Quarterly
Earnings Release

1Q19

Conference Call 1Q19

May 16, 2019
Webcast: ri.petroriosa.com.br

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Conference call will be held in Portuguese with simultaneous translation to English.

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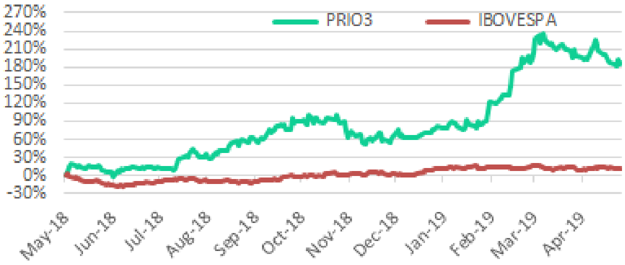
Rio de Janeiro, May 15, 2019 – The Petro Rio SA ("PetroRio" or "Company") (B3: PRIO3) presents its results for the first quarter of 2019 ("1Q19"). The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Reais (R$) in accordance with International Financial Reporting Standards (IFRS) and includes the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petroleo Ltda., Petro Rio Internacional SA, PetroRio USA Inc., and its respective subsidiaries and affiliates.

Stock Information		
Ticker (B3)		PRIO3
Market Cap (05/10/19)	R$	2,459,384,699
Shares Outstanding (#)		140,375,839
Last Price (05/10/19)	R$	17.52
52 week Low - High	R$	6 - 20,5
2019 average trading volume	R$	22,579,940

12M Stock Price: PRIO3 x Ibovespa



QUARTER HIGHLIGHTS

- Net Revenue of R$ 139.4 MM, 19% increase vs 1Q18, without Frade revenues
- R$ 35.6 MM EBITDA (ex-IFRS 16), 133% higher year over year, still without Frade
- Acquisition of Chevron increases reserves by 47MM bbl (+195%) and daily production by 10Mbbl/d
- 989 thousand bbl of oil inventory at the end of the quarter, or R$ 275 million at current Brent prices
- Net loss mainly due to non-recurring effects

MANAGEMENT LETTER

"During the first quarter of 2019 we completed the acquisition of the Company's most important undertaking since the beginning of the turnaround process in 2014, ensuring our position as the largest independent oil and gas operator in Brazil. With the successful acquisition, we began a learning period of Frade's current operations, focusing on operational and internal controls to ensure a smooth and safe incorporation.

Additionally, we have been successful in rethinking our operations in Polvo and Frade, and in negotiating with suppliers, mainly in logistics, to capitalize on synergies between the two operations, which will increase margins as early as next quarter.

At the same time, we had non-recurring effects on our numbers to meet the ongoing acquisitions, changes in leasing accounting treatment, as well as non-cash items such as exchange rate fluctuations, impacting the previous items. Even having incurred a net loss in the quarter, the Company generated R$ 36.4 million in operating cash flow.

Despite these one-offs, our oil inventory already reflects the Company's higher production levels. In the second quarter alone we've negotiated three offtakes, that together will represent a record 2 million barrels sold in the period."

OPERATING PERFORMANCE

	1Q18	2Q18	3Q18	4Q18	1Q19	1Q19 x 1Q18	1Q19 x 4Q18
Average Brent	$ 63.83	$ 68.60	$ 75.84	$ 74.97	$ 67.23	*5.3%*	*-10.3%*
Avg. Exchange Rate	3.24	3.61	3.95	3.81	3.77	*16.2%*	*-1.0%*
Final Exchange Rate	3.32	3.86	4.00	3.87	3.90	*17.3%*	*0.6%*
Offtakes (bbl)							
Frade Field (100%)	1,989,426	983,024	1,990,906	1,975,791	975,471	*-51.0%*	*-50.6%*
Polvo Field (100%)	463,323	791,718	693,126	1,107,774	544,610	*17.5%*	*-50.8%*
Production (boepd)							
Frade Field (100%)	17,438	16,935	16,515	20,101	19,023	*9.1%*	*-5.4%*
Polvo Field (100%)	6,153	8,157	10,081	10,055	9,567	*55.5%*	*-4.9%*
Manati Field (10%)	2,921	3,060	3,291	3,025	2,033	*-30.4%*	*-32.8%*
Lifting Cost (US$/bbl)							
Polvo Field	44.2	34.0	26.6	30.9	30.9	*-30.1%*	*-0.1%*

As the main operating highlights in the quarter, Polvo’s production increased 55% year on year, as a result of the 2018 drilling campaign. Compared to the previous quarter (4T18), production slightly decreased by 5% due to the natural decline expected from new wells. Similarly, Polvo’s lifting cost also decreased due to increased production.

Frade numbers were incorporated by PetroRio on March 26, 2019. The figures above highlight the asset’s performance since the beginning of 2018, still under Chevron’s control.

In the quarter, PetroRio only had one offtake in Polvo, of 545 thousand barrels, at a gross sales price of US$ 64.4 per barrel. Subsequently, three more offtakes were held, one in Frade and two in Polvo, totaling approximately 2 million barrels. Additionally, these negotiations have benefited substantially from current market conditions for medium-heavy oils with Polvo and Frade’s API grade (19-22°), mainly due to the decline of oil production in Venezuela of similarly heavy oils.

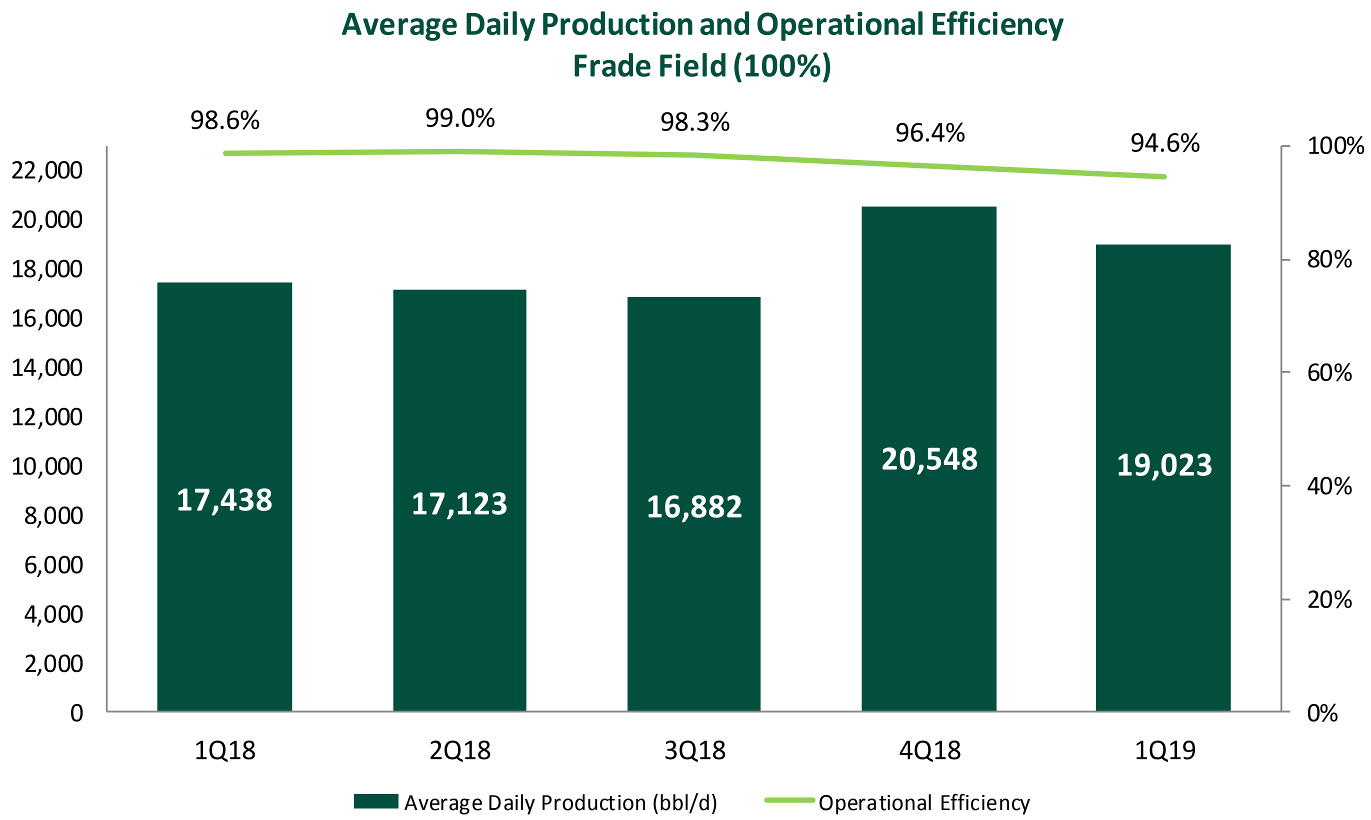
FRADE FIELD - 52% PETRORIO

PetroRio acquired 18.26% of the Frade Field from Frade Japão (Inpex), an agreement that was signed on October 2018. After the closing of the acquisition, expected for the near future, the additional interest will add 4,000 additional barrels per day of production.

The Company seeks cost reductions through operational land, air and sea synergies, many of which have already been negotiated. PetroRio intends to draw up a redevelopment plan for the Frade Field, which will include drilling campaigns and water injections, to be defined with the help of Geology, Well and Reservoir Engineering teams.

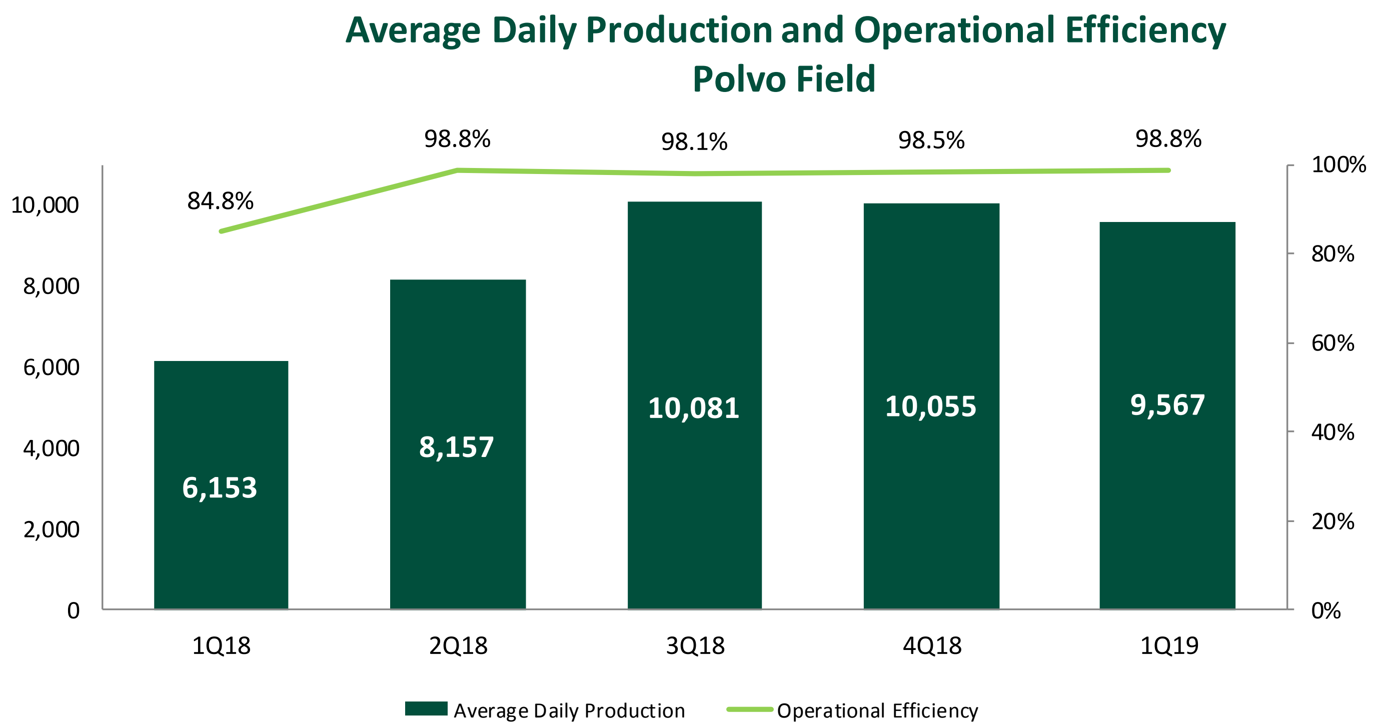
The Company's management has observed favorable conditions for hiring rigs for drilling in Frade, due to oversupply in this market, and has already received proposals for a future campaign funded by the supplier, with a grace period of up to two years for payment. Currently a lifting cost in the range of US$ 24/bbl has been estimated for Frade, and the Company believes that, with the reductions currently being worked on by the Supplies team, this indicator can be reduced to less than US$ 18/bbl by the end of the year.

Regarding Frade's operation, operational efficiency in the quarter reached 94.6%, maintaining the standards conducted by Chevron in the field (an average of 95.8% over the last five years). In addition, there are no shutdowns scheduled for the year 2019 in Frade. The chart below shows the history of daily production and operational efficiency in recent quarters:



POLVO FIELD - 100% PETRORIO

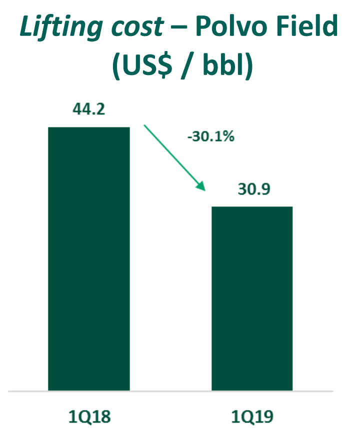
In Polvo, operational efficiency ended the quarter at 99%, with highlights to January and March when the indicator reached a level of almost 100%. There are no scheduled shutdowns for 2019 in Polvo.

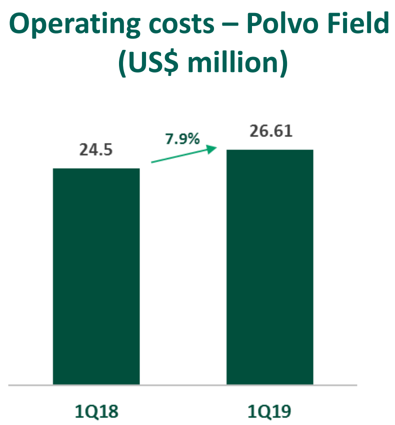


Regarding Polvo's cost per barrel, the Company recorded in 1Q19 a lifting cost of US$ 30.9/bbl, a decrease of 30% compared to US$ 44.2/bbl in 1Q18 and in line with 4Q18. The reduction is attributed, mainly, to the higher volume produced (55% vs. 1Q18), as a result of the 2018 drilling campaign.

The field's operating costs, in absolute terms, recorded an increase over the previous year, due to higher fuel prices and FPSO leasing cost, which arose from the higher Brent prices as per indexed contracts with suppliers. The cost of leasing the FPSO was renegotiated to a fixed rate in mid-2018. Thus, the quarterly cost of Polvo was US$ 26.6 million, 7.9% higher than 1Q18.

The following charts illustrate the comparative quarterly and annual lifting cost and operating costs of Polvo:





RESERVES REPORT

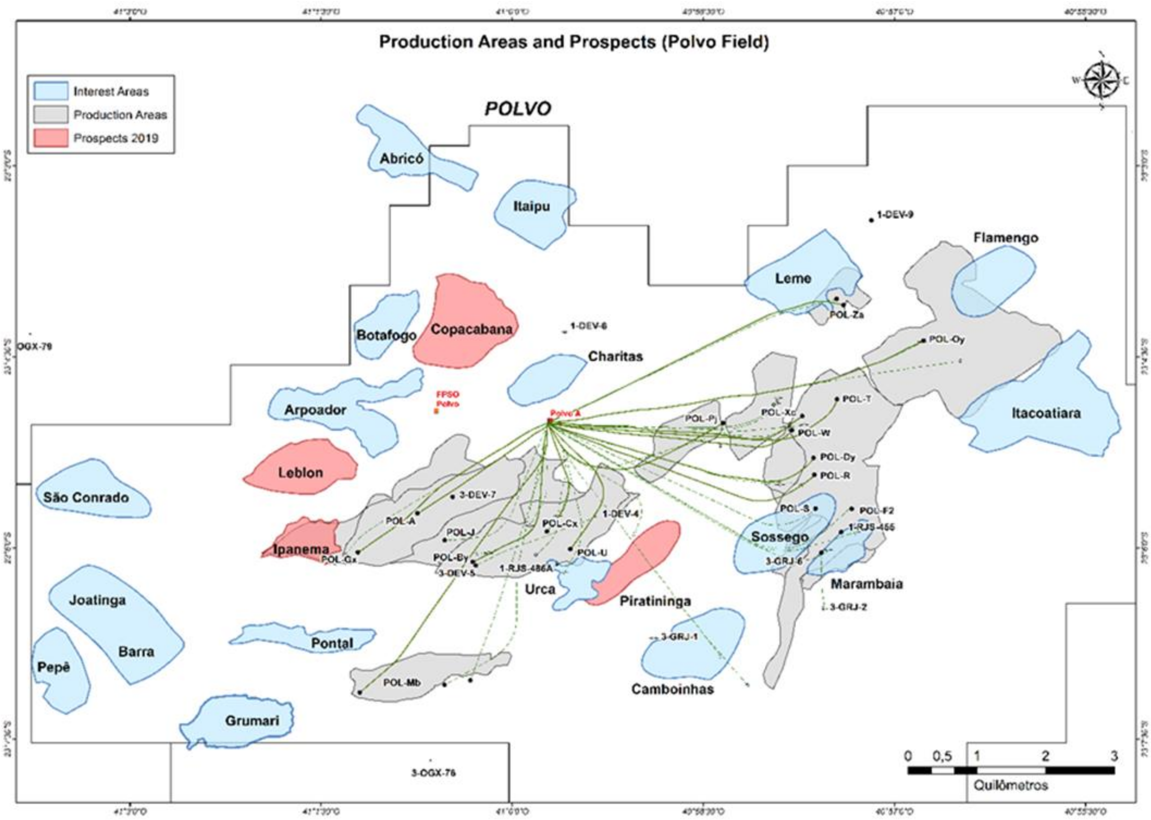
Company's Estimated Reserves (Mboe)				
Reserves	Frade (70%)	Polvo(100%)	Manati (10%)	Total
Proved (1P)	40	14	3	57
Proved+Probable (2P)	63	21	3	87
Proved+Probable+Possible (3P)	84	30	3	118

The table above describes the reserves described in the December 2018 D&M for Polvo and Manati. For Frade, the numbers PetroRio and Chevron estimates.

Regarding the economic life of Polvo, the report showed an extension to 2025 when considering the 1P reserves, 2028 for 2P reserves and 2032 for 3P. The full report can be found at ri.petroriosa.com.br.

2019 DRILLING CAMPAIGN

PetroRio used the information obtained during the successful drilling campaign in 2018 for the selection of the main targets of Polvo Revitalization Plan's Phase 3, which consists of a new drilling campaign in 2019. For this campaign, 22 prospects with oil potential were mapped out, of which PetroRio expects to drill up to four prospects in 2019, keeping other 18 targets for future campaigns, as in the following illustration.



The 2019 Campaign will begin between 2Q19 and 3Q19, after the completion of investments in the drilling rog owned by the Company, which is an integral part of the Polvo fixed platform (Polvo-A), expected to be concluded in the first half of 2019. The duration of each of the wells drilled is two months, including drilling, completion and start of production of each commercially viable well.

For the 2019 Campaign, PetroRio estimates that the cost of all four wells will be between US$ 30 million and US$ 60 million, depending on the commercial viability of each well.

As in the 2018 Campaign, which had a payback of under six months and extended the useful life of the field by four years, the Drilling Engineering, Reservoir and Geology teams estimate that each well can add up to an additional 2,000 barrels per day of production.

MANATI NATURAL GAS FIELD - 10% PETRORIO

Gas sales in the quarter was 2,033 boepd, 30% below the previous year, mainly due to reduced demand for gas as a result of increased rainfall in the period, which resulted in the increased use of hydroelectric power in the region, and the scheduled 20-day shutdown. In the quarterly comparison, there was a decrease of 34% vs. 4Q18 for the same reasons. The cost of operation, composed of direct costs excluding depreciation, was R$ 5.3 million, 15% higher than the R$ 4.6 million in 1Q18. Another R$ 1.7 million was paid as royalties and special participation for the rights of the asset.

Through experience as an operator of oil and gas fields, PetroRio actively participates in contract renegotiations related to Manati and has been a protagonist in cost reduction initiatives since joining the consortium in March 2017.

The Brasoil investment, made in 2017 for R$ 116 million, has had a two-year payback, with nominal IRR of 66%. The acquisition is part of a successful track record for PetroRio which, as in Polvo and Frade, seeks to add shareholder value through acquisitions and development of mature fields.

FINANCIAL PERFORMANCE

(R$ thousands)

Proforma Income Statement	1Q19	1Q18	Δ	1Q19 ex-IFRS16	Δ
Revenues	**139,431**	**117,155**	*19.0%*	**139,431**	*19.0%*
Revenue - Polvo	119,533	91,695	*30.4%*	119,533	*30.4%*
Revenue - Frade	26	-	*n/a*	26	*n/a*
Revenue - Manati	19,871	25,460	*-22.0%*	19,871	*-22.0%*
Cost of goods sold	**(49,880)**	**(66,103)**	*-24.5%*	**(68,271)**	*3.3%*
COGS - Polvo	(44,222)	(61,458)	*-28.0%*	(62,284)	*1.3%*
COGS - Frade	(360)	-	*n/a*	(689)	*n/a*
COGS - Manati	(5,297)	(4,645)	*14.0%*	(5,297)	*14.0%*
Royalties	**(14,233)**	**(10,762)**	*32.2%*	**(14,233)**	*32.2%*
Royalties - Polvo	(12,459)	(8,307)	*50.0%*	(12,459)	*50.0%*
Royalties - Frade	(97)	-	*n/a*	(97)	*n/a*
Royalties - Manati	(1,677)	(2,455)	*-31.7%*	(1,677)	*-31.7%*
Gross Profit	**75,318**	**40,290**	*86.9%*	**56,927**	*41.3%*
G&A, G&G and Project expenses	(20,375)	(28,552)	*-28.6%*	(21,630)	*-24.2%*
Other revenues/expenses	306	3,531	-	306	*-91.3%*
EBITDA	**55,249**	**15,269**	*261.8%*	**35,603**	*133.2%*
EBITDA Margin	39.6%	13.0%	*26.2 p.p.*	25.5%	*12.5 p.p*
Adjusted EBITDA	**54,943**	**11,738**	***368.1%***	**35,297**	***200.7%***
Adjusted EBITDA Margin	**39.4%**	**10.0%**	***29.4 p.p***	**25.3%**	***15.3 p.p***
Depreciation and amortization	(34,033)	(17,384)	*95.8%*	(16,297)	*-6.3%*
Amortization - Polvo	(28,237)	(10,702)	*163.9%*	(12,015)	*12.3%*
Amortization - Frade	(563)	-	*n/a*	(230)	*n/a*
Amortization - Manati	(3,616)	(6,125)	*-41.0%*	(3,616)	*-41.0%*
Depreciation and amortization - G&A	(1,616)	(558)	*189.9%*	(435)	*-21.9%*
Financial results	(70,133)	4,494	*n/a*	(52,617)	*n/a*
Income tax and social contribuition	(4,761)	316	*n/a*	(4,761)	*n/a*
Profit (loss) for the period	(53,678)	2,694	*n/a*	(38,073)	*n/a*

* EBITDA is an auxiliary indicator composed by the earnings before interests, taxes, depreciation and amortization and does not follow the Accountability Practices adopted in Brazil, IFRS or GAAP, therefore, it should not be applied in preference to the systems metrics or compared to other companies' since it may be calculated in a different manner.

Adjusted EBITDA is calculated similarly to EBITDA, excluding the line item **Other Revenue/Expenses.**

PetroRio recorded R$ 139.4 million in Net Revenue in 1Q19, an increase of 19% over the R$ 117.2 million in 1Q18. Of these revenues, 86% were from the sale of Polvo's oil, an increase of 30% over the previous year. The strong increase in revenue is attributed to the increase in the number of barrels sold and a more favorable exchange rate.

Manati, in turn, contributed with Net Revenue of R$ 19.9 million relating to the participation of 10% of PetroRio in the natural gas consortium. The value 22% lower than the previous year is attributable to the scheduled shutdown of 20 days and lower demand for natural gas due to the high level of rainfall in the period and consequent increased use of hydropower.

The Cost of Goods Sold (COGS) fell by 24.5% compared to 1Q18 and is primarily attributable to Polvo. Excluding the effect of IFRS 16, the change would have been an increase of 3%. The higher sales volume and the depreciation of the Real in Dollar-denominated costs were the main reasons for the annual increase in this line.

The Company recognized in the quarter operating income of R$ 75.3 million, 87% higher than the annual comparison. Operating income ex-IFRS 16 reached R$ 56.9 million, 41% above 1Q18. The improvement is caused by the higher sales volume and more favorable exchange, which offset the increase 50% in royalties, from increased production in the period.

General and administrative expenses include spending on M&A, projects, geology and geophysics and closed the quarter at R$ 20.4 million; 29% lower than in the previous year. The decrease comes from personnel expenses due to larger provisions for bonuses in the previous year related to prior periods, and third-party services due to the contingency expenses during the first quarter of 2019.

EBITDA was driven by strong operating results and the reduction in G&A in the period. PetroRio reached R$ 54.9 million in adjusted EBITDA in the 1Q19, and R$ 35.3 million excluding IFRS 16, which represents an increase of 200% with a margin of 25.3% in the quarter.

The closing of the acquisition of Frade occurred on the day March 25, 2019 and as such, only the last 6 days of the operation were included in the results of the Company's 1Q19. However, Chevron, as operator, sold almost 1 million barrels in February 2019, referring only to the participation of 51.74% it held in the Field, which resulted in an additional revenue of R$ 212.4 million, with a margin of 59% when Chevron's G&A for the period is disregarded, as shown in the table below.

	1Q19	Frade	*pro forma*
Total Revenue	**139,431**	**212,394**	**351,825**
Cost of goods sold	(49,880)	(66,457)	(116,337)
Royalties	(14,233)	(20,579)	(34,812)
Gross Profit	**75,318**	**125,358**	**200,676**
G&A	(20,375)	-	(20,375)
Other revenues/expenses	306	-	306
EBITDA	**55,249**	**125,358**	**180,606**
EBITDA Margin	***40%***	***59%***	***51%***

These numbers help to understand the size of the operation and transformational impact expected for the Company's next results.

In the quarter, despite the good operating performance, the Company incurred a Net Loss of R$ 53.7 million (R$ 38 million ex-IFRS 16). The number is mainly due to the financial expenses, due to R$ 17.1 million in foreign exchange variations not attributed to IFRS 16 and negative R$ 15.1 million from hedge contracts. It's important to point out that the negative result is attributable to two non-recurring events: (1) the account rule change, affecting not just the Company but all companies with leasing exposure and (2) the acquisition of a 52% interest in Frade, which caused foreign exchange rate variations (non-cash), as well as hedging expenses to act as "insurance" against the risk of lower oil prices.

To specify the hedging agreement, the Company entered into a hedging operation in January with the purpose of protecting the Frade's equivalent February sales, after intense volatility in Brent prices in December 2018, enabling completion of the acquisition for the parties involved in the process. The operation was followed by a strong rebound in oil prices, whose impact was recognized in the Company's financial expenses. However, in April, with Brent prices reaching US$ 75, the Company has hedged a further 500 thousand barrels from Polvo, with a floor at US$ 70 and 1 million barrels from Frade, with a floor at US$ 69.

IFRS 16

On January 1, 2019, the Company incorporated the IFRS 16 new accounting rule. The change unifies the accounting treatment of operating and financial leases, significantly impacting the Company's balance sheet, mainly through the lease of Polvo’s FPSO, which represents the largest lease agreement:

Right-of-use assets	
FPSO	805,192
Support Vessels	245,617
Helicopters	45,759
Buildings	70,174
Equipment	17,835
Total	1,184,577

The new rule requires that lessees include the right to use the assets that are the object of operating leases in the balance sheet as an asset, and the obligation of future lease payments as a liability. Low value and short-term rentals are not subject to this rule change. This new rule 16 impacted the Company in various ways. In the balance sheet, the change in accounting increased assets by R$ 1,184 million (R$ 1,138 on March 31, 2018) and liabilities by R$ 1.152 million. To calculate this amount, the time in which the assets will be necessary to operations were taken into account, as well as an accrual rate of 5.63% p.a. for current values.

Besides the change in the balance sheet, the income statement was also impacted. The prior cost of operating lease will now be incorporated in the financial result as an interest expense of the lease and the right to use the asset will be amortized, incurring in depreciation costs.

Without the new rule, the Company's COGS would have been R$ 18.4 million higher in the period. Depreciation for the quarter was impacted by R$ 17.7 million and financial expenses of R$ 17.5 million (R$ 13.4 million in lease interest expense and R$ 4.1 million in exchange rate variation of lease liabilities). In all, the income for the quarter was negatively impacted in R$ 15.6 million by the change in accounting rule.

CASH, DEBT AND FINANCING

DEBT AND FINANCING

During the first quarter of 2019, the Company agreed to further funding in order to complete the acquisition of 51.74% and 18.26% interests in Frade, and to finance the development of Polvo’s reserves.

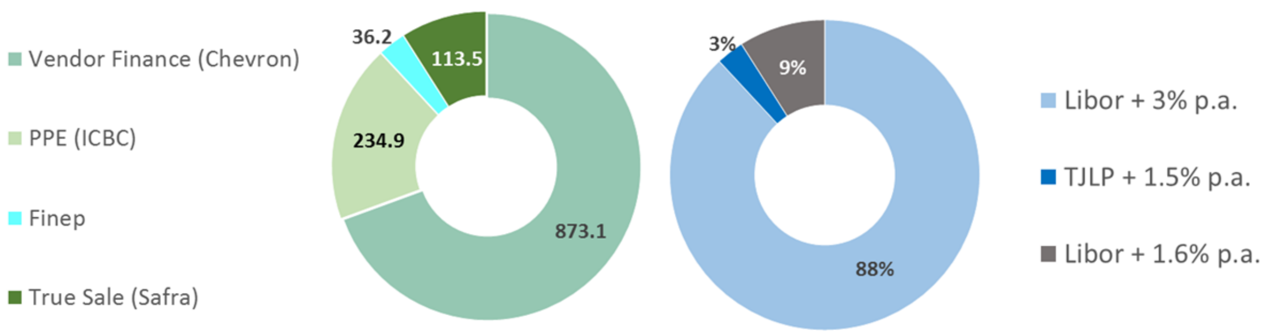
In January 2019, the Company signed a contract of US$ 224 million with Chevron as part of the asset acquisition financing with a term of two years at Libor + 3% p.a. The funding will be paid in semi-annual installments using part of the asset's own cash flow. PetroRio estimates that the cost reduction efforts led by the Company's Supply team will generate a significant cash surplus after debt service.

In February the company signed with the Chinese bank ICBC an export prepayment agreement of US$ 60 million, with a four-year term. The loan has a cost of Libor + 3% per year and includes a Marketing Agreement with PetroChina for commercialization of Polvo’s production, throughout the duration of the contract. There is also the possibility of obtaining an additional tranche of US$ 60 million depending on the results of the 2019 Drilling Campaign and on market conditions.

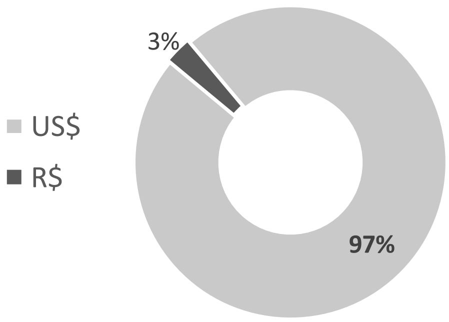
In March PetroRio signed with Banco Safra a contract for the prepayment of receivables in the amount of USD 25.7 with costs Libor + 1.6% per year. The loan has a term of two months and aims to meet the Company's working capital needs in the first months after the acquisition of the operation of the Frade Field.

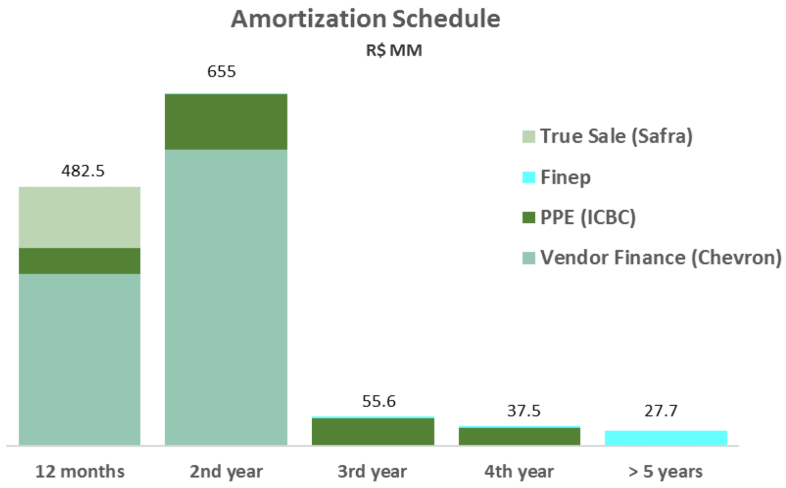
New Loans and Funding

(R$ thousands)



In November 2018, in order to access long-term financing with leading development institutions in the domestic market, the Company signed an agreement with Finep for a R$ 90 million line of credit. The loan has a term of 10 years, including a 2.5-year grace period. The cost of TJLP + 1.5% p.a. ensures that Polvo’s projects will have low capital cost. The Company intends to develop technologies for the field using EOR (enhanced oil recovery) techniques, such as the injection of polymers, acidifying wells, drilling multilateral wells, etc., contributing to increased productivity per well, increasing recovery factor and as a consequence, extending the economic life of the Polvo Field.





PetroRio believes the financing agreements are essential to meet the needs of the recent acquisition of the Frade operation and of investments to revitalize the Polvo Field, reducing the cost of capital for the projects already in progress and contributing to the optimization of the Company's capital structure.

CASH

The Company maintains a minimum cash level of US$ 70 million, which it believes is necessary to operate their assets reliably, and which provides a measure of safety for any eventualities that may occur in the assets operated by PetroRio. As such, the Company reiterates its commitment to the highest levels of operational safety and healthy levels of liquidity will be maintained so that this commitment is fulfilled.

PetroRio also reports that the completion of the acquisition of 18.26% of Frade signed with Frade Japan (Inpex) can be made with just the cash flow of current assets and that the 2019 Polvo Drilling Campaign will not require new debt.

Likewise, the Company's current level of indebtedness is below the O&G industry average, taking into account the new levels of EBITDA and cash flow, after the incorporation of the 51.74% interest in Frade, maintaining estimates below 1.5x ND /EBITDA.

BALANCE SHEET

(R$ thousands)

Assets		
Current assets	**Dec/18**	**Mar/19**
Cash and cash equivalents	154,109	107,363
Securities	643,783	162,391
Restricted cash	11,628	11,780
Accounts receivable	34,932	18,452
Oil inventories	56,702	173,243
Consumable inventories	2,084	3,262
Recoverable taxes	67,011	122,682
Advances to suppliers	37,949	38,161
Advances to partners	2,922	3,689
Prepaid expenses	1,659	5,874
Other receivables	203	1,672
Total Current assets	**1,012,982**	**648,569**
Non-current assets available for sale	**26,581**	**26,731**
	1,039,563	**675,300**
Non-current assets		
Advances to suppliers	37,949	12,596
Deposits and pledges	19,621	24,828
Recoverable taxes	67,011	25,694
Deferred taxes	8,338	8,871
Right-of-yse (Lease CPC 06.R2 IFRS	-	1,138,023
Property, plant and equipment	45,292	1,443,920
Intangible assets	385,943	1,003,370
Total non-current assets	**497,501**	**3,657,302**
Total do Ativo	**1,537,064**	**4,332,602**

Liabilities and shareholders' equity		
Current liabilities	**Dec/18**	**Mar/19**
Suppliers	73,258	127,425
Labor obligations	14,923	21,691
Taxes and social contributions	37,010	43,161
Loans and financing	222,437	482,523
Debentures	306	24,767
Advances from partners	6,792	1,183
Contractual Charges (Lease IFRS 16)	-	221,450
Other liabilities	16,260	-
Total current liabilities	**370,986**	**922,200**
Non-current liabilities		
Suppliers	13,413	13,413
Debentures	31,241	-
Loans and financing	25,718	775,163
Provision for abandonment (ARO)	68,713	630,296
Provision for contingencies	17,441	25,906
Deferred taxes and social contributions	2,311	2,272
Contractual Charges (Lease IFRS 16)	-	930,113
Others	644	644
Total non-current liabilities	**159,481**	**2,377,807**
Minority Interest		833
Shareholders' equity		
Realized capital	3,273,114	3,292,211
Capital reserves	58,183	82,240
Other comprehensive income	18,202	53,892
Accumulated losses	(2,547,777)	(2,342,903)
Income (loss) for the period	204,875	(53,678)
Total shareholders' equity	**1,006,597**	**1,031,762**
Total liabilities and shareholders' equity	**1,537,064**	**4,332,602**

INCOME STATEMENT
(R$ thousands)

	1Q19	1Q18
Net revenue	**139,431**	**117,155**
Cost of goods sold	(49,880)	(66,566)
Depreciation and amortization	(32,416)	(16,364)
Royalties	(14,233)	(10,762)
Gross profit	**42,902**	**23,463**
Operating income (expenses)		
Geology and geophysics expenses	637	(203)
Personnel expenses	(10,573)	(13,042)
General and administrative expenses	(2,950)	(3,784)
Expenses with third party services	(6,791)	(10,720)
Taxes and fees	(699)	(804)
Depreciation and amortization expenses	(1,616)	(558)
Other operating income (expenses), net	306	3,533
Financial results	(70,133)	4,493
Income before income and social contribution taxes	**(48,917)**	**2,378**
Income and social contribution taxes		
Current	(5,398)	(8,975)
Deferred	637	9,291
	(4,761)	**316**
Income (loss) from continuing operations		
Loss for the quarter	**(53,678)**	**2,694**

CASH FLOW STATEMENT
(R$ thousands)

	1Q19	1Q18
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**(48,917)**	**2,378**
Depreciation and amortization	34,034	16,920
Financial income	(59,033)	(45,909)
Financial expenses	116,532	40,547
Loss/Write-off of non-current assets	3,779	6,480
Provision for contingencies/losses	(393)	(650)
Remuneration based on stock plan	-	-
Equity ajustment	-	-
Provision for R&D expenses	-	-
Reduction of provision for Escrow	-	-
Provision for impairment	-	-
	46,002	**19,766**
(Increase) decrease in assets		
Accounts receivable	17,070	(1,514)
Recoverable taxes	(2,458)	2,066
Prepaid expenses	(4,172)	(1,095)
Advances to suppliers	(97)	66
Oil inventory	(13,223)	(15,748)
Consumables inventory	(1,178)	-
Advance to partners in oil and gas operations	7,736	41
Other receivables	-	225
Increase (decrease) in liabilities		-
Suppliers	22,101	711
Labor obligations	(4,652)	(2,904)
Taxes and social contributions	(1,213)	(6,288)
Contingencies	(4,729)	(541)
Advances from partners in oil and gas operations	-	173
Other liabilities	(16,260)	(12,212)
Net cash (invested in) from operating activities	**44,927**	**(17,254)**
Cash flows from investment activities		
(Investment) Redemption of securities	459,781	35,523
(Investment) Redemption of restricted cash	-	17,965
(Investment) Redemption in abandonment fund	(1,062)	(1,629)
(Increase) Decrease in deposits and pledges	(3,277)	(575)
Non-current assets held for sale	(8,516)	(17,480)
(Acquisition) of oil and gas asset	(1,553,969)	-
(Increase) Decrease in permanent assets	-	-
Net cash (invested in) from investment activities	**(1,107,043)**	**33,804**
Cash flows from financing activities		
Loans and financing	1,005,424	374
	(47,391)	-
	(433)	-
Debentures	(170)	(21,327)
Share issuing expenses	-	-
Derivative transactions	-	-
(Purchase) Sale of shares of the Company (held in treasury)	20,278	(7,252)
(Reduction) Integralization of Share Capital	12,056	7,709
Minority shareholders participation	-	-
Net cash (invested in) from financing activities	**989,764**	**(20,496)**
Translation adjustment	25,605	(1,836)
Net increase (decrease) in cash and cash equivalents	**(46,747)**	**(5,782)**
Cash and cash equivalents at the beginning of the year	154,109	92,445
Cash and cash equivalents at the end of the year	107,362	86,663
Net increase (decrease) in cash and cash equivalents	**(46,747)**	**(5,782)**

About PetroRio

PetroRio is one of the largest independent companies in the oil and gas production in Brazil. The Company´s corporate culture seeks to increase production through the acquisition of new production assets, the re-exploration of assets, increased operational efficiency and reduction of production costs and corporate expenses. PetroRio's main objective is to create value for its shareholders with growing financial discipline and preserving its liquidity, with full respect for safety and the environment. For further information, please visit the Company's website: www.petroriosa.com.br.

Disclaimer

This news release contains forward-looking statements. All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisitions of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify these statements by reading several words such as "estimate, "believe", "expect" and "will" and similar words or their negative. Although management believes that the expectations represented in such statements are reasonable, it cannot ensure that such expectations will be confirmed. By their nature, forward-looking statements require us to make assumptions and, accordingly, said forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this news release not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Such declarations were made on the date hereof. We do not undertake to update such forward-looking statements regarding future events, except as required by applicable securities legislation