Quarterly Earnings Release

2Q19

Conference Call 2Q19

August 15, 2019
Webcast: ri.petroriosa.com.br

Portuguese
15h00 (BRA)
Tel: +55 (11) 3193-1070
+55 (11) 2820-4070
Password: PetroRio

English
14h00 (NYC)
Tel: +1 (646) 828-8246
Toll Free (EUA): +1 (800) 492-3904
Password: PetroRio

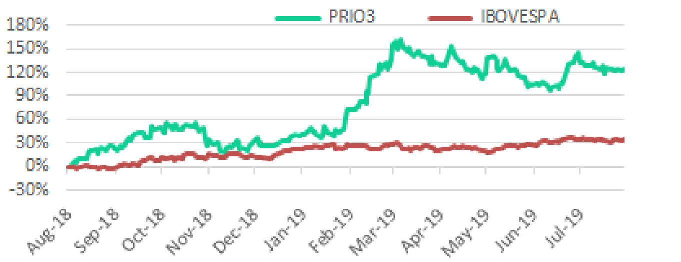
The conference call will be in Portuguese with simultaneous translation to English.

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

Rio de Janeiro, August 14, 2019 – The Petro Rio SA ("PetroRio" or "Company") (B3: PRIO3) presents its results for the second quarter of 2019 ("2Q19"). The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Reais (R$) in accordance with International Financial Reporting Standards (IFRS) and includes the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petroleo Ltda., Petro Rio Internacional SA, PetroRio USA Inc., and its respective subsidiaries and affiliates.

Stock Information		
Ticker (B3)		PRIO3
Market Cap (08/13/19)	R$	2,473,930,116
Shares Outstanding (#)		140,964,679
Last Price (08/13/19)	R$	17.55
52 week Low - High	R$	7.82 - 20.50
2019 average trading volume	R$	19,747,777

12M Stock Price: PRIO3 x Ibovespa



QUARTER HIGHLIGHTS

- Highest ever Net Revenue of R$ 547.9 MM, a 129% increase vs 2Q18.
- R$ 262.3 MM adjusted EBITDA (ex-IFRS 16), 184% vs 2Q18 and 643% higher than 1Q19.
- Company lifting cost reduced to US$ 24/bbl, 30% lower than 2Q18 (US$ 34/bbl).
- R$ 287 MM in free cash flow, the highest ever recorded by the Company.
- Significant decrease in net debt and fast deleveraging for the next quarters.

MANAGEMENT LETTER

“The second quarter of the year was the first period fully incorporating the 51.74% operating interest in Frade in the Company’s results. The field is now the largest asset operated by PetroRio, and buoys PetroRio to the position of 5th largest oil and gas operator in Brazil and the largest independent company in the industry. As Frade’s new operators, we’ve had success in several short-term initiatives to manage the Field’s natural decline.

Regarding cost reductions, talks with suppliers have progressed to capture the synergies between Polvo and Frade through the second quarter. We estimate there will be further positive impacts from these reductions in the third quarter, which will be fully realized in 4Q19.

This quarter also saw some significant operational and financial achievements, such as record sales volumes, production, revenues, EBITDA and lifting cost, which cemented the success of the asset’s acquisition and integration. These achievements were accomplished through the diligent effort of our operational and procurement teams. Our free cash flow in the quarter also illustrates this excellent performance, as evidenced by our rapid deleveraging compared to the previous quarter.

Looking forward, we are focused on extracting maximum potential of our two operated fields and on searching for new acquisitions, where we hope to create even more value for our shareholders.”

OPERATING PERFORMANCE

	2Q18	3Q18	4Q18	1Q19	2Q19	2Q19 x 2Q18	2Q19 x 1Q19
Avg. Brent	$ 74.97	$ 75.84	$ 68.60	$ 63.83	$ 68.47	-8.7%	7.3%
Avg. Sales Price	$ 76.49	$ 75.60	$ 63.23	$ 64.40	$ 68.61	-10.3%	6.5%
Avg. Exchange Rate	3.61	3.95	3.81	3.77	3.92	8.7%	4.0%
Final Exchange Rate	3.86	4.00	3.87	3.90	3.85	-0.1%	-1.2%
Offtakes (bbl)							
Frade Field (52%)	-	1,015,845	1,015,941	975,471	975,322	n/a	0.0%
Polvo Field (100%)	791,718	693,126	1,107,774	544,610	1,025,350	29.5%	88.3%
Production (boepd)							
Frade Field (52%)	8,762	8,545	10,400	9,843	9,824	12.1%	-0.2%
Polvo Field (100%)	8,157	10,081	10,055	9,567	8,523	4.5%	-10.9%
Manati Field (10%)	3,060	3,291	3,025	2,033	1,925	-37.1%	-5.3%
Total PetroRio	11,217	13,372	13,080	12,191	20,272	80.7%	66.3%
Lifting Cost (US$/bbl)							
PetroRio	34.0	26.6	30.6	30.8	24.0	-29.3%	-22.2%

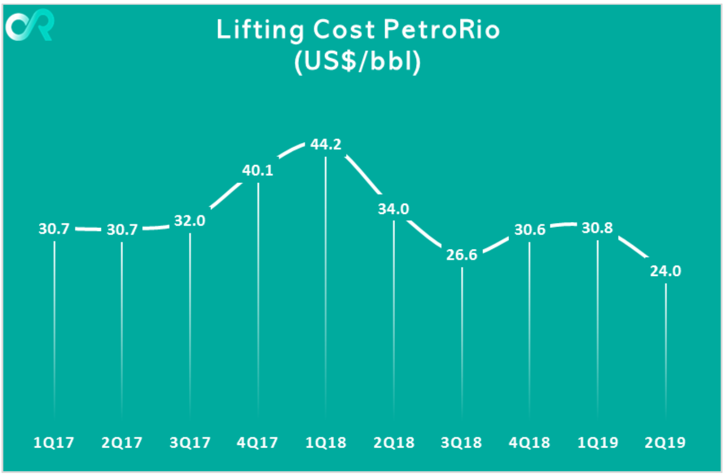
As the main operating highlight in the quarter, Frade's production increased 12% year over year as a result of measures undertaken to curb the field's decline in production, such as gas injection. Compared to the previous quarter (1Q19), production was flat, as a result of the increase in operational efficiency when the field came under PetroRio's operatorship. For the first six months of 2019, Frade's production was 11% higher than in the same period of 2018, for the same reasons.

In the year-to-date, Polvo's production was 46% higher than in the six months ending June 2018, thanks to the 2018 Drilling Campaign. Compared to the previous quarter (1Q19), production fell 10% due to the interruption of a well that produced 300 barrels per day, and to the natural decline expected from the wells that came online in the last drilling campaign.

In the quarter, PetroRio had three offtakes. In April, Polvo sold 530 thousand barrels of oil and in June another 495 thousand. Frade sold 975 thousand barrels in May, totaling approximately 2 million barrels for the Company in the quarter. Average gross sales price in the quarter was US$ 68.6 per barrel, 10.3% lower than 2Q18 and 6.5% higher than in 1Q19. In the first half of 2019, PetroRio sold more than twice the number of barrels as the same period of 2018.

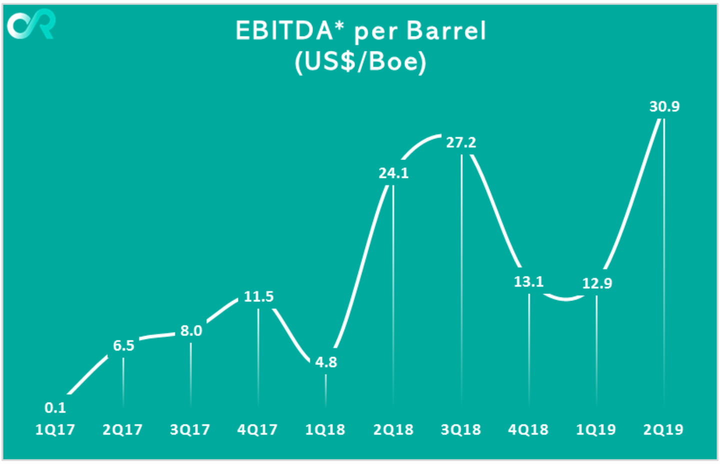
PetroRio's total production increased 73% in the first half of 2019 compared to the prior year. The increase is primarily due to the 2018 Drilling Campaign in Polvo and to the incorporation of the 52% interest in Frade during 2Q19, which significantly impacted the period in a positive manner.

The Company's total lifting cost fell by 29.3% year over year, and 22.2% quarter over quarter. The decrease was mainly due to synergies between Frade and Polvo, and operational cost reduction initiatives implemented from the consolidation of both operations.



The Company's adjusted EBITDA (ex-IFRS 16) per barrel reached its highest level yet, increasing 28% vs 2Q18, on the back of the larger volume of oil sold, after Frade's acquisition. To a lesser extent, the beginning of cost reductions in Frade and a more favorable exchange rate also helped the metric.

Operational leverage and cost reductions in the third and fourth quarters of 2019 put PetroRio in a favorable cash generating position, making room for new debt to finance the investments in the fields of Polvo and especially Frade, aiming at significantly increasing these assets' production.

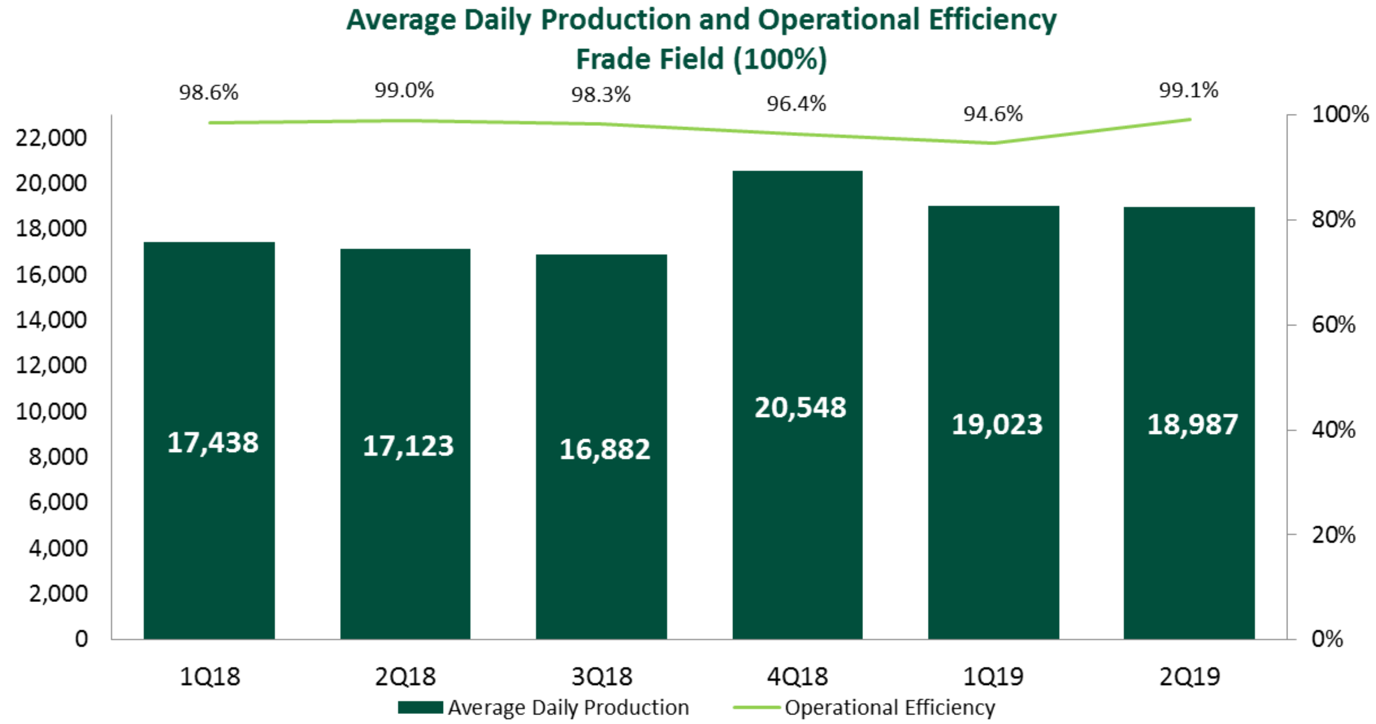


*Adjusted EBITDA (ex-IFRS 16) excludes "Other revenues/expenses" and the effects of IFRS 16, that removes FPSO costs from "Cost of Goods Sold" and adds to D&A, also impacting interest expenses and exchange rate variations in "Financial Expenses".

FRADE FIELD - 52% PETRORIO

The Company has implemented, since the acquisition of Frade's operation (in March 2019), cost reduction measures through operational and logistics synergies with Polvo. In 2Q19, PetroRio negotiated air logistics and O&M contracts, achieving part of the estimated cost reductions. Other initiatives, especially land and sea logistics were concluded in August and will impact the asset's margins from 3Q19 on.

Regarding Frade's operation, operational efficiency in the quarter reached 99.1%. There are no shutdowns scheduled for 2019 in Frade. The chart below illustrates the history of daily production and operational efficiency in recent quarters, PetroRio having become the operator of the asset on March 26, 2019:



The Revitalization Plan for the Frade Field aims at increasing the oil recovery factor of the Field while meeting ANP's conditions to extend the concession to 2041. The entire project, which was divided into two phases, includes drilling 4 producer wells and 3 injectors. The first phase of the project is comprised of 1 producer well and 2 injectors, and is forecast to begin in the second half of 2020, with the possibility of moving the schedule forward subject to favorable market conditions with relevant suppliers.

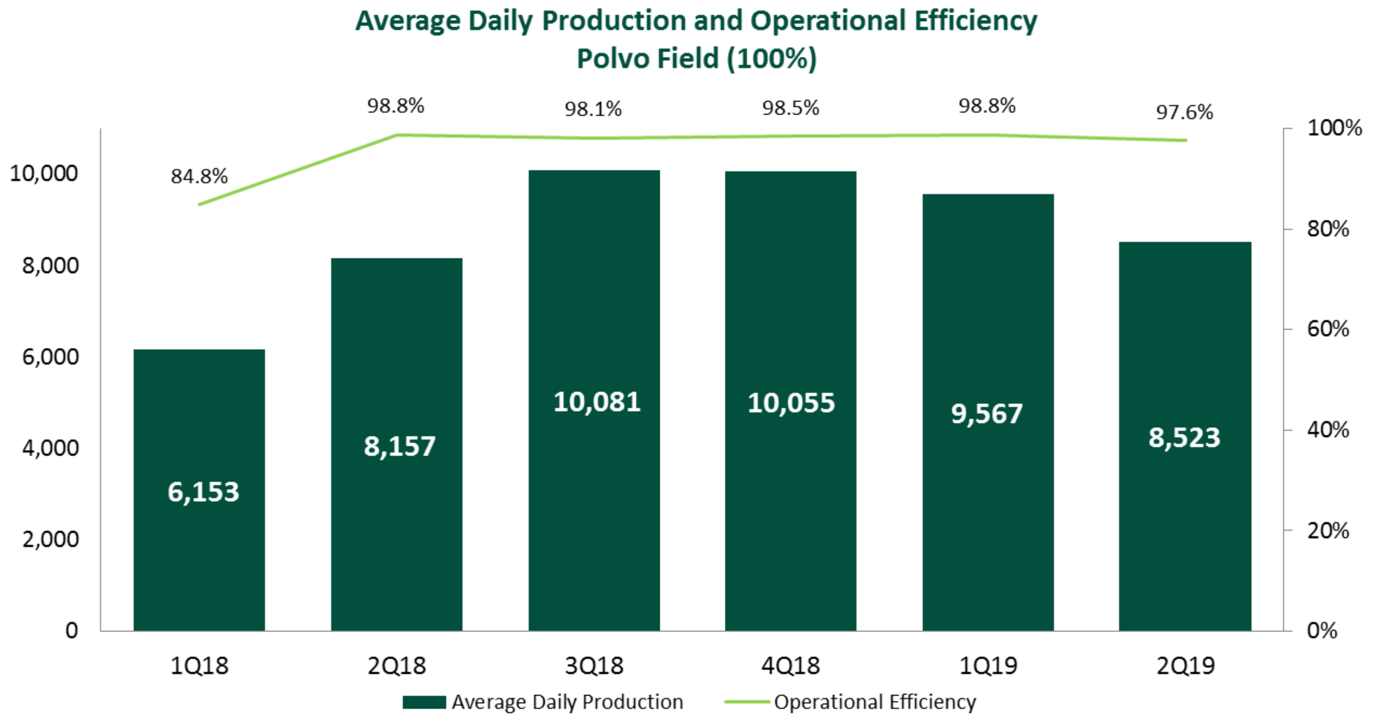
The reservoirs chosen for the first phase were selected based on low individual oil recovery factors (under 10% as of June 2019).

For 2019, PetroRio is working on a series of short and medium-term measures, such as gas injection (bullhead), reopening a well with hydrate formation, water shutoff and stimulation to reduce the natural decline of the field.

PetroRio acquired 18.26% of the Frade Field from Inpex, an agreement that was signed in October 2018. After the closing of the acquisition, expected to take place during 3Q19, the additional interest will add 4,000 barrels per day of production.

POLVO FIELD - 100% PETRORIO

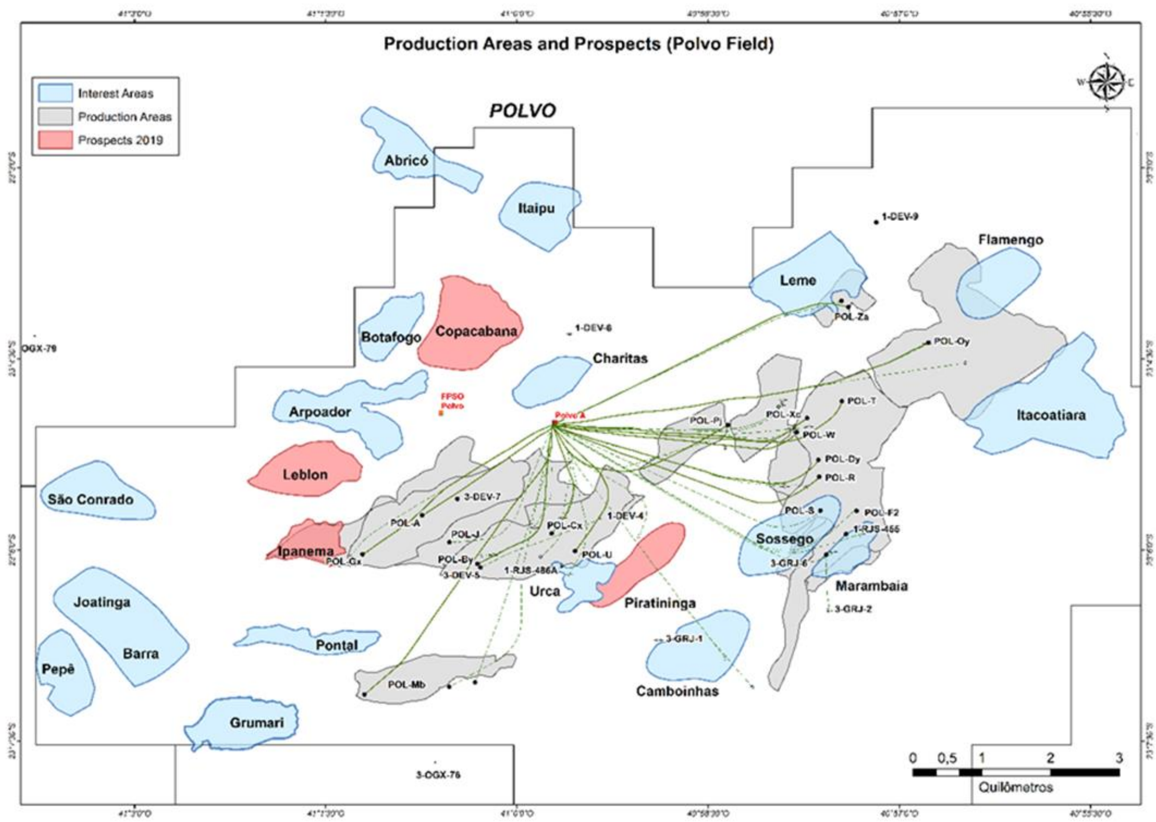
In Polvo, operational efficiency ended the quarter at 97.6%, with highlights to June, when the indicator reached a level of 99%. As in Frade, there are no scheduled shutdowns for Polvo in 2019.



The field's operating costs, in absolute terms, recorded an increase over the previous year due to higher FPSO leasing costs arising from the higher Brent prices as per indexed contracts with suppliers. Thus, the quarterly cost of Polvo was US$ 26.4 million, 4.8% higher than 2Q18 and in line with 1Q19.

2019 DRILLING CAMPAIGN (POLVO FIELD)

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



The 2019 Campaign will begin in September 2019, after investments in the drilling rig owned by the Company, which is part of the Polvo fixed platform (Polvo-A). The duration of each well drilled is two months, including drilling, completion and start of production of each commercially viable well.

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

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

MANATI NATURAL GAS FIELD - 10% PETRORIO

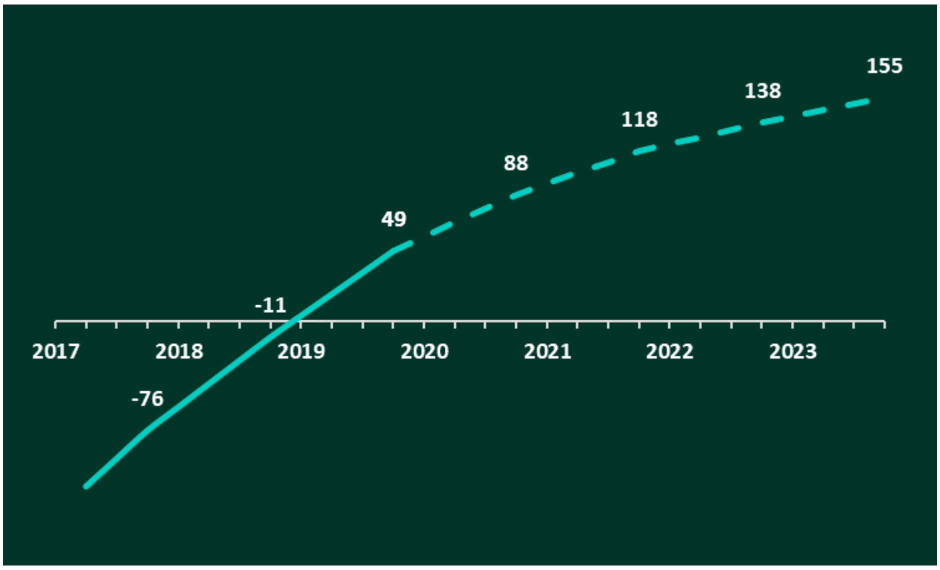
Gas sales in the quarter amounted to 1,925 boepd, 42% below the previous year, mainly due to reduced gas demand, and the scheduled shutdown which lasted 8 days. In the quarterly comparison, there was a decrease of 5% vs. 1Q19 for the same reasons. The cost of operation, composed of direct costs excluding depreciation was R$ 6.3 million, 5% higher than the R$ 6 million recorded in 2Q18. Another R$ 2.5 million was paid as royalties and special participation for the rights of the asset.

Despite the lower levels of gas produced and sold, the take-or-pay contract between the consortium and the client (Petrobras) ensures a minimum annual compensation equivalent to approximately 2,400 boepd.

The Manati farm-in, made in 2017 for R$ 116 million (US$ 37 million at the time), has had a two-year payback, with nominal IRR of 66%. The acquisition is part of a successful track record for PetroRio which, as in Polvo and Frade, seeks to add shareholder value through acquisitions and development of mature fields.

Manati Cumulative Cash Flow

(R$ millions)



PetroRio

FINANCIAL PERFORMANCE

(R$ thousands)

							Includes IFRS 16 from January 1st, 2019 onwards	
	2Q18	Ex-IFRS16 2Q19	Δ	6M18	Ex-IFRS16 6M19	Δ	2Q19	6M19
Net revenue	**239,405**	**547,875**	**129%**	**356,560**	**687,306**	**93%**	**547,875**	**687,306**
Cost of goods sold	(104,322)	(202,040)	94%	(170,425)	(270,311)	59%	(153,597)	(203,477)
Royalties	(17,097)	(49,844)	192%	(27,859)	(64,077)	130%	(49,844)	(64,077)
Operatin income	**117,985**	**295,990**	**151%**	**158,276**	**352,918**	**123%**	**344,433**	**419,752**
General and administrative expenses	(25,739)	(33,693)	31%	(54,291)	(55,323)	2%	(32,412)	(52,787)
Other operating income (expenses)	(6,890)	(32,570)	373%	(3,359)	(32,265)	861%	(32,570)	(32,265)
EBITDA	**85,357**	**229,727**	**169%**	**100,626**	**265,330**	**164%**	**279,451**	**334,700**
EBITDA margin	***36%***	***42%***	***6p.p***	***28%***	***39%***	***11p.p***	***51%***	***51%***
Depreciation and amortization	(26,647)	(27,424)	3%	(44,031)	(43,721)	-1%	(72,716)	(106,749)
Financial Results	12,175	(12,846)	-206%	16,669	(65,463)	-493%	(8,077)	(78,210)
Income and social contribution taxes	(325)	(35,679)	10867%	(10)	(40,440)	420269%	(35,679)	(40,440)
Income (loss) for the period	**70,560**	**153,779**	**118%**	**73,254**	**115,706**	**58%**	**162,980**	**109,301**

	2Q18	Ex-IFRS16 2Q19	Δ	6M18	Ex-IFRS16 6M19	Δ	2Q19	6M19
Adjusted EBITDA*	**92,246**	**262,297**	**184%**	**103,984**	**297,594**	**186%**	**312,021**	**366,964**
Adjusted EBITDA margin	***39%***	***48%***	***9 p.p***	***29%***	***43%***	***14 p.p***	***57%***	***53%***

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

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

PetroRio recorded R$ 547.9 million in Net Revenue in 2Q19, an increase of 129% over the R$ 239.4 million in 2Q18. Of these, 46% were from the sale of Polvo's oil and 51% from Frade's. The strong increase in revenue is attributed to the increase in number of barrels sold, as a result of the acquisition of Chevron Brasil, that holds 52% of the Frade Field, and the larger volume of production in Polvo.

Manati, in turn, contributed with Net Revenue of R$ 17.2 million relating to the participation of 10% of PetroRio in the natural gas consortium. The value 39% lower than the previous year is attributable to the scheduled shutdown of 8 days and lower demand for natural gas due to lower industrial activity and other competing natural gas supply.

The Company recorded R$ 344.4 million of operating income in the quarter, 192% higher than the annual comparison. Operating income ex-IFRS 16 reached R$ 296.0 million, 151% above 2Q18. The improvement is caused by the higher volumes sold and more favorable exchange rate which offset the increase of 192% in royalties, from increased production in the period.

General and administrative expenses include spending on M&A fees, projects, geology and geophysics and closed the quarter at R$ 32.6 million; 27% higher than in the previous year. The increase is related to third-party services due to transition expenses from the Frade acquisition.

EBITDA was driven by the incorporation of the Frade Field and the subsequent operational leverage in the second quarter. PetroRio reached R$ 311.8 million in adjusted EBITDA in 2Q19, and R$ 262.1 million excluding IFRS 16, the latter representing an increase of 184% and a margin of 48% in the quarter.

The Company's financial result was a negative R$ 8.1 million vs a positive R$12.2 million in the previous year. The main reasons for this difference were the interest (R$ 17.1 million in 2Q19) and leasing (R$ 11 million) expenses, respectively, incurred from the Chevron Brasil vendor finance and the IFRS 16 accounting change. These were partially offset by exchange rate variations in the period, impacting decommissioning provision by R$ 13.5 million and leasing obligations by R$ 15.8 million.

PetroRio's finance team hedged approximately 1 million barrels with a floor of US$ 69/bbl, and 500 thousand barrels with floor of US$ 70/bbl in the quarter, hedging 75% of the volume sold in the period against the fall in Brent prices. These hedges resulted in R$ 10.4 million of additional income in the quarter, gains which were realized from the fall in the commodity from US$ 70/bbl in the end of May to around US$ 60/bbl in June.

The Company reached R$ 162.9 million in Net Income (R$ 153.8 million ex-IFRS 16 effects). The number, 133% higher than the previous year and 118% greater excluding the effects of IFRS 16, is due mainly to the Company's larger operating income, which diluted costs and expenses per barrel sold.

In the quarter, the Company recorded non-recurring items related to the acquisition of Frade, and to what it estimates is the last accounting charges of its pre-operational phase (pre-2014). These items are composed of R$ 11.4 million in success fees, related to the acquisition of Frade and; R$ 18.4 million of tax credit writeoffs (previously booked as "Recoverable Taxes"), related to operations in Namibia. Furthermore, there was a non-cash effect from the reversal of depreciation and amortization in Frade, after the revision and subsequent extension of the economic life of the asset, of approximately R$ 60 million. After this adjustment, the depreciation and amortization of Frade will be approximately R$ 20 million per month – at current production levels – declining proportionally with the Field's production.

IFRS 16

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

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

The new rule requires that lessees include the right to use the assets that are the object of operating leases in the balance sheet as an asset, and the obligation of future lease payments as a liability. Low value and short-term rentals are not subject to this rule change. This new rule has impacted the Company in various ways. In the Balance Sheet, the change in accounting rule increased assets by R$ 966 million and liabilities by R$ 971 million in 2Q19. To calculate this amount, the time in which the assets will be necessary to operations were taken into account, as well as an accrual rate of 5.63% p.a. for current values.

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

Without the new rule, the Company's COGS would have been R$ 48.4 million higher in the period. Depreciation for the quarter was impacted by R$ 45.3 million and financial expenses by R$ 4.8 million (R$ 11 million in lease interest expense and a positive R$ 15.8 million in exchange rate variation of lease liabilities). In all, the income for the quarter was positively impacted in R$ 9.2 million by the change in accounting rule, partially offsetting the negative impact of R$ 15.6 million in the previous quarter.

CASH, DEBT AND FINANCING

DEBT AND FINANCING

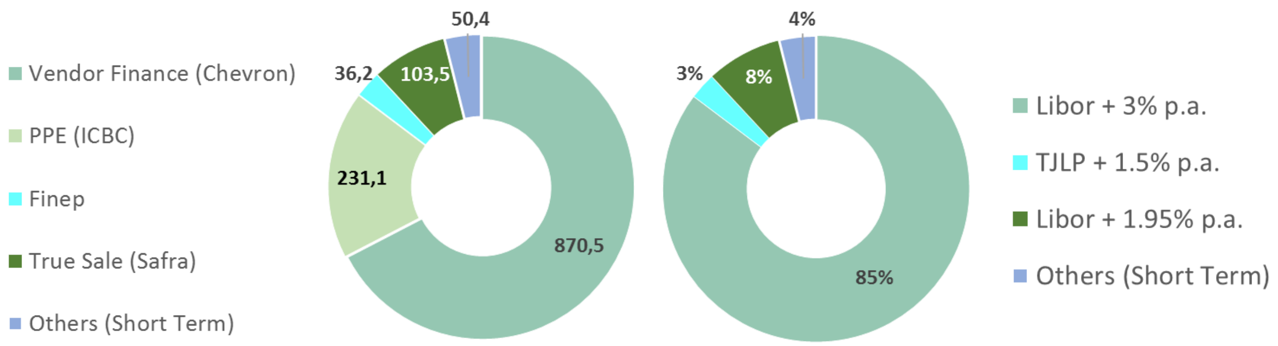
During the first quarter of 2019, the Company agreed to further funding in order to complete the acquisition of 51.74% and 18.26% interests in Frade, and to finance the development of Polvo's reserves.

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

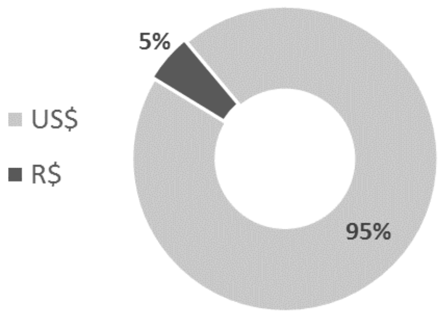
In February the company signed with the Chinese bank ICBC an export prepayment agreement of US$ 60 million, with a four-year term. The loan has a cost of Libor + 3% per year and includes a Marketing Agreement with PetroChina for commercialization of Polvo's production, throughout the duration of the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

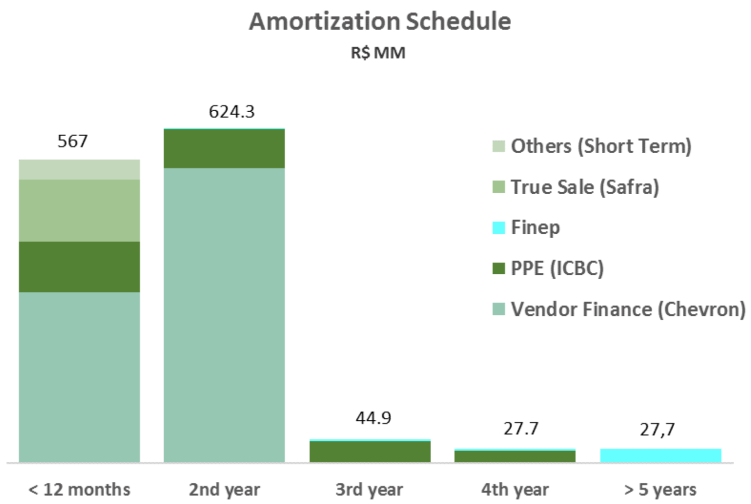
In May PetroRio signed with Banco Safra a contract for the prepayment of receivables in the amount of US$ 27 million with costs of Libor + 1.95% per year. Additionally, PetroRio also has a loan of R$ 13.5 million taken on in March, with costs of CDI + 2.18% p.a.. The loan has a term of two months and aims to meet the Company's working capital needs in the first months after the acquisition of the operation of the Frade Field.

Loans and Funding
(R$ thousands)



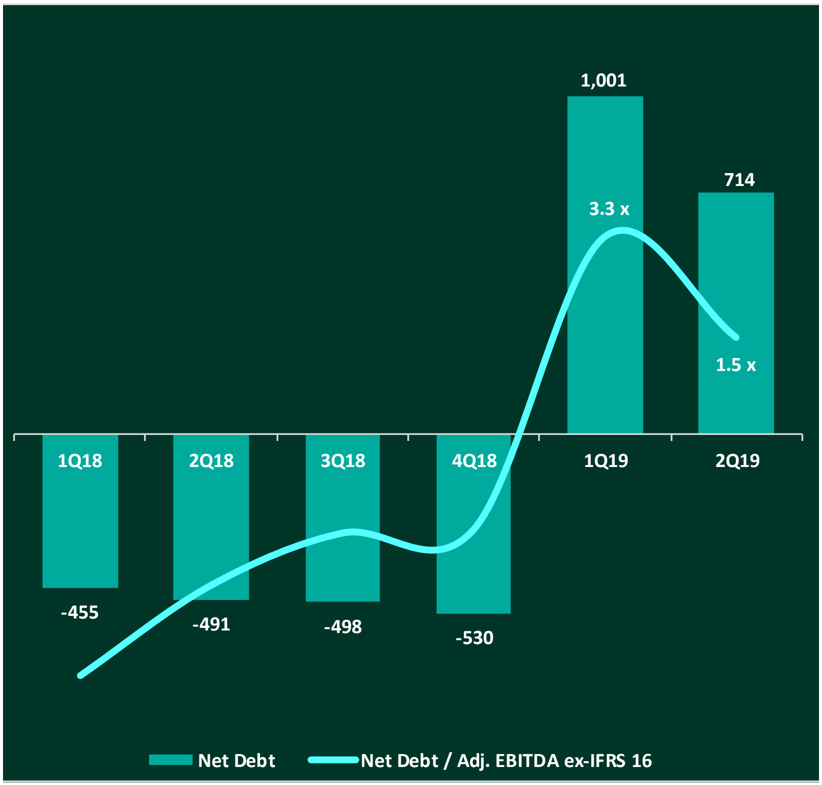
In November 2018, in order to access long-term financing with leading development institutions in the domestic market, the Company signed an agreement with Finep for a R$ 90 million line of credit. The loan has a term of 10 years, including a 2.5-year grace period. The cost of TJLP + 1.5% p.a. ensures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





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

Net Debt / Adjusted EBITDA (ex-IFRS 16)



With the cash generated in the period and the higher level of EBITDA after the incorporation of the 51.74% interest in Frade, the Company has reduced this indicator from 3.3x to 1.5x (on an adjusted EBITDA ex-IFRS 16 basis). The Company estimates that after the first year of Frade's incorporation (on 1Q20), this indicator will be below 1.0x.

CASH

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

PetroRio also reports that the completion of the acquisition of 18.26% of Frade signed with Inpex will have a neutral effect on the Company's cash position, and therefore will not require new funding.

BALANCE SHEET

(R$ thousands)

Assets		
Current assets	**Dec/18**	**Jun/19**
Cash and cash equivalents	154,109	392,879
Securities	643,783	132,872
Restricted cash	11,628	60,085
Accounts receivable	34,932	36,023
Oil inventories	56,702	93,764
Consumable inventories	2,084	1,622
Derivative Financial Instruments	-	1,114
Recoverable taxes	67,011	90,764
Advances to suppliers	37,949	43,104
Advances to partners	2,922	32,425
Prepaid expenses	1,659	12,097
Other receivables	203	1,237
Total Current assets	**1,012,982**	**897,986**
Non-current assets available for sale	**26,581**	**26,289**
	1,039,563	**924,275**
Non-current assets		
Advances to suppliers	12,596	12,596
Deposits and pledges	19,621	25,084
Recoverable taxes	25,711	30,524
Deferred taxes	8,338	9,773
Right-of-yse (Lease CPC 06.R2 IFRS	-	966,340
Property, plant and equipment	45,292	1,484,486
Intangible assets	385,943	958,199
Total non-current assets	**497,501**	**3,487,002**
Total Assets	**1,537,064**	**4,411,277**

Liabilities and shareholders' equity		
Current liabilities	**Dec/18**	**Jun/19**
Suppliers	73,258	126,571
Labor obligations	14,923	32,618
Taxes and social contributions	37,010	85,089
Loans and financing	222,437	566,985
Debentures	306	9,251
Advances from partners	6,792	3,116
Contractual Charges (Lease IFRS 16)	-	195,349
Other liabilities	16,260	-
Total current liabilities	**370,986**	**1,018,979**
Non-current liabilities		
Suppliers	13,413	13,413
Debentures	31,241	-
Loans and financing	25,718	724,663
Provision for abandonment (ARO)	68,713	646,922
Provision for contingencies	17,441	28,675
Deferred taxes and social contributions	2,311	2,153
Contractual Charges (Lease IFRS 16)	-	775,985
Others	644	644
Total non-current liabilities	**159,481**	**2,192,455**
Minority Interest		1,161
Shareholders' equity		
Realized capital	3,273,114	3,307,246
Capital reserves	58,183	109,317
Other comprehensive income	18,202	15,721
Accumulated losses	(2,547,777)	(2,342,903)
Income (loss) for the period	204,875	109,301
Total shareholders' equity	**1,006,597**	**1,198,682**
Total liabilities and shareholders' equity	**1,537,064**	**4,411,277**

PetroRio

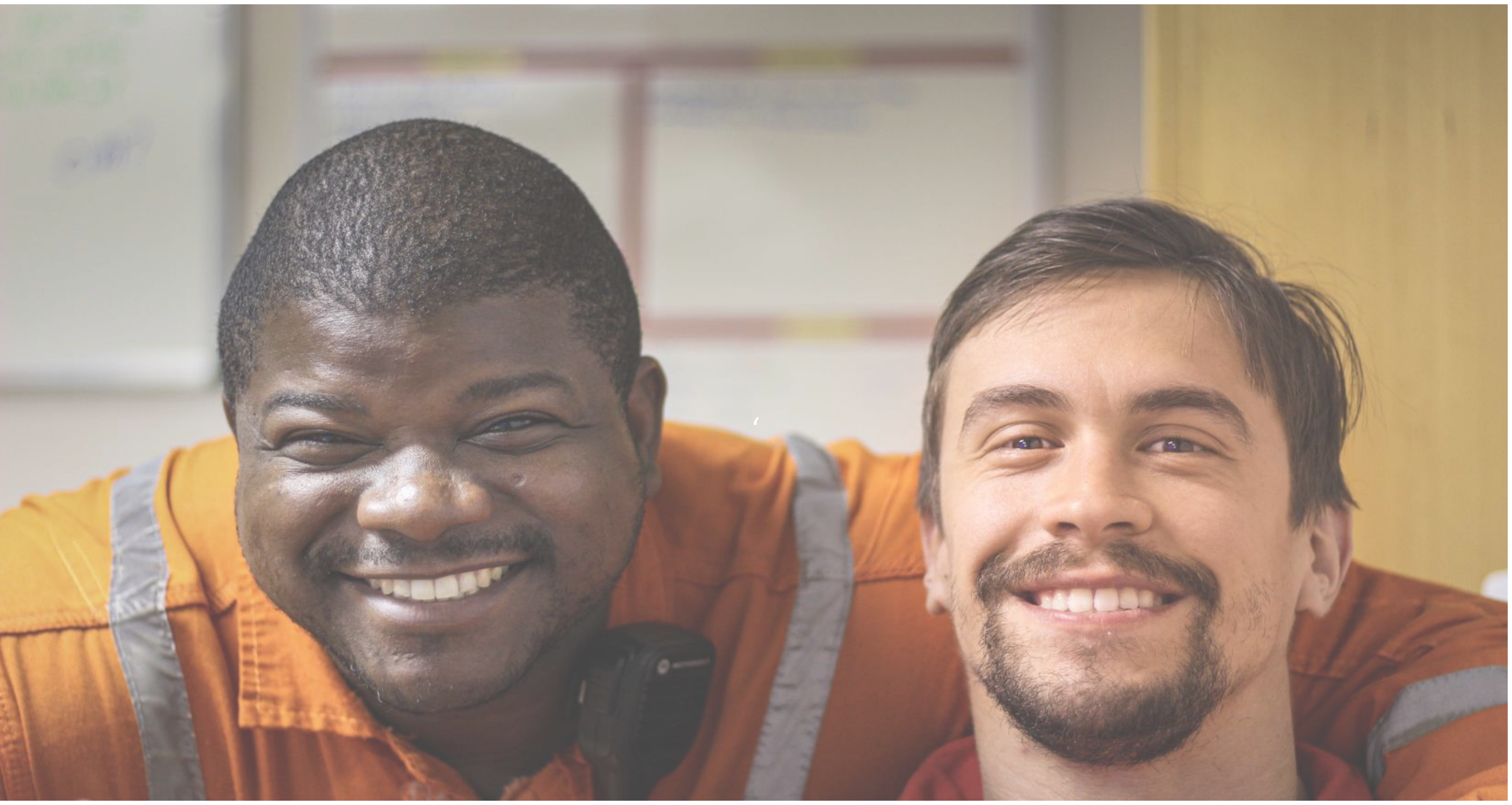
INCOME STATEMENT
(R$ thousands)

	2Q19	2Q18
Net revenue	**547,875**	**239,405**
Cost of goods sold	(153,597)	(104,336)
Depreciation and amortization	(70,707)	(26,035)
Royalties	(49,844)	(17,097)
Gross profit	**273,726**	**91,937**
Operating income (expenses)		
Geology and geophysics expenses	(67)	(148)
Personnel expenses	(10,862)	(9,176)
General and administrative expenses	(2,818)	(5,824)
Expenses with third party services	(14,496)	(9,095)
Taxes and fees	(4,169)	(1,496)
Depreciation and amortization expenses	(2,008)	(598)
Other operating income (expenses), net	(32,570)	(6,890)
Financial results	(8,077)	12,175
Income before income and social contribution taxes	**198,658**	**70,885**
Income and social contribution taxes		
Current	(36,700)	(1,873)
Deferred	1,021	1,548
	(35,679)	**(325)**
Income (loss) from continuing operations		
Income (Loss) for the quarter	**162,980**	**70,560**

PetroRio

CASH FLOW STATEMENT
(R$ thousands)

	2Q19	2Q18
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**198,658**	**70,886**
Depreciation and amortization	72,720	26,634
Financial income	(65,089)	(83,447)
Financial expenses	69,129	66,053
Provision for contingencies/losses	2,576	3,597
Remuneration based on stock plan	3,876	1,905
	281,870	**85,628**
(Increase) decrease in assets		
Accounts receivable	(17,800)	(19,220)
Recoverable taxes	26,218	(7,542)
Prepaid expenses	(6,223)	1,604
Advances to suppliers	(5,306)	3,339
Oil inventory	62,849	12,450
Consumables inventory	1,639	-
Advance to partners in oil and gas operations	(29,341)	508
Other receivables	684	14
Increase (decrease) in liabilities		
Suppliers	958	14,043
Labor obligations	10,931	921
Taxes and social contributions	3,843	5,235
Contingencies	2,293	(793)
Advances from partners in oil and gas operations	-	(753)
Other liabilities	-	(2)
Net cash (invested in) from operating activities	**332,615**	**95,432**
Cash flows from investment activities		
(Investment) Redemption of securities	20,553	(145,467)
(Investment) Redemption of restricted cash	-	14
(Investment) Redemption in abandonment fund	(169)	(1,660)
(Increase) Decrease in deposits and pledges	(48,936)	(309)
Non-current assets held for sale	-	3,470
(Acquisition) of oil and gas asset	9,897	-
(Increase) Decrease in permanent assets	(9,145)	(73,380)
Net cash (invested in) from investment activities	**(27,800)**	**(217,332)**
Cash flows from financing activities		
Loans and financing	21,624	122,796
Leasing payments	(45,532)	-
Debentures	(686)	(929)
Derivative transactions	-	(859)
(Purchase) Sale of shares of the Company (held in treasury)	23,201	(25,835)
Minority shareholders participation	328	-
Net cash (invested in) from financing activities	**(1,065)**	**95,173**
Translation adjustment	(18,233)	9,395
Net increase (decrease) in cash and cash equivalents	**285,517**	**(17,332)**
Cash and cash equivalents at the beginning of the year	107,362	86,663
Cash and cash equivalents at the end of the year	392,879	69,331
Net increase (decrease) in cash and cash equivalents	**285,517**	**(17,332)**



About PetroRio

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

Disclaimer