

CORPORATE PRESENTATION

AUGUST 2019

PetroRio



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BM&FBOVESPA **IBRA**

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DISCLAIMER

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisition of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify many of these statements by looking for words such as “expects”, “believe”, “hope” and “will” and similar words or the negative thereof. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. By their nature, forward-looking statements require us to make assumptions and, accordingly, forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this presentation not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.

The following risk factors could affect our operations: the contingent resource and prospective resource evaluation reports involving a significant degree of uncertainty and being based on projections that may not prove to be accurate; inherent risks to the exploration and production of oil and natural gas; limited operating history as an oil and natural gas exploration and production company; drilling and other operational hazards; breakdown or failure of equipment or processes; contractor or operator errors; non-performance by third-party contractors; labour disputes, disruptions or declines in productivity; increases in materials or labour costs; inability to attract sufficient labour; requirements for significant capital investment and maintenance expenses which PetroRio may not be able to finance; cost overruns and delays; exposure to fluctuations in currency and commodity prices; political and economic conditions in Brazil; complex laws that can affect the cost, manner or feasibility of doing business; environmental, safety and health regulation which may become stricter in the future and lead to an increase in liabilities and capital expenditures, including indemnity and penalties for environmental damage; early termination, non-renewal and other similar provisions in concession contracts; and competition. We caution that this list of factors is not exhaustive and that, when relying on forward-looking statements to make decisions, investors and others should also carefully consider other uncertainties and potential events. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this presentation are made as of the date of this presentation. Except as required by applicable securities laws, we do not undertake to update such forward-looking statements.

EXECUTIVE SUMMARY

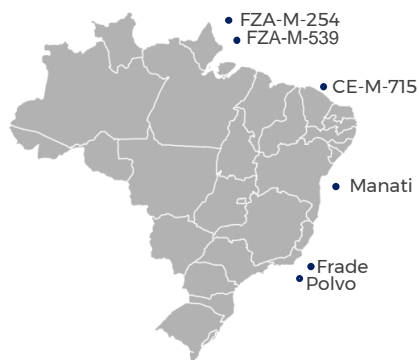
The largest independent Oil and Gas producer in Brazil

- **Well positioned to attract capital** (Leverage potential; Governance level “Novo Mercado”; Reporting Issuer in Canada)
- **Experienced technical team** - Qualification as an A-Operator granted by ANP
- **Successful track record** in Polvo Field: replicated at Frade Field and new projects
- PetroRio seeks to generate value in **operating fields** via **cost reduction** and **operational efficiency**

Financial Highlights

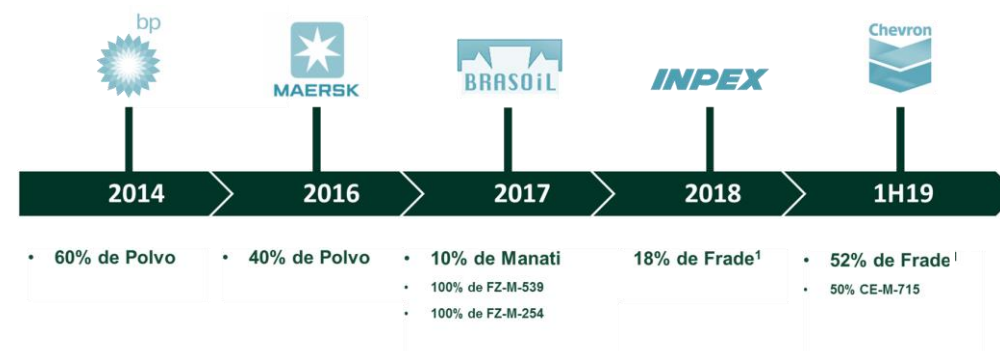
| | 1H18 | 1H19 |
|------------------|-----------------|-----------------|
| Revenue | R\$ 357 million | R\$ 687 million |
| EBITDA | R\$ 101 million | R\$ 265 million |
| Net profits | R\$ 73 million | R\$ 116 million |
| Enterprise Value | R\$ 443 million | R\$ 2.9 billion |

Assets



| Field | Stake | Prod. ¹ |
|---------------|-------|--------------------|
| POLVO | 100% | 8,000 |
| MANATI | 10% | 2,900 |
| FRADE | 70% | 13,700 |
| FZA-M-254 | 100% | - |
| FZA-M-539 | 100% | - |
| CE-M-715 | 50% | - |

M&A Timeline



¹ In boed. Proportional to stake in asset

ASSETS OVERVIEW



| | Frade | Polvo | Manati | PetroRio |
|--|-----------|-----------------------|-----------|-----------|
| Operator | PetroRio | PetroRio | Petrobras | - |
| Working Interest | 70% | 100% | 10% | - |
| 1P Reserves (MMboe) ^{(1) (4)} | 40,627 | 14,147 | 3,140 | 57,914 |
| 2P Reserves (MMboe) ^{(1) (4)} | 63,463 | 20,548 | 3,277 | 87,288 |
| Production (boepd) ^{(2) (4)} | 13,700 | 8,000 | 2,900 | 24,600 |
| Water Depth | 1300m | 100m | 80m | - |
| Capex per new well ⁽³⁾ | US\$ 75M | US\$ 15M | - | - |
| % of total production | 55.7% | 32.5% | 11.8% | - |
| Fluids processing capacity (Mbpd) | 100,000 | 90,000 | - | 190,000 |
| Processing capacity utilization | 44.0% | 60.0% | - | 51.6% |
| Storage capacity (Mbbl) | 1,000,000 | 800,000 | - | 1,800,000 |
| FPSO fuel | 100% gas | 25% gas 75% diesel | - | - |
| Abandonment Forecast (1P) ⁽¹⁾ | 2032 | 2025 | 2025 | - |

1- D&M Certification Report - 31/12/2018

2- August/19

3- Company estimates

4- Proportional to PetroRio's interest (100% Polvo ; 70% Frade ; 10% Manati)

PetroRio

POTENTIAL TO CREATE VALUE

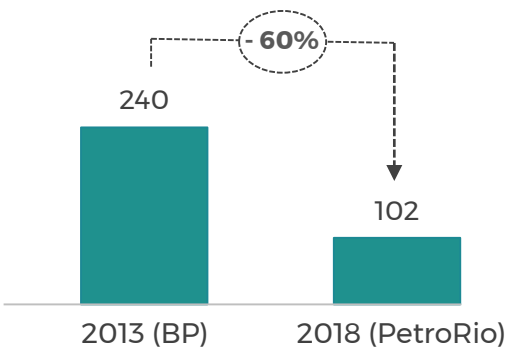
PETRORIO BUSINESS MODEL

1

COST REDUCTION

- **Significant cost reduction (60%)** compared to the previous Operator
- Lean **Overhead**

Polvo's Operational Cost - USD MM

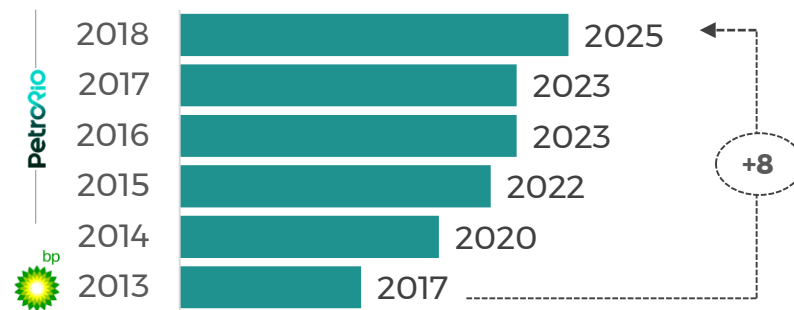


2

ENHANCED OIL RECOVERY

- **Meticulous reservoir management**, extending the asset's useful life
- Interventions and drillings

Polvo's estimated decommissioning Timeline (1P)



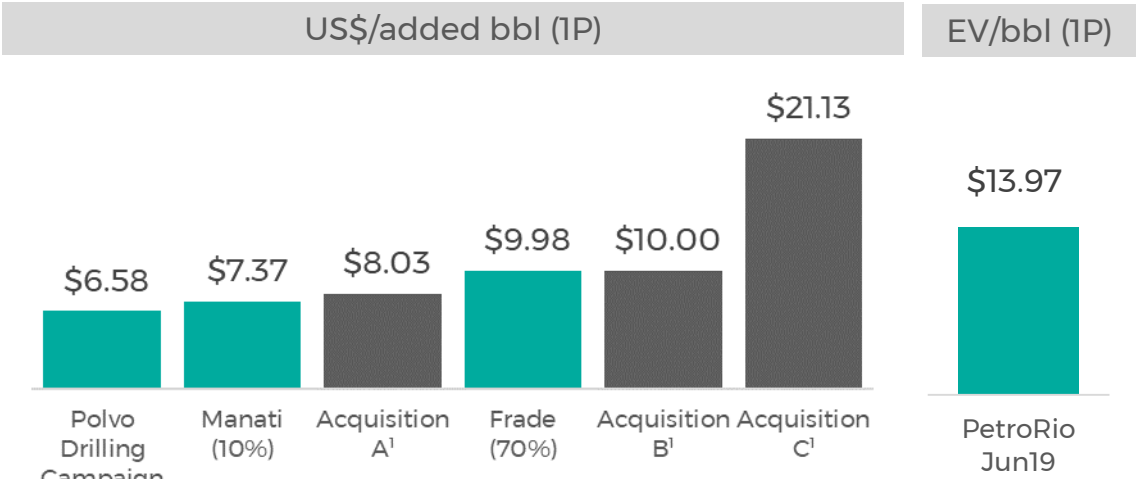
3

FOCUS

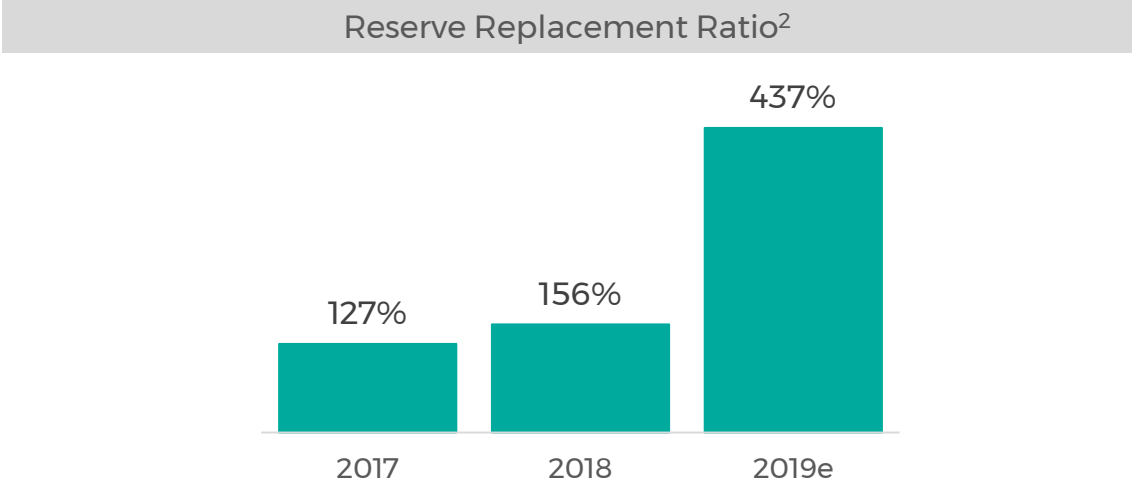
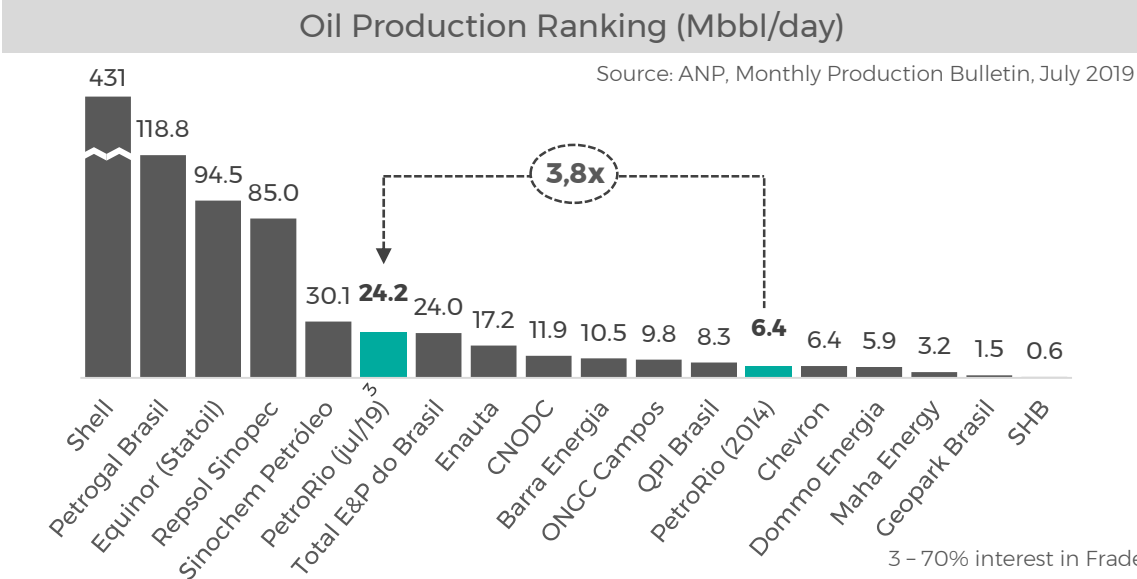
- Increased operational efficiency to 98%
- Assets seen as "small" by Majors receive **special attention from PetroRio**



DELIVERING GROWTH



1- Third-party acquisitions taken place in 2019



2- The Reserve Replacement Ratio divides the added reserves amount by the volume produced in the period

- ✓ Adding reserves at attractive prices, creating value through acquisitions and investments
- ✓ Greater representation in Brazilian production
- ✓ Replacing reserves above the annual production level



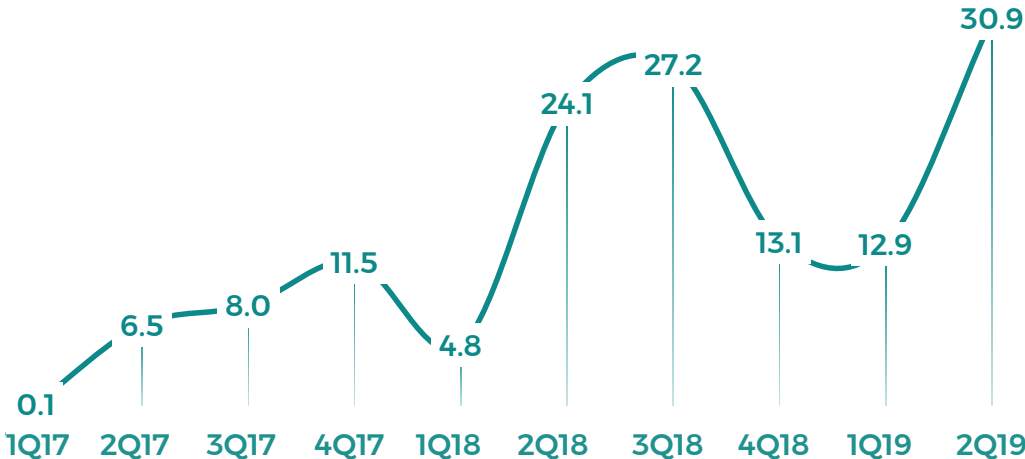
INDICATORS DEVELOPMENT

Lifting Cost PetroRio (US\$/bbl)



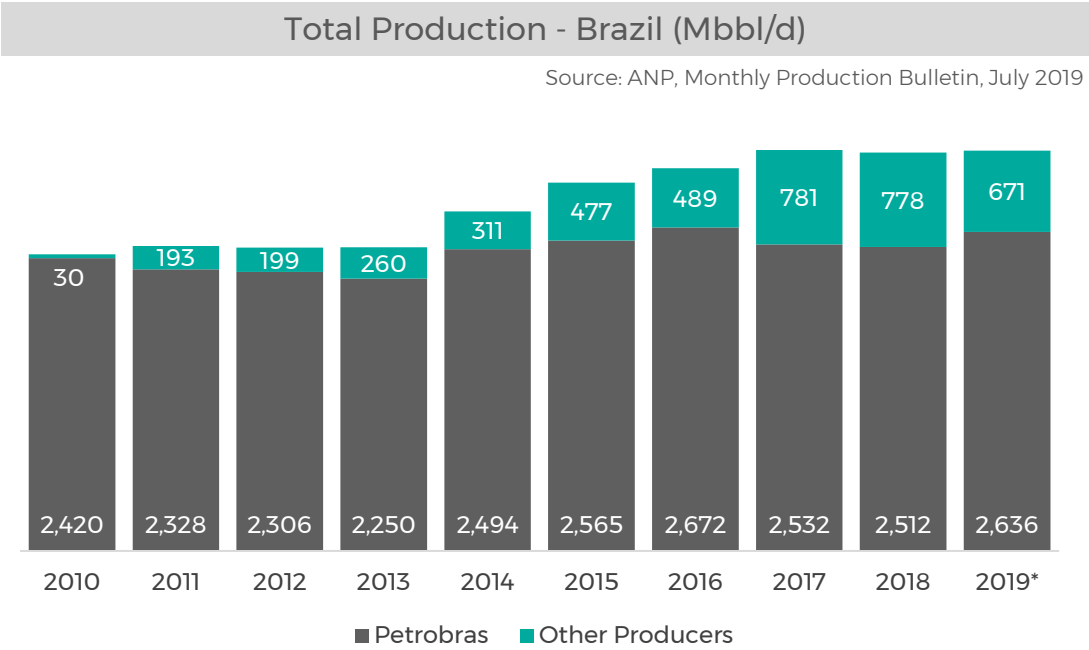
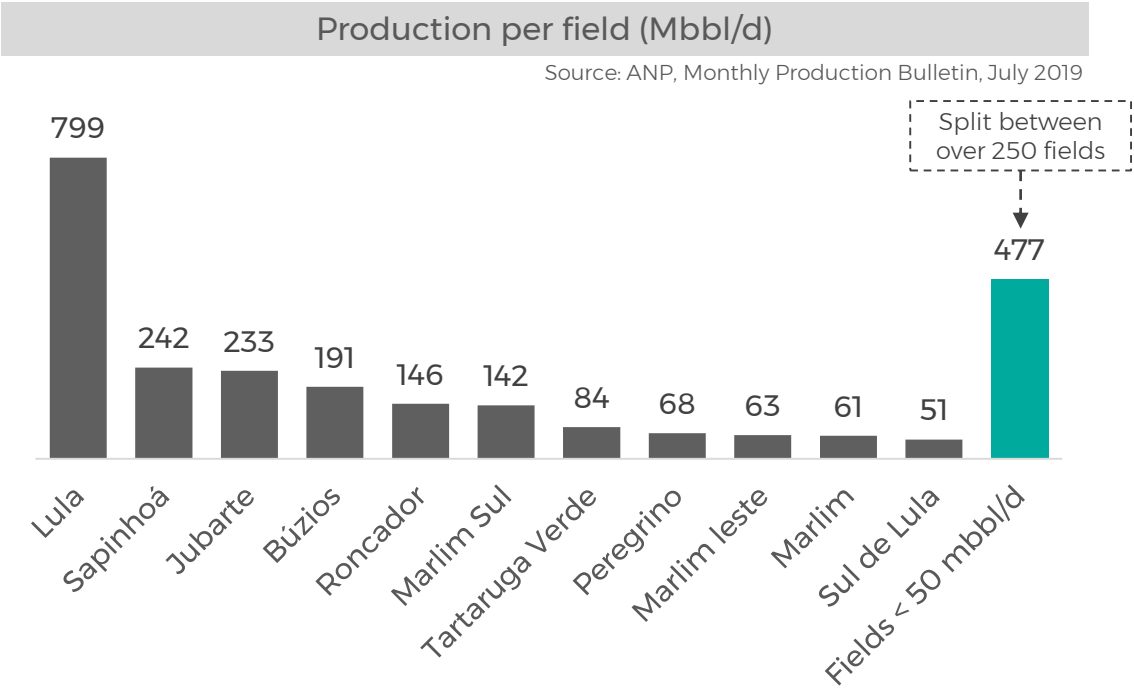
Decrease in **Lifting cost** mainly due to the incorporation of Frade's production and synergies between Frade and Polvo

EBITDA* per Barrel (US\$/boe)



Higher **EBITDA** per barrel puts PetroRio at the same level as the market's benchmark

MARKET OPPORTUNITIES



- ✓ Nearly 500 Mbbbl per day from fields producing below 50 Mbbbl per day, the Company's M&A niche
- ✓ Regulatory scenario encourages Petrobras to reduce its participation in Brazilian production, making room for new players and acquisitions

FRADE FIELD

70% PETRORIO



13,700
bbl/d



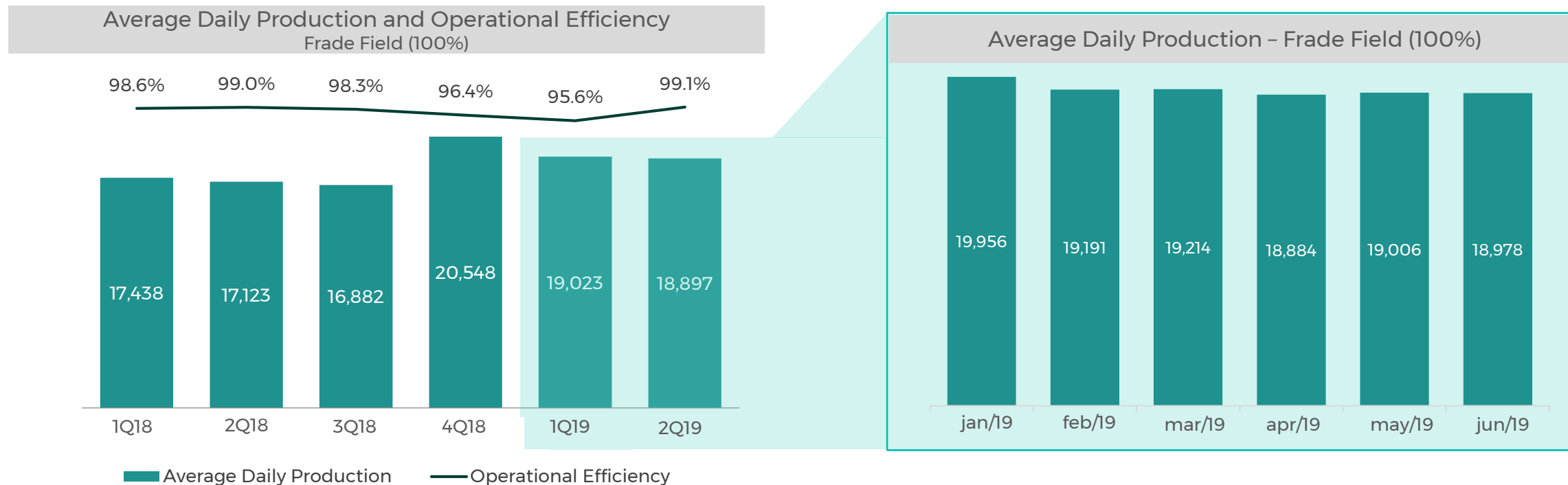
99.1%
Operational Efficiency



**2020 Drilling
Campaign**

FPSO FRADE

OPERATIONAL EFFICIENCY



Measures to reduce natural decline in 2019



Short-term (3 months)

- 1) Gas injection (bullhead)
- 2) Reopening wells
 - Hydrate
 - Fine solids

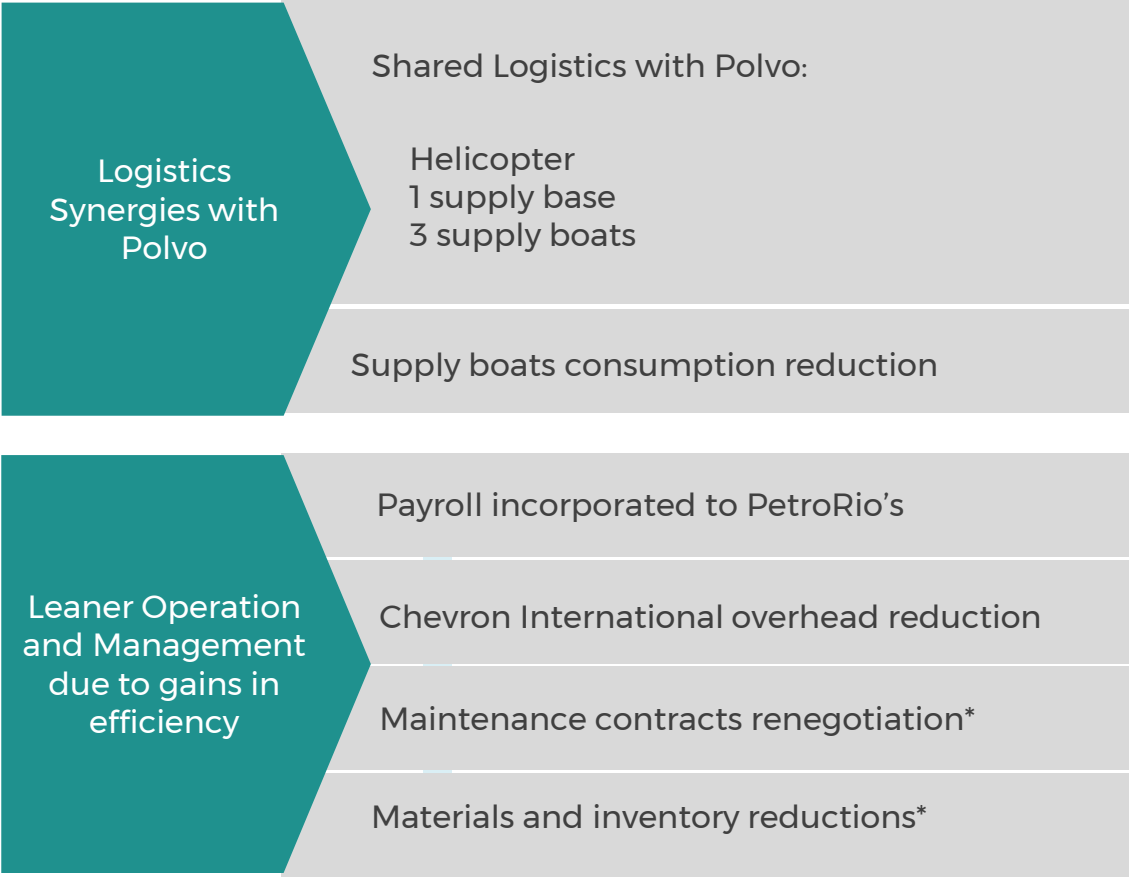


Medium-term (6 months)

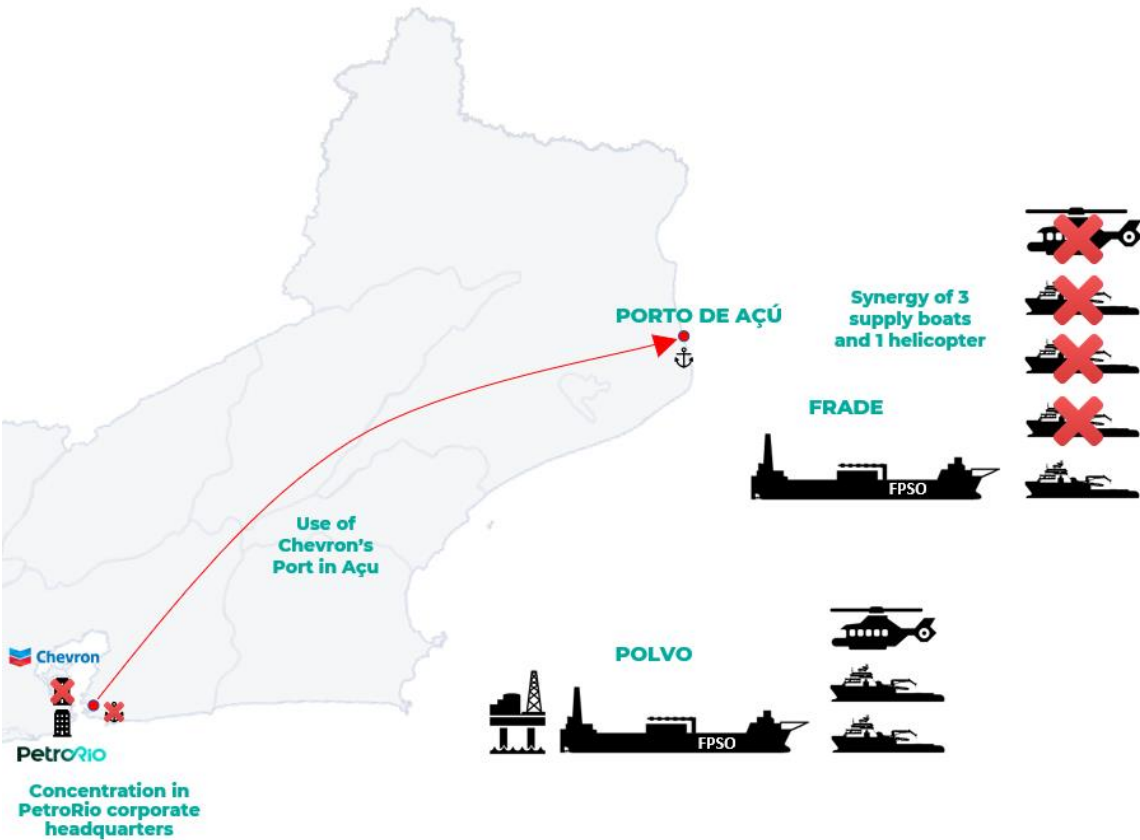
- 3) Water Shutoff
- 4) Wells stimulation

SHORT-TERM: COST REDUCTIONS

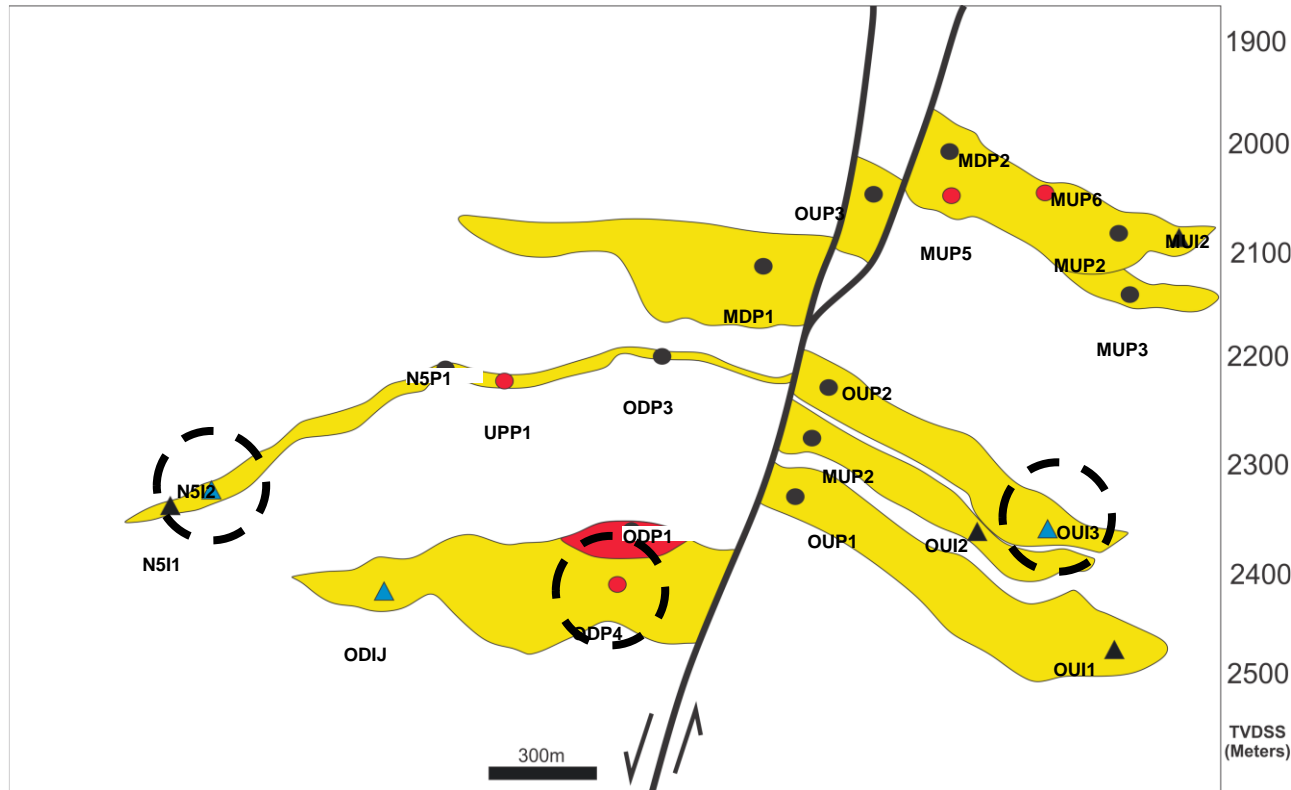
Short-term reductions: low effort, high impact



*Ongoing



MEDIUM-TERM: 2020 DRILLING CAMPAIGN



FRADE'S REVITALIZATION

- ✓ Global project – 4 producers and 3 injectors
- ✓ Phased drillings
- ✓ Cost per well between US\$ 65 MM and U\$S 85 MM

- Current producers
- ▲ Current injectors (disabled)
- Scheduled producers
- ▲ Scheduled injectors

○ = 1st phase (3 wells)

POLVO FIELD

100% PETRORIO



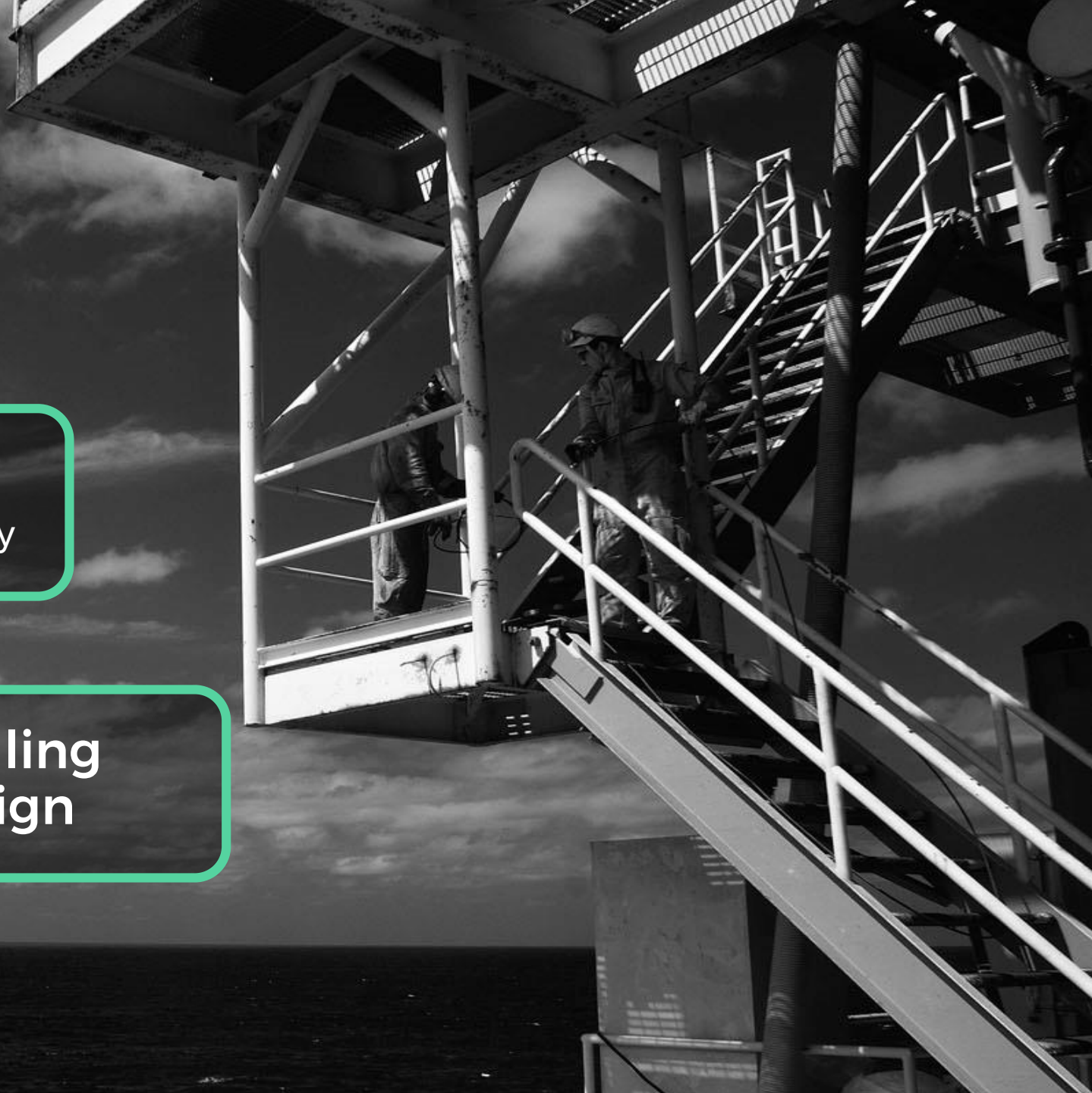
8,000
bbl/d



97.6%
Operational Efficiency

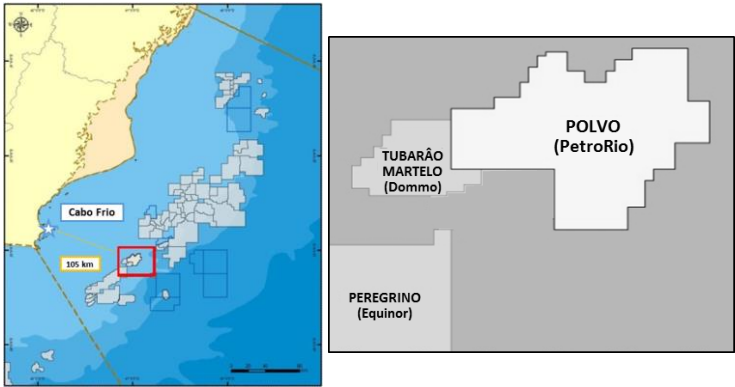


**2019 Drilling
Campaign**

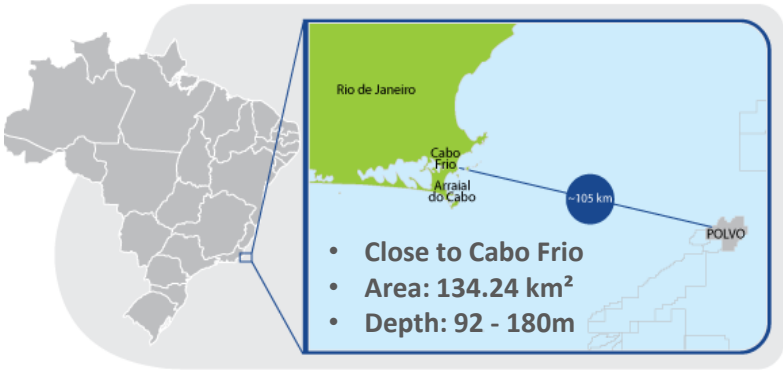


OVERVIEW POLVO FIELD - 100% PETRORIO

Campos Basin



Polvo field



Export Destination

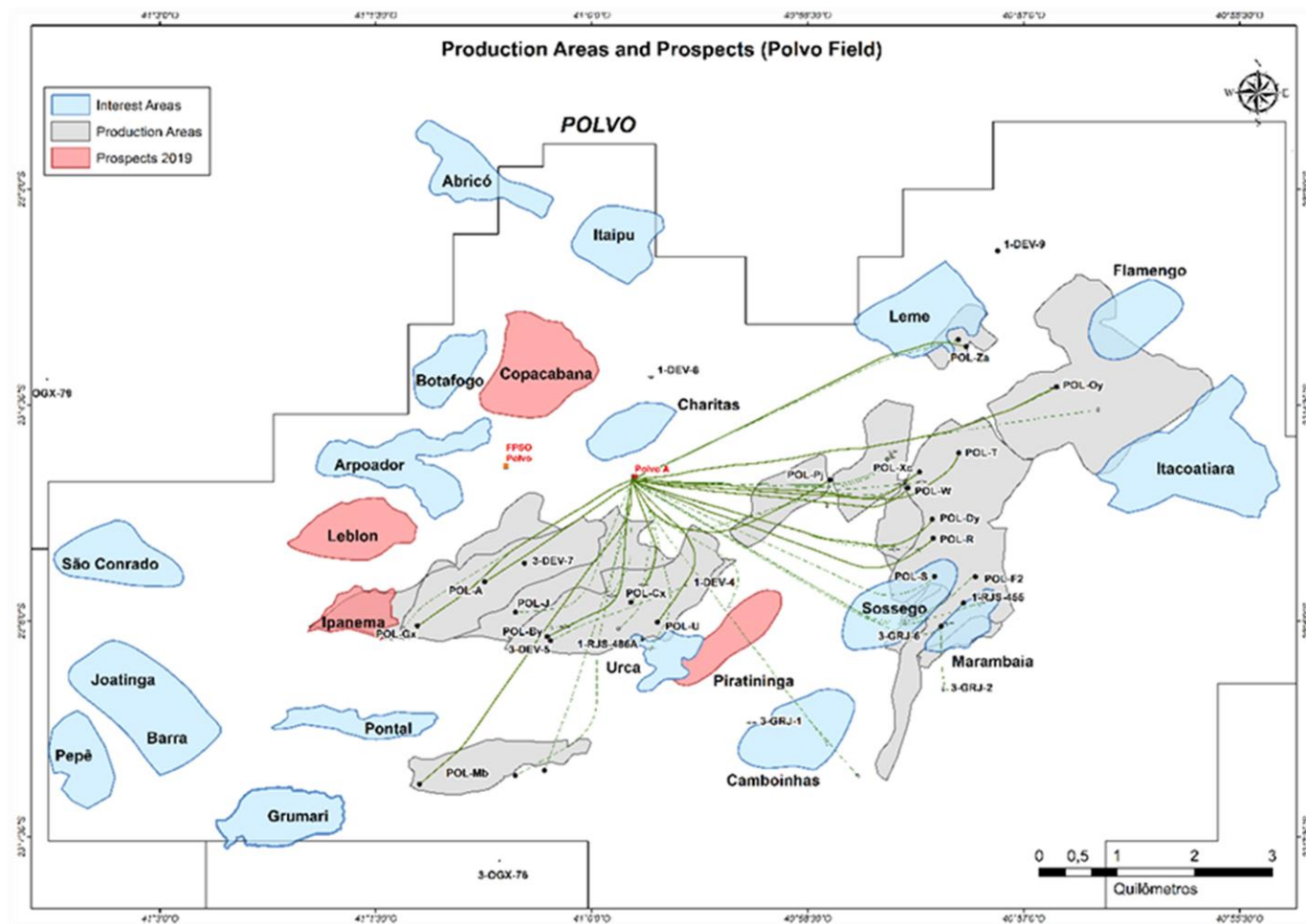


Reserves

| POLVO FIELD'S RESERVES | OIL (million bbl) |
|-----------------------------------|-------------------|
| Proved (1P) | 14.1 |
| Proved + Probable (2P) | 20.5 |
| Proved + Probable + Possible (3P) | 30.1 |

Source: D&M Certification Report - 12/2018

2019 DRILLING CAMPAIGN



REVITALIZATION PLAN PHASE 3

- ✓ Drilling duration: 2 months for each well
- ✓ Total cost: between US\$ 30 MM and US\$ 60 MM
- ✓ 18 prospects remaining for future Drilling Campaigns

MANATI NATURAL GAS FIELD

10% PETRORIO



2,900
boe/d



Steady and predictable cash-flow

“Take-or-pay” contract with Petrobras



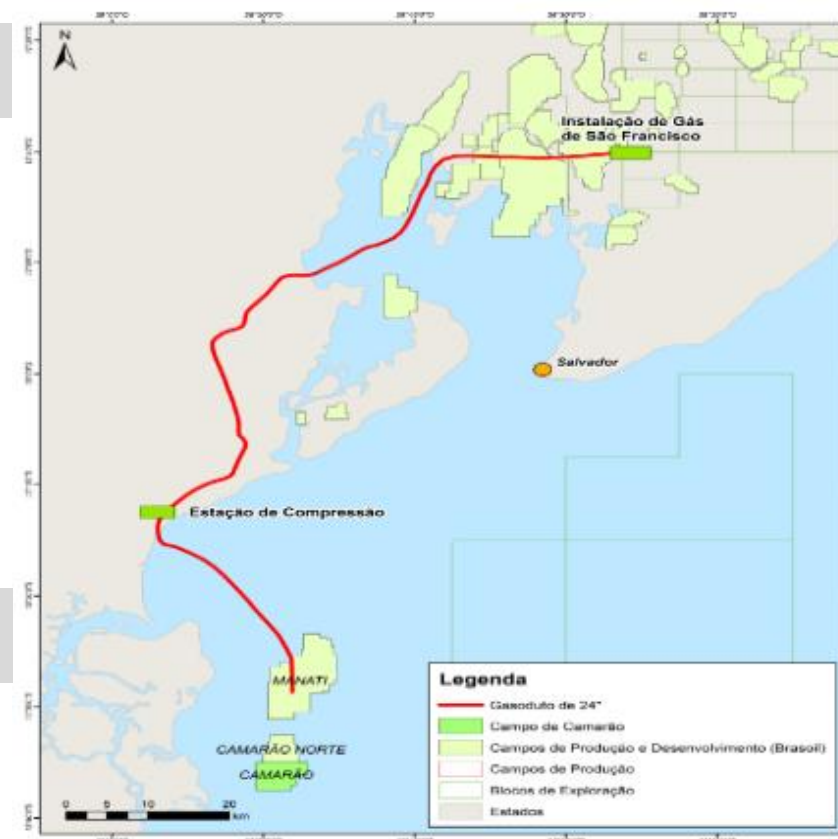
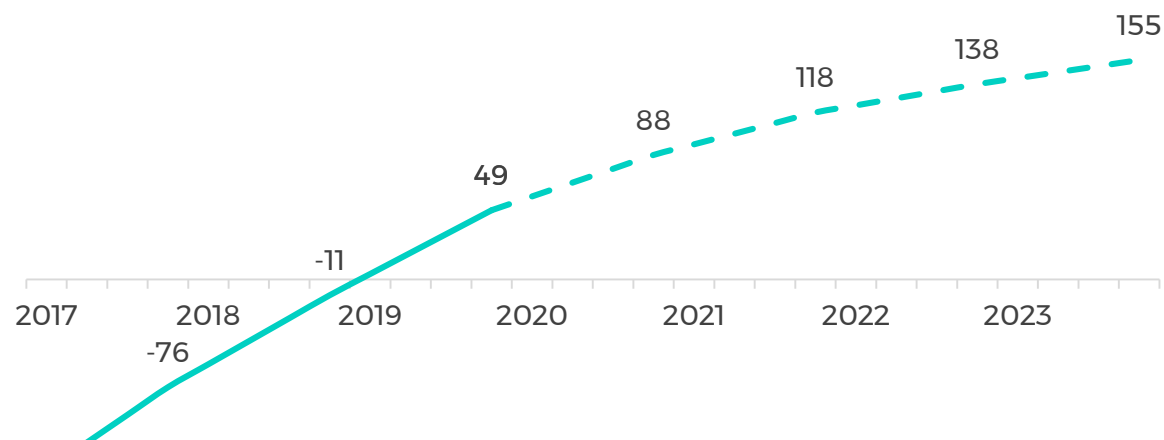
**Project EBITDA
margin: ~70%**

MANATI FIELD

Natural Gas Producing Field

- ✓ Located in the Camamu-Almada basin, 65km from Salvador, Bahia
- ✓ Proved reserves of 3 million boe (net to Petrorio's 10% stake)
- ✓ "Take-or-pay" contract makes Company's cash flow predictable

Manati Cumulative Cash Flow (R\$ millions)



- ✓ 2 year payback and IRR of 66%

EXPLORATORY ASSETS



Pirapema/FZA-M-539 (100% PetroRio)

- Natural Gas Discovery in Foz do Amazonas basin
- Two drilled wells
- Gas reserves estimates of up to 18 Bm³ expandable to 28 Bm³
- Depth: 130m



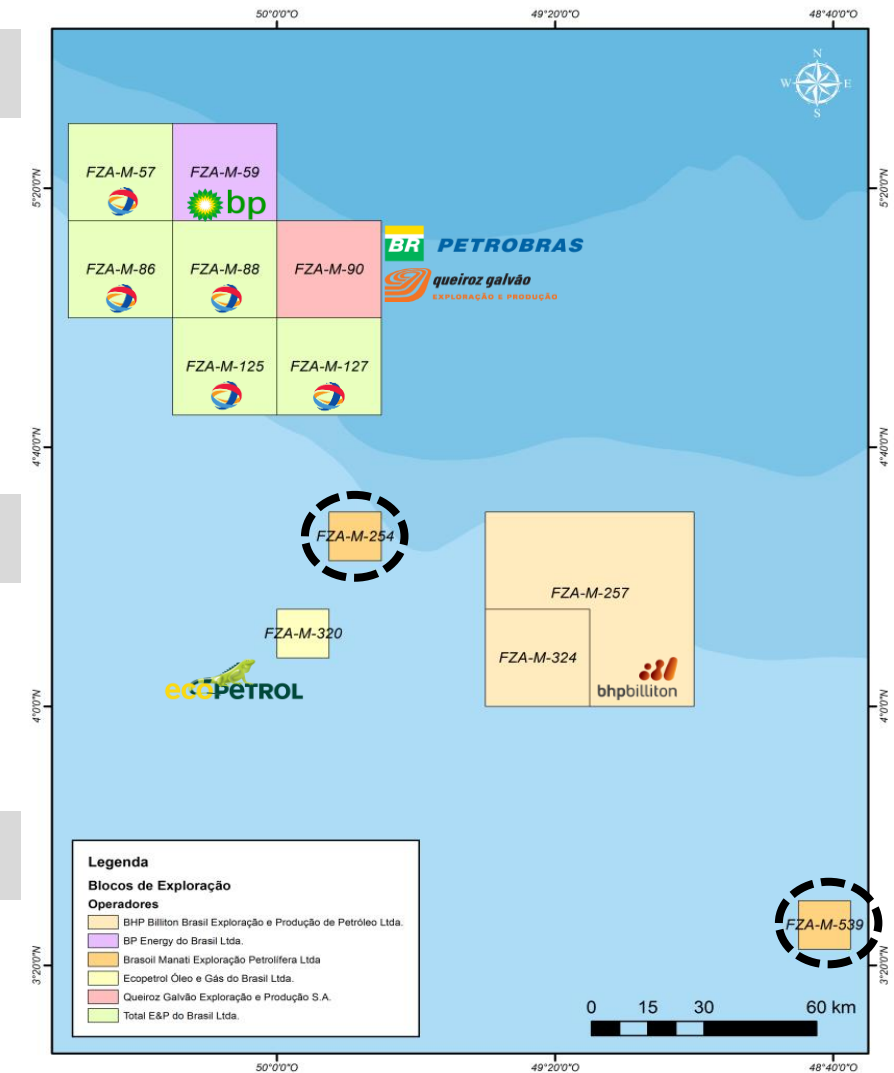
FZA-M-254 (100% PetroRio)

- Oil asset
- Ongoing studies for potential assessment and drilling campaign



CE-M-715 (50% PetroRio)

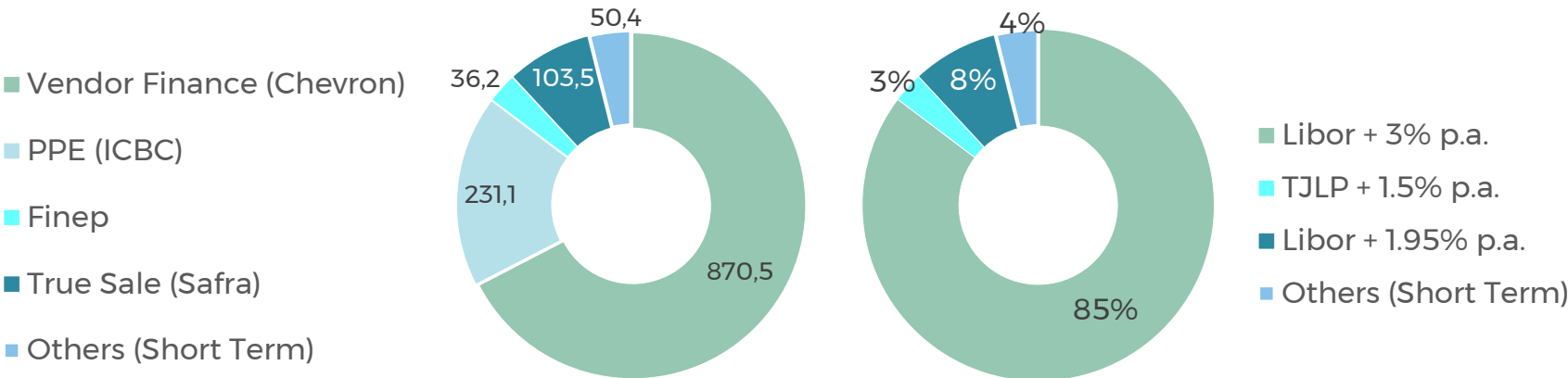
- Oil asset
- Ongoing studies for potential assessment and drilling campaign



FUNDING THE EXPANSION

FUNDING

Loans and Funding (R\$ thousand)



Vendor Finance (Chevron)

US\$ 224 million
2 year term
Libor + 3% p.a.
Paying for the asset using
its own cash flow with
vendor finance



PPE (ICBC)

US\$ 60 million
4 year term
Libor + 3% p.a.
Guarantees Polvo
production sales to
PetroChina



Finep

R\$ 90 million
2.5 year grace period
10 year term
TJLP + 1.5% p.a.

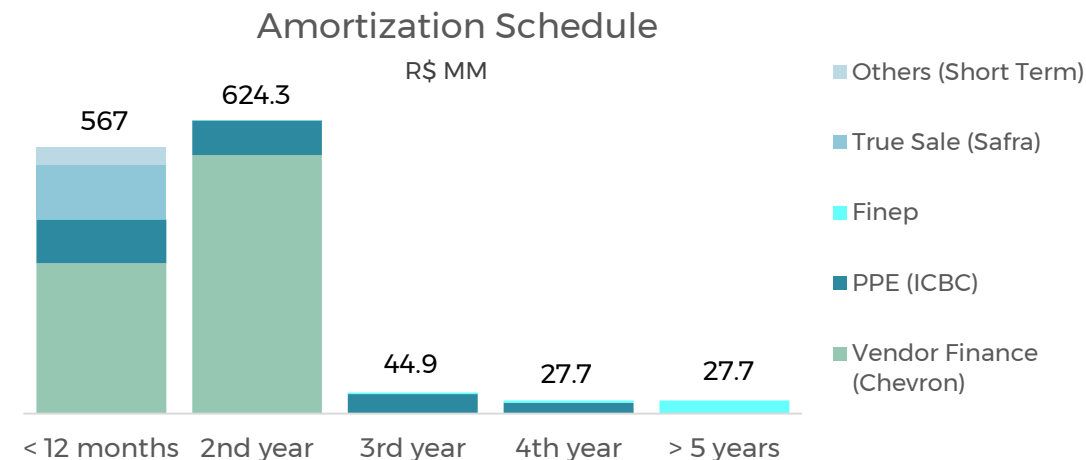
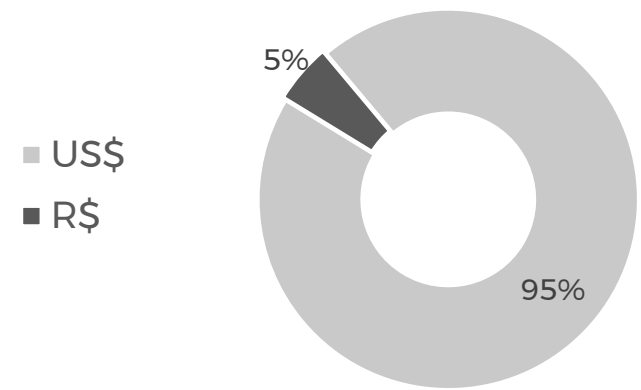


True Sale (Saфра)

2 month term
Libor + 1.95% p.a.
Receivables pre-payment

FUNDING

Loans and Funding (R\$ thousand)



Vendor Finance (Chevron)

US\$ 224 million
2 year term
Libor + 3% p.a.
Paying for the asset using
its own cash flow with
vendor finance



PPE (ICBC)

US\$ 60 million
4 year term
Libor + 3% p.a.
Guarantees Polvo
production sales to
PetroChina



Finep

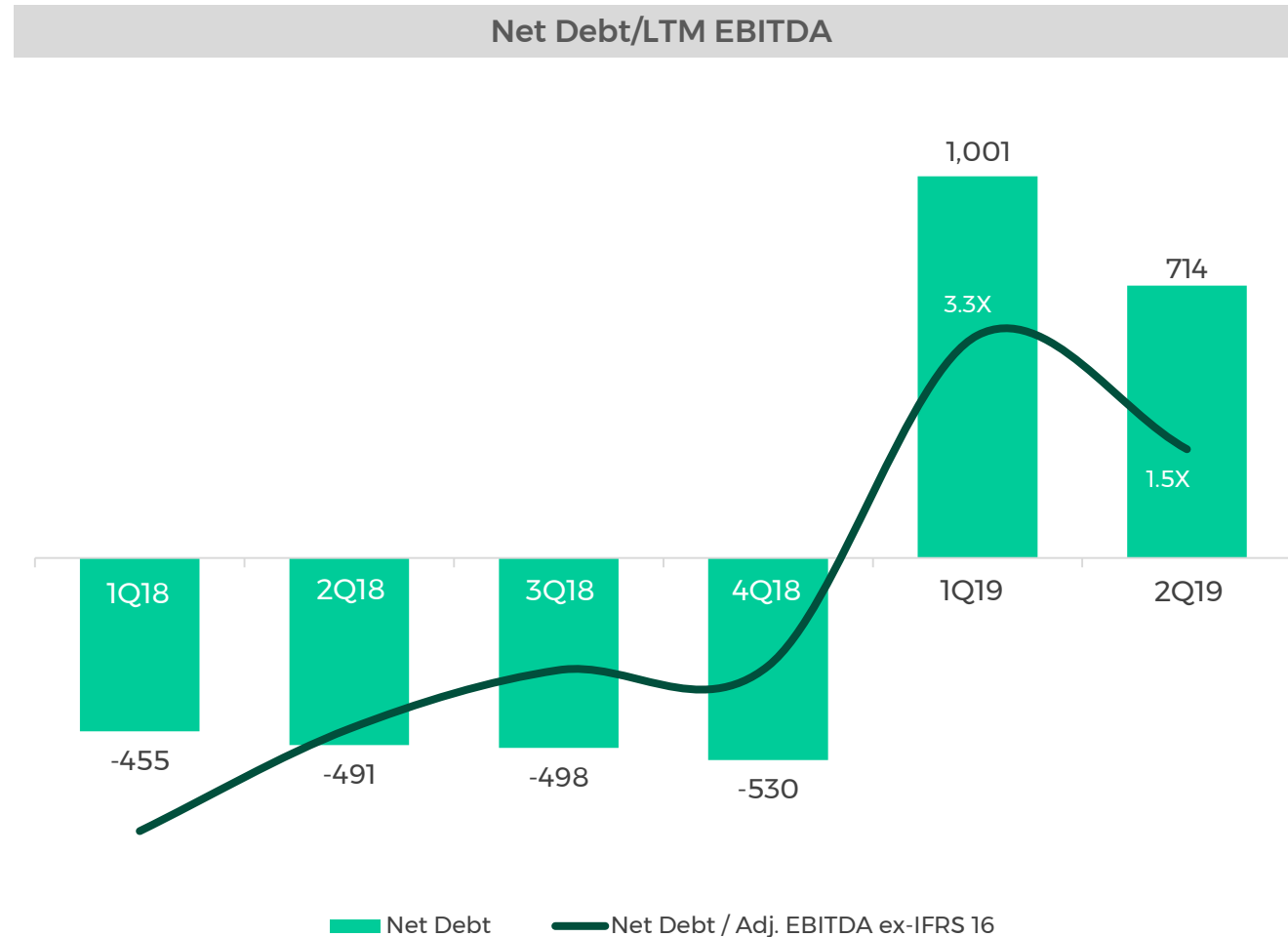
R\$ 90 million
2.5 year grace period
10 year term
TJLP + 1.5% p.a.



True Sale (Safra)

2 month term
Libor + 1.95% p.a.
Receivables pre-payment

DELEVERAGING



1.5x **net debt/EBITDA** leverage takes into account all of the debt incurred with Frade acquisition, but only includes 2Q19 of Frade's numbers. New cash-generating capacity makes room for finance continued growth

CONTATO

Investor Relations

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ANNEX I: INCOME STATEMENT

| | 2Q18 | Ex-IFRS16 2Q19 | Δ | 6M18 | Ex-IFRS16 6M19 | Δ | 2Q19 | 6M19 |
|--------------------------------------|----------------|-------------------|--------------|----------------|-------------------|---------------|----------------|----------------|
| Net revenue | 239,405 | 547,875 | 129% | 356,560 | 687,306 | 93% | 547,875 | 687,306 |
| Cost of goods sold | (104,322) | (202,040) | 94% | (170,425) | (270,311) | 59% | (153,597) | (203,477) |
| Royalties | (17,097) | (49,844) | 192% | (27,859) | (64,077) | 130% | (49,844) | (64,077) |
| Operatin income | 117,985 | 295,990 | 151% | 158,276 | 352,918 | 123% | 344,433 | 419,752 |
| General and administrative expenses | (25,739) | (33,693) | 31% | (54,291) | (55,323) | 2% | (32,412) | (52,787) |
| Other operating income (expenses) | (6,890) | (32,570) | 373% | (3,359) | (32,265) | 861% | (32,570) | (32,265) |
| EBITDA | 85,357 | 229,727 | 169% | 100,626 | 265,330 | 164% | 279,451 | 334,700 |
| EBITDA margin | 36% | 42% | 6p.p | 28% | 39% | 11p.p | 51% | 51% |
| Depreciation and amortization | (26,647) | (27,424) | 3% | (44,031) | (43,721) | -1% | (72,716) | (106,749) |
| Financial Results | 12,175 | (12,846) | -206% | 16,669 | (65,463) | -493% | (8,077) | (78,210) |
| Income and social contribution taxes | (325) | (35,679) | 10867% | (10) | (40,440) | 420269% | (35,679) | (40,440) |
| Income (loss) for the period | 70,560 | 153,779 | 118% | 73,254 | 115,706 | 58% | 162,980 | 109,301 |
| | | | | | | | | |
| | 2Q18 | Ex-IFRS16 2Q19 | D | 6M18 | Ex-IFRS16 6M19 | D | 2Q19 | 6M19 |
| Adjusted EBITDA* | 92,246 | 262,297 | 184% | 103,984 | 297,594 | 186% | 312,021 | 366,964 |
| Adjusted EBITDA margin | 39% | 48% | 9 p.p | 29% | 43% | 14 p.p | 57% | 53% |

*Adjusted EBITDA excludes "Other revenues/expenses"

ANNEX II: BALANCE SHEET (R\$ thousands)

Assets

| Current assets | Dec/18 | Jun/19 |
|----------------------------------|------------------|----------------|
| Cash and cash equivalents | 154,109 | 392,879 |
| Securities | 643,783 | 132,872 |
| Restricted cash | 11,628 | 60,085 |
| Accounts receivable | 34,932 | 36,023 |
| Oil inventories | 56,702 | 93,764 |
| Consumable inventories | 2,084 | 1,622 |
| Derivative Financial Instruments | - | 1,114 |
| Recoverable taxes | 67,011 | 90,764 |
| Advances to suppliers | 37,949 | 43,104 |
| Advances to partners | 2,922 | 32,425 |
| Prepaid expenses | 1,659 | 12,097 |
| Other receivables | 203 | 1,237 |
| Total Current assets | 1,012,982 | 897,986 |

| | | |
|--|------------------|----------------|
| Non-current assets available for sale | 26,581 | 26,289 |
| | 1,039,563 | 924,275 |

Non-current assets

| | | |
|--|----------------|------------------|
| Advances to suppliers | 12,596 | 12,596 |
| Deposits and pledges | 19,621 | 25,084 |
| Recoverable taxes | 25,711 | 30,524 |
| Deferred taxes | 8,338 | 9,773 |
| Right-of-use (Lease CPC 06.R2 IFRS 16) | - | 966,340 |
| Property, plant and equipment | 45,292 | 1,484,486 |
| Intangible assets | 385,943 | 958,199 |
| Total non-current assets | 497,501 | 3,487,002 |

| | | |
|---------------------|------------------|------------------|
| Total Assets | 1,537,064 | 4,411,277 |
|---------------------|------------------|------------------|

Liabilities and shareholders' equity

| Current liabilities | Dec/18 | Jun/19 |
|-------------------------------------|----------------|------------------|
| Suppliers | 73,258 | 126,571 |
| Labor obligations | 14,923 | 32,618 |
| Taxes and social contributions | 37,010 | 85,089 |
| Loans and financing | 222,437 | 566,985 |
| Debentures | 306 | 9,251 |
| Advances from partners | 6,792 | 3,116 |
| Contractual Charges (Lease IFRS 16) | - | 195,349 |
| Other liabilities | 16,260 | - |
| Total current liabilities | 370,986 | 1,018,979 |

Non-current liabilities

| | | |
|---|----------------|------------------|
| Suppliers | 13,413 | 13,413 |
| Debentures | 31,241 | - |
| Loans and financing | 25,718 | 724,663 |
| Provision for abandonment (ARO) | 68,713 | 646,922 |
| Provision for contingencies | 17,441 | 28,675 |
| Deferred taxes and social contributions | 2,311 | 2,153 |
| Contractual Charges (Lease IFRS 16) | - | 775,985 |
| Others | 644 | 644 |
| Total non-current liabilities | 159,481 | 2,192,455 |

| | | |
|--------------------------|--|-------|
| Minority Interest | | 1,161 |
|--------------------------|--|-------|

Shareholders' equity

| | | |
|-----------------------------------|------------------|------------------|
| Realized capital | 3,273,114 | 3,307,246 |
| Capital reserves | 58,183 | 109,317 |
| Other comprehensive income | 18,202 | 15,721 |
| Accumulated losses | (2,547,777) | (2,342,903) |
| Income (loss) for the period | 204,875 | 109,301 |
| Total shareholders' equity | 1,006,597 | 1,198,682 |

| | | |
|---|------------------|------------------|
| Total liabilities and shareholders' equity | 1,537,064 | 4,411,277 |
|---|------------------|------------------|