The following Management's Discussion and Analysis ("MD&A") is dated May 13, 2020 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 months ended March 31, 2020, MD&A for the year ended December 31, 2019 and the audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018. Additional information for the Company, including the Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com or at www.alvopetro.com. This MD&A contains financial terms that are not considered measures under International Financial Reporting 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 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 Energy Ltd. ("Alvopetro" or "the Company") is engaged in the exploration for and the acquisition, development and production of, hydrocarbons in the Recôncavo basin onshore Brazil. Alvopetro holds interests in the Caburé and Gomo natural gas assets, two oil fields and one other exploration block comprising 23,527 acres (gross and net) onshore Brazil.

Strategy

Alvopetro's strategy is to unlock the on-shore natural gas potential in the state of Bahia, building off the development of our Caburé and Gomo natural gas assets and the construction of strategic midstream infrastructure. We are creating an upstream/midstream hybrid corporate vehicle to provide sustainable returns to our stakeholders while reinvesting in a disciplined manner in our high impact upstream assets. Our plan is to create a reinvestment and long-term stakeholder return model where approximately half of our cashflows are distributed to stakeholders as dividends, share repurchases, and interest and principle repayments to capital providers.

FINANCIAL & OPERATING SUMMARY

	As at and Three Months Ended March 31,	
	2020	**2019**
Financial		
($000s, except where noted)		
Oil and condensate sales	**61**	68
Net loss	**(2,363)**	(763)
Per share – basic and diluted ($)(1)	**(0.02)**	(0.01)
Funds flow from operations (2)	**(673)**	(637)
Per share – basic and diluted ($)(1)	**(0.01)**	(0.01)
Capital expenditures(3)	**1,610**	1,249
Total assets	**65,969**	64,366
Cash and cash equivalents	**6,221**	4,868
Net working capital surplus (2)	**303**	2,193
Credit facility – amount outstanding	**13,086**	-
Common shares outstanding, end of period (000s)		
Basic	**98,433**	96,593
Diluted (1)	**114,254**	107,450
Operations		
Operating netback ($/bbl) (2)		
Brent benchmark price	**50.96**	63.83
Premium (discount)	**9.14**	(10.87)
Sales price	**60.10**	52.96
Transportation expenses	**-**	-
Realized sales price	**60.10**	52.96
Royalties and production taxes	**(7.88)**	(7.01)
Production expenses	**(43.35)**	(73.21)
Operating netback	**8.87**	(27.26)
Average daily crude oil and natural gas liquids sales (bbls/d)	**11**	14

Notes:

(1) Consists of outstanding common shares, stock options, and warrants of the Company.
(2) Non-GAAP measure - see "*Non-GAAP Measures*" section within this MD&A.
(3) Includes non-cash capital expenditures of $0.05 million (March 31, 2019 - $nil) for the three months ended March 31, 2020.

HIGHLIGHTS AND SIGNIFICANT TRANSACTIONS FOR THE FIRST QUARTER OF 2020

- We reported a net loss of $2.4 million in the quarter which included the recognition of an impairment of $1.4 million on our Bom Lugar field due to the market impact from the COVID-19 pandemic which has resulted in declines in future forecasted crude oil prices.
- In the first quarter of 2020, we completed all remaining construction for our Caburé midstream development, incurring total capital expenditures of $1.0 million including $0.5 million for our 11-kilometre transfer pipeline and $0.4 million in costs at the gas treatment facility. Additional capital expenditures in the quarter included $0.2 million in final costs for the 183(1) stimulation, capitalized G&A of $0.2 million and capitalized finance expenses of $0.2 million.
- Our sales volumes averaged 11 bbls/d in the quarter comprised of 5 bbls/d of natural gas liquids (condensate) sales from the Caburé unit and 6 bbls/d of oil from the Mãe-da-lua field. Despite a declining Brent price in the quarter, we realized an operating netback of $8.87/bbl as the majority of our sales were made in January when Brent benchmark prices were higher.
- Our net working capital surplus of $0.3 million as of March 31, 2020, includes cash and cash equivalents of $6.2 million. We drew an additional $8.0 million on our credit facility (the “Credit Facility”) in the quarter, bringing the total balance outstanding to $13.1 million as at March 31, 2020.

RECENT HIGHLIGHTS

- On April 21, we commenced commissioning of both our gas treatment facility and our transfer pipeline and expect that final commissioning steps will be completed in May.
- Subsequent to March 31, 2020 we completed pressure transient analysis following the stimulation of our 183(1) well; however, as we were unable to recover all fluid from the wellbore, we were unable to verify the full influence of the stimulation with the pressure transient analysis and have now applied for an extension to the existing phase deadline to remove the fluid and undertake a 60-day long duration test.
- In May, we reached an agreement with Bahiagás to amend our gas sales agreement. Under the terms of the amendment, Bahiagás will commence prepayments of natural gas effective May 1, 2020 at a rate of 120,000 m3/d at a 15% discount to the current contractual natural gas price. Bahiagás has also agreed to increase the firm volume deliveries in 2020 from 150,000 m3/d to 300,000 m3/d and reduce any supply failure penalties through to December 31, 2020.

PETROLEUM AND NATURAL GAS PROPERTIES AND OUTLOOK

As at March 31, 2020, Alvopetro held interests in the Caburé and Gomo natural gas assets, two oil fields (Bom Lugar and Mãe-da-lua) and Block 182 comprising 23,527 acres (gross and net) in the Recôncavo basin onshore Brazil.

NATURAL GAS ASSETS:

Alvopetro holds interests in two main natural gas assets within Brazil: the Caburé natural gas field and our Gomo natural gas project.

Caburé Natural Gas Field:

Alvopetro’s Caburé natural gas field and Caburé Leste natural gas field, collectively referred to as the Caburé natural gas field throughout this MD&A, extend across four blocks in the Recôncavo basin in Bahia state in Brazil, two of which are held by Alvopetro (Blocks 197 and 198) and two of which are held by our partner (Blocks 211 and 212), with Alvopetro’s share of the unitized area being 49.1% and our operating partner’s share being 50.9%. There are seven wells in the unit and six of these wells are tied-in to the Unit’s central production facility. Construction of the low-pressure production facilities was completed in 2018 and construction of the high-pressure production facilities was completed in January 2020. The field has a planned gross field production plateau rate of 15.9 mmcfpd (450,000 m3/d) when Alvopetro commences production allocations. Subsequent to March 31, 2020, Alvopetro commenced production allocations for commissioning operations for both the pipeline and the gas treatment facility.

Under the terms of the Unit Operating Agreement (“UOA”), each party will be entitled to nominate for their working interest share of field production and for any natural gas not nominated by the other party. Once a party produces their share of 2P reserves, they will no longer be entitled to further production allocations. Our partner was entitled to 100% of the early field production (allocated against their share of 2P reserves). From when the field commenced production in September 2018, a total of 1,447 mmcf of natural gas has been produced to May 12, 2020 against our partner's share of 2P reserves. To May 12, 2020, Alvopetro produced 24 mmcf against our share of 2P reserves during the pipeline and the gas treatment facility commissioning process. In exchange for entitlement to the early field production, our partner agreed to initially fund the majority of the unit development capital, with Alvopetro's share due in the second quarter of 2020. Alvopetro's share of the unit development capital incurred to March 31, 2020 is $4.4 million (net of inventory and equipment transferred by Alvopetro to the unit and cash calls paid by Alvopetro in 2019), reported as other liabilities in the consolidated statement of financial position. Under the terms of the UOA, natural gas liquids ("NGLs") production from the unit (relating to condensate production) is split based on working interest and sold by the operator on behalf of both parties.

Gomo Natural Gas Project:

Alvopetro's Gomo gas project extends across Blocks 183 and 197 and includes the 183(1) and 197(1) wells, both of which were drilled in 2014. In the fourth quarter of 2019 Alvopetro commenced the stimulation and initial production testing of the 183(1) well to further evaluate the Gomo natural gas asset. The pressure recorders were recovered from the wellbore in the first quarter of 2020 and Alvopetro completed pressure transient analysis in April. Due to operational challenges during the stimulation, we were unable to recover all fluids from the wellbore and cannot fully verify the results of the fracture stimulation with the pressure transient analysis. Alvopetro has applied for an extension for this portion of Block 183 to install a plunger lift system to remove the remaining fluids and undertake a 60-day long duration test to obtain improved estimates of the deliverability of the well. Concurrently, we plan to complete the permitting process for an 8-kilometre transfer pipeline to ultimately tie the 183(1) well into our recently completed 11-kilometre Caburé pipeline.

Gas Commercialization Strategy and Planned Natural Gas Development:

The Company has a long-term gas sales agreement ("GSA") with Bahiagás which provides for the sale of 5.3 mmcfpd (150,000 m3/d) on a firm basis and up to 12.4 mmcfpd (350,000 m3/d) on an interruptible basis, adjustable by Alvopetro annually. The GSA has take-or-pay provisions and ship-or-pay penalties to ensure performance by both parties which are based on the firm volumes. In May 2020, Alvopetro and Bahiagás entered into an amendment to the GSA wherein Bahiagás agreed to commence prepayments of natural gas effective May 1, 2020 at a rate of 120,000 m3/d. Alvopetro has agreed to provide a 15% discount to the current contractual price during this early prepayment period. Alvopetro will repay the prepayments through natural gas deliveries during the second half of 2020. In addition, the amendment provides that natural gas deliveries will commence once Bahiagás infrastructure is complete (the "Supply Start Date") and on the Supply Start Date, firm volumes for the remainder of 2020 will be increased to 10.6 mmcfpd (300,000 m3/d); however, any supply failure penalties during 2020 will be reduced from the original contracted penalties. Alvopetro expects Bahiagás to have all infrastructure in place to accept first gas late in the second quarter of 2020, at which time Alvopetro plans to start natural gas deliveries from the Caburé field.

The natural gas price to be received under the GSA is set semi-annually in Brazilian real ("BRL") (in February and August) using a trailing weighted average basket of USD benchmark prices, with, as of March 31, 2020, a floor price of $5.21/mmbtu and a ceiling price of $8.86/mmbtu (both adjusted based on United States inflation). The natural gas price is then set in BRL based on the average BRL relative to USD over the previous six months and invoiced monthly in BRL. As a result of the recent decline in global commodity prices, we expect to realize a price approximating the floor price from August through December 2020, subject to exchange rate variations.

As part of Alvopetro's midstream development, the Company has a Gas Treatment Agreement with Enerflex Ltd ("Enerflex"), pursuant to which Enerflex constructed, and will own and operate a natural gas processing facility (the "Facility") for Alvopetro and will provide all operations and maintenance, and warranty the delivery schedule and on-stream performance of the Facility. In the first quarter of 2020, Alvopetro and Enerflex entered into an amendment to the Gas Treatment Facility wherein Enerflex will also operate Alvopetro's 11-kilometre transfer pipeline which was completed in the first quarter of 2020 and is now tied-in to the Caburé unit production facilities. Alvopetro will pay an annual integrated service fee of $2.7 million to Enerflex over the 10-year-term of the agreement once the Facility is operational, expected in the second quarter of 2020. Construction and installation of the Facility is complete and commissioning of both the Facility and the pipeline commenced in April and is expected to be completed in May.

EXPLORATION AND EVALUATION ("E&E) ASSETS:

The Company's E&E assets as at March 31, 2020 are as follows:

Block	Gross Acres	Current Phase Expiry	Estimated Commitment(1) ($000's)	Letter of Credit Support(2) ($000's)
182	4,807	Suspension in place(3)	-	
183	7,740	Suspension(4)	641	1,233
197	3,484	Suspension in place(4)	-	-
TOTAL – ALL EXPLORATION BLOCKS			**641**	**1,233**

(1) The estimated commitments expressed above are based on costs to complete work units ("UTs") which represent the minimum work to be carried out under the terms of the existing exploration phase of the concession contracts. UTs may be satisfied through, among other things, drilling exploration wells and shooting or reprocessing seismic. UTs are not applicable in the Development Assessment Plan ("PAD") phase; however, the Company must notify the ANP of its work plan to be completed during this phase. Blocks 182, 197 and a portion of Block 183 are currently in the PAD phase.

(2) Letters of Credit ("LCs") posted in satisfaction of work units may be in excess of USD equivalent amounts for the associated commitments due to foreign exchange fluctuations and foreign exchange margin requirements

(3) Block 182 is currently in the PAD phase. The ANP has approved a suspension of the PAD expiry date due to the lack of an environmental permit. Following receipt of the permit Alvopetro will have 278 days until the PAD expiry.

(4) Block 183 and Block 197 (excluding the portion of Block 197 attributed to the Caburé natural gas field) are part of the Gomo gas project. A portion of Block 183 is currently in the PAD phase. Alvopetro has requested an extension to the PAD expiry date and this portion of the block is currently in suspension awaiting ANP's decision on this matter. The remainder of the block is in the second exploration phase and is currently in suspension due to the lack of an environmental permit. Following receipt of the permit, Alvopetro will have 517 days until the phase expiry date. Block 197 is currently in the PAD phase. In 2017, the ANP approved the suspension of the PAD pending receipt of environmental permits for stimulation of the 197(1) well.

FINANCIAL AND OPERATING REVIEW

Average Daily Production

	Three Months Ended March 31,	
	2020	2019
Total oil (bbls)	**533**	1,037
Total NGLs - condensate (bbls)	**482**	247
Total oil and NGLs (bbls)	**1,015**	1,284
Daily volumes (bbls/d)	**11**	14

Average daily production in the first quarter of 2020 decreased compared to the first quarter of 2019 due to reduced oil sales volumes from the Company's Mãe-da-lua field, partially offset by increased condensate production from the Caburé unit.

Oil and Condensate Sales

	Three Months Ended March 31,	
	2020	2019
Brent ($/bbl)	**50.96**	63.83
Premium (discount) ($/bbl)	**9.14**	(10.87)
Sales price ($/bbl)	**60.10**	52.96
Sales price premium (discount) as a % of Brent	**18%**	(17%)
Oil Sales	**27**	53
Condensate Sales	**34**	15
Oil and Condensate Sales	**61**	68
Transportation	**-**	-
Total sales, net of transportation expense	**61**	68
Realized price ($/bbl)	**60.10**	52.96

Condensate from the Caburé unit is sold pursuant to a contract based on Brent price plus a premium whereas oil sales from Alvopetro's Mãe-da-lua field is sold at a discount to the average Brent price. As the majority of the Company's oil and condensate sales in the quarter were made in January (when Brent averaged $63.67/bbl) and higher proportionate sales were from condensate, which is sold at a premium, the Company's realized sales price in the quarter exceeded the average Brent price.

Oil and condensate sales decreased 10% in the first quarter of 2020 compared to the first quarter of 2019 as a result of the 21% decrease in daily production, partially offset by the sales price premium realized in the three months ended March 31, 2020 compared to a discount in the same period in 2019.

Royalties and Production Taxes

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Royalties and production taxes	**8**	9
Percentage of sales (%)	**13.1**	13.2

The Mãe-da-lua field, the Caburé natural gas field and all exploration blocks held by Alvopetro are subject to a base 10% government royalty plus a 1% landowner royalty. The Bom Lugar field is subject to a base 5% government royalty plus a 0.5% landowner royalty. There is an additional 2.5% gross-overriding royalty on the Mãe-da-lua field, Block 182 and the portion of the Caburé and Gomo natural gas assets that were previously on Block 197.

Royalties and production taxes include all Social Integration Program ("PIS") taxes and Social Assistance Contribution ("COFINS") paid on oil sales at a combined rate of 9.25%, offset by credits on available expenses. The Company currently has sufficient PIS and COFINS credits to offset any amounts owing.

Production Expenses

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Production expenses by type:		
Personnel costs	**15**	37
Other fixed costs	**23**	48
Variable costs	**6**	9
Total production expenses	**44**	94
Production expenses per barrel:		
Personnel costs	**14.78**	28.82
Other fixed costs	**22.66**	37.38
Variable costs	**5.91**	7.01
Total production expenses per bbl ($)	**43.35**	73.21

Production expenses for the first quarter of 2020 decreased relative to 2019 due to reduced personnel and maintenance costs at the Bom Lugar field which was shut-in early in 2019.

General and Administrative ("G&A") Expenses

	Three Months Ended March 31,	
G&A Expenses, by type:	**2020**	2019
Personnel	**608**	660
Travel	**11**	28
Office and IT costs	**34**	41
Professional fees	**82**	98
General corporate costs	**116**	96
Gross G&A	**851**	923
Capitalized G&A	**(211)**	(241)
G&A expenses	**640**	682

General corporate costs include public company costs, directors' fees and insurance. As a result of the depreciation in the BRL relative to the USD, the Company's USD equivalent costs in Brazil declined in the first quarter of 2020, partially offset by increased public company costs and insurance costs in 2020 compared to the same period in 2019.

Funds Flow from Operations

	Three Months Ended March 31,	
	2020	2019
Funds flow from operations	**(673)**	(637)

The Company's funds flow from operations decreased in the first quarter of 2020, mainly due to finance expenses relating to interest and commitment fees on the Credit Facility.

Foreign Exchange

The Company's reporting currency is the USD and its functional currencies are the USD and the BRL. Substantially all costs incurred in Brazil are in BRL and the Company incurs head office costs in both USD and Canadian dollars ("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. The period end rates used to translate the Company's BRL and CAD denominated financial statement items for the reporting periods as specified are as follows:

	As at		% Appreciation (Depreciation) of BRL/CAD to USD
	March 31, 2020	December 31, 2019	**Change**
Rate at end of period:			
$1 USD = BRL	**5.199**	4.031	**(29.0)**
$1 USD = CAD	**1.419**	1.299	**(9.2)**

	Three Months Ended March 31,		% Appreciation (Depreciation) of BRL/CAD to USD
	2020	2019	**Change**
Average rate in the period:			
$1 USD = BRL	**4.466**	3.768	**(18.5)**
$1 USD = CAD	**1.343**	1.329	**(1.1)**

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

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 our Brazil operations are translated to USD at the exchange rates on the date of the relevant transactions. All resulting foreign currency differences are recorded in exchange loss on translation of foreign operations in our consolidated statements of operations and comprehensive loss. The BRL depreciated 29% relative to the USD in the three months ended March 31, 2020, resulting in an exchange loss of $8.4 million as the USD equivalent carrying value of BRL denominated assets (including E&E and PP&E) depreciated with the depreciating BRL, partially offset by reductions in the USD equivalent carrying value of BRL denominated liabilities, including other liabilities (representing the amount outstanding to our partner for unit development capital) .

As a significant portion of the Company's expenditures are denominated in CAD and BRL, the Company is exposed to fluctuations in these currencies relative to the USD which may have a material impact on costs in the future. In the first quarter of 2020, both the BRL and the CAD depreciated on average relative to the USD, contributing to lower USD equivalent production and G&A expenses in 2020 compared to 2019.

Share-Based Compensation Expense

	Three Months Ended March 31,	
	2020	2019
Share based compensation expense	**28**	33

Share-based compensation expense is a non-cash expense based on the fair value of stock options granted and amortized over the respective vesting periods. At March 31, 2020, 6.6 million stock options were outstanding compared to 7.2 million at March 31, 2019, contributing to lower share-based compensation in 2020.

Depletion and Depreciation and Impairment

	Three Months Ended March 31,	
	2020	2019
Depletion and depreciation	**62**	54
Impairment	**1,381**	-
Total	**1,443**	54

The impairment recognized in the first quarter of 2020 relates to the Company's Bom Lugar field. As a result of the impact of the COVID-19 pandemic and the significant decline in current and forecasted crude oil prices, the Company recognized an impairment on the Bom Lugar field of $1.4 million, reducing the carrying value to $1.5 million as of March 31, 2020.

Depreciation includes $0.05 million in respect of depreciation of right-of-use assets (March 31, 2019 - $0.04 million).

Finance Expenses

	Three Months Ended March 31,	
	2020	2019
Accretion on decommissioning liabilities	**19**	8
Lease interest	**2**	4
Amortization of deferred financing costs	**160**	-
Interest on Credit Facility	**267**	-
Other	**-**	14
Gross finance expenses	**448**	26
Capitalized to E&E and PP&E	**(172)**	-
Finance Expenses	**276**	26

Interest calculated on the Credit Facility includes cash interest and commitment fees paid monthly as well as accrued interest due and payable upon repayment of amounts drawn. The portion of interest on the Credit Facility and the amortization of deferred financing costs that is directly attributable to eligible PP&E and E&E activities is capitalized to those assets, with the remainder, as shown above, included in profit and loss. The increase to finance expense in 2020 is primarily related to interest and amortization of deferred financing costs on the Company's credit facility arrangement entered into in 2019.

Net Loss

	Three Months Ended March 31,	
	2020	2019
Net loss	**(2,363)**	(763)

Net loss in the first quarter of 2020 increased compared to 2019 mainly due to the $1.4 million impairment charge recognized on the Bom Lugar field and, to a lesser extent, due to increased finance expenses as a result of interest on the Credit Facility and amortization of deferred financing costs associated with the credit facility arrangement.

Capital Expenditures

	Three Months Ended March 31,	
Capital Expenditures by Type	**2020**	2019
E&E		
Drilling and completions	**182**	-
Facility & equipment	**15**	-
Land, lease, and similar payments	**6**	25
Capitalized G&A	**115**	88
Capitalized finance expense	**109**	-
Other	**-**	2
Total E&E	**427**	115
PP&E		
Facility & equipment	**1,020**	976
Drilling & completion	**-**	-
Land, lease and similar payments	**5**	4
Furniture & fixtures	**2**	1
Capitalized G&A	**96**	153
Capitalized finance expense	**60**	-
Total PP&E	**1,183**	1,134
Total Capital Expenditures by Type	**1,610**	1,249

Capital Expenditures by Property	Three Months Ended March 31, 2020	2019
E&E		
9th Brazil Bid Round blocks (Blocks 182, 183, 197)	**427**	104
11th Brazil Bid Round blocks (Block 107)	**-**	5
13th Brazil Bid Round blocks (Blocks 57, 62, 71, 145)	**-**	5
Inventory	**-**	1
Total E&E	**427**	115
PP&E		
Caburé and associated midstream assets	**1,181**	1,129
Bom Lugar	**-**	4
Corporate	**2**	1
Total PP&E	**1,183**	1,134
Total Capital Expenditures by Property	**1,610**	1,249

Capital expenditures in the first quarter of 2020 were largely attributable to final construction costs for our Caburé midstream development, including $0.5 million for our 11-kilometre transfer pipeline and $0.4 million in costs at the gas treatment facility. Additional capital expenditures included $0.2 million for final costs associated with the stimulation of the 183(1) well, capitalized G&A of $0.2 million and capitalized finance expenses of $0.2 million.

Summary of Quarterly Results

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Financial								
Oil and condensate sales	**61**	65	77	30	68	62	125	216
Net loss	**(2,363)**	(1,086)	(2,321)	(841)	(763)	(1,445)	(878)	(1,128)
Per share – basic & diluted ($)	**(0.02)**	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Funds flow from operations (1)	**(673)**	(747)	(779)	(699)	(637)	(821)	(759)	(844)
Per share – basic & diluted ($)	**(0.01)**	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Capital expenditures(2)	**1,610**	6,999	3,648	775	1,249	1,249	1,889	930
Operations								
Operating netback ($/bbl) (1)								
Brent benchmark price	**50.96**	62.51	62.00	68.33	63.83	68.08	75.85	74.91
Sales price	**60.10**	57.93	61.60	57.80	52.96	59.85	70.15	71.10
Transportation expenses	**-**	-	-	-	-	(0.97)	(1.68)	(1.65)
Realized sales price	**60.10**	57.93	61.60	57.80	52.96	58.88	68.47	69.45
Royalties and production taxes	**(7.88)**	(8.91)	(8.80)	(7.71)	(7.01)	(9.65)	(7.30)	(6.25)
Production expenses	**(43.35)**	(45.45)	(53.60)	(123.31)	(73.21)	(229.73)	(104.94)	(58.92)
Operating netback	**8.87**	3.57	(0.80)	(73.22)	(27.26)	(180.50)	(43.77)	4.28
Average daily production (bbls/d)	**11**	12	14	6	14	11	19	33

Notes:

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

(2) Includes non-cash capital expenditures of $0.05 million in Q1 2020, $2.6 million in Q4 2019, $0.6 million in Q3 2019, $0.03 million in Q2 2019, $0.6 million in Q4 2018, $1.5 million in Q3 2018 and $0.6 million in Q2 2018.

Q1 2020 – An impairment charge of $1.4 million was recognized in the quarter on the Company’s Bom Lugar field which contributed to the increased net loss of $2.4 million. The Company completed the remaining construction for the Caburé midstream project, incurring total capital expenditures of $0.9 million. Additional capital expenditures in the quarter included $0.2 million for final stimulation costs on the 183(1) well, capitalized G&A of $0.2 million and capitalized finance expenses of $0.2 million. Despite reduced Brent prices per barrel in the quarter, the Company achieved a positive operating netback of $8.87/bbl due to both lower production expenses per barrel and higher proportionate sales made in January when Brent benchmark prices were higher. The Company drew a total of $8.0 million on its Credit Facility in the quarter which resulted in higher finance expenses in the quarter and also contributed to the higher net loss.

Q4 2019 – Development of the Caburé project continued during the quarter with total capital expenditures of $4.8 million, including $1.0 million for the transfer pipeline, $0.9 million for costs at the Facility and $3.0 million for Alvopetro's 49.1% share of the joint upstream development costs. Additional capital expenditures included $1.5 million for stimulation and testing costs on the 183(1) well, capitalized G&A of $0.3 million and $0. million in capitalized finance expenses. Average daily production decreased to 12 bbls/d, however as a result of reduced production expenses, the Company achieved a positive operating netback of $3.57/bbl. The Company drew a total of $5.0 million on its Credit Facility in the quarter, contributing to higher finance expenses and a higher net loss in the period.

Q3 2019 – Capital expenditures of $3.6 million included $1.2 million for the 57(A1) well, $2.1 million in Caburé expenditures for the transfer pipeline, unit development and site construction costs, and capitalized G&A of $0.2 million. Average daily production increased to 14 bbls/d with increased condensate sales, which also contributed to higher a realized sales price per barrel, despite lower Brent prices. The Company recognized an impairment charge of $1.5 million on Block 57, contributing to the net loss to $2.3 million. Alvopetro entered into the Credit Facility in September, and all conditions for funding were satisfied on October 8, 2019. The Credit Facility provides funding for the Company's planned development of the Caburé and Gomo natural gas fields, the 57(A1) well drilled in the third quarter, and for other general corporate purposes.

Q2 2019 – The Company received the approvals for construction of both the transfer pipeline and gas treatment facility to be built as part of the planned natural gas midstream development. Capital expenditures of $0.8 million in the quarter included $0.4 million in construction costs for the transfer pipeline and site construction costs for the gas treatment facility, as well as capitalized G&A of $0.3 million. As average daily production decreased to 6 bbls/d, all from the Company's Mãe-da-lua field, the Company's operating netback decreased to a loss of $73.22 per barrel, despite reduced production expenses.

Q1 2019 – Capital expenditures of $1.2 million included $0.9 million in respect of the 11-kilometre transfer pipeline to be built from the Caburé unit facilities and capitalized G&A of $0.2 million. Average daily production was 14 bbls/d and included 3 bbls/d relating to condensate production from the Caburé unit. Personnel and other cost reductions were implemented following the Company's decision to permanently shut-in the Bom Lugar field, contributing to reduced production expenses. With lower production expenses and reduced G&A expenses, the Company's funds flow from operations improved in the quarter.

Q4 2018 – Capital expenditures included $0.5 million for Alvopetro's share of Caburé joint unit development, $0.3 million for pipeline and permitting costs and capitalized G&A of $0.3 million. The Company's average daily production decreased to 11 bbls/d, largely due to mechanical problems at the Company's Bom Lugar well which also contributed to higher production expenses in the quarter for both workover costs and maintenance costs. The well has now been shut-in. Total impairment charges of $0.6 million were recognized in the period on the Company's E&E assets, contributing to a higher net loss in the quarter. The Company's Private Placement contributed net proceeds of $3.8 million upon the issuance of 11,504,000 common shares and 3,676,000 warrants.

Q3 2018 – Total capital expenditures of $1.9 million in the quarter included $1.5 million in respect of Alvopetro's share of Caburé unit development costs and capitalized G&A of $0.2 million. Average daily production decreased to 19 bbls/d in the quarter due to declines from our Bom Lugar well which was offline for much of the quarter awaiting a pump repair. The resulting production decline contributed to higher per barrel production costs and reduced operating netbacks per barrel. The Company entered into the Gas Treatment Agreement with Enerflex wherein Enerflex will construct, operate and maintain the natural gas processing facility on behalf of Alvopetro and in exchange Alvopetro will pay a monthly integrated service fee equivalent to $2.9 million per annum, commencing when the facility is operational in late 2019.

Q2 2018 – During the quarter, the Company finalized the terms of the unitization agreement and the unit development plan for our Caburé natural gas field, executed a long-term natural gas sales agreement and was assigned proved and probable reserves on both the Caburé and Gomo natural gas assets. Capital expenditures in the quarter included $0.6 million relating to Alvopetro's share of Caburé unit development costs and capitalized G&A of $0.3 million. The Company achieved an operating netback of $4.28 per barrel in the quarter due to a 57% increase in daily production volumes, lower production expenses and improving realized sales prices as a result of increasing Brent benchmark prices and reduced sales price discounts.

Commitments and Contingencies

The following is a summary of Alvopetro's contractual commitments as at March 31, 2020:

Commitments	< 1 Year	1-3 Years	Thereafter	Total
Minimum work commitments[1]				
Block 183[2]	-	641	-	**641**
Bom Lugar	-	-	67	**67**
Mãe-da-lua	-	-	67	**67**
Minimum work commitments	**-**	**641**	**134**	**775**
Gas Treatment Agreement	**2,165**	**5,210**	**18,887**	**26,262**
Total commitments	**2,165**	**5,851**	**19,021**	**27,037**

Notes:

(1) Under the terms of the ANP concession contracts for each of our exploration blocks, the Company has commitments which must be completed prior to the applicable phase expiry date. The Company is required to post a performance guarantee with the ANP for all commitments in the table above.

(2) In February 2018, the ANP approved a suspension to the portion of Block 183 currently in the second exploration phase to which the above commitment is applicable. The Company will have 517 days from receipt of the environmental permit for the well to be drilled to meet the required work commitment.

The Company's GSA with Bahiagás provides for ship or pay penalties applicable to Alvopetro for supply failure in respect of the firm volumes and also take or pay penalties applicable to Bahiagás should it be unable to accept the firm volumes specified in the contract. Any potential penalties to either party do not commence until the Supply Start Date. The Company believes it can meet the firm sales commitments under the GSA solely with our production from the Caburé natural gas field, however supply failure penalties may arise where construction is delayed, where there are unplanned production interruptions, or to the extent reservoir performance is below expected production rates. Supply failure penalties are a function of the shortfall of firm volumes and the prevailing natural gas price under the GSA at the time, which is determined based on a trailing weighted average basket of benchmark reference prices including Henry Hub and National Balancing Point natural gas prices and Brent crude oil prices. Alvopetro can mitigate these risks by adjusting firm volumes annually and by meeting sales commitments under the GSA with third-party gas supplies, through development of existing natural gas resources, or through new gas discoveries from our prospect inventory. In May 2020, Alvopetro and Bahiagás entered into an amendment to the GSA which provides for increased firm volumes as of the Supply Start Date until December 31, 2020; however, as part of the amendment, any supply failure penalties in 2020 will be reduced from the original contractual penalties.

Under the terms of the Gas Treatment Agreement with Enerflex, Alvopetro is committed to integrated service fees totaling $2.7 million per year once the Facility is operational and ready for commencement. Alvopetro anticipates that the Facility will be operational in the second quarter of 2020 and has reflected the associated commitment in the table above based on this start date. A portion of the payments are in BRL and therefore exposed to foreign exchange fluctuations. Management has assessed that this agreement contains a lease component which will affect the classification of these fees upon lease commencement. The Gas Treatment Agreement includes customary penalties and standby charges to the extent Alvopetro is unable to receive the services on the start date. In addition, the Gas Treatment Agreement includes early termination penalty provisions which vary depending on timing of the termination. While the Gas Treatment Agreement also includes strict availability requirements and downtime credits, such credits may not fully offset costs incurred by Alvopetro due to ship or pay obligations under the GSA as discussed above to the extent processing in the Facility is limited due to unplanned or longer than scheduled maintenance or repair.

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.

The Company currently has no contingent liabilities recorded; however, in the normal course of operations, we may have disputes with industry participants for which we currently cannot determine the ultimate results. The Company has a policy to record contingent liabilities as they become determinable and the probability of loss is more likely than not.

LIQUIDITY AND CAPITAL RESOURCES

Credit Facility

In 2019, the Company entered into the $15 million Credit Facility. Under the terms of the Credit Facility, Alvopetro had immediate access to up to $13 million, with the final $2 million available upon first sales from the Caburé natural development. Amounts under the Credit Facility are available to be drawn to October 8, 2020 (the "Availability Period"). Any undrawn amounts as of October 8, 2020, are cancelled. As of March 31, 2020, the Company had drawn $13.0 million under the Credit Facility.

The Credit Facility is secured by all of Alvopetro's assets and matures on October 8, 2022. The Credit Facility is subject to cash interest of 9.5% per annum, payable monthly, and additional interest is payable upon repayment of any Credit Facility amounts at a rate of 3.0% per annum. The Credit Facility is subject to a 1.0% per annum commitment fee on the unused available balance during the Availability Period. Amounts drawn under the Credit Facility are repayable at maturity, however after the first anniversary of the Credit Facility, amounts may be repaid in part or full at Alvopetro's option without penalty.

In connection with the financing, the Company incurred cash transaction costs of $1.1 million and issued a total of 8,057,868 share purchase warrants to the lenders ("Lender Warrants") and 375,000 to financial advisors acting on behalf of Alvopetro ("Advisor Warrants"). Each of the Lender Warrants and Advisor Warrants entitles the holder to purchase one common share of Alvopetro at an exercise price of $0.60 per common share. The warrants expire on September 20, 2022. The cash transaction costs and the value of the Lender Warrants and Advisor Warrants have been reflected as deferred financing costs in Other Assets, the balance of which is amortized to finance expense over the term of the Credit Facility.

The Credit Facility contains certain customary financial and non-financial covenants, standard representations and warranties and events of default. Events of default include, but are not limited to, failure to pay amounts owing (advances or interest) when due and payable, incorrect representations and warranties, failure to comply with financial and non-financial covenants, cross-default provisions on other debt outstanding, invalidity of security registrations, change of control, and where gas sales under the Company's GSA have not commenced by May 31, 2020. To the extent an event of default occurs, the lenders can terminate their obligations for further advances under the Credit Facility and declare all advances outstanding immediately due and payable. Financial covenants are tested starting after October 8, 2020, the first anniversary of the Funding Date.

Cash

At March 31, 2020, Alvopetro's cash and cash equivalents of $6.2 million and its restricted cash of $0.1 million were held as follows:

	Total	U.S. Dollar	CAD Dollar(1)	Brazil Real(1)
Cash held in Canada	**5,968**	5,930	38	-
Cash held in Brazil	**253**	-	-	253
Restricted cash - current	**118**	-	-	118
Total	**6,339**	**5,930**	**38**	**371**

(1) Amounts in the table above denote the U.S. dollar equivalent as at March 31, 2020.

The Company had cash of $6.2 million and a total net working capital surplus of $0.3 million at March 31, 2020, which includes the $4.4 million liability to our partner at the Caburé unit that is to be repaid in the second quarter of 2020. Positive cash flows are expected under the Company's GSA in the second quarter, through prepayments of natural gas beginning effective May 1, 2020 (following the amendment agreed to with Bahiagas in May) and upon the start of natural gas deliveries from the Caburé natural gas field (anticipated later in the second quarter of 2020). The majority of the Company's development was completed by the end of 2019 (including construction of the transfer pipeline, construction at the Facility, and the joint upstream development at the unit). Alvopetro anticipates an additional $4.5 million in payments in the second quarter of 2020 (largely attributable to repayment of the liability outstanding to our partner) to complete the Caburé development. With current cash on hand and additional availability under our Credit Facility, Alvopetro expects to have sufficient resources to meet these planned activities on the Caburé natural gas field and activities in early 2020 on the Gomo gas project as well as its ongoing operational and administrative obligations.

As discussed further in Note 1 to the interim condensed consolidated financial statements, to the extent there are delays in production commencement or lower than anticipated production volumes, Alvopetro may incur ship or pay penalties under the GSA, charges under the Gas Treatment Agreement, or events of default under the credit facility, and additional financing may be required. In addition, as discussed further in "Risks and Uncertainties", the recent COVID-19 pandemic has resulted in an unprecedented reduction in global demand for oil and natural gas resulting in a sharp decline in commodity prices. The Company has taken measures to reduce costs going forward, including staff reductions and discretionary spending reductions, along with a delay of any discretionary capital spending other than with respect to final costs on the Company's Caburé natural gas field and initial plans for our Gomo project. However, to the extent commodity prices remain low, this may have an adverse impact on future results of operations and the Company's financial condition.

Exploration work commitments to be met in Brazil are supported by a credit facility with a Canadian bank which allows for the issuance of LCs and letters of guarantee in support of the financial guarantees required by the ANP for Alvopetro's work commitments under the terms of its concession contracts associated with its exploration blocks. LCs and letters of guarantee issued may be supported by either cash collateral posted by Alvopetro or through an Account Performance Security Guarantee from Export Development Canada ("EDC"). As at March 31, 2020, the total amount of LCs issued under the credit support facility was $1.2 million (December 31, 2019 - $4.9 million), the full balance of which was satisfied by EDC. The Company has a restricted cash balance of $0.1 million as at March 31, 2020 (December 31, 2019 - $0.3 million) in respect of the abandonment guarantees on the Company's oil fields.

The liability for decommissioning obligations of Alvopetro was $1.1 million as at March 31, 2020, with $0.1 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 March 31, 2020 the Company had $1.2 million of equipment inventory to be utilized for future operations which is included in exploration and evaluation assets in the consolidated statement of financial position.

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 May 13, 2020, there were 98,432,818 common shares outstanding, 6,588,500 stock options outstanding and 9,232,868 warrants outstanding. There are no preferred shares outstanding.

NON-GAAP MEASURES

This MD&A or documents referred to in this MD&A make reference to certain measures which are not recognized measures under GAAP and do not have a standardized meaning prescribed by IFRS. This MD&A contains four non-GAAP measures: 1) funds flow from operations; 2) funds flow from operations per share; 3) net working capital (deficit) surplus; and 4) operating netback per barrel. 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. The non-GAAP measures do not have standardized meanings under IFRS and therefore are unlikely to be comparable to similar measures presented 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 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.

Funds Flow from Operations and Funds Flow from Operations Per Share

The most comparable GAAP measure to funds flow from operations is cash flows from operating activities. Management considers both funds flow from operations and funds flow per share important as they help evaluate financial performance and demonstrate 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 March 31,	
	2020	2019
Cash flows from operating activities	**(940)**	(692)
Add back changes in non-cash working capital	**267**	55
Funds flow from operations	**(673)**	(637)

The Company also refers to funds flow per share, which is funds flow from operations divided by the weighted average shares outstanding for the respective period. For the periods reported in this document there was no difference between cash flow from operating activities per share and funds flow from operations per share:

	Three Months Ended March 31,	
$ per share	**2020**	2019
Cash flows from operating activities per share	**(0.01)**	(0.01)
Funds flow from operations per share	**(0.01)**	(0.01)

Net Working Capital Surplus

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

	As at March 31,	
	2020	2019
Total current assets	**6,923**	5,717
Total current liabilities	**(6,620)**	(3,524)
Working capital surplus	**303**	2,193

Operating Netback per Barrel

Operating netback is calculated on a per unit basis, which is currently per barrel as the Company has only oil and condensate production to date. It is a common non-GAAP measure used in the oil and gas industry and management believes this measurement assists in evaluating the operating performance of the Company at the lease level. 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. Operating netback is calculated as oil and condensate sales less royalties and production taxes and production and transportation costs on a per unit (barrel) basis. This calculation per unit is provided in the Selected Quarterly Results Section of this MD&A and is illustrated using our IFRS measures as follows:

	Three Months Ended March 31,	
	2020	2019
Oil sales	**61**	68
Royalties and production taxes	**(8)**	(9)
Production expenses	**(44)**	(94)
Operating netback	**9**	(35)
Operating netback per barrel ($)	**8.87**	(27.26)

RISKS AND UNCERTAINTIES

An investment in Alvopetro should be considered speculative due to the nature of our activities and the stage of our development. Alvopetro is exposed to a variety of risks, including but not limited to liquidity and financing risks, legal and regulatory risks, market risks, operational risks, reservoir performance risks, exploration risks, and competitive risks. 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.sedar.com. The recent COVID-19 pandemic increases our exposure to and the magnitude of risks identified in our 2019 Annual Information Form and MD&A for the year-ended December 31, 2019 as discussed in further detail below.

The Impact of COVID-19 Pandemic and Commodity Price Declines

The recent COVID-19 pandemic and the responses by governments and health authorities around the world to reduce the spread of the virus have given rise to a significant reduction in global economic activity and reduced demand for crude oil and natural gas, resulting in a sharp decline in current and forecasted commodity prices. As of mid-March, in response to the pandemic, Alvopetro directed all staff to implement appropriate social distancing measures and the majority of our employees are working from home, other than essential field staff. Work on our Caburé midstream project has continued to progress with minimal interruption. In light of reduced commodity prices, Alvopetro implemented cost savings measures including staff reductions at the beginning of April. With respect to capital projects, we continue to be focused on our Caburé project as well as initial plans for our Gomo gas project. Any discretionary capital spending will be deferred, pending commodity price recoveries in the future.

While Alvopetro's operations and supply chain has not been materially impacted to date, the impact on future operations is unknown and unpredictable and the Company may be negatively impacted. The outbreak presents uncertainty and risk with respect to the Company, its performance and estimates and assumptions used by Management in the preparation of financial results. A prolonged period of decreased global demand for crude oil and natural gas could adversely impact the Company's financial condition and results of operations. In particular and without limitation, the Company's ability to meet its ongoing financial obligations and continue as a going concern, comply with future financial covenants under its Credit Facility, access future financing if required, and the effect of foreign currency fluctuations on future cash flow may be adversely affected by the COVID-19 pandemic and the reduction in crude oil and natural gas commodity prices:

- The suspension of work on capital projects due to workforce disruption or orders by government or health authorities to restrict such work may delay infrastructure completion by Bahiagás and delay or reduce future sales under the Company's long-term gas sales agreement, which may in turn negatively impact future cash flows of the Company and the ability to continue as a going concern and may give rise to events of default under the Company's Credit Facility.
- Reduced cash flows as a result of lower commodity prices and/or reduced demand for oil and natural gas resulting in inability to meet ongoing operational, G&A and planned capital expenditures and may impact the Company's ability to continue as a going concern and may jeopardize the Company's ability to meet financial covenants under the Credit Facility which must be met commencing October 8, 2020.
- Lower commodity prices resulting in a reduction in the volumes and cash flows and overall value of our natural gas and oil reserves.
- Short-term fluctuations in foreign exchange and the continued devaluation of the BRL relative to the USD may give rise to reduced USD equivalent revenues under the Company's long-term gas sales agreement as the natural gas price is set only semi-annually and all invoices are paid in BRL.
- Our ability to obtain additional capital included debt or equity financing may be limited as a result of reduced commodity prices and continued volatility in the financial markets.

The direct and indirect effects of COVID-19 could have unforeseen implications that may be material. The extent to which the COVID-19 pandemic may impact our operations, financial condition and future financial performance is currently unknown. Even where the COVID-19 pandemic has subsided, the effects of the pandemic may continue for an extended period of time.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New and revised accounting standards

On January 1, 2020, the Company adopted the amendments to the following standards:
- IFRS 3 *Business Combinations;*
- IAS 1 *Presentation of Financial Statement;* and
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

These amendments did not have an effect on the financial statements as at and for the three months ended March 31, 2020.

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.

Forward-Looking Statements. Certain information provided in this MD&A constitutes forward-looking statements. Specifically, this MD&A contains forward-looking statements concerning the plans relating to the Company's operational activities, the expected timing of commencement of gas sales under Alvopetro's long-term gas sales agreement, the expected timing and outcomes of certain of Alvopetro's testing activities, future results from operations, projected financial results, future capital and operating costs, the impact of the COVID-19 pandemic, future production rates, proposed exploration and development activities and the timing for such activities, sources and availability of capital, and capital spending levels. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to, the timing of regulatory licenses and approvals, the success of future drilling, completion, recompletion and development activities, the outlook for commodity markets and ability to access capital markets, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the regulatory and legal environment and other risks associated with oil and gas operations. 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 exchange rate fluctuations and general economic conditions. Certain of these risks are set out in more detail in our 2019 MD&A and 2019 Annual Information Form which are available on SEDAR and can be accessed at www.sedar.com. 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)
bbls/d	=	barrels of oil and/or natural gas liquids (condensate) per day
m3/d	=	cubic metre per day
mcf	=	thousand cubic feet
mcfe	=	thousand cubic feet of gas equivalent
mcfpd	=	thousand cubic feet per day
mmboe	=	millions of barrels of oil equivalent
mmbtu	=	million British Thermal Units
mmcf	=	million cubic feet
mmcfpd	=	million cubic feet per day
NGLs	=	natural gas liquids

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