

## Letter to Shareholders

May 7, 2025

Dear Fellow Shareholders:

During 2024 we significantly strengthened our business. We were successful on the redetermination of our working interest in the Caburé Unit, increasing our working interest share of the Unit from 49.2% to 56.2% effective June 1, 2025<sup>1</sup>. We also successfully recompleted our 183-A3 well on our 100% Murucututu field, significantly increasing our productive capacity. Together this contributed to a 65% increase in our proved reserves and a 5% increase in our proved plus probable reserves and allowed us to commit to a 33% increase in firm natural gas sales volumes starting January 1, 2025. While 2024 was impacted by lower natural gas demand from Bahiagás, with our amended gas sales agreement now in effect we saw a 41% increase in sales in Q1 2025 and we continue to realize strong natural gas prices, which increased to US\$11.09/Mcf effective May 1, 2025. We remain committed to our balanced capital allocation and stakeholder return model and following our recent increase in production volumes, we announced an increase in our quarterly dividend up to US\$0.10 per share effective Q1 2025.

### 2024 Financial and Operating Highlights

- Annual sales averaged 1,794 barrels of oil equivalent per day (“boepd”).
- Following the successful completion of the 183-A3 well on our 100% Murucututu field, exit production from the field increased 403% compared to 2023.
- We generated funds flow from operations<sup>2</sup> of US\$33.3 million.
- Our operating netback per barrel of oil equivalent<sup>2</sup> (“boe”) averaged US\$60.99 per boe, an 88% operating netback margin<sup>2</sup> relative to our average realized sales price of US\$69.31 per boe, an industry leading margin compared to peers.
- We had no debt outstanding throughout 2024 and ended the year with a US\$13.2 million net working capital<sup>2</sup> balance, including cash and cash equivalents of US\$21.7 million.
- Alvopetro’s working interest in the unitized area (the “Unit”) which includes two blocks held by Alvopetro and two blocks held by our partner increased to 49.1% to 56.2% effective June 1, 2024<sup>1</sup>. With the increased working interest, operatorship of the Unit transitioned to Alvopetro in the third quarter of 2024.
- After 0.7 MMboe of production in 2024 our proved reserves increased 65% to 4.5 MMboe, representing a 1P production replacement ratio<sup>3</sup> of 372%. Our proved plus probable reserves increased 5% to 9.1 MMboe representing a production replacement ratio<sup>3</sup> of 167%.
- With the increase in reserve volumes, the before tax net present value of our proved reserves<sup>3</sup> (discounted at 10%) increased 53% to US\$177.7 million and up 6% to US\$327.8 million for our proved plus probable reserves<sup>3</sup>.
- We declared dividends of US\$0.36 per share in 2024 bringing our total dividends since commencement in Q3 2021 to December 31, 2024 to US\$1.40 per share.
- In December 2024 we announced an amendment to our long-term gas sales agreement with Bahiagás effective January 1, 2025, increasing Alvopetro’s contracted firm volumes by 33%. The amended gas sales agreement also amended the pricing model and Alvopetro’s natural gas price is now recalculated quarterly (rather than semi-annually) based on Brent oil equivalent prices and Henry Hub natural gas prices.

### The Meeting

The enclosed management information circular contains important details about the meeting, including matters to be voted on and how to vote your shares. The meeting will be held in person and only registered shareholders or their duly appointed proxy holders will be able to vote their shares at the meeting. We encourage any registered shareholders who are unable to

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<sup>1</sup> While both the independent expert (the “Expert”) appointed for the redetermination and the emergency arbitrator found in favour of Alvopetro, the dispute has now proceeded to an arbitral tribunal pursuant to the Rules of Arbitration of the International Chamber of Commerce (“ICC”). See the section entitled “*Forward Looking Statements and Cautionary Language – Arbitration of Alvopetro’s Working Interest*” within this management information circular for additional information.

<sup>2</sup> Refer to the “*Non-GAAP and Other Financial Measures*” section in this management information circular.

<sup>3</sup> Refer to the “*Oil and Natural Gas Advisories*” section in this management information circular.

attend the meeting in person and all beneficial shareholders to vote their shares in advance of the meeting as further outlined in the information circular.

We will also be broadcasting the meeting via live webcast for the interest of all shareholders. Please be advised that shareholders will not be able to vote any shares through this webcast format. Details for joining the event are as follows:

Date: June 18, 2025

Time: 9:30 a.m. Mountain time/11:30 a.m. Eastern Time

Link: <https://us06web.zoom.us/j/89512204386>

Dial-in numbers: <https://us06web.zoom.us/j/89512204386>

Webinar ID: 895 1220 4386

## Looking Ahead

With no debt outstanding and cash and working capital of US\$13.2 million to close out 2024, we are well positioned in 2025 to continue to execute on our growth objectives. To further strengthen our balanced capital allocation and stakeholder return model, on February 5, 2025, we announced a new strategic entry into Canada (the “Farmin”). Under the Farmin we agreed to fund 100% of two earning wells in exchange for a 50% non-operated working interest in 12,243 acres of land focused on the Mannville Stack heavy oil resource in Western Saskatchewan. This is currently one of the leading plays in the Western Canadian Sedimentary Basin with high original oil place reservoirs that are being effectively exploited using open hole multilateral drilling technology. Our objective with the strategic entry into Canada was to expand our inventory of highly prospective opportunities but with a differentiated risk profile. The early results from our first two earning wells in Western Canada demonstrate this vision. Within 45 days of finalizing the Farmin with our partner, we had two well licenses granted, surface access, two well pads constructed and two multilateral wells drilled with a total of over 15 kilometres of open hole reservoir contact. Both wells were on production by early April and both are exceeding our pre-Farmin expectations. We have further expanded our joint Mannville focused land base up to 15,861 acres (7,931 acres net) and are looking forward to drilling up to an additional four (2.0 net) multilateral wells through the rest of 2025.

Since commencing production from our Caburé natural gas field on July 5, 2020 to March 31, 2025, we have generated US\$173 million in funds flow from operations, repaid 100% of the original project financing and have now paid dividends totaling over US\$54 million (US\$1.50/share) to shareholders. With a growing base of production and funds flow and now with high-impact growth opportunities in both Brazil and Canada, we are very excited about our 2025 capital program and our longer-term growth potential.

All of our efforts would not be possible without our employees whose unwavering dedication drives the success of our business. We thank the entire Alvopetro team for their continued efforts in making Alvopetro such a success. We would also like to acknowledge our fellow members of our board of directors for their invaluable strategic insights and ongoing contributions to helping Alvopetro achieve our vision. We also take this opportunity to thank our fellow shareholders for their continued support and we look forward to updating you on our progress throughout 2025.

Sincerely,

*(signed) “Corey C. Ruttan”*

**Corey C. Ruttan**  
President, Chief Executive Officer and Director

*(signed) “John D. Wright”*

**John D. Wright**  
Chairman of the Board of Directors