PetroRio

EARNINGS RELEASE

1Q20

Conference Call 1Q20

May 18, 2020
Webcast: ri.petroriosa.com.br

Portuguese
15h00 (BRA)
Tel: +55 (11) 3181-8565
+55 (11) 4210-1803
Password: PetroRio

English
14h00 (NYC)
Tel: +1 (412) 717-9627
Toll Free (EUA): +1 (844) 204-8942
Password: PetroRio

The conference call will be in Portuguese with simultaneous translation to English.

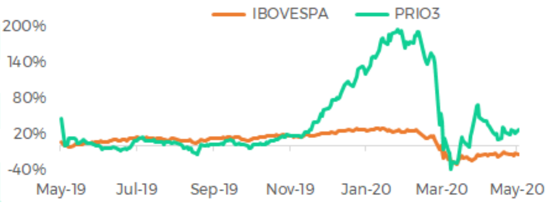
Investor Relations

www.petroriosa.com.br
ri@petroriosa.com.br
+55 21 3721-2129

Rio de Janeiro, May 14, 2020 – The Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the first quarter of 2020 ("1Q20"). 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
# Shares Outstanding ex-Treasury Stocks		135,160,900
Market Cap (05/11/20) ex-Treasury Stocks		2,851,894,990
Last Price (05/11/2020)	R$	21.10
12-month Low - High	R$	10.35 - 48.80
90-day average trading volume	R$	131,389,691

12M Stock Price: PRIO3 x Ibovespa



HIGHLIGHTS FOR THE QUARTER

- Production increase of 102%, from 11.6 kboed (1Q19) to 23.4 kboed (1Q20)
- Lifting cost reduction from US$ 30.8 (1Q19) to US$ 17.3 (1Q20) per barrel, a historic low for the Company
- EBITDA (ex-IFRS 16) incl. hedge at R$ 238.9 million, 11.8 times higher than 1Q19
- Sharp increase of certified reserves: 6.6 times (1P) and 7.9 times (2P) over the previous year (2018)
- OSX-3 FPSO acquisition and Tubarão Martelo farm-in in February 2020
- 30% production increase in Polvo after successful drilling Campaign, reducing overall lifting cost
- CAPEX and OPEX revisions in light of the current COVID-19 and oil environment

MESSAGE FROM MANAGEMENT

"PetroRio's business model was designed to ensure the Company's resilience in times on uncertainty and volatility, since it was implemented in 2015. We are well positioned for growth in favorable market periods and to withstand more difficult times, as the one we are faced with now.

Looking back at the first quarter, we were once again successful with the redevelopment of Polvo, increasing production by 30% and reducing the Company's lifting cost to US$ 17/bbl in the quarter (and US$ 15/bbl currently). With the addition of the acquisition of the OSX-3 FPSO and Tubarão Martelo, we expect to reduce this below US$ 15/bbl in the coming quarters. We believe that the continuous revision and reduction of lifting cost is the best hedging strategy and this will continue to be a pillar of our current and future projects.

Despite these accomplishments, the COVID-19 pandemic and the ensuing reduction in oil demand have created a challenging global environment. Health, safety and efficiency were the core tenets of our response to this new scenario. We have implemented new procedures for boarding our platforms, pre-boarding testes, work-from-home policies and have reviewed and revised all expenses planned for 2020 (CAPEX, OPEX and administrative costs).

By late March, we had a solid cash position of US$ 127 million, which was subsequently bolstered by hedges settled in April, ending the month at US$ 158 million in cash.

We believe that the undergoing cost reduction efforts, and the synergies being extracted between its assets, will make PetroRio even leaner and more agile to overcome challenging times.

We will continue to be diligent in our relationship with our stakeholders, and focusing on health, safety and efficiency, while preserving our balance sheet and liquidity."

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MEASURES UNDRETAKEN FOR 2020

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;
- Employees located at corporate headquarters and onshore locations are working remotely (*work-from-home*);
- 100% of planned CAPEX for March to December 2020 has been postponed, with the exception of approximately US$ 10 million related to operational safety maintenance.
- 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.
- Payroll reduction for onshore employees by 25% and corporate directors by 50%;
- 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.

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OPERATING PERFORMANCE

The operational highlight for the quarter was a 102% increase in the Company's total production when compared to the same period of 2019, as a result of the acquisition of 70% of **Frade** Field, which contributed to the sharp drop in PetroRio's lifting cost per barrel, year over year.

Frade Field's production in April was 18% higher than the original estimated volume, considering the natural decline for the period at the time the asset was incorporated. The increase is due to several well interventions undertaken to increase production and curb the Field's depletion, such as bullhead gas injection, reopening of hydrated wells, flow improvement and choke opening.

Polvo's production fell 10% when compared to 1Q19, as a result of the Field's natural decline, which was partially offset by the 2019/2020 drilling campaign. The successful campaign increased production by 2,500 bbl/d during the month of March. 1Q20 production increased by 15.3% against 4Q19 for the same aforementioned reasons, and due to the workovers in two wells in early 4Q19.

	1Q19	2Q19	3Q19	4Q19	1Q20	1Q20 x 1Q19	1Q20 x 4Q19
Avg. Brent	$ 63.83	$ 68.47	$ 62.03	$ 62.42	$ 50.44	-21.0%	-19.2%
Avg. Sales Price	$ 64.40	$ 68.61	$ 62.31	$ 62.88	$ 31.79	-50.6%	-49.4%
Avg. Exchange Rate	3.77	3.92	3.97	4.12	4.47	18.5%	8.4%
Final Exchange Rate	3.90	3.85	4.16	4.02	5.20	33.4%	29.3%
Offtakes (kbbl)							
Frade Field (70%)	n/a	975	995	1,398	982	n/a	-29.7%
Polvo Field (100%)	545	1,025	508	930	470	-13.7%	-49.5%
Production (boepd)							
Frade Field (70%)[1]	n/a	9,824	9,865	13,639	13,563	n/a	-0.6%
Polvo Field (100%)	9,567	8,523	8,070	7,478	8,620	-9.9%	15.3%
Manati Field (10%)	2,033	1,776	2,413	2,859	1,254	-38.3%	-56.1%
Total PetroRio	11,600	20,123	20,348	23,976	23,437	102.0%	-2.2%
Lifting Cost (US$/bbl)							
PetroRio	30.8	24.0	22.9	19.7	17.3	-43.9%	-12.2%

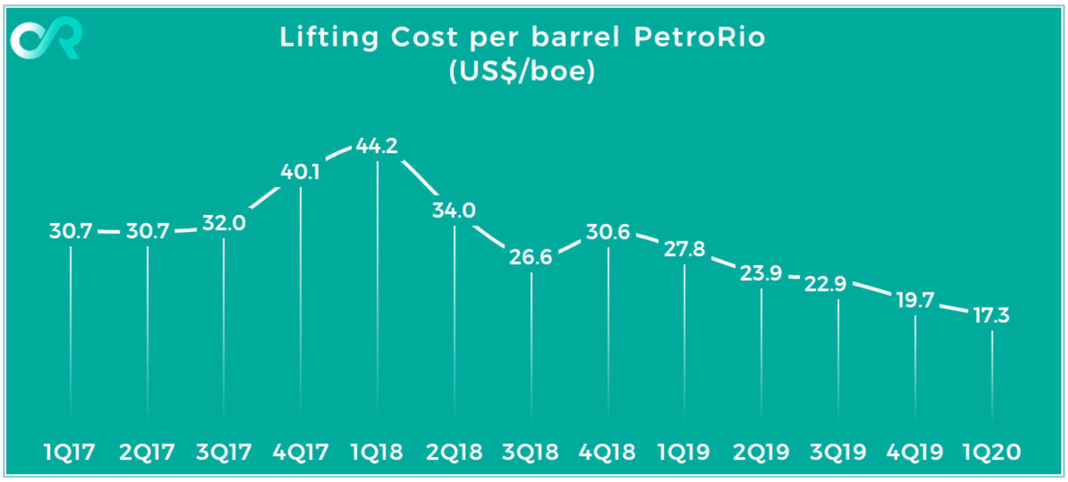
[1] From April through September, PetroRio had a 52% W.I. in the Field. In October, the interest increased to 70%.

During the first quarter PetroRio had two offtakes, both in March. **Polvo Field** sold 470 thousand barrels and **Frade** another 982 thousand barrels, for a 1.5 million total in the quarter, representing a 167% increase over the previous year. The average gross sales price in 1Q20 was US$ 31.8 per barrel, 51% lower year over year, due to the concentration of the Company's sales in March, which saw brent oil prices close at US$ 22.7.

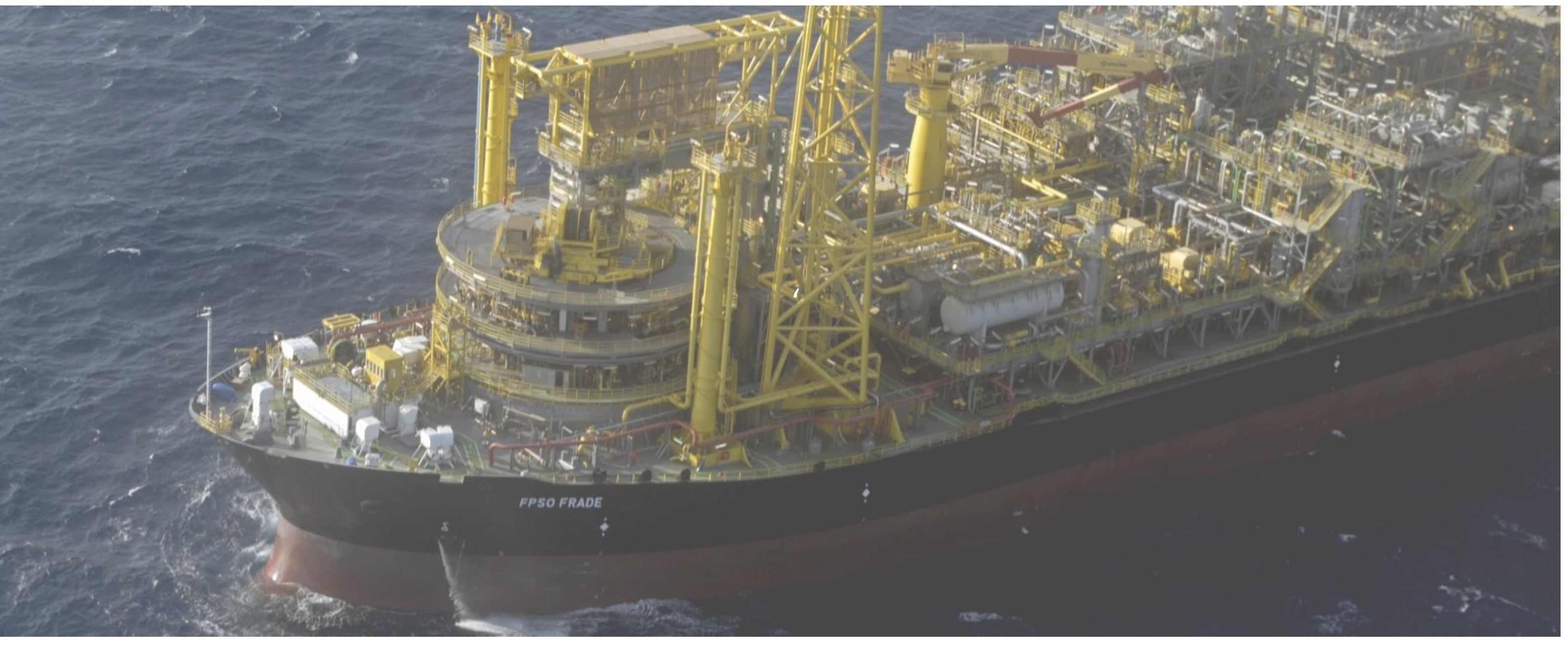
In January 2020, the Company entered into hedging agreements (buying oil put options), at a strike price of US$ 65 per barrel. Approximately 1.9 million barrels were hedged in 1Q20, resulting in R$ 206.6 million in net hedging income for the quarter, settled in cash in early April. PetroRio has another 841 thousand barrels hedged for 2Q20. The options were bought at peak oil prices and were essential in preserving cash flows and ensuring the Company's short-term obligations amid an environment of reduced global demand as a result of COVID-19.

Contract Date	Type	Pricing	Barrels Qty	Strike (US$)	Maturity
6-Jan-20	Buy – Asian Put	Average Brent Jan20	451,000	65.00	31-Jan-20
6-Jan-20	Buy – Asian Put	Average Brent Mar20	1,475,000	65.00	31-Mar-20
6-Jan-20	Buy – Asian Put	Average Brent Apr20	250,000	65.00	30-Apr-20
6-Jan-20	Buy – Asian Put	Average Brent May20	341,000	65.00	31-May-20
6-Jan-20	Buy – Asian Put	Average Brent Jun20	250,000	65.00	30-Jun-20

The Company's total lifting cost per barrel improved for the fifth consecutive quarter. In 1Q20, the metric decreased 19% year over year, and 12% quarter over quarter. The improvement is due to cost reduction measures undertaken in **Frade** - where continuous cost reduction was observed during the quarter - and to the increased level of production in the **Polvo Field** to 11,000 bbl/d by the end of March.



PetroRio's lifting cost: lower values are positive for the Company.

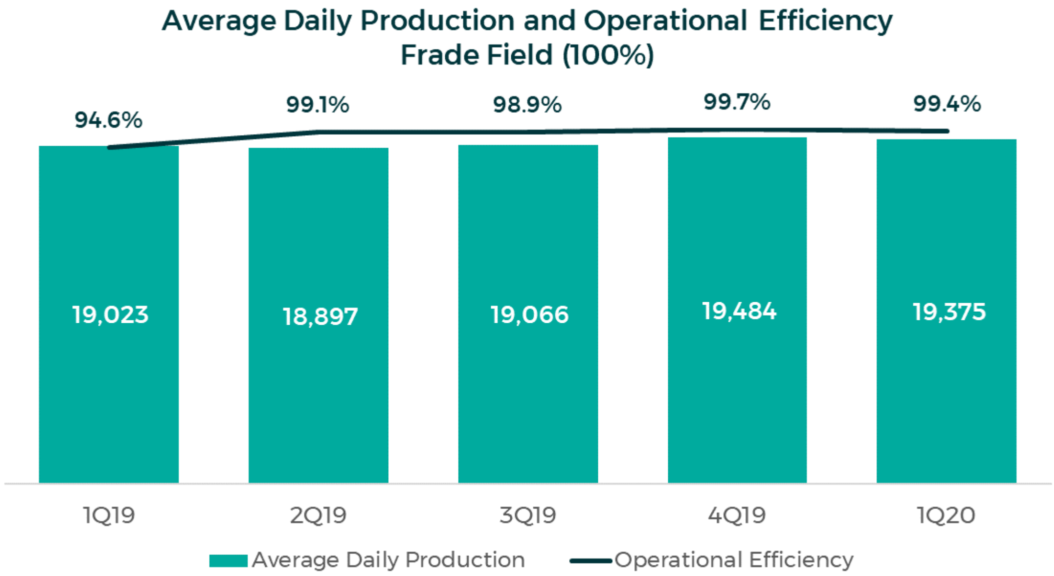


FRADE FIELD

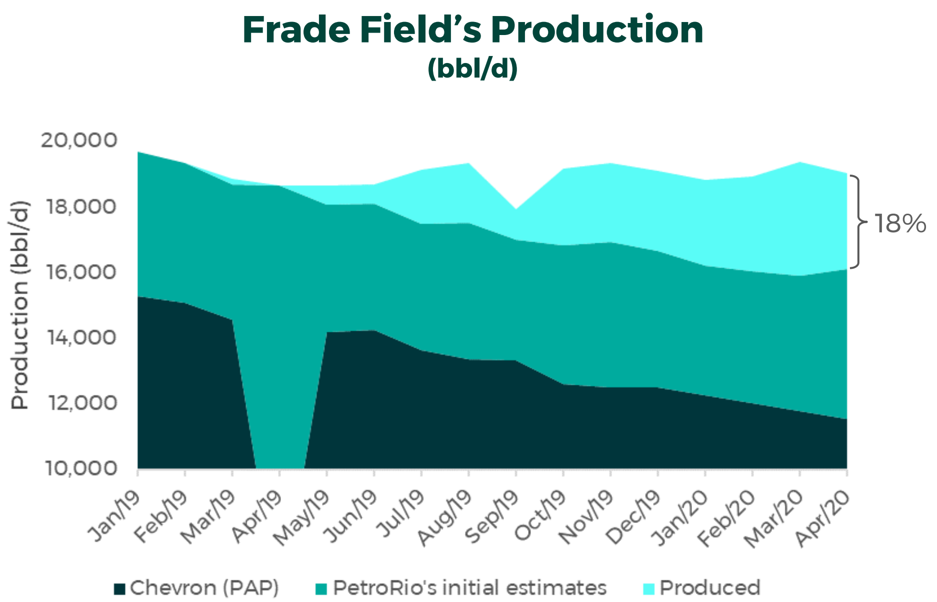
Since the acquisition of **Frade**'s operation (in March 2019), the Company has carried out cost reduction measures through operational and logistics synergies with **Polvo**. In October 2019, PetroRio announced the conclusion of the acquisition of an additional 18% interest in **Frade**, which added 3.5 thousand barrels of daily production to the Company's total. Further, **Frade** continued to benefit from operational synergies and logistics contract renegotiations.

Frade's operational efficiency in the quarter reached 99.4%, maintaining the high level of operational efficiency that the Company has been practicing since PetroRio began operating the Field. In 2020, the Company has a 10-day planned shutdown for the Field.

The chart below illustrates daily production and operational efficiency in recent quarters. The operatorship was acquired by PetroRio on March 26, 2019:



During 2019 and early 2020, PetroRio was successful in its short- and medium-term initiatives aimed at reducing the field's natural decline rates, such as gas injections and reopening hydrated wells which resulted in 18% higher production in April 20 when compared to the Company's initial estimates for the Field.



On November 28, 2019, PetroRio signed an agreement with Petrobras to purchase the remaining 30% working interest in the **Frade Field**. Once the acquisition is concluded, subject to ANP's approval, it will add another 5.8 thousand barrels of daily production to the Company, further reducing overall lifting costs per barrel.

PetroRio plans to begin a Drilling Campaign in **Frade**, with the purpose of increasing the asset's recovery rates and meet ANP's conditions to extend the concession agreement to 2041. The overall project includes drilling 4 producing wells and 3 injector wells. The reservoirs were selected due to their low recovery rates (under 10% as of December 2019).

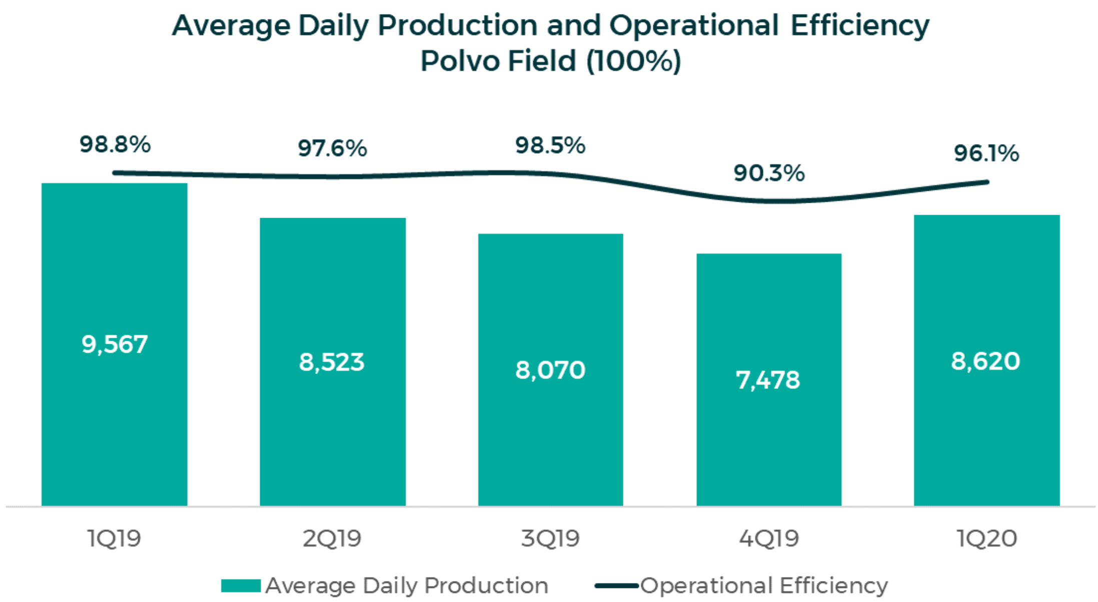
In March, as part of the measures taken to preserve cash levels announced in 2020, PetroRio decided to postpone CAPEX related to the Revitalization of the **Frade Field** and maintain liquidity levels during the current outlook.

POLVO FIELD

Polvo's operational efficiency was 96.1% for 4Q19, which includes the downtime related to the start of production of the field's new well, as a result of the 2019/2020 Drilling Campaign, which increased the asset's production by approximately 2,500 bbl/d.

The positive impact from workovers was reflected in January 2020's disclosed production figures, which were 10% higher than 4Q19. In March, the field's production increased by 10% when compared to January and February 2020 average, after the new POL-L well began prodction. After a month of high volumes and pressure recorded in the Eocene sandstone, the Company believes that the reservoir will provide several opportunities for new producing wells (infill drilling) in the reservoir.

In 2020, the Company plans one maintenance shutdown, lasting approximately 7 days.



The Field's operating costs, in absolute terms, were stable compared to the previous quarters. **Polvo**'s operating costs were US$ 23.8 million in 1Q20, in line with the US$ 23.8 million recorded in 4Q19. When compared to 1Q19, operating costs were down 10%, mainly due to the reduction in logistics costs, as a result of operational synergies with the **Frade Field**.

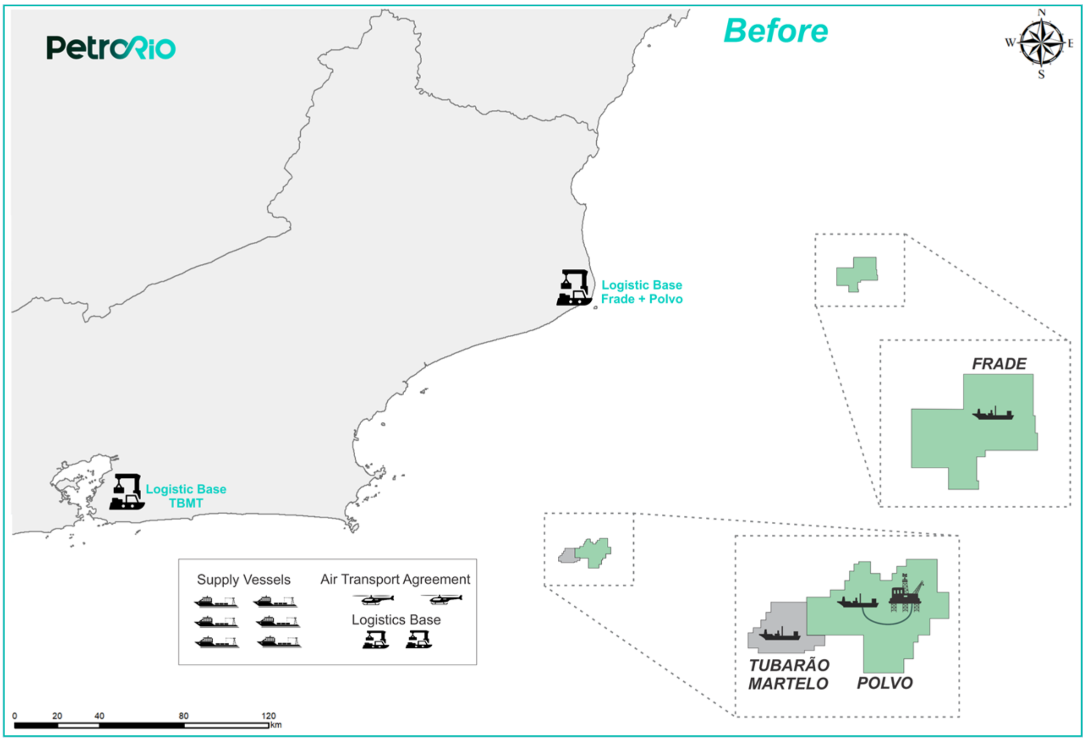
OSX-3 FPSO AND TUBARÃO MARTELO FIELD

On February 3, 2020, the Company signed binding agreements regarding the acquisition of (i) the **OSX-3** vessel for US$ 140 million; and (ii) the farm-in of 80% in the **Tubarão Martelo Field** ("**TBMT**"), where the **OSX-3** vessel is currently chartered.

The acquisition will allow for the tieback between **TBMT** and **Polvo Field**, thus simplifying the production system and creating a private oilfield cluster, while enabling significant synergies, lifting cost reductions, and the extension of the useful life of both fields.

Once the tieback takes place, the Company estimates **Polvo**'s and **TBMT**'s combined Opex, which in 2019 was over US$ 200 million per year (US$ 100 million for **Polvo** + US$ 100 million for **TBMT**), be reduced to less than US$ 80 million per year, after having captured these synergies. Additionally, lifting costs could be reduced to under US$ 15 per barrel as result of air, sea, and land logistics synergies, and the decommissioning of the FPSO currently chartered to **Polvo**.

The cluster's Opex reduction will allow for a longer-term operation, during which more oil can be recovered. PetroRio estimates the assets' useful life could be extended to at least 2035 – a 10-year extension – and 40 million barrels added to **Polvo**'s current 1P reserves.

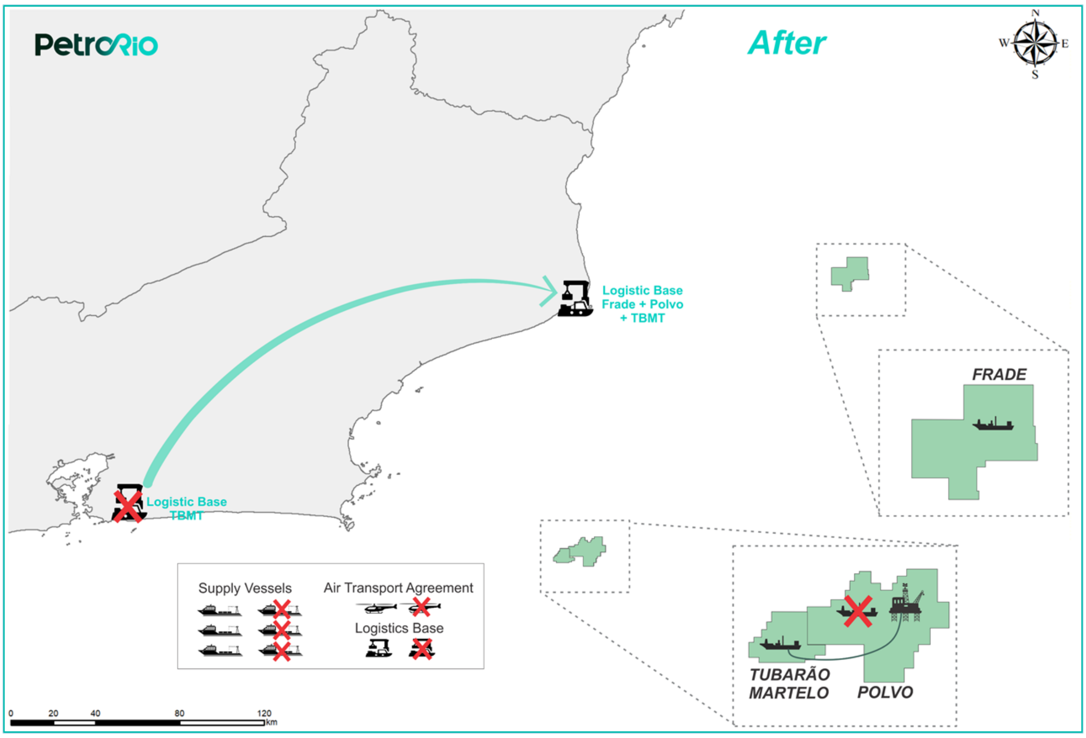


Current layout of the assets.

The tieback between **Polvo** and **TBMT** has been thoroughly assessed by PetroRio's technical and executive teams in the past years. Concurrently, Dommo has conducted its own independent studies that confirm positive economic impacts of the project, for both companies. Additionally, technologies developed for similar projects have been extensively employed by the industry in the past 5 years, primarily in the Gulf of Mexico and in the North Sea. The Company estimates the project's Capex will range between US$ 50 to US$ 60 million, to be carried out in 2021.

Leading up to the tieback's completion, PetroRio will own rights to 80% of **TBMT**'s oil and will be responsible for the Field's Opex, Capex and abandonment costs. During this phase, the Company will be reimbursed by Dommo at a monthly fee of US$ 840 thousand, equivalent to 20% of Dommo's current Opex (ex-charter costs).

Once the tieback is completed (mid-2021), PetroRio will remain responsible for 100% of the abovementioned costs for the cluster, while Dommo will be relieved of the monthly fees. In this new phase, PetroRio will have rights increased to 95% of the oil produced by the **Polvo** + **TBMT** cluster up to the first 30 million barrels produced post-tieback, and 96% thereafter.



Layout after the tieback of the assets.

From an environmental perspective, the captured synergies will reduce the combined emissions by approximately 35% after the tieback's conclusion, as the result of a reduced number of operated assets in the cluster, therefore lowering the operations' environmental impact.

TBMT Field reached its peak in 2014, producing 14,000 barrels of oil per day. Today, the asset produces approximately 5,800 bbl/d and is currently undergoing a Revitalization Campaign that, once concluded, could increase **TBMT**'s production. From the start of production, Dommo, as the asset's operator, has maintained high levels of operational efficiency, safety and resilience during periods of low Brent prices. The Company believes Dommo will be an important partner when the unified production system is concluded and operated by PetroRio.

OSX-3 is a world-class Floating, Production, Storage and Offloading (FPSO) vessel, built and delivered to the **Tubarão Martelo** Field in 2012. **OSX-3** has state-of-the-art technology and has to this date reported safety and efficiency levels within PetroRio's standards. The vessel has the capacity to process 100,000 barrels of oil per day and storage of 1.3 million barrels.

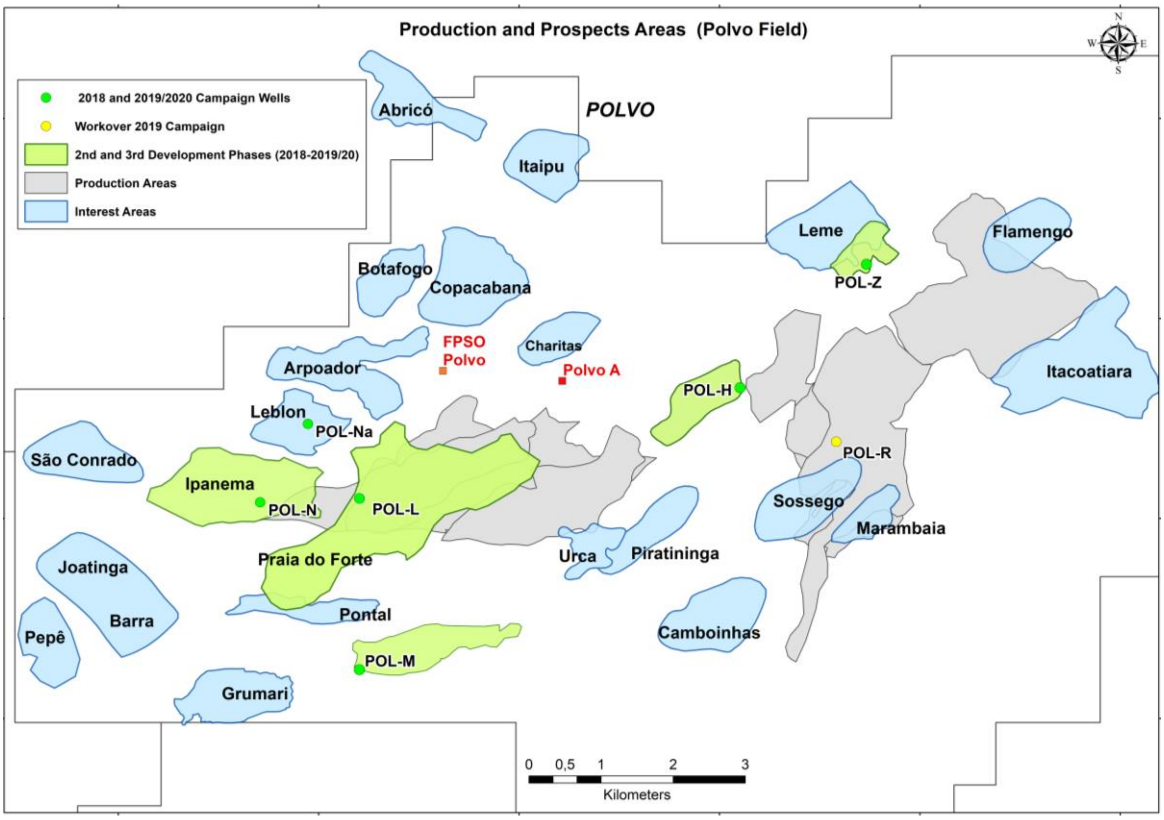
Prisma Capital had a key role in the acquisition of **OSX-3** and acted as financial and business advisor throughout the process, which included a US$ 100 million loan

OSX-3 FPSO

2019/2020 DRILLING CAMPAIGN (POLVO FIELD)

Following 2016's Phase 1 and 2018's Phase 2, the Company successfully concluded Phase 3 of **Polvo**'s Revitalization Plan.

By drilling a pilot well, the Company found oil in two carbonate reservoirs (in the "Ipanema" and "Leblon" prospects), of the Quissamã Formation, and in a sandstone reservoir of the Eocene period in the Emborê Formation ("Praia do Forte").



The Company completed two producing wells, one in the carbonate reservoir of the Ipanema prospect (POL-N) and one in the sandstone reservoir of the Praia do Forte prospect (POL-L).

PetroRio began production in the POL-L well, in the Eocene, and measured initial flow of over 2,500 bbl/d, an increase of approximately 30% of the Field's previous production. Which reached an overall output level of 11,000 bb/d in the initial days of the well's operation.

This production level reduces lifting costs to under US$ 26 per barrel for the **Polvo Field** and less than US$ 18 per barrel for the Company as a whole, at a 70% working interest in the **Frade Field** and before any synergies with **Tubarão Martelo**.

The Company's reserves were also increased with the Campaign's success. PetroRio estimates that the POL-L well added up to 3 million barrels of recoverable oil, and the total cost of the 3rd Phase of **Polvo**'s Revitalization Campaign was of approximately US$ 20 million.

PetroRio believes that this Eocene reservoir's performance opens new opportunites in the **Polvo** and **Tubarão Martelo** Fields in prospects with similar characteristics, as well as potential infill drilling in the reservoir.

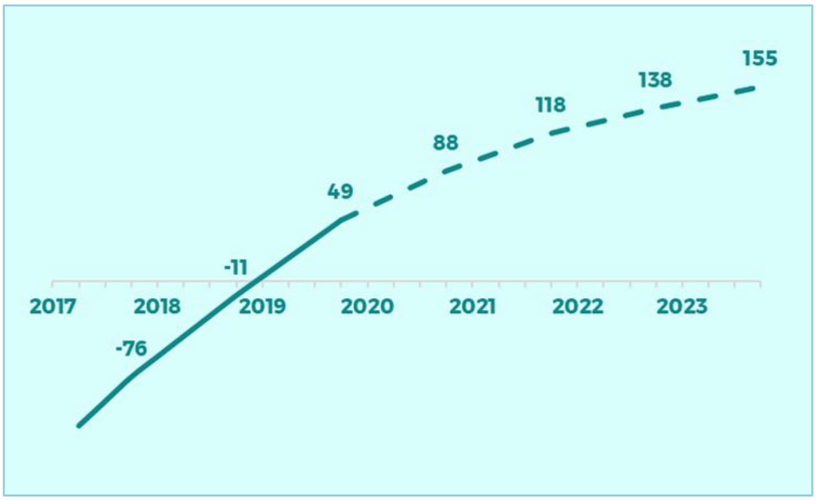
Polvo's offshore team celebrate the new POL-L well starting production by striking the gong

MANATI NATURAL GAS FIELD

Gas volumes sales amounted to 1,254 boepd in the quarter, 38% lower over the previous year. The reduction is attributable to the production shutdown due to the client's suspension of gas purchases beginning mid-February, as a result of lower gas demand in energy generation (from higher levels of rain), and an increased gas supply in the country. In the quarter, there was a 56% decrease vs. 4Q19 for the same reason. Operational expenditures for the quarter, which include direct costs and exclude depreciation, were R$ 6.1 million, a 16% increase against the 1T19's R$ 5.3 million. Another R$ 1.8 million were paid in royalties for the asset's concession rights.

The **Manati** farm-in, concluded in 2017 for R$ 116 million (US$ 37 million at the time), provided a two-year payback period with nominal IRR of 66%. The acquisition is part of a successful track record for PetroRio which along with **Polvo**, **Frade** and **Tubarão Martelo**, seeks to add shareholder value through acquisitions and redevelopment of mature fields.

Manati Cumulative Cash Flow
(R$ millions)



RESERVES REPORT

The table below describes the new reserves from the April 2020 D&M report for **Polvo + TBMT**, **Frade** and **Manati**.

Company Reserves Estimates (MMboe)				
Reserves	**Frade (100%)**	**Polvo + TBMT (95%)**	**Manati (10%)**	**Total**
Proved (1P)	60.2	50.7	2.8	113.6
Proved+Probable (2P)	92.3	95.4	3.0	190.8
Proved+Probable+Possible (3P)	128.2	145.1	3.1	276.4

PetroRio had significant increases in reserve levels compared to the last certification report, dated December 2018. The main reasons for the increase were:

(i) **Tubarão Martelo** farm-in and the **Polvo** tieback project, increasing recoverability of both assets;

(ii) The acquisition of 30% interest in the **Frade Field**, expected for 2020;

(iii) **Frade's** new production curve after one year of operations without natural decline; and

(iv) **Polvo'** Drilling Campaign success, which allows potential new infill drilling in the reservoir.

The increases are highlighted in the table below:

Reserves	D&M Dez-18 (MMboe)	D&M Apr-20 (MMboe)	Δ (MMboe)	Reserve Life
Proved (1P)	17.2	113.6	96.4	15 years
Proved+Probable (2P)	23.8	190.8	167.0	25 years
Proved+Probable+Possible (3P)	33.6	276.4	242.8	31 years

The tieback of **Polvo** and **TBMT** into a cluster also pushed back the Fields' abandonment dates, to 2035 for 1P reserves, 2045 for 2P reserves and 2051 for 3P. Thus, the Reserve Life (production until abandonment) of the Company today is 15 years for 1P, 25 years for 2P and 31 years for 3P reserves. The complete report is available at ir.petroriosa.com.br.

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FINANCIAL PERFORMANCE

The Company presents its managerial income statement below, which also illustrates the effects of IFRS 16 separetely, while maintaining non-cash and one-off accounting impacts.

The factors that most influenced financial performance in the quarter were the hedge bought in early January to protect cash flow against lower Brent prices, and the commodity's subsequent decline.

The hedge allowed PetroRio to weather the lower prices by effectively keeping oil sales at US$ 65 per barrel level. These contracts, which were exercised in 1Q20, generated R$ 206.6 million in realized income. As such, adjusted EBITDA (ex-IFRS 16) in 1Q20 would have been R$ 238.9 million, with hedges included. The figure is 11.8x higher than 1Q19 adjusted EBITDA (ex-IFRS 16), as per the table below:

(in R$ millions)

				Ex-IFRS 16		
	1Q19	1Q20	Δ	1Q19	1Q20	Δ
Net Revenue	**139,431**	**223,162**	**60%**	**139,431**	**223,162**	**60%**
Cost of goods sold	(49,880)	(83,450)	67%	(68,271)	(118,299)	73%
Royalties	(14,233)	(32,228)	126%	(14,233)	(32,228)	126%
Operatin Income	**75,318**	**107,484**	**43%**	**56,927**	**72,635**	**28%**
General and administratie expenses	(20,375)	(38,958)	91%	(21,630)	(40,311)	86%
Other operating income (expenses)	306	164,804	53819%	306	164,804	53819%
EBITDA	**55,249**	**233,330**	**322%**	**35,603**	**197,128**	**454%**
EBITDA margin	***40%***	***105%***	***67 p.p.***	***26%***	***88%***	***65 p.p.***
Depreciation and amortization	(34,033)	(110,937)	226%	(16,297)	(83,887)	415%
Financial Results	(70,133)	(68,960)	-2%	(52,617)	23,944	n/a
Hedge Income - Realized	*(15,113)*	*206,615*	*n/a*	*(15,113)*	*206,615*	n/a
Hedge Income - Marked to Market	*(6)*	*134,572*	*n/a*	*(6)*	*134,572*	n/a
Other financial income (expenses)	*(55,014)*	*(410,147)*	*646%*	*(37,498)*	*(317,243)*	*746%*
Income and social contribution taxes	(4,761)	(8,890)	87%	(4,761)	(8,890)	87%
Income (loss) for the period	**(53,678)**	**44,544**	**n/a**	**(38,073)**	**128,296**	**n/a**

	1Q19	1Q20	Δ	1Q19	1Q20	Δ
(-) Other operating income (expenses)	306	164,804	53819%	306	164,804	53819%
(+) Hedge Income - Realized	(15,113)	206,615	n/a	(15,113)	206,615	n/a
Adjusted* EBITDA (inc. Hedge)	**39,830**	**275,141**	**591%**	**20,184**	**238,939**	**1084%**
Adjusted EBITDA margin	***29%***	***123%***	***94 p.p.***	***14%***	***107%***	***93 p.p.***

*Adjusted EBITDA is calculated similarly to EBITDA, excluding the line item "Other Revenue/Expenses".
*Adjusted EBITDA (inl. Hedge) is calculated including only the hedge of contracts exercised during 1Q20.

PetroRio recorded R$ 223.2 million in Net Revenues in 1Q20, an increase of 60% over the R$ 139.4 million reported in 1Q19 on the back of higher volumes sold from the **Frade** acquisitions. Revenue was lower than in other quarters, however, due to the drop in oil prices in March 2020, period in which the Company's quarterly sales took place.

During the quarter, 35% of net revenues were sold from **Polvo's** oil, and 59% from **Frade**. The increase in revenue is primarily due to the higher number of barrels sold, as a result of the acquisition of 52% of **Frade** in March 2019, and an additional 18% working interest in October 2019. This increase was partially offset by the drop in oil prices during 2020 first quarter.

PetroRio's 10% interest in **Manati** contributed with R$ 13.1 million in net revenues for the quarter. The 24% decline compared to 2019 is explained by the reasons mentioned above, in the field's operational performance. **Manati's** operation has an annual take-or-pay contract of 1,574 boe per day.

Cost of Goods Sold (COGS), were up 73% in 1Q20 against 1Q19 (ex-IFRS 16), due to the higher number of barrels sold after the acquisitions of working interests in the **Frade** Field. The increase was partially offset by the cost reductions carried out in **Frade** after the Company became the **Field's** operator in March 2019.

Operational Income (ex-IFRS 16) for the quarter reached R$ 73.2 million, a 28% increase vs. the previous year, and was due to the higher volumes sold after **Frade's** incorporation, and cost cutting measures and synergies executed in **Frade** and **Polvo.**

General and administrative expenses, which include M&A fees, project, geology and geophysics spending, closed the quarter at R$ 40.3 million. The increase year over year was due to the higher administrative expenses assumed with the incorporation of **Frade**'s operation and third-party services mainly related to M&A fees for **Frade** and **TBMT** acquisitions.

Other operational revenues (expenses) in the quarter were positively impacted by the revaluation of abandonment provision dates, due to new reserve certification, and discount rates applied to abandonment costs during the revaluation.

Financial results (ex-IFRS 16) were positive R$ 23.9 million compared to a negative R$ 52.6 million in 1Q19. The negative impact was due to R$ 472 million FX variations (non-cash effect) on several dollar-denominated liabilities, such as abandonment provisions and most of the Company's debts, as a result of the 33% devaluation of the local currency during the quarter. This FX variation does not have a direct impact on PetroRio's financial health, given that the Company's revenues and cash are mostly denominated in dollars.

The Company recorded over R$ 206.6 million in realized hedge income in the quarter, which was settled and added to cash balances in April. A further R$ 134.6 million were recorded as marked to market income, which will be exercised during 2Q20 and will alter with oil prices throughout this following quarter.

Reported net income (ex-IFRS 16) for the quarter was positive R$ 128.3 million vs. the negative R$ 38.1 million reported in 1Q19. The improvement is mainly attributed to the higher volumes sold with **Frade** incorporation, and to the hedge operations results in the period, which offset the drop in oil prices and the negative FX variation on the Company's dollar-denominated liabilities.

Frade's offshore team celebrates 3,000 days with no accidents

On January 1, 2019, the Company incorporated the new IFRS 16 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 is PetroRio's 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

On February 2, 2020, the Company announced the acquisition of the **OSX-3 FPSO**, which will be commissioned in **Polvo Field's** production system, replacing the FPSO currently operating, which is leased. As such, the estimate for the lease until the end of the Field's economic life was revised, reducing leasing assets and liabilities by 433,631. The remaining adjustments carried out in the period were due to the reduction in the number of supply vessels and the new logistics base, which took place after the **Frade Field** acquisition.

	Assets	**Liabilities**
Recognition on January 1, 2019	**1,184,577**	**(1,184,577)**
Additions/Reversals	(508,499)	508,499
Currency adjustment	-	(27,574)
Price-level restatement	-	(52,550)
Payments made	-	204,117
Amortization	(172,728)	-
Balance at December 31, 2019	**503,350**	**(552,085)**
Additions/Reversals	36,291	(36,291)
Currency adjustment	-	(81,596)
Price-level restatement	-	(11,309)
Payments made	-	55,823
Amortization	(39,361)	-
Balance at March 31, 2019	**500,280**	**(625,458)**
Current	-	(248,399)
Non-current	500,280	(377,059)

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 has impacted the Company in various ways. In the Balance Sheet, the change in accounting rule increased assets by R$ 547 million and liabilities by R$ 671 million in 1Q20. 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.

The Income Statement was also impacted. The prior cost of operating lease is now incorporated in the financial result as an interest expense of the lease and the right to use the asset is amortized, incurring in depreciation costs.

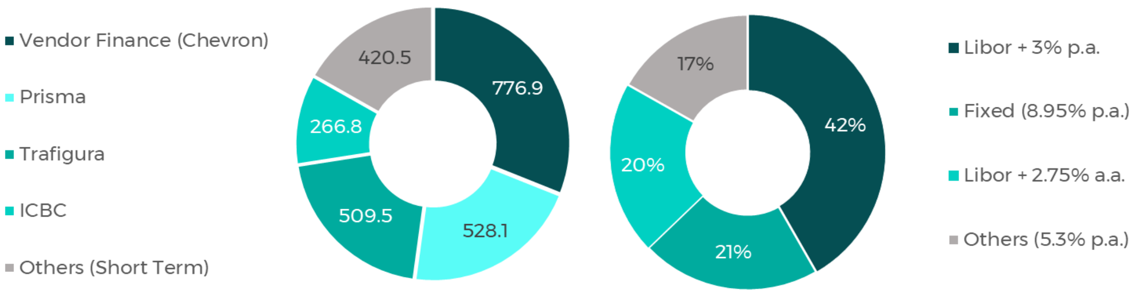
Without the new rule, the Company's COGS would have been R$ 34.8 million higher in the period. Depreciation for the quarter was impacted by R$ 27.1 million and financial expenses by R$ 90.7 million. In all, the income for the quarter was negatively impacted in R$ 82.3 million by the change in accounting rule.

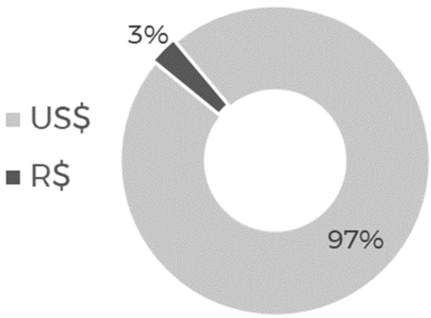
DEBT AND FINANCING

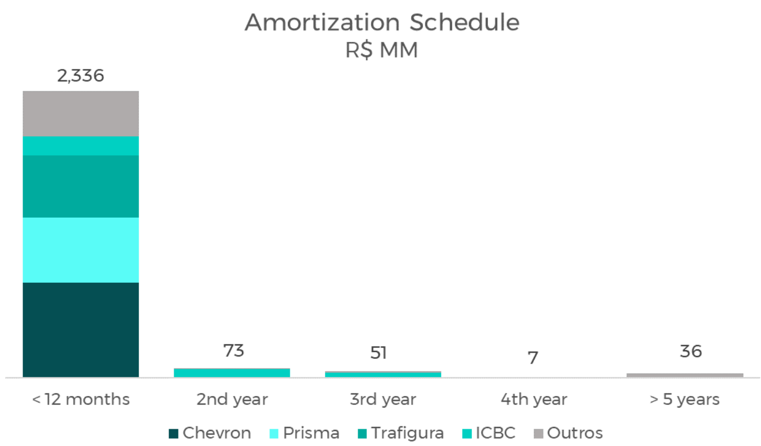
On January 27, 2020, PetroRio signed a bridge loan agreement with a subsidiary of Prisma Capital fund in the amount of US$ 100 million at the cost of 8.95% p.a., for the acquisition of OSX-3 FPSO and the subsequent merger of **Tubarão Martelo Field**. According to the contractual provisions, PetroRio and Prisma are working on converting this short-term financing into a long-term Project Finance.

Loans and Funding

(R$ MM)







DELEVERAGING

In 1Q20, the Company's Net Debt/EBITDA ratio was primarily affected by:

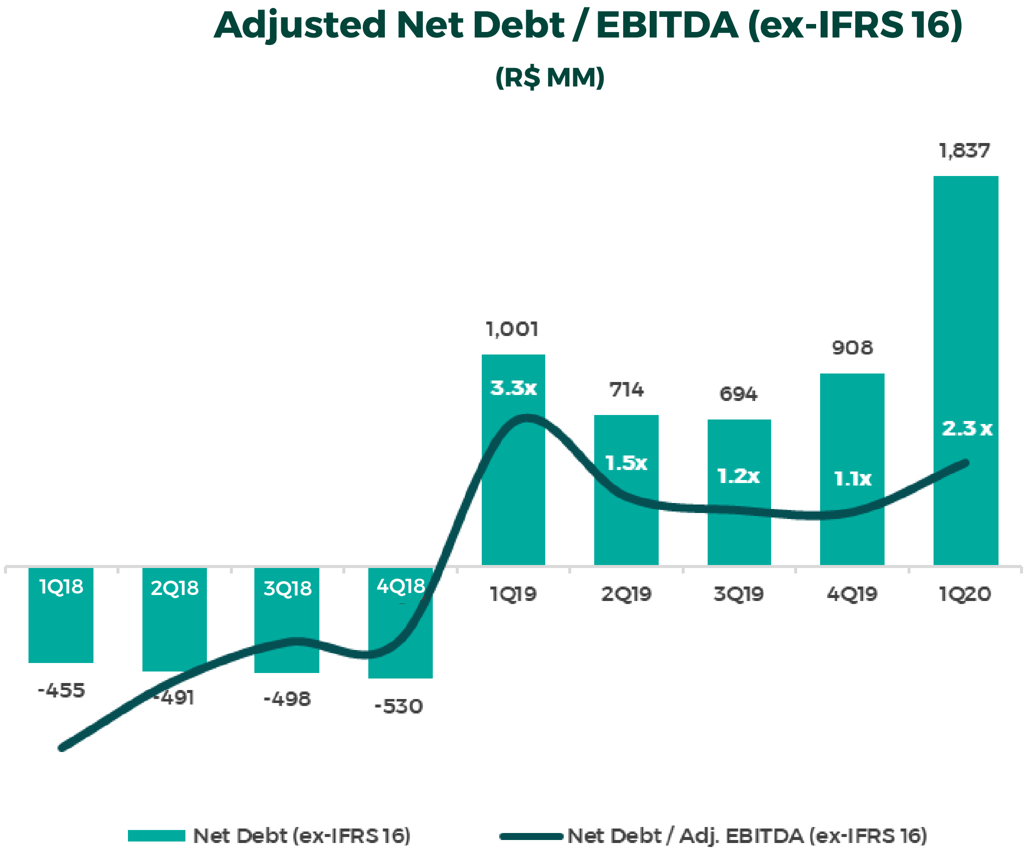
(i) R$ 528.1 million loan from Prisma Capital for the FPSO OSX-3 acquisition and farm-in of **Tubarão Martelo Field**. The debt has been entirely accounted for in the Company's balance sheet, without its corresponding 12-trailing months' EBITDA as of March 31, 2020;

(ii) **Polvo** and **Frade's** offtakes took place in late March, resulting in a R$ 213.8 million accounts receivable for the period, above historic levels;

(iii) the Company's net balance sheet items' FX variation has impacted the leverage negatively by R$ 159.7 million; and

(iv) the hedge contracts for the period, which resulted in the gain of R$ 206.6 million has not been accounted for I the 1Q20 cash position, due to its settlement in April.

Adjusting for these effects, Net Debt/EBITDA would have been approximately 0.8x.



BALANCE SHEET
(R$ thousands)

ASSETS	4Q19	1Q20
Cash and cash equivalents	459,396	315,180
Securities	226,301	102,039
Restricted cash	52,223	243,609
Accounts receivable	374,598	213,830
Oil inventories	122,571	162,981
Consumable inventories	5,373	7,582
Derivative Financial Instruments	9,354	350,930
Recoverable taxes	116,773	136,036
Advances to suppliers	52,154	54,760
Advances to partners	25,590	68,147
Prepaid expenses	10,333	8,062
Other receivables	223	-
Total Current assets	**1,454,889**	**1,663,156**
Non-current assets available for sale	**-**	**-**
	1,454,889	**1,663,156**
Advances to suppliers	12,596	12,596
Deposits and pledges	31,170	28,012
Recoverable taxes	32,384	32,382
Deferred taxes	153,644	189,182
Right-of-use (Lease CPC 06.R2 IFRS)	503,350	500,280
Property, plant and equipment	2,477,793	3,468,033
Intangible assets	817,962	967,290
Total non-current assets	**4,028,899**	**5,197,775**
Total Assets	**5,483,788**	**6,860,931**

LIABILITIES	4Q19	1Q20
Suppliers	129,727	157,451
Labor obligations	39,359	40,457
Taxes and social contributions	83,244	56,691
Loans and financing	1,151,599	2,331,204
Debentures	-	-
Advances from partners	40	-
Contractual Charges (Lease IFRS 16)	211,293	248,399
Other liabilities	12,356	19
Total current liabilities	**1,627,618**	**2,834,221**
Suppliers	13,233	13,640
Loans and financing	493,977	166,495
Debentures	-	-
Provision for abandonment (ARO)	909,513	855,827
Provision for contingencies	70,320	76,006
Deferred taxes and social contributions	147,522	179,808
Contractual Charges (Lease IFRS 16)	340,792	377,059
Other liabilities	1,685	1,704
Total non-current liabilities	**1,977,042**	**1,670,539**
Minority Interest	**759**	**979**
Realized capital	3,316,411	3,326,998
Capital reserves	118,991	116,282
Other comprehensive income	153,958	574,364
Accumulated losses	(2,342,903)	(1,706,996)
Income (loss) for the period	631,912	44,544
Total shareholders' equity	**1,878,369**	**2,355,192**
Total liabilities and shareholders' equity	**5,483,788**	**6,860,931**

INCOME STATEMENT
(R$ thousands)

	1Q19	1Q20
Net Revenue	**139,431**	**223,162**
Cost of goods sold	(49,880)	(83,450)
Depreciation and amortization	(32,416)	(90,674)
Royalties	*(14,233)*	*(32,228)*
Gross Profit	**42,902**	**16,811**
Operating income (expenses)		
Geology and geophysics expenses	637	(151)
Personnel expenses	(10,573)	(10,554)
General and administrative expenses	(2,950)	(9,495)
Expenses with thir party services	(6,791)	(16,461)
Taxes and fees	(699)	(2,296)
Depreciation and amortization - G&A	*(1,616)*	*(20,263)*
Other operating income (expenses)	*306*	*164,804*
Financial results	*(70,133)*	*(68,960)*
Income before income and social contribution taxes	(48,917)	53,433
Income and social contribution taxes - Current	*(5,398)*	*(12,142)*
Income and social contribution taxes - Deferred	*637*	*3,252*
Income (loss) for the period	**(53,678)**	**44,544**

CASH FLOW STATEMENT
(R$ thousands)

	1Q19	1Q20
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**(48,917)**	**53,434**
Depreciation and amortization	34,034	110,936
Financial income	(59,033)	(596,934)
Financial expenses	116,532	730,297
Remuneration based on stock plan	3,779	1,287
Provision for contingencies/losses	(393)	(1,548)
Loss/Write-off of non-current assets	-	-
Provision for R&D expenses	-	-
Reduction of provision for Escrow	-	(145,117)
Depreciation adjustment of Frade Field	-	-
Gain in E&P assets acquisition	-	-
Provision for impairment	-	11,035
	46,002	**163,390**
(Increase) decrease in assets		
Accounts receivable	17,070	182,991
Recoverable taxes	(2,458)	(23,165)
Prepaid expenses	(4,172)	2,283
Advances to suppliers	(97)	4,368
Oil inventory	(13,223)	(6,574)
Consumables inventory	(1,178)	(2,209)
Advance to partners in oil and gas operations	7,736	61,346
Other receivables	-	171
Increase (decrease) in liabilities		
Suppliers	22,101	(6,128)
Labor obligations	(4,652)	2,355
Taxes and social contributions	(1,213)	(24,141)
Contingencies	(4,729)	-
Advances from partners in oil and gas operations	-	1
Other liabilities	(16,260)	(12,319)
	44,927	**342,369**
Cash flow from investing activities		
(Investment) Redemption of securities	459,781	124,272
(Investment) Redemption of restricted cash	-	(152,144)
(Investment) Redemption in abandonment fund	(1,062)	-
(Increase) Decrease in deposits and pledges	(3,277)	3,209
(Increase) Decrease in permanent assets	(8,516)	(64,752)
(Acquisition) of oil and gas asset	(1,553,969)	(603,492)
Non-current assets held for sale	-	-
Net cash from investing activities	**(1,107,043)**	**(692,907)**
Cash flows from financing activities		
Loans and financing	1,005,424	309,575
Leasing interest payment	-	-
Debentures	(170)	-
Derivative transactions	-	(4,447)
(Purchase) Sale of shares of the Company (held in treasury)	20,278	(1)
(Reduction) Integralization of Share Capital	12,055	10,587
Minority shareholders participation	-	220
Net cash (invested in) from financing activities	**989,763**	**267,635**
Translation adjustment	25,606	(61,315)
Net increase (decrease) in cash and cash equivalents	**(46,747)**	**(144,218)**
Cash and cash equivalents at the beginning of the year	154,109	459,397
Cash and cash equivalents at the end of the year	107,362	315,179
Net increase (decrease) in cash and cash equivalents	**(46,747)**	**(144,218)**

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.