

Letter to Shareholders

May 3, 2023

Dear Fellow Shareholders:

2022 built from our success in 2021 with another exceptional year for our business. We once again delivered record financial and operating results. With strong commodity prices and record margins, we generated significant cash flows and were able to increase our quarterly dividends in both the first and fourth quarters of 2022 and then again in the first quarter of 2023. We would like to take this opportunity to thank our employees whose continued dedication drives the success of our business and our other members of the board of directors (the “**Board**”) for their strategic input and continued contributions.

2022 Financial and Operating Highlights

- Record annual sales averaged 2,557 barrels of oil equivalent per day (“**boepd**”), an increase of 8% over our 2021 average.
- We generated funds flow from operations¹ of US\$49.9 million, an increase of 102% compared to 2021.
- Our operating netback per barrel of oil equivalent¹ (“**boe**”) averaged US\$59.43 per boe, an 87% operating netback margin¹ relative to our average realized sales price of US\$68.04 per boe, industry leading margins compared to peers.
- Our credit facility was fully repaid and cancelled in September 2022 and we ended the year with a US\$14.7 million net working capital¹ balance, including cash and cash equivalents of US\$19.8 million.
- The before tax value of our proved plus probable reserves² (discounted at 10%) increased by 17% from December 31, 2021 to US\$348.2 million as of December 31, 2022.
- We published our inaugural sustainability report in August 2022, reporting our approach to environment, social and governance (“**ESG**”) practices and our commitment to responsibly supplying energy, minimizing our impact and strengthening our communities and our workforce.
- Since starting our quarterly dividend payments in the third quarter of 2021, we have already returned US\$0.62 per share to shareholders in the form of dividends. With our record cash flows we increased our quarterly dividend payments to US\$0.08/common share (+33%) in March 2022, and again in December 2022 to US\$0.12/common share (+50%). In March 2023, we raised the dividend again to US\$0.14/common share (+17%).

2023 Capital Plan

In 2023 we are focused on growing Alvo Petro through our lower risk development opportunities on our Murucututu natural gas project and our Bom Lugar oil field. We have already completed key infrastructure investments on our Murucututu project and we commenced production from the 183(1) well in late 2022. We are completing the stimulation of our 197(1) well and expect this well to be on production later in the second quarter. We plan to drill an additional two follow-up wells at Murucututu, with one well having up-hole exploration potential. After we complete these initial projects at Murucututu, we are planning a multi-year development based on success. At Bom Lugar, we plan to drill up to two development wells in 2023, targeting the Caruaçu Formation with additional potential in the deeper Gomo and Agua Grande Formations, the first of which was spud on April 30th.

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 this year 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 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.

¹ Refer to the “*Non-GAAP and Other Financial Measures*” section in this management information circular.

² Refer to the “*Oil and Natural Gas Advisories*” section in this management 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 21, 2023

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

Link: <https://us06web.zoom.us/j/83161687257>

Dial-in numbers: <https://us06web.zoom.us/j/83161687257>

Webinar ID: 831 6168 7257

Looking Ahead

Since commencing production from our Caburé natural gas field on July 5, 2020, we have consistently delivered financial and operating results above expectations, generating over US\$82 million in funds flow from operations to December 31, 2022, repaying 100% of the original project financing and returning US\$22 million to shareholders in the form of dividends. With our strong financial resources, we are well positioned to execute on our 2023 capital plan and pursue our multi-year growth objectives. We remain committed to our balanced capital allocation model which is focused on adding shareholder value by delivering strong dividend yields and per-share production and reserve growth.

We would like to thank our fellow shareholders for their continued support and we look forward to updating you on our progress throughout 2023.

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