Quarterly information - ITR

Petro Rio S.A.

March 31, 2020
Independent Auditors' Report on the Review of the Quarterly Information

Summary

Independent auditor's review report on quarterly information

The
Shareholders, Board of Directors and Officers
Petro Rio S.A.
Rio de Janeiro - Rio de Janeiro State

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Petro Rio S.A. ("Company") contained in the Quarterly Information Form– ITR for the quarter ended March 31, 2020, which comprises the statement of financial position as of March 31, 2020 and the related statements of profit or loss, of comprehensive income (loss), of changes in equity and cash flow statement for the three-month period then ended, including the notes to financial statements.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34, applicable to the preparation of Quarterly Financial Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

PetroRio

Other matters

Emphasis of matter – Restatement of the individual and consolidated interim financial information

We draw attention to Note 2.7.2 to the interim financial information, which has been changed and is restated to reflect the matter described in referred to note. On May 14, 2020, we issued an unmodified review report on the interim financial information of the Company, which is now being restated. Our conclusion remains unmodified, since the interim financial information and its figures corresponding to previous periods were adjusted retrospectively.

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of quarterly information to conclude whether it is reconciled to interim financial information and accounting records, as applicable, and whether its form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Review of prior-period corresponding figures

The amounts corresponding to the individual and consolidated statements of profit and loss, of comprehensive income (loss), of changes in equity, cash flows and value added, for the quarter ended March 31, 2019, presented for comparative purposes, were previously reviewed originally before the adjustments arising from the matters described in Note 2.7.2, respectively, by other independent auditors, who issued an unmodified review report on the interim financial information dated May 15, 2019. As part of our review of the 2020 interim financial information for the quarter ended March 31, 2020, we also revised the adjustments described in Note 2.7.2 that were made to change the corresponding figures relating to the quarter ended March 31, 2019. We were not engaged to audit, review or apply any other procedures on the Company's financial statements for the three-month period ended March 31, 2019 and, therefore, we do not express an opinion or any form of assurance on the interim financial statements for the quarter ended March 31, 2019 taken as a whole.

Rio de Janeiro, October 30, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Pia Leocádia de Avellar Peralta
Accountant CRC-1RJ101080/O-0

PetroRio

Balance sheet

March 31, 2020 and December 31, 2019
(In thousands of reais – R$)

	Note	Parent company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
Assets		(Restated)		(Restated)	
Current assets					
Cash and cash equivalents	3	**4,275**	4,911	**315,180**	459,396
Securities	4	**4,677**	-	**102,039**	226,301
Restricted cash	5	**-**	-	**243,609**	52,223
Accounts receivable	6	**-**	-	**213,830**	374,598
Oil inventories	23	**-**	-	**151,060**	120,101
Inventory of consumables		**-**	-	**7,582**	5,373
Financial instruments	27	**-**	-	**350,930**	9,354
Recoverable taxes	7	**2,874**	2,905	**136,036**	116,773
Advances to suppliers	8	**49**	38	**54,760**	52,171
Advances to partners	18	**-**	-	**149,181**	86,278
Prepaid expenses		**1,844**	287	**8,062**	10,333
Other receivables		**51**	52	**-**	189
		13,770	8,193	**1,732,269**	1,513,090
Non-current assets					
Advances to suppliers	8	**-**	-	**12,596**	12,596
Deposits and pledges		**4,776**	5,491	**28,012**	27,249
Recoverable taxes	7	**-**	-	**32,382**	32,384
Deferred taxes	16	**2,196**	2,196	**163,565**	160,313
Related parties	21	**9,469**	6,409	**-**	-
Right-of-use (Lease CPC 06.R2 IFRS 16)	15	**-**	-	**476,732**	452,067
Investments	9	**2,747,137**	2,268,485	**-**	-
Property, plant and equipment	10	**1,853**	1,951	**3,728,946**	2,602,523
Intangible assets	11	**-**	-	**809,886**	689,529
		2,765,431	2,284,532	**5,252,119**	3,976,661
Total assets		**2,779,201**	2,292,725	**6,984,388**	5,489,751

See the accompanying notes to the financial statements.

PetroRio

Balance sheet

March 31, 2020 and December 31, 2019
(In thousands of reais – R$)

	Note	Parent company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
Liabilities and shareholders' equity		(Restated)		(Restated)	
Current liabilities					
Suppliers	12	**3,453**	1,010	**110,976**	87,232
Labor obligations		**813**	794	**40,457**	39,359
Taxes and social contributions	13	**5,159**	4,650	**56,691**	83,441
Loans and financing	14	**-**	-	**1,821,008**	1,224,306
Advances from partners	18	**-**	-	**-**	40
Contractual Charges (Lease IFRS 16)	15	**-**	-	**293,226**	223,049
Other liabilities		**20**	-	**19**	12,356
		9,445	6,454	**2,322,377**	1,669,783
Non-current liabilities					
Suppliers	12	**-**	-	**13,640**	13,233
Loans and financing	14	**-**	-	**676,691**	421,270
Provision for abandonment (ARO)	17	**-**	-	**862,832**	763,633
Provision for contingencies	29	**220**	-	**76,006**	65,613
Related parties	21	**207,816**	121,929	**-**	-
Investment deficit	9	**42**	-	**-**	-
Contractual Charges (Lease IFRS 16)	15	**-**	-	**468,482**	389,433
Other liabilities		**-**	-	**1,703**	1,685
		208,078	121,929	**2,099,354**	1,654,867
Minority interest		**-**	-	**979**	759
Shareholders' equity					
Realized capital	20	**3,326,998**	3,316,411	**3,326,998**	3,316,411
Capital reserves		**229,312**	228,027	**229,312**	228,027
Accumulated translation adjustment		**597,260**	150,335	**597,260**	150,335
Accumulated losses		**(1,530,431)**	(2,372,777)	**(1,530,431)**	(2,372,777)
Income (loss) for the period		**(61,461)**	842,346	**(61,461)**	842,346
		2,561,678	2,164,342	**2,561,678**	2,164,342
Total liabilities and shareholders' equity		**2,779,201**	2,292,725	**6,984,388**	5,489,751

See the accompanying notes to the financial statements.

PetroRio

Statements of income - restated

Three-month periods ended March 31, 2020 and 2019
(In thousands of reais, except earnings/losses per share)

	Note	Parent company		Consolidated	
		03/31/2020	03/31/2019	03/31/2020	03/31/2019
Net revenue	22	**-**	-	**223,162**	139,073
Costs of products/services	23	**-**	-	**(206,826)**	(95,615)
Gross Income		**-**	-	**16,336**	43,458
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	**(151)**	637
Personnel expenses		**(2,636)**	(2,931)	**(10,554)**	(10,573)
General and administrative expenses		**(236)**	(677)	**(9,495)**	(2,950)
Expenses with Outsourced Services		**(541)**	(835)	**(16,461)**	(6,791)
Taxes and rates		**(382)**	(348)	**(2,296)**	(699)
Depreciation and amortization expenses		**(121)**	(86)	**(41,571)**	(1,394)
Equity in income of subsidiaries	9	**(20,515)**	100,283	**-**	-
Other operating revenues (expenses), net	24	**(216)**	(5)	**115,104**	(34,998)
Operating income (loss) before financial income (loss)		**(24,647)**	95,401	**50,912**	(13,310)
Financial revenues	25	**1,310**	2,707	**654,267**	60,978
Financial expenses	25	**(38,124)**	(77,704)	**(757,750)**	(201,117)
Income before income tax and social contribution		**(61,461)**	20,404	**(52,571)**	(153,449)
Current income tax and social contribution		**-**	(766)	**(12,142)**	(5,398)
Deferred income tax and social contribution		**-**	-	**3,252**	178,485
Income (loss) for the period		**(61,461)**	19,638	**(61,461)**	19,638
Earnings (loss) per share - basic and diluted					
Basic		***(0,455)***	*0,155*	***(0,455)***	*0,155*
Diluted		***(0,455)***	*0,155*	***(0,455)***	*0,155*

See the accompanying notes to the financial statements.

PetroRio

Statements of comprehensive income - restated

Three-month periods ended March 31, 2020 and 2019
(In thousands of reais – R$)

	Consolidated	
	03/31/2020	**03/31/2019**
Retained earnings (loss)	**(61,461)**	19,638
Other comprehensive income		
Translation adjustment on investment abroad, net of taxes	**446,925**	8,719
Equity valuation adjustments	**-**	21,579
Other comprehensive income for the period, net of taxes	**446,925**	30,298
Total other comprehensive income for the period, net of taxes	**385,464**	49,936

See the accompanying notes to the financial statements.

PetroRio

Statements of changes in shareholders' equity

Three-month periods ended March 31, 2020 and 2019
(In thousands of reais – R$)

	Capital	Capital reserve	Equity valuation adjustment	Accumulated translation adjustment	Accumulated loss	Total
Balances at January 1, 2019	**3,273,114**	**67,094**	**(79,314)**	**94,057**	**(2,372,777)**	**982,174**
Paid-up capital	19,096	-	-	-	-	19,096
Stock options granted	-	27,951	-	-	-	27,951
Translation adjustment on investment abroad	-	-	-	8,719	-	8,719
Gain (loss) with financial instruments	-	-	21,579	-	-	21,579
Loss for the period	-	-	-	-	19,638	19,638
Income in sale of treasury shares	-	16,051	-	-	-	16,051
Treasury shares	-	5,188	-	-	-	5,188
Balances at March 31, 2019	**3,292,211**	**116,284**	**(57,735)**	**102,776**	**(2,353,139)**	**1,100,397**
Balances at January 1, 2020	**3,316,411**	**228,027**	**-**	**150,335**	**(1,530,431)**	**2,164,342**
Paid-up capital	10,587	-	-	-	-	10,587
Stock options granted	-	1,285	-	-	-	1,285
Translation adjustment on investment abroad	-	-	-	446,925	-	446,925
Loss for the period	-	-	-	-	(61,461)	(61,461)
Balances at March 31, 2020	**3,326,998**	**229,312**	**-**	**597,260**	**(1,591,892)**	**2,561,678**

See the accompanying notes to the financial statements.

PetroRio

Statements of cash flows - restated

Three-month periods ended March 31, 2020 and 2019
(In thousands of reais – R$)

	Parent company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Cash flows from operating activities				
Income (loss) for the period (before taxes)	**(61,461)**	**20,404**	**(52,571)**	**153,449**
Depreciation and amortization	121	86	131,655	31,240
Financial revenues	(252)	(2,639)	(597,423)	(59,125)
Financial expenses	38,116	77,695	755,341	186,630
Share-based compensation	888	1,858	1,285	2,819
Equity in income of subsidiaries	20,515	(100,283)	-	-
Provision for contingencies/losses	220	-	(1,548)	(393)
Provision for impairment	-	-	9,544	-
Decrease in abandonment provision	-	-	(95,418)	-
Gain on acquisition of E&P assets	-	-	-	35,306
	(1,853)	**(2,879)**	**150,865**	**43,028**
(Increase) decrease in assets				
Accounts receivable	-	-	182,992	17,070
Recoverable taxes	(2)	(6)	(23,165)	(2,458)
Prepaid expenses	(1,557)	48	2,283	(4,172)
Advances to suppliers	-	31	4,368	(97)
Oil inventories	-	-	8,226	10,842
Inventory of consumables	-	-	(2,209)	(1,178)
Related parties	(2,452)	(465)	-	-
Deposits and pledges	715	56	(712)	3,277
Advance to partners in oil and gas operations	-	-	(47,536)	35,489
Other receivables	52	-	140	-
Increase (decrease) in liabilities				
Suppliers	2,223	677	(8,906)	22,089
Labor obligations	(32)	25	2,355	(4,652)
Taxes and social contributions	554	(92)	(24,338)	(1,213)
Related parties	48,000	522	-	-
Contingencies	-	-	4,707	(4,729)
Other liabilities	18	-	(12,318)	(16,260)
Net cash (invested in) from operating activities	**45,666**	**(2,083)**	**236,752**	**68,798**
Cash flows from investment activities				
(Investment in) redemption of securities	(4,666)	(706)	124,272	459,780
(Investment) Restricted cash redemption	-	-	(152,144)	-
(Investment) Redemption in abandonment fund	-	-	(374)	(1,062)
(Purchase) sale of property, plant and equipment	(23)	(248)	199,204	21,176
(Purchase) sale of intangible assets	-	-	(260,914)	5,183)
(Increase) decrease in investments	(52,200)	(29,833)	-	-
(Increase) decrease in permanent assets	-	-	(603,492)	(1,526,627)
Net cash (invested in) generated by investment activities	**(56,889)**	**(30,787)**	**(693,448)**	**(1,083,902)**
Cash flows from financing activities				
Loans and financing	-	-	309,575	1,005,424
Contractual charges (Lease IFRS 16) - Principal	-	-	(41,499)	(59,543)
Contractual charges (Lease IFRS 16) - Interests			(11,459)	(13,285
Debentures	-	(162)	-	(162)
Derivative transactions	-	-	(4,447)	-
(Purchase) sale of own Company's shares (held in treasury)	-	21,239	-	21,239
(Decrease) Paid-up capital	10,587	12,056	10,587	12,056
Minority interest	-	-	220	-
Net cash generated (used in) in financing activities	**10,587**	**33,133**	**262,977**	**965,729**
Translation adjustment	-	-	49,501	2,628
Net increase (decrease) in cash and cash equivalents	**(636)**	**263**	**(144,218)**	**(46,747)**
Cash and cash equivalents at the beginning of the period	4,911	232	459,397	154,109
Cash and cash equivalents at the end of the period	4,275	495	315,179	107,362
Net increase (decrease) in cash and cash equivalents	**(636)**	**263**	**(144,218)**	**(46,747)**

See the accompanying notes to the financial statements.

PetroRio

Statements of added value - restated

(supplementary information for IFRS purposes)
Three-month periods ended March 31, 2020 and 2019
(In thousands of reais – R$)

	Parent company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Income				
Oil & Gas sales	**-**	-	**223,162**	139,073
	-	**-**	**223,162**	139,073
Inputs and services				
Third party's services and other	**(541)**	(835)	**(16,461)**	(6,791)
Geology and geophysics expenses	**-**	-	**(151)**	637
Costs of services	**-**	-	**(84,514)**	(51,536)
Gross added value	**(541)**	(835)	**122,036**	81,383
Retentions				
Depreciation and amortization	**(121)**	86	**(131,655)**	(31,240)
Net added value	**(662)**	(921)	**(9,619)**	50,143
Transferred value added				
Net financial income (loss)	**(36,815)**	(74,997)	**(103,483)**	(140,139)
Equity in net income of subsidiaries	**(20,515)**	100,283	**-**	-
Deferred taxes	**-**	-	**3,252**	178,485
Rents, royalties and other	**(451)**	(682)	**73,381**	(52,181)
Added value payable	**(58,443)**	23,683	**(36,469)**	36,308
Distribution of added value				
Personnel	**2,636**	2,931	**10,554**	10,573
Taxes	**382**	1,114	**14,438**	6,097
Interest attributable to Group's shareholders	**(61,461)**	19.638	**(61,461)**	19,638
Distributed added value	**(58,443)**	23,683	**(36,469)**	36,308

See the accompanying notes to the financial statements.

1. Operations

Petro Rio S.A. (PetroRio), was established on July 17, 2009. Headquartered in the city of Rio de Janeiro, its main purpose is to hold interests in other companies as partner, shareholder or quotaholder, in Brazil and abroad, with a focus on exploration, development and production of oil and natural gas.

For the purpose of this report, Petro Rio S.A and its subsidiaries are denominated, individually or jointly, as the "Company" or "Group", respectively.

Its significant operations are carried out by means of subsidiaries Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PetroRioOG"), Brasoil Manati Exploração Petrolífera S.A. ("Manati") and Petro Rio Jaguar Petróleo Ltda ("Jaguar") are the production of oil and natural gas, operating in Campos Basin - RJ and Camumu Basin - BA, Manati.

Polvo Field – 100%

PetroRioOG is the operator and holds 100% of the Polvo Field concession contract, acquired from BP Energy do Brasil Ltda. ("BP") – 60% in 2014 and from Maersk Energia Ltda. ("Maersk") – 40% in 2015.

The Polvo Field is in the southern portion of the Campos Basin (offshore) some 100 km east of the city of Cabo Frio in the state of Rio de Janeiro. The license covers an area of approximately 134 km2 with several prospects for future exploration. Average daily output during the first quarter of 2020 was of roughly 8.6 thousand barrels (9.6 thousand barrels for the first quarter of 2019).

In April 2018, the Company started the Second Phase of the Revitalization Plan for the Polvo Field, continuing the successful Phase 1 in the 1Q16, which resulted in a 20% increase in production and volumes of proven developed reserves. Phase 2 consisted of drilling three new wells to reach undeveloped proved reserves (1P) and probable reserves (2P). Of the three new oil wells planned to be drilled, performed and were successfully completed. The first well operations started-up on May 20, 2018, while the second one started-up on July 30, 2018, and the third on November 1, 2018, as detailed in Note 11.

Manati Field – 10%

In March 2017, PetroRioOG concluded the transaction for the acquisition of 100% of the shares of Brasoil do Brasil Exploração Petrolífera S.A. ("Brasoil"). Brasoil is a holding company, indirectly holding a 10% interest in the rights and obligations of the Manati Field concession contract, in the production phase, in addition to a 10% interest in the Camarão Norte Field, under development, which in under return process by the consortia to National Agency of Petroleum, Natural Gas and Biofuels (ANP) and a 100%

interest in the concessions of Blocks FZA-Z-539 and FZA-M-254, both in the exploration phase. (Note 11c).

The Manati Field is in the Camumu Basin, on the coast of the State of Bahia. The license covers an area of approximately 76 km². Average daily output during the first quarter of 2020 was of roughly 2 million cubic meters of natural gas (3.8 thousand cubic meters of natural gas for the first quarter of 2019). The reduced amount in relation to the same period of 2018 is due to the decrease in gas withdrawal from Petrobras, with 100% of the production from Manati Field contracted. This halt, which started in late February 2020, was due to the decrease in natural gas consumption owing to the COVID-19 pandemic.

Frade Field – 70%

On March 25, 2019 and October 01, 2019, after complying with the precedent conditions and obtaining the necessary approvals, the Company completed the acquisition of 51.74% and 18.26%, respectively, of interest in the concession of Frade Field, in the operational assets of the Field, and assumed the operation of the Field, according to Note 11.

Furthermore, on November 28, 2019, the Company signed a purchase and sale agreement with Petrobras for the acquisition of the remaining 30% interest in the Field, so the Company will have an interest of 100% at Frade Field. The conclusion of this transaction is subject to the fulfillment of precedent conditions, such as approval by the Administrative Council for Economic Defense (CADE) and by the National Agency of Petroleum, Natural Gas and Biofuels (ANP).

The Frade Field is in the northern region of the Campos Basin, about 120 kilometers from the coast of the State of Rio de Janeiro. The license covers an area of approximately 154 km², with an average water depth of 1,155 m. The Field produced approximately 19 thousand barrels of oil per day in the first quarter of 2020 (19 thousand barrels of oil per day in the first quarter of 2019).

FPSO OSX-3 and *Tubarão Martelo*

On February 3, 2020, the Company entered into a contract for the acquisition of the OSX-3 vessel (Floating, Production, Storage and Offloading – FPSO), built in 2012 with a processing capacity of 100 thousand barrels of oil per day and storage capacity of 1.3 million barrels, in the amount of US$ 140 million, with a portion of the funds (US$ 100 million) being financed by Prisma Capital. FPSO currently operates the Tubarão Martelo Field (Dommo Energia) and is intended to be used for the operation of Polvo through the connection with the Polvo A Fixed Platform.

On the same date, a contract was signed on the same date for the acquisition of 80% of Tubarão Martelo Field, as well as the Field operation, fully-owned by Dommo

Energia. The completion of this acquisition depends on approvals from CADE (Administrative Council for Economic Defense) and ANP (National Petroleum Agency).

On March 31, 2020, PetroRio presented negative net working capital, in the amount of R$ 651,196 in the consolidated. Management understands that the flows from the results of operations of the subsidiaries, together with the planned refinancing and debt raising processes, are sufficient for the fulfillment of its short-term obligations and for the rebalancing of the net working capital presented.

2. Preparation basis and presentation of the financial statements

2.1. Statement of conformity

The individual and consolidated quarterly information was prepared and are presented in accordance with accounting practices adopted in Brazil, which includes the provisions of Brazilian Corporation Law, Procedures, Guidance and Interpretations issued by Accounting Pronouncement Committee - CPC and approved by the Brazilian Securities Commission - CVM and by the Federal Accounting Council - CFC, which are in conformity with international accounting standards issued by *International Accounting Standards Board - IASB*.

The statements of value added are presented as supplementary information for IFRS purposes.

The Management confirms that all relevant pieces of information characteristic of quarterly information are being evidenced and correspond to those used by Management.

2.2. Basis of preparation

The individual and consolidated quarterly information was prepared based on the historical cost, except for derivative those measured at fair value, when indicated.

2.3. Basis of consolidation and investments in subsidiaries

The consolidated quarterly information includes quarterly information of the Company and its subsidiaries. Control is achieved when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

The income of the subsidiaries acquired, sold or merged during the period are included in the consolidated income and comprehensive income information from the effective date of acquisition, disposal or merger, as applicable. Accordingly, income from new subsidiaries Jaguar, Frade LLC and Frade BV was considered in the Company's consolidated income beginning as of March 25, 2019 and PetroRio White Shark and IONC as of October 1, 2019, date on which purchase and sale transactions were concluded.

(In thousands of reais, unless otherwise indicated)

In the individual quarterly information of the Company, the quarterly information of the direct and indirect subsidiaries is recognized under the equity method.

When necessary, subsidiaries' quarterly information accounting policies are adjusted to those of the Group. All transactions, balances, revenues and expenses among the Group's companies are fully eliminated in consolidated quarterly information.

The Company's consolidated financial statements include:

		Interest			
		03/31/2020		12/31/2019	
Fully consolidated companies		**Direct**	**Indirect**	**Direct**	**Indirect**
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PetroRioOG"	**100.00%**	**-**	100.00%	-
Petrorio USA Inc.	"PrioUSA"	**100.00%**	**-**	100.00%	-
Petro Rio Internacional S.A.	"PrioIntl"	**1.23%**	**98.77%**	1.26%	98.74%
Petrorio Luxembourg Holding Sarl	"Lux Holding"	**-**	**100.00%**	-	100.00%
Petrorio Netherlands BV	"Netherlands"	**-**	**100.00%**	-	100.00%
Walvis Petroleum (Pty) Ltd.	"Walvis"	**-**	**100.00%**	-	100.00%
Petrorio Canada Inc.	"Canadá"	**-**	**100.00%**	-	100.00%
Luderitz Petroleum (Pty) Ltd.	"Luderitz"	**-**	**100.00%**	-	100.00%
Petrorio Luxembourg Sarl	"Lux Sarl"	**-**	**100.00%**	-	100.00%
Cumoxi Investments (Pty) Ltd.	"Cumoxi"	**-**	**100.00%**	-	100.00%
Kunene Energy (Pty) Ltd.	"Kunene"	**-**	**100.00%**	-	100.00%
Orange Petroleum Ltd.	"Orange"	**-**	**100.00%**	-	100.00%
Petro Rio do Brasil Exploração Petrolífera S.A.	"Brasoil"	**-**	**100.00%**	-	100.00%
Brasoil OPCO Exploração Petrolífera Ltda.	"Opco"	**-**	**99.99%**	-	99.99%
Brasoil Manati Exploração Petrolífera S.A.	"Manati"	**-**	**100.00%**	-	100.00%
Brasoil Coral Exploração Petrolífera Ltda.	"Coral"	**-**	**100.00%**	-	100.00%
Petro Rio Energia Ltda.	"PrioEnergia"	**-**	**100.00%**	-	100.00%
Petro Rio Comercializadora de Energia Ltda	"Comercializadora"	**-**	**100.00%**	-	100.00%
Brasoil Round 9 Exploração Petrolífera Ltda.	"Round 9"	**-**	**100.00%**	-	100.00%
Brasoil Finco LLC	"Finco"	**-**	**100.00%**	-	100.00%
Petro Rio Jaguar Petróleo Ltda	"Jaguar"	**-**	**100.00%**	-	100.00%
Frade B.V.	"Frade B.V."	**-**	**70%**	-	70%
Petro Rio White Shark Petróleo Ltda	"White Shark"	**-**	**100.00%**	-	100.00%
Inpex Offshore North Campos, Ltd.	"IONC"	**-**	**100.00%**	-	100.00%

2.4. Accounting policies adopted

We hereby declare that the accounting policies adopted in the preparation of this quarterly information are consistent with those used in the most recent annual financial statements (year ended December 31, 2019). Thus, this quarterly information should be read together with information disclosed in financial statements for the year ended December 31, 2019.

2.5. Functional currency and presentation currency

This individual and consolidated quarterly information is presented in Real, functional currency of the Company. The Company defined that its functional currency is the Brazilian Real of its foreign subsidiaries is the United States dollar, on account of its incurred costs of operation. All financial information presented in Reais has been rounded to the nearest value, except otherwise indicated.

2.6. Standards and new and reviewed interpretations already issued

In the preparation of quarterly information, the Company's Management considered, when applicable, the new reviews and interpretations of IFRS and technical pronouncements, issued by IASB and CPC, respectively, which became mandatorily effective for the accounting periods ended March 31, 2020.

2.7. Effects of adopting CPC 23 (IAS 8) - Accounting policies, estimate changes and error correction.

2.7.1. Change in accounting estimate

In the 1Q20, the Company, through an independent international certifying agency (DeGolyer and MacNaughton), conducted a reevaluation of reserves at Polvo, Frade and Manati fields. Said revaluation indicated an increase in the useful life of the fields and, therefore, a reduction in the depreciation rates and an extension of the terms for calculating the provision for abandonment and of CPC 06R2 – IFRS16.

The studies have already considered the effects of the Covid-19 pandemic, which reduced oil prices in the short term.

At Polvo Field, the revaluation indicated the increase of useful life of the field until the end of 2026, and an increase of the developed proven reserves by approximately 3 million barrels.

At Frade Field, the revaluation indicated the increase of useful life of the field until the end of 2030, and an increase of the developed proven reserves by approximately 7 million barrels (70%)

Finally, the revaluation in Manati pointed to an increase in the useful life of the field until the end of 2026, with an increase of 132 million m3 (in its developed proven reserves).

2.7.2. Restatement

The amounts corresponding to the balance sheets, Parent Company and consolidated, on December 31, 2019, for comparison purposes, were restated in the respective financial statements filed on August 27, 2020.

For this reason, the Company is restating the balance sheets, Parent Company and consolidated, on March 31, 2020 and the Parent Company and consolidated statement of income, comprehensive income, the changes in equity, cash flows and added value, for the periods of three months ended on March 31, 2020 and March 31, 2019 for comparison purposes.

Assets:

a. Oil inventories – Adjustment of the abandonment amortization and IFRS 16, as a result of the discount rate adjustment;
b. Advances to Partners – Recognition of the lease portion (CPC 06R2 – IFRS 16) referring to Petrobras in the Frade Field operation;
c. Deferred taxes – Record of deferred taxes on temporary differences;
d. Right-of-Use (Leases CPC 06.R2 – IFRS 16) – Review of the minimum fixed amounts of the agreements and the initial discount rate for agreements in reais, from 5.63% p.a. to 10% p.a.;
e. Property, plant and equipment and intangible assets – Reclassification of asset captions between development, emergency spare parts and well maintenance costs, as well as reflecting the adjustment of the provision for abandonment due to the review of the discount rate used, from 3% p.a. without risk spread in all fields to 5.44% p.a. in Polvo and Manati, and 5.59% p.a. in Frade.

Liabilities:

f. Contractual Charges (Leases – IFRS 16) – Review of the minimum fixed amounts of the agreements and the initial discount rate for agreements in reais, from 5.63% p.a. to 10% p.a.;
g. Provision for abandonment of facilities – review of the discount rate used, from 3% p.a. without risk spread in all fields to 5.44% p.a. in Polvo and Manati, and 5.59% p.a. in Frade.

Shareholders' equity and income (loss):

h. Capital reserves – Recognition of the amount of the options for converting debentures into shares of Petrorio S.A., completed on October 24, 2019;
i. Cumulative Translation Adjustment – Reflecting the adjustments made at Lux Holding, referring to the allocation of Frade's purchase price;
j. Accumulated losses and income (loss) for the period – Reflecting the adjustments highlighted above.

Notes to the quarterly information
March 31, 2020
(In thousands of reais, unless otherwise indicated)

		03/31/2020					
		Parent Company			Consolidated		
Ref.	**Balance Sheet**	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
	Current assets						
a	Oil inventories	-	-	-	162,981	(11,921)	151,060
b	Partners in oil and gas operations	-	-	-	68,147	81,034	149,181
	Current assets not affected	13,770	-	13,770	1,432,027	1	1,432,028
		13,770	**-**	**13,770**	**1,663,155**	**69,114**	**1,732,269**
	Non-current assets						
c	Deferred taxes	-	2,196	2,196	9,374	154,191	163,565
d	Right-of-use (Lease CPC 06.R2 IFRS 16)	-	-	-	500,280	(23,548)	476,732
m	Investments	2,542,846	204,291	2,747,137	-	-	-
e	Property, plant and equipment	1,853	-	1,853	3,468,033	521,825	3,989,858
e	Intangible assets	-	-	-	967,290	(418,316)	548,974
	Non-current assets not affected	14,245	-	14,245	72,990	-	72,990
		2,558,944	**206,487**	**2,765,431**	**5,017,967**	**234,152**	**5,252,119**
	Total assets	**2,572,714**	**206,487**	**2,779,201**	**6,681,122**	**303,266**	**6,984,388**
	Current liabilities						
f	Suppliers	3,453	-	3,453	157.451	(46,475)	110,976
	Loans and financing	-	-	-	1.811.334	9,674	1,821,008
f	Contractual Charges (Lease IFRS 16)	-	-	-	248.399	44,827	293,226
	Current liabilities not affected	5,991	1	5,992	97.167	-	97,167
		9,444	**1**	**9,445**	**2,314,351**	**8,026**	**2,322,377**
	Non-current liabilities						
	Loans and financing	-	-	-	686,365	(9,674)	676,691
g	Provision for abandonment (ARO)	-	-	-	855,827	7,005	862,832
f	Contractual Charges (Lease IFRS 16)	-	-	-	377,059	91,423	468,482
	Non-current liabilities not affected	208,078	-	208,078	91,349	-	91,349
		208,078	**-**	**208,078**	**2,010,600**	**88,754**	**2,099,354**
	Unaffected minority interest	**-**	**-**	**-**	**979**	**-**	**979**
	Shareholders' equity						
	Unaffected Capital	3,326,998	-	3,326,998	3,326,998	-	3,326,998
h	Capital reserves	116,282	113,030	229,312	116,282	113,030	229,312
i	Cumulative Translation Adjustment	574,364	22,896	597,260	574,364	22,896	597,260
j	Equity valuation adjustments	(1,706,996)	176,565	(1,530,431)	(1,706,996)	176,565	(1,530,431)
	Accumulated losses	44,544	(106,005)	(61,461)	44,544	(106,005)	(61,461)
		2,355,192	**206,486**	**2,561,678**	**2,355,192**	**206,486**	**2,561,678**
	Total liabilties	**2,572,714**	**206,487**	**2,779,201**	**6,681,122**	**303,266**	**6,984,388**

		Consolidated					
		03/31/2020			03/31/2019		
Ref.	**Statements of income**	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
	Unaffected net revenue from sales	223,162	-	223,162	139,431	(358)	139,073
a	Costs of products/services	(206,351)	(475)	(206,826)	(96,529)	914	(95,615)
	Gross revenue	**16,811**	**(475)**	**16,336**	**42,902**	**556**	**43,458**
	Unaffected operating revenues (expenses)	(38,957)	-	(38,957)	(20,376)	-	(20,376)
e	Depreciation and amortization	(20,263)	(21,308)	(41,571)	(1,616)	222	(1,394)
e	Other operating revenues (expenses)	164,804	(49,700)	115,104	306	(35,304)	(34,998)
	Operating income (loss) before financial income (loss)	**122,395**	**(71,483)**	**50,912**	**21,216**	**(34,526)**	**(13,310)**
f,g	Financial revenues	663,746	(9,479)	654,267	60,886	92	60,978
f,g	Financial expenses	(732,707)	(25,043)	(757,750)	(131,019)	(70,098)	(201,117)
	Income before income tax and social contribution	**53,434**	**(106,005)**	**(52,571)**	**(48,917)**	**(104,532)**	**(153,449)**
	Current income tax and social contribution	(12,142)	-	(12,142)	(5,398)	-	(5,398)
c	Deferred income tax and social contribution	3,252	-	3,252	637	177,848	178,485
	Consolidated income (loss) for the year	**44,544**	**(106,005)**	**(61,461)**	**(53,678)**	**73,316**	**19,638**
	Earnings (loss) per share - basic and diluted						
	Basic	0.330	(0.784)	(0.455)	(0.424)	0.579	0.155
	Diluted	0.330	(0.784)	(0.455)	(0.424)	0.579	0.155

		Parent Company and Consolidated					
		03/312020			03/31/2019		
Ref.	**Statements of comprehensive income**	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
	Retained earnings (loss)	**44,544**	**(106,005)**	**(61,461)**	**(53,678)**	**73,316**	**19,638**
i	Translation adjustment on investment abroad, net of taxes	420,406	26,519	446,925	17,570	(8,851)	8,719
	Equity valuation adjustments	-	-	-	18,121	3,458	21,579
	Other comprehensive income for the year, net of taxes	**420,406**	**26,519**	**446,925**	**35,691**	**(5,393)**	**30,298**
	Total other comprehensive income for the year, net of taxes	**464,950**	**(79,486)**	**385,464**	**(17,987)**	**67,923**	**49,936**

(In thousands of reais, unless otherwise indicated)

	Consolidated					
	03/31/2020			03/31/2019		
Statements of cash flows	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
Cash flows from operating activities						
Income for the period (before taxes)	**53,434**	**(106,005)**	**(52,571)**	**(48,917)**	**(104,532)**	**(153,449)**
Depreciation and amortization	110,936	20,719	131,655	34,034	(2,794)	31,240
Financial revenues	(596,934)	(489)	(597,423)	(59,033)	(92)	(59,125)
Financial expenses	730,297	25,044	755,341	116,532	70,098	186,630
Stock options granted	1,287	(2)	1,285	3,779	(960)	2,819
Provision for contingencies/losses	(1,548)	-	(1,548)	(393)	-	(393)
Provision for impairment	11,035	(1,491)	9,544	-	-	-
Loss from acquisition of E&P assets	-	-	-	-	35,306	35,306
Reduction of provision for abandonment (ARO)	(145,117)	49,699	(95,418)	-	-	-
	163,390	**(12,525)**	**150,865**	**46,002**	**(2,974)**	**43,028**
(Increase) decrease in assets						
Accounts receivable	182,991	1	182,992	17,070	-	17,070
Recoverable taxes	(23,165)	-	(23,165)	(2,458)	-	(2,458)
Prepaid expenses	2,283	-	2,283	(4,172)	-	(4,172)
Advances to suppliers	4,368	-	4,368	(97)	-	(97)
Oil inventories	(6,574)	14,800	8,226	(13,223)	2,381	(10,842)
Inventory of consumables	(2,209)	-	(2,209)	(1,178)	-	(1,178)
Advance to partners in oil and gas operations	61,346	(108,882)	(47,536)	7,736	27,753	35,489
Escrow and secured deposits	3,209	(3,921)	(712)	(3,277)	-	(3,277)
Other receivables	171	(31)	140	-	-	-
Increase (decrease) in liabilities						
Suppliers	(6,128)	(2,778)	(8,906)	22,101	(12)	22,089
Labor obligations	2,355	-	2,355	(4,652)	-	(4,652)
Taxes and social contributions	(24,141)	(197)	(24,338)	(1,213)	-	(1,213)
Contingencies	-	4,707	4,707	(4,729)	-	(4,729)
Advances from partners in oil and gas operations	1	(1)	-	-	-	-
Other liabilities	(12,319)	1	(12,318)	(16,260)	-	(16,260)
Net cash (invested in) from operating activities	**345,578**	**(108,826)**	**236,752**	**41,650**	**27,148**	**68,798**
Cash flows from investment activities						
(Investment) Redemption of securities	124,272	-	124,272	459,781	(1)	459,780
(Investment) Restricted cash redemption	(152,144)	-	(152,144)	-	-	-
(Investment) Redemption in abandonment fund	-	(374)	(374)	(1,062)	-	(1,062)
(Increase) decrease in property, plant and equipment	-	199,204	199,204	-	(21,176)	(21,176)
(Increase) decrease in intangible assets	-	(260,914)	(260,914)	-	5,183	5,183
(Aumento) redução de ativos permanentes	(64,752)	64,752	-	(8,516)	8,516	-
(Acquisition) of oil and gas assets	(603,492)	-	(603,492)	(1,553,969)	27,342	(1,526,627)
Non-current assets held for sale	-	-	-	-	-	-
Caixa líquido (aplicado nas) gerado pelas atividades de investimento	**(696,116)**	**2,668**	**(693,448)**	**(1,103,766)**	**19,864**	**(1,083,902)**
Fluxos de caixa das atividades de financiamento						
Loans and financing	309,575	-	309,575	1,005,424	-	1,005,424
Contractual charges (Lease IFRS 16) - Principal	(48,299)	6,800	(41,499)	(47,391)	(12,152)	(59,543)
Contractual charges (Lease IFRS 16) - Interest	-	(11,459)	(11,459)	(433)	(12,852)	(13,285)
Debentures	-	-	-	(170)	8	(162)
Derivative transactions	(4,447)	-	(4,447)	-	-	-
(Purchase) sale of own Company's shares (held in treasury)	(1)	1	-	20,278	961	21,239
(Decrease) Paid-up capital	1,587	-	10,587	12,056	-	12,056
Non-controlling interests	220	-	220	-	-	-
Net cash (invested in) from financing activities	**267,635**	**(4,658)**	**262,977**	**989,764**	**(24,035)**	**965,729**
Translation adjustment	(61,315)	110,816	49,501	25,605	(22,977)	2,628
Net increase (decrease) in cash and cash equivalents	**(144,218)**	**-**	**(144,218)**	**(46,747)**	**-**	**(46,747)**
Cash and cash equivalents at the beginning of the period	459,397	-	459,397	154,109	-	154,109
Cash and cash equivalents at the end of the period	315,179	-	315,179	107,362	-	107,362
Net increase (decrease) in cash and cash equivalents	**(144,218)**	**-**	**(144,218)**	**(46,747)**	**-**	**(46,747)**

(In thousands of reais, unless otherwise indicated)

	Consolidated					
	03/31/2020			03/31/2019		
Statements of added value	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustemnts**	**Restataed**
Revenues						
Oil & Gas sales	223,162	-	223,162	139,431	(358)	139,073
Gross revenue	**223,162**	**-**	**223,162**	**139,431**	**(358)**	**139,073**
Inputs and services						
Third party's services and other	(16,461)	-	(16,461)	(6,791)	-	(6,791)
Geology and geophysics expenses	(151)	-	(151)	637	-	637
Costs of services	(83,068)	(1,446)	(84,514)	(66,434)	14,898	(51,536)
Gross added value	**123,482**	**(1,446)**	**122,036**	**66,843**	**14,540**	**81,383**
Retentions						
Depreciation and amortization	(111,318)	(20,337)	(131,655)	(17,478)	(13,762)	(31,240)
Net added value	**12,164**	**(21,783)**	**(9,619)**	**4,365**	**778**	**50,143**
Transferred value added						
Net financial income (loss)	(68,961)	(34,522)	(103,483)	(70,133)	(70,006)	(140,139)
Deferred taxes	3,252	-	3,252	637	177,848	178,485
Rents, royalties and other	123,081	(49,700)	73,381	(16,877)	(35,304)	(52,181)
Added value payable	**69,536**	**(106,005)**	**(36,469)**	**(37,008)**	**73,316**	**36,308**
Distribution of added value						
Personnel	10,554	-	10,554	10,573	-	10,573
Taxes	14,438	-	14,438	6,097	-	6,097
Interest attributable to Group's shareholders	44,544	(106,005)	(61,461)	(53,678)	73,316	19,638
Distributed added value	**69,536**	**(106,005)**	**(36,469)**	**(37,008)**	**73,316**	**36,308**

		Parent Company					
		03/31/2020			03/31/2019		
Ref.	**Statements of income**	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
	Gross revenue not affected	-	-	-	-	-	-
	Other operating revenues (expenses) not affected	(4,132)	-	(4,132)	(4,882)	-	(4,882)
j	Equity in income of subsidiaries	85,490	(106,005)	(20,515)	(42,635)	142,918	100,283
	Operating income (loss) before financial income (loss)	**81,358**	**(106,005)**	**(24,647)**	**(47,517)**	**142,918**	**95,401**
	Financial revenues not affected	1,310	-	1,310	2,707	-	2,707
f,g	Financial expenses	(38,124)	-	(38,124)	(8,102)	(69,602)	(77,704)
	Income before income tax and social contribution	**44,544**	**(106,005)**	**(61,461)**	**(52,912)**	**73,316**	**20,404**
	Current income tax and social contribution not affected	-	-	-	(766)	-	(766)
	Deferred income tax and social contribution	**44,544**	**(106,005)**	**(61,461)**	**(53,678)**	**73,316**	**19,638**
	Consolidated income (loss) for the year						
	Earnings (loss) per share - basic and diluted	0.330	(0.784)	(0.455)	(0.424)	0.579	0.155
	Basic	0.330	(0.784)	(0.455)	(0.424)	0.579	0.155

	Parent Company					
	03/31/2020			03/31/2019		
Statements of cash flows	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
Cash flows from operating activities						
Income for the year (before taxes)	**44,544**	**(106,005)**	**(61,461)**	**(52,912)**	**73,316**	**20,404**
Income adjustments not affected	979	(2)	977	266	(961)	(695)
Financial expenses	38,116	-	38,116	8,093	69,602	77,695
Equity in income of subsidiaries	(85,490)	106,005	20,515	42,635	(142,918)	(100,283)
	(1,851)	**(2)**	**(1,853)**	**(1,918)**	**(961)**	**(2,879)**
Increase/ decrease in assets and liabilities not affected	47,518	1	47,519	803	(7)	796
Net Cash (invested in) from operating activities	**45,667**	**(1)**	**45,666**	**(1,115)**	**(968)**	**(2,083)**
Net Cash (invested in) from investment activities	**(56,889)**	**-**	**(56,889)**	**(30,786)**	**(1)**	**(30,787)**
Net Cash (invested in) from financing activities not affected	**10,586**	**1**	**10,587**	**32,164**	**969**	**33,133**
Net increase (decrease) in cash and cash equivalents	**(636)**	**-**	**(636)**	**263**	**-**	**263**
Cash and cash equivalents at the beginning of the period	4,911	-	4,911	232	-	232
Cash and cash equivalents at the end of the period	4,275	-	4,275	495	-	495
Cash and cash equivalents at the end of the period	**(636)**	**-**	**(636)**	**263**	**-**	**263**

	Parent Company					
	03/31/2020			03/31/2019		
Statements of added value	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
Net added value not affected	**(662)**	**-**	**(662)**	**(921)**	**-**	**(921)**
Transferred value added						
Net financial income (loss)	(36,815)	-	(36,815)	(5,395)	(69,602)	(74,997)
Equity in income of subsidiaries	85,490	(106,005)	(20,515)	(42,635)	142,918	100,283
Deferred taxes	-	-	-	-	-	-
Rents, royalties and other	(451)	-	(451)	(682)	-	(682)
Added value payable	**47,562**	**(106,005)**	**(58,443)**	**(49,633)**	**73,316**	**23,683**
Distribution of added value						
Personnel	2,636	-	2,636	2,931	-	2,931
Taxes	382	-	382	1,114	-	1,114
Interest attributable to Group's shareholders	44,544	(106,005)	(61,461)	(53,678)	73,316	19,638
Distributed added value	**47,562**	**(106,005)**	**(58,443)**	**(49,633)**	**73,316**	**23,683**

(In thousands of reais, unless otherwise indicated)

	Capital	Capital reserve	Equity valuation adjustment	Cumulative translation adjustment	Accumulated loss	Total
Balances at January 1, 2019 - original	**3,273,114**	**58,182**	**(75,856)**	**94,057**	**(2,342,903)**	**1,006,594**
Paid-up capital	19,096	-	-	-	-	19,096
Stock options granted	-	2,819	-	-	-	2,819
Translation adjustment on investment abroad	-	-	-	17,570	-	17,570
Gain (loss) with financial instruments	-	-	18,121	-	-	18,121
Loss for the period	-	-	-	-	(53,678)	(53,678)
Income in sale of treasury shares	-	16,051	-	-	-	16,051
Treasury shares	-	5,188	-	-	-	5,188
Balances at March 31, 2019 – original	**3,292,210**	**82,240**	**(57,735)**	**111,627**	**(2,396,581)**	**1,031,761**
Balances at January 1, 2020 – original	**3,316,411**	**114,995**	**-**	**153,958**	**(1,706,996)**	**1,878,368**
Paid-up capital	10,587	-	-	-	-	10,587
Stock options granted	-	1,287	-	-	-	1,287
Translation adjustment on investment abroad	-	-	-	420,406	-	420,406
Income for the period	-	-	-	-	44,544	44,544
Balances at March 31, 2020 – original	**3,326,998**	**116,282**	**-**	**574,364**	**(1,662,452)**	**2,355,192**

	Capital	Capital reserve	Equity valuation adjustment	Cumulative translation adjustment	Accumulated loss	Total
Balances at January 1, 2019 - restated	**3,273,114**	**67,094**	**(79,314)**	**94,057**	**(2,372,777)**	**982,174**
Paid-up capital	19,096	-	-	-	-	19,096
Stock options granted	-	27,951	-	-	-	27,951
Translation adjustment on investment abroad	-	-	-	8,719	-	8,719
Gain (loss) with financial instruments	-	-	21,579	-	-	21,579
Income for the period	-	-	-	-	19,638	19,638
Treasury shares	-	16,051	-	-	-	16,051
Balances at March 31, 2019 – restated	**3,292,210**	**111,096**	**(57,735)**	**102,776**	**(2,353,139)**	**1,095,208**
Balances at January 1, 2020 – restated	**3,316,411**	**228.027**	**-**	**150,335**	**(1,530,431)**	**2,164,342**
Paid-up capital	10,587	-	-	-	-	10,587
Stock options granted	-	1,285	-	-	-	1,285
Translation adjustment on investment abroad	-	-	-	446,925	-	446,925
Loss for the period	-	-	-	-	(61,461)	(61,461)
Balances at March 31, 2020 – restated	**3,326,998**	**229,312**	**-**	**597,260**	**(1,591,892)**	**2,561,678**

2.8. Completion of quarterly information

The Company's management authorized the conclusion of this quarterly information on October 30, 2020.

3. Cash and cash equivalents

	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash	**-**	-	**67**	39
Banks	**4,275**	4,911	**315,113**	459,357
	4,275	4,911	**315,180**	459,396
National	**65**	855	**16,882**	4,890
Abroad	**4,210**	4,056	**298,298**	454,506

The balance of cash and cash equivalents consists of funds for the purpose of business working capital, applied in highly liquid instruments in Brazil (committed) and abroad (fixed income securities or current account deposits), without risk of significant change of the principal, and yields upon redemption.

(In thousands of reais, unless otherwise indicated)

4. Securities

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Bank deposit certificates (i)	-	-	**92,154**	121,906
Time Deposit (ii)	-	-	-	104,395
Repurchase and resale agreements (Debentures) (iii)	**4,677**	-	**9,885**	-
Financial assets - fair value through profit or loss	**4,677**	-	**102,039**	226,301
Total	**4,677**	-	**102,039**	226,301

I. Fixed income investments (CDB) in reais, with average yield of 70% of the CDI;

II. Position of Time Deposit in dollar, which corresponds to a fixed-income investment with daily liquidity, earning interest at 1.6% p.a.;

III. Repurchase and resale agreements (debentures) remunerated on average at 75% of CDI rate;

The Company carries out the risk management of securities through appropriate policy and procedure practices, as described in Note 26.

5. Restricted cash

	Consolidated	
	03/31/2020	**12/31/2019**
Frade Acquisition - 51,74% (i)	-	52,223
Tubarão Martelo Acquisition - 80% (ii)	**243,609**	-
	243,609	52,223

(i) The Company, in compliance with purchase and sale agreement for acquisition of 51.74% of interest in concession of Frade Field (Note 11), makes monthly deposits in a restricted account (Escrow) that is released to the seller according to terms agreed-upon for debt payment. In the 1Q20, total deposits amounted to US$ 30,043 thousand (R$ 156,185), and the second amount of the financing was paid on March 11, 2020, amounting to US$ 43,140 thousand (R$ 224,274) as Note 14, and a remaining balance of US$ 32,000 (R$ 168) in the account.

(ii) Pursuant to note 14, the Company acquired a bridge loan for the acquisition of the FPSO of Tubarão Martelo Field through the subsidiary Lux Sarl. As a collateral for this bridge loan, the Company had to deposit the amount of US$ 46,824 thousand (R$ 243,440) in the escrow account in the name of Prisma Capital. Upon the settlement of the bridge loan, which is scheduled for June 2020 through a long-term loan agreement, the amount will be returned to PetroRio.

(In thousands of reais, unless otherwise indicated)

6. Accounts receivable

	Consolidated	
	03/31/2020	**12/31/2019**
Petrobras (i)	**10,912**	22,878
Petrochina (ii)	**67,835**	93,824
Trafigura (iii)	**135,083**	257,896
Total	**213,830**	374,598
Total local currency	**10,912**	22,878
Total foreign currency	**202,918**	351,720

(i) Balance receivable referring to sales of condensed gas and oil carried out by Manati and Frade in February and March 2020 of approximately 6.5 million m^3 of gas, corresponding to revenues of R$ 6,176 for Manati and R$ 411 for Frade, and Manati balance referring to amount not withdrawn in March 2020 (take or pay) of R$ 4,325.

(ii) Balance receivable remaining from the sale of oil in March 2020, referring to approximately 470,000 barrels of oil, which generated a revenue of R$ 61,822.

(iii) Balance receivable remaining from the sale of oil in March 2020, referring to approximately 982,000 barrels of oil, which generated a revenue of R$ 132,785.

The Company assessed the impacts of the COVID-19 and understands that these facts do not affect the balances receivable presented. Only the take or pay amount (i) is being discussed with Petrobrás and the other consortium members of the Manati Field.

7. Recoverable taxes

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Income tax and social contribution (i)	**2,855**	2,887	**15,780**	29,052
PIS and COFINS (ii)	**2**	1	**106,602**	89,494
ICMS	**-**	-	**43,468**	28,548
Tax abroad (VAT) (iii)	**-**	-	**1,707**	1,248
Other	**17**	17	**861**	815
Total	**2,874**	2,905	**168,418**	149,157
Current assets	**2,874**	2,905	**136,036**	116,773
Non-current assets	**-**	-	**32,382**	32,384

(i) Primarily refers to withholding income tax on financial investments and negative balance of IRPJ/CSLL (Corporate Income Tax / Social Contribution on Net Revenue) and prepaid income tax and social contribution.

(ii) PIS/COFINS credits on inputs used in operation;

(iii) Taxes in the refund process of the Namibian subsidiaries during the exploration period.

(In thousands of reais, unless otherwise indicated)

8. Advances to suppliers

	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Geoquasar Energy (i)	-	-	**12,596**	12,596
BW (Prosafe) guarantee (ii)	-	-	**33,199**	26,575
Petrobras	-	-	**1,684**	2,262
Sotreq	-	-	**301**	2,206
Nitshore	-	-	**468**	1,388
BJ Services Brasil	-	-	**2,637**	2,436
Asa Assessoria	-	-	**4,013**	1,772
Agility do Brasil	-	-	**2,637**	4,098
Schlumberger	-	-	**414**	-
Reação Institute	-	-	**425**	-
Westcon	-	-	**480**	480
Miros Scotland	-	-	**406**	-
Gevisa	-	-	**401**	-
Other	**49**	38	**7,695**	10,954
Total	**49**	38	**67,356**	64,767
Total current assets	**49**	38	**54,760**	52,171
Total non-current assets	-	-	**12,596**	12,596

(i) The advances to Geoquasar refer to operating costs assumed by PetroRioOG and contractual payments in advance. As a counterparty to these advances, the Company has maintained the provision under "Long term suppliers" caption recorded, in the amount of R$ 12,961 (Note 12). The settlement of these amounts, both assets and liabilities, awaits court decision.

(ii) The advances to BW (Prosafe) - US$ 5,671 (R$ 29,482) and R$ 3,717 refer to contractual commitments and are held as a financial collateral from lease agreements and operation of FPSO Polvo.

9. Investments

On March 31, 2020, the Company presented the following main interest held in direct subsidiaries:

- **Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PetroRioOG")**

The subsidiary was created on July 20, 2009, with headquarters in Rio de Janeiro, and engages in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

PetroRioOG has the concession of Polvo Field, located in the South portion of Campos Field, in Rio de Janeiro State. Since March 2011, PetroRio already operated as Operator B, in shallow waters and, beginning as of October 2015, PetroRioOG was qualified as Operator A by ANP, which permits conduction of activities in land areas, and shallow, deep and ultra-deep waters.

On October 07, 2015, PetroRio paid-up capital of PetroRioOG, in the amount of R$197,269, with shares of PTRIntl; now, PetroRioOG holds 98.3% of interest in PrioIntl capital.

In December 2016, PetroRioOG entered into a purchase and sale agreement for the acquisition of 52.40% of Brasoil Exploração Petrolífera S.A. ("Brasoil"), conditional upon the non-exercise, by minority shareholders, of the right of first offer, which expired in January 2017. In February 2017, minority shareholders decided to adhere to the tag-along clause, and PetroRioOG now holds a 100% interest in Brasoil. The transaction was completed on March 20, 2017.

Brasoil is a holding company which holds an indirect interest of 10% in the rights and obligations set forth in the concession contract of Manati Field, which, on its turn, currently producing about 2 million cubic meters of natural gas per day (3.8 million cubic meters of natural gas in 2019), ranking as the 8th largest natural gas field in Brazil.

In addition to its interest in Manati field, other relevant assets of Brasoil include the indirect 100% interest in the concessions of Pirapema Field and FZA-M-254 Block, both located at the mouth of the Amazon River.

Due to restructurings of the Company's organization chart, Brasoil and all associated companies were transferred from PetroRioOG to Lux Holding, as capital contribution.

- **Petro Rio Internacional S.A. ("PrioIntl")**

The subsidiary, headquartered in Rio de Janeiro is engaged in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

All Group's companies located outside of Brazil, except for PrioUSA, are consolidated under a single corporate structure having PrioIntl as head office in Brazil.

Currently, the main Companies controlled by PrioIntl are Lux Holding and Netherlands, companies that have large-sized assets in operation or held for sale, Brasoil Manati, which was contributed by PetroRioOG in June 2019, and Lux Sarl, which as for September 2016 started to trade the oil produced in the Polvo field. The acquisition of Petrorio Lux Energy S.à.r.l. (formerly BP Energy América LLC and merged in December 2017 by Lux Holding) was part of the acquisition of Polvo field and owner of a 3,000 HP drilling rig, which is the equipment needed for operations in this field. Moreover, under this corporate structure are subsidiaries located In Canada and the Republic of Namibia.

(In thousands of reais, unless otherwise indicated)

As mentioned in Notes 1, Petrorio, through its subsidiary Lux Holding, entered into purchase and sale agreements for the acquisition of a 18.26% and 51.74% interest on October 26, 2018 and January 30, 2019, respectively, in the Frade Field concession and Field operating assets, through the acquisition of companies Frade Japão Petróleo Ltda, Inpex Offshore North Campos, Ltd., Chevron Brasil Upstream Frade Ltda. and Chevron Frade LLC.

On March 25, 2019, the acquisition of the 51.74% interest was completed, and the Company became also the operator of Frade Field. The acquisition of the 18.26%, which dependent on precedent conditions and internal and external approvals was completed on October 2, 2019. The Company now holds a 70% interest in the asset, which will be increased from the remaining 30% after the conclusion of the purchase and sale transaction signed on November 20, 2019 with Petrobrás.

- **Petrorio USA Inc ("PrioUSA")**

Established on March 4, 2011, former HRT America Inc., incorporated under the laws of the State of Delaware and headquartered in Houston, USA. Subsidiary was basically established to provide geology and geophysics services to other subsidiaries of the Group, mainly to PrioIntl and its subsidiaries. It currently has no activities and is in the process of liquidation.

Portfolio of concessions

On March 31, 2020 the Company's subsidiaries were participants in the following concessions in Brazilian basins:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase
Brazil	Campos	BM-C-8	Polvo	PetroRioOG	100%	Operator	Production
Brazil	Camamu	BCAM-40	Manati	Manati	10%	Non-operator	Production
Brazil	Campos	Frade	Frade	Jaguar	70%	Operator	Production
Brazil	Camamu	BCAM-40	Camarão Norte	Manati	10%	Non-operator	Development
Brazil	Foz do Amazonas	FZA-M-254	-	Manati	100%	Operator	Exploration
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Manati	100%	Operator	Exploration
Brazil	Ceará	CE-M-715	-	Jaguar	50%	Operator	Exploration

The BCAM-40 Block Consortium started and awaits for the process of returning the discovery of Camarão Norte, located in south of the Manati Field, in the Camamu-Almada Basin, to the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The Company has a 10% interest in the discovery of Camarão Norte, which was declared a commercial undertaking in 2009. After evaluating several development plans and potential unitization to the adjacent area, the consortium concluded that the area was not economically feasible and decided to return it.

The acquisition of Jaguar expanded the concessions portfolio with 70% Frade Field, in partnership with Petróleo Brasileiro S.A. with 30%, and with 50% of the Exploratory Block CE-M-715, in Ceará Basin, in partnership with Ecopetrol.

(In thousands of reais, unless otherwise indicated)

a) Relevant information on investees as of March 31, 2020

	PetroRioOG	PrioIntl	PrioUSA
Direct interest	100.00%	1.23%	100.00%
Indirect interest	0.00%	98.77%	0.00%
Shareholders' equity	2,712,676	2,794,862	(42)
Income (loss) for the period	(22,133)	140,068	(109)
Total assets	4,061,322	6,639,427	311

b) Breakdown of investments

	03/31/2020	12/31/2019
PetroRioOG	**2,712,676**	2,241,194
PrioUSA	**(42)**	68
PrioIntl	**34,461**	27,223
	2,747,095	2,268,485
Investments	**2,747,137**	2,268,485
Investment deficit	**(42)**	-

c) Changes in investment

	PetroRioOG	PrioIntl	PrioUSA	Total
Balance at December 31, 2018	**1,001,913**	**4,230**	**(61)**	**1,006,082**
Capital increase/decrease	199,246	-	259	199,505
Equity in net income of subsidiaries	911,962	21,894	(123)	933,733
Equity valuation adjustments	72,078	809	-	72,887
Conversion adjustments	55,995	290	(7)	56,278
Balance at December 31, 2019	**2,241,194**	**27,223**	**68**	**2,268,485**
Capital increase/decrease	52,200	-	-	52,200
Equity in net income of subsidiaries	(22,133)	1,727	(109)	(20,515)
Conversion adjustments	441,415	5,511	(1)	446,925
Balance at March 31, 2020	**2,712,676**	**34,461**	**(42)**	**2,747,095**

10. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Translation adjustment	Balance at 03/31/2020	Balance at 12/31/2019
In operation						
Platform and Drilling rig - Polvo	UOP *	101,439	(101,393)	29,091	29,137	23,925
Oil & gas assets - Manati	UOP *	44,784	(40,254)	-	4,530	6,388
Oil & gas assets - Frade	UOP *	1,862,525	(241,364)	399,801	2,020,962	1,735,177
Machinery and equipment	10	8,007	(2,454)	-	5,553	6,215
Furniture and fixtures	10	6,259	(4,754)	-	1,505	1,559
Communication equipment	20	673	(260)	-	413	447
IT equipment	20	6,044	(3,013)	-	3,031	2,992
Leasehold improvements	4	6,711	(171)	-	6,540	6,597
Surplus of Oil & gas assets - Frade	UOP *	270,490	(52,989)	77,337	294,838	239,341
Development expenditures	UOP *	318,365	(96,834)	-	221,531	187,963

(In thousands of reais, unless otherwise indicated)

Maintenance of wells	3	60,689	(25,578)	-	35,111	30,533
In progress						
Property, plant and equipment in progress **		62,783	-	(43,705)	19,078	3,638
Maintenance of wells - Polvo		28	-	-	28	4,301
Acquisition of asset – FPSO TBMT		675,243	-	104,451	779,694	49,096
Spare parts		50,658	-	3,386	54,044	50,069
Material for revitalization of wells - Frade ***		252,950	-	-	252,950	254,283
Total		**3,727,649**	**(569,064)**	**570,361**	**3,728,946**	**2,602,523**

*UOP – Units of Production (Unit-of-production depreciation method)
** Construction in progress refers basically to expenditures with administrative facilities.
*** With the completion of Frade acquisition, the Company then consolidates 70% of the assets related to the field, which include, in addition to the expenses related to producing wells, FPSO Frade and all submarine equipment. In addition, Frade consortium prepared for the Field Revitalization Plan by acquiring materials and equipment that are classified as assets in progress, as well as FPSO equipment and submarines that are waiting drilling of more wells to start operation.

PetroRio

Notes to the quarterly information
March 31, 2020
(In thousands of reais, unless otherwise indicated)

b) Changes in balance

	Balance at 01/01/2020	Additions	Write-offs	Depreciation	Impairment	Transfers	Translation adjustment	Balance at 03/31/2020
In operation								
Platform and Drilling rig - Polvo	**23,925**	-	-	(1,505)	-	-	6,717	**29,137**
Oil & gas assets - Manati	**6,388**	46	(1,724)	(183)	3	-	-	**4,530**
Oil & gas assets - Frade	**1,735,177**	113	-	(84,521)	-	-	370,193	**2,020,962**
Machinery and equipment	**6,215**	-	-	(662)	-	-	-	**5,553**
Furniture and fixtures	**1,559**	-	-	(54)	-	-	-	**1,505**
Communication equipment	**446**	-	-	(33)	-	-	-	**413**
IT equipment	**2,992**	-	-	(210)	-	250	-	**3,032**
Leasehold improvements	**6,597**	-	-	(57)	-	-	-	**6,540**
Surplus of Oil & gas assets - Frade	**239,341**			(12,432)	-	-	67,929	**294,838**
Development expenditures	**187,963**	45,520	(4,271)	(7,681)	-	-	-	**221,531**
Maintenance of wells	**30,533**	-	-	(4,780)	-	9,358	-	**35,111**
In progress								
Property, plant and equipment in progress	**3,638**	9,266	-	-	-	2,600	3,574	**19,078**
Maintenance of wells	**4,301**	5,085	-	-	-	(9,358)	-	**28**
Acquisition of asset	**49,096**	603,492	-	-	-	(2,809)	129,915	**779,694**
Spare parts	**50,069**	1,081	-	-	-	-	2,894	**54,044**
Material for revitalization of wells - Frade	**254,283**	-	(1,292)	-	-	(41)	-	**252,950**
Total	**2,602,523**	**664,603**	**(7,287)**	**(112,118)**	**3**	**-**	**581,222**	**3,728,946**

	Balance at 01/01/2019	Additions	Write-offs	Depreciation	Impairment	Transfers	Translation adjustment	Jaguar Acquisition	Acquisition on - Frade LLC	White Shark Acquisition	Acquisition on - IONC	Balance at 12/31/2019
In operation												
Platform and Drilling rig - Polvo	**29,366**	-	-	(6,467)	-	-	1,026	-	-	-	-	**23,925**
Oil & gas assets - Manati	**6,400**	2,510	(51)	(2,495)	24	-	-	-	-	-	-	**6,388**
Oil & gas assets - Frade	**-**	104,570	(162,398)	(156,844)	-	-	29,609	1,191,598	-	284,162	444,480	**1,735,177**
Machinery and equipment	**2**	-	-	(1,793)	-	-	-	8,006	-	-	-	**6,215**
Furniture and fixtures	**649**	1,073	(28)	(157)	-	-	-	22	-	-	-	**1,559**
Communication equipment	**172**	360	-	(86)	-	-	-	-	-	-	-	**446**
IT equipment	**1,762**	1,819	(17)	(611)	-	-	-	39	-	-	-	**2,992**
Leasehold improvements	**4**	6,750	(2)	(114)	-	(41)	-	-	-	-	-	**6,597**
Surplus of Oil & gas assets - Frade	**-**	-	-	(40,557)	-	-	9,408	-	252,688	-	17,802	**239,341**
Development expenditures	**175,889**	56,018	(5,812)	(38,132)	-	-	-	-	-	-	-	**187,963**
Maintenance of wells	**26,309**	20,459	(4,049)	(12,186)	-	-	-	-	-	-	-	**30,533**
In progress												
Property, plant and equipment in progress	**6,937**	74,620	(77,637)	-	-	-	(3,283)	-	-	-	3,001	**3,638**
Maintenance of wells	**-**	4,301	-	-	-	-	-	-	-	-	-	**4,301**
Acquisition of asset	**-**	50,731	-	-	-	-	(1,635)	-	-	-	-	**49,096**
Spare parts	**22,857**	32,984	(6,158)	-	-	-	386	-	-	-	-	**50,069**
Material for revitalization of wells - Frade	**-**	4,185	(11,805)	-	-	41	-	203,329	-	58,533	-	**254,283**
Total	**270,347**	**360,380**	**(267,957)**	**(259,442)**	**24**	**-**	**35,511**	**1,402,994**	**252,688**	**342,695**	**465,283**	**2,602,523**

(In thousands of reais, unless otherwise indicated)

11. Intangible assets (Consolidated) - restated

a) Breakdown of the balance

	Amortization rate (%)	Consolidated 03/31/2020	Consolidated 12/31/2019
Oil & Gas assets			
Acquisition cost - Polvo	(*)	**313,787**	321,346
Acquisition cost - Manati	(*)	**263,035**	263,035
Subscription bonus - FZA-M-254	(*)	**5,968**	5,968
Subscription bonus - FZA-Z-539		**8,022**	8,022
Subscription bonus - Frade		**50,850**	50,850
Subscription bonus - Ceará	(*)	**31,358**	31,358
Goodwill on acquisition of Brasoil	(*)	**26,090**	20,228
Capital gain in the acquisition of the Frade concession	(*)	**720,506**	578,339
Client portfolio - Manati	(*)	**10,807**	9,682
Advance for acquisition of asset		**30,230**	30,230
Software and others	20	**17,793**	9,033
		1,478,446	1,328,091
Accumulated amortization		**(668,560)**	(638,562)
Total		**809,886**	689,529

(*) Acquisition costs/subscription bonuses and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of reserves when exploration/redevelopment processes will be completed.

b) Changes in balance

	Balance at 01/01/2020	Additions	Write-offs	Amortization	Transfer	Translation adjustment	Balance at 03/31/2020
Acquisition cost - Polvo	46,772	-	(7,559)	(2,186)	-	-	**37,027**
Acquisition cost - Manati	36,888	-	-	(1,419)	-	-	**35,469**
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	**5,968**
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	**8,022**
Subscription bonus - Frade	4,832	-	-	(217)	-	-	**4,615**
Subscription bonus - Ceará	31,358	-	-	-	-	-	**31,358**
Goodwill on acquisition - Brasoil	20,228	-	-	-	-	5,862	**26,090**
Capital gain in the acquisition of the Frade concession	500,919	-	-	(26,020)	-	142,168	**617,066**
Client portfolio	4,038	-	-	(156)	-	1,125	**5,007**
Advance for acquisition of asset	30,230	8,760	-	-	-	-	**38,990**
Software and others	274	-	-	-	-	-	**274**
	689,529	**8,760**	**(7,559)**	**(29,998)**	**-**	**149,155**	**809,886**

On conclusion of the 40% Campo de Polvo acquisition in January 2016, PetroRio put in place the first stage of the Polvo revamping plan, intended to extend its useful life by increasing production based on undeveloped proved reserves (1P) and probable reserves (2P), involving three existing wells, two of which operating. The investment classified as development expenditures, recorded in the fiscal year ended December 31, 2016, totaled R$ 68,042.

In April 2018, the Company started the second phase of the Revitalization Plan for the Polvo Field, continuing the successful first phase. Phase 2 consisted of drilling three

new wells and they were completed successfully. The wells, called POL H, POL Z and POL M, started operating on May 20, 2018, July 30, 2018, and November 1, 2018, respectively, following the planned schedule. Development expenditures related to this campaign of 2018 amounted to R$ 156,227.
In December 2018, the Company, through an independent international certifying agency (DeGolyer and MacNaughton), conducted a reevaluation of Polvo and Manati Field, specifically of proven developed reserves after the start of production of three wells completed in 2018. Reevaluation indicated extension of Polvo field useful life with abandonment in 2025 (in December 2017, the useful life of the Field was estimated up to 2021) with an increment to the proved developed reserve is approximately 10 million barrels.

In Manati, the revaluation indicated the maintenance of useful life of the field up to the end of 2023, although with a decrease of 24 million m3 (3.5% of the total considered in 2017) in the proven developed reserves.

In June 2019, the Company carried out with the same international certifying entity re-evaluation of Frade Field proven and developed reserves; this re-evaluation indicated reserves of approximately 36 million barrels (100% of the Field).

In the first quarter of 2020, the Company carried out a new certification of reserves with DeGolyer and MacNaughton, which indicated an increase in useful life for the three Fields, as well as an increase in reserves (note 2.7).

c) Business combination

1. Jaguar and Frade LLC

On March 25, 2019, the Company concluded the transaction for the acquisition of 100% of Jaguar shares by means of its direct subsidiary Lux Holding. These companies together hold a 51.74% interest in the consortium that operates Frade Field, 51.74% of FPSO and the Submarine Equipment operating in the Field, and the same percentage over the shares of Empresa Frade B.V., located in Netherlands, legal owner of the assets imported under the special regime (REPETRO).

The Company is also the operator of the Frade Field, which may influence the decisions of the consortium and implement cost reductions and synergies to its operation.

Additionally, Jaguar holds a 50% interest in Exploratory Block CE-M-715 concession, in Ceará Basin, west coast, in the municipality of Paracuru, 80km from the coast. Currently, the Company, which has a partnership with Ecopetrol in this block, is awaiting the environmental licensing to start the exploratory drilling.

Despite the essence of the transaction, it was made through two separate purchase and sale contracts, with different prices, considering that the two companies subject to the transaction did not have the same controlling companies. The Company, by means of specialized advisory services, performed the calculation of fair values of assets acquired and liabilities assumed, to allocate the purchase price regarding two purchase and sale contracts, calculating its effects on an individual basis.

(In thousands of reais, unless otherwise indicated)

The definitive allocation of purchase price recognized in the subsidiary Lux Holding caused the following distribution:

Fair value in US$	**Jaguar**	**Frade LLC**
Final purchase price	120,054	288,014
Allocation of price		
Shareholders' equity on acquisition	16,176	244,726
Surplus over concession contract	118,756	-
Capital gain on FPSO and Subsea equipment	-	65,176
Deferred taxes on surplus	(29,618)	(16,255)
Negative goodwill from bargain purchase (adjusted at deferred tax)	14,740	(5,633)
Deferred taxes on goodwill	-	(1,405)

The deferred income tax liability recognized refers to the projection of taxation on the gain from a bargain purchase, if occurred. The rate used was 24.94%, which is the current rate in Luxembourg, the country where Lux Holding is located. In parallel with the liability recognition, a tax credit was recognized in the same amount, considering that Lux Holding has a sufficient tax loss balance to offset the projected tax, and that in Luxembourg there is not a 30% offsetting limit on the tax due. In other words, 100% of the tax, if any, will be offset.

2. White Shark and IONC

On October 1, 2019, the Company concluded the transaction for the acquisition of 100% of White Shark shares by means of its direct subsidiary Lux Holding and 100% of IONC shares. These companies together hold a 18.26% interest in the consortium that operates Frade Field, 18.26% of FPSO and the Submarine Equipment operating in the Field, and the same percentage over the shares of Empresa Frade B.V., located in Netherlands, legal owner of the assets imported under the special regime (REPETRO).

As with the Jaguar/Frade LLC transaction, this acquisition occurred through two separate purchase and sale contracts, with different prices, considering that the two companies subject to the transaction also did not have the same controlling shareholders. The Company, by means of specialized advisory services, performed the calculation of fair values of assets acquired and liabilities assumed, to allocate the purchase price regarding two purchase and sale contracts, calculating its effects on an individual basis.

The definitive allocation of purchase price recognized in the subsidiary Lux Holding caused the following distribution:

Fair value in US$	**White Shark**	**IONC**

Final purchase price	3,032	53,620
Allocation of price		
Shareholders' equity on acquisition	42,552	136,893
Surplus over concession contract	24,824	-
Capital gain on FPSO and Subsea equipment	-	4,265
Deferred taxes on surplus	(6,191)	(1,064)
Negative goodwill from bargain purchase (adjusted at deferred tax)	(58,153)	(86,474)
Deferred taxes on goodwill	(14,503)	(21,832)

The deferred income tax liability recognized refers to the projection of taxation on the gain from a bargain purchase, if occurred. The rate used was 24.94%, which is the current rate in Luxembourg, the country where Lux Holding is located. In parallel with the liability recognition, a tax credit was recognized in the same amount, considering that Lux Holding has a sufficient tax loss balance to offset the projected tax, and that in Luxembourg there is not a 30% offsetting limit on the tax due. In other words, 100% of the tax, if any, will be offset.

12. Suppliers

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Domestic suppliers	**517**	705	**88,458**	79,965
Foreign suppliers	**2,936**	305	**36,158**	20,500
	3,453	1,010	**124,616**	100,465
Total current liabilities	**3,453**	1,010	110,976	87,232
Total non-current liabilities	-	-	13,640	13,233

13. Taxes and social contributions payable

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
IRPJ and CSLL payable	**-**	-	**19,234**	52,232
PIS/COFINS/CSLL	**7**	22	**8,662**	8,848
Service tax	**1**	-	**290**	963
IRRF on services	**381**	118	**2,322**	3,445
ICMS	**56**	54	**8,361**	2,008
INSS	**4,709**	4,483	**6,885**	6,475
Taxes on Equity	**-**	-	**1,406**	1,090
FGTS	**1**	2	**285**	333
Royalties	**-**	-	**8,502**	7,568
Other	**4**	(29)	**744**	479
	5,159	4,650	**56,691**	83,441

14. Loans and financing

		Additions		Payments		Foreign	Translation	
	12/31/2019	**Principal**	**Interest**	**Principal**	**Interest**	**exchange**	**adjustment**	**03/31/2020**
ICBC (i)	**230,829**	-	3,025	(26,858)	(2,701)	62,484	-	**266,779**
Citibank (ii)	**200,123**	-	987	(206,469)	(987)	6,346	-	**-**
Trafigura (iii)	**189,634**	206,260	4,529	-	-	105,038	-	**505,461**

(In thousands of reais, unless otherwise indicated)

CCB (iv)	**94,802**	10,000	1,547	-	-	28,876	-	**135,225**
FINEP (v)	**54,313**	-	874	-	(852)	-	-	**54,335**
Fibra (vi)	**40,224**	-	827	-	-	-	11,752	**52,803**
Bradesco (vii)	**8,172**	23,618	100	(8,785)	(173)	3,111	-	**26,043**
Daycoval (viii)	-	20,725	378	-	-	5,305	-	**26,408**
Votorantim (ix)	-	45,000	428	-	-	11,018	-	**56,446**
Santander (x)	-	42,000	383	-	-	10,015	-	**52,398**
ABC (xi)	-	14,850	46	-	-	1,912	-	**16,808**
Chevron (xii)	**767,018**	-	10,540	(185,243)	(8,833)	-	193,370	**776,852**
INPEX/Sojitz (xiii)	**60,461**	-	5,073	(60,831)	(5,073)	-	370	-
Prisma Capital (xiv)	-	449,870	8,272	-	-	-	69,999	**528,141**
Total	**1,645,576**	**812,323**	**37,009**	**(488,186)**	**(18,619)**	**234,105**	**275,491**	**2,497,699**

(i) On February 18, 2019, the Company signed an export prepayment agreement with the Chinese bank ICBC in the amount of US$ 60 million and with a four-year term and currently, the balance is US$ 42,184. The financing has a cost of Libor + 3% per annum, generating a financial expense of R$ 12,599 up to March 31, 2020.

Furthermore, the Company signed a US $ 9 million Advance on Foreign Exchange contract on December 2, 2019. The financing has a cost of Libor + 2.5% per annum, generating a financial expense of R$ 596 up to March 31, 2020.

(ii) The Company signed an agreement for prepayment of receivables with Citibank, amounting to R$ 48 million over a 4-month term at Libor + 3% p.a., settled on January 24, 2020 with accrued interest of R$ 4,225.

(iii) The Company signed two export prepayment contracts with Trafigura PTE Ltd, one of which on December 20, 2019, in the amount of US$ 47 million, at a cost of Libor + 2.75% p.a. and a 6-month term, and other on January 22, 2020, in the amount of US$ 50 million, with Libor costs + 2.75% p.a. and a 4-month term, generating financial expenses of R$ 4,720 up to March 31, 2020.

(iv) The Company signed four Advance on Exchange Agreements with China Construction Bank, the first on June 24, 2019, in the amount of US$ 5,242, with costs of 5% p.a. and a 1-year term, the second on July 10, 2019, in the amount of US$ 2,600, with costs of 5.2% p.a. and a 6-month term, the third on November 29, 2019, in the amount of US$ 15,560, with costs of 5.65% p.a. and a 1-year term, and the fourth on March 9, 2020, in the amount of US$ 2,160, with costs of 5.65% p.a. and 1-year term, generating financial expenses of R$ 2,015 up to March 31, 2020.

(v) On November 19, 2018, the Company signed an agreement with Finep for a R$ 90 million credit facility to be paid in 10 years, including a 2.5-year grace period. The financing cost is long-term interest rate (TJLP) + 1.5% p.a. Until March 31, 2020, approximately R$ 54,101 were approved by FINEP, with accrued interest of R$ 3,124.

(vi) On December 6, 2019, the Company signed a contract with Banco Fibra for a credit facility of US$ 10 million with a term of 1 year and a cost of 7.15% p.a. Up to December 31, 2019, US$ 9,945 was used, with accrued interest of R$ 1,026 up to March 31, 2020.

(vii) The Company signed three Advance on Exchange Agreements with Banco Bradesco, one on August 28, 2019, in the amount of US$ 2,000, settled on February 20, 2020, with costs of 3.98% p.a. and a 6-month term, another on March 9, 2020, in the amount of US$ 2,000, with costs of 3.20% p.a. and a 1-year term, and a third in March 9, 2020, in the amount of US$ 3,000, with costs of 3.20% p.a. and a 1-year term, generating financial expenses of R$ 269 up to March 31, 2020.

(viii) On January 14, 2020, the Company signed a contract with Banco Daycoval for a credit facility of US$ 5 million with a term of 1 year and a cost of 7.5% p.a., generating a financial expense of R$ 378 up to March 31, 2020.

(ix) On January 28, 2020, the Company signed a contract with Banco Votorantim for a credit facility of US$ 10.7 million with a term of 4 months and a cost of 4.7% p.a., resulting in a financial expense of R$ 428 up to March 31, 2020.

(ix) On January 28, 2020, the Company signed a contract with Banco Santander for a credit facility of US$ 10 million with a term of 4 months and a Libor cost of 2.75% p.a., generating a financial expense of R$ 383 up to March 31, 2020.

(xi) On March 10, 2020, the Company signed a contract with Banco ABC for a credit facility of US$ 15 million with a term of 6 months and a cost of Libor + 3.15% p.a., generating a financial expense of R$ 46 up to March 31, 2020.

(xii) On January 29, 2019, the Company entered into a contract, effective as of March 25, 2019, with Chevron Latin America Marketing LLC and Chevron Amazonas LLC for the acquisition of Chevron Brasil Upstream Frade LTDA, Chevron Frade LLC and Frade B.V., in the amount of USD 224,023, with a two-year term. The financing is at Libor + 3% p.a., generating financial expense of R$ 44,208 until March 31, 2020.

(xiii) On October 1, 2019, the Company concluded the acquisition of White Shark and IONC, previously owned by INPEX Corporation and Sojitz Corporation. Out of the total acquisition value, the amount of US$ 15 million paid only in January 2020, generating a financial expense of US$1,251.

(xiv) On January 27, 2020, the Company signed a contract with an entity of the Prisma Capital fund for a bridge loan in the amount of US$ 100 million at the cost of 8.95% p.a., generating financial expenses of R$ 8,272 up to March 31, 2020.

15. Lease operations CPC 06 (R2) / IFRS 16

On January 1, 2019, the Company adopted the guidance and procedures of CPC 06 (R2) / IFRS 16, related to lease transactions.

Following the practices presented in note 2.6, the Company initially recognized R$ 1,019,768 in Noncurrent Assets, in a specific account of Rights of Use, matching against Liabilities with Contractual Charges, which are classified as short-term and long-term. To calculate this amount, the terms when the assets are necessary for the operation and surcharge on loans, of 5.63% p.a., were taken into consideration. In the first quarter of 2020, the Company reassessed the rates and concluded that for contracts in reais, the most appropriate rate is 10.0% p.a.

(In thousands of reais, unless otherwise indicated)

The right of use assets presented refer to the following underlying assets:

Right-of-use assets	
FPSO	796,614
Support Vessels	103,825
Helicopters	29,755
Buildings	57,572
Equipment	32,002
Total	1,019,768

The amortization of the right of use, when related to assets used for the operations, is firstly recognized in inventory and then transferred to income when disposed. Administrative assets are directly recorded in the income statement, both under the straight-line method, observing the periods when they are used.

Exchange-rate change and inflation adjustment are recorded directly in the Company's statement of income.

The effects presented in the three-month period ended March 31, 2020 were:

	Assets	**Liabilities**
Recognition on January 1, 2019	**1,019,768**	**(1,061,452)**
Additions/Reversals	(403,776)	382,798
Currency adjustment	-	(32,825)
Price-level restatement	-	(64,309)
Payments made	-	163,306
Amortization	(163,925)	-
Balance at December 31, 2019	**452,067**	**(612,482)**
Additions/Reversals	63,624	(70,790)
Currency adjustment	-	(119,936)
Price-level restatement	-	(11,459)
Payments made	-	52,959
Amortization	(38,959)	-
Balance at March 31, 2020	**476,732**	**(761,708)**
Current	**-**	(293226)
Non-current	**476,732**	(468,482)

** Considers 100% of the changes occurred in the first quarter of 2019. For consolidation purposes, only 6 days of monetary and exchange adjustment of the obligations related to Frade Field were considered in PetroRio's income statement, as the acquisition was completed on March 25, 2019.*

(In thousands of reais, unless otherwise indicated)

Contract maturity Maturity of installments	Amount R$	*Pis/Cofins Amount R$
2020	244,881	9,361
2021	167,263	6,724
2022	72,696	6,724
2023	72,696	6,724
2024	72,860	6,740
2025	72,696	6,724
2026	72,696	6,724
2027	43,415	4,016
2028	43,534	4,027
2029	43,415	4,016
2030	43,415	4,016
Undiscounted amounts	949,567	65,796
Embedded interest	(187,859)	
Lease liability balance	761,708	

** Pis/Cofins presented for information purposes only. They are not being considered for discounting the projected lease amounts.*

As announced on February 2, 2020, the Company acquired an FPSO that will be used in the Polvo Field in place of the FPSO currently used, which is chartered. Thus, the projection made until the end of the Field's useful life was reviewed, thus reducing the amount of 433,631 regarding lease liabilities and lease, with only prospective effects. The other adjustments made during 2019 are due to the reduction in the number of support boats and the change of logistics base, which occurred with the acquisition of Frade Field. The increase in 2020 is due to the increased reserves and extension of the useful life of the fields, which was reflected in the projected lease amounts.

16. Deferred income tax and social contribution

	Tax loss		Tax credit	
Companies	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
PetroRio	**53,330**	48,382	**18,132**	16,450
PetroRioOG	**1,227,047**	1,195,537	**417,196**	406,482
PrioIntl	**14,791**	14,790	**5,029**	5,029
Brasoil	**132,875**	139,723	**45,178**	47,506
Jaguar	**1,470,853**	1,489,957	**500,090**	506,585
White Shark	**855,568**	962,000	**290,893**	327,080
Lux Holding	**3,294,654**	3,294,654	**821,687**	821,687
	7,049,118	**7,145,043**	**2,098,205**	**2,130,819**

The Company has tax losses and negative basis of social contribution generated in Brazil, which may be offset against future taxable profit, limited to 30% every year, except for Lux Holding, which may offset 100% of tax, as Luxembourg legislation. Management opted for recognizing only the amounts corresponding to 30% of the recorded deferred liabilities, which refer to the discount recorded in the acquisition of the Polvo and Frade Field. Other credits, which will be recognized as the future taxable income is being generated.

(In thousands of reais, unless otherwise indicated)

The provision for deferred income and social contribution tax is as follows:

	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
				(Restated)
Negative goodwill on fair value recognized assets on in business combinations	-	-	**402,262**	326,545
Temporary differences	**2,196**	2,196	**(46,971)**	(43,719)
Deferred tax asset credit			**(518,856)**	(443,139)
	2,196	2,196	**(163,565)**	(160,313)

17. Provision for abandonment (ARO)

Changes in the balance of provision for abandonment of wells in the Polvo, Manati and Frade Field are shown below:

	Polvo	Manati	Frade
Balance at December 31, 2018	**171,337**	**38,815**	**-**
Frade Acquisition (51.74%)	-	-	555,523
Frade Acquisition (18.26%)	-	-	247,435
Decrease / Increase	9,440	2,396	(156,088)
Currency adjustment	7,385	1,338	26,721
Price-level restatement	7,510	1,825	32,411
Balance at December 31, 2019	**195,672**	**44,374**	**706,002**
Decrease	(19,673)	(5,426)	(83,175)
Currency adjustment	51,315	9,084	180,652
Price-level restatement	2,711	618	9,914
Balance at March 31, 2020	**230,025**	**48,650**	**813,393**
(-) Maersk's guarantee / Brasoil's abandonment fund	(178,029)	(51,206)	-
Net balance of liabilities	**51,996**	**(2,556)**	**813,393**
Total consolidated balance			**862,833**

The estimated abandonment costs were provisioned for the period ended March 31, 2020.

For Polvo field, this provision corresponds to PetroRio interest of 100%, and reflects the estimated present value discounted at the rate of 5,63% p.a. and monetarily restated at the rate of 2% p.a. In addition, amounts are adjusted by the changes in the USD rate. These costs will be incurred in the abandonment of the Polvo field, including, but not limited to the plugging of wells, and the removal of production lines and equipment.

Regarding Manati field, a new abandonment study was approved in November 2018, which reduced the total provision by approximately US$ 48 million (100%), with a decrease of R$ 5,426 in the Company's balance sheet, corresponding to a 10% interest in Manati. 20% of the provision for abandonment are represented by costs in reais, updated at the inflation rate of 4.01% per annum and discounted at the risk free rate of 8.43% per annum. The other costs, estimated in US Dollars, are updated at the inflation rate of 2% per annum and discounted at the rate of 5,63%, before translation into Reais.

(In thousands of reais, unless otherwise indicated)

To assure the consortium's ability to settle the abandonment obligations in the Manati field, the operator Petrobras collects monthly installment regarding estimated abandonment expenditures from consortium members. The contributed amounts are invested and will be used to pay the abandonment costs when they occur. As of March 31, 2020, the Company maintains a balance of R$ 51,206.
For Frade field, this provision corresponds to PetroRio interest of 70%, and reflects the estimated present value discounted at the rate of 5,63% p.a. The main expenses included in these surveys are the removal of the FPSO, abandonment of wells (e.g.: drilling rig lease, cementation, pipe and pipeline removal, placement of buffers), environmental remediation and removal of seabed equipment (e.g. Christmas tree, anchoring blocks).

The abandonment discount rates were revised in the first quarter of 2020, passing the dollar provisions of the rate of 3% a.a. to 5.63% p.a.

18. Advances to/from partners in oil and gas operations

	Consolidated	
Operated blocks	**03/31/2020**	**12/31/2019**
Blocks operated (GALP - PEL 23 Namibia)	**601**	466
Petrobras – Frade *	**149,052**	81,904
Ecopetrol - Ceará	**(261)**	(277)
Total operated blocks	**149,392**	82,093
Non-operated blocks (Petrobras - Brasoil Manati)	**(211)**	4,145
Total advances to/from partners	**149,181**	86,238
Total current liabilities	-	(40)
Total current assets	**149,181**	86,278

(*) Of the total owed by Petrobras, R$ 43,007 refers to oil loans that the consortium Jaguar and White Shark made in February 2020, and that had not yet been returned until the end of the quarter. Within the scope of Frade consortium, supported by specific legislation, the consortium members can make oil loans among themselves to compose the load of a given offtake.

19. *Impairment*

The Company periodically monitors changes in economic and operating expectations that may indicate impairment or loss of its recoverable value. If such evidence is identified, calculations are performed to verify whether the net book value exceeds the recoverable value and, in such case, a provision for devaluation is recorded adjusting the book value to the recoverable value.

Due to the impacts caused by the COVID-19 pandemic worldwide, the demand for oil decreased sharply, thus reducing the oil prices practiced in international markets. The relevant decrease in the Brent price, directly linked to the company's revenues, are indicative of a possible loss in the recoverable value of the assets.

(In thousands of reais, unless otherwise indicated)

The Company made calculations to verify the recoverable value of its assets against the recorded values, and verified the need to make a provision for the non-recoverability of its oil inventories from Polvo Field, recording the amount of R$ 6,349 in March. For the remaining production assets, there was no need to record a provision.

It is worth remembering that the provisioned amounts will be reversed as inventories are sold, or as the impacts of the pandemic are mitigated and the market shows signs of recovery and resumption of growth.

20. Shareholders' equity

20.1 Capital

On March 31, 2020, the Company's underwritten and paid in capital totaling R$ 3,463,530 is comprised of 144,685,660 registered, book-entry shares with no par value. The Company had Global Depositary Shares ("GDSs") traded in the TSX Venture Exchange (TSX-V) in Toronto, Canada, at a rate of two GSDs for each common share, however, on January 27, 2017, all Global Depositary Shares ("GDSs") were de-listed. Holders who have not convert the GDSs into PetroRio common shares up to May 27, 2017 had the GDSs compulsorily canceled and received their cash amounts by selling shares by custodian agent.

During the Annual and Special Shareholders' Meeting held on April 29, 2016, occasion a proposal was approved putting in place a repurchase program for as many as 3,300,000 common shares issued by the Company within 18 months, without reducing capital and to be held in treasury, canceled and/or for subsequent disposal. On December 22, 2017, at a new Special Shareholders' Meeting, the proposal for implementation of the program to buy back up to 1,000,000 shares was approved, to be performed in 18 months, without reducing capital, for maintaining in treasury, cancellation and/or subsequent disposal. On March 1, 2019, the Special General Meeting approved the splitting shares issued by the Company, at the ratio of 1/10, so that each share issued by the Company is represented by 10 (ten) shares.

On March 31, 2020, balance of Petro Rio S.A. common shares in Treasury Shares account, rectifying Shareholders' Equity, is 9,505,950 shares at acquisition cost of R$ 49,463.
The Company's authorized capital is R$10 billion.

The Company recorded R$ 136,694 referring to share issuance costs in a capital reducing account and which comprise the balance shown of R$ 3,326,998.

Shareholder	Number of common shares	% of interest*

Aventti Strategic Partners LLP	33,949,240	23%
One Hill Capital LLC	16,747,010	12%
Sentinel Investments Holdings LLC	11,375,280	8%
Other Shareholders	82,614,130	57%
Total	**144,685,660**	**100%**

*According to information disclosed in reference form.

The Company's capital was subject to changes in 2019, due to a R$ 10,587 increase through the exercise of stock options granted to employees, as follows:

(In thousands of reais, unless otherwise indicated)

20.2 Share-based remuneration plan

The Board of Director, within the scope of its duties and in accordance with the stock option plan, approved the grant of preferred stock option to Company's employees. Stock options fair value was estimated on concession date, using the Black-Scholes pricing model. The dates of Board of Directors' meetings and the assumptions used in the pricing model are listed below:

	Program I	Program II	Program III	Program IV
Grant date by Board of Directors	01/25/2018	02/28/2018	11/05/2018	11/05/2018
Total stock options granted	329,557	12,169	33,481	152,744
Share price on granting date	91.50	72.50	118.00	118.00
Strike Price	54.70	48.62	54.70	54.70
Weighted fair value on concession date	41.87	31.30	66.52	70.00
Estimated volatility of share price	73.99%	51.07%	55.58%	72.41%
Risk-free rate of return	8.83%	7.55%	7.13%	8.75%
Option validity (in years)	3	2	2	4

Grant date by Board of Directors	Program V	Program VI	Program VII	Program VIII	Program IX
Total stock options granted	02/28/2019	02/28/2019	02/28/2019	03/20/2020	03/20/2020
Share price on granting date	24,665	105,790	79,026	730,665	512,600
Strike Price	150.98	150.98	150.98	12.40	12.40
Weighted fair value on concession date	86.27	86.27	97.06	17.36	19.53
Estimated volatility of share price	66.70	63.05	68.30	3.51	4.49
Risk-free rate of return	52.54%	52.54%	69.46%	77.01%	66.17%
Option validity (in years)	7.14%	7.14%	8.25%	5.60%	7.65%
	2	2	4	2	4

For the period ended March 31, 2020, the Company has a balance recorded in shareholders' equity - income (loss) from share-based remuneration in the amount of R$ 32,231, and the counterpart being in the statement of income as personnel cost since the granting.

Out of the options granted, 1,499,770 options were exercised on January 1, 2020, with the full payment of R$ 10,587 in the Company's capital.

20.3 Earnings per share

Pursuant to CPC 41 (IAS 33), the Company presents some information on earnings per share for the three-month periods ended March 31, 2020 and 2019. Basic earnings per share are calculated by dividing net income for the period attributed to the Parent company's common and preferred shareholders by the weighted average number of common and preferred shares available in the period.

Diluted earnings per share are calculated by dividing income/loss attributable to Parent company's common shareholders by the weighted average number of common shares available for the period, plus the weighted average number of common shares that would be issued on conversion of all potential diluted common shares into common shares, excluding treasury shares in the period.

The tables below show data of income and shares used in calculating basic and diluted earnings per share during the periods:

Basic and diluted earnings per share	03/31/2020	03/31/2019
Numerator (in thousands of reais)		
(Loss) Income for the period attributable to Group's shareholders	**(61,461)**	19,638
Denominator (in thousands of shares)		
(+) Weighted average number of common shares adjusted by dilution effect	**144,686**	137,295
(-) Treasury shares	**(9,525)**	(10,713)
	135,161	126,582
Basic earnings and diluted per share	**(0,455)**	0,155

21. Related party transactions

	Parent company	
	03/31/2020	12/31/2019
Loan Petrorio S.A x Petrorio Internacional	**2**	2
Accounts payable - Petrorio O&G x Petrorio S.A (i)	**5,942**	4,454
Service agreement Petrorio x Lux Holding (ii)	**937**	726
Apportionment administrative expenses Brasoil Manati	**103**	76
Apportionment administrative expenses Frade	**2,485**	1,151
Loan - Petrorio S.A vs. Petrorio Luxembourg Sarl (iii)	**(159,231)**	(121,929)
Loan Petrorio S.A. x White Shark (iv)	**(48,585)**	-
	(198,347)	(115,520)
Total non-current assets	**9,469**	6,409
Total non-current liabilities	**(207,816)**	(121,929)

(i) Balance of share-based remuneration plan between PetroRio and PetroRioOG.

(ii) Refers to contract entered into by PetroRio and Petrorio Lux Energy S.à.r.l., which establishes that Petrorio Lux Energy S.à.r.l. must reimburse PetroRio of all expenses incurred for management of its assets (platform), such as salaries, rent of physical space and equipment, telephone, Internet and software.

(iii) Balance referring to loan contracts executed into in the first semester of 2019 by PetroRio and Lux Sarl, with 6-month term and Libor interest rate + 3% p.a., which will be settled upon distribution of dividends by Lux Sarl itself.

(iv) Balance related to the loan contract signed on January 31, 2020 between PetroRio and White Shark, with an indefinite period and interest rate of 80% of the CDI, at 3.52% p.a.

Management remuneration

The Company's management remuneration in the period ended March 31, 2020 was R$ 2,031 (R$ 2,533 on March 31, 2019).

(In thousands of reais, unless otherwise indicated)

22. Net revenue

The net revenue for the three-month period ended March 31, 2020 is broken down as follows:

	01/01/2020-03/31/2020				01/01/2019-03/31/2019			
	Polvo	**Manati**	**Frade**	**Total**	**Polvo**	**Manati**	**Frade**	**Total**
Gross revenue	77,389	16,034	132,785	226,208	119,533	24,341	33	143,907
Deductions	-	(2,907)	(139)	(3,046)	-	(4,827)	(7)	(4,834)
Net revenue	**77,389**	**13,127**	**132,646**	**223,162**	**119,533**	**19,514**	**26**	**139,073**

23. Costs of products sold and services rendered

	Consolidated	
	01/01/2020-03/31/2020	**01/01/2019-03/31/2019**
FPSO/Platform	(12,363)	(11,809)
Logistics	(9,831)	(6,206)
Consumables	(18,080)	(13,713)
Operation and maintenance	(22,994)	(12,757)
Personnel	(13,297)	(3,046)
SMS	(1,194)	(1,674)
Other costs	(6,755)	(2,331)
Royalties and special interest	(32,228)	(14,233)
Amortization - CPC 06 (R2)	(25,375)	(15,102)
Depreciation and amortization	(64,709)	(14,744)
Total	**(206,826)**	**(95,615)**

On March 31, 2020, the Polvo's oil inventories in the amount of R$ 104,349 is representative of 727,000 bbl – quantity not reviewed by the independent auditors (on March 31, 2019 the oil inventories in the amount of R$ 97,096 corresponded to 665,000 bbl) and Frade's oil inventory in the amount of R$ 46,711, corresponds to 371,000 barrels – amount not reviewed by the independent auditors (on March 31, 2019, the Oil inventories in the amount of R$ 64,516 corresponded to 324,000 bbl). These amounts are already adjusted for the provision for impairment, according to note 19.

24. Other operating revenues (expenses), net

	Parent company		Consolidated	
	03/31/2020	**03/31/2019**	**03/31/2020**	**03/31/2019**
Decrease of abandonment provision (rate / curve change)	-	-	95,417	-
Reversal (Provision) for impairment	-	-	(6,346)	-
Reversal (provision) for contingencies	280	-	2,318	-
Loss on investments in subsidiary (dividends)	-	-	-	(890)
Income from transactions with permanent assets	-	-	-	593
Tax credits (PIS and COFINS/INSS/ICMS)	-	-	35,212	306
Labor indemnities from previous years	-	-	(6,687)	-
Indirect Overhead - Frade	-	-	946	-
Loss in acquisition of E&P assets				(35,306)

(In thousands of reais, unless otherwise indicated)

Other revenues (expenses)	(496)	(5)	(5,757)	299
Total	**(216)**	(5)	**115,104**	(34,998)

25. Financial Net Results

	Parent company		Consolidated	
	03/31/2020	**03/31/2019**	**03/31/2020**	**03/31/2019**
Financial revenues	**1,310**	**2,707**	**654,267**	**60,978**
Revenue from realized financial investment	**28**	37	**8,896**	4,912
Revenue from exchange-rate change	**1,268**	2,383	**292,020**	52,327
Gain in realization of derivatives	-	-	**219,072**	2,921
Marked at fair value of derivatives	-	-	**134,572**	314
Other financial revenues	**14**	287	**(293)**	504
Financial expenses	**(38,124)**	**(77,704)**	**(757,750)**	**(201,117)**
Loss on realized financial investment	-	-	-	(531)
Expense on foreign exchange rate	**(35,762)**	(2,749)	**(683,899)**	(74,218)
Interest on loans/debentures	**(2,048)**	(425)	**(37,009)**	(3,124)
Commission on bank guarantees	-	-	**(563)**	-
Marked at fair value - financial instruments	-	(69,553)	-	(69,524)
Loss from realization of financial instruments	-	(4,620)	-	(16,300)
Loss in realization of derivatives	-	-	**(12,457)**	(15,113)
Expenses with interest on leases	-	-	**(10,240)**	(13,451)
Other financial expenses	**(314)**	(357)	**(13,582)**	(8,856)

26. Segment information (Consolidated)

PetroRio is active in one sole operating segment, i.e. oil and gas exploration and production (E&P) in Brazil and overseas.

	03/31/2020	**12/31/2019**
Current assets		
Brazil	565,878	515,540
Abroad	1,166,391	997,551
Non-current assets		
Brazil	2,304,219	2,869,218
Abroad	2,943,505	1,103,048

Revenue	**03/31/2020**	**03/31/2019**
Brazil	194,581	143,907
Abroad	31,627	-

27. Objectives and policies for financial risk management

The main financial liabilities of PetroRio refer to trade accounts payable to suppliers for goods and services to be used in its hydrocarbon exploration and production operations, debentures convertible into shares, and the financial security agreements. On the other hand, cash and cash equivalents are recorded in assets, as described in Notes 3 and 4.

(In thousands of reais, unless otherwise indicated)

The Company is exposed to market (interest and exchange rates), credit and liquidity risks, and its strategy is to make a portion of its investments in fixed and variable income assets, foreign exchange transactions, interest, swaps, derivatives, sundry commodities and other financial instruments for speculative purposes in various industries in Brazil and abroad in the short, medium and/or long term, to maximize the profitability and seek a higher return to its shareholder. By adopting this strategy, the Company is exposed to the risks inherent to such investments, and to fluctuations in the prices of these assets, which may negatively impact the Company's cash position.

The Board of Directors reviews and establishes policies for the management of each of these risks, which are summarized as follows.

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation of market values of financial instruments and commodities. The company constantly monitors the market and, when necessary, contracts derivative transactions to neutralize the impacts of these commodity price oscillations.

Derivative financial instruments - hedge

In the 1Q20, the Company entered into derivative agreements aimed at providing hedge against the risk of volatility in oil prices for 2020 sales.

Basically, the transaction protected the Company, which obtained minimum price (floor) of US$ 65 per barrel. The contracts settled in March will be financially executed in the second quarter. Balances are broken down as follows:

						Price	Position	
Operation	**Type**	**Maturity**	**Settlement**	**Strike**	**Quantity**	**Engagement**	**US$ thousand**	**In thousand of reais**
Purchase	PUT	01/31/2020	01/31/2020	65.00	(451)	(0.28)	630	2,714
Purchase	PUT	03/31/2020	03/31/2020	65.00	(500)	(2.87)	11,305	58,770
Purchase	PUT	04/30/2020	-	65.00	(250)	(3.76)	8,658	45,010
Purchase	PUT	05/31/2020	-	65.00	(341)	(4.61)	10,401	54,070
Purchase	PUT	06/30/2020	-	65.00	(250)	(5.30)	6,827	35,492
Purchase	PUT	03/31/2020	03/31/2020	65.00	(975)	(2.87)	30,313	157,588
					(2,767)		**68,134**	**353,644**

Interest rate risk

Available funds are invested in securities issued by first-tier financial institutions at variable rates, mostly with daily liquidity, in compliance with prudential concentration limits.

Interest rate sensitivity

The table below shows the sensitivity to a possible change in interest rates, income and Company's equity before taxation, where all other variables are kept constant.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on the securities	Decrease in CDI	(182)	(405)	(629)

(In thousands of reais, unless otherwise indicated)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the nine-month period as from March 31, 2020 were taken into account under the probable scenario (CDI 3.38%), a 25% reduction in the projected CDI was taken into account under scenario I and a 50% reduction was taken into account under scenario II, both in relation to the probable scenario.

Exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and net investments in foreign subsidiaries. The table below shows the sensitivity to a change that may occur in the exchange rate and the impact on the Company's shareholders' equity, before taxation.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	USD decr.	1,352	(36,304)	(72,608)
Provision for abandonment (ARO)	USD incr.	(1,011)	(27,126)	(54,253)
Loans	USD incr.	(22,755)	(610,839)	(1,221,678)

For calculation of the amounts included in the above scenarios the average exchange rate projection disclosed by BM&FBOVESPA for the period nine months as from March 31, 2020 (US$ 1/R$ 5.2471). Under scenario I, this projection was increased by 25% and under scenario II, the curve was increased by 50%, both against the probable scenario.

Credit risk

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Group adopts a conservative management by investing short-term funds with day-to-day liquidity and post –fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

As for the credit risk of its sales transactions, the Company is analyzing the financial and equity position of its customers together with the service provider (trader), which also intermediates the oil sale transactions. During the three-month period ended March 31, 2019, two sales of oil were carried out to Trafigura and Petrochina and gas sales to one single client (Petrobrás); however, they present an irrelevant credit risk, considering that its background does not show any delays or defaults.

Liquidity risk

Prudent management of risk implies maintaining cash consistent with the disbursement needs to cover its obligations, in accordance with the Company's business plan.

(In thousands of reais, unless otherwise indicated)

Consolidated

Period ended March 31, 2020	up to 12 months	1-5 years	Total
Liabilities			
Loans and financing	(1,821,008)	(676,691)	**(2,497,699)**
Suppliers	(157,451)	(13,640)	**(171,091)**
Labor obligations	(40,457)	-	**(40,457)**
Taxes and social contributions	(56,691)	-	**(56,691)**
Provision for abandonment	-	(862,832)	**(862,832)**
Provision for contingencies	-	(76,006)	**(76,006)**
Contractual Charges (Lease IFRS 16)	(246,751)	(468,482)	**(715,233)**
Other liabilities	(19)	(1,703)	**(1,722)**
	(2,322,377)	**(2,099,354)**	**(4,421,731)**

Period ended December 31, 2019	up to 12 months	1-5 years	Total
Liabilities			
Loans and financing	(1,224,306)	(421,270)	**(1,645,576)**
Suppliers	(87,232)	(13,233)	**(100,465)**
Labor obligations	(39,359)	-	**(39,359)**
Taxes and social contributions	(83,441)	-	**(83,441)**
Advance from partners	(40)	-	**(40)**
Provision for abandonment	-	(763,633)	**(763,633)**
Provision for contingencies	-	(65,613)	**(65,613)**
Contractual Charges (Lease IFRS 16)	(223,049)	(389,433)	**(612,482)**
Other liabilities	(12,356)	(1,685)	**(14,041)**
	(1,669,783)	**(1,654,867)**	**(3,324,650)**

Parent company

Period ended March 31, 2020	up to 12 months	1-5 years	Total
Liabilities			
Suppliers and other	(3,453)	-	**(3,453)**
Labor obligations	(813)	-	**(813)**
Taxes and social contributions	(5,159)	-	**(5,159)**
Provision for contingencies	-	(220)	**(220)**
Other liabilities	(20)	-	**(20)**
	(9,444)	**(220)**	**(9,665)**

Period ended December 31, 2018	up to 12 months	1-5 years	Total
Liabilities			
Suppliers and other	(1,010)	-	**(1,010)**
Labor obligations	(794)	-	**(794)**
Taxes and social contributions	(4,650)	-	**(4,682)**
	(6,454)	**-**	**(6,454)**

(In thousands of reais, unless otherwise indicated)

Fair value of financial assets and liabilities

The "fair value" concept provides for the valuation of assets and liabilities based on market prices in the case of liquid assets or based on mathematical pricing models otherwise. The level in the fair value hierarchy gives priority to unadjusted quoted prices in an active market. These financial instruments are grouped in levels from 1 to 3, based on the grade that their fair value is quoted:

a) Level 1: fair value measurement uses prices quoted (not corrected) in active markets, based on equal assets and liabilities.

b) Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices).

c) Level 3: fair value measurement is derived from valuation techniques that include and asset or liability that are not included in an active market.

	03/31/2020				12/31/2019			
	Parent company		Consolidated		Parent company		Consolidated	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets								
Loans and receivables								
Accounts receivable (i)	-	-	213,830	213,830	-	-	374,598	374,598
Related parties	9,469	9,469	-	-	6,409	6,409	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	4,275	4,275	315,180	315,180	4,911	4,911	459,396	459,396
Securities (ii)	4,677	4,677	102,039	102,039	-	-	226,301	226,301
Financial liabilities								
Amortized cost:								
Suppliers (i)	3,453	3,453	124,616	124,616	1,010	1,010	100,465	100,465
Loans and financing (ii)	-	-	2,497,699	2,497,699	-	-	1,645,576	1,645,576

Market values ("fair value") estimated by management were determined by level 2 for those financial instruments:

(i) The amounts related to the balance of accounts receivable and suppliers does not have significant differences in the fair value since the receivable/payment turnover does not exceed 60 days.

(ii) The fair value measurements are obtained by directly observable variables (as well as prices) or indirectly (derived from prices).

(In thousands of reais, unless otherwise indicated)

28. Insurance (Not reviewed by the independent auditors)

The Company has a policy of taking out insurance plan for the items subject to risks.

The Company is covered against major risks such as Energy Package, which includes: Physical Damage over offshore assets, Operator's Extra Expenses (OEE - Well Control, Extra Expense/Reboring and Infiltration and Pollution, Cleaning and Contamination) and Offshore Liability (TPL) and Cargo/equipment coverage related to the Polvo field operations and D&O (Directors & Officers Liability) policy for directors and subordinates.

The insurance policies in force at March 31, 2020 cover the insured amount of R$ 15,678,136. In addition, the Company also contracts insurance for Operator' Extra Expenses, whose main exposures covered are as follows:

Insurance/Modality	Amount insured
Physical damages (Oil inventories)	436,691
Fixed Platform	946,163
Offshore Platform	115,931
FPSO Frade	2,696,202
Subsea Equipment	2,539,049
Offshore property (Pipeline)	151,802
Onshore properties (Pipeline)	60,825
Onshore Treatment Station	90,457
OEE production (Well control)	1,715,571
Offshore Civil Liability + Surplus	2,313,422
Cargo (Polvo)	5,000
D&O	40,000
P&I	3,899,025
General liability	5,000
Equity	3,000
Energy Package (TPL)	519,870
Customs Guarantee	1,026
Legal guarantee	57,583
Life insurance	2,833
PEM guarantee insurance - ANP	71,071
Travel Insurance Travel Guard	1,430
FPSO OSX-3 Hull and Machine FPSO OSX-3	3,535
FPSO OSX-3 Removal and Wreckage	884
Sue & Labour FPSO OSX-3	884
FPSO OSX-3 Salvage Expenses	884
Total insured	**15,678,138**

(In thousands of reais, unless otherwise indicated)

29. Contingencies

Management of the Company and its subsidiaries, based on the opinion of its legal advisors regarding the possibility of success in several lawsuits, believes that the provisions recorded in the balance sheet on March 31, 2020 and December 31, 2019 in the amounts of R$ 76,006 and R$ 70,320, respectively, are sufficient to cover losses considered probable and reasonably estimated.

Provisions recorded

Currently, the Company is party to lawsuits with probable risk, which are basically labor claims that add up to R$ 21,132 and tax claims of R$ 13,972, civil claim in the amount of R$ 31,496 and contingency due to Frade's incident in the amount of R$ 9,406.

Changes in provisions:

	12/31/2019	**Additions**	**Decreases**	**Inflation adjustment**	**Foreign exchange**	**03/31/2020**
Tax	13,974	117	(119)	-	-	13,972
Labor	22,898	3,124	(4,890)	-	-	21,132
Civil	24,268	304	-	-	6,924	31,496
TAC	9,180	-	-	226	-	9,406
Total	**70,320**	**3,545**	**(5,009)**	**226**	**6,924**	**76,006**

Tuscany Arbitration

In September 2017, the Company reversed the provision for contingency recorded in its balance sheet, in the amount of R$ 43,920, referring to the arbitration proceeding instituted by Tuscany Perforations Brasil Ltda. and Tuscany Rig Leasing S.A. against PetroRioOG. By means of an annulment suit filed by its lawyers and judged on September 28, 2017, the decision of the arbitration proceeding was annulled.

The sentence of the arbitration procedure was handed down on February 5, 2015, condemning the Company to pay the amounts of R$ 106 and US$ 13,507 thousand. An applicable appeal was filed on March 9, 2015 and September 02, 2015. The Company was notified by the Court of Arbitration, which upheld the decision. As of October 7, 2015, the Company filed an annulment suit, aiming at dissolving the arbitral award, based on violation of full defense and the arbitration clause that forbade decision by equity and obtained an injunction in the second degree, removing the effects of an arbitration decision. A judgment of inadmissibility was handed down, and the Company filed the appropriate appeal. As of September 28, 2017, the appeal was provided by the Court to annul the arbitration decision for another to be rendered, after producing the necessary expert evidence. The parties filed an appeal for motion to clarify the judgment.

Incidents in Frade

Because of the incident of November 2011 at Frade Field, the Company was notified by ANP in years 2011 and 2012. Additionally, on November 21, 2011, the Company received a fine from IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources) in the amount of R$ 50,000 and on December 23, 2011, other fine in the amount of R$ 10,000. These fines, of R$ 37,762 and R$ 7,095, respectively, were paid in July 2013, at their restated amount, after negotiation with IBAMA. The differences between the provisioned amounts and the payments made have been reversed to the income statement.

In September 2012, ANP issued 6 fines referring to the incident at Frade Field occurred in November 2011, totaling R$ 35,160. The Consortium waived the right to appeal and paid this amount during the 10-day appeal period, the fine being reduced by 30%. On September 21, 2012, the Frade Field Consortium paid the total amount of R$ 24,612.

The Company was cited in two public civil lawsuits filed by the Federal Public Prosecutor's Office (MPF) of Campos dos Goytacazes alleging environmental damage caused by oil leak, amounting to R$ 20 billion each. This civil suit was filed with the 1st Federal Court of Rio de Janeiro. At the end of 2012, the Company accrued the amount of R$ 95,000 related to the preventive and compensatory measures of the Term of Adjustment of Conduct (TAC), which was approved and signed in September 2013 with the MPF, ANP and IBAMA. This agreement supersedes the two civil lawsuits, which were initialed filed by the MPF.

The Company’s management only maintains a provision for TAC, amounting to R$ 9,406, corresponding to the Company’s interest in Frade Field. The amounts of this provision are monetarily restated every month.

Other lawsuits

According to the Group’s legal advisors, risk of loss in other lawsuits is “possible” in the amount of R$ 834,524, divided into Tax (R$ 517,190), Labor (R$ 36,529) and Civil (R$ 280,805) or “remote”. Pursuant to accounting practices adopted in Brazil and IFRS, Management decided not to form a provision for contingencies for these lawsuits, with likelihood of possible and remote loss.

30. Subsequent Events

30.1 Acquisition of 80% of the Tubarão Martelo Field

On July 6, 2020, the National Agency of Petroleum, Natural Gas and Biofuels (ANP) approved the assignment of the 80% interest in the Tubarão Martelo Field to Petro Rio, subject to the payment or realization of a guarantee in court of the full ANP credits against Dommo Energia S.A., which promptly deposited the total amount in court, fulfilling the condition in question.

The formalization of the assignment by the ANP to complete the acquisition occurred on August 03, 2020, with PetroRio now owns 80% of the Tubarão Martelo Field.

30.2 COVID-19

In light of the current uncertain and volatile environment related to the spread of COVID-19, and the recent drop in Brent oil prices, the Company has adopted several precautionary measures, and revised its business plan, having decided to delay all non-essential investments (CAPEX) in its current assets and reduce costs (OPEX and G&A) to weather the current scenario. These measures include:

- Immediate reduction of POB (People on Board) and extension of onboard periods (with the purpose of reducing travel periods) for all assets the Company operates, keeping personnel movement to a minimum necessary in order to operate safely and efficiently;

- Increased availability of protective equipment, and sanitation and hygiene products in onshore and offshore facilities directly associated to the Company's production, particularly in locations with higher exposure;

- Increased frequency of communication and awareness to all employees and service providers stationed in onshore and offshore locations;

- Adoption of rapid tests and screening procedures at the airport, with support from registered nurses, of personnel boarding the platforms. This includes 48h monitoring before embarking to identify potential cases;

- OPEX reduction to US$ 12.5 million per month (100% of Polvo + 100% of Frade).

- Recommissioning certain TBMT and Polvo FPSO storage tanks, to increase the Company's nominal oil storage capacity to 3.5 million barrels, granting more flexibility on offtakes depending on market conditions.

- All international travel is suspended. Domestic travel is exclusive to employees critical to offshore facilities who reside in other states;

- All events have been suspended.