ALVOPETRO ENERGY LTD.

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2015

DATED APRIL 6, 2016

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DEFINITIONS AND ABBREVIATIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this Annual Information Form. Certain other terms and abbreviations used herein, but not defined herein, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;

"**AIF**" or "**Annual Information Form**" means this annual information form;

"**Alvopetro**" or the "**Corporation**" means Alvopetro Energy Ltd., a corporation existing under the laws of the Province of Alberta;

"**ANP**" means Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, or National Agency of Petroleum, Natural Gas and Biofuels, an agency of the Brazilian government;

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA involving Petrominerales, Pacific Rubiales Energy Corp., Alvopetro and the shareholders of Petrominerales;

"**Board**" or "**Board of Directors**" means the board of directors of Alvopetro as it may be comprised from time to time;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Common Shares**" means the common shares in the capital of Alvopetro;

"**D&M**" means DeGolyer and MacNaughton, a firm of an independent reserves evaluators;

"**D&M Report**" means D&M's independent contingent resource report of Alvopetro's 197(2) conventional natural gas pool located on Blocks 197 and 198 in the Recôncavo Basin onshore Brazil, dated effective June 30, 2015;

"**NI 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"**Petrominerales**" means Petrominerales Ltd.;

"**Shareholders**" means the holders from time to time of Common Shares, collectively or individually, as the context requires;

"**Sproule Report**" means the independent engineering report dated March 22, 2016 and effective December 31, 2015 prepared by Sproule evaluating the oil, NGLs and natural gas reserves attributable to the Corporation;

"**Sproule**" means Sproule International Limited, independent oil and natural gas reservoir engineers;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**TSXV**" means the TSX Venture Exchange; and

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

ABBREVIATIONS AND CONVERSION

In this Annual Information Form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGL	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMBTU	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.293
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.50
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

Other

°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas
BOE/d	barrel of oil equivalent per day
m^3	cubic metres
MBOE	1,000 barrels of oil equivalent
$	Canadian dollars
R$	Brazilian real
US$	U.S. or United States dollars

NON-GAAP MEASURES

This AIF contains the term “netback” which is not defined by the International Financial Reporting Standards (“**IFRS**”) and therefore may not be comparable to performance measures presented by others. In this AIF, "netback" is calculated by deducting royalties and production taxes paid and production costs, including transportation costs, from prices received, excluding the effects of hedging. Management believes that in addition to net income, netbacks are a useful supplemental measure as they assist in the determination of the Corporation's operating performance. Readers should be cautioned, however, that this measure should not be construed as an alternative to both net income and net cash from (used in) operating activities, which are determined in accordance with IFRS, as indicators of the Corporation's performance.

NOTES ON RESERVES DATA AND OTHER OIL AND NATURAL GAS INFORMATION

Caution Respecting Reserves Information

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of the Corporation's natural gas and petroleum reserves does not represent the fair market value of the Corporation's reserves.

Caution Respecting BOE

In this AIF, the abbreviation BOE means barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency conversion ratio of 6 Mcf to 1 BOE, utilizing a conversion ratio of 6 Mcf to 1 BOE may be misleading as an indication of value.**

Definitions

Certain terms used in this AIF in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this AIF, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates as follows:

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities" (which refers to the lowest level at which reserves calculations are performed) and to "reported reserves" (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories as follows:

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Interests in Reserves, Production, Wells and Properties

"**gross**" means: (a) in relation to an issuer's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest.

"**net**" means: (a) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (b) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (c) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

"**working interest**" means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, which interest gives the issuer the right to "work" the property (lease) to explore for, develop, produce and market the leased substances.

Description of Exploration and Development Wells and Costs

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs"); (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (c) dry hole contributions and bottom hole contributions; (d) costs of drilling and equipping exploratory wells; and (e) costs of drilling exploratory type stratigraphic test wells.

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

"**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as: (a) "exploratory type" if not drilled into a proved property; or (b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

FORWARD-LOOKING STATEMENTS

Certain statements or disclosures contained in this Annual Information Form constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form may contain forward-looking statements and information pertaining to the following:

- the performance characteristics of the Corporation's oil and natural gas properties;
- oil and natural gas production levels;
- the size of the oil and natural gas reserves of the Corporation and anticipated future cash flows from such reserves;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- estimated abandonment and reclamation costs;
- the impact of governmental controls and regulations on Alvopetro's operations;
- Alvopetro's competitive advantages and ability to compete successfully;
- Alvopetro's expectations regarding the development and production potential of its properties;
- expectations with respect to the expiration of rights to explore, develop and exploit Alvopetro's properties;
- intentions with respect to compliance with environmental requirements;
- community initiatives and relationships of Alvopetro;
- intentions with respect to the implementation of programs that support an environmental management system and attempts to manage and mitigate the environmental impact of Alvopetro's operations;

- treatment under governmental regulatory regimes and tax and royalty laws; and
- capital expenditure programs, the allocation of such capital and the timing thereof.

With respect to forward looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding:

- oil and natural gas production levels;
- the success of the Corporation's operations and exploration and development activities;
- prevailing weather conditions, commodity prices and exchange rates;
- the availability of labour, services and drilling equipment;
- the availability of capital to fund planned expenditures;
- the timing and amount of capital expenditures;
- compliance with and liabilities under environmental laws and regulations;
- general economic and financial market conditions;
- the ability of the Corporation to secure necessary personnel, equipment and services;
- government regulation in the areas of taxation, royalty rates and environmental protection; and
- the success of exploration and development activities.

The actual results, performance or achievements of the Corporation may differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- volatility in market prices for oil and natural gas;
- volatility in exchange rates;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- inability to secure labour, services or equipment on a timely basis or on favourable terms;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- unfavourable weather conditions;
- the impact of competition;
- failure to obtain required approvals and permits from regulatory authorities;
- impacts relating to general economic conditions in Canada, Brazil, the United States, and global markets;
- failure to obtain industry partners and other third party consents and approvals when required;
- the impact of amendments to applicable tax legislation, including the Tax Act and Brazilian tax legislation on Alvopetro;
- ability to monetize hydrocarbons;
- changes in or the introduction of new government regulations, in particular related to hydraulic fracturing and stimulation, relating to Alvopetro's business;
- the uncertainty of Alvopetro's ability to attract debt or equity capital when necessary;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling, completion and processing challenges;
- ability to manage expiries and other commitments and to successfully obtain extensions or approvals from the ANP as may be needed to manage our assets;
- the outcome of litigation brought against the Corporation or other disputes involving the Corporation;
- changes in legislation, including changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under the heading "Risk Factors".

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements other than as required under applicable securities laws.

ALVOPETRO ENERGY LTD.

Introduction

Alvopetro is a resource company engaged in the exploration for, and the acquisition, development and production of, hydrocarbons onshore Brazil. As of the date of this annual information form, Alvopetro currently carries on the exploration, evaluation and development of hydrocarbons in two mature fields and 14 exploration blocks comprising 140,510 gross acres (130,496 net acres) onshore Brazil.

On December 4, 2013, Alvopetro was listed on the TSXV under the symbol "ALV" and on December 5, 2013, the Common Shares commenced trading.

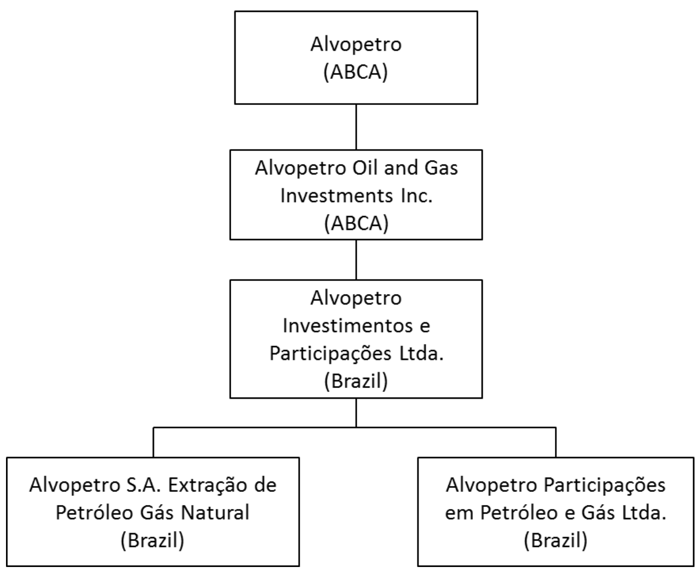
Name, Address and Incorporation

Alvopetro was incorporated under the ABCA on September 25, 2013 as "1774501 Alberta Ltd." On November 19, 2013, Alvopetro amended its articles to change its name to "Alvopetro Energy Ltd." On January 1, 2014 the Corporation amalgamated with 1765823 Alberta Ltd., a wholly-owned subsidiary, by way of articles of amalgamation and continued under the name "Alvopetro Energy Ltd."

The principal business office of Alvopetro is located at Suite 1175, 332 6th Ave. S.W., Calgary, Alberta, T2P 0B2 and the registered office of Alvopetro is located at Suite 4000, 420 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

Intercorporate Relationships

The organizational structure of Alvopetro is as set out below. Alvopetro holds a 100% voting interest, either directly or indirectly, in each of its subsidiaries.



GENERAL DEVELOPMENT OF THE BUSINESS

History

Alvopetro was incorporated under the ABCA on September 25, 2013 as "1774501 Alberta Ltd." for the sole purpose of participating in the Arrangement between Alvopetro, Pacific Rubiales Energy Corp., Petrominerales and the shareholders of Petrominerales. The Arrangement was completed on November 28, 2013. Under the terms of the Arrangement, Pacific Rubiales Energy Corp. acquired all of the outstanding shares of Petrominerales and the then shareholders Petrominerales received, for each share of Petrominerales held, $11.00 in cash and one Common Share. With the closing of the Arrangement, Alvopetro became a standalone resource company holding all of the Brazilian assets owned by Petrominerales prior to closing of the Arrangement.

DESCRIPTION OF THE BUSINESS

Business

As of the date of this annual information form, Alvopetro is engaged in the exploration for, and the acquisition, development and production of, hydrocarbons in the Recôncavo, Tucano and Camamu-Almada basins onshore Brazil. Alvopetro holds interests in two producing fields and 14 exploration blocks comprising 140,510 gross acres (130,496 net acres) onshore Brazil.

Strategy

Alvopetro Energy Ltd.'s vision is to be the premier independent exploration and production company in Brazil, maximizing shareholder value by applying innovation to underexploited opportunities. Our strategy is to focus on three core opportunities including lower risk development drilling on our mature fields, shallow conventional exploration, and the development of the significant hydrocarbon potential present in our deep Gomo tight-gas resource play.

Competitive Conditions

The oil and gas industry is highly competitive. Competition is particularly intense in the acquisition of prospective oil and gas properties and reserves. Alvopetro's competitive position depends on its geological, geophysical and engineering expertise, its financial resources and its ability to efficiently acquire and develop its reserves. Alvopetro competes with a substantial number of other companies having larger technical staffs and greater financial and operational resources.

In Brazil particularly, Petrobras dominates the majority of the industry, including all aspects of oil and gas exploration, development, transportation and sales. Petrobras, and many other companies in Brazil, not only engage in the acquisition, exploration, development and production of oil and gas reserves, but also carry on refining operations and market refined products. Alvopetro competes with Petrobras, other major and independent oil companies, and other industries supplying energy and fuel, in the marketing and sale of oil and gas to transporters, distributors and end users, including industrial, commercial and individual consumers. Due to Petrobras' position in all aspects of Brazil's energy market, Alvopetro may encounter challenges with respect to transporting and marketing crude oil and natural gas. Access to pipelines and other transportation infrastructure may limited or the terms or which such access is provided may not be favourable.

Alvopetro also competes with other oil and gas companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies not previously investing in the oil and gas industry may choose to acquire reserves providing additional competition for Alvopetro. Alvopetro believes it is well positioned to succeed in the current economic climate in which it operates.

Specialized Skill and Knowledge

Exploration for and development of petroleum resources requires specialized skills and knowledge, including in the areas of petroleum engineering, geophysics, and geology. Alvopetro's management team has the required specialized skills and knowledge to carry out Alvopetro's operations.

Cycles

Alvopetro's business is not seasonal, except to the extent that forecast weather may determine the timing of operations and weather delays may affect the speed of completion of operations. Alvopetro's revenues are generally reliant on international commodity prices, which are partially affected by seasonality.

Oil prices vary in line with international prices, for which there have been, in past years, seasonal highs in the summer months (for the U.S. driving season) and in the winter months (for the northern hemisphere heating oil season).

Employees

As of the date hereof, Alvopetro has three officers who are employed by Alvopetro. Alvopetro and its subsidiaries employ 42 employees and 5 consultants, of which 31 employees are based in Brazil. Alvopetro may require additional employees and third party consultants and contractors.

Foreign Operations

All of Alvopetro's operations are in Brazil. International operations are subject to political, economic and other uncertainties, including but not limited to, risk of terrorist activities, revolution, border disputes, expropriation, nationalization of assets by the Brazilian government, renegotiations or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over Alvopetro's international operations. Alvopetro's operations may also be adversely affected by applicable laws and policies of Brazil which could have a negative impact on Alvopetro.

Environment, Health and Safety Policies and Procedures

Alvopetro's main environmental strategies include the preparation of comprehensive environmental impact assessments and assembling project-specific environmental management plans. Alvopetro encourages local community engagement in environmental planning in order to create a positive relationship between our business, our stakeholders and those who are impacted by our business.

Alvopetro is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation. Monitoring and reporting programs for environment, health and safety ("**EH&S**") performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. Alvopetro maintains an active comprehensive integrity monitoring and management program for surface piping, facilities, and storage tanks. Contingency plans are in place for a timely response to an environmental event and abandonment, remediation and reclamation programs are in place and utilized to restore the environment. Alvopetro performs a detailed due diligence review as part of acquisition processes to determine whether the acquired assets are in compliance with regulatory and environmental requirements and assesses any liabilities with respect thereto.

Management of Alvopetro are responsible for reviewing Alvopetro internal control systems in the areas of health, safety and environment and strategies and policies regarding health, safety and the environment, including Alvopetro's emergency response plan. Management of Alvopetro reports to the Board on a quarterly basis with respect to EH&S matters, including: (i) compliance with all applicable laws, regulations policies with respect to EH&S; (ii) emerging trends, issues and regulations related to EH&S that are relevant to Alvopetro; (iii) the findings of any significant report by regulatory agencies, external EH&S consultants or auditors concerning performance in EH&S; (iv) any necessary corrective measures taken to address issues and risks with regards to performance in the areas of EH&S that have been identified by management, external auditors or by regulatory agencies; and (v) the results of any review with management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommissioning of facilities.

Trends in Environmental Regulation

Alvopetro believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue. Alvopetro anticipates increased capital and operating expenditures as a result of increasingly stringent laws relating to the protection of the environment. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, the development or exploration activities, or otherwise adversely affect Alvopetro's financial condition, capital expenditures, results of operations, competitive position or prospects.

An injunction was issued by a Brazilian Federal Court in November 2014, as part of a legal proceeding filed by the Federal Prosecutor's Office against the ANP, the Federal Government and all operators of 12th Bid Round concession contracts, including Alvopetro. This injunction was aimed at preventing the ANP and operators from conducting unconventional operations on blocks acquired in ANP´s 12th Bid Round until further studies are carried out by ANP of the possible environmental impact of drilling of unconventional resources. As a result, Alvopetro filed a successful petition with the Brazilian Federal Court, and as result, in January 2015, the Brazilian Federal Court clarified that Alvopetro could carry out all conventional activities relating to Alvopetro's 12^{th} Bid Round Blocks (Blocks 169, 198, 255 and 256). Alvopetro is continuing its normal course operations on these blocks.

Community Relations

Alvopetro's community relations practices are focussed on ethics and the respect of the rights and interests of all communities, individuals and stakeholders, in a manner consistent with our corporate Vision and Values. Our philosophy is to work to build trust, understanding and positive working relationships based on an open exchange of information to enable informed decision-making between Alvopetro and the communities in which we operate.

PRINCIPAL PROPERTIES

As at December 31, 2015, Alvopetro held interests in two producing fields and 16 exploration blocks comprising 153,330 gross acres (143,316 net acres) onshore Brazil in four hydrocarbon basins: Recôncavo, Tucano, and Camamu-Almada.

On January 12, 2016, we notified the ANP of our intention to relinquish Block 196 in accordance with the associated Brazil 9th Bid Round concession contract. Prior to the relinquishment, Block 196 represented 5,906 acres of Alvopetro's acreage. Our seismic and geotechnical work indicated limited prospectivity on this Block and its relinquishment relieves Alvopetro of our commitment to drill one exploration well on Block 196. Upon relinquishment, Alvopetro paid US$0.8 million to the ANP, being the performance guarantee fee required for the relinquishment. This relinquishment fee had been included in accounts payable and accrued liabilities set forth in Alvopetro's financial statements since December 31, 2014.

Recôncavo Basin

The Recôncavo Basin is a 10,200 square kilometre onshore basin, centred 85 kilometres north of the City of Salvador in northeast Brazil, in the province of Bahia. Oil production in Brazil first began in the Recôncavo Basin in 1939. To date, over 6,600 wells have been drilled in the Basin, with reported cumulative production exceeding 1.5 billion barrels of light oil from 86 fields. Current production is reported to be over 57,000 barrels of oil equivalent per day. The majority of the basin's production comes from the Sergi, Agua Grande, Candeias and Marfim Formations.

Recôncavo Basin - Producing Field - Bom Lugar

Alvopetro's current highest producing asset in the Recôncavo Basin is the mature Bom Lugar field, consisting of 2,238 gross acres, having an average daily production for the year ended December 31, 2015 of 27 bbls/d. The field consists of two producing wells and one active water disposal (injector) well. The field has a production battery which is equipped with testing, water separation and trucking facilities. The battery is connected to the one producing well and the one injection well.

Recôncavo Basin - Exploration Blocks

As at December 31, 2015, the exploration assets in the Recôncavo Basin consist of Blocks 182, 196, 197, 183, 170, 106, 107, 169, 198, 255, 256, 57, 62, 71 and 145.

Blocks 57, 62, 71 and 145 are held by Alvopetro as operator holding a 65% participating interest, with our partner ENGIE holding the 35% remaining participating interest in these blocks. All of the blocks have an initial three year exploratory phase. See "*Principal Properties*."

9th Brazil Bid Round

Block 182 was awarded in the 9^{th} Brazil Bid Round. Work completed to date includes 20.9 km^2 of 3D seismic and 5.9 km of 2D seismic, one exploration well that was drilled to 1,400 metres depth on the boundary of Block 182 and Block 196 in November, 2012 and our 182(B1) well which was drilled to a total measured depth of 2,095 metres in 2015 and is currently on production.

Block 196 was awarded in the 9th Brazil Bid Round. Work completed to date includes 23.5 km2 of 3D and 2.9 km of 2D seismic and one exploration work commitment well which was drilled in November of 2012 on the boundary of Block 182 and Block 196, as discussed above. As noted herein, on January 12, 2016, we notified the ANP of our intention to relinquish Block 196 in accordance with the associated Brazil 9th Bid Round concession contract. Prior to the relinquishment, Block 196 represented 5,906 acres of Alvopetro's acreage.

Block 197 was awarded in the 9th Brazil Bid Round. Alvopetro completed drilling our first well, 197(1), on this block in April, 2014 targeting the Gomo Formation. We completed our second well, 197(2), in December 2014, which is our first conventional natural gas exploration discovery. Prior to 2014, Alvopetro completed 5.9 km^2 of 3D seismic and 122.3 km of 2D seismic. We successfully tested three separate intervals in our 197(2) natural gas discovery. Pressure transient analysis forecasts potential post-stimulation rates with total deliverability of 12.5 MMcfpd (2,089 boepd) average over the first three months of continuous production and 6.9 MMcfpd (1,146 boepd) average over the first year of continuous production.

Block 183 was awarded in the 9th Brazil Bid Round. This Block was acquired through a farm-in agreement with a third party signed in May 2013 for consideration of approximately US$0.6 million. Alvopetro has drilled one well, 183(1), on this block in October 2014. In June 2015, Alvopetro elected to continue to the second exploration phase of this block which extends to June 2017 and requires the Company to drill one additional exploration well.

Block 170 was awarded in the 9th Brazil Bid Round. In early 2016, we drilled an exploration well on this Block in March 2015, fulfilling our exploration work commitments.

As at December 31, 2014, Alvopetro held Blocks 131, 132, 144, and 157 acquired in Brazil's 9th Bid Round, on which we completed an aggregate of 199 square kilometres of 3D seismic and 355 kilometres of 2D seismic. Subsequently, in April 2015, we informed the ANP of our intention to relinquish these Blocks, in accordance with the associated concession contracts. This relinquishment relieved Alvopetro of our commitment to drill an aggregate four exploration wells on these blocks. Alvopetro paid to the ANP the aggregate amount of approximately US$4 million (R$12.2 million) in performance guarantee fees on the relinquishment.

11th Brazil Bid Round

Blocks 106 and 107 were acquired in the 11th Brazil Bid Round in 2013. These Blocks are adjacent to Alvopetro's Bom Lugar oil field.

12th Brazil Bid Round

Blocks 169, 198, 255 and 256 were each awarded to Alvopetro in the 12th Brazil Bid Round in 2013. All four blocks are located in Sector SREC-T4 of the Recôncavo Basin and all four blocks have an initial three year exploratory phase. Alvopetro's first phase work commitment on each block consists of one well on Block 169, one well on Block 198, one well plus the acquisition of 20 kilometres of 2D seismic for Block 255 and the acquisition of 27 kilometres 2D seismic for Block 256.

An injunction was issued by a Brazilian Federal Court in November 2014, as part of a legal proceeding filed by the Federal Prosecutor's Office against the ANP, the Federal Government and all operators of 12th Brazil Bid Round concession contracts, including Alvopetro. This injunction was aimed at preventing the ANP and operators from conducting unconventional operations on blocks acquired in ANP´s 12th Brazil Bid Round until further studies are carried out by ANP of the possible environmental impact of drilling of unconventional resources. As a result, Alvopetro filed a successful petition with the Brazilian Federal Court, and as result, in January 2015, the Brazilian Federal Court clarified that Alvopetro could carry out all conventional activities relating to Alvopetro's 12th Bid Round Blocks (Blocks 169, 198, 255 and 256). Alvopetro is continuing its normal course operations on these blocks.

13th Brazil Bid Round

Following Brazil's 13th Bid Round administered by the ANP, Alvopetro was the successful bidder on 4 blocks in partnership with ENGIE (GDF SUEZ E&P Brasil Participações Limitada). Alvopetro will operate all of the blocks and have a 65% participating interest, with ENGIE holding the 35% remaining participating interest. All of the blocks have an initial three year exploratory phase.

Block	Gross Acres	Alvopetro Share of Bid Bonus (R$)	Work Commitment (EWU)1	Work Commitment
REC-T-57	7,752	117,273	303	30 km of 2D Seismic
REC-T-62	7,715	124,961	303	30 km of 2D Seismic
REC-T-71	5,409	109,600	207	21 km of 2D Seismic
REC-T-145	7,734	111,298	303	30 km of 2D Seismic

[1] Exploration Work Units (EWU) can be satisfied by; acquiring 2D seismic (1 km of 2D seismic = 10.04 EWU), acquiring 3D seismic (1 square km of 3D seismic = 28.889 EWU), or drilling a well (1 well = 1,000 EWU).

Tucano Basin – *Exploration Block*

The Tucano Basin, also in the state of Bahia, extends north and west of, and shares the same depositional history and stratigraphy as the Recôncavo Basin. The Tucano Basin is separated from the Recôncavo Basin by the Aporá high, where the sedimentary cover thins significantly or disappears entirely. Alvopetro's interest in this basin is Block 177, a 46,505 acre block located on the southern edge of the Tucano Basin. Block T-177 was acquired by Alvopetro in the 11th Brazil Bid Round of 2013. Block 177 is in the up dip position in the Tucano Basin adjacent to the Recôncavo Basin.

Camamu-Almada Basin - *Producing Field - Jiribatuba*

The 22,900 square kilometre Camamu-Almada Basin is located in the southern portion of the coast of Bahia State approximately 30 kilometres west-south-west of the city of Salvador. The basin is separated to the north from the Recôncavo Basin by the Itapoã and Barra transfer zone. The main reservoir unit are sandstones of the Morro do Barro formation which is also the mature source rock. Oil and gas has also been discovered in the Sergi and Rio de Contas formations. The Jiribatuba Field is within the Camamu-Almada Basin, which is located in the southern portion of Bahia State and consists of two sub-basins separated by the Itacare High. Four tectono-stratigraphic cycles can be distinguished in the Camamu-Almada Basin. The hydrocarbon accumulations are associated with the Morrodo Barro-Sergi play, where structural traps occur within the pre- and syn-rift sedimentary section. Hydrocarbon generation started during the rift cycle, but the presence of a thick section of low permeability shales above the source rocks favoured downward migration into pre-rift Sergi sandstones (Gonçalves et al., 1998, 2000).

Alvopetro holds an interest in the Camamu-Almada Basin in the Jiribatuba mature field of 563 gross acres. The Jiribatuba mature field produces from the Sergi formation, which consists of one producing well, one shut-in well and one active water disposal (injector) well. The producing well and injector are flow line connected to a production battery which is equipped with testing, water separation and trucking facilities. Average daily production at our Jiribatuba field for the month of December 31, 2015 was 11 bbls/d, and average daily production for the year ended December 31, 2015 was 6 bbls/d due to the well being shut in from May to October 2015.

Sergipe-Alagoas – Disposition of Aracaju Mature Field

On October 1, 2015, we sold our Aracaju field, eliminating all associated obligations with respect to this mature field, which we viewed as having limited prospectivity. The Aracaju field was not included in any of our independent reserves or resource reports and the carrying amount of this field had been fully impaired. The agreement has an effective date of October 1, 2015 and will close on the date Brazil's National Agency of Petroleum, Natural Gas and Biofuels ("NP) approves the transfer.

STATEMENT OF RESERVES DATA

In accordance with NI 51-101, Alvopetro engaged Sproule to prepare the Sproule Report. The Sproule Report evaluated the oil reserves attributable to Alvopetro's Block 182, Bom Lugar and Jiribatuba properties as at December 31, 2015. The Sproule Report is dated March 22, 2016.

Supplemental disclosure of Alvopetro's contingent resources data, prepared by D&M, has been included as Appendix A to this annual information Form. The D&M Report on contingent resources data in Form 51-101F2 and the report of management and directors on oil and gas disclosure in Form 51-101F3 are attached to this annual information form as appendices.

The Sproule Report was only an evaluation of our Block 182, Bom Lugar and Jiribatuba properties, and did not include an evaluation of our other exploration blocks or our Block 183 and 197 discoveries.

The tables below are a summary of the oil reserves attributable to the properties of the Corporation and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, well abandonment and reclamation costs for only those wells assigned reserves and material dedicated gathering systems and facilities. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

The Sproule Report is based on certain factual data supplied by the Corporation and Sproule's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to Sproule. Sproule accepted this data as presented and neither title searches nor field inspections were conducted.

Disclosure of Reserves Data

Summary of Oil and Gas Reserves – Forecast Prices and Costs

	Light, Medium and Shale Oil Company Gross	**Light, Medium and Shale Oil** Company Net
	(Mstb)	(Mstb)
Proved		
Proved Developed Producing	23	21
Total Proved	**23**	**21**
Probable	718	674
Total Proved plus Probable	**741**	**695**

Summary of Before Tax Net Present Value of Future Net Revenue - MUS$ (1), (2), (3), (4), (5)

	Undiscounted	**5%**	**10%**	**15%**	**20%**
Proved					
Proved Developed Producing	-125	-107	-92	-81	-72
Total Proved	**-125**	**-107**	**-92**	**-81**	**-72**
Probable	20,253	13,790	9,586	6,718	4,682
Total Proved plus Probable	**20,128**	**13,684**	**9,494**	**6,637**	**4,610**

Summary of After Tax Net Present Value of Future Net Revenue – MUS$ (1), (2), (3), (4), (5) (6)

	Undiscounted	5%	10%	15%	20%
Proved					
Proved Developed Producing	-125	-107	-92	-81	-72
Total Proved	**-125**	**-107**	**-92**	**-81**	**-72**
Probable	17,149	11,504	7,835	5,334	3,562
Total Proved plus Probable	**17,024**	**11,397**	**7,743**	**5,254**	**3,491**

Notes:

(1) The tables above are a summary of the reserves of Alvopetro and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

(2) Company Gross reserves means the total working interest share of remaining recoverable reserves owned by Alvopetro before deductions of royalties payable to others and without including any royalty interests owned by Alvopetro.

(3) Based on Sproule's December 31, 2015 escalated price forecast.

(4) The net present value of future net revenue attributable to Alvopetro's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment and reclamation costs for only those wells with assigned reserves and material, dedicated gathering systems and facilities. The net present values of future net revenue attributable to the Alvopetro's reserves estimated by Sproule do not represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

(5) MUS$ = 000's of U.S. dollars.

(6) Mstb = thousand stock tank barrels.

Summary of Before Tax Net Present Value of Future Net Revenue on a Unit Basis

	Unit Value Before Income Tax Discounted at 10%(1) (US$/BOE)
Proved	
Proved Developed Producing	(4.38)
Total Proved	**(4.38)**
Total Probable	**14.22**
Total Proved Plus Probable	**13.66**

(1) Unit values are based on net reserve numbers. Net oil reserve volumes include solution gas and associated by-products, net gas reserve volumes include associated by-products.

Net Present Value of Future Net Revenue– Forecast Prices and Costs

	Future Net Revenue Before Income Taxes Discounted at 10%(1) (MUS$)	Per Unit Future Net Revenue Before Income Taxes Discounted at 10%(2) (MUS$/BOE)
Proved		
Light and Medium Crude Oil(1)	(92)	(4.38)
Proved plus Probable		
Light and Medium Crude Oil(1)	9,494	13.66

Notes:

(1) Based on net reserves volumes.

(2) BOE Equivalent 6 Mcf = 1 BOE.

Total Future Net Revenue (Undiscounted) – Forecast Prices and Costs

(Undiscounted)	Revenue (MUS$)	Royalties And Other Burdens (MUS$)	Operating Costs (MUS$)	Develop-ment Costs (MUS$)	Well Abandon-ment and Other Costs (MUS$)	Future Net Revenue Before Income Taxes (MUS$)	Future Income Taxes (MUS$)	Future Net Revenue After Income Taxes (MUS$)

(Undiscounted)	Revenue (MUS$)	Royalties And Other Burdens (MUS$)	Operating Costs (MUS$)	Develop-ment Costs (MUS$)	Well Abandon-ment and Other Costs (MUS$)	Future Net Revenue Before Income Taxes (MUS$)	Future Income Taxes (MUS$)	Future Net Revenue After Income Taxes (MUS$)
Total Proved	1,150	69	1,066	0	139	(125)	0	(125)
Total Proved plus Probable	52,415	5,978	16,449	9,322	538	20,128	3,104	17,024

Pricing Assumptions – Forecast Prices and Costs

Sproule employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2014 in the Sproule Report in estimating reserves data using forecast prices and costs.

Year	Sproule Forecast UK Brent Oil @ 38° API (US$/Bbl)	Operating Cost Inflation (%/Yr)*	Capital Cost Inflation (%/Yr)*	Exchange rate ($US/$)
2015 (Actual)	53.64	1.4	(19.7)	0.783
2016	45.00	0	0	0.750
2017	60.00	0	4.0	0.800
2018	70.00	1.5	4.0	0.830
2019	80.00	1.5	4.0	0.850
2020	81.20	1.5	1.5	0.850
2021	82.42	1.5	1.5	0.850
2022	83.65	1.5	1.5	0.850
2023	84.91	1.5	1.5	0.850
2024	86.18	1.5	1.5	0.850
2025	87.48	1.5	1.5	0.850
2026	88.79	1.5	1.5	0.850

**Escalated at a rate of 1.5% per year thereafter.*

Sproule's oil price forecast in effect on December 31, 2015 for Brent crude formed the basis for the prices used in its evaluation of the Corporation's reserves. For 2015, for the Bom Lugar Field, a negative price offset of US$14.33 per barrel was applied to the Brent crude oil price forecast based on the oil sales contract that is in place, with the discount reduced by a gross up for certain taxes of approximately 9.25 percent of the sales price. For Jiribatuba production, a five percent discount from the Brent crude price forecast was applied based on the oil sales contract in place. For Block 182, a ten percent discount from the Brent crude price forecast was applied based on the oil sales contract in place. Weighted Average Historical Price (Brent) of US$53.64/Bbl was used for the year December 31, 2015. The December 31, 2015 exchange rate of 3.96 R$/US$ was used in the reserves evaluation.

Reconciliation of Changes in Reserves

The following table summarized the changes in Gross Reserves from December 31, 2014 to December 31, 2015.

	Gross Proved (Mstb)	Gross Probable (Mstb)	Gross Proved Plus Probable (Mstb)
December 31, 2014	**33.0**	**710.0**	**742.0**
Technical Revisions	(2.9)	(53.7)	(55.6)
Discoveries	0.0	59.7	59.7
Economic Factors	6.0	2.0	8.0
Production	(13.1)	0.0	(13.1)
December 31, 2015	**23.0**	**718.0**	**741.0**

Notes:
(1) Gross Reserves means the Company's working interest reserves before calculation of royalties.
(2) Based on the Sproule price forecast effective December 31, 2015.

Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to our assets:

	Light and Medium Oil, Bbls	
	First Attributed Gross	Booked Gross
Proved Undeveloped		
December 31, 2015	-	-
December 31, 2014	-	-
December 31, 2013	-	-
Probable Undeveloped		
December 31, 2015	-	628,540
December 31, 2014	-	647,600
December 31, 2013		649,450

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change or additional data becomes available, reserve estimates can change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential process. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs

The table below sets out the total development costs deducted in the estimation in the Sproule Report of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs). Total development costs include capital costs for drilling, facilities, abandonment and reclamation.

	Forecast Prices and Costs	
MUS$[(1)]	**Proved Reserves**	**Proved Plus Probable Reserves**
2016	-	430
2017	-	8,892
2018	-	-
2019	139	-
2020	-	97
Remaining Years	-	441
Total Undiscounted	**139**	**9,860**

Notes:
(1) MUS$ = 000's of U.S. dollars.

Alvopetro will have numerous sources of funding available to finance future development costs, including cash on hand, internally generated cash flow from operations, debt financing and equity financing. Alvopetro expects to fund short and medium term development primarily through its existing cash resources, but may rely, to some extent, on project financing, debt financing or equity financing by issuing additional shares depending on prevailing commodity prices, market conditions, the desirability of accelerating Alvopetro's capital expenditure program and the availability of financing on favourable terms. The cost of the potential debt component for funding future development costs is expected to be minimal and to not materially impact the disclosed reserves or future net revenue.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table summarizes Alvopetro's wells as at December 31, 2015, which are shut-in or are producing, or which Alvopetro considers to be capable of production, and all of which are located onshore:

	Producing	Shut-in
Brazil		
Oil	3	4
Total	**3**	**4**

Properties with no Attributed Reserves

Effective December 31, 2015, Alvopetro had 153,330 gross and 143,316 net acres of unproved properties (exploration blocks) in Brazil. See updated acreage position as at the date of this annual information form as set forth in "Principal Properties". None of Alvopetro's rights to explore, develop or exploit will, absent further action, expire within one year, as of December 31, 2015, subject to current suspensions and extensions for certain phase commitments as more particularly described in the "Exploration Block Commitments" table below.

For a description of Alvopetro's contingent resources, including a discussion of the contingencies which prevent the Corporation's contingent resources from being classified as reserves, see Appendix A to this annual information form. See also "Risk Factors" in this annual information form.

Exploration Block Activities

The chart below sets forth Alvopetro's minimum activities with respect to its exploration blocks (unproved properties) in Brazil as of the date of this annual information form.

Block	Gross Acres	Working Interest	Bid Round Acquired	Current Phase Expiry	Current Phase Activity (Note 1)
182	5,239	100%	9th Bid Round (2007)	October 31, 2016 (Note 2)	1 exploration well
170	6,914	100%	Farm in – 9th Bid Round (2007)	March 26, 2016 (Note 3)	1 exploration well
183	7,740	100%	Farm in – 9th Bid Round (2007)	June 11, 2017	1 exploration well
197	5,807	100%	9th Bid Round (2007)	January 31, 2018 (Note 3)	Testing of the 197(2) well and additional analysis of the 197(1) well.
106	7,759	100%	11th Bid round (2013)	August 29, 2016	11 km^2 of 3D seismic
107	7,561	100%	11th Bid round (2013)	August 29, 2016	2 exploration wells
T-177	46,505	100%	11th Bid round (2013)	August 29, 2016	1 exploration well and 31 km^2 of 3D seismic
169	5,280	100%	12th Bid round (2013)	May 15, 2017	1 exploration well
198	7,739	100%	12th Bid round (2013)	May 15, 2017	1 exploration well
255	7,734	100%	12th Bid round (2013)	May 15, 2017	1 exploration well and 20 km 2D seismic
256	7,734	100%	12th Bid round (2013)	May 15, 2017	27 km 2D Seismic
57	7,752	65%	13th Bid round (2015)	January 24, 2019	30 km of 2D Seismic
62	7,715	65%	13th Bid round (2015)	January 24, 2019	30 km of 2D Seismic
71	5,409	65%	13th Bid Round (2015)	January 24, 2019	21 km of 2D seismic
145	7,734	65%	13th Bid Round (2015)	January 24, 2019	30 km of 2D Seismic

(1) The Current Phase Activity represents the minimum work to be carried out under the terms of the existing exploration phase of the concession contract. The above seismic activities may be satisfied with exploration wells at the Company's discretion and as authorized by the ANP. At December 31, 2015, the Company held Block 196, acquired in the 9th Brazil Bid Round. In early 2016 Alvopetro relinquished this block and paid to the ANP the related performance guarantee fee of $0.8 million. This block is no longer held by Alvopetro and has been excluded from the table above.

(2) A Discovery Evaluation Plan ("PAD") was approved by the ANP on December 28, 2015. The PAD includes plans to drill one well prior to October 31, 2016. The PAD may be extended to August 31, 2018 if a second exploration well is drilled.

(3) Alvopetro commenced drilling the 170(B1) well in early 2016 in satisfaction of the above commitment. On March 17, 2016, the Company announced plans to abandon the well.

(4) The PAD for Block 197 was approved in May, 2015. The PAD, which is valid until January 31, 2018, includes plans to test the 197(2) well (which was completed in the three months ending June 30, 2015) and perform additional analysis of our 197(1) well.

Additional Information Concerning Abandonment and Reclamation Costs

Abandonment and reclamation costs were included in the Sproule report at the property level for all future wells with undeveloped reserves assigned and additional material, dedicated gathering systems and facilities required to enable production of these future wells. Abandonment and reclamation costs for existing wells with developed reserves assigned and existing material, dedicated gathering systems and facilities have been prepared by the Company and included in the Sproule report at the property level.

The estimated costs used to calculate total future net revenue from proved plus probable reserves in the Sproule Report include abandonment and reclamation costs associated with existing and future wells with reserves assigned and material, dedicated gathering systems and facilities required to enable production of these wells, but do not include abandonment and reclamation costs for existing wells with no assigned reserves which are included and set forth in the financial statements of Alvopetro. Both Alvopetro's estimated abandonment and reclamation costs and the amounts used to calculate total future net revenue from proved plus probable reserves are $0.5 million.

Of the expected total reserve abandonment and reclamation costs, net estimated salvage value, included in the Sproule Report for the proved plus probable reserves category is US$538,000 undiscounted, of which nil is estimated to be incurred in 2016, 2017, 2018 and 2019.

Using the exchange rate at December 31, 2015, well abandonment and reclamation costs estimated by the Company range from $20,000 to $67,000 per well and facility abandonment and reclamation costs are approximately $47,000.

Costs Incurred

The following table summarizes capital expenditures and including capitalized general and administrative expenses related to Alvopetro's activities for the year ended December 31, 2015:

	Year ended December 31, 2015 (US$)
Property Acquisition Costs	-
Proved Properties	-
Unproved Properties	
Exploration Costs	11,316
Development Costs	886
Total	12,202

Exploration and Development Activities

During the year ended December 31, 2015, the Corporation tested our 197(2) well and drilled and tested our (182(B1) well. Our 170(B1) well was drilled in the first quarter of 2016.

Production Estimates

The following table discloses, for each product type, the total volume of production estimated by Sproule in the Sproule Report in the estimates of future net revenue from gross proved and gross proved plus probable reserves disclosed above for 2016.

	Light and Medium Crude Oil (Bbls/d)	**%**
Bom Lugar	21	29%
Jiribatuba	-	-
Total Proved	**21**	**29%**
Bom Lugar	2	3%
Jiribatuba	-	-
Block 182	50	68%
Total Proved Plus Probable	**73**	**100%**

Production History

The following tables disclose, on a quarterly basis for the year ended December 31, 2015, information in respect of production, product prices received, royalties paid, operating expenses and resulting netback.

Average Daily Production Volume, Prices Received, Royalties Paid, Production Costs and Netback – Crude Oil:

	Three Months Ended			
	Mar. 31, 2015	Jun. 30, 2015	Sept. 30, 2015	Dec.31, 2015
Light and Medium Crude Oil (Bbls/d)	42	32	27	35
Sales price (US$ per Bbl)	45.51	52.14	38.52	36.30
Transportation (US$ per Bbl)	(4.23)	(1.74)	(3.18)	(2.50)
Net realized price (US$ per Bbl)	41.28	50.40	35.34	33.80
Royalties and Production Taxes (US$ per Bbl)	(3.97)	(2.09)	(2.78)	(3.13)
Production Expense (US$ per Bbl)	(65.63)	(91.76)	(71.49)	(56.32)
Operating Netback (US$ per Bbl)(1)	**(28.32)**	**(43.45)**	**(38.93)**	**(25.65)**

Notes:
(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

INDUSTRY CONDITIONS

Brazil

Brazil, located on the east coast of South America, is a federal republic characterized by its large and growing domestic market, diversified economy and world class oil industry. Brazil has a population of 200 million people, and is the world's seventh largest economy with a history of political, and regulatory stability. Brazil has proven oil reserves of approximately 15.3 billion Bbls and proven gas reserves of approximately 459.3 billion m^3 (as of 2012 as reported by the ANP in July 2013) as a result of world-class exploration success and a regulatory framework that allows for private investment. In 2011, Brazil was a net importer of oil as a result of increased energy consumption in recent years. As a result, increasing domestic oil production has been a long-term goal of the Brazilian government.

Exploration in Brazil began in the 1930s and the first commercial discovery was made in 1939 in the Recôncavo Basin in the Province of Bahia. However, production output did not experience substantial growth until the late 1970s when the state oil company, Petróleo Brasileiro SA ("**Petrobras**") extended its operations offshore. In the Campos Basin, offshore Brazil, a series of giant deep-water discoveries were made in the 1980s and 1990s. The discovery of the "pre-salt" reserves (a group of reservoirs older than the salt layer) in the Santos Basin followed those in the Campos Basin, and have become the focal point of current hydrocarbon development in Brazil. The pre-salt discoveries are credited with being the potential catalyst for making Brazil an increasingly important oil exporter. However, there are also other opportunities that extend beyond the shallow and deep waters' conventional potential, including the mature coastal basins that have yet to undergo next generation exploration and development methodologies. The onshore basin opportunities include new exploration models for additional trapping opportunities, unconventional or tight oil plays and enhanced recovery methods in existing oil pools.

Brazil - Hydrocarbon Law & Concessions Regime

Until 1995, Brazilian oil and gas activities were monopolized by state-owned Petrobras. Constitutional Amendment No. 09 (1995) adjusted this monopoly by allowing that the Brazilian government could contract with state-owned and private companies to conduct many oil and gas activities. Today, state-owned or private company participation in these oil activities is regulated in large part by Federal Law No. 9,478 (1997) (the "**Petroleum Law**"). Under the "concession" regime regulated by the Petroleum Law, the ANP has conducted 12 bidding rounds to grant concession contracts ("**Concession Contract**") for onshore and offshore petroleum exploration and production blocks to concessionaries, and to grant production contracts.

In addition to the existing concession regime, newer Brazilian laws have confirmed a "production sharing contract" to be applied for future licensing of the defined pre-salt area and certain other areas to be deemed strategic by the government.

The primary regulatory agencies charged with regulating oil and gas activities in Brazil are:

(a) the Conselho Nacional de Política Energética, or National Council of Energy Policy, an agency of the Brazilian government, having the main purposes of fostering rational use of Brazil's energy resources, ensuring proper functioning of the national fuels inventories system, reviewing energy matrixes for different regions of Brazil, and establishing guidelines; and

(b) the ANP, being the national regulator of the oil, gas and biofuels industries, is generally charged with regulating, contracting and supervising activities related to oil and natural gas, and establishing technical standards for various related activities.

In addition to this regulatory framework, environmental regulations are applicable and some licences are required for the performance of oil and gas activities. Government environmental agencies are responsible for issuing such licences and federal or state rules may apply depending on the activity to be carried out. As mentioned above, there are two different regulatory frameworks for the granting of exploration and production rights in Brazil: the concession regime and the production sharing contract regime. The exploration and production rights to be held by Alvopetro fall under the concession regime.

Under the concession regime, oil and gas blocks are awarded by means of bidding rounds carried out by the ANP. The ANP has the authority to define which oil and gas blocks shall be tendered and to release general terms and conditions comprised in the tender documents. Such tender documents establish all technical, financial and legal documents and requirements that the would be concessionaire must present or satisfy in order to be qualified to participate in the bidding round under various categories of participation. The ANP's bid evaluation criteria are signature bonus, minimum exploration program, and local content. Federal, state and local governments are recompensed through "government takes", which are defined as all payments to be made by a concessionaire as a result of the activities of exploration and production of oil and natural gas. Government takes consist of:

- Signature Bonus: a lump-sum payable in a single instalment upon execution of the concession agreement;
- Royalties: financial compensation to be paid monthly by the concessionaries;
- Special Participation: extraordinary financial compensation payable in the event that high volumes of oil or natural gas are produced or a certain field otherwise enjoys high profitability; and
- Payment for area occupation or retention: consists of a yearly sum to be paid for the occupation or retention of oil prospecting areas. ANP sets the amounts to be paid in the bidding documents and concession agreements, but there are minimum and maximum standards established by law.

There is no restriction on direct or indirect foreign participation in exploration and production rights, provided that the foreign investor incorporates a company under the Brazilian law with head office and management in Brazil and complies with all technical, legal and financial requirements established by the ANP. No preference rule is established.

Operations are generally divided into two phases: exploration and production. The exploration phase can be 5 years for mature blocks or 8 years for frontier blocks. The exploration terms are outlined in each bid round instruction and for Alvopetro's blocks are 5 years, consisting of two phases of three and two years. The minimum exploration program of the first exploration phase is the work program bid to win the block, and for the second phase the minimum work program is one exploration well.

In the case of a discovery in the exploration phase, the company must notify ANP and, to assess the discovery, submit a "Discovery Assessment" that includes a specific request for a long-term production test, if required. Once the assessment is complete, the company submits a "Final Discovery Assessment Report" and then can declare "Commerciality". A Development

Plan would then need to be submitted to the ANP within 6 months following commercial declaration. Once the ANP has accepted and approved the development plan (within 6 months of submission by the operator), the operator is granted the area for production purposes with the remaining land returned to the ANP. The development and production phase is for 27 years after the declaration of commerciality.

Local Content

All Concession Contracts have local content requirements, which are determined during the bidding process for each block and assessed at end of the expiry phase of each bock. If the committed level of local content is not met, the operator will be fined. Fines can be levied at the category or subcategory level. Companies have to submit local content details as part of a regular quarterly report to the ANP. For the Concession Contracts held by Alvopetro, the local content requirement ranges between 70% to 85%, depending on the phase and the contract.

Brazil – Royalties and Production Taxes

Royalties are chargeable on oil and gas production. The basic royalty payable under the Petroleum Law is 10%. This rate can be varied to a lower rate at the discretion of the ANP, but cannot be reduced below 5%. Reduced rates have occasionally been set during the initial licensing process. All of the Concession Contracts held by Alvopetro are subject to a base 10% royalty and all of the producing fields held by Alvopetro are subject to a base 5% royalty.

Royalties payable by the Company include Brazil's Social Assistance Contribution ("COFINS") and Social Integration Program ("PIS") paid on revenues. COFINS and PIS represent social contribution taxes.

In addition, landowners are entitled to a percentage of the production from their lands, which may vary from 0.5% to 1%, to be defined by the ANP according to the Petroleum Law. All of the Concession Contracts held by Alvopetro are subject to a 1% landowner royalty and all the producing fields held by Alvopetro are subject to a 0.5% landowner royalty.

Certain previous shareholders of Alvopetro are entitled to a gross-overriding royalty on Block 182, Block 196 and Block 197. This gross-overriding royalty is 2.5% on gross revenues for these blocks, less Government royalties and taxes on revenue. Block 170 is subject to a gross-overriding royalty of 5% from a previous owner.

Special Participation

The special participation, set forth in Item III, Article 45 of Brazil's Law 9,478, of 1997, constitutes an extraordinary financial compensation owed by concessionaires of exploration and production of crude oil and natural gas, like Alvopetro, in the case of a large volume of production or high earnings, in accordance with the criteria established in this decree, and shall be paid in regard to each field of a determined concession area, from the quarter-year in which the respective start-up production date occurs.

The thresholds and rates set out below apply to the blocks. Production up to these thresholds is exempt from the special participation.

	M^3/Quarter	**Bbls/D**	**Special Participation**
Year 1	450,000	31,450	(RLP – RLP*450/VPF)*SP%
Year 2	350,000	24,461	(RLP – RLP*350/VPF)*SP%
Year 3	250,000	17,472	(RLP – RLP*250/VPF)*SP%
Year 4 and thereafter	150,000	10,483	(RLP – RLP*150/VPF)*SP%

Where:
(1) RLP is Net profit per quarter
(2) VPF is production per quarter, measured in thousands of cubic metres of equivalent oil for each field
(3) SP% is the applicable special participation rate between 10% and 40% depending on the quarterly production volume, increasing at higher levels of production.

The net profit corresponding to each field of a given concession area equals the gross revenue of the production deducting the corresponding amount of the royalties, exploration investments, operational costs, depreciation and taxes directly related to the field operations, that have been actually disbursed during the concession agreement term, until it is assessed, and which have been determined according to the ANP rules, all divided by the volume of production produced. For the purposes of the calculations described under this “Special Participation” section, all amounts are computed in R$.

When the net profit of a determined field is negative, it may be offset against the calculation of the special participation owed for that same field, for the following quarters.

In case of fields which extend over two or more concession areas, the assessment of the special participation shall be based on the net profit and the total production volume of the fields.

Brazil - Taxes

The statutory tax rate applicable to corporate income is 34%. This is comprised of a basic 15% corporate income tax, plus 10% surtax and 9% social contribution on net profit tax. Brazilian companies may elect to compute corporate taxes under the presumed profit system provided total revenues from the immediately preceding year were less than R$72 million and certain other conditions have been met. Presumed profit is computed by applying a certain predetermined percentage to gross revenues, resulting in an inherent tax rate of approximately 3.0% on gross revenues. Prior to 2015 the Company elected to compute Brazil corporate taxes under the presumed profit regime and for the 2015 taxation year, the Company elected to transition to the actual tax regime. Losses realized for tax purposes within Brazil while under the presumed profit regime do not carry-forward. Under the actual profit system, is the statutory tax rate of 34% applies and tax losses may be carried forward indefinitely; however, any utilization of losses in a subsequent taxation year is limited to 30% of the taxable income in that period. As the Company is currently in an overall loss position, no current tax expense is realized in the 2015 taxation year.

There are also a number of other taxes and social contributions that are levied by federal, state and municipal authorities in Brazil on tangible and intangible investments made in connection with oil and gas projects. The two main forms of such levies are value-added (sales) taxes and import duties. The actual application of these levies is project and location specific**.**

RISK FACTORS

An investment in Alvopetro should be considered highly speculative due to the nature of its activities and the stage of its development. Investors should carefully consider the following risk factors:

Commodity Price Fluctuations

Commodity prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Alvopetro’s net production revenue and overall value and could result in impairment. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Alvopetro’s reserves. Alvopetro might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Alvopetro’s net production revenue causing a reduction in its acquisition and development activities. A substantial material decline in prices from historical average prices could reduce Alvopetro’s ability to borrow funds.

Brazil Regulatory Risk Relating to Unconventional Activities and Hydraulic Fracturing

The expanded use of hydraulic fracturing as a recovery technique employed in oil and natural gas drilling has given rise to increased public scrutiny of its environmental aspects, particularly with respect to its potential impact on local aquifers. Alvopetro may utilize hydraulic fracturing in the wells it drills and completes. Alvopetro believes that the hydraulic fracturing that we may conduct, given the depth and location of the wells and our consistent utilization of good oilfield practices, will be environmentally sound in general and would not give rise to concerns raised respecting local aquifers. Alvopetro anticipates that there will be a trend towards changing and increased regulatory requirements concerning hydraulic fracturing in the future, in Brazil and internationally. Changes to, and the increase of, regulatory requirements may impact our business.

Early Stage of Exploration and Development Activities

The business of Alvopetro should be considered speculative due to its present stage of development. There can be no assurance that Alvopetro will be able to generate and sustain revenue or net income in the future. The long-term commercial success of Alvopetro depends on its ability to find, acquire, develop and commercially produce petroleum reserves. To date, the activities relating to the majority of Alvopetro's assets have been exploratory only, which increases the degree of risk substantially as compared to projects in the production stage. The value of Alvopetro's assets will be dependent on discovering hydrocarbon deposits with commercial potential, and Alvopetro will have nominal earnings to support it should its properties prove not to be commercially viable.

The exploration and development of hydrocarbons involve a number of uncertainties that even thorough evaluation, experience and knowledge of the industry cannot eliminate. Alvopetro's exploration and possible development activities in Alvopetro's properties will depend in part on the evaluation of data obtained through geophysical testing and geological analysis. The results of such studies and tests are often subject to varying interpretations and no assurance can be given that such activities will produce hydrocarbons in commercial quantities. The exploration, evaluation and development activities that will be undertaken by Alvopetro are subject to greater risks than those normally associated with the acquisition and ownership of producing properties. Alvopetro's properties may fail to produce hydrocarbons in commercial quantities.

It is impossible to guarantee that the exploration programs on Alvopetro's properties will generate economically recoverable reserves. The commercial viability of a new hydrocarbon pool is dependent upon a number of factors which are inherent to reserves, such as hydrocarbon composition, associated non-hydrocarbon fluids and proximity of infrastructure, as well as crude oil prices which are subject to considerable volatility, regulatory issues such as price regulation, taxes, royalties, land tax, import and export of crude oil, and environmental protection issues. The individual impact generated by these factors cannot be predicted with any certainty but, when combined, may result in non-economical reserves. Alvopetro will remain subject to normal risks inherent to the crude oil industry such as unusual and unexpected geological changes in the parameters and variables of the petroleum system and operations.

Future exploration for hydrocarbons may involve unprofitable efforts. Environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect production. These conditions include delays in obtaining governmental approvals or consents, insufficient storage, transportation or processing capacity or other geological and mechanical conditions.

Alvopetro will be vulnerable to market prices and fixed costs, including costs associated with project development, exploration and delineation activities, operations, leases, labour costs and depreciation. If actual operating expenses are higher than estimated, Alvopetro's profit margin will be lower than expected and Alvopetro's business and results of operations may be adversely affected.

Marketability of Production

The marketability and ultimate commerciality of oil acquired or discovered is affected by numerous factors beyond the control of Alvopetro. These factors include reservoir characteristics, market fluctuations, the proximity, capacity and price of oil pipelines and processing equipment and government regulation. Oil and gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Alvopetro's operations may also be subject to compliance with laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Although Alvopetro believes that its assets have been operated in material compliance with current applicable environmental regulations, changes to such regulations may have a material adverse effect on Alvopetro.

Substantial Capital Requirements; Liquidity; Financing

Prior to commercial production from Alvopetro's properties, which is subject to the risks described in this section, Alvopetro anticipates making substantial capital expenditures for the acquisition, exploration, evaluation, delineation, development of and production from any potential project related to its properties. There can be no assurance that debt or equity financing, a bank loan facility or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Alvopetro. The inability of

Alvopetro to access sufficient capital for its operations could have a material adverse effect on Alvopetro's business, financial condition, results of operations and prospects, could result in the delay or indefinite postponement of further exploration, evaluation and development of Alvopetro's properties or the possible loss of its properties and could put at risk Alvopetro's ability to operate as a going concern.

Capital requirements are subject to normal capital market risks, primarily the availability and cost of capital. The extent to which Alvopetro will need to access additional funding will be subject to normal capital market risks, primarily the availability and cost of capital. Continuing improvement and sustainability of the global financial markets will be critical in determining the availability and cost of the debt and equity financing that may be required for development of Alvopetro's properties.

Expectations for the future price of oil and gas will be an important factor in determining Alvopetro's ability to access debt financing at the time that this may become necessary.

Neither Alvopetro's articles nor its by-laws limit the amount of indebtedness that Alvopetro may incur. Depending on the level of Alvopetro's indebtedness, this could from time to time could impair Alvopetro's ability to obtain additional financing on a timely basis or take advantage of business opportunities as they arise.

From time to time, Alvopetro may enter into transactions to acquire assets or the shares of other companies. These transactions along with Alvopetro's ongoing operations may be financed partially or wholly with debt, which may increase Alvopetro's debt levels above industry standards.

Production Could Vary Significantly from Reported Reserves and Resources

The Sproule Report was, and all of Alvopetro's future reserve evaluations are expected to be, prepared in accordance with NI 51-101. There are numerous uncertainties inherent in estimating quantities of reserves and funds flow to be derived therefrom, including many factors that are beyond the control of Alvopetro. The reserves information set forth in this Annual Information Form represents estimates only. The reserves from Alvopetro's properties have been independently evaluated by Sproule in the Sproule Report. The Sproule Report includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Alvopetro. Actual production and funds flow derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based, in part, on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated funds flow to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

This annual information form contains estimates of the volumes of the Corporation's contingent resources, as well as the net present value of the future net revenue associated with the best estimate of development pending contingent resources. The same uncertainties inherent in estimating quantities of reserves apply to estimating quantities of contingent resources. The uncertainty in estimating prospective resources is even greater. Actual results may vary significantly from these estimates and such variances could be material. In addition, there are contingencies that prevent contingent resources from being classified as reserves. With respect to the Corporation's contingent resources, there is uncertainty that it will be commercially viable to produce any portion of the resources.

Under IFRS, impairment testing is performed at the cash generating unit level ("CGU"), with asset carrying values being compared to the recoverable amount which is the higher of the value-in-use and fair value less costs of disposal. Value in use is defined as the amount equal to the present value of future cash flows expected to be derived from the asset. When the asset carrying value (including goodwill) is less than the recoverable amount an impairment loss is recorded. A decline in the proved and probable reserve values of the oil and natural gas properties could result in the carrying value of the assets exceeding the recoverable amount, resulting in an impairment loss. Impairment losses that were previously recognized may be reversed where circumstances change such that the impairment is reduced, however any impairment losses associated with goodwill are permanent and not reversible.

Minimum Work Commitments on Exploration Blocks

Alvopetro must fulfill certain minimum work commitments on projects in Brazil as outlined herein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Alvopetro may lose certain exploration rights on the blocks affected and may be subject to certain financial penalties that would be levied by the applicable governmental authority. From time to time it is expected that Alvopetro may request extensions to the timeframe allotted for work commitments, there is no assurance that any such extensions will be granted.

Reliance on Management

Shareholders will be dependent on the management of Alvopetro in respect of the administration and management of all matters relating to Alvopetro and its properties and operations. Investors who are not willing to rely on the management of Alvopetro should not invest in Common Shares.

Competition

The oil and gas industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. Alvopetro's competitive position depends on its geological, geophysical and engineering expertise, its financial resources, its ability to develop its properties and its ability to select, acquire and develop proved reserves. Alvopetro will compete with a substantial number of other companies having larger technical staff and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development and production of petroleum reserves, but also carry on refining operations and market refined products.

In Brazil particularly, Petrobras dominates the majority of the industry, including all aspects of oil and gas exploration, development, transportation and sales. Petrobras, and many other companies in Brazil, not only engage in the acquisition, exploration, development and production of oil and gas reserves, but also carry on refining operations and market refined products. Alvopetro competes with Petrobras and other major and independent oil companies and other industries supplying energy and fuel in the marketing and sale of oil and gas to transporters, distributors and end users, including industrial, commercial and individual consumers. Due to Petrobras' position in all aspects of Brazil's energy market, Alvopetro may encounter challenges with respect to transporting, marketing and monetizing crude oil and natural gas. Access to pipelines and other transportation infrastructure may limited or the terms or which such access is provided may not be favourable.

Alvopetro will also compete with other oil companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies not previously invested in oil may choose to acquire reserves to establish a firm supply or simply as an investment. Such companies may also provide competition for Alvopetro.

Availability of Drilling Equipment and Access Restrictions

Oil exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Alvopetro and may delay exploration and development activities. There can be no assurance that sufficient drilling and completion equipment, services and supplies will be available when needed. Shortages could: (i) delay Alvopetro's exploration, development, and sales activities; (ii) have a material adverse effect on Alvopetro's financial condition; and (iii) cause Alvopetro to not meet the local content requirements of its Concession Contracts. If the demand for qualified rig crews rise in the drilling industry then the oil industry may experience shortages of qualified personnel to operate drilling rigs. This could delay Alvopetro's drilling operations and adversely affect Alvopetro's financial condition and results of operations. To the extent Alvopetro is not the operator of its oil properties, Alvopetro will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Permits, Licenses and Leases

Alvopetro's properties are held in the form of permits, licenses and leases and working interests in permits, licenses and leases. If Alvopetro or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each permit, license or lease will be met. The termination or expiration of Alvopetro's permits, licenses or leases or the working interests relating to a permit, license or lease may have a material adverse effect on Alvopetro's results of operations and business.

Furthermore the development of Alvopetro's properties will require additional permits, licenses and regulatory approvals. If such permits, licenses or regulatory approvals are not obtained or if the conditions provided for in such permits, licenses and regulatory approvals are substantially different from the expectations of Alvopetro, it may have a material adverse effect on Alvopetro's results of operations and business.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility. The market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of Alvopetro.

Reserve Acquisition and Replacement

Alvopetro's future petroleum reserves, production, and funds flow to be derived therefrom are highly dependent on Alvopetro successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Alvopetro may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Alvopetro's reserves will depend not only on Alvopetro's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Alvopetro's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil. Competition may also be presented by alternate fuel sources.

Alvopetro Might Encounter Operating Hazards

Oil exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Alvopetro is not fully insured against all of these risks, nor are all such risks insurable. Although Alvopetro maintains liability insurance in an amount that it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Alvopetro could incur significant costs that could have a materially adverse effect upon its financial condition. Oil production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Environmental

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities.

Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require Alvopetro to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Alvopetro's financial condition, results of operations or prospects. In addition, new regulations relating to greenhouse gas emissions in Brazil or elsewhere in the world may have an effect on Alvopetro's costs or on levels of future demand for hydrocarbon-based products.

Delay in Cash Receipts and Credit Worthiness of Counterparties

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of Alvopetro's properties, and by an operator to Alvopetro, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of Alvopetro's properties or the establishment by the operator of reserves for such expenses. In addition, the insolvency or financial impairment of any counterparty owing money to Alvopetro, including industry partners and marketing agents, could prevent Alvopetro from collecting such debts.

Transportation Costs

Disruption in or increased costs of transportation services could make oil and gas a less competitive source of energy or could make Alvopetro's oil and gas less competitive than other sources. The industry depends on rail, trucking, ocean-going vessel, pipeline facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying crude oil. Disruptions of these transportation services because of weather-related problems, strikes, lockouts, delays, mechanical problems or other events could temporarily impair the ability to supply crude oil to customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for crude oil produced by competitors, could adversely affect profitability. To the extent such increases are sustained, Alvopetro could experience losses and may decide to discontinue certain operations forcing Alvopetro to incur closure and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder production from Alvopetro's business and Alvopetro may be required to use more expensive transportation alternatives.

Disruptions in Production

Other factors affecting the production and sale of crude oil that could result in decreases in profitability include: (i) expiration or termination of leases, permits or licences, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) worker vacation schedules and related maintenance activities; (vi) limitations on access to pipeline capacity; and (vii) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can have a significant impact on operating results. There can be no assurance that union issues or similar issues will not affect Alvopetro's ability to produce or sell oil and gas in the future.

Changes in Legislation

It is possible that the Brazil or Canadian federal and provincial government or regulatory authorities could choose to change Brazil or Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect Alvopetro, its shareholders and the market value of the Common Shares.

Foreign Currency and Fiscal Matters

A significant portion of Alvopetro's operations and expenditures will be paid in foreign currencies. As a result, Alvopetro may be exposed to market risks resulting from fluctuations in foreign currency exchange rates. A material drop in the value of any such foreign currency could result in a material adverse effect on Alvopetro's funds flow and revenues. Currently, there are no significant restrictions on the repatriation of capital and distribution of earnings from Brazil to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Brazil will not be imposed in the future. Amendments to current taxation laws and regulations that alter tax rates and/or capital allowances could have a material adverse impact on Alvopetro. Alvopetro may have subsidiaries that operate in different tax jurisdictions.

To the extent that revenues and expenditures denominated in or strongly linked to the U.S. dollar are not equivalent, Alvopetro is exposed to exchange rate risk. In addition, a significant portion of expenditures in Brazil are denominated in R$, which are difficult to hedge.

Political and Regulatory

The oil and gas industry is subject to extensive government policies and regulations, which result in additional cost and risk for industry participants. Environmental concerns relating to the oil and gas industry's operating practices are expected to increasingly influence government regulation and consumption patterns, which favour cleaner burning fuels such as natural gas. Alvopetro is uncertain as to the amount of operating and capital expenses that will be required to comply with enhanced environmental regulation in the future.

Alvopetro's projects are located in Brazil and consequently Alvopetro will be subject to certain risks, including currency fluctuations and possible political or economic instability. Alvopetro believes that the state and federal governments in Brazil support the exploration and development of its oil properties by foreign companies. Nevertheless, there is no assurance that future political conditions will not result in the state or federal government adopting different policies respecting foreign development and ownership of oil and gas, environmental protection and labour relations. Exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry.

Alvopetro's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with Alvopetro's foreign operations, Alvopetro may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. Alvopetro may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, Alvopetro's exploration, development and production activities in the foreign jurisdictions in which it operates could be substantially affected by factors beyond Alvopetro's control, any of which could have a material adverse effect on Alvopetro.

Legal Systems

Brazil may have less of a developed legal system than jurisdictions with more established economies, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured. In addition, Alvopetro's existing 197(2) discovery requires unitization with the adjacent resource owner as well as government approval of the unitization agreement or agreements. Future discoveries may also require unitization. To the extent the Company is unable to negotiate a unitization agreement under acceptable terms or is unable to obtain government approval for the unitization, the Company may be unable to commercialize the discovery which will impact the Company's ability to generate future cash flows and could result in a delay or indefinite postponement of the exploration, evaluation and development of Alvopetro's properties.

Dilution and Further Sales

Alvopetro may issue additional Common Shares or other securities to finance its capital expenditures with respect to its properties, certain of Alvopetro's other capital expenditures, or for other reasons. The constating documents of Alvopetro permit it to issue an unlimited number of additional Common Shares and an unlimited number of Preferred Shares (as defined below). The Board has discretion to determine the issue price and the terms of issue of Common Shares and Preferred Shares. Such future issuances may be dilutive to investors. Shareholders of Alvopetro have no pre-emptive rights under Alvopetro's constating documents to participate in any future offerings of securities.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

Alvopetro will make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Alvopetro's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Alvopetro. The integration of acquired businesses, properties and operations may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management of Alvopetro will continually assess the value and contribution of services provided and assets required to provide such services. In this regard, management expects that non-core assets will be periodically disposed of, so that Alvopetro can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Alvopetro, if disposed of, could realize less than their carrying value on the financial statements of Alvopetro.

Hedging Activities

Alvopetro will evaluate the use of and may employ exchange-traded or over-the-counter derivative structures to hedge commodity, interest rate and foreign exchange risk. Risks associated with such products include, but are not limited to, counterparty risk, settlement risk, basis risk, liquidity risk and market risk which could impair or negate Alvopetro's hedging strategy and result in a negative impact on its earnings and funds flow.

Additionally, if oil and gas interest rates or exchange rates increase above or decrease below those levels specified in any future hedging agreements, such hedging arrangements may prevent Alvopetro from realizing the full benefit of such increases or decreases.

Due to the uncertain worldwide economic environment, there can be no assurance that Alvopetro will be able to engage credit worthy counterparties in hedging activities.

International Operations

International operations are subject to political, economic and other uncertainties, including but not limited to, risk of terrorist activities, revolution, border disputes, expropriation, renegotiations or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over Alvopetro's international operations. Alvopetro's operations may also be adversely affected by changes in applicable laws and policies of Brazil, which could have a negative impact on Alvopetro.

Failure to Maintain Listing of the Common Shares

The Common Shares are currently listed for trading on the facilities of the TSXV. The failure of Alvopetro to meet the applicable listing or other requirements of the TSXV in the future may result in the Common Shares ceasing to be listed for trading on the TSXV, which would have a material adverse effect on the value of the Common Shares. There can be no assurance that the Common Shares will continue to be listed for trading on the TSXV.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Brazil of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Brazil will not be imposed in the future.

Title Matters

The acquisition of title to oil and gas properties in Brazil is a detailed and time-consuming process. Alvopetro's properties may be subject to unforeseen title claims. While Alvopetro will diligently investigate title to all property and will follow usual industry practice in obtaining satisfactory title and, to the best of Alvopetro's knowledge, title to all of Alvopetro's properties are in good standing, this should not be construed as a guarantee of title. Title to Alvopetro's properties may be affected by undisclosed and undetected defects.

Structure of Alvopetro

From time to time, Alvopetro may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of Alvopetro and its subsidiaries. If the manner in which Alvopetro structures its affairs is successfully challenged by a taxation or other authority, Alvopetro and Shareholders may be adversely affected.

Uninsurable Risks

In the course of exploration, development and production of oil and gas properties, certain risks, and in particular, blow-outs, pollution, craterings, fires and oil spills and premature decline of reservoirs and invasion of water into producing formations may occur all of which could result in personal injuries, loss of life and damage to property of Alvopetro and others. Hazards such as unusual or unexpected geological formations, pressures or other conditions may be encountered in drilling and operating wells as Alvopetro will initially have interests in a limited number of properties, such risk is more significant than if spread over a number of properties. It is not always possible to fully insure against such risks and Alvopetro may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Alvopetro.

Net Asset Value

Alvopetro's net asset value will vary depending upon a number of factors beyond the control of Alvopetro's management, including oil and natural gas prices. The trading price of the Common Shares is also determined by a number of factors which are beyond the control of management and such trading price may be greater than or less than the net asset value of Alvopetro.

Reliance on Third Party Operators and Key Personnel

To the extent that Alvopetro is not the operator of its properties, it will be dependent upon third party operators for the timing of activities and will be largely unable to control the activities of such operators. In addition, Alvopetro's success depends, to a significant extent, upon management and key employees. The loss of any key employee could have a negative effect on Alvopetro. Attracting and retaining additional key personnel will assist in the expansion of Alvopetro's business. Alvopetro faces significant competition for skilled personnel. Should other oil projects or expansions proceed in the same time frame as Alvopetro's projects, Alvopetro may compete with these other projects for experienced employees and contractors and such competition may result in increases to compensation paid to such personnel or to a lack of qualified personnel. There is no assurance that Alvopetro will successfully attract and retain personnel required to continue to expand its business and to successfully execute its business strategy.

Management of Growth

Alvopetro may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Alvopetro to manage growth effectively will require it to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of Alvopetro to deal with this growth could have a material adverse impact on its business, operations and prospects.

Corruption

Alvopetro is governed by the laws of many jurisdictions, which prohibit bribery and other forms of corruption. It is possible that Alvopetro, or some of its employees or contractors, could be charged with bribery or corruption. Alvopetro has policies and procedures in place that prohibit activities such as these and will require all employees and contractors to read these policies and procedures and acknowledge their understanding and compliance on an annual basis. However, if Alvopetro is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, Alvopetro could be subject to onerous penalties. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair Alvopetro's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of Alvopetro from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Forward-Looking Information May Prove Inaccurate

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Annual Information Form under the heading "Forward Looking Statements".

DIVIDENDS

Alvopetro has not declared or paid any dividends on the Common Shares since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of Alvopetro's earnings, financial requirements and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. Holders of Common Shares are entitled to one vote for each Common Share held on all votes taken at meetings of holders of Common Shares. The holders of Common Shares are entitled to receive such dividends as Alvopetro's directors may from time to time declare. Subject to certain terms and conditions, Alvopetro may issue Common Shares as payment of all or any portion of dividends declared on the Common Shares for those Shareholders who elect to receive share dividends instead of cash dividends. In the event of the winding up or dissolution of Alvopetro, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of Common Shares are entitled to the surplus assets of Alvopetro and generally will be entitled to enjoy all of the rights attaching to shares of Alvopetro.

As at December 31, 2015, Alvopetro had 85,166,871 common shares outstanding.

Preferred Shares

The Corporation is authorized to issue preferred shares ("**Preferred Shares**") in one or more series. The Board of Directors is authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation. Alvopetro has nil Preferred Shares outstanding.

Market for Securities

The Common Shares are listed and posted for trading on the TSXV under the trading symbol "ALV" and have traded on such stock exchange since December 5, 2013. The following table sets forth the reported market price ranges and the trading volumes for the Common Shares for the periods indicated, as reported by the TSXV for the year ended December 31, 2015.

	Price Range (Cdn.$)		
Month (2015)	**High**	**Low**	**Total Aggregate Monthly Trading Volume**
January	0.45	0.285	2,354,860
February	0.51	0.335	1,109,516
March	0.51	0.35	835,779
April	0.90	0.41	1,089,863
May	0.63	0.52	485,390
June	0.55	0.36	671,890
July	0.43	0.32	965,723
August	0.39	0.26	514,715
September	0.35	0.21	616,008

Month (2015)	Price Range (Cdn.$) High	Low	Total Aggregate Monthly Trading Volume
October	0.39	0.22	738,212
November	0.37	0.22	864,012
December	0.35	0.21	924,572

DIRECTORS AND OFFICERS

Name, Address and Occupation

The names, municipalities of residence, positions with Alvopetro and its subsidiaries and the principal occupations of the persons who serve as directors and executive officers of Alvopetro as of the date hereof are set out below.

Name and Municipality of Residence	Position Held(1)	Position Since	Principal Occupation During the Preceding Five Years
John D. Wright(3)(4) Calgary, Alberta	Chairman	September 25, 2013	President and Chief Executive Officer of Lightstream Resources Ltd. (energy company) since May 2011. Prior thereto, President and Chief Executive Officer, Chairman, and director of Petrobank Energy and Resources Ltd. (energy company) from March 2000 to May 2014.
Corey C. Ruttan(3) Calgary, Alberta	Director, President and Chief Executive Officer	September 25, 2013	President and Chief Executive Officer of Alvopetro since September 2013. Prior thereto, President and Chief Executive Officer of Petrominerales Ltd. (energy company) from May 2010 to November 2013.
Kenneth R. McKinnon(2)(4) Calgary, Alberta	Director	November 19, 2013	Partner at Citrus Capital Partners Ltd. (investment firm) since January 2014. Vice President Legal and General Counsel of Critical Mass Inc. (website design company) from March 2000 to December 2014.
Geir Ytreland(3) San Romano (LU), Italy	Director	November 19, 2013	Independent geologist. From 2012 to 2014, Principal Advisor at Gaffney, Cline & Associates, United Kingdom. From 2007 to 2012, assisted the Government of Afghanistan in establishing petroleum administration.
Firoz Talakshi(2) Calgary, Alberta	Director	November 19, 2013	Since October 2012, Senior Advisor, KPMG International Corporate Tax, Calgary. From 1977 to September 2012, various positions with KPMG Canada, including Partner.
Roderick L. Fraser(2)(4) *New York City, NY and Salvador, Brazil*	Director	December 16, 2013	Managing Director and Head of Oil & Gas for MUFG Union Bank since August 2014. June 2012 to August 2014, independent consultant acting as strategic advisor for large financial institutions. From 2004 to 2012, Managing Director and Global Head of Oil and Gas, Standard Bank of South Africa.
Alison Howard Calgary, Alberta	Chief Financial Officer	November 28, 2013	From March 2013 to November 2013, Tax Director of Petrominerales. From July 2011 to March 2013, Tax Manager at Petrominerales. From May 2008 to July 2011, Tax Manager at Petrobank.
Andrea Hatzinikolas Calgary, Alberta	Vice President, Legal and Corporate	November 28, 2013	Vice President, Corporate and Legal of Alvopetro since November 2013. Prior thereto, Vice President, Business Development, General Counsel and Corporate Secretary of Petrominerales from May 2011 to November 2013.

Notes:

(1) Each Director will hold office until the next annual meeting of the shareholders of Alvopetro.
(2) Member of the Audit Committee of the Board of Directors.
(3) Member of the Reserves Committee of the Board of Directors.
(4) Member of the Compensation Committee of the Board of Directors.

As of the date hereof, the directors and executive officers of Alvopetro, as a group, beneficially own, directly or indirectly, or exercise control or direction over 6,129,809 Common Shares or 7.2% of the number of Common Shares issued and outstanding.

Corporate Cease Trade Orders

Until September 2011, Mr. John D. Wright was a director of Canadian Energy Exploration Inc. ("**CEE**") (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSXV. A cease trade order (the "**ASC Order**") was issued on May 7, 2008 against CEE by the Alberta Securities Commission (the "**ASC**") for the delayed filing of CEE's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2007 ("**Annual Filings**"). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the Order, the TSXV suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission ("**BCSC**") issued a cease trade order (the "**BCSC Order**") against CEE for the failure of CEE to file its audited annual financial statements and management's discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management's discussion and analysis for the three months ended March 31, 2009. CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

Mr. John D. Wright was a director of Spyglass Resources Corp. ("Spyglass"), a reporting issuer listed on the Toronto Stock Exchange, until November 26, 2015, when Spyglass was placed into receivership by the Court of Queen's Bench of Alberta following an application by its creditors.

Except as otherwise disclosed herein, to the knowledge of the management of Alvopetro, no director or officer of Alvopetro is, or within the ten years before the date of this Annual Information Form has been, a director, chief executive officer or chief financial officer of any other issuer that:

(a) was subject to an order that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer.

Personal Bankruptcies

To the knowledge of the management of Alvopetro, no director or officer of Alvopetro:

(a) is, at the date of this Annual Information Form or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties or Sanctions

Mr. Corey C. Ruttan entered into a settlement agreement with the ASC on May 3, 2002 in respect of an insider trading violation relating to trade made on May 17, 2000. Mr. Ruttan cooperated completely in resolving the matter with the regulators. The settlement resulted in Mr. Ruttan paying an administrative penalty of $10,000, representing a return of profits, and the costs of the proceeding in the amount of $3,925. For a period of one year, Mr. Ruttan agreed to cease trading in securities and to not act as a director or officer of a public company. These restrictions expired on May 3, 2003. Mr. Ruttan is a Chartered Accountant in good standing.

Except as otherwise disclosed herein, to the knowledge of management of Alvopetro, no director or officer of Alvopetro has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

AUDIT FEES

Deloitte LLP was appointed auditors of the Corporation on September 29, 2013. For the year ending December 2015, the following external audit fees were paid.

Year ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2015	64,716	24,724	Nil	Nil

CONFLICTS OF INTEREST

Certain directors and officers of Alvopetro are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Alvopetro are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Alvopetro. From time to time, Alvopetro may jointly participate in exploration and development activities with one or more corporations with which a director or officer of Alvopetro may be involved. Some of Alvopetro's directors and officers are engaged and will continue to be engaged in the search of oil and gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Alvopetro. Some of the directors of Alvopetro have either other employment or other business or time restrictions placed on them and accordingly, these directors of Alvopetro will only be able to devote part of their time to the affairs of Alvopetro. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of Alvopetro. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this Annual Information Form, there are no material legal proceedings to which Alvopetro is a party or in respect of which any of the assets of Alvopetro are subject, which is or will be material to Alvopetro, and Alvopetro is not aware of any such proceedings that are contemplated.

As of the date of this Annual Information Form, there have been: (i) no penalties or sanctions imposed against Alvopetro by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Alvopetro; and (iii) no settlement agreements Alvopetro entered into before a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Annual Information Form, none of the directors or executive officers of Alvopetro or any person or company that owns directly or indirectly, or exercises control or direction over, more than ten percent of the Common Shares, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction that has materially affected or is reasonably expected to materially affect Alvopetro.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The independent auditor of Alvopetro is Deloitte LLP, 700, 850 - 2nd Street S.W., Calgary, Alberta, T2P 0R8. Deloitte LLP was appointed as the auditor of Alvopetro on September 30, 2013.

Transfer Agent and Registrar

TMX Equity Transfer Services, at its principal offices in Calgary, Alberta, is the registrar and transfer agent for the Common Shares.

INTERESTS OF EXPERTS

Sproule prepared the Sproule Report, the results of which are summarized in this Annual Information Form. As at the dates of the Sproule Report, the principals of Sproule owned beneficially, directly or indirectly, less than 1% of the outstanding Common Shares. Sproule neither received nor will receive any interest, direct or indirect, in any securities or other property of Alvopetro or its affiliates in connection with the preparation of the Sproule Report.

Deloitte LLP is the independent auditor of Alvopetro and has confirmed that it is independent with respect to Alvopetro within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information concerning Alvopetro may be found under Alvopetro’s profile on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration, principal holders of Alvopetro securities and securities authorized for issuance under equity compensation plans, will be contained in the information circular of Alvopetro in respect of the annual general and special meeting of holders of Common Shares which will be held later this year. Additional financial information is provided in Alvopetro’s comparative financial statements and management's discussion and analysis for the year ended December 31, 2015.

SCHEDULE A - DISCLOSURE OF RESOURCES DATA

On October 8, 2015, Alvopetro announced that DeGolyer and MacNaughton ("D&M") completed an independent contingent resource report of Alvopetro's 197(2) conventional natural gas pool located on Blocks 197 and 198 in the Recôncavo Basin onshore Brazil. The resource data is based upon an independent contingent resource assessment and evaluation prepared by D&M dated October 8, 2015 with an effective date of June 30, 2015 (the "D&M Report"). The D&M Report was prepared in accordance with the COGE Handbook and National Instrument 51-101 of the Canadian Securities Administrators ("NI 51-101").

The D&M Report quantified Alvopetro's contingent resources with a "best estimate" (2C) of 5.8 million barrels of oil equivalent (mmboe), 3.4 million mmboe "low estimate" (1C) and 8.1 mmboe "high estimate" (3C). The 10% discounted net present value (NPV10) estimated by the D&M Report is US$91.3 million (2C), US$61.9 million (1C), and US$137.1 million (3C).

Contingent Resources should not be confused with reserves and readers should review the section titled "Important Notes to the Disclosure of Contingent Resources Data in this Annual Information Form" and "Additional Information relating to Contingent Resources' set forth below. Actual natural gas resources may be greater than or less than the estimates provided herein. There is uncertainty that it will be commercially viable to produce any portion of the resources.

Alvopetro holds a 100% interest in Blocks 197 and 198, and the contingent resources estimated in the D&M Report are assumed to be developed under unitization of Blocks 197, 198, 211 and 212. Under Brazilian and ANP regulation, petroleum accumulations straddling two or more licensed blocks must undergo unitization in order to promote efficient exploration and development of the accumulation. Participation interests, which represent the percentage share of ownership in each license block in the accumulation, have been assumed in the D&M Report for Blocks 197, 198, 211 and 212 in the 1C, 2C and 3C contingent resources classifications based on the discovered non-associated gas initially-in-place (DPIIP) associated with each block. These assumptions do not reflect actual participation interests to be agreed upon by all parties with interests in Blocks 197, 198, 211 and 212.

Development Pending Economic Contingent Resources	**2C "Best"**	**1C "Low"**	**3C "High"**
Natural gas sales (mmcf)	33,483	19,538	46,500
Condensate (mbbl)	234	138	326
Barrels of oil equivalent (mboe)	5,815	3,394	8,076

An estimate of risked and unrisked net present value ("NPV") of future net revenues of the development pending contingent resources subclass only is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of Alvopetro proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked NPV of future net revenue will be realized. Subclasses of resources other than development pending are not included in the NPV values and therefore are not reflective of the value of the resource base.

Summary of Before Tax Net Present Value of Future Net Revenue of Contingent Resources- MUS$ (1), (2), (3), (4), (5), (6), (7), (9), (11)

	Undiscounted	**5%**	**10%**	**15%**	**20%**
2C "Best Estimate"	165,458	121,935	91,337	69,273	53,014
1C "Low Estimate"	109,113	81,672	61,859	47,318	36,490
3C "High Estimate"	245,736	182,425	137,096	104,013	79,450

Summary of Discovered Non-Associated Gas Initially-in-Place (DPIIP) (1), (3), (5), (12), (13), (14)

	2C "Best"	**1C "Low"**	**3C "High"**
Non-Associated Gas (mmcf)	45,187	28,145	59,957
Total Barrels of oil equivalent (mboe)	7,531	4,691	9,993

The table below sets out the project development costs assumed in the D&M Report in the estimation of future net revenue attributable to contingent resources and assumes first commercial production on January 1, 2017. The D&M Report assumes capital deployment during 2016 for the construction of facilities, flowlines and development wells. There can be no certainty that the project will developed on the timelines discussed herein. Development of the project is dependent on a number of contingencies as further described in this annual information form. The information presented herein is based on company net project development costs.

Assumed Project Development Costs (3), (4), (11)

MUS$	2C ("Best")	1C ("Low")	3C ("High")
2015	-	-	-
2016	24,088	13,330	35,082
2017	14	12	22
2018	14	12	22
2019	14	12	22
Remaining Years	2,098	1,144	3,063
Total Undiscounted	26,228	14,510	38,211

D&M Report 10-Year Projected Production Profile of Company Gross Sales Gas (1), (2), (3), (4), (5), (7) ,(9), (13)

mmcf	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2C "Best Estimate"	-	-	4,461	4,461	4,455	3,956	3,183	2,585	2,116	1,749	1,449	1,215	1,025
1C "Low Estimate"	-	-	2,757	2,757	2,757	2,532	2,153	1,832	1,552	1,311	1,092	795	-
3C "High Estimate"	-	-	6,114	6,114	6,114	6,130	5,646	4,208	3,131	2,379	1,829	1,433	1,138

In accordance with NI 51-101 guidelines, volumes and potential net present value of development pending contingent resources is required to be adjusted for risk of development ("Development Risked"). The D&M report estimates the chance of development risk factor as the product of three commercial variables associated with the project development, being: 1) the probability of securing as gas sales agreement, which D&M estimates at 85%; 2) the probability of unitization, which D&M estimates at 100%; and 3) the probability of government approval of a plan of development, which D&M estimates at D&M at 85%. The product of these three commercial variables is 72.25%, which is the risk factor that has been applied to the Development Risked company gross contingent resources and the net present value figures reported below.

Summary of Development Risked Company Gross Contingent Resources (1), (2), (3), (7), (8), (12), (13, (14), (15)

	2C "Best"	1C "Low"	3C "High"
Natural gas sales (mmcf)	24,191	14,116	33,596
Condensate (mbbl)	169	100	236
Barrels of oil equivalent (mmboe)	4,201	2,452	5,835

An estimate of risked and unrisked net present value ("NPV") of future net revenues of the development pending contingent resources subclass only is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of Alvopetro proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked NPV of future net revenue will be realized. Subclasses of resources other than development pending are not included in the NPV values and therefore are not reflective of the value of the resource base.

Summary of Development Risked Before Tax Net Present Value of Future Net Revenue of Contingent Resources-MUS$ (1), (2), (3), (4), (5), (6), (7), (8), (9), (11)

	Undiscounted	5%	10%	15%	20%
2C "Best Estimate"	119,543	88,098	65,991	50,050	38,303
1C "Low Estimate"	78,834	59,008	44,693	34,187	26,364
3C "High Estimate"	177,544	131,802	99,052	75,149	57,403

Important Notes to the Disclosure of Contingent Resources Data in this Annual Information Form:

(1) Contingent Resources are defined in the COGE Handbook as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. For various reasons, including lack of unitization agreement, lack of internal and government approved plans for development, lack of defined infrastructure and lack of an approved gas sales contact, there is uncertainty of the commerciality of these contingent resources, and as such, the contingent resources estimated herein cannot be classified as reserves. The specific outstanding contingencies applicable to the contingent resources disclosed herein are lack of a gas sales agreement, lack of unitization agreement, and lack of government approval of a plan for development.

(2) The Contingent Resources estimated in the D&M Report are classified as "economic contingent resources", which are those contingent resources that are currently economically recoverable. All such resources are further sub-classified with a project status of "development pending", meaning that resolution of the final conditions for development are being actively pursued.

(3) "Low estimate" (C1) is considered to be a conservative estimate of the quantity of resources that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. Those resources in the low estimate range have the highest degree of certainty - a 90% confidence level - that the actual quantities recovered will be equal or exceed the estimate. "Best estimate" (C2) is considered to be the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources that fall within the best estimate have a 50% confidence level that the actual quantities recovered will be equal or exceed the estimate. "High estimate" (C3) is considered to be an optimistic estimate of the quantity of resources that will actually be recovered. It is unlikely that the actual remaining quantities of resources recovered will equal or exceed the high estimate. Those resources in the high estimate have a lower degree of certainty - a 10% confidence level - that the actual quantities recovered will equal or exceed the estimate.

(4) The tables above are a summary of the contingent resources of Alvopetro and the net present value of future net revenue attributable to such contingent resources as evaluated in the D&M Report based on constant price and cost assumptions. The D&M Report uses a constant natural gas price of US$8.53 per mcf and a constant condensate price of US$52.00 per barrel, such prices based on the average publically reported prices paid for natural gas in northeastern Brazil for the 12 month period ended April, 2015. Prices and costs were not adjusted for inflation. Alvopetro is currently in discussions with numerous counterparties with respect to securing our natural gas discovery. The sales price ultimately realized by Alvopetro may differ significantly from sales prices assumed in the D&M Report.

(5) The DPIIP and contingent resources estimates set out herein are expressed as company gross contingent resources. Gross contingent resources are defined as the total estimated gas and condensate that is potentially recoverable from known accumulations after June 30, 2015. Company gross contingent resources are defined as that portion of the gross contingent resources potentially to be produced that are attributable to Alvopetro's assumed unitized interest before deduction of any royalty burden. The Company gross working interest share of resources was estimated based on DPIIP and ultimately will be subject to the terms agreed to in the unitization required with adjacent resource owners.

(6) The net present value of future net revenue attributable to Alvopetro's contingent resources is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs. The royalty burdens set out in the D&M Report include a Brazilian government royalty of 11% and an overriding royalty on Block 197 of 2.5%, both such royalty obligations are paid in cash. The net present values of future net revenue attributable to the Alvopetro's contingent resources estimated by D&M do not represent the fair market value of those resources. Other assumptions and qualifications relating to project development costs, pricing and other matters are summarized herein.

(7) The recovery estimates of the Company's contingent resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. There is uncertainty that it will be commercially viable to produce any portion of the resources. Actual recovered resource may be greater than or less than the estimates provided herein.

(8) An estimate of Development Risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the Development Risked net present value of future net revenue will be realized.

(9) The tables in this annual information form summarize the data contained in the D&M Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

(10) The D&M report quantifies the DPIIP and the contingent resources for Alvopetro’s Blocks 197 and 198. There are no reserves, prospective resources, unrecoverable or recoverable undiscovered petroleum initially-in-place, nor any unrecoverable discovered petroleum initially-in-place associated with Blocks 197 and 198 in the D&M Report or this annual information form.

(11) MUS$ = 000’s of U.S. dollars

(12) Mcf = thousand cubic feet

(13) mmcf = million cubic feet

(14) mbbl = thousand barrels

(15) mboe = thousand barrels of oil equivalent

Additional Information relating to Contingent Resources

Discovered and Commercial Status and Risks Associated with Resource Estimates

Discovery Status

Total petroleum initially in place is first subdivided based on the discovery status of a petroleum accumulation. Discovered PIIP, production, reserves, and contingent resources are associated with known accumulations. Recognition as a known accumulation requires that the accumulation be penetrated by a well and have evidence of the existence of petroleum. COGEH Volume 2, Sections 5.3 and 5.4, provides additional clarification regarding drilling and testing requirements relating to recognition of known accumulations.

Commercial Status

Commercial status differentiates reserves from contingent resources. The following outlines the criteria that should be considered in determining commerciality:

- economic viability of the related development project;
- a reasonable expectation that there will be a market for the expected sales quantities of production required to justify development;

- evidence that the necessary production and transportation facilities are available or can be made available;
- evidence that legal, contractual, environmental, governmental, and other social and economic concerns will allow for the actual implementation of the recovery project being evaluated;
- a reasonable expectation that all required internal and external approvals will be forthcoming. Evidence of this may include items such as signed contracts, budget approvals, and approvals for expenditures, etc.;
- evidence to support a reasonable timetable for development. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a maximum time frame for classification of a project as commercial, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives.

Commercial Risk Applicable to Resource Estimates

Estimates of recoverable quantities are stated in terms of the sales products derived from a development program, assuming commercial development. It must be recognized that reserves and contingent resources involve different risks associated with achieving commerciality. The likelihood that a project will achieve commerciality is referred to as the "chance of commerciality." The chance of commerciality varies in different categories of recoverable resources as follows:

Reserves: To be classified as reserves, estimated recoverable quantities must be associated with a project(s) that has demonstrated commercial viability. Under the fiscal conditions applied in the estimation of reserves, the chance of commerciality is effectively 100 percent.

Contingent Resources: Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on the forecast of fiscal conditions over the life of the project. For contingent resources the risk component relating to the likelihood that an accumulation will be commercially developed is referred to as the "chance of development." For contingent resources the chance of commerciality is equal to the chance of development.

Economic Status of Resource Estimates

By definition, reserves are commercially (and hence economically) recoverable. A portion of contingent resources may also be associated with projects that are economically viable but have not yet satisfied all requirements of commerciality. Accordingly, it may be a desirable option to subclassify contingent resources by economic status:

Economic Contingent Resources are those contingent resources that are currently economically recoverable. The Contingent Resources sub-classes included are Development Pending Contingent Resources, Development on Hold Contingent Resources, and Development Unclarified Contingent Resources. Sub-Economic Contingent Resources are those contingent resources that are not currently economically recoverable. The Contingent Resources sub-class included is Development Not Viable.

Where evaluations are incomplete such that it is premature to identify the economic viability of a project, it is acceptable to note that project economic status is "undetermined" (i.e., "contingent resources – economic status undetermined"). In examining economic viability, the same fiscal conditions should be applied as in the estimation of reserves, i.e., specified economic conditions, which are generally accepted as being reasonable (refer to COGEH Volume 2, Section 5.8).

Project Maturity Sub-Classes for Contingent Resources

Development Pending: Where resolution of the final conditions for development is being actively pursued (high chance of development).

Development on Hold: Where there is a reasonable chance of development but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator.
Development Unclarified: When the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties.

Development Not Viable: Where no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

SCHEDULE B - FORM 51-102F2 REPORT ON RESOURCES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Alvopetro Energy Ltd. (the "**Company**"):

1. We have evaluated the Company's June 30, 2015, contingent resources data as at June 30, 2015. The contingent resources data are risked estimates of volume of contingent resources and related risked net present value of future net revenue as at June 30, 2015, estimated using forecast prices and costs.

2. The contingent resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the contingent resources data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the risked volume and risked net present value of future net revenue of contingent resources (before deduction of income taxes) attributed to contingent resources, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's management.

				Company Net Risked Volume		Net Present Value of Future Net Revenue (Before Canadian Income Tax, Discounted at 10%)		
Classification	Independent Qualified Reserves Evaluator	Description and Effective Date of Evaluation	Location of Resources (County)	Gas (MMcf)	Condensate (Mbbl)	Audited (M$)	Evaluated (M$)	Total (M$)
Development Pending Contingent Resources (2C)	DeGoyler and MacNaughton	June 30, 2015	Brazil	24,191	169	Not applicable	65,991	65,991

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the contingent resources data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the contingent resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

DeGoyler and MacNaughton, Dallas, Texas USA, dated September 4, 2015.

Signed "***DeGoyler and MacNaughton***"
DeGoyler and MacNaughton
Texas Registered Engineering Firm F-176

Signed "***R.M. Shuck, P.E.***"
Senior Vice President
DeGolyer and MacNaughton

SCHEDULE C - FORM 51-101F2 REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Alvopetro Energy Ltd. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2015. The reserves data are estimates of proved, probable and possible reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2015, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator	Effective Date	Location of Reserves (County)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M$)	Evaluated (M$)	Reviewed (M$)	Total (M$)
Sproule	December 31, 2015	Brazil				
Total			**Nil**	**9,494**	**Nil**	**9,494**

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report, entitled "Evaluation of the P&NG Reserves of Alvopetro Energy Ltd. (As of December 31, 2015)".

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule International Limited
Calgary, Alberta
March 22, 2016

Signed "***Irina Baieseitova, P. Eng.***"
Irina Baiseitova, P.Eng.
Petroleum Engineer and Associate

Signed "***Alec Kovaltchouk***"
Alec Kovaltchouk, P.Geo.
Manager, Geoscience and Partner

Signed "***Scott W. Pennell***"
Scott W. Pennell, P. Eng.
Vice-President, Engineering and Director

SCHEDULE D – FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Terms to which a meaning is ascribed in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

Management of Alvopetro Energy Ltd. (the "**Corporation**") is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Corporation's reserves data. The report of the independent qualified reserves evaluator is presented in Schedule "A" to the Annual Information Form of the Corporation for the year ended December 31, 2015 (the "**AIF**").

The Reserves Committee of the Board of Directors of the Corporation has:

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator, Sproule International Limited ("**Sproule**");

(b) met with Sproule to determine whether any restrictions affected the ability of Sproule to report without reservation; and

(c) reviewed the reserves data with management and with Sproule.

The Reserves Committee of the Board of Directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1, incorporated into the AIF, containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2, which is the report of Sproule on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

(signed) "Corey C. Ruttan"
Corey C. Ruttan, President & Chief Executive Officer

(signed) "Alison Howard"
Alison Howard, Chief Financial Officer

(signed) "John D. Wright"
John D. Wright, Chairman and Director

(signed) "Geir Ytreland"
Geir Ytreland, Director & Chairman of the Reserves Committee

April 6, 2016