

Quarterly information - ITR

Petro Rio S.A.

September 30, 2019

**with Independent Auditors' Report on the
Review of the Quarterly Information**

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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 September 30, 2019, which comprises the statement of financial position as at September 30, 2019 and the related statement of profit or loss, of comprehensive income (loss) for the three- and nine-month periods then ended, and statement of changes in equity and cash flow statement for the nine-month period then ended, including other explanatory information.

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.

Other matters

Restatement of the individual and consolidated interim financial information and prior periods' corresponding figures

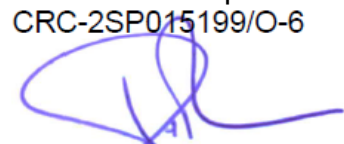
We draw attention to Note 2.10 to the individual and consolidated interim financial information for the three- and nine-month periods ended September 30, 2019, as well as to the figures corresponding to the respective statements of profit or loss and of comprehensive income (loss) for the three- and nine-month periods ended September 30, 2018 and of changes in equity, cash flows and value added for the nine-month period ended September 30, 2018, presented for comparison purposes, which have been changed and are restated to reflect the matters described in the aforementioned note. The individual and consolidated interim financial information for the three- and nine month periods ended September 30, 2019, as well as the corresponding figures mentioned above, were previously revised, originally before the adjustments arising from the matters described in Note 2.10, by other independent auditors who issued an unmodified review report on October 31, 2019. We were engaged to review the restated interim financial information of the Company for the three- and nine-month periods ended September 30, 2019 and its corresponding figures. Our conclusion is not modified in respect of this matter.

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2019, 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 with 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.

Rio de Janeiro, October 30, 2020.

ERNST & YOUNG
Audidores Independientes S.S.
CRC-2SP015199/O-6



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

Balance sheet

September 30, 2019 and December 31, 2018

(In thousands of reais - R\$)

	Note	Parent company		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
		Restated		Restated	
Assets					
Current assets					
Cash and cash equivalents	3	4,302	232	358,921	186,993
Securities	4	2,204	41,108	252,003	607,441
Restricted cash	5	-	-	12,602	11,628
Accounts receivable	6	-	-	86,047	34,932
Oil inventories	25	-	-	123,565	56,214
Inventory of consumables		-	-	5,023	2,084
Financial instruments	29	-	-	5,476	-
Recoverable taxes	7	2,209	12,107	74,888	67,011
Advances to suppliers	8	39	93	43,517	37,949
Advances to partners	20	-	-	137,565	2,922
Prepaid expenses		759	47	9,335	1,659
Other receivables		636	-	1,701	202
		10,149	53,587	1,110,643	1,009,035
Non-current assets available for sale	9	-	-	28,568	26,581
		10,149	53,587	1,139,211	1,035,616
Non-current assets					
Advances to suppliers	8	-	-	12,596	12,596
Deposits and pledges		4,978	5,187	27,411	19,621
Recoverable taxes	7	-	-	20,208	25,711
Deferred taxes		-	-	12,787	11,340
Related parties	23	6,037	3,162	-	-
Right-of-use (Lease CPC 06.R2 IFRS 16)	17	-	-	890,901	-
Investments	10	1,464,949	1,006,143	-	-
Property, plant and equipment	11	1,801	1,533	1,884,331	270,347
Intangible assets	12	-	-	608,776	140,949
		1,477,765	1,016,025	3,457,010	480,564
Total assets		1,487,914	1,069,612	4,596,221	1,516,180

See the accompanying notes to the financial statements.

Balance sheet

September 30, 2019 and December 31, 2018
(In thousands of reais - R\$)

	Note	Parent company		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
		Restated		Restated	
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	13	623	218	129,731	73,258
Labor obligations		627	41	36,108	14,923
Taxes and social contributions	14	4,602	13,857	56,861	37,010
Loans and financing	15	-	-	848,109	222,437
Debentures	16	40,755	306	40,755	306
Advances from partners	20	-	-	131	6,792
Contractual Charges (Lease IFRS 16)	17	-	-	25,877	-
Other liabilities		-	-	-	16,260
		46,607	14,422	1,137,572	370,986
Non-current liabilities					
Suppliers	13	-	-	13,447	13,413
Loans and financing	15	-	-	459,663	25,718
Debentures	16	-	69,366	-	69,366
Provision for abandonment (ARO)	19	-	-	590,593	36,438
Provision for contingencies	31	-	-	34,680	17,441
Deferred taxes and social contributions	18	3,148	3,152	-	-
Related parties	23	124,378	437	-	-
Investment deficit	10	68	61	-	-
Contractual Charges (Lease IFRS 16)	17	-	-	1,043,215	-
Other liabilities		-	-	1,819	644
		127,594	73,016	2,143,417	163,020
Minority interest					
		-	-	1,519	-
Shareholders' equity					
Realized capital	22	3,307,246	3,273,114	3,307,246	3,273,114
Capital reserves		198,284	67,094	198,284	67,094
Accumulated translation adjustment		196,439	94,057	196,439	94,057
Equity valuation adjustments		(63,275)	(79,314)	(63,275)	(79,314)
Accumulated losses		(2,372,777)	(2,579,073)	(2,372,777)	(2,579,073)
Income (loss) for the period		47,796	206,296	47,796	206,296
		1,313,713	982,174	1,313,713	982,174
Total liabilities and shareholders' equity					
		1,487,914	1,069,612	4,596,221	1,516,180

See the accompanying notes to the financial statements.

Statements of income

Nine-month period ended September 30, 2019 and 2018 - Restated
(In thousands of reais, except earnings/losses per share)

	Note	Parent company		Consolidated	
		09/30/2019	09/30/2018	09/30/2019	09/30/2018
Net revenue	24	-	-	1,086,351	581,187
Costs of products/services	25	-	-	(597,355)	(351,805)
Gross revenue		-	-	488,996	229,382
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	371	(1,331)
Personnel expenses		(5,783)	(10,365)	(37,435)	(30,853)
General and administrative expenses		(975)	(1,551)	(14,313)	(15,303)
Expenses with Outsourced Services		(2,582)	(5,377)	(26,373)	(24,576)
Taxes and rates		(603)	(1,093)	(3,341)	(5,229)
Depreciation and amortization expenses		(285)	(109)	(78,307)	(1,821)
Equity in income of subsidiaries	10	148,762	134,859	-	-
Income from transactions with permanent assets		-	-	-	(64)
Other operating revenues (expenses), net	26	(6)	548	(97,811)	(16,426)
Operating income (loss) before financial income (loss)		138,528	116,912	231,787	133,779
Financial revenues	27	4,420	50,960	199,651	250,227
Financial expenses	27	(92,924)	(43,829)	(520,322)	(237,674)
Income before income tax and social contribution		50,024	124,043	(88,884)	146,332
Current income tax and social contribution		(2,228)	(9,587)	(42,680)	(36,482)
Deferred income tax and social contribution		-	6,112	179,360	10,718
Income for the period		47,796	120,568	47,796	120,568
Basic and diluted profit per share					
Basic		0,364	0,992	0,364	0,992
Diluted		0,364	0,992	0,364	0,992

See the accompanying notes to the financial statements.

Statements of income

Three-month period ended September 30, 2019 and 2018 - Restated
(In thousands of reais, except earnings/losses per share)

	Note	Parent company		Consolidated	
		07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018
Net revenue	24	-	-	399,045	224,627
Costs of products/services	25	-	-	(232,375)	(113,680)
Gross revenue		-	-	166,670	110,9470
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	(199)	(980)
Personnel expenses		(1,672)	(2,194)	(15,999)	(8,635)
General and administrative expenses		(137)	(374)	(188)	(5,696)
Expenses with Outsourced Services		(830)	(1,463)	(12,711)	(4,761)
Taxes and rates		372	(97)	509	(2,929)
Depreciation and amortization expenses		(103)	(56)	(39,507)	(665)
Equity in income of subsidiaries	10	(87,566)	47,845	-	-
Income from transactions with permanent assets		-	-	-	(64)
Other operating revenues (expenses), net	26	2	551	(30,241)	(15,839)
Operating income (loss) before financial income (loss)		(89,934)	44,212	68,334	71,378
Financial revenues	27	898	40,349	69,774	113,019
Financial expenses	27	(11,734)	(6,230)	(238,652)	(85,975)
Income before income tax and social contribution		(100,770)	78,331	(100,544)	98,422
Current income tax and social contribution		(495)	(5,663)	(575)	(25,633)
Deferred income tax and social contribution		-	-	(146)	(121)
Income for the period		(101,265)	72,668	(101,265)	72,668
Basic and diluted profit per share					
Basic		(0,770)	0,598	(0,770)	0,598
Diluted		(0,770)	0,598	(0,770)	0,598

See the accompanying notes to the financial statements.



Statements of comprehensive income

Nine-month period ended September 30, 2019 and 2018 - Restated
(In thousands of reais - R\$)

	Consolidated	
	09/30/2019	09/30/2018
Retained earnings (loss)	47,796	120,568
Other comprehensive income		
Translation adjustment on investment abroad, net of taxes	102,382	38,392
Equity valuation adjustments	16,039	(91,106)
Other comprehensive income for the period, net of taxes	118,421	(52,714)
Total comprehensive income for the period net of taxes	166,217	67,854

See the accompanying notes to the financial statements.

Statements of comprehensive income

Nine-month period ended September 30, 2019 and 2018 - Restated
(In thousands of reais - R\$)

	Consolidated	
	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018
Retained earnings (loss)	5,938	72,668
Other comprehensive income		
Translation adjustment on investment abroad, net of taxes	95,737	7,309
Equity valuation adjustments	8,598	(61,570)
Other comprehensive income for the period, net of taxes	104,335	(54,261)
Total comprehensive income for the period net of taxes	110,273	18,407

See the accompanying notes to the financial statements.

Statements of changes in shareholders' equity

Nine-month period ended September 30, 2019 and 2018 - Restated
(In thousands of reais - R\$)

	Capital	Capital reserve	Equity valuation adjustment	Accumulated translation adjustment	Accumulated loss	Total
Balances at January 1, 2018	3,265,256	82,500	26,698	65,102	(2,579,073)	860,483
Paid-up capital	7,858	-	-	-	-	7,858
Stock options granted	-	10,290	-	-	-	10,290
Translation adjustment on investment abroad	-	-	-	38,392	-	38,392
Gain (loss) with financial instruments	-	-	(91,106)	-	-	(91,106)
Income for the period	-	-	-	-	120,568	120,568
Treasury shares	-	(33,632)	-	-	-	(33,632)
Balances at September 30, 2018	3,273,114	59,158	(64,408)	103,494	(2,458,505)	912,853
Balances at January 1, 2019	3,273,114	67,094	(79,314)	94,057	(2,372,777)	982,174
Paid-up capital	34,132	-	-	-	-	34,132
Stock options granted	-	87,711	-	-	-	87,711
Translation adjustment on investment abroad	-	-	-	102,382	-	102,382
Gain (loss) with financial instruments	-	-	16,039	-	-	16,039
Income for the period	-	-	-	-	47,796	47,796
Income in sale of treasury shares	-	31,792	-	-	-	31,792
Treasury shares	-	11,687	-	-	-	11,687
Balances at September 30, 2019	3,307,246	198,284	(63,275)	196,439	(2,324,981)	1,313,713

See the accompanying notes to the financial statements.

Statements of cash flows

Nine-month period ended September 30, 2019 and 2018
(In thousands of reais - R\$)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Cash flows from operating activities				
Income (loss) for the period (before taxes)	50,024	124,043	(88,884)	146,332
Depreciation and amortization	285	109	278,366	60,113
Financial revenues	(3,703)	(50,816)	(270,668)	(243,718)
Financial expenses	24,149	43,781	518,638	218,460
Share-based compensation	83,176	6,924	87,711	10,290
Equity in income of subsidiaries	(148,762)	(134,859)	-	-
Equity valuation adjustment	-	119	-	119
Loss/Write-off of non-current assets	-	-	-	1,316
Adjustment of provision for abandonment	-	-	(5,522)	(2,773)
Provision for contingencies/losses	-	-	8,201	13,457
Gain on acquisition of E&P assets	-	-	35,306	-
Provision for impairment	-	-	-	64
	5,169	(10,699)	563,148	203,660
(Increase) decrease in assets				
Accounts receivable	-	-	(49,944)	16,188
Recoverable taxes	-	(7,519)	23,608	2,635
Prepaid expenses	(712)	41	(7,634)	546
Advances to suppliers	46	599	(3,741)	(1,796)
Oil inventories	-	-	29,908	(32,357)
Inventory of consumables	-	-	(2,940)	(2,314)
Related parties	(2,811)	(218)	-	-
Advance to partners in oil and gas operations	-	-	(44,887)	458
Deposits and pledges	209	53	(6,198)	(1,941)
Other receivables	(636)	(20)	133	249
Increase (decrease) in liabilities				
Suppliers	305	49	30,142	12,722
Labor obligations	586	20	9,828	(4,861)
Taxes and social contributions	(2,050)	(1,999)	2,196	(11,195)
Related parties	122,955	(35,999)	-	-
Contingencies	-	(552)	(6,734)	(552)
Advances from partners in oil and gas operations	-	-	-	(3,173)
Other liabilities	-	-	(15,086)	(12,500)
Net cash (invested in) from operating activities	123,061	(56,244)	521,799	165,769
Cash flows from investment activities				
(Investment in) redemption of securities	31,678	83,213	348,170	18,385
(Investment) Restricted cash redemption	-	-	-	18,119
(Investment) Redemption in abandonment fund	-	-	(1,472)	(5,032)
(Purchase) sale of property, plant and equipment	(552)	(960)	(52,211)	(8,470)
(Purchase) sale of intangible assets	-	-	(9,462)	(145,088)
(Increase) decrease in investments	(198,596)	(819)	-	-
(Acquisition) of oil and gas assets	-	-	(1,528,783)	-
Non-current assets held for sale	-	-	-	6,807
Net cash (invested in) from investment activities	(166,918)	81,434	(1,243,758)	(115,279)
Cash flows from financing activities				
Loans and financing	-	-	934,764	(76,391)
Contractual charges (Lease IFRS 16)	-	-	(123,318)	(22,253)
Debentures	(7,608)	(927)	(7,608)	-
Derivative transactions	-	-	(1,110)	(2,087)
(Purchase) sale of own Company's shares (held in treasury)	43,479	(33,549)	43,480	(33,549)
(Decrease) Paid-up capital	12,055	7,709	12,055	7,709
Minority interest	-	-	687	-
Net cash (invested in) from financing activities	47,927	(26,767)	58,950	(126,571)
Translation adjustment	-	-	30,013	11,796
Net increase (decrease) in cash and cash equivalents	4,070	(1,577)	171,928	(64,285)
Cash and cash equivalents at the beginning of the period	232	1,643	186,993	92,445
Cash and cash equivalents at the end of the period	4,302	66	358,921	28,160
Net increase (decrease) in cash and cash equivalents	4,070	(1,577)	171,928	(64,285)

See the accompanying notes to the financial statements.

Statements of added value

(supplementary information for IFRS purposes)

Nine-month period ended September 30, 2019 and 2018

(In thousands of reais - R\$)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Revenues				
Oil & Gas sales	-	-	1,086,351	581,187
	-	-	1,086,351	581,187
Inputs and services				
Third party's services and other	(2,582)	(5,377)	(26,373)	(24,576)
Geology and geophysics expenses	-	-	371	(1,331)
Costs of services	-	-	(301,830)	(247,667)
Gross added value	(2,582)	(5,377)	758,519	307,613
Retentions				
Depreciation and amortization	(285)	(109)	(278,366)	(60,113)
Net added value	(2,867)	(5,486)	480,153	247,500
Transferred value added				
Net financial income (loss)	(88,504)	7,130	(320,671)	12,553
Equity in income of subsidiaries	148,762	134,859	-	-
Deferred taxes	-	6,112	179,360	10,718
Rents, royalties and other	(981)	(1,002)	(207,590)	(77,639)
Added value payable	56,410	141,613	131,252	193,132
Distribution of added value				
Personnel	5,783	10,365	37,435	30,853
Taxes	2,831	10,680	46,021	41,711
Interest attributable to Group's shareholders	47,796	120,568	47,796	120,568
Distributed added value	56,410	141,613	131,252	193,132

See the accompanying notes to the financial statements.

Statements of added value

(supplementary information for IFRS purposes)

Three-month period ended September 30, 2019 and 2018

(In thousands of reais - R\$)

	Parent company		Consolidated	
	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018
Revenues				
Oil & Gas sales	-	-	399,045	224,627
	-	-	399,045	224,627
Inputs and services				
Third party's services and other	(830)	(1,463)	(12,711)	(4,761)
Geology and geophysics expenses	-	-	(199)	(980)
Costs of services	-	-	(118,125)	(76,864)
Gross added value	(830)	(1,463)	268,010	142,022
Retentions				
Depreciation and amortization	(103)	(56)	(156,583)	(19,129)
Net added value	(933)	(1,519)	111,427	122,893
Transferred value added				
Net financial income (loss)	(10,836)	34,118	(168,878)	27,044
Equity in income of subsidiaries	19,637	47,845	-	-
Deferred taxes	-	-	177,702	(121)
Rents, royalties and other	(135)	178	(98,248)	(39,951)
Added value payable	7,733	80,622	22,003	109,865
Distribution of added value				
Personnel	1,672	2,194	15,999	8,635
Taxes	122	5,760	66	28,562
Interest attributable to Group's shareholders	5,939	72,668	5,938	72,668
Distributed added value	7,733	80,622	22,003	109,865

See the accompanying notes to the financial statements.



Notes to the quarterly information

September 30, 2019

(In thousands of reais, unless otherwise indicated)

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.

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 third quarter of 2019 was of roughly 8 thousand barrels (10 thousand barrels for the third quarter of 2018).

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 12.

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 is 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 12c



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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 third quarter of 2019 was of roughly 3.8 million cubic meters of natural gas (5.2 million cubic meters of natural gas for the third quarter of 2018).

On March 25, 2019, after complying with the precedent conditions and obtaining the necessary approvals, the Company completed the acquisition of Chevron Brasil Upstream Frade Ltda., renamed to Petro Rio Jaguar Petróleo Ltda., holding 51.74% of the concession and operation of Frade Field, in addition to an equivalent interest in the operational assets of the Field, becoming its operator. Note 12

In addition, on October 2, 2019, after the precedent conditions were met and the necessary approvals obtained, the acquisition of Frade Japão Petróleo Ltda ("FJPL"), holder of an 18.26% interest in Campo de Frade's concession, was completed, as described in Note 32.1, provided that now that the Company of Frade Field holds a 70% interest.

With the completion of the acquisition, Petrorio increased its daily production by approximately 13 thousand barrels (70% of Frade's production), an increase of approximately 120% in comparison with Polvo's and Manati's production.

The Frade Field is located 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 18.8 thousand bbl of oil per day in the third quarter.

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.



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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 (loss) 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, date in which purchase and sale transaction was concluded.

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.



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The Company's consolidated financial statements include:

		Interest			
		09/30/2019		12/31/2018	
		Direct	Indirect	Direct	Indirect
Fully consolidated companies					
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PetroRioOG"	100.00%	-	100.00%	-
Petrório USA Inc.	"PrioUSA"	100.00%	-	100.00%	-
Petro Rio Internacional S.A.	"PrioIntl"	1.26%	98.74%	1.69%	98.31%
Petrório Luxembourg Holding Sarl	"Lux Holding"	-	100.00%	-	100.00%
Petrório Netherlands BV	"Netherlands"	-	100.00%	-	100.00%
Walvis Petroleum (Pty) Ltd.	"Walvis"	-	100.00%	-	100.00%
Petrório Canada Inc.	"Canadá"	-	100.00%	-	100.00%
Luderitz Petroleum (Pty) Ltd.	"Luderitz"	-	100.00%	-	100.00%
Petrório 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%	-	-
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%	-	-
Chevron Frade LLC	"Frade LLC"	-	100.00%	-	-
Frade B.V.	"Frade B.V."	-	51.74%	-	-

2.4. Accounting policies adopted

In response to CVM Official Circular Letter 003/2011, dated April 28, 2011, we declared that accounting policies adopted in the preparation of such quarterly information is presented in the most current annual financial statements (year ended December 31, 2018), except for the adoption of CPC 06 (R2) / IFRS 16 and ICPC 22 / IFRIC 23, the policy to deal with expenses associated with the Frade consortium, emphasized below.

2.5. ICPC 22 / IFRIC 23 - Uncertainty on treatment of income taxes

ICPC 22 clarifies the criteria for recognition, measurement and disclosure of the uncertainties referring to taxes on profit, due to the absence of explanations in this regard by Technical Pronouncement CPC 32 - Income taxes (CPC 32) and differences between the procedures adopted by the companies. The Company evaluated the effects and there is no impact on the financial statements.

2.6. CPC 06 (R2) / IFRS 16 - Lease operations

The Technical Pronouncement CPC 06 (R2) / IFRS 16 amend the form of



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presentation of operating leases in balance sheet of lessees, and also replaces the linear cost of the operating lease at the amortization cost of assets subject to right to use and interest expense on lease obligations at funding effective rates, prevailing on the hiring date of these transactions and calculated in financial expense.

After analyzing the contracts that could be included in the Pronouncement's identification principles, short-term leases maturing within 12 months were not taken into considering, in addition to leases of non-significant amounts, provided that the payments of the leases related to these contracts are recognized as expenses over the term of the contract.

The Company adopted the cumulative effect method and did not make the restatement of financial statements for prior periods, recognizing the effects in a prospective manner, as detailed in Note 17.

Lease liabilities were measured at present value of the remaining lease payments, using the surcharge rate on the Company's loan at first-time adoption date;

The right of use asset was recognized based on the value of the lease liability, adjusted for any advance or accumulated lease payment related to this lease, recognized in the balance sheet immediately before the date of the first-time adoption date.

2.7. Expenditures associated to Join Operating Agreement (JOA) of Frade Field

The Company, in the capacity of Frade Field operator, is responsible for contracting and paying all suppliers of this concession.

On a monthly basis, disbursements projected for subsequent month are estimated and charged from partners through cash calls, and evidence of expenditures is provided in billing statements.

Therefore, invoices received by the Company contemplate total value of acquired materials and services, but presentation in the Company's statements of income/ cost reflects only its interest.

2.8. 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.

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2.9. 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 September 30, 2019.

Standards issued and became effective on January 1, 2019:

Pronouncement or interpretation	Description
CPC 02 (R2) / IFRS 16	Leases
CPC 32 / IFRIC 23	Uncertainty on treatment of income taxes

2.10. CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors

Restatement

After reassessing certain topics and aiming at offering a better presentation of its asset position and operational and economic performance, as well as a better interpretation of the standards issued by the IASB and the CPC, the Company is restating its individual and consolidated interim financial statements for the periods of three and nine months ended on September 30, 2019 and consolidated statement of income, comprehensive income for the periods of three and nine months ended on September 30, 2018 and the changes in equity, cash flows and added value for the nine-month period ended September 30, 2018, for comparison purposes, due to the following adjustments:

Assets:

- Oil inventories – Adjustment of the abandonment amortization and IFRS 16, as a result of the discount rate adjustment;
- Advances to Partners – Recognition of the lease portion (CPC 06R2 – IFRS 16) referring to Petrobras in the Frade Field operation;
- Deferred taxes – Record of deferred taxes on temporary differences;
- Deferred tax assets - Presentation by the net value with deferred tax liabilities;
- 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.;
- 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:

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- g. Debentures – Valuation of option embedded in debentures convertible into shares of PetroRio S.A., completed on October 24, 2019;
- h. 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.;
- i. 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.
- j. Deferred tax liabilities presented by the net value with deferred tax assets, with recognition of taxes on temporary differences;

Shareholders' equity and income (loss):

- k. Capital reserves – Recognition of the amount of the options for converting debentures into shares of PetroRio S.A., completed on October 24, 2019;
- l. Cumulative Translation Adjustment – Reflecting the adjustments made at Lux Holding, referring to the allocation of Frade's purchase price;
- m. Equity valuation adjustments – Funds MTM adjustments;
- n. Accumulated losses and income (loss) for the year – Reflecting the adjustments highlighted above.

		09/30/2020					
Ref.	Balance Sheet	Parent Company			Consolidated		
		Original	Adjustments	Restated	Original	Adjustments	Restated
	Current assets						
a	Oil inventories	-	-	-	125,632	(2,067)	123,565
b	Advances to partners	-	-	-	36,129	101,436	137,565
	Recoverable taxes	2,209	-	2,209	74,886	2	74,888
	Current assets not affected	7,940	-	7,940	774,625	-	774,625
		10,149	-	10,149	1,011,272	99,371	1,110,643
	Non-current assets						
c,d	Deferred taxes	-	-	-	9,514	3,273	12,787
e	Right-of-use (Lease CPC 06.R2 IFRS 16)	-	-	-	926,254	(35,353)	890,901
	Investments	1,341,997	122,952	1,464,949	-	-	-
f	Property, plant and equipment	1,801	-	1,801	1,512,692	371,639	1,884,331
f	Intangible assets	-	-	-	979,893	(371,117)	608,776
	Non-current assets not affected	11,015	-	11,015	88,783	-	88,783
		1,354,813	122,952	1,477,765	3,517,136	(31,558)	3,485,578
	Total Assets	1,364,962	122,952	1,487,914	4,528,408	67,813	4,596,221
	Current liabilities						
	Suppliers	622	1	623	129,730	1	129,731
	Taxes and social contributions	4,602	-	4,602	56,859	2	56,861
g	Debentures	9,374	31,381	40,755	9,374	31,381	40,755
h	Contractual Charges (Lease IFRS 16)	-	-	-	208,780	(182,903)	25,877
	Current liabilities not affected	627	-	627	884,348	-	884,348
		15,225	31,382	46,607	1,289,091	(151,519)	1,137,572
	Non-current liabilities						
i	Provision for abandonment (ARO)	-	-	-	709,478	(118,885)	590,593
j	Deferred taxes and social contributions	-	3,148	3,148	2,040	(2,040)	-
h	Contractual Charges (Lease IFRS 16)	-	-	-	791,380	251,835	1,043,215
	Non-current liabilities not affected	124,446	-	124,446	509,609	-	509,609
		124,446	3,148	127,594	2,012,507	130,910	2,143,417
	Unaffected minority interest	-	-	-	1,519	-	1,519
	Shareholders' equity						
	Unaffected Capital	3,307,246	-	3,307,246	3,307,246	-	3,307,246
k	Capital reserves	114,154	84,130	198,284	114,154	84,130	198,284
l	Cumulative Translation Adjustment	172,628	23,811	196,439	172,628	23,811	196,439
m	Equity valuation adjustments	(63,275)	-	(63,275)	(63,275)	-	(63,275)
n	Accumulated losses	(2,342,903)	(29,874)	(2,372,777)	(2,342,903)	(29,874)	(2,372,777)
	Income (loss) for the period	37,441	10,355	47,796	37,441	10,355	47,796
		1,225,291	88,422	1,313,713	1,225,291	88,422	1,313,713
	Total Liabilities	1,364,962	122,952	1,487,914	4,528,408	67,813	4,596,221



Notes to the quarterly information September 30, 2019

(In thousands of reais, unless otherwise indicated)

Consolidated

Ref.	Statements of income	09/30/2018			09/30/2019		
		Original	Adjustments	Restated	Original	Adjustments	Restated
	Unaffected net revenue from sales	581,187	-	581,187	1,086,351	-	1,086,351
a	Costs of products/services	(358,146)	6,341	(351,805)	(609,366)	12,011	(597,355)
	Gross revenue	223,041	6,341	229,382	476,985	12,011	488,996
	Geology and geophysics expenses	(1,331)	-	(1,331)	371	-	371
	Personnel expenses	(30,853)	-	(30,853)	(37,435)	-	(37,435)
	General and administrative expenses	(15,303)	-	(15,303)	(14,313)	-	(14,313)
	Expenses with Outsourced Services	(24,576)	-	(24,576)	(26,374)	1	(26,373)
	Taxes and rates	(5,229)	-	(5,229)	(3,341)	-	(3,341)
	Depreciation and amortization expenses	(1,821)	-	(1,821)	(6,484)	(71,823)	(78,307)
	Equity in income of subsidiaries	(64)	-	(64)	-	-	-
i,h	Income from transactions with permanent assets	(19,199)	2,773	(16,426)	(58,879)	(38,932)	(97,811)
	Operating income (loss) before financial income (loss)	124,665	9,114	133,779	330,530	(98,743)	231,787
g,h,i	Financial revenues	246,039	4,188	250,227	226,874	(27,223)	199,651
g,h,i	Financial expenses	(200,228)	(37,446)	(237,674)	(478,795)	(41,527)	(520,322)
	Income before income tax and social contribution	170,476	(24,144)	146,332	78,609	(167,493)	(88,884)
	Current income tax and social contribution	(36,482)	-	(36,482)	(42,680)	-	(42,680)
c,j	Deferred income tax and social contribution	10,718	-	10,718	1,512	177,848	179,360
	Income (loss) for the period	144,712	(24,144)	120,568	37,441	10,355	47,796
	Basic and diluted profit (loss) per share						
	Basic	1.191	(0.199)	0.992	0.285	0.079	0.364
	Diluted	1.191	(0.199)	0.992	0.285	0.079	0.364

Parent Company

Ref.	Statements of income	09/30/2018			09/30/2019		
		Original	Adjustments	Restated	Original	Adjustments	Restated
	Gross revenue not affected	-	-	-	-	-	-
	Other operating revenues (expenses) not affected	(17,947)	-	(17,947)	(10,235)	1	(10,234)
n	Equity in income of subsidiaries	125,940	8,919	134,859	69,931	78,831	148,762
	Operating income (loss) before financial income (loss)	107,993	8,919	116,912	59,696	78,832	138,528
	Financial revenues not affected	50,960	-	50,960	4,420	-	4,420
g	Financial expenses	(10,766)	(33,063)	(43,829)	(24,447)	(68,477)	(92,924)
	Income before income tax and social contribution	148,187	(24,144)	124,043	39,669	10,355	50,024
	Current and deferred income tax and social contribution	(3,475)	-	(3,475)	(2,228)	-	(2,228)
	Consolidated income (loss) for the period	144,712	(24,144)	120,568	37,441	10,355	47,796
	Earnings (loss) per share - basic and diluted						
	Basic	1.191	(0.199)	0.992	0.285	0.079	0.364
	Diluted	1.191	(0.199)	0.992	0.285	0.079	0.364

Consolidated

Ref.	Statements of income	07/01/2018 to 09/30/2018			07/01/2019 to 09/30/2019		
		Original	Adjustments	Restated	Original	Adjustments	Restated
	Unaffected net revenue from sales	224,627	-	224,627	399,045	-	399,045
a	Costs of products/services	(116,987)	3,307	(113,680)	(238,688)	6,313	(232,375)
	Gross revenue	107,640	3,307	110,947	160,357	6,313	166,670
	Geology and geophysics expenses	(980)	-	(980)	(199)	-	(199)
	Personnel expenses	(8,635)	-	(8,635)	(15,999)	-	(15,999)
	General and administrative expenses	(5,696)	-	(5,696)	(8,545)	8,357	(188)
	Expenses with Outsourced Services	(4,761)	-	(4,761)	(5,087)	(7,624)	(12,711)
	Taxes and rates	(2,929)	-	(2,929)	1,526	(1,017)	509
	Depreciation and amortization expenses	(665)	-	(665)	(2,859)	(36,648)	(39,507)
	Equity in income of subsidiaries	(64)	-	(64)	-	-	-
i,h	Income from transactions with permanent assets	(15,839)	-	(15,839)	(26,614)	(3,627)	(30,241)
	Operating income (loss) before financial income (loss)	68,071	3,307	71,378	102,580	(34,246)	68,334
g,h,i	Financial revenues	111,863	1,156	113,019	96,209	(26,435)	69,774
g,h,i	Financial expenses	(82,722)	(3,253)	(85,975)	(269,920)	31,268	(238,652)
	Income before income tax and social contribution	97,212	1,210	98,422	(71,131)	(29,413)	(100,544)
	Current income tax and social contribution	(25,633)	-	(25,633)	(583)	8	(575)
c,j	Deferred income tax and social contribution	(121)	-	(121)	(146)	-	(146)
	Income (loss) for the period	71,458	1,210	72,668	(71,860)	(29,405)	(101,265)
	Basic and diluted profit (loss) per share						
	Basic	0.588	0.010	0.598	(0.547)	(0.224)	(0.770)
	Diluted	0.588	0.010	0.598	(0.547)	(0.224)	(0.770)



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(In thousands of reais, unless otherwise indicated)

		Parent Company					
		07/01/2018 to 09/30/2018			07/01/2019 to 09/30/2019		
Ref.	Statements of income	Original	Adjustments	Restated	Original	Adjustments	Restated
	Gross revenue not affected	-	-	-	-	-	-
	Other operating revenues (expenses) not affected	(3,633)	-	(3,633)	(2,369)	1	(2,368)
n	Equity in income of subsidiaries	45,878	1,967	47,845	(58,416)	(29,150)	(87,566)
	Operating income (loss) before financial income (loss)	42,245	1,967	44,212	(60,785)	(29,149)	(89,934)
g	Financial revenues not affected	40,349	-	40,349	898	-	898
	Financial expenses	(5,473)	(757)	(6,230)	(11,478)	(256)	(11,734)
	Income before income tax and social contribution	77,121	1,210	78,331	(71,365)	(29,405)	(100,770)
	Current and deferred income tax and social contribution	(5,663)	-	(5,663)	(495)	-	(495)
	Consolidated income (loss) for the period	71,458	1,210	72,668	(71,860)	(29,405)	(101,265)
	Earnings (loss) per share - basic and diluted						
	Basic	0.588	0.010	0.598	(0.547)	(0.224)	(0.770)
	Diluted	0.588	0.010	0.598	(0.547)	(0.224)	(0.770)

		Parent Company and Consolidated					
		09/30/2018			09/30/2019		
Ref.	Statements of comprehensive income	Original	Adjustments	Restated	Original	Adjustments	Restated
	Retained earnings (loss)	144,712	(24,144)	120,568	37,441	10,355	47,796
l	Translation adjustment on investment abroad	38,392	-	38,392	78,571	23,811	102,382
m	Equity valuation adjustments	(91,106)	-	(91,106)	12,581	3,458	16,039
	Other comprehensive income for the period, net of taxes	(52,714)	-	(52,714)	91,152	27,269	118,421
	Total other comprehensive income for the period, net of taxes	91,998	(24,144)	67,854	128,593	37,624	166,217

		Parent Company and Consolidated					
		07/01/2018 to 09/30/2018			07/01/2019 to 09/30/2019		
Ref.	Statements of comprehensive income	Original	Adjustments	Restated	Original	Adjustments	Restated
	Retained earnings (loss)	71,458	1,210	72,668	(71,860)	77,798	5,938
l	Translation adjustment on investment abroad	7,309	-	7,309	86,058	9,678	95,737
m	Equity valuation adjustments	(61,570)	-	(61,570)	7,574	1,024	8,598
	Other comprehensive income for the period, net of taxes	(54,261)	-	(54,261)	93,632	10,703	104,335
	Total other comprehensive income for the period, net of taxes	17,197	1,210	18,407	21,772	88,501	110,273

	Capital	Capital reserve	Equity valuation adjustment	Cumulative translation adjustment	Accumulated loss	Total
Balances at January 1, 2018 - original	3,265,256	73,852	26,698	65,102	(2,547,777)	883,131
Paid-up capital	7,858	-	-	-	-	7,858
Stock options granted	-	10,290	-	-	-	10,290
Translation adjustment on investment abroad	-	-	-	38,392	-	38,392
Gain (loss) with financial instruments	-	-	(91,106)	-	-	(91,106)
Income for the period	-	-	-	-	144,712	144,712
Treasury shares	-	(33,632)	-	-	-	(33,632)
Balances at September 30, 2018 - original	3,273,114	50,510	(64,408)	103,494	(2,403,065)	959,645
Balances at December 31, 2018 - original	3,273,114	58,182	(75,856)	94,057	(2,342,903)	1,006,594
Paid-up capital	34,132	-	-	-	-	34,132
Stock options granted	-	12,492	-	-	-	12,492
Translation adjustment on investment abroad	-	-	-	78,571	-	78,571
Gain (loss) with financial instruments	-	-	12,581	-	-	12,581
Income for the period	-	-	-	-	37,441	37,441
Income in sale of treasury shares	-	31,793	-	-	-	31,793
Treasury shares	-	11,687	-	-	-	11,687
Balances at September 30, 2019 - original	3,307,246	114,154	(63,275)	172,628	(2,305,462)	1,225,291

	Capital	Capital reserve	Equity valuation adjustment	Cumulative translation adjustment	Accumulated loss	Total
Balances at January 1, 2018 - restated	3,265,256	82,500	26,698	65,102	(2,579,073)	860,483
Paid-up capital	7,858	-	-	-	-	7,858
Stock options granted	-	10,290	-	-	-	10,290
Translation adjustment on investment abroad	-	-	-	38,392	-	38,392
Gain (loss) with financial instruments	-	-	(91,106)	-	-	(91,106)
Income for the period	-	-	-	-	120,568	120,568
Treasury shares	-	(33,632)	-	-	-	(33,632)
Balances at September 30, 2018 - restated	3,273,114	59,158	(64,408)	103,494	(2,458,505)	912,853
Balances at December 31, 2018 - restated	3,273,114	67,094	(79,314)	94,057	(2,372,777)	982,174
Paid-up capital	34,132	-	-	-	-	34,132
Stock options granted	-	87,711	-	-	-	87,711
Translation adjustment on investment abroad	-	-	-	102,382	-	102,382
Gain (loss) with financial instruments	-	-	16,039	-	-	16,039
Income for the period	-	-	-	-	47,796	47,796
Income in sale of treasury shares	-	31,792	-	-	-	31,792
Treasury shares	-	11,687	-	-	-	11,687
Balances at September 30, 2019 - restated	3,307,246	198,284	(63,275)	196,439	(2,324,981)	1,313,713



Notes to the quarterly information September 30, 2019

(In thousands of reais, unless otherwise indicated)

Parent Company

Statements of cash flows	09/30/2018			09/30/2019		
	Original	Adjustments	Restated	Original	Adjustments	Restated
Cash flows from operating activities						
Income (loss) for the period (before taxes)	148,187	(24,144)	124,043	39,669	10,355	50,024
Income adjustments not affected	(43,664)	-	(43,664)	4,539	75,219	79,758
Financial expenses	10,718	33,063	43,781	24,149	-	24,149
Equity in income of subsidiaries	(125,940)	(8,919)	(134,859)	(69,931)	(78,831)	(148,762)
	(10,699)	-	(10,699)	(1,574)	6,743	5,169
Increase/ decrease in assets and liabilities not affected	(45,598)	53	(45,545)	117,683	209	117,892
Net cash (invested in) from operating activities	(56,297)	53	(56,244)	116,109	6,952	123,061
Net cash (invested in) from investment activities not affected	81,487	(53)	81,434	(166,709)	(209)	(166,918)
Net cash (invested in) from financing activities not affected	(26,767)	-	(26,767)	54,670	(6,743)	47,927
Net increase (decrease) in cash and cash equivalents	(1,577)	-	(1,577)	4,070	-	4,070
Cash and cash equivalents at the beginning of the period	1,643	-	1,643	232	-	232
Cash and cash equivalents at the end of the period	66	-	66	4,302	-	4,302
Net increase (decrease) in cash and cash equivalents	(1,577)	-	(1,577)	4,070	-	4,070

Consolidated

Statements of cash flows	09/30/2018			09/30/2019		
	Original	Adjustments	Restated	Original	Adjustments	Restated
Cash flows from operating activities						
Income for the year (before taxes)	170,476	(24,144)	146,332	78,609	(167,493)	(88,884)
Depreciation and amortization	66,457	(6,344)	60,113	225,666	52,700	278,366
Financial revenues	(239,533)	(4,185)	(243,718)	(210,936)	(59,732)	(270,668)
Financial expenses	181,014	37,446	218,460	451,161	67,477	518,638
Stock options granted	10,290	-	10,290	12,492	75,219	87,711
Equity valuation adjustment	119	-	119	-	-	-
Loss/Write-off of non-current assets	1,316	-	1,316	-	-	-
Reduction of provision for abandonment (ARO)	-	(2,773)	(2,773)	-	(5,522)	(5,522)
Provision for contingencies/losses	13,457	-	13,457	8,156	45	8,201
Gain on acquisition of E&P	-	-	-	-	35,306	35,306
Provision for impairment	64	-	64	-	-	-
	203,660	-	203,660	565,148	(2,000)	563,148
Increase) decrease in assets						
Accounts receivable	16,188	-	16,188	(49,941)	(3)	(49,944)
Recoverable taxes	2,635	-	2,635	23,877	(269)	23,608
Prepaid expenses	546	-	546	(7,632)	(2)	(7,634)
Advances to suppliers	(1,796)	-	(1,796)	(3,741)	-	(3,741)
Oil inventories	(32,357)	-	(32,357)	39,513	(9,605)	29,908
Inventory of consumables	(2,314)	-	(2,314)	(2,940)	-	(2,940)
Advance to partners in oil and gas operations	458	-	458	(26,277)	(18,610)	(44,887)
Scrow and secured deposits	(1,941)	-	(1,941)	(6,188)	(10)	(6,198)
Other receivables	249	-	249	139	(6)	133
Increase (decrease) in liabilities						
Suppliers	12,722	-	12,722	22,261	7,881	30,142
Labor obligations	(4,861)	-	(4,861)	9,770	58	9,828
Taxes and social contributions	(11,195)	-	(11,195)	2,191	5	2,196
Contingencies	(552)	-	(552)	-	-	-
Advances from partners in oil and gas operations	(3,173)	-	(3,173)	(6,000)	(734)	(6,734)
Other liabilities	(12,500)	-	(12,500)	(15,086)	-	(15,086)
Net cash (invested in) from operating activities	165,769	-	165,769	545,094	(23,295)	521,799
Cash flows from investment activities						
(Investment) Redemption of securities	18,385	-	18,385	383,513	(35,343)	348,170
(Investment) Restricted cash redemption	18,119	-	18,119	-	-	-
(Investment) Redemption in abandonment fund	(5,032)	-	(5,032)	(1,472)	-	(1,472)
(Increase) decrease in permanent assets	(153,558)	153,558	-	(62,314)	62,314	-
(Purchase) sale of property, plant and equipment	-	(8,470)	(8,470)	-	(52,211)	(52,211)
(Purchase) sale of intangible assets	-	(145,088)	(145,088)	-	(9,462)	(9,462)
(Acquisition) of oil and gas assets	-	-	-	(1,527,598)	(1,185)	(1,528,783)
Non-current assets held for sale	6,807	-	6,807	-	-	-
Net cash (invested in) from investment activities	(115,279)	-	(115,279)	(1,207,871)	(35,887)	(1,243,758)
Cash flows from financing activities						
Loans and financing	(76,391)	-	(76,391)	934,764	-	934,764
Contractual charges (Lease IFRS 16)	(22,253)	-	(22,253)	(137,636)	14,318	(123,318)
Debentures	-	-	-	(864)	(6,744)	(7,608)
Derivative transactions	(2,087)	-	(2,087)	(1,110)	-	(1,110)
(Purchase) sale of own Company's shares (held in treasury)	(33,549)	-	(33,549)	43,479	1	43,480
(Decrease) Paid-up capital	7,709	-	7,709	12,055	-	12,055
Non-controlling interests	-	-	-	687	-	687
Net cash (invested in) from financing activities	(126,571)	-	(126,571)	851,375	7,575	858,950
Translation adjustment	11,796	-	11,796	16,214	18,723	34,937
Net increase (decrease) in cash and cash equivalents	(64,285)	-	(64,285)	204,812	(32,884)	171,928
Cash and cash equivalents at the beginning of the period	92,445	-	92,445	154,109	32,884	186,993
Cash and cash equivalents at the end of the period	28,160	-	28,160	358,921	-	358,921
Net increase (decrease) in cash and cash equivalents	(64,285)	-	(64,285)	204,812	(32,884)	171,928



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September 30, 2019

(In thousands of reais, unless otherwise indicated)

Statements of added value	Consolidated					
	09/30/2018			09/30/2019		
	Original	Adjustments	Restated	Original	Adjustments	Restated
Revenues						
Oil & Gas sales	581,187	-	581,187	1,086,351	-	1,086,351
	581,187	-	581,187	1,086,351	-	1,086,351
Inputs and services						
Third party's services and other	(24,576)	-	(24,576)	(26,374)	1	(26,373)
Geology and geophysics expenses	(1,331)	-	(1,331)	371	-	371
Costs of services	(247,667)	-	(247,667)	(513,900)	212,070	(301,830)
Gross added value	307,613	-	307,613	546,448	212,071	758,519
Retentions						
Depreciation and amortization	(66,454)	6,341	(60,113)	(6,484)	(271,882)	(278,366)
Net added value	241,159	6,341	247,500	539,964	(59,811)	480,153
Transferred value added						
Net financial income (loss)	45,811	(33,258)	12,553	(251,921)	(68,750)	(320,671)
Deferred taxes	10,718	-	10,718	1,512	177,848	179,360
Rents, royalties and other	(80,412)	2,773	(77,639)	(168,658)	(38,932)	(207,590)
Added value payable	217,276	(24,144)	193,132	120,897	10,355	131,252
Distribution of added value						
Personnel	30,853	-	30,853	37,435	-	37,435
Taxes	41,711	-	41,711	46,021	-	46,021
Interest attributable to Group's shareholders	144,712	(24,144)	120,568	37,441	10,355	47,796
Distributed added value	217,276	(24,144)	193,132	120,897	10,355	131,252

Statements of added value	Parent Company					
	09/30/2018			09/30/2019		
	Original	Adjustments	Restated	Original	Adjustments	Restated
Net added value not affected	(5,486)	-	(5,486)	(2,867)	-	(2,867)
Transferred value added						
Net financial income (loss)	40,193	(33,063)	7,130	(20,027)	(68,477)	(88,504)
Equity in income of subsidiaries	125,940	8,919	134,859	69,931	78,831	148,762
Deferred taxes	6,112	-	6,112	-	-	-
Rents, royalties and other	(1,002)	-	(1,002)	(982)	1	(981)
Added value payable	165,757	(24,144)	141,613	46,055	10,355	56,410
Distribution of added value						
Personnel	10,365	-	10,365	5,783	-	5,783
Taxes	10,680	-	10,680	2,831	-	2,831
Interest attributable to Group's shareholders	144,712	(24,144)	120,568	37,441	10,355	47,796
Distributed added value	165,757	(24,144)	141,613	46,055	10,355	56,410

2.11. Completion of quarterly information

The Company's management authorized the conclusion of this quarterly information on October 30, 2019.

3. Cash and cash equivalents

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash	-	-	10	1
Banks	4,302	232	358,911	186,992
	4,302	232	358,921	186,993
National	3	117	2,861	1,410
Abroad	4,299	115	356,060	185,583

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.

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September 30, 2019

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4. Securities

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Investment fund (i)	-	-	1,150	-
Bank deposit certificates (ii)	-	-	14,573	21,368
Promissory note (iii)	-	-	65,049	58,265
Repurchase and resale agreements (debentures) (iv)	1,631	-	32,296	63,221
Financial Bills	-	-	-	354
Shares	573	483	573	1,234
Time Deposit (v)	-	-	133,365	252,679
Financial assets - fair value through profit or loss	2,204	483	247,006	397,121
Fixed income debt bonds (vi)	-	-	-	114,591
Investment funds (vii)	-	40,625	4,997	95,729
Shares	-	23,468	4,997	67,435
Government bonds (LFT/NTN)	-	788	-	788
Bonds	-	6,892	-	6,651
Cash/Money Market	-	9,477	-	20,855
Financial assets - fair value through other comprehensive income	-	40,625	4,997	210,320
Total	2,204	41,108	252,003	607,441

- i. Fixed income investment fund in Brazil remunerated no average at 102.02% of CDI rate.
- ii. Fixed income investments (CDB) in reais, with average yield of 100% of the CDI;
- iii. The Company holds a promissory note, with 6% annual earnings, also pegged to changes in the US dollar;
- iv. Repurchase and resale agreements (debentures) remunerated on average at 75% of CDI rate;
- v. Position of Time Deposit in dollar, which corresponds to a fixed-income investment with daily liquidity, earning interest at 1.9% p.a.;
- vi. Investments in fixed income securities, in US dollars, of large institutions, with an average yield of 6.8% p.a.;
- vii. Investment funds in Brazil and abroad with average negative earnings of 37% in the quarter, which basically invest in shares, bonds and government bonds. These are open (non-exclusive) funds and have independent management, with autonomy to transact the resources invested.

The Company carries out the risk management of securities through appropriate policy and procedure practices, as described in Note 29.



Notes to the quarterly information

September 30, 2019

(In thousands of reais, unless otherwise indicated)

5. Restricted cash

The Company, following the purchase and sale agreement for the acquisition of a 18.26% interest in the Frade Field concession (Frade Japão Petróleo Ltda – Note 1), the Company deposited the amount of US\$ 3 million (R\$ 12,602 million) in an escrow account in October 2018. The release of the amount to seller was conditions upon completion of the acquisition, which occurred on October 2, 2019, as described in Note 32.1.

The Company, in compliance with purchase and sale agreement for acquisition of 51.74% of interest in concession of Frade Field (Petro Rio Jaguar Petróleo Ltda – note 1), makes monthly deposits in a restricted account (Escrow) that is released to the seller according to terms agreed-upon for debt payment. In the third quarter of 2019, total deposits amounted to US\$ 22,744 (R\$ 94,714), and the first amount of the financing was paid on September 9, 2019, amounting to R\$ 35,391 (R\$ 147,384).

6. Accounts Receivable

	Consolidated	
	09/30/2019	12/31/2018
Petrobras (i)	23,088	21,206
Repsol (ii)	-	12,952
Petrochina (iii)	11,075	-
Vale (iv)	51,884	
Other	-	774
Total	86,047	34,932
Total local currency	23,088	21,206
Total foreign currency	62,959	13,726

- (i) Balance receivable related to sales of gas and condensed oil by Manati and Frade in August and September 2019, roughly 26.9 million m³ of gas, corresponding to a revenue of R\$ 22,870 for Manati and R\$ 218 to Frade.
- (ii) Balance receivable remaining from the sale of oil in December 2018, referring to approximately 418,000 barrels of oil, which generated a revenue of R\$ 84,695.
- (iii) Balance receivable remaining from the sale of oil in September 2019, referring to approximately 508 barrels of oil, which generated a revenue of R\$ 119,851.
- (iv) Balance receivable remaining from the sale of oil in September 2019, referring to approximately 995 barrels of oil, which generated a revenue of R\$ 256,096.

Notes to the quarterly information September 30, 2019

(In thousands of reais, unless otherwise indicated)

7. Recoverable taxes

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Income tax and social contribution (i)	2,191	12,092	13,184	25,747
PIS and COFINS (ii)	1	5	57,297	24,666
ICMS (iii)	-	-	23,208	16,137
VAT	-	-	589	25,775
Other	17	10	818	397
Total	2,209	12,107	95,096	92,722
Current assets	2,209	12,107	74,888	67,011
Non-current assets	-	-	20,208	25,711

- (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) ICMS recoverable referring to oil loans between Frade Field partners and movement of materials upon acquisition of Polvo.

8. Advances to suppliers

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Geoquasar Energy (i)	-	-	12,596	12,596
BW (Prosafe) guarantee (ii)	-	-	27,333	25,691
Petrobras	-	-	3,886	2,728
Sotreq	-	-	2,206	1,706
Nitshore	-	-	1,388	1,931
Alpina	-	-	188	1,537
BJ Services Brasil	-	-	1,800	-
Asa Assessoria	-	-	1,772	-
Other	39	93	4,944	4,356
Total	39	93	56,113	50,545
Total current assets	39	93	43,517	37,949
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 13). The settlement of these amounts, both assets and liabilities, awaits court decision.



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(ii) The advances to BW (Prosafe) - US\$ 5,671 (R\$ 23,616) and R\$ 3,717 refer to contractual commitments and are held as a financial collateral from lease agreements and operation of FPSO Polvo (Note 17).

Other advances derive from the Company's regular transactions.

9. Non-current assets available for sale (Consolidated)

The Company has two helitransportable drilling rigs, classified as non-current assets held for sale as the table below:

	Balance at 12/31/2018	Write-offs	Commission	Impairment	Translation adjustment	Balance at 09/30/2019
Aircrafts	-	-	-	-	-	-
Drilling rigs	26,581	-	-	-	1,987	28,568
	26,581	-	-	-	1,987	28,568
	Balance at 12/31/2017	Write-offs	Commission	Impairment	Translation adjustment	Balance at 12/31/2018
Aircrafts	5,623	(8,798)	-	2,203	972	-
Drilling rigs	22,693	-	-	-	3,888	26,581
	28,316	(8,798)	-	2,203	4,860	26,581

In 2016, a provision for impairment of drilling rigs was formed in the amount of R\$ 6,712 (US\$ 1.96 million) due to the ongoing negotiations for the sale of assets, reducing the amounts of each drilling rig from US\$ 3,920,000 (already net of the 2% sales commission) to US\$ 3,430,000 (R\$ 14,284).

On April 25, 2017, two helitransportable drilling rigs were sold to the company Neftpromleasing LLC (subsidiary of Rosneft) for an amount of US\$ 3.5 million per drilling rig (an amount that were recorded), fully received as of May 25, 2017.

On July 2, 2018 the sale of the last aircraft of the Company was made to Omni Taxi Aereo, for the amount of US\$ 800 thousand.

Assets held for sale are recorded at fair value. The sale of assets held for sale is considered highly likely and the Company maintains an active search for buyers. In addition, Management has been making the necessary efforts to successfully sell such assets by amounts equal or higher than those recorded. Changes in economic conditions or in transactions currently under discussion may result in the recognition of further losses to those already recognized.



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September 30, 2019

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10. Investments - restated

At September 30, 2019, 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) equity interest holding 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 3.1 million cubic meters of natural gas per day (4.9 million cubic meters of natural gas in 2018), 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



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and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) equity interest holding 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 Petrório 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.

As mentioned in Notes 1, Petrório, 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, through the acquisition of Frade Japão Petróleo Ltda and of Chevron Brasil Upstream Frade Ltda.

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 (Note 32.1). The Company now holds 70% of asset interest.

Additionally, PrioIntl has interest in a block in the Recôncavo Basin and one Block in Espírito Santo Basin (ES), where is non-operator, and on February 28, 2017 the Company entered into an assignment agreement of interest in these blocks (10%) to the consortium operator, COWAN, in exchange for outstanding amounts payable to the operator regarding cash calls, in the amount of R\$ 305.

- **Petrório 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.



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Portfolio of concessions

On September 30, 2019 the Company's subsidiaries were participants in the following concessions in Brazilian basins:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase
Brazil	Fields	BM-C-8	Polvo	PetroRioOG	100%	Operator	Production
Brazil	Camamu	BCAM-40	Manati	Manati	10%	Non-operator	Production
Brazil	Fields	Frade	Frade	Jaguar	52%	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 51.74% Frade Field, in partnership with Petróleo Brasileiro S.A. with 30% and Frade Japão Petróleo Ltda. with 18.26%, and with 50% of the Exploratory Block CE-M-715, in Ceará Basin, in partnership with Ecopetrol.

a) Relevant information on investees as of September 30, 2019

	PetroRioOG	PrioIntl	PrioUSA
Direct interest	100.00%	1.23%	100.00%
Indirect interest	0.00%	98.77%	0.00%
Shareholders' equity	1,447,872	1,385,043	(68)
Income (loss) for the period	137,626	224,944	(137)
Total assets	3,075,873	3,722,659	233

b) Breakdown of investments

	Parent company	
	09/30/2019	12/31/2018
PetroRioOG	1,447,872	1,001,913
PrioUSA	(68)	(61)
PrioIntl	17,077	4,230
	1,464,881	1,006,082
Investments	1,464,949	1,006,143
Investment deficit	(68)	(61)

(Provision for loss on investments in subsidiaries)



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c) Changes in investment

	PetroRioOC	PrioIntl	PrioUSA	Total
Balance at December 31, 2017	772,568	3,154	(315)	775,407
Capital increase/decrease	50,000	-	914	50,914
Equity in income of subsidiaries	216,246	666	(515)	216,397
Equity valuation adjustment	-	-	(119)	(119)
Equity evaluation adjustments	(65,389)	(83)	-	(65,472)
Conversion adjustments	28,488	493	(26)	28,955
Balance at December 31, 2018	1,001,913	4,230	(61)	1,006,082
Capital increase/decrease	197,907	-	137	198,044
Equity in income of subsidiaries	137,626	11,272	(136)	148,762
Equity evaluation adjustments	8,895	716	-	9,611
Conversion adjustments	101,531	859	(8)	102,382
Balance at September 30, 2019	1,447,872	17,077	(68)	1,464,881

11. Property, plant and equipment (Consolidated) - restated

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Translation adjustment	Balance at 09/30/2019	Balance at 12/31/2018
In operation						
Platform and Drilling rig - Polvo	UOP*	101,439	(98,371)	23,185	26,253	29,366
Oil & gas assets - Manati	UOP*	47,080	(39,968)	-	7,112	6,400
Oil & gas assets - Frade	UOP*	1,125,636	(57,077)	74,862	1,143,421	-
Machinery and equipment	10	8,008	(1,132)	-	6,876	2
Furniture and fixtures	10	1,974	(558)	-	1,416	649
Communication equipment	20	518	(195)	-	323	172
IT equipment	20	4,875	(2,615)	-	2,260	1,762
Leasehold improvements	4	5,779	(55)	-	5,724	4
Development expenditures		255,973	(80,600)	-	175,373	175,889
Maintenance of wells		39,356	(17,582)	-	21,774	26,309
Surplus of oil & gas assets - Frade	UOP*	252,689	(25,678)	17,428	244,439	-
In progress						
Construction in progress **		10,547	-	-	10,547	6,937
Spare parts		39,213	-	823	40,036	22,857
Material for well revitalization/re-entry - Frade		198,777	-	-	198,777	-
Total		2,091,864	(323,831)	116,298	1,884,331	270,347

*UOP - Units of Production (Unit-of-production depreciation method)

** Construction in progress refers basically to expenditures with administrative facilities.

*** With the completion of Jaguar acquisition, the Company then consolidates 51.74% 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.



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(In thousands of reais, unless otherwise indicated)

b) Changes in balance

	Balance at 01/01/2019	Additions	Write-offs	Depreciation	Impairment	Transfers	Translation adjustment	Acquisition - Frade	Balance at 09/30/2019
In operation									
Platform and Drilling rig - Polvo	29,366	-	-	(4,950)	-	-	1,837	-	26,253
Oil & gas assets - Manati	6,400	2,450	(47)	(1,707)	16	-	-	-	7,112
Oil & gas assets - Frade	-	-	(64,202)	(57,076)	-	-	73,101	1,191,598	1,143,421
Machinery and equipment	2	-	-	(1,132)	-	-	-	8,006	6,876
Furniture and fixtures	649	877	(28)	(104)	-	-	-	22	1,416
Communication equipment	172	206	-	(55)	-	-	-	-	323
IT equipment	1,762	899	(17)	(423)	-	-	-	39	2,260
Leasehold improvements	4	5,817	(1)	(55)	-	(41)	-	-	5,724
Development expenditures	175,889	29,063	-	(29,579)	-	-	-	-	175,373
Maintenance of wells	26,309	6,549	(2,115)	(8,969)	-	-	-	-	21,774
Surplus of oil & gas assets - Frade	-	-	-	(25,678)	-	-	17,428	252,689	244,439
In progress									
Constructions in progress	6,937	37,616	(31,016)	-	-	41	(3,031)	-	10,547
Spare parts	22,857	22,514	(6,158)	-	-	-	823	-	40,036
Material for well revitalization/re-entry - Frade	-	1,753	(6,305)	-	-	-	-	203,329	198,777
Total	270,347	107,744	(109,889)	(129,728)	16	-	90,158	1,655,683	1,884,331

	Balance at 01/01/2018	Additions	Write-offs	Depreciation	Impairment	Transfers	Translation adjustment	Balance at 12/31/2018
In operation								
Polvo A platform and drilling rig	30,650	-	-	(6,258)	-	-	4,974	29,366
Oil & gas assets - Manati	28,128	305	(15,869)	(6,075)	(89)	-	-	6,400
Machinery and equipment	2	-	-	-	-	-	-	2
Furniture and fixtures	460	289	(5)	(95)	-	-	-	649
Communication equipment	163	55	-	(46)	-	-	-	172
IT equipment	540	1,504	-	(282)	-	-	-	1,762
Development expenditures	42,411	156,227	-	(22,749)	-	-	-	175,889
Maintenance of wells	8,838	14,374	-	(6,432)	-	9,529	-	26,309
Emergency spare parts	11,395	19,835	-	-	-	(9,529)	1,156	22,857
Constructions in progress	-	6,937	-	-	-	-	-	6,937
Leasehold improvements	1,343	11	(1,311)	(39)	-	-	-	4
Total	123,930	199,537	(17,185)	(41,976)	(89)	-	6,130	270,347

12. Intangible assets (Consolidated) - restated

a) Breakdown of the balance

	Amortization rate (%)	Consolidated	
		09/30/2019	12/31/2018
Oil & Gas assets			
Acquisition cost - Polvo	(*)	321,346	311,906
Acquisition cost - Manati	(*)	263,035	263,035
Goodwill on acquisition of Brasoil	(**)	20,900	19,777
Subscription bonus - FZA-M-254		5,968	5,968
Subscription bonus - FZA-Z-539		8,022	8,022
Subscription bonus - Frade	(*)	39,304	-
Subscription bonus - Ceará		31,358	-
Goodwill on acquisition - Frade	(*)	492,168	-
Client portfolio - Manati	(*)	9,453	9,561
Software and others	20	9,025	9,037
		1,200,579	627,306
Accumulated amortization		(591,803)	(486,357)
Total		608,776	140,949

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(*) Acquisition costs/subscription bonus and exploration expenditures 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. (**) Goodwill on acquisition of Brasoil and included in the book value of the investment of PetroRioOC, and not amortized. Due to goodwill based on future earnings, it is recognized and tested separately (on an annual basis) for impairment.

b) Changes in balance

	Balance at 01/01/2019	Additions	Write-offs	Acquisition - Frade	Amortization	Translation adjustment	Balance at 09/30/2019
Acquisition cost - Polvo	50,067	9,440	-	-	(9,831)	-	49,676
Acquisition cost - Manati	51,269	-	-	-	(9,837)	-	41,432
Goodwill on acquisition - Brasoil	19,777	-	-	-	-	1,123	20,900
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	5,968
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	8,022
Subscription bonus - Frade	-	-	-	1,037	42	-	1,079
Subscription bonus - Ceará	-	-	-	31,358	-	-	31,358
Goodwill on acquisition - Frade	-	-	-	460,416	(46,787)	31,752	445,381
Client portfolio - Manati	5,560	-	-	-	(766)	(108)	4,686
Software and others	286	-	(12)	-	-	-	274
	140,949	9,440	(12)	492,811	(67,179)	32,767	608,776

	Balance at 01/01/2018	Additions	Write-offs	Amortization	Translation adjustment	Balance at 12/31/2018
Acquisition cost - Polvo	85,589	-	(23,624)	(11,898)	-	50,067
Acquisition cost - Manati	70,697	-	-	(19,428)	-	51,269
Goodwill on acquisition - Brasoil	19,777	-	-	-	-	19,777
Subscription bonus - FZA-M-254	5,968	-	-	-	-	5,968
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	8,022
Client portfolio - Manati	7,566	-	-	(2,006)	-	5,560
Software and others	286	-	-	-	-	286
	197,905	-	(23,624)	(33,332)	-	140,949

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



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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 19 million barrels. This result made accumulated depreciation/amortization recorded in 2019 period to be reduced by approximately R\$ 68 million to reflect new reserves and depreciation percentages.

c) Business combination

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, which are formed, in addition to PetroRio, by Petrobrás with 30%, and FJPL with 18.26%, and implement cost reductions and synergies to its operation.

Currently, the Frade Field produces 18.6 thousand barrels of oil per day and 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.

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.



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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.

13. Suppliers - restated

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Domestic suppliers	560	176	92,504	55,634
Foreign suppliers	63	42	50,674	31,037
	623	218	143,178	86,671
Total current liabilities	623	218	129,731	73,258
Total non-current liabilities	-	-	13,447	13,413

14. Taxes and social contributions payable

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
IRPJ and CSLL payable	-	9,162	28,729	18,307
PIS/COFINS/CSLL	27	46	9,157	6,678
Service tax	1	2	1,729	3,200
IRRF on services	73	109	2,214	1,291
ICMS	41	41	919	945
INSS	4,455	4,448	6,967	5,667
Taxes on Equity	-	-	1,127	166
FGTS	1	3	237	225
Royalties	-	-	5,285	-
Other	4	46	497	531
	4,602	13,857	56,861	37,010

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On July 20, 2017, the subsidiary Manati joined to the Special Tax Regularization Program (PERT) to settle outstanding debts (IRPJ, CSSL, PIS and COFINS) in the amount of R\$ 7,845, of which R\$ 6,269 was principal and R\$ 1,576 referring to fine and interest, up to the date of the membership. The amount of R\$ 1,080 was reversed in the period with the decrease of 90% interest and 70% fine. Of the net balance, 5% (R\$ 398), were paid in cash as down payment and the remaining balance (R\$ 6,343) was settled with credits arising from tax losses from the group's companies by means of consolidation of the installments carried out on 12/12/2018.

15. Loans and financing

	12/31/2018	Additions		Payments		Foreign exchange	Translation adjustment	09/30/2019
		Principal	Interest	Principal	Interest			
ICBC (i)	-	222,900	7,649	(28,456)	(3,363)	27,208	-	225,938
Citibank (ii)	-	203,874	435	-	(4,176)	-	3,772	203,905
CCB (iii)	-	29,790	294	-	-	2,878	-	32,962
FINEP (iv)	25,767	28,389	1,898	-	(1,706)	-	-	54,348
Fibra	-	20,000	409	(20,071)	(338)	-	-	-
Bradesco (v)	-	8,284	22	-	-	44	-	8,350
Daycoval	-	17,341	390	(17,341)	(390)	-	-	-
Credit Suisse (vi)	222,388	-	-	(212,712)	-	(8,430)	(1,246)	-
Chevron (vii)	-	840,355	23,672	(143,296)	(4,088)	-	65,626	782,269
Total	248,155	1,370,933	34,769	(421,876)	(14,061)	21,700	68,152	1,307,772
Current	222,437							848,109
Non-current	25,718							459,663

(i) On February 18, 2019, the Company signed an export prepayment agreement with the Chinese bank ICBC in the amount of US\$ 60 million (R\$ 229,932) and with a four-year term. The financing has a cost of Libor + 3% p.a., generating R\$ 7,649 for financial expense up to September 30, 2019.

(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., generating financial expenses of R\$ 435 through September 30, 2019.

(iii) The Company signed 2 Advance on Exchange Agreements with China Construction Bank, the first on June 24, 2019, totaling USD 5,242 (R\$ 21,830), with costs of 5% p.a., and the second on July 10, 2019, totaling USD 2,600 (R\$ 10,827), with costs of 5.2% p.a., both with a 6-month term, generating financial expenses of R\$ 294 through September 30, 2019.

(iv) 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. Financing cost is TJLP (Long-term interest rate) + 1.5% p.a. Up to September 30, 2019, FINEP released approximately R\$ 54,101 with accumulated interest of R\$ 1,954.



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(v) On August 28, 2019, the Company entered into a contract for Advance on Exchange Contract with Banco Bradesco in the amount of USD 2,000 (R\$ 8,329) with costs of 3.98% p.a. and period of 6 months, generating a financial expense of R\$ 22 up to September 30, 2019.

(vi) Credit limit of Credit Suisse's used to finance maintenance costs of Polvo and working capital for the Company's operations. The terms is conditioned to the short-term investments remaining in the bank, which are the guarantee for this credit facility, at cost of Libor + 1.9% p.a., generating financial expense of R\$ 133 in year 2018.

(vii) 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\$ 23,672 until September 30, 2019.

16. Debentures - restated

a) Convertible into shares - PetroRio S.A.

The meeting of the Company's Board of Directors' held on October 27, 2014 approved the 1st issuance of convertible debentures in a single series, subordinated and unsecured, of private placement, amounting to R\$ 90 million.

On December 9, 2014, the placement was completed, with the subscription of a total of 4,359,624 debentures, totaling R\$87,192.

The debentures have a term of five (5) years, maturing in October 24, 2019, and bear interest corresponding to the accumulated change of 90% of the average daily rates of the DI rate.

The debentures may be converted into shares at the sole discretion of the debentureholders, since October 24, 2015 until the date of maturity of the debentures (exclusive). The number of shares to be delivered to the debentureholders on the date of conversion of the debentures will be the result of dividing the par value of the debentures by the lesser of: (i) the weighted average, based on the daily volume, of the closing price of the shares in the last ten (10) trading sessions on BM&FBOVESPA, preceding October 27, 2014, applying a 25% discount; or (ii) the weighted average, based on the daily volume, of the closing price of shares in the last 10 trading sessions on the BM&FBOVESPA, prior to receipt of the conversion request by applying a discount of 25%, thus giving a conversion price. The Management has assessed this conversion option on September 30, 2019, and in accordance with financial models has concluded that there is no attributable value at the present time.

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In accordance with the debenture issuance deed, early maturity clause 4.12, the debentures shall be reported as early overdue in the occurrence of any following hypothesis:

- Bankruptcy, judicial or extrajudicial recovery request of the issuing company;
- Protest of debt-claims for amounts greater than R\$ 100,000;
- Mergers, consolidations and split-ups without prior consent of debentureholders, in accordance with Corporation Law.

The full remuneration is paid semiannually, with the first payment was made six (6) months after the date of issuance.

	01/01/2019	Translation	Adjustment at fair value	Recognized interest	Paid	09/30/2019
Principal	28,578	(22,077)	2,596	-	-	9,097
Financial charges	306	-	-	743	(839)	210
Translation option	40,788	(75,219)	65,879	-	-	31,448
Total	69,672	(97,296)	68,475	743	(839)	40,755
Current	306					40,755
Non-current	69,366					-

Up to September 30, 2019, debentureholders opted to convert 3,901,219 debentures (R\$ 78,028 reversed to capital), representing around 89% of total issued debentures.

In accordance with Note 32.1, the debentures that has not yet been converted until October 24, 2019, i.e. 3,219 debentures, were redeemed in cash on that date, amounting to R\$ 64,380.

17. Lease operations CPC 06 (R2) / IFRS 16 - restated

At 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\$ 1,184,577 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.

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

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



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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 nine-month period as of September 30, 2019 were:

	Assets	Liabilities
Recognition on January 1, 2019	1,019,768	(1,061,452)
Additions/Reversals	(8,287)	(50,834)
Currency adjustment	-	(61,132)
Price-level restatement	-	(48,385)
Payments made	-	152,711
Amortization	(120,580)	-
Balance at September 30, 2019	890,901	(1,069,092)
Current	-	(25,877)
Non-current	890,901	(1,043,215)

* Considers 100% of the changes occurred in the first semester of 2019. For consolidation purposes, only 6 days of monetary and exchange adjustment of the obligations related to Frade Field as for the 1Q19 were considered in PetroRio's income statement, as the acquisition was completed on March 25, 2019.

18. Current and deferred income tax and social contribution - restated

Companies	Tax loss		Tax credit	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
PetroRio S.A.	46,925	48,891	15,955	16,623
PetroRio O&G	1,208,472	1,188,659	410,880	404,144
PetroRio Internacional	14,775	10,643	5,024	3,619
Brasãoil Group	139,725	139,685	47,507	47,493
Petro Rio Jaguar Ltda.	1,495,876	-	508,598	-
	2,905,773	1,387,878	987,964	471,879

The Company has tax loss carry forwards and negative social contribution tax generated in Brazil, which may be offset against future taxable profit, limited to 30% every year. 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 Field, and the marking to the market of the financial instruments. Other credits, which will be recognized as the future taxable income is being generated.

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

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Negative goodwill on fair value recognized assets on in business combinations	-	4	(1,749)	4
Temporary differences	3,148	3,148	(11,038)	(11,344)
	3,148	3,152	(12,787)	(11,340)

19. Provision for abandonment (ARO) - restated

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, 2017	167,926	50,160	-
Decrease	(32,659)	(20,413)	-
Currency adjustment	26,767	6,279	-
Price-level restatement	9,301	2,789	-
Balance at December 31, 2018	171,337	38,815	-
Acquisition - Frade	-	-	561,338
Addition / Decrease	9,440	2,396	(77,403)
Currency adjustment	13,841	2,508	33,727
Price-level restatement	5,462	1,361	15,040
Balance at September 30, 2019	200,080	45,080	532,702
(-) Maersk's guarantee / Brasoil's abandonment fund	(142,609)	(44,660)	-
Net balance of liabilities	57,741	420	532,702

The estimated abandonment costs were provisioned for the period ended September 30, 2019.

For Polvo field, this provision corresponds to PetroRio interest of 100%, and reflects the estimated present value discounted at the rate of 4,69% p.a. and monetarily restated at the rate of 2.04% 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\$ 16,329 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 4.5% per annum and discounted at the risk-free rate of 10.16% per annum. The other costs, estimated in USD, are updated at the inflation rate of 2.04% p.a. and discounted at the risk-free rate of 4,69%, before translation into reais.



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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 September 30, 2019, the Company maintained a balance of R\$ 44,660.

For Frade field, this provision corresponds to PetroRio interest of 51.74%, and reflects the estimated present value discounted at the rate of 4.92% p.a. The main expenses included in these entries are removal of 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).

20. Advances to/from partners in oil and gas operations - restated

	Consolidated	
	09/30/2019	12/31/2018
Operated blocks		
Blocks operated (GALP - PEL 23 Namibia)	(481)	6,757
Petrobras - Frade	(86,455)	-
FJPL - Frade	(51,842)	-
Ecopetrol - Ceará	383	
Total operated blocks	(138,395)	6,757
Non-operated blocks (Petrobras - Brasoil Manati)	961	(2,887)
Total advances to/from partners	(137,434)	3,870
Total current liabilities	131	6,792
Total current assets	(137,565)	(2,922)

21. 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.

The Company did not identify such evidence for the nine-month period ended September 30, 2019.



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22. Shareholders' equity - restated

22.1 Capital

On September 30, 2019 the Company's subscribed and paid-in capital totaling R\$ 3,443,940 is comprised of 140,964,679 nominative registered 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 GDSs 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 September 30, 2019, 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\$ 136,809 referring to share issuance costs in a capital reducing account and which comprise the balance shown of R\$ 3,307,246.

Shareholder	Number of common shares	% of interest
Aventti Strategic Partners LLP	34,145,440	24%
One Hill Capital LLC	27,704,010	20%
Sentinel Investments Holdings LLC	11,337,980	8%
Other Shareholders	67,777,249	48%
Total	140,964,679	100%

*According to information disclosed in reference form.

The Company's capital was subject to changes in 2019, due to a R\$ 34,132 increase through the conversion of Debentures into shares, pursuant to Note 16a and the exercise of stock options granted to employees, as follows:



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22.2 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

	Program V	Program VI	Program VII
Grant date by Board of Directors	02/28/2019	02/28/2019	02/28/2019
Total stock options granted	24,665	105,790	79,026
Share price on granting date	150.98	150.98	150.98
Strike Price	86.27	86.27	97.06
Weighted fair value on concession date	77.40	77.40	82.24
Estimated volatility of share price	52.54%	52.54%	69.46%
Risk-free rate of return	7.14%	7.14%	8.25%
Option validity (in years)	2	2	4

For the period ended September 30, 2019, the Company has a balance recorded in shareholders' equity - income (loss) from share-based remuneration in the amount of R\$ 30,104, and the counterpart being in the statement of income as personnel cost since the grant.

Of the options granted in Program I-IV, 221,062 options were exercised on January 1, 2019, with the full payment of R\$ 12,055 in the Company's capital.

22.3 Earnings per share

Pursuant to CPC 41 (IAS 33), the Company presents some information on earnings per share for the nine-periods ended on September 30, 2019 and 2018. Basic earnings per share are calculated by dividing income (loss) for the year attributed to the Parent Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the year.

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



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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	07/01/2019 a 09/30/2019	07/01/2018 a 09/30/2018	01/01/2019 a 09/30/2019	01/01/2018 a 09/30/2018
Numerator (in thousands of reais)				
(Loss) Income for the period attributable to Group's shareholders	(101,265)	72,668	47,796	120,568
Denominator (in thousands of shares)				
(+) Weighted average number of common shares adjusted by dilution effect	140,965	133,370	140,965	133,370
(-) Treasury shares	(9,506)	(11,839)	(9,506)	(11,839)
	131,459	121,531	131,459	121,531
Basic earnings and diluted per share	(0.770)	0.598	0.364	0.992

23. Related party transactions

	Parent company	
	09/30/2019	12/31/2018
Loan PetroRio S.A x PetroRio Internacional	2	(437)
Accounts payable - PetroRio O&G x PetroRio S.A (i)	3,941	2,464
Service agreement PetroRio x Lux Holding (ii)	750	698
Apportionment administrative expenses Brasoil Manati	44	-
Apportionment administrative expenses Frade	1,299	-
Loan - PetroRio S.A vs. PetroRio Luxembourg Sarl (iii)	(124,377)	-
	(118,341)	2,725
Total non-current assets	6,037	3,162
Total non-current liabilities	(124,378)	(437)

- (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 contract executed on June 19, 2019 by PetroRio and Lux Sarl, with 6-month term and Libor interest rate + 3% p.a.

Management remuneration

The Company's management remuneration in the period ended on September 30, 2019 was R\$ 6,775 (R\$ 9,333 on September 30, 2018).

Debentures

The Company for the year ended December 31, 2014, issued convertible debentures in a single series, subordinated and unsecured, of private placement, as detailed on

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Note 16a. All debentures convertible into issued shares were subscribed by Company's shareholders.

24. Net revenue

Net revenue is broken down as follows:

	01/01/2019-09/30/2019				01/01/2018-09/30/2018			
	Polvo	Manati	Jaguar	Total	Polvo	Manati	Jaguar	Total
Gross revenue	490,036	74,693	536,679	1,101,408	496,905	104,788	-	601,693
Deductions	-	(14,402)	(655)	(15,057)	-	(20,506)	-	(20,506)
Net revenue	490,036	60,291	536,024	1,086,351	496,905	84,282	-	581,187

	07/01/2019-09/30/2019				07/01/2018-09/30/2018			
	Polvo	Manati	Jaguar	Total	Polvo	Manati	Jaguar	Total
Gross revenue	119,851	29,168	256,239	405,258	193,768	37,735	-	231,503
Deductions	-	(5,558)	(655)	(6,213)	-	(6,876)	-	(6,876)
Net revenue	119,851	23,610	255,584	399,045	193,768	30,859	-	224,627

25. Costs of products sold and services rendered - restated

	Consolidated			
	07/01/2019-09/30/2019	07/01/2018-09/30/2018	01/01/2019-09/30/2019	01/01/2018-09/30/2018
FPSO/Platform	(4,311)	(32,471)	(28,691)	(93,825)
Logistics	(28,305)	(10,837)	(51,331)	(35,040)
Consumables	(22,531)	(13,094)	(67,348)	(50,226)
Operation and maintenance	(21,168)	(11,337)	(66,856)	(37,931)
Personnel	(12,390)	(2,359)	(37,458)	(8,616)
SMS	(1,913)	(2,615)	(6,587)	(8,311)
Other costs	(27,507)	(4,151)	(43,559)	(13,718)
Royalties and special interest	(32,514)	(18,352)	(95,466)	(45,846)
Amortization - CPC 06 (R2)	(23,326)	-	(81,871)	-
Depreciation and amortization	(58,410)	(18,464)	(118,188)	(58,292)
Total	(232,375)	(113,680)	(597,355)	(351,805)

On September 30, 2019, the oil inventories in the amount of R\$ 105,617 is representative of 655,000 bbl - quantity not reviewed by the independent auditors (on September 30, 2018 the oil inventories in the amount of R\$ 77,885 corresponded to 531,000 bbl) and Frade's oil inventory in the amount of R\$ 17,948, corresponds to 126,000 barrels - amount not reviewed by the independent auditors.



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26. Other revenues and expenses - restated

	Consolidated			
	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	01/01/2019- 09/30/2019	01/01/2018- 09/30/2018
Reversal of provisions	-	-	1,746	-
Loss on investments in subsidiary (dividends)	-	-	(5,030)	-
Asset sale success rate (aircraft and drilling rigs)	(23,736)	-	(23,736)	-
Frade acquisition success rate	-	-	(11,447)	-
Provision for non-recovery - Namibia VAT	-	-	(18,381)	-
Reversal (Provision) for labor contingencies	(1,451)	2,522	(3,628)	173
Reversal (Provision) for tax contingencies	(3,376)	-	(3,376)	-
Income from transactions with permanent assets	3,627	(1,316)	3,637	(4,786)
Reduction in the provision for abandonment	-	-	-	2,773
Sale of aircraft engine	-	-	593	-
SHELL advance payment partial loss	-	(13,142)	-	(13,142)
Tax credits (PIS and COFINS/INSS/ICMS)	227	(497)	758	-
Supplier Discount (Prosafé)	-	(2,280)	-	-
Loss on acquisition of E&P assets	-	-	(35,306)	-
Other revenues (expenses)	(5,532)	(1,126)	(3,641)	(1,444)
Total	(30,241)	(15,839)	(97,811)	(16,426)

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27. Financial Net Results - restated

	Parent company			
	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	01/01/2019- 09/30/2019	01/01/2018- 09/30/2018
Financial revenues	898	40,349	4,420	50,960
Revenue from realized financial investment	32	11	225	27,515
Revenue from exchange-rate change	867	4,672	4,051	13,223
Gain from realization of financial instruments	-	35,644	18	35,644
Marked at fair value - financial instruments *	(111)	(80)	16	(25,553)
Other financial revenues	110	102	110	131
Financial expenses	(11,734)	(6,230)	(92,924)	(43,829)
Loss on realized financial investment	-	-	-	(95)
Expense on foreign exchange rate	(5,706)	(2,908)	(8,781)	(4,723)
Interest on loans/debentures	(989)	(737)	(1,651)	(2,211)
Marked at fair value - financial instruments *	(256)	(758)	(68,427)	(33,063)
Loss from realization of financial instruments	(4,758)	-	(13,410)	-
Other financial expenses	(25)	(1,827)	(655)	(3,737)

	Consolidated			
	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	01/01/2019- 09/30/2019	01/01/2018- 09/30/2018
Financial revenues	69,774	113,019	199,651	250,227
Revenue from realized financial investment	4,465	(10,926)	11,804	38,580
Revenue from exchange-rate change	57,807	69,612	165,039	182,198
Gain from realization of financial instruments	-	52,756	2,144	52,756
Gain in realization of derivative financial instruments	1,099	839	11,498	839
Marked at fair value - financial instruments *	(111)	(80)	16	(25,553)
Marked at fair value - Derivatives	4,365	1	5,472	1
Other financial revenues	2,149	817	3,678	1,406
Financial expenses	(238,652)	(85,975)	(520,322)	(237,674)
Loss on realized financial investment	-	(317)	(850)	(590)
Expense on foreign exchange rate	(190,555)	(69,114)	(303,785)	(168,782)
Realized hedge expense	-	-	-	-
Interest on loans/debentures	(19,150)	(2,144)	(40,646)	(4,964)
Commission on bank guarantees	(316)	-	(543)	-
Marked at fair value - financial instruments *	(256)	(477)	(68,398)	(33,063)
Marked at fair value - Derivatives	-	(2,858)	(6)	(13,445)
Loss from realization of financial instruments	(9,663)	(284)	(29,995)	(284)
Loss in realization of derivative financial instruments	-	(4,602)	(16,172)	(5,461)
Expenses with interest on leases (IFRS 16)	(17,760)	-	(45,858)	-
Other financial expenses	(952)	(6,179)	(14,069)	(11,085)

(*) Mark to fair value- financial instruments refer to the market value of shares of the variable income portfolio.



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28. Segment information (Consolidated) - restated

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

	09/30/2019	12/31/2018
Current assets		
Brazil	495,809	712,657
Abroad	643,403	322,958
Non-current assets		
Brazil	1,458,339	361,424
Abroad	2,178,863	119,141
Revenue	09/30/2019	09/30/2018
Brazil	892,747	553,815
Abroad	208,661	48,002

29. 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.

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.



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The Company adopted the Value at Risk (VaR) as risk management methodology, to measure a potential loss in the equity investment portfolio, in the nine-month period ended September 30, 2019.

The VaR was calculated based on historical data of the twelve-month period ended September 30, 2019 (one year), for one-day period, confidence level at 95.0%, segregated in investments in Reais and Dollars. The result was 5.11% of the daily maximum loss of the portfolio.

The accuracy of this market risk methodology was tested using daily back-testing, which compares the adherence between the VaR estimates and the realized gains and losses. In this test, the security devaluation, in the 246-day calculation period, has exceeded the VaR seven times (the calculated limit was 12 times).

Derivative financial instruments - hedge

In the 3Q19, the Company entered into derivative agreements aimed at providing hedge against the risk of volatility in oil prices for sales of October 2019.

Oil price hedge transaction protects the Company, which obtained minimum price (floor) of US\$ 61 per barrel. By the end of September 2019, the agreements generated gains of US\$ 1,315 (R\$ 5,476) amount referring to the effective options marked to marked not yet realized.

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. Company has interest-bearing debentures convertible into shares corresponding to the accumulated change of 90% of CDI - Over Extra Group.

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	
			Scenario (I) 25%	(II) 50%
Impact on the securities	Decrease in CDI	(81)	(234)	(387)
Impact on debentures	Increase in CDI	15	(10)	(19)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the three-month period as from September 30, 2019 were taken into account under the probable scenario (CDI 5.21%), 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.



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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 income and equity before taxation.

Operation	Risk	Probable scenario	Scenario (I)	Scenario (II)
			25%	50%
Impact on financial investments	USD decr.	31	(10,095)	(20,191)
Provision for abandonment (ARO)	USD incr.	(620)	(199,402)	(398,803)

For calculation of the amounts included in the above scenarios the average exchange rate projection disclosed by BM&FBOVESPA for the three-month period as from September 30, 2019 (US\$ 1/R\$ 3.168). 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 nine-month period ended on September 30, 2019 oil net sales were decentralized, with sales to clients Trafigura, Petrochina and Valero Marketing, and gas sales in other client (Petrobras); 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.



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Consolidated

Period ended September 30, 2019	up to 12 months	1-5 years	Total
Liabilities			
Loans and financing	(848,109)	(459,663)	(1,307,772)
Suppliers	(129,731)	(13,447)	(143,178)
Labor obligations	(36,108)	-	(36,108)
Taxes and social contributions	(56,861)	-	(56,861)
Advance from partners	(131)	-	(131)
Debentures	(40,755)	-	(40,755)
Provision for abandonment	-	(590,593)	(590,593)
Provision for contingencies	-	(34,680)	(34,680)
Contractual Charges (Lease IFRS 16)	(25,877)	(1,043,215)	(1,069,092)
Other liabilities	-	(1,819)	(1,819)
	(1,137,572)	(2,143,417)	(3,280,989)

Period ended December 31, 2018	up to 12 months	1-5 years	Total
Liabilities			
Loans and financing	(222,437)	(25,718)	(248,155)
Suppliers	(73,258)	(13,413)	(86,671)
Labor obligations	(14,923)	-	(14,923)
Taxes and social contributions	(37,010)	-	(37,010)
Advance from partners	(6,792)	-	(6,792)
Debentures	(306)	(69,366)	(69,672)
Provision for abandonment	-	(36,438)	(36,438)
Provision for contingencies	-	(17,441)	(17,441)
Financial instruments	(16,260)	(644)	(16,904)
	(370,986)	(163,020)	(534,006)

Parent company

Period ended September 30, 2019	up to 12 months	1-5 years	Total
Liabilities			
Suppliers and other	(623)	-	(623)
Labor obligations	(627)	-	(627)
Taxes and social contributions	(4,602)	-	(4,602)
Deferred Taxes and social contributions	(3,148)	-	(3,148)
Debentures	(40,755)	-	(40,755)
	(49,755)	-	(49,755)

Period ended December 31, 2018	up to 12 months	1-5 years	Total
Liabilities			
Suppliers and other	(218)	-	(218)
Labor obligations	(41)	-	(41)
Taxes and social contributions	(13,857)	-	(13,857)
Deferred taxes and social contributions	(3,152)	-	(3,152)
Debentures	(306)	(69,366)	(69,672)
	(17,574)	(69,366)	(86,940)

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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 an asset or liability that are not included in an active market.

	09/30/2019				12/31/2018			
	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)	-	-	86,047	86,047	-	-	34,932	34,932
Related parties	6,037	6,037	-	-	3,162	3,162	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	4,302	4,302	358,921	358,921	232	232	186,993	186,993
Securities (ii)	2,204	2,204	247,006	247,006	483	483	397,121	397,121
Fair value through other comprehensive income								
Securities (iii)	-	-	4,997	4,997	40,625	40,625	210,320	210,320
Financial liabilities								
Amortized cost:								
Suppliers (i)	623	623	143,178	143,178	218	218	86,671	86,671
Loans and financing	-	-	1,307,772	1,307,772	-	-	248,155	248,155
Fair value through profit or loss								
Debentures (ii)	40,755	8,981	40,755	8,981	69,672	69,672	69,672	69,672

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 receivable/payment turnover of these balances is 60 days on average.
- (ii) The fair value measurements are obtained by directly observable variables (as well as prices) or indirectly (derived from prices).



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30. 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 September 30, 2019 cover the insured amount of R\$ 11,255,394. 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)	304,182
Fixed Platform	757,921
Offshore Platform	92,866
FPSO	1,596,360
Subsea Equipment	1,503,314
Offshore property (Pipeline)	121,600
Onshore properties (Pipeline)	48,723
Onshore Treatment Station	72,461
OEE production (Well control)	1,260,183
Offshore Civil Liability + Surplus	1,777,112
Cargo (Polvo)	5,000
D&O	40,000
P&I	3,123,300
General liability	5,000
Equity	3,000
Energy Package (TPL)	416,440
Customs Guarantee	1,026
Legal guarantee	48,186
Life insurance	7,299
PEM guarantee insurance - ANP	70,276
Travel Insurance Travel Guard	1,145
Total insured	11,255,394



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31. Contingencies - restated

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 September 30, 2019 and December 31, 2018 in the amounts of R\$ 34,680 and R\$ 17,441, 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\$ 21,871 and tax claims of R\$ 3,708 and contingency due to Frade's incident in the amount of R\$ 9,101.

Provision reversed - 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.



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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\$ 9,101, corresponding to the Company's interest in Frade Field. In the nine-month period ended September 30, 2019, the Company invested in environmental recovery projects, amounting to R\$ 990 (R\$ 23,246 at December 31, 2018). The amounts of this provision are monetarily restated every month.

Other suits

According to the Group's legal advisors, risk of loss in other lawsuits is "possible" - R\$ 704,769 (R\$ 354,205 on September 30, 2018) - 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.

32. Subsequent events

32.1 Acquisition of Frade Field

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. 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, increasing its interest in Frade Field to 100%. 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. In 2019, the Field



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produced an average of 18.9 thousand barrels of oil per day.

32.2 Acquisition of FPSO and Farm-in of Tubarão Martelo Field

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.

Moreover, 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 was concluded in August 03, 2020, after approvals from CADE (Administrative Council for Economic Defense) and ANP (National Petroleum Agency).

32.3 Settlement of debentures

On October 24, 2019, the debentures issued by PetroRio in December 2014 have matured. Of the 4,359,624 debentures issued, 99.9% were converted into shares (4,356,405 debentures), and the remaining ones (3,219 debentures), upon maturity, was redeemed in cash on that date, amounting to R\$ 64,380.

32.4 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



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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.