dispose of its interests in both fields. In the third quarter of 2025, Alvopetro transferred these properties and related liabilities to assets held for sale and liabilities held for sale, recognizing an impairment in 2025. In 2026 the Company entered into an amendment to the terms of the assignment agreement, recognizing an impairment of $0.1 million in Q2 2026. The closing of the sale is subject to standard regulatory approvals, including approval by the ANP.

***EXPLORATION ASSETS***

Alvopetro's E&E assets as of September 30, 2026 include the portion of Block 183 that is not part of the Murucututu project. The Company has identified a prospect on the block which is expected to be drilled in advance of the expiry date of October 1, 2027.

In October 2026 Alvopetro was awarded four blocks in the 6th cycle of the Permanent Concession Offer of the ANP, including three exploration blocks (TUC-T-142, TUC-T-151, and TUC-T-174) and one mature field (Subauma Mirim). All blocks are in the Tucano Basin, north of our existing asset base in Brazil, and cover a total of 462.4 $km^2$. The signing bonus to acquire the blocks is BRL0.6 million ($0.1 million) with minimum work commitments totaling BRL8.3 million ($1.7 million). The work commitments are to be fulfilled over three years for the mature field and over six years for the three exploration blocks.

## WESTERN CANADA

In 2025, Alvopetro entered into a farmin agreement with a private Canadian company (the "Original Partner"), agreeing 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 initial two wells were drilled, completed, equipped, and brought on production in April 2025, followed by two (1.0 net) additional wells that commenced production in September 2025. In October 2025, Alvopetro entered into an expanded area of mutual interest, agreeing to fund two further earning wells in exchange for a 50% working interest in an additional 47 sections (15,010 net acres) of land. These wells were drilled in Q4 2025, and another two (1.0 net) wells were drilled in early 2026. In late Q3 2026, our Original

Partner commenced drilling two (0.8 net) additional wells. Alvopetro's working interest is 50% in the first well and 30% in the second well and Alvopetro's share of drilling costs totaled $0.5 million in Q3 2026. Subsequent to September 30, 2026 both wells finished drilling and were completed and equipped and are now on production.

In Q3 2026, Alvopetro entered into the 2026 Farmin with a new partner (the "New Partner"). Under the terms of the 2026 Farmin, Alvopetro has agreed to fund 100% of the costs to drill, complete and equip five earning wells. All wells are in the Mannville heavy oil fairway and Alvopetro will earn an initial 75% working interest in each well prior to payout of the capital expenditures, adjusting to 50% after payout. As the Earning Wells are drilled, Alvopetro will earn a 50% interest in surrounding undeveloped lands. Once all Earning Wells have been drilled, the 2026 Farmin will add a 50% working interest in 28 gross (14 net) sections of land to Alvopetro's existing land position in Western Canada.

As of the date of this MD&A, nine (4.3 net) wells are on production, with one (0.5 net) well shut-in. Alvopetro's Western Canadian land position as of the date of this MD&A totals 105.5 gross sections (34,869 net acres), with an anticipated increase to 133.5 gross sections (43,829 net acres) once all earning wells under the 2026 Farmin have been completed.

## FINANCIAL AND OPERATING REVIEW

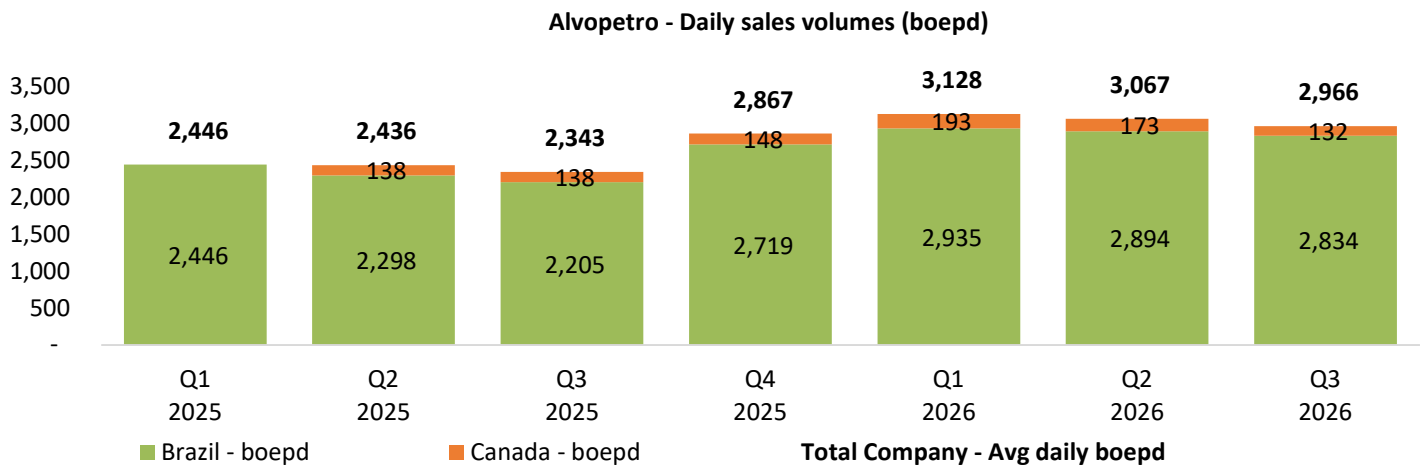
Canadian operations commenced in the three months ended June 30, 2025. As such, all comparative data for the nine months ended September 30, 2025 included in this MD&A relating to sales volumes, realized sales prices, natural gas, condensate and oil revenues, royalties, production expenses and operating netback includes Canadian operations from only April 2025 to September 2025.

### Sales Volumes

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| **Total sales volumes[(1)]:** | | | | | | |
| ***Brazil:*** | | | | | | |
| Caburé (Mcf) | **1,127,509** | 803,577 | 40 | **3,275,344** | 2,932,309 | 12 |
| Murucututu (Mcf) | **337,028** | 327,358 | 3 | **1,158,096** | 624,074 | 86 |
| Total natural gas (Mcf) | **1,464,537** | 1,130,935 | 29 | **4,433,440** | 3,556,383 | 25 |
| NGLs – condensate (bbls) | **16,394** | 13,525 | 21 | **47,375** | 37,295 | 27 |
| Oil (bbls) | **252** | 849 | (70) | **1,988** | 2,067 | (4) |
| Total sales (boe) - Brazil | **260,736** | 202,863 | 29 | **788,271** | 632,092 | 25 |
| ***Canada:*** | | | | | | |
| Total oil sales (bbls) - Canada | **12,160** | 12,696 | (4) | **45,292** | 25,263 | 79 |
| Total Company sales (boe) | **272,896** | 215,559 | 27 | **833,563** | 657,355 | 27 |
| | | | | | | |
| **Average daily sales volumes[(1)]:** | | | | | | |
| ***Brazil:*** | | | | | | |
| Caburé (Mcfpd) | **12,256** | 8,735 | 40 | **11,998** | 10,741 | 12 |
| Murucututu (Mcfpd) | **3,663** | 3,558 | 3 | **4,242** | 2,286 | 86 |
| Total natural gas (Mcfpd) | **15,919** | 12,293 | 29 | **16,240** | 13,027 | 25 |
| NGLs – condensate (bopd) | **178** | 147 | 21 | **174** | 137 | 27 |
| Oil (bopd) | **3** | 9 | (67) | **7** | 8 | (13) |
| Average daily sales (boepd) - Brazil | **2,834** | 2,205 | 29 | **2,887** | 2,315 | 25 |
| ***Canada:*** | | | | | | |
| Average daily sales (bopd) - Canada | **132** | 138 | (4) | **166** | 93 | 78 |
| **Average daily sales (boepd) - Total** | **2,966** | 2,343 | 27 | **3,053** | 2,408 | 27 |

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

In Q3 2026 average daily sales volumes increased 27% compared to Q3 2025 and decreased 3% compared to Q2 2026. Brazil sales volumes increased 29% compared to Q3 2025 with the amended GSA in effect which increased firm natural gas sales to 500 $e^3m^3/d$. Compared to Q2 2026, Brazil sales volumes decreased 2% due to a scheduled shutdown in September 2026 at our gas processing facility to complete a planned upgrade. In Canada, average daily sales volumes of 132 bopd were 4% lower than Q3 2025 and 24% lower than Q2 2026 due to natural well declines and downtime for well maintenance.




**Average Realized Sales Prices**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| **Average realized prices**[(1)]**:** | | | | | | |
| ***Brazil:*** | | | | | | |
| Natural gas ($/Mcf) | **11.49** | 11.04 | 4 | **10.87** | 10.69 | 2 |
| NGL – condensate ($/bbl) | **97.60** | 74.16 | 32 | **95.09** | 75.83 | 25 |
| Oil ($/bbl) | **75.40** | 61.25 | 23 | **78.97** | 61.93 | 28 |
| Average realized price ($/boe) - Brazil | **70.73** | 66.76 | 6 | **67.03** | 64.83 | 3 |
| ***Canada:*** | | | | | | |
| Average realized price - Oil ($/bbl) | **68.26** | 49.70 | 37 | **66.30** | 48.33 | 37 |
| ***Total Company:*** | | | | | | |
| Natural gas ($/Mcf) | **11.49** | 11.04 | 4 | **10.87** | 10.69 | 2 |
| NGL – condensate ($/bbl) | **97.60** | 74.16 | 32 | **95.09** | 75.83 | 25 |
| Oil ($/bbl) | **68.40** | 50.42 | 36 | **66.84** | 49.36 | 35 |
| Average realized price ($/boe) | **70.62** | 65.76 | 7 | **66.99** | 64.19 | 4 |
| **Average benchmark prices:** | | | | | | |
| Henry Hub ($/MMBtu) | **2.87** | 3.03 | (5) | **3.49** | 3.45 | 1 |
| Brent oil ($/bbl) | **96.30** | 69.03 | 40 | **93.15** | 71.00 | 31 |
| WTI ($/bbl) | **87.12** | 65.78 | 32 | **85.25** | 67.31 | 27 |
| WCS ($/bbl) | **72.06** | 54.43 | 32 | **69.31** | 55.86 | 24 |
| WCS (CAD/bbl) | **100.81** | 74.95 | 35 | **96.00** | 78.09 | 23 |
| **Average foreign exchange rate:** | | | | | | |
| $1 USD = BRL | **5.137** | 5.449 | 6 | **5.149** | 5.650 | 9 |
| $1 USD = CAD | **1.399** | 1.377 | (2) | **1.385** | 1.398 | 1 |

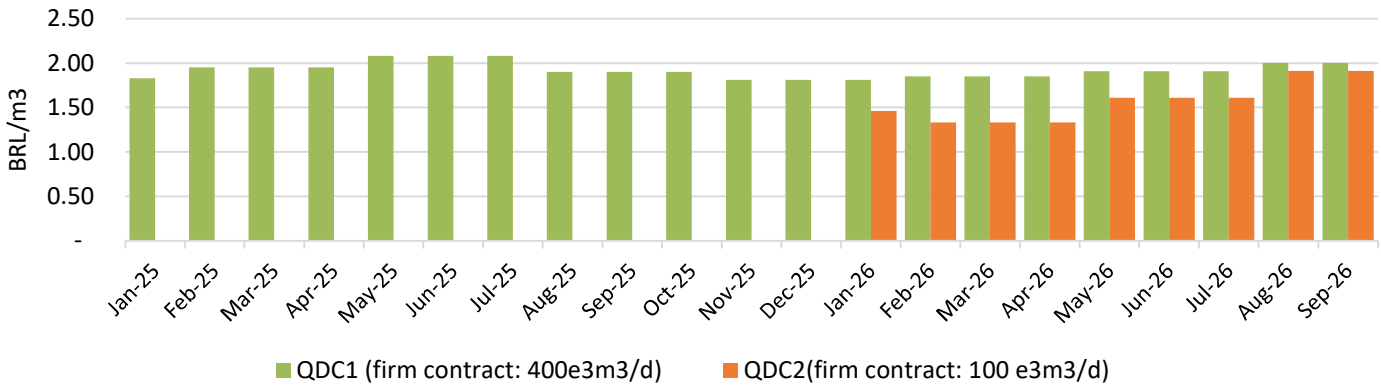
(1) See "*Non-GAAP and Other Financial Measures*" section within this MD&A.

*Brazil*

With the amended GSA effective January 1, 2026, the first 400 $e^3m^3/d$ (14.1 MMcfpd) of contract firm reference volumes ("QDC1") is priced under Alvopetro's pre-existing agreement in effect since January 1, 2025, based on a fixed component as well as average USD benchmark prices for Brent and Henry Hub in effect for the preceding quarter. The additional 100 $e^3m^3/d$ (3.5 MMcfpd) of contract firm reference volumes ("QDC2") is priced based on 10.5% of average USD Brent oil prices in effect for the preceding quarter. The natural gas price under both QDC1 and QDC2 is set quarterly, effective February 1st, May 1st, August 1st and November 1st. 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. The following contracted prices were in effect throughout 2025 and for the nine months ended September 30, 2026.

**GSA Contracted Natural Gas Price[(2)] - BRL/m³**




(1) The ultimate realized price will be based on the proportionate volumes delivered under QDC1 and QDC2. 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. Contracted prices are then grossed up for applicable sales taxes. Actual realized prices in USD are impacted by foreign exchange rates. The table above excludes prices on spot sales made in Q4 2025.

Alvopetro's contracted natural gas price averaged BRL1.93/m³ in Q3 2026 compared to BRL1.97/m³ in Q3 2025. While Alvopetro had lower average contracted pricing in Q3 2026 compared to Q3 2025, with the 6% appreciation of the average BRL to USD in Q3 2026 compared to Q3 2025, Alvopetro's overall realized price increased 4% to $11.49/Mcf in Q3 2026. With the new contracted prices in effect as of August 1, 2026, Alvopetro's Q3 2026 realized natural gas price increased 5% compared to Q2 2026.

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. With higher Brent prices in effect in 2026, Alvopetro's realized prices increased on both condensate and oil sales compared to 2025.

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

*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. With higher WCS prices in 2026 compared to 2025, Alvopetro's realized prices increased in 2026. All sales and realized prices are reported net of applicable sales taxes.

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

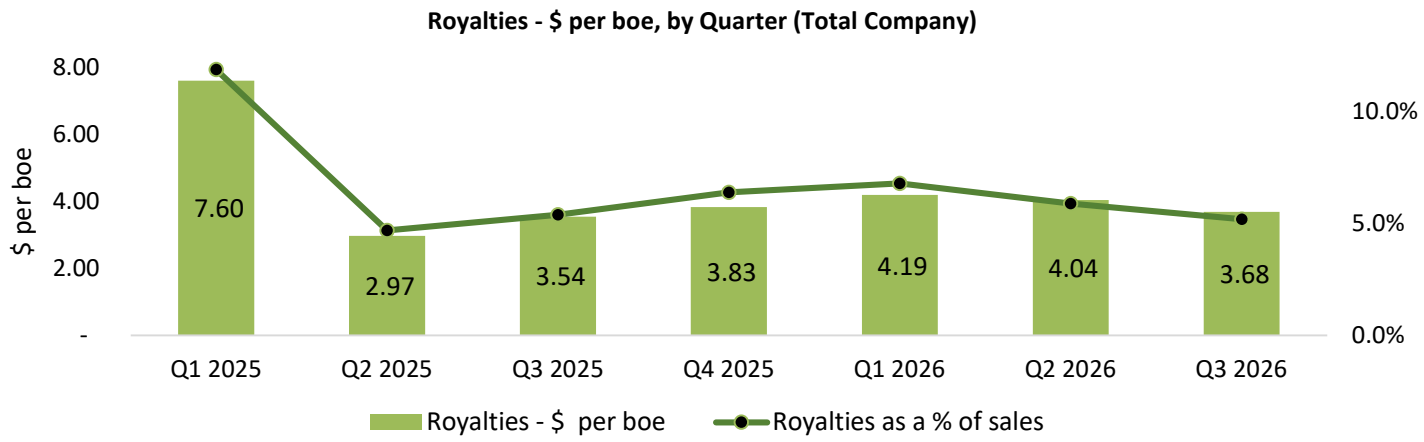
| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| ***Brazil:*** | | | | | | |
| Natural gas | **16,822** | 12,489 | 35 | **48,178** | 38,021 | 27 |
| Condensate | **1,600** | 1,003 | 60 | **4,505** | 2,828 | 59 |
| Oil | **19** | 52 | (63) | **157** | 128 | 23 |
| Total - Brazil | **18,441** | 13,544 | 36 | **52,840** | 40,977 | 29 |
| ***Canada:*** | | | | | | |
| Oil – Total Canada | **830** | 631 | 32 | **3,003** | 1,221 | 146 |
| ***Total Company:*** | | | | | | |
| Natural gas | **16,822** | 12,489 | 35 | **48,178** | 38,021 | 27 |
| Condensate | **1,600** | 1,003 | 60 | **4,505** | 2,828 | 59 |
| Oil | **849** | 683 | 24 | **3,160** | 1,349 | 134 |
| **Total Company** | **19,271** | 14,175 | 36 | **55,843** | 42,198 | 32 |

Total natural gas, oil and condensate revenues increased by $5.1 million (+36%) in Q3 2026 and $13.6 million (+32%) in the nine months ended September 30, 2026 compared to the prior periods in 2025 due to both the increase in average daily sales volumes and the increase in the average realized sales price.

**Royalties**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Royalties – Brazil | **882** | 664 | 33 | **2,880** | 2,900 | (1) |
| Royalties – Canada | **122** | 99 | 23 | **432** | 195 | 122 |
| Royalties – Total Company | **1,004** | 763 | 32 | **3,312** | 3,095 | 7 |
| Royalties per boe ($)[(1)]: | | | | | | |
| Brazil | **3.38** | 3.27 | 3 | **3.65** | 4.59 | (20) |
| Canada | **10.03** | 7.80 | 29 | **9.54** | 7.72 | 24 |
| Royalties per boe ($)[(1)] – Total Company | **3.68** | 3.54 | 4 | **3.97** | 4.71 | (16) |
| Royalties as a % of sales[(1)] | | | | | | |
| Brazil | **4.8%** | 4.9% | (2) | **5.5%** | 7.1% | (23) |
| Canada | **14.7%** | 15.7% | (6) | **14.4%** | 16.0% | (10) |
| Royalties as a % of sales[(1)]–Total Company | **5.2%** | 5.4% | (4) | **5.9%** | 7.3% | (19) |

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



*Brazil*

Substantially all of Alvopetro's sales are subject to a base 7.5% government royalty plus a 1% 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), typically 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, Alvopetro's effective royalty rate fluctuates with changes in Henry Hub prices relative to Alvopetro's contracted natural gas prices.

There is also an additional 2.5% gross-overriding royalty ("GORR") on the portion of Alvopetro's fields that were previously on Block 197. In Q1 2025, Alvopetro recognized an additional amount owing with respect to the GORR on natural gas from 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 2025 Alvopetro received the decision of the arbitral tribunal finding in favour of the GORR holders, requiring Alvopetro to adjust the sales price for natural gas used in the computation of the GORR. Alvopetro has estimated the additional GORR owing pursuant to the decision of the tribunal and recognized the expected additional royalty (including inflation adjustments) 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 Alvopetro is uncertain as of the date of this MD&A as it remains subject to the final determination of the arbitral tribunal. As a result, the ultimate amount owing may be different than the amounts recognized by Alvopetro and such difference may be material. Q1 2025 royalties include the GORR adjustment impacting prior periods (from July 2020 to December 31, 2024). For future periods, based on forecasted benchmark Brent and Henry Hub prices, we would expect our Brazilian royalties to be between 5% and 7% of natural gas, oil and condensate sales, subject to the final outcome of the GORR dispute.

*Western Canada*

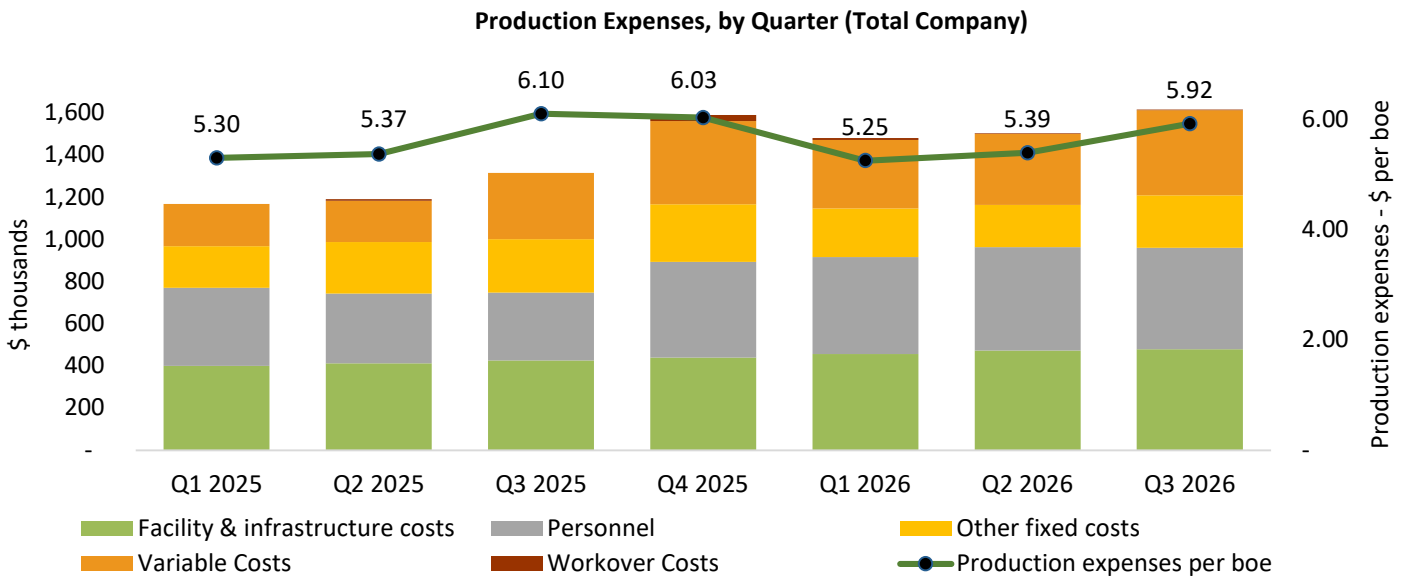
Royalties in Canada include Saskatchewan Crown royalties, Saskatchewan resource surcharge as well as royalties paid to freehold mineral rights owners and gross-overriding royalty holders. Royalties vary by well depending on the specific contract terms in place. With respect to Crown royalty charges in 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. Four (2.0 net) of the seven (3.5 net) wells on production in Q3 2026 are subject to Saskatchewan Crown royalties and are eligible for the reduced Crown royalty rate for the first 100,000 (50,000 net) barrels of production.

**Production Expenses**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Production expenses by type: | | | | | | |
| Personnel costs | **481** | 321 | 50 | **1,431** | 1,023 | 40 |
| Facility and infrastructure costs | **479** | 426 | 12 | **1,407** | 1,237 | 14 |
| Other fixed costs | **248** | 253 | (2) | **679** | 693 | (2) |
| Variable costs | **404** | 314 | 29 | **1,065** | 711 | 50 |
| Workover costs | **3** | - | - | **15** | 7 | 114 |
| Production expenses – Total Company | **1,615** | 1,314 | 23 | **4,597** | 3,671 | 25 |
| Production expenses - Brazil | **1,443** | 1,259 | 15 | **4,085** | 3,556 | 15 |
| Production expenses - Canada | **172** | 55 | 213 | **512** | 115 | 345 |

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Production expenses per boe($)[(1)]: | | | | | | |
| Personnel costs | **1.76** | 1.49 | 18 | **1.72** | 1.56 | 10 |
| Facility and infrastructure costs | **1.76** | 1.98 | (11) | **1.69** | 1.88 | (10) |
| Other fixed costs | **0.91** | 1.17 | (22) | **0.81** | 1.05 | (23) |
| Variable costs | **1.48** | 1.46 | 1 | **1.27** | 1.08 | 18 |
| Workover costs | **0.01** | - | - | **0.02** | 0.01 | 100 |
| Total Company – per boe($)[(1)] | **5.92** | 6.10 | (3) | **5.51** | 5.58 | (1) |
| Brazil | **5.53** | 6.21 | (11) | **5.18** | 5.63 | (8) |
| Canada | **14.14** | 4.33 | 227 | **11.30** | 4.55 | 148 |

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




*Brazil*

With respect to Unit operations, the majority of production expenses are split between Alvopetro and our Partner based on monthly production allocations. As a result, Alvopetro's share of these costs can fluctuate even where Alvopetro production levels are consistent due to fluctuations in our Partner's natural gas deliveries. Production expenses in both the three and nine months ended September 30, 2026 increased compared to the same periods in 2025 with additional costs incurred in Q3 2026 for the shutdown of our Facility to complete the planned upgrade as well as additional costs throughout 2026 at the Murucututu field due to increased production from the field compared to 2025, resulting in higher personnel costs and variable costs in 2026. USD equivalent costs were also impacted by the appreciation of the BRL to the USD in 2026. While Brazil production expenses were 15% higher in Q3 2026 and in the nine months ended September 30, 2026 compared to 2025, on a per boe basis, costs decreased 11% and 8% respectively due to higher production volumes.

*Canada*

In Canada, production expenses include contract operator expenses, water trucking and disposal and other variable expenses. Production expenses in Canada have increased compared to 2025 with costs associated with additional wells on production as well as higher maintenance and other fixed costs.

**Transportation Expenses**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Transportation expenses – Canada | **40** | 48 | (17) | **157** | 79 | 99 |
| Transportation expenses per boe ($)[(1)]: Canada | **3.29** | 3.78 | (13) | **3.47** | 3.13 | 11 |
| Total Company – per boe($)[(1)] | **0.15** | 0.22 | (32) | **0.19** | 0.12 | 58 |

(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**

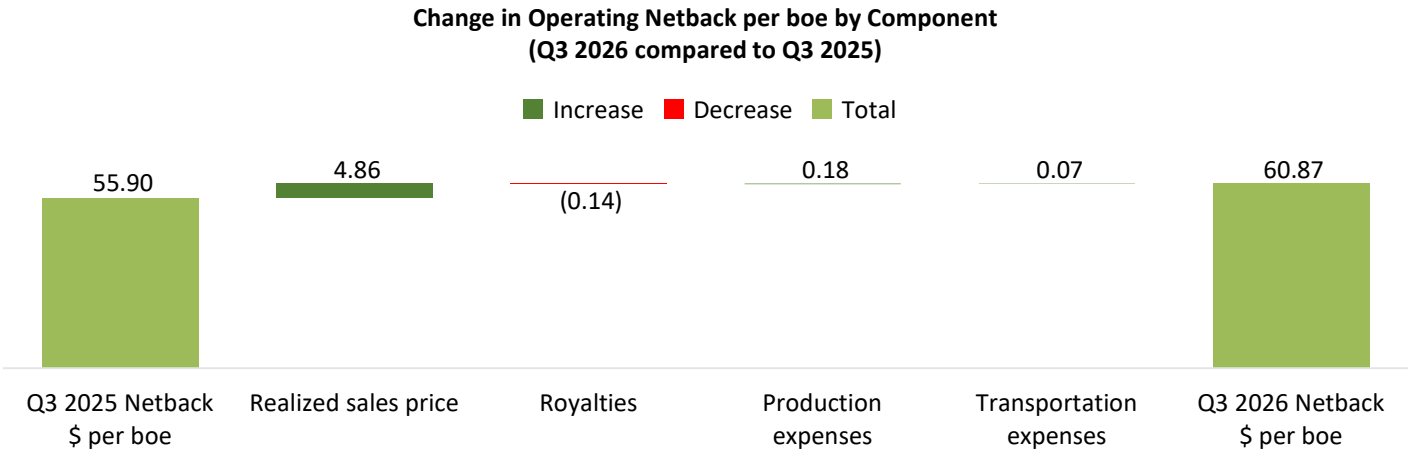
| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| ***Brazil:*** | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Operating netback[(1)] | | | | | | |
| Natural gas, oil and condensate sales | **18,441** | 13,544 | 36 | **52,840** | 40,977 | 29 |
| Royalties | **(882)** | (664) | 33 | **(2,880)** | (2,900) | (1) |
| Production expenses | **(1,443)** | (1,259) | 15 | **(4,085)** | (3,556) | 15 |
| Operating netback[(1)] | **16,116** | 11,621 | 39 | **45,875** | 34,521 | 33 |
| Operating netback - $ per boe[(1)]: | | | | | | |
| Average realized sales price - $ per boe[(1)] | **70.73** | 66.76 | 6 | **67.03** | 64.83 | 3 |
| Royalties - $ per boe[(1)] | **(3.38)** | (3.27) | 3 | **(3.65)** | (4.59) | (20) |
| Production expenses - $ per boe[(1)] | **(5.53)** | (6.21) | (11) | **(5.18)** | (5.63) | (8) |
| Operating netback per boe | **61.82** | 57.28 | 8 | **58.20** | 54.61 | 7 |
| Operating netback margin[(1)] | **87%** | 86% | 1 | **87%** | 84% | 4 |

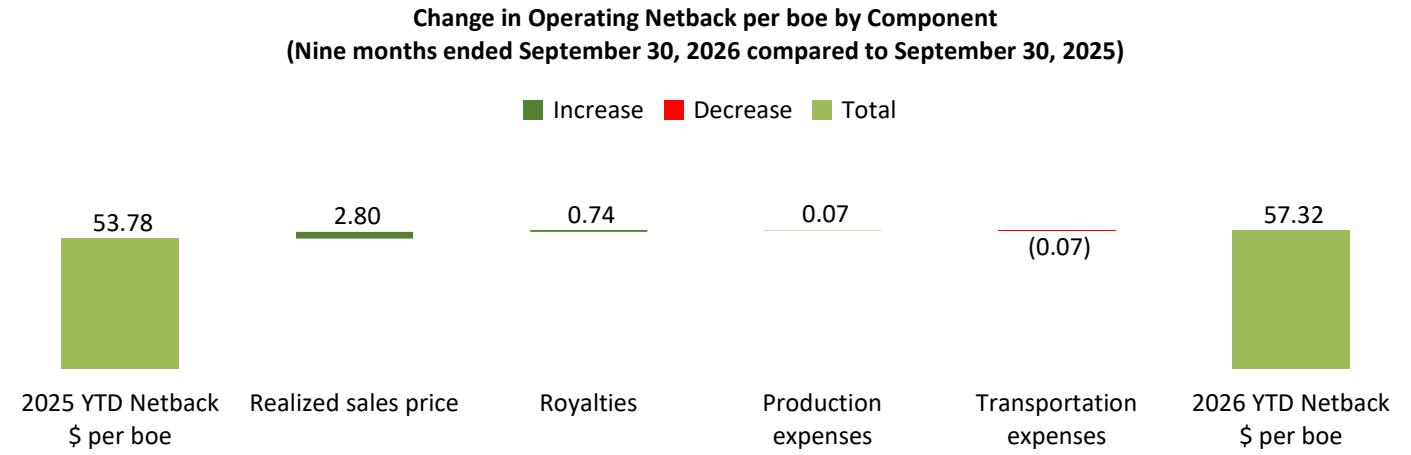
| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| ***Canada:*** | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Operating netback[(1)] | | | | | | |
| Natural gas, oil and condensate sales | **830** | 631 | 32 | **3,003** | 1,221 | 146 |
| Royalties | **(122)** | (99) | 23 | **(432)** | (195) | 122 |
| Production expenses | **(172)** | (55) | 213 | **(512)** | (115) | 345 |
| Transportation expenses | **(40)** | (48) | (17) | **(157)** | (79) | 99 |
| Operating netback[(1)] | **496** | 429 | 16 | **1,902** | 832 | 129 |
| Operating netback - $ per boe[(1)]: | | | | | | |
| Average realized sales price - $ per boe[(1)] | **68.26** | 49.70 | 37 | **66.30** | 48.33 | 37 |
| Royalties - $ per boe[(1)] | **(10.03)** | (7.80) | 29 | **(9.54)** | (7.72) | 24 |
| Production expenses - $ per boe[(1)] | **(14.14)** | (4.33) | 227 | **(11.30)** | (4.55) | 148 |
| Transportation expenses - $ per boe[(1)] | **(3.29)** | (3.78) | (13) | **(3.47)** | (3.13) | 11 |
| Operating netback per boe | **40.80** | 33.79 | 21 | **41.99** | 32.93 | 28 |
| Operating netback margin[(1)] | **60%** | 68% | (12) | **63%** | 68% | (7) |

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| ***Total Company:*** | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Operating netback[(1)] | | | | | | |
| Natural gas, oil and condensate sales | **19,271** | 14,175 | 36 | **55,843** | 42,198 | 32 |
| Royalties | **(1,004)** | (763) | 32 | **(3,312)** | (3,095) | 7 |
| Production expenses | **(1,615)** | (1,314) | 23 | **(4,597)** | (3,671) | 25 |
| Transportation expenses | **(40)** | (48) | (17) | **(157)** | (79) | 99 |
| Operating netback[(1)] | **16,612** | 12,050 | 38 | **47,777** | 35,353 | 35 |
| Operating netback - $ per boe[(1)]: | | | | | | |
| Average realized sales price - $ per boe[(1)] | **70.62** | 65.76 | 7 | **66.99** | 64.19 | 4 |
| Royalties - $ per boe[(1)] | **(3.68)** | (3.54) | 4 | **(3.97)** | (4.71) | (16) |
| Production expenses - $ per boe[(1)] | **(5.92)** | (6.10) | (3) | **(5.51)** | (5.58) | (1) |
| Transportation expenses - $ per boe[(1)] | **(0.15)** | (0.22) | (32) | **(0.19)** | (0.12) | 58 |
| Operating netback per boe | **60.87** | 55.90 | 9 | **57.32** | 53.78 | 7 |
| Operating netback margin[(1)] | **86%** | 85% | 1 | **86%** | 84% | 2 |

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

Alvopetro's total operating netback increased by $4.97 per boe (+9%) in Q3 2026 and $3.54 per boe (+7%) in the nine months ended September 30, 2026 due mainly to higher realized sales prices.




**Other Income**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Interest income | **741** | 278 | 166 | **1,844** | 803 | 130 |
| Tax recoveries from operations and other | **247** | 367 | (33) | **740** | 663 | 12 |
| Total | **988** | 645 | 53 | **2,584** | 1,466 | 76 |

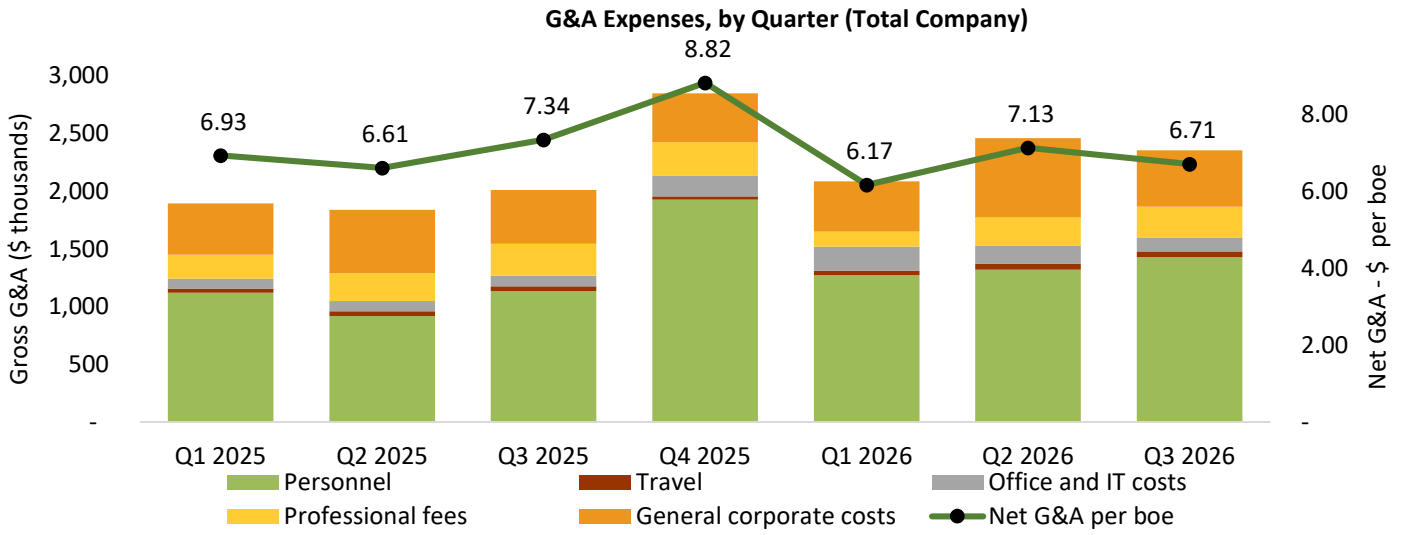
Other income increased 53% in Q3 2026 and 76% in the nine months ended September 30, 2026 compared to the prior periods in 2025 due mainly to higher interest income, which was impacted by higher average cash balances in 2026.

**General and Administrative ("G&A") Expenses**

| G&A Expenses, by type: | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Personnel | **1,429** | 1,135 | 26 | **4,022** | 3,173 | 27 |
| Travel | **48** | 41 | 17 | **141** | 120 | 18 |
| Office and IT costs | **117** | 92 | 27 | **474** | 265 | 79 |
| Professional fees | **272** | 278 | (2) | **651** | 728 | (11) |
| General corporate costs | **488** | 465 | 5 | **1,612** | 1,460 | 10 |
| Gross G&A | **2,354** | 2,011 | 17 | **6,900** | 5,746 | 20 |
| Capitalized G&A | **(523)** | (429) | 22 | **(1,342)** | (1,173) | 14 |
| G&A expenses | **1,831** | 1,582 | 16 | **5,558** | 4,573 | 22 |
| $ per boe[(1)] | **6.71** | 7.34 | (9) | **6.67** | 6.96 | (4) |

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

Gross G&A expenses increased 17% in Q3 2026 and 20% for the nine months ended September 30, 2026 compared to the same periods in 2025, primarily due to higher personnel costs, IT costs, and general corporate costs, all of which are impacted by rising staffing and activity levels and inflationary adjustments. G&A was also impacted by the appreciation of the BRL to USD, which appreciated 6% in Q3 2026 and 9% in the nine months ended September 30, 2026 compared to the same periods in 2025, resulting in higher USD equivalent costs. In connection with the Final Order issued by the Tribunal, Alvopetro was awarded a recovery of 90% of ICC costs paid to date as well as 90% of certain legal fees which reduced professional fees in Q1 2026.

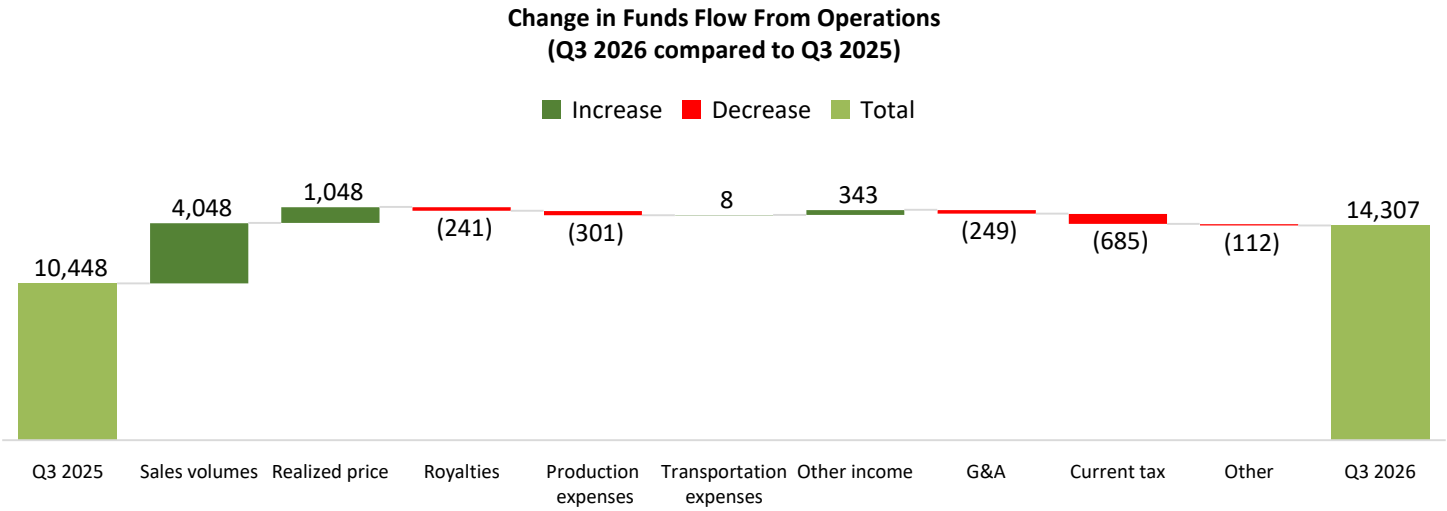



**Cash Flows from Operating Activities and Funds Flow from Operations**

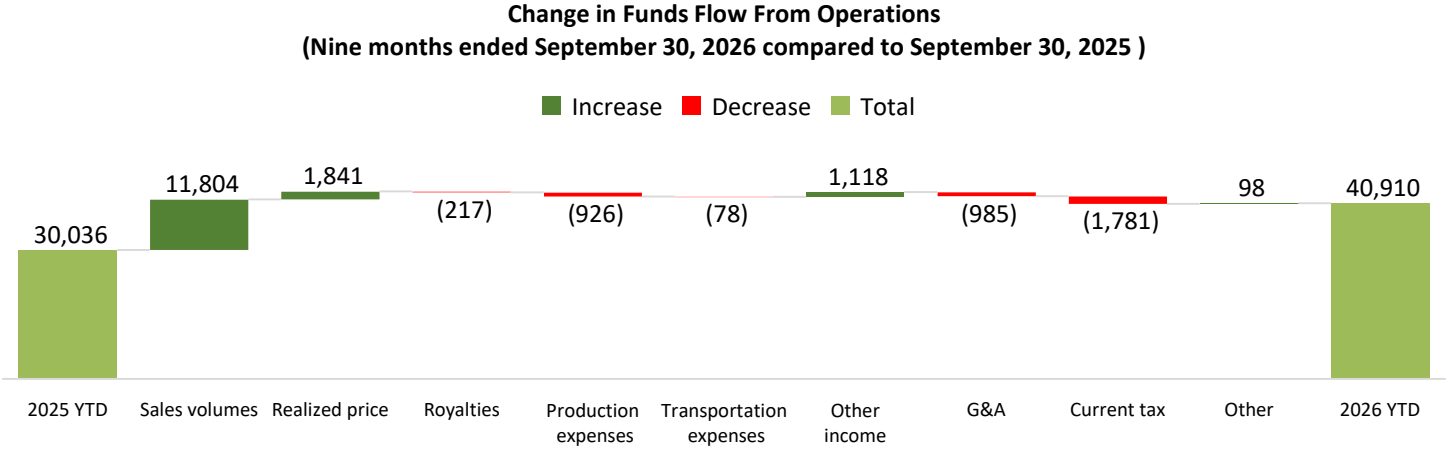
| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Cash flows from operating activities | **16,101** | 12,153 | 32 | **40,737** | 31,443 | 30 |
| Per share – basic ($) | **0.43** | 0.33 | 30 | **1.08** | 0.84 | 29 |
| Per share – diluted ($) | **0.42** | 0.32 | 31 | **1.06** | 0.83 | 28 |
| | | | | | | |
| Funds flow from operations[(1)] | **14,307** | 10,448 | 37 | **40,910** | 30,036 | 36 |
| Per share – basic ($) | **0.38** | 0.28 | 36 | **1.09** | 0.81 | 35 |
| Per share – diluted ($) | **0.37** | 0.28 | 32 | **1.07** | 0.79 | 35 |

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

Funds flow from operations in Q3 2026 increased $3.9 million (+37%) from Q3 2025 due to higher sales volumes, higher realized sales prices and increased other income, partially offset by higher royalties, production expenses, G&A and current tax.




In the nine months ended September 30, 2026, funds flow from operations increased $10.9 million (+36%) compared to 2025 due to higher sales volumes and realized sales prices as well as other income, partially offset by higher royalties, production expenses, transportation expenses, G&A and current tax.




**Foreign Exchange**

| | As at | | | % Appreciation (Depreciation) of BRL/CAD to USD | |
|---|---|---|---|---|---|
| | **September 30, 2026** | June 30, 2026 | December 31, 2025 | **Q3 2026** | **YTD 2026** |
| **Rate at end of period:** | | | | | |
| $1 USD = BRL | **5.181** | 5.177 | 5.502 | **-** | **6** |
| $1 USD = CAD | **1.419** | 1.421 | 1.371 | **-** | **(4)** |

The Company's reporting currency is the USD, and its functional currencies are CAD, 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 specified are as follows:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| **Average rate in the period:** | | | | | | |
| $1 USD = BRL | **5.137** | 5.449 | 6 | **5.149** | 5.650 | 9 |
| $1 USD = CAD | **1.399** | 1.377 | (2) | **1.385** | 1.398 | 1 |

The assets and liabilities of Alvopetro'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 6% from December 31, 2025 contributing to an exchange gain in other comprehensive income in the nine months ended September 30, 2026.

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, the USD denominated lease liability of the Brazilian subsidiary associated with the Facility as well as the USD Loan entered into in Q4 2025 and any USD cash balances held. The Company's Brazilian subsidiary recorded a foreign exchange loss of $0.1 million on all USD denominated amounts in Q3 2026 (Q3 2025: $0.2 million foreign exchange gain) and a foreign exchange gain of $1.3 million in the nine months ended September 30, 2026 (September 30, 2025: $1.6 million foreign exchange gain).

The Company is exposed to foreign exchange fluctuations on its natural gas revenues in Brazil as the contracted prices are set quarterly in BRL based on average historical exchange rates for the previous quarter and billed monthly in BRL until the next price reset. As all invoices are issued in BRL, equivalent USD amounts will be subject to exchange rate variations and such amounts may be higher or lower. 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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Increase (Decrease) to Natural Gas Revenues from: | | | | |
| 5% Appreciation of BRL to USD | **885** | 713 | **2,536** | 2,157 |
| 10% Appreciation of BRL to USD | **1,869** | 1,505 | **5,353** | 4,553 |
| 5% Depreciation of BRL to USD | **(801)** | (645) | **(2,294)** | (1,951) |
| 10% Depreciation of BRL to USD | **(1,529)** | (1,231) | **(4,380)** | (3,725) |

For all periods up to September 30, 2025, the functional currency of the Canadian parent company was USD. Head office transactions up to this time in CAD were recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities were translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses were translated at transaction date exchange rates. Exchange gains or losses were included in the determination of earnings.

The growth of Canadian operations in 2025 triggered a reassessment of the functional currency of the Canadian parent company which resulted in a change in the functional currency from USD to CAD as of October 1, 2025. As a result of this change, for presentation purposes, all assets and liabilities of the Canadian parent company are now translated to USD at the exchange rate on the reporting period date. The income and expenses of CAD-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 in other comprehensive income or loss.

**Depletion and Depreciation**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Depletion and depreciation on PP&E | **3,568** | 3,255 | 10 | **10,516** | 8,631 | 22 |
| Depreciation of right-of-use assets | **350** | 304 | 15 | **936** | 886 | 6 |
| Depletion and depreciation expense | **3,918** | 3,559 | 10 | **11,452** | 9,517 | 20 |
| $ per boe[(1)] – Total Company | **14.36** | 16.51 | (13) | **13.74** | 14.48 | (5) |

(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 and administrative assets are depreciated over the estimated useful life of the assets on a straight-line basis. With higher production levels and a higher depletable base in Q3 2026, depletion and depreciation expense on PP&E increased 10% in Q3 2026 compared to Q3 2025 and 22% in the nine months ended September 30, 2026 compared to 2025.

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 September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Share-based compensation expense | **436** | 273 | 60 | **1,032** | 927 | 11 |

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 September 30, 2026, a total of 2.2 million awards were outstanding (September 30, 2025 – 2.8 million) with 1,186,917 stock options (September 30, 2025 – 1,869,664) and 1,015,799 RSUs and DSUs (September 30, 2025 – 944,951).

**Finance Expenses**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Lease interest | **324** | 307 | 6 | **875** | 936 | (7) |
| Interest on Loan | **354** | - | - | **1,047** | - | - |
| Accretion on decommissioning liabilities | **42** | 21 | 100 | **108** | 94 | 15 |
| Other | **45** | 29 | 55 | **128** | 154 | (17) |
| Finance expenses | **765** | 357 | 114 | **2,158** | 1,184 | 82 |

Finance expenses increased 114% in Q3 2026 and 82% in the nine months ended September 30, 2026 compared to the same periods in 2025 due mainly to interest on the Loan entered into in Q4 2025.

**Income Tax Expense**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Current income tax expense | **1,399** | 714 | 96 | **3,835** | 2,054 | 87 |
| Deferred income tax expense | **597** | 40 | 1,393 | **2,036** | 753 | 170 |
| Total | **1,996** | 754 | 165 | **5,871** | 2,807 | 109 |
| Effective tax rate | **18.9%** | 14.0% | 35 | **18.2%** | 13.8% | 32 |

All current tax expense and the majority of deferred tax expense relates to Brazil operations. 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. Alvopetro is eligible for Superintendência 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 Alvopetro 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 Alvopetro expects the majority of temporary differences to reverse during the SUDENE period, for deferred tax purposes Alvopetro has estimated the future tax rate applicable to temporary differences of our Brazilian subsidiary based on the SUDENE rate of 15.25%.

Current tax expense increased in 2026 compared to 2025 due to higher net income and lower available tax deductions. Deferred tax expense in 2026 is impacted by a new withholding tax applicable to future dividends paid out of Brazil. In late 2025, Brazil introduced a 10% withholding tax on dividends effective January 1, 2026 for which Alvopetro has recognized a deferred tax liability of $1.3 million

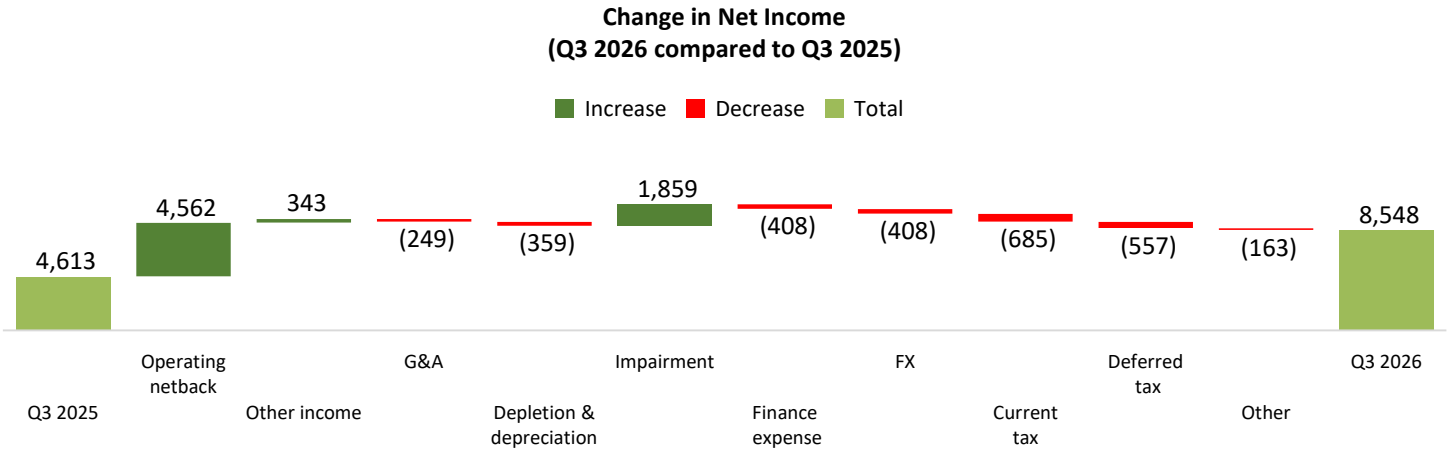
as of September 30, 2026 and deferred tax expense of $1.1 million in the nine months ended September 30, 2026. With the additional 10% withholding tax now applicable in 2026, Alvopetro's effective tax rate (computed as total income tax expense divided by income before taxes) is 18% in the nine months ended September 30, 2026, a 32% increase from the effective tax rate in the same period in 2025.

The Company has an unrecognized deferred tax asset in Canada of $2.3 million (December 31, 2025 - $2.3 million). Total tax pools of $18.0 million (December 31, 2025 - $15.5 million) are available to shelter future earnings from Canadian operations, including tax loss carryforwards of $7.8 million (December 31, 2025 - $7.8 million).

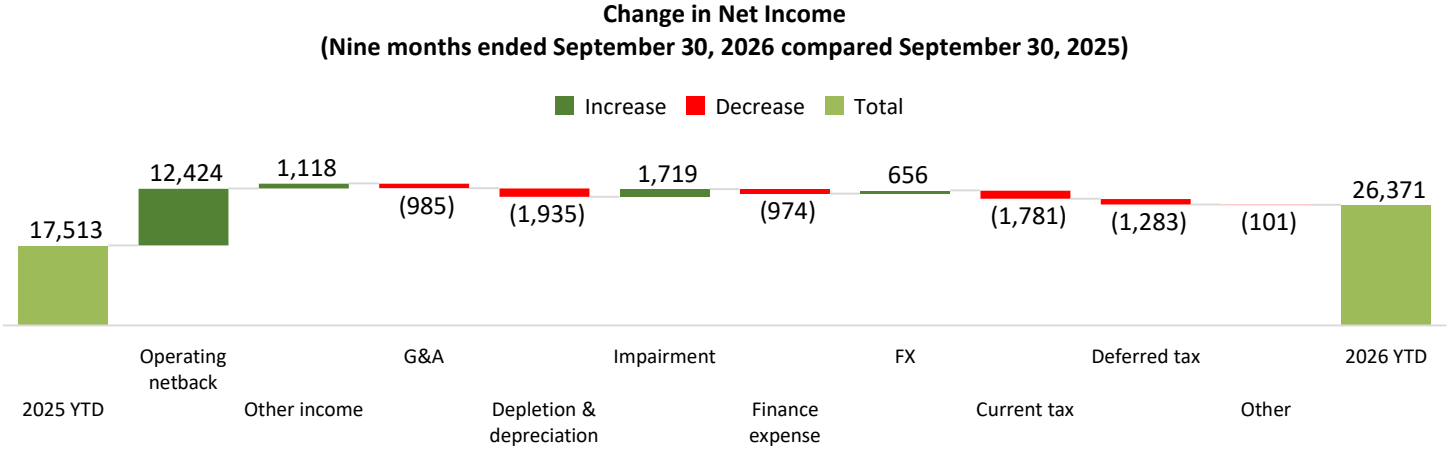
**Net Income**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Net income | **8,548** | 4,613 | 85 | **26,371** | 17,513 | 51 |
| Per share – basic ($) | **0.23** | 0.12 | 92 | **0.70** | 0.47 | 49 |
| Per share – diluted ($) | **0.22** | 0.12 | 83 | **0.69** | 0.46 | 50 |

Net income in Q3 2026 increased $3.9 million (+85%) compared to Q3 2025 due to a higher operating netback with higher sales volumes and higher realized sales prices and no impairment charges in the quarter, partially offset by higher G&A, depletion and depreciation expense, finance expense, and current and deferred tax as well as lower foreign exchange gains.




In the nine months ended September 30, 2026, net income increased $8.9 million (+51%) compared to 2025 due to higher operating netback, other income and foreign exchange gains, as well as lower impairment expense, partially offset by higher G&A, depletion and depreciation expense, finance expense and current and deferred tax expense.



**Capital Expenditures**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Capital Expenditures by Type** | **2026** | 2025 | **2026** | 2025 |
| E&E | | | | |
| Drilling and completions | **-** | - | **-** | 1,019 |
| Land, lease, and similar payments | **3** | 2 | **9** | 6 |
| Equipment inventory purchases | **1,639** | 633 | **2,401** | 2,188 |
| Facility & equipment | **6** | - | **6** | - |
| Capitalized G&A | **-** | - | **-** | 41 |
| **Total E&E** | **1,648** | 635 | **2,416** | 3,254 |
| PP&E | | | | |
| Drilling & completions | **10,348** | 9,316 | **19,530** | 22,260 |
| Facility & equipment | **3,437** | 643 | **5,012** | 1,335 |
| Land, lease, and similar payments | **77** | 113 | **229** | 179 |
| Seismic and other G&G costs | **-** | - | **27** | - |
| Capitalized G&A | **523** | 429 | **1,342** | 1,132 |
| Office equipment, furniture and other | **51** | 113 | **196** | 450 |
| **Total PP&E** | **14,436** | 10,614 | **26,336** | 25,356 |
| **Total Capital Expenditures** | **16,084** | 11,249 | **28,752** | 28,610 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Capital Expenditures by Property** | **2026** | 2025 | **2026** | 2025 |
| **E&E - Brazil** | | | | |
| Block 183 | **9** | 2 | **15** | 1,066 |
| Equipment inventory purchases | **1,639** | 633 | **2,401** | 2,188 |
| **Total E&E – Brazil** | **1,648** | 635 | **2,416** | 3,254 |
| **PP&E - Brazil** | | | | |
| Caburé | **165** | 5,436 | **883** | 7,742 |
| Murucututu | **13,740** | 3,622 | **22,894** | 13,029 |
| **PP&E – Brazilian Properties** | **13,905** | 9,058 | **23,777** | 20,771 |
| **PP&E – Canadian Properties** | **478** | 1,515 | **2,387** | 4,246 |
| **PP&E – Corporate** | **53** | 41 | **172** | 339 |
| **Total PP&E** | **14,436** | 10,614 | **26,336** | 25,356 |
| **Total Capital Expenditures** | **16,084** | 11,249 | **28,752** | 28,610 |

Capital expenditures in Brazil in Q3 2026 were focused on our 100% Murucututu field including costs to complete the 183-D1 well which came on production in Q3 2026, costs to drill the 183-H2 well as well as initial completion costs for the well which was fully completed and came on production in late October 2026, and initial costs for drilling the 183-G2 well which was spud in late September 2026. Facilities projects at Murucututu focused on expanding the field capacity from 150e3m3/d to 600e3m3/d.

In Canada, capital expenditures in Q3 2026 include initial drilling costs for the two wells drilled with our Original Partner, both of which were completed, equipped and brought on production in October 2026.

**Summary of Quarterly Results**

| | Q3 2026 | Q2 2026 | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 |
|---|---|---|---|---|---|---|---|---|
| **Financial** | | | | | | | | |
| Natural gas, oil and condensate sales | **19,271** | 19,180 | 17,392 | 15,756 | 14,175 | 14,010 | 14,013 | 10,214 |
| Net income | **8,548** | 9,764 | 8,059 | 5,585 | 4,613 | 6,830 | 6,070 | 2,243 |
| Per share – basic ($)[(1)] | **0.23** | 0.26 | 0.22 | 0.15 | 0.12 | 0.18 | 0.16 | 0.06 |
| Per share – diluted ($)[(1)] | **0.22** | 0.26 | 0.21 | 0.15 | 0.12 | 0.18 | 0.16 | 0.06 |
| Cash flows from operating activities | **16,101** | 13,919 | 10,717 | 9,362 | 12,153 | 10,473 | 8,817 | 7,114 |
| Per share – basic ($)[(1)] | **0.43** | 0.37 | 0.29 | 0.25 | 0.33 | 0.28 | 0.24 | 0.19 |
| Per share – diluted ($)[(1)] | **0.42** | 0.36 | 0.28 | 0.25 | 0.32 | 0.28 | 0.23 | 0.19 |
| Funds flow from operations [(2)] | **14,307** | 14,098 | 12,505 | 10,561 | 10,448 | 10,366 | 9,222 | 6,966 |
| Per share – basic ($)[(1)] | **0.38** | 0.37 | 0.33 | 0.28 | 0.28 | 0.28 | 0.25 | 0.19 |
| Per share – diluted ($)[(1)] | **0.37** | 0.37 | 0.33 | 0.28 | 0.28 | 0.27 | 0.24 | 0.19 |
| Dividends declared | **4,483** | 4,477 | 4,408 | 4,408 | 3,673 | 3,660 | 3,643 | 3,283 |
| Per share ($)[(1)(2)] | **0.12** | 0.12 | 0.12 | 0.12 | 0.10 | 0.10 | 0.10 | 0.09 |
| Capital expenditures | **16,084** | 7,519 | 5,149 | 4,883 | 11,249 | 8,986 | 8,375 | 4,682 |
| Working capital[(2)] | **2,517** | 14,133 | 16,896 | 18,450 | 2,209 | 6,838 | 9,742 | 13,181 |
| Working capital, net of debt (net debt)[(2)] | **(1,483)** | 6,133 | 4,896 | 2,450 | 2,209 | 6,838 | 9,742 | 13,181 |
| **Operations** | | | | | | | | |
| Average realized prices[(2)]: | | | | | | | | |
| Natural gas ($/Mcf) | **11.49** | 10.98 | 10.14 | 9.97 | 11.04 | 10.62 | 10.44 | 10.51 |
| NGL – condensate ($/bbl) | **97.60** | 105.35 | 82.63 | 69.18 | 74.16 | 72.32 | 81.05 | 75.95 |
| Oil ($/bbl) | **68.40** | 77.55 | 56.24 | 47.99 | 50.42 | 47.10 | 64.96 | 61.74 |
| Average benchmark prices: | | | | | | | | |
| Henry Hub ($/Mmbtu) | **2.87** | 2.95 | 4.71 | 3.73 | 3.03 | 3.19 | 4.14 | 2.44 |
| Brent oil ($/bbl) | **96.30** | 102.63 | 80.72 | 63.65 | 69.03 | 68.07 | 75.87 | 74.66 |
| WTI ($/bbl) | **87.12** | 95.65 | 72.74 | 59.62 | 65.78 | 64.57 | 71.78 | 70.73 |
| WCS ($/bbl) | **72.06** | 78.36 | 57.88 | 47.94 | 54.43 | 54.11 | 58.83 | 58.17 |
| WCS (CAD/bbl) | **100.81** | 108.45 | 79.41 | 66.87 | 74.95 | 74.89 | 84.42 | 81.32 |
| Average foreign exchange ($1 USD = BRL) | **5.137** | 5.049 | 5.259 | 5.395 | 5.449 | 5.666 | 5.852 | 5.837 |
| Average foreign exchange ($1 USD = CAD) | **1.399** | 1.384 | 1.372 | 1.395 | 1.377 | 1.384 | 1.435 | 1.398 |
| Operating netback ($/boe) [(2)] | | | | | | | | |
| Realized sales price | **70.62** | 68.72 | 61.77 | 59.75 | 65.76 | 63.20 | 63.67 | 63.88 |
| Royalties | **(3.68)** | (4.04) | (4.19) | (3.83) | (3.54) | (2.97) | (7.60) | (2.15) |
| Production expenses | **(5.92)** | (5.39) | (5.25) | (6.03) | (6.10) | (5.37) | (5.30) | (6.64) |
| Transportation expenses | **(0.15)** | (0.21) | (0.21) | (0.19) | (0.22) | (0.14) | - | - |
| Operating netback | **60.87** | 59.08 | 52.12 | 49.70 | 55.90 | 54.72 | 50.77 | 55.09 |
| Operating netback margin[(2)] | **86%** | 86% | 84% | 83% | 85% | 87% | 80% | 86% |
| Average daily sales volumes: | | | | | | | | |
| Natural gas (Mcfpd) | **15,919** | 16,318 | 16,489 | 15,092 | 12,293 | 13,002 | 13,803 | 9,707 |
| NGL – condensate (bopd) | **178** | 167 | 175 | 184 | 147 | 128 | 135 | 109 |
| Oil (bopd) | **135** | 181 | 205 | 167 | 147 | 141 | 10 | 11 |
| Total average daily sales (boepd) | **2,966** | 3,067 | 3,128 | 2,867 | 2,343 | 2,436 | 2,446 | 1,738 |
| Brazil | **2,834** | 2,894 | 2,935 | 2,719 | 2,205 | 2,298 | 2,446 | 1,738 |
| Canada | **132** | 173 | 193 | 148 | 138 | 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 Q3 2026 decreased 3% from Q2 2026. Brazil sales volumes decreased 2% due to the scheduled shutdown in September for our Facility upgrade and Canada sales volumes decreased 24% with natural well declines and downtime

for maintenance. Natural gas, oil and condensate revenue increased $0.1 million from Q2 2026 despite lower sales volumes due to a 3% increase in the average realized sales price. Our operating netback increased $1.79 per boe (+3%) to $60.87 per boe due to higher overall realized sales prices and lower royalties, partially offset by higher production expenses. Overall, our funds flow from operations increased $0.2 million from Q2 2026 with higher revenues and other income as well as lower royalties and G&A, partially offset by higher production expenses and current tax expense. Net income decreased $1.2 million from Q2 2026 despite higher funds flow from operations due to lower foreign exchange gains and higher depletion and depreciation expense and deferred tax expense.

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 spending levels on E&E and PP&E assets. With higher overall production and cash flows, the Board of Directors increased the base quarterly dividend to $0.12 per share in Q1, Q2 and Q3 2026. In 2025, the Board of Directors declared base dividends of $0.10 per share in all quarters and also declared a special dividend of $0.02 per share in Q4 2025.

## Commitments and Contingencies

The following is a summary of Alvopetro's contractual commitments as at September 30, 2026:

| | < 1 Year | 1-3 Years | Thereafter | Total |
|---|---|---|---|---|
| Gas Treatment Agreement[(1)] | 1,748 | 3,495 | 1,311 | 6,554 |
| 2026 Farmin[(2)] | 5,991 | - | - | 5,991 |
| **Total commitments** | **7,739** | **3,495** | **1,311** | **12,545** |

(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 September 30, 2026. As a result, such commitments are subject to fluctuations in the USD/BRL foreign exchange rate.

(2) Pursuant to the terms of the 2026 Farmin, Alvopetro has agreed to fund 100% of the costs to drill five earning wells, estimated at CAD 8.5 million. The amount reflected in the table above is based on the U.S. dollar equivalent as at September 30, 2026.

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

In October 2026, Alvopetro was awarded four blocks in the 6$^{th}$ Cycle of the Permanent Concession Offer of the ANP, including three exploration blocks (TUC-T-142, TUC-T-151 and TUC-T-174) and one mature field (Subauma Mirim), all located in the Tucano Basin. The signing bonus to acquire the blocks totaled BRL0.6 million ($0.1 million) with a minimum work commitment value totaling BRL8.3 million ($1.7 million). The work commitments can be fulfilled over three years for Subauma Mirim and over six years for the exploration blocks.

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. Alvopetro has recognized the estimated abandonment costs relating to these, all exploration assets, as well as all Canadian 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. Alvopetro has recognized a provision for additional GORR associated with the GORR dispute as further described in "*Royalties*" above and in our MD&A for the year ended December 31, 2025 in the section entitled "Risks and Uncertainties – GORR Dispute". 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

### Loan

In Q4 2025, the Company's Brazilian subsidiary entered into a $20 million loan agreement ("the Loan"). The Loan has a two-year term and bears interest at a fixed rate of 7% per annum (including all applicable charges and fees), payable quarterly. The Loan has a 12-month grace period upon which the Loan is to be repaid in quarterly instalments commencing on November 30, 2026 and ending on November 29, 2027. The Loan may optionally be repaid at an earlier date but such early repayments would be subject to early payment penalties. As of September 30, 2026 the full balance of $20.0 million is outstanding, with $16.0 million classified as current and $4.0 million classified as non-current.

In connection with the Loan, our Brazilian subsidiary entered into a standby letter of credit and Alvopetro entered into a guarantee agreement, guaranteeing the obligations of our Brazilian subsidiary under both the Loan and the standby letter of credit. Proceeds from the Loan are expected to be used to fund upcoming capital programs and for general corporate purposes.

The Loan agreement includes standard events of default and acceleration provisions that require early repayment, including, but not limited to, failure to pay amounts owing (advances or interest) when due and payable, failure to comply with covenants, cross-default provisions on other obligations outstanding, invalidity of security registrations, and certain change of control and reorganization transactions as well as significant asset dispositions.

The Loan contains certain customary covenants related to the payment of dividends by Alvopetro. Specifically, all dividends and reductions or returns of capital within the corporate group are allowed without limit. Dividends declared by Alvopetro to its shareholders are permitted to the extent the following conditions are satisfied:

- There has not been an event of default or one that will occur as a result of the declaration of the dividend or subsequent payment;
- There has not been an event of acceleration or one that will occur as a result of the declaration of the dividend or subsequent payment thereof;
- The total amount of dividends declared by Alvopetro in the four fiscal quarters immediately preceding the date of declaration of the dividend does not exceed the "Adjusted Cash Flow from Operation in the same period" (where Adjusted Cash Flow from Operations means the Cash Flow from Operating Activities calculated on a consolidated basis, before changes in non-cash working capital, less the total of all interest accrued during the period and principal payments due under the Loan during the same period); and
- On a consolidated basis, Alvopetro maintained a minimum cash (including cash equivalents) balance of $3.0 million on the closing date of the fiscal quarter immediately preceding the declaration of the dividend.

Alvopetro was in compliance with the dividend covenants with respect to all dividends declared since entering into the Loan. For purposes of the Q3 2026 dividend declaration, the four fiscal quarters immediately preceding the Q3 2026 dividend declaration included Q3 2025 to Q2 2026 for purposes of determining Adjusted Cash Flow from Operations relative to dividends declared and the cash balance as of June 30, 2026 was assessed relative to the minimum cash balance required of $3.0 million.

| | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | **Total** |
|---|---|---|---|---|---|
| Cash flows from operating activities | 12,153 | 9,362 | 10,717 | 13,919 | **46,151** |
| Changes in non-cash working capital | (1,705) | 1,199 | 1,788 | 179 | **1,461** |
| Interest on Loan accrued | - | (132) | (342) | (351) | **(825)** |
| Principal payments on Loan due | - | - | - | - | **-** |
| Adjusted Cash Flow from Operations | 10,448 | 10,429 | 12,163 | 13,747 | **46,787** |
| Dividends declared | 3,673 | 4,408 | 4,408 | 4,477 | **16,966** |
| Excess dividend room available | | | | | **29,821** |
| | | | | | |
| Cash and cash equivalents | | | | | **35,056** |
| Minimum cash and cash equivalents required | | | | | **3,000** |
| Excess cash above covenant requirement | | | | | **32,056** |

**Cash and Working Capital**

At September 30, 2026, Alvopetro's cash and cash equivalents of $32.6 million were held as follows:

| | Total | U.S. Dollar | CAD Dollar[(1)] | BRL[(1)] |
|---|---|---|---|---|
| Cash and cash equivalents held in Canada | 7,476 | 6,798 | 678 | - |
| Cash and cash equivalents held in Brazil | 25,152 | 6,433 | - | 18,719 |
| **Total** | **32,628** | **13,231** | **678** | **18,719** |

(1) Amounts in the table above denote the U.S. dollar equivalent as at September 30, 2026.

The Company had cash and cash equivalents of $32.6 million, working capital of $2.5 million and net debt of $1.5 million at September 30, 2026. 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, future dividends and interest and principal repayments under the Loan. 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 Alvopetro was $1.8 million as at September 30, 2026, 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 September 30, 2026, the Company had $6.0 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 September 30, 2026 and December 31, 2025. In 2026, the Company entered into an expansion agreement with Enerflex, which commenced in Q3 2026, increasing the lease liability. Additional lease liabilities outstanding relate to office space in Canada and Brazil and surface land access for our midstream assets in Brazil. The Company's lease liabilities are as follows:

| | As at | |
|---|---|---|
| | **September 30, 2026** | December 31, 2025 |
| Lease liabilities, beginning of period | **7,029** | 7,863 |
| Additions | **2,653** | 159 |
| Finance expense | **875** | 1,232 |
| Lease payments | **(1,772)** | (2,262) |
| Foreign currency translation | **35** | 37 |
| Lease liabilities, end of period | **8,820** | 7,029 |
| Current | **1,864** | 1,247 |
| Non-current | **6,956** | 5,782 |
| Total, end of period | **8,820** | 7,029 |

**Dividends**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Dividends declared | **4,483** | 3,673 | 22 | **13,368** | 10,976 | 22 |
| Dividends declared – per share ($) | **0.12** | 0.10 | 20 | **0.36** | 0.30 | 20 |

The Board of Directors increased the base quarterly dividend to $0.12 per share for all dividends declared to date in 2026. 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 Alvopetro'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 September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Change (%) | **2026** | 2025 | Change (%) |
| Shares repurchased (#) | - | 10,100 | (100) | - | 151,000 | (100) |
| Average price per share (CAD) | - | 5.88 | (100) | - | 5.22 | (100) |
| Total cost of share repurchases - $000s[(1)] | - | 32 | (100) | - | 556 | (100) |

(1) Includes applicable fees.

On August 13, 2024, Alvopetro launched a normal course issuer bid (the "2024 NCIB") to repurchase Alvopetro common shares. The terms of the 2024 NCIB permitted Alvopetro 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 was completed or terminated by Alvopetro. The 2024 NCIB expired on August 12, 2025. All shares repurchased were subsequently cancelled. No shares have been repurchased in 2026.

## 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 November 5, 2026, there were 37,365,026 common shares, 1,186,917 stock options, 807,625 RSUs and 218,338 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 a non-GAAP ratio 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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Operating netback - $ per boe | **60.87** | 55.90 | **57.32** | 53.78 |
| Average realized price - $ per boe | **70.62** | 65.76 | **66.99** | 64.19 |
| Operating netback margin | **86%** | 85% | **86%** | 84% |

***Funds Flow from Operations Per Share and Cash Flows from Operating Activities 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. Cash flows from operating activities per share is a supplementary financial measure computed as cash flows from operating activities 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 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **$ per share** | **2026** | 2025 | **2026** | 2025 |
| Per basic share: | | | | |
| Cash flows from operating activities | **0.43** | 0.33 | **1.08** | 0.84 |
| Funds flow from operations | **0.38** | 0.28 | **1.09** | 0.81 |
| | | | | |
| Per diluted share: | | | | |
| Cash flows from operating activities | **0.42** | 0.32 | **1.06** | 0.83 |
| Funds flow from operations | **0.37** | 0.28 | **1.07** | 0.79 |

**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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Cash flows from operating activities | **16,101** | 12,153 | **40,737** | 31,443 |
| Changes in non-cash working capital | **(1,794)** | (1,705) | **173** | (1,407) |
| Funds flow from operations | **14,307** | 10,448 | **40,910** | 30,036 |

***Working Capital***

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

| | As at September 30, | |
|---|---|---|
| | **2026** | 2025 |
| Total current assets | **41,217** | 18,582 |
| Total current liabilities | **(38,700)** | (16,373) |
| Working capital | **2,517** | 2,209 |

***Working Capital, Net of Debt (Net Debt)***

Working capital net of debt (net debt) is computed as working capital decreased by the carrying amount of the Loan which is classified as non-current. Working capital net of debt (net debt) is used by management to assess the Company's overall financial position.

| | As at September 30, | |
|---|---|---|
| | **2026** | 2025 |
| Working capital | **2,517** | 2,209 |
| Loan, non-current | **(4,000)** | - |
| Working capital, net of debt (net debt) | **(1,483)** | 2,209 |

**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 September 30, 2026 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 and in our MD&A for the year-ended December 31, 2025.

There have been no significant changes in the three and nine months ended September 30, 2026 to the risks and uncertainties identified in the MD&A and Annual Information Form for the year-ended December 31, 2025 other than with respect to the findings of the Tribunal in the arbitration of Alvopetro's working interest in the Unit. On April 27, 2026, Alvopetro received the final order of the Tribunal, pursuant to which the Tribunal found in favour of Alvopetro, finding the decision of the Expert to be final, valid and effective, definitively binding the Parties, pursuant to the UOA and maintaining Alvopetro's working interest of 56.2%. While Alvopetro was successful in the arbitration dispute of the first redetermination, the UOA provides for future redeterminations which may have a material impact to Alvopetro as further discussed in the section entitled "Risks and Uncertainties – Arbitration of Alvopetro's Working Interest and Impact of Future Redeterminations" in the MD&A for the year-ended December 31, 2025.

## 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 nine months ended September 30, 2026 are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended December 31, 2025 except as disclosed in Note 2 of the interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2026. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

IFRS 18 *Presentation and Disclosure in Financial Statements*, was issued in April 2024 to replace IAS 1 *Presentation of Financial Statements*. It requires more consistency and structure for the statement of comprehensive income with the intention of improving transparency and comparability among entities. It is effective for annual periods beginning on or after January 1, 2027 and is to be applied retroactively. While the revised standard will not impact the recognition and measurement of items included in the statement of comprehensive income, it will change the presentation. The impacts of IFRS 18 on Alvopetro will include (but are not limited to):

- the statement of comprehensive income will include three categories: operating, investing and financing;
- revised presentation for the statement of cash flows; and
- new note disclosures for management performance measures.

Management is currently evaluating the full impact on the Company's consolidated financial statements and accompanying notes.

***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 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.

***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 expected natural gas price, gas sales and gas deliveries under Alvopetro's long-term gas sales agreement, the anticipated outcome of the GORR dispute, expected royalty rates, 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 timing of closing on certain dispositions, the Company's forecasted land position, 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 future redeterminations, the outcome of any disputes, general economic and business conditions, forecasted demand for oil and natural gas, the impact of international conflicts, 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 2025 Annual Information Form which has been filed on SEDAR+ and can be accessed at 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 |
| $e^3m^3/d$ | = | thousand cubic metres per day |
| $m^3$ | = | cubic metres |
| $m^3/d$ | = | cubic metres 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 |
| Q2 2026 | = | three months ended June 30, 2026 |

| | | |
|---|---|---|
| Q3 2025 | = | three months ended September 30, 2025 |
| Q3 2026 | = | three months ended September 30, 2026 |
| 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 of six thousand cubic feet of gas to one barrel of oil.

***Contracted firm volumes***. The contracted daily firm volumes of 500 $e^3m^3/d$ (before any provisions for take or pay allowances) represents contracted volumes based on contract referenced natural gas heating value. Alvopetro's reported natural gas sales volumes are prior to any adjustments for the heating value of Alvopetro natural gas. Alvopetro's natural gas is approximately 8% higher than the contract reference heating value. Therefore, to satisfy the contractual firm deliveries, Alvopetro would be required to deliver approximately $463e^3m^3/d$ (16.4MMcfpd).