

3R Petroleum Óleo e Gás S.A.

**Financial Statements as of and for the
Year Ended December 31, 2020 and
2019, along with the Independent
Auditor's Report**

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Management's Message

In an especially challenging year, one marked by huge fluctuations on world markets, 3R demonstrated that its proposition for the oil and gas industry is resilient and attractive. Indeed, the Company wound up the year 2020 strengthened after carrying out its successful process of going public in the *Novo Mercado* segment of the Brazilian stock market and consolidating its position as one of the leaders in the market for production of hydrocarbons in the nation's mature fields.

Thus, 3R begins the year 2021 **focused on opportunities for growth in production and revenues in highly profitable projects**, both organically in implementing revitalization plans in assets of its own portfolio and inorganically in actively participating in the process being undertaken by Petrobras in divesting of its onshore and offshore producer assets. It should be stressed that the pillars of the Company's strategic plan are even more bolstered now, anchored in the significant recovery of benchmark oil prices and the prospects for progressive return of economic activities all over the world in 2021, based on the intensification of vaccination campaigns in several major countries.

In such a context, it is necessary for us to recognize the excellence of the delivery and high level of dedication of the Company's employees and executives, who managed to respond effectively to the challenges imposed by a sanitary crisis without precedents. In a tireless manner and in conformity with the strictest Covid-19 prevention measures, the 3R team took over its first operations in the Northeastern Brazilian State of Rio Grande do Norte (RN) in May of 2020 and, without any lack of discontinuity or even accidents resulting in any need for temporary removal of personnel, managed to gradually implement the essential elements of **its culture: operational efficiency, production increase, reduced costs per barrel and socioenvironmental commitment**.

The results of the 4th Quarter 2020 (4Q20) confirm our strategy and the confidence deposited in our proposition by the shareholders who anchored the process of going public (IPO). Today, 3R is proud of being able to state that, in less than four months after the IPO, it met all its operating targets, strategies and results established in the context of going public. This is reflected in the value of the Company's shares, which in this brief period **appreciating by more than 110%, leading 3R's market cap to roughly R\$ 4.9 billion**.

The exponential growth of our shareholders base confirms the market's recognition that 3R is an excellent alternative for exposure to the O&G industry, through an independent Company that operates in a lower risk niche in the chain: assets in production, anchored in proven and probable reserves, low exploratory risk, with enormous potential to increase production and reserves. It is worth highlighting that such assets were acquire at highly attractive multiples (acquisition value of proven and probable reserves) when compared with the multiples of other transactions of the process of divestiture by Petrobras and other industry players.

Inorganic growth: attractive entry multiples and substantial increase in proven and probable reserves

In the strategic sphere, 3R was quite successful in its negotiations with Petrobras, making the signing of two acquisitions: the Recôncavo Cluster and the Peroá Cluster. Such assets will add significant reserves to the Company's portfolio, both in oil and gas, reinforcing our strategic positioning in the main Brazilian sedimentary basins.

In December, 3R signed the agreement for acquisition of the Recôncavo Cluster, which includes 14 onshore concessions, among them the Candeias field, the nation's oldest one in fact, which began the history of oil exploration and production in Brazil in 1941. This recent acquisition, after the acquisition of Rio Ventura Cluster (eight concessions), reinforced our activities in the State of Bahia

(BA), replicating the model for management and integration of operations in the process of being implemented further north in the Potiguar Basin, where 3R already had 11 concessions. Accordingly, the gains in scale provided by joint operations in 22 fields will lead to significant increases in productivity and synergy, as well as reducing lifting costs.

As a subsequent event, already in January of 2021, 3R announced, together with DBO, the signing of an agreement for the acquisition of the Peroá Cluster, marking the Company's entrance into the Southeastern State of Espírito Santo (ES). The latter asset increases the share of gas in 3R's total production and makes the Company one of the largest gas producers in the country. 3R's qualification as an A-grade operator with the Brazilian National Petroleum, Gas and Biofuels Agency (ANP) was a determining factor for the success of this acquisition, concluded with an attractive 2P reserve entry multiple: 2.2 times.

The Cluster is made up of the Peroá and Cangoá fields, located in shallow waters and posted January 2021 production of roughly 787 thousand cubic meters of natural gas per day [around 5,000 barrels of oil equivalent per day (boe/d)].

The deal also considers the Malombe field, where Petrobras discovered oil in 2011 and estimated a potential production peak of 2.5 million cubic meters per day. Malombe can be connected by means of a tie-back to the unmanned rig PPER-1 and to the gas pipeline that brings production to the town of Linhares, where a gas terminal and hydrocarbon sales outlet are located. It should be stressed that both the rig and the gas pipeline are part of the assets transferred to 3R in the transaction, with substantially reduces logistics costs and makes the sale of gas viable at attractive rates to Petrobras itself or, as an alternative, to the local market and to distribution firms.

With the conclusion of such acquisitions, which are currently in the transition phase with Petrobras, 3R will incorporate into its portfolio 73.4 million barrels of 2P reserves (of which no less than 57.6 million barrels are 1P reserve) and production of 7,700 boe/d (average in January 2020). This means that it will now have a total of 173.8 million barrels of 2P reserves (of which 126.4 million barrels are 1P reserves), buttressing its position as one of Brazil's biggest O&G producers.

Operating performance: first results of the revitalization process

In the operating sphere, 4Q20 marked the end of the trend toward declining production in the Macau Cluster posted in recent years by the former operator, with stabilization of the production processes, replacement of obsolete equipment, reinforcement of automation systems, control and transfer of data, as well as intensification of well-reactivation activities, which were hibernating or even paralyzed due to lack of maintenance, and first activities of intervention in wells to access new reservoirs (processes known in the O&G industry as workovers).

Such activities were essential for the trend of increased production noted in the operating results for the Cluster in January and February of 2021 already presented to the market: Macau produced an average of 4,593 barrels of oil per day in February, the best oil production for the asset since August in 2017. This result represents an increase of one fourth (25%) in production When compared with February of 2020, or 28% in relation to June 2020, the month in which 3R took over operations at Macau.

These results reflect the production increases that came about from the first round of investing activities (CapEx), added to the application of proactive hands-on management, backed up by all the expertise of 3R's technical team, and the choice of appropriate partners for the operation and maintenance of mature fields.

The operating results of the Macau Cluster and the 35% participation of the Pescada Cluster allowed

the Company to achieve annual revenues of more than R\$ 200 million and one more quarter with **positive operating results and adjusted EBITDA, backed by an average lifting cost of just US\$ 6.25/boe**, which reinforces 3R's financial resilience and, indeed, makes it the benchmark among independent players operating in Brazil.

Now, 3R's expectations are to **keep its focus on operating indicators, constantly striving to dilute fixed costs by due to production increase**. It is important to note that a significant part of the Company's administrative and personnel overhead is already scoped to operate the assets acquired and will be diluted as soon as 3R takes over the operation of the Clusters that comprise its current portfolio: Fazenda Belém, Rio Ventura, Recôncavo, Peroá & Congoá and Pescada Arabaiana.

With such assets, the Company expects to keep its average lifting cost efficient, below US\$10 per boe (as forecast in the reserve certifications), supported by the synergies between the Fields and by the infrastructure thus facilitated, since the assets acquired by 3R include pick-up stations, separation plants and pipelines that significantly reduce the logistics costs of its portfolio.

Obtaining SUDENE tax incentive for the Macau Cluster: reducing the combined federal income tax rate (IRPJ and CSLL) from 34% to 15.25%

Another post-IPO strategic goal achieved was obtaining the tax benefits available for projects operating in the Northeastern Region of Brazil (SUDENE). Such benefits entail reduction of the Federal Corporate Income Tax (IRPJ) for the Macau Cluster, to the tune of 75% of Income Tax, for a ten-year period, and reduction of the combined IRPJ and Social Contribution (CSLL) rate from 34% to 15.25% for revenues derived from this asset's production activities. Company expectations are to extend the tax incentive period to all the Clusters in 3R's current portfolio, including Peroá & Congoá and Pescada Arabaiana, since even though such assets are offshore, their production is piped ashore and is sold in municipalities covered by SUDENE.

Reinforcement of the team of executives: professional with vast experience in corporate processes and in Gas & Energy

To complement and strengthen the attributes of the experienced team of Company executives, since March 1, 2021, Hugo Repsold has joined 3R as Corporate Executive Officer for Gas & Energy. With his 37 years of experience in the industry and having led Petrobras in the areas of Production Development, Gas & Energy and Corporate Affairs, Hugo boosts 3R's corporate for onshore and offshore operations in our production clusters, as well as assist in strategic negotiations for enhanced monetization of the volumes representative of gas produced in RN, BA and ES.

ESG: GTW energy generation and revitalization of the communities where it operates, with creation of jobs and strengthening of the local industry and economy

3R finalized the competitive process for selection of the firm that will carry out the rental of small thermoelectric power plants and performance of energy generation services from the gas produced at the Macau Cluster (GTW or gas-to-wire). Besides minimizing the direct ventilation of gases to the atmosphere and the burning of flares in the safety system for the pick-up stations, when compared with the volumes ventilated or burned by the former operator, the initiative will also positively impact the reduction of cost of power allocated in the production process (reducing lifting cost).

With the support of the community, as well as local industry and trade, 3R has reinforced its important role in the socioeconomic development of the regions where it operates. By promoting training of local manpower and giving priority to local suppliers, 3R creates jobs and boosts revenues for the communities where it is present, always mindful of the safety of all concerned and care of the local environment.

New opportunities and strengthening of capital structure

The Company reinforces its commitment with ongoing improvement of the results of the Macau Cluster and its successful conclusion of the operational transition of the other assets comprising the 3R portfolio.

In the strategic sphere, 3R reinforces its interest in participating in a competitive manner in the process of divestiture of the onshore and offshore assets of Petrobras and other concession-holders, as well as to study other means of fortifying its capital structure to support potential new acquisitions.

Prevention and focus on health and safety

In line with the recommendations of the World Health Organization (WHO) and the Brazilian Ministry of Health, the Company continues to adopt preventive measures to preserve the health and safety of its collaborators and suppliers. The following are highlights of the many initiatives taken by 3R Management:

- Implementation of a hybrid system of work for our administrative areas;
- Providing infrastructure (in the form of furniture and hardware) to support the model;
- Distribution of personal protective equipment (PPE), including facemasks and alcohol gel;
- Adoption of distancing measures and strengthening of hygienic routines;
- Full testing of collaborators;
- Monitoring, appraisal and support for the physical and mental health of collaborators.

Notwithstanding the challenging scenario, the Company has been maintaining and continues to maintain its operations without relevant impacts insofar as the impacts of the Covid-19 pandemic are concerned and continues to act diligently on behalf of the health and safety of its collaborators, suppliers and society at large. The preventive measures implemented are constantly being appraised by 3R Management and will remain in effect for as long as necessary, though they may be realigned as the situation evolves.

Environmental, Social and Governance (ESG) Policies

3R has undertaken a long-term investment proposition, having incorporated ESG (Environmental, Social and Corporate Governance) policies from the outset. The generation of value for our shareholders is anchored on operational efficiency, financial discipline and social responsibility, supported by the best corporate governance practices and a robust socioenvironmental management program.

Environmental Policy

At present, one of the Company's main targets is supplying 100% of the electric power needed to operate the Macau Cluster from alternative sources.

One of the initiatives for power generation, still in the phase of contracting a specialized firm, is the reactivation of three wind turbines at the Macau Cluster that have the potential to generate up to 30% of the power consumed in the operation.



For the remaining 70% of power required at Macau, 3R has finalized the competitive bidding process for selection of the firm that will carry out the rental of small thermoelectric power plants and performance of energy generation services from the gas produced at the Macau Cluster (GTW or gas-to-wire). Besides minimizing the direct ventilation of gases to the atmosphere and the burning of flares in the safety system for the pick-up stations, when compared with the volumes ventilated or burned by the former operator, the initiative will also positively impact the reduction of the cost of power allocated in the production process (reduced lifting cost), one of the most material costs for the operation.

Moreover, 3R is now Building a plant for separating oil and water to support operations at the Macau Cluster. This initiative is necessary for the Company to exercise strict control over the volumes of water and oil produced in its operations, since this has the potential to minimize the discrepancies in calculation at the pick-up stations, and make control of the Cluster's operation more efficient, as well as cut down on waste and pollution of the water used in its operations.

Social Policy

The commitment to the health and safety of our collaborators and suppliers is ongoing and, indeed, it is part and parcel of a broader Company management program, the preventive approach of which and support of specialists has already been reflected in our results: (i) low impact of Covid-19 on our operations, and (ii) absence of accidents involving any need for temporary removal of anyone on our staff ever since 3R took over operation of the Macau Cluster in May 2020.

The O&G industry is extremely important to Brazil's economic development, as it is an industrial stimulant throughout the entire supply chain. 3R's activities foster the regional economy on several fronts, among which the following stand out: (i) local investment, (ii) generation of employment and revenue in communities, (iii) generation of royalties, and (iv) expansion of infrastructure adjacent to the operating areas.

More specifically in the gas chain, the Company keeps a close watch on advances in the New Gas Law (Bill 6.407/2013), the aim of which is to pave the way for liberalization and enhanced competitiveness of the natural gas market. In this sense, 3R – the largest gas producer in the State of Rio Grande do Norte (RN), considering the production of the Macau Cluster and other clusters in the transition phase located in the Potiguar Basin – will play a relevant role in the local economy, being capable of negotiating directly with local distributors and industries for supply of gas.

Such initiative allows the Company to better monetize its production of gas, have a positive impact on generation of tax revenues and provide final consumers with more competitive prices compared to the present dynamics.

Corporate Governance Policy

Ever since its policy of going public (IPO) took place, 3R has employed the highest possible level of corporate governance, ratified by its voluntarily signing on to the *Novo Mercado* Segment of the Brazilian stock exchange and implementation of best practices, guided by the principles of transparency, equity, rendering of account and social responsibility. The Company believes that these are the basic premises to ensure development of its business plan, in a manner that is reliable and has the reputational backing of its shareholders and the market in general.

Characteristics of the Management of 3R are expertise, a multicultural approach and complementarity of experiences, all of which foster an effective debate of the matters being analyzed, based on techniques, objectiveness and fundamentals, thus strengthening the decision-making criteria.

Furthermore, 3R has an Audit Committee with a high level of technical expertise and proactive approach as concerns the appraisal and monitoring of exposures to risks, besides accounting and tax appraisal criteria. Also backing this work up, on a complementary basis, the Company has an internal audit structure aimed at conducting independent, objective and timely evaluations, as well as a compliance area to boot. The latter has the object of permeating all the areas of our business, highlighted by: (i) strengthening our conduct code and policy of integrity, (ii) acting in due diligence processes, (iii) generating the complaint channel, and (iv) monitoring the fulfilment of policies and processes.

Portfolio and Strategy Management

The 3R investment proposition, backed up by its qualification as an A-grade Operator by the ANP, is aimed at taking advantage of opportunities for acquisition of mature onshore and offshore assets that meet the following conditions: (i) already in production; (ii) having a high proportion of proven reserves; (iii) having capacity for increased production based on investments with speedy payback; (iv) having logistical infrastructure that facilitates piping and sale of the products; and, above all, (vi) involving acquisitions with attractive reserve multiples, such as those achieved by the Company in all its transactions in recent quarters.

Neither the business model or the strategy of 3R are exposed to the traditional risks of projects in the exploration phase, since they do not encompass prospecting and the phase of searching for reserves not yet discovered. The Company manages its portfolio by seeking acquisitions of Fields that are already in production on a commercial scale and which feature opportunities for increased production based on more efficient operation and implementation of revitalization projects. This management model applies to fields located onshore, near shore and in deep waters.

After its IPO, carried out in November 2020, 3R signed an agreement for the acquisition of the Recôncavo Cluster and then, in January 2021, the Company also confirmed acquisition of the Peroá Cluster. With these two acquisitions, 3R had 6 operating assets in its portfolio, located in 3 different sedimentary basins: (i) the Potiguar Basin, which includes the Clusters known as Macau (A), Pescada Arabaiana (B) and Fazenda Belém (C); (ii) the Recôncavo Cluster, which encompasses the Rio Ventura (D) and Recôncavo (E) Clusters; and (iii) the Espírito Santo Cluster, that includes the offshore asset known as the Peroá Cluster (F).

The acquisition of the Peroá Cluster marked the entry of 3R in the State of Espírito Santo (ES) in Brazil's Southeast Region and consolidates its industry position as an independent company with a diversified O&G production portfolio and national representativeness in mature fields. In the strategic sphere, the acquisitions represent a significant increase in 3R's gas production and position the Company as one of the biggest natural gas producers in the nation's gas industry.

It is important to point out that none of the fields acquired by 3R Petroleum have any obligations as regards exploratory programs (Minimum Exploratory Program – PEM), since they involve assets in the phase of production or discovery of gas already carried out by Petrobras, in the case of the Malombe concession. After fulfillment of the transition rites called for in the acquisition agreements and approval of the ANP, the licenses for and operation of the clusters will be transferred to the management of the Company, with expectations for conclusion in the second half of 2021.

Location, Formation of Clusters and Synergy of 3R's Assets

As its growth strategy, the Company looks for assets anchored on proven and probable reserves, with high potential for increase in the factor of recovery and boost in production, permitting the dilution of fixed costs and reducing the per-barrel lifting cost. With this plan and maintaining financial discipline for the acquisition of assets with attractive reserve multiples, 3R consolidated two complexes of assets in its portfolio: the first in the Potiguar Basin, with clusters located in the States of Rio Grande do Norte (RN) and Ceará (CE), and the second complex, located in the Recôncavo Basin, in the State of Bahia (BA), with acquisition of the Rio Ventura Cluster and the Recôncavo Cluster, providing enhanced operational and logistical synergies.



Potiguar Basin Complex – The onshore Clusters of Macau and Fazenda Belém, added to the near shore Cluster (assets located in shallow waters, unmanned, operated remotely and with production transported by pipelines) known as Pescada Arabaiana are located in the Potiguar Basin and together make up a complex of assets that jointly use the operational support structure for such assets.

When it took over Macau, the Company invested in construction of a new control room to make the Cluster safer and more automated, allowing it to perform real time monitoring of a significant part of wells representing over 70% of the total oil production of this asset. The room in question will be used to integrate and simultaneously monitor the Fazenda Belém and Pescada Arabaiana Clusters. At present, over 50% of the Macau wells are already automated and this strategy should be replicated for all 3R onshore wells.

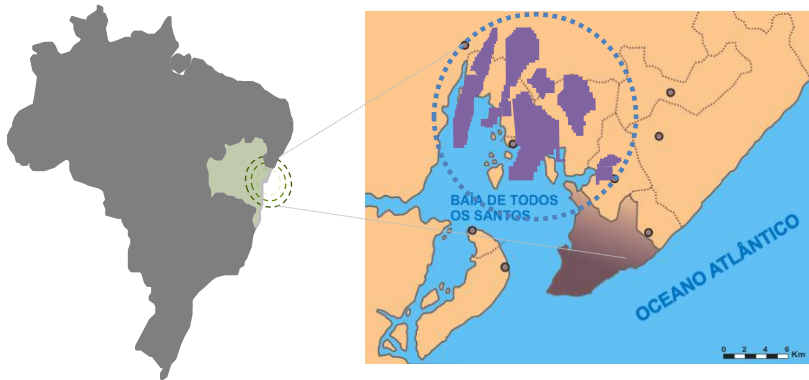
Considering the three assets, the total average daily production in 2020 was approximately 8,145 boe. The complex has the potential to generate a great deal of synergy and cut costs, with gains of scale provided by joint operation of such concessions, resulting in increased productivity, gains in terms of synergy and reduction of lifting costs.

Recôncavo Basin Complex – Acquisition of the Recôncavo Cluster, subsequent to acquisition of the Rio Ventura Cluster, paves the way for 3R to establish a major operation in the Recôncavo Basin, thus increasing its activities in the State of Bahia (BA). This initiative marks the beginning of the Company's strategy to replicate the same asset integration format already adopted in the Potiguar Basin, and to form a second complex of integrated assets in a region with a rich production history, featuring fields with enormous potential for production increases, proven reserves of high-quality oil (high degree API and low sulfur content), enormous synergy potential and low operating costs.

Considering the two assets, total average daily production in 2020 was roughly 6,280 boe. As in the case of the Potiguar Basin Complex, there is potential for synergies through (i) optimization of teams, suppliers and service providers used in the operation, and (ii) centralization of logistic infrastructure and telecommunications, control and automation.

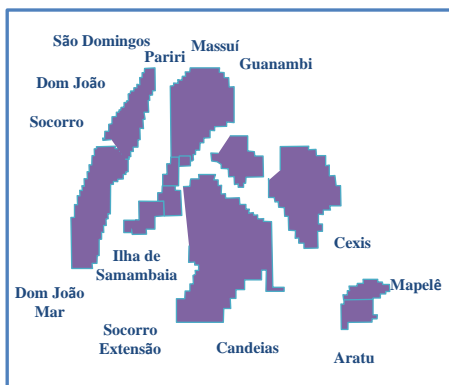
Accordingly, 3R expects to achieve competitive lifting costs in the Recôncavo Basin, as well as create commercial opportunities to expand the capacity for monetization of its products, thus implementing its management model based on efficiency, enhanced productivity, low operating costs and ever-rising generation of value for its shareholders.

Recôncavo Cluster (E)



On December 17, 2020, 3R signed an agreement to purchase of all the operating interests held by Petrobras in 14 onshore production fields, denominated the Recôncavo Cluster, located in the State of Bahia (BA). The Recôncavo Complex encompasses the onshore fields of Aratu, Ilha de Bimbarra, Mapele, Massuí, Candeias, Cexis,

Socorro, Dom João, Dom João Mar, Pariri, Socorro Extensão, São Domingos, Cambacica and Guanambi. Presently, Petrobras is the operator with 100% share in all of these fields, with the exception of Cambacica and Guanambi, where it has majority stakes of 75% and 80%, respectively. The Recôncavo Cluster acquisition, which includes the Candeias field (the nation’s oldest and the one that started Brazil’s E&P history in 1941), represented one more important step in the trajectory of 3R to consolidate itself as a relevant and independent entity in Brazil’s O&G industry, with a diversified portfolio and national representativeness.



The total amount of the transaction was US\$ 250 million, with (i) US\$ 10 million being paid on the signing date; and (ii) US\$ 240 million to be paid upon transaction closing, which is still subject to the fulfillment of conditions precedent, such as ANP approval.

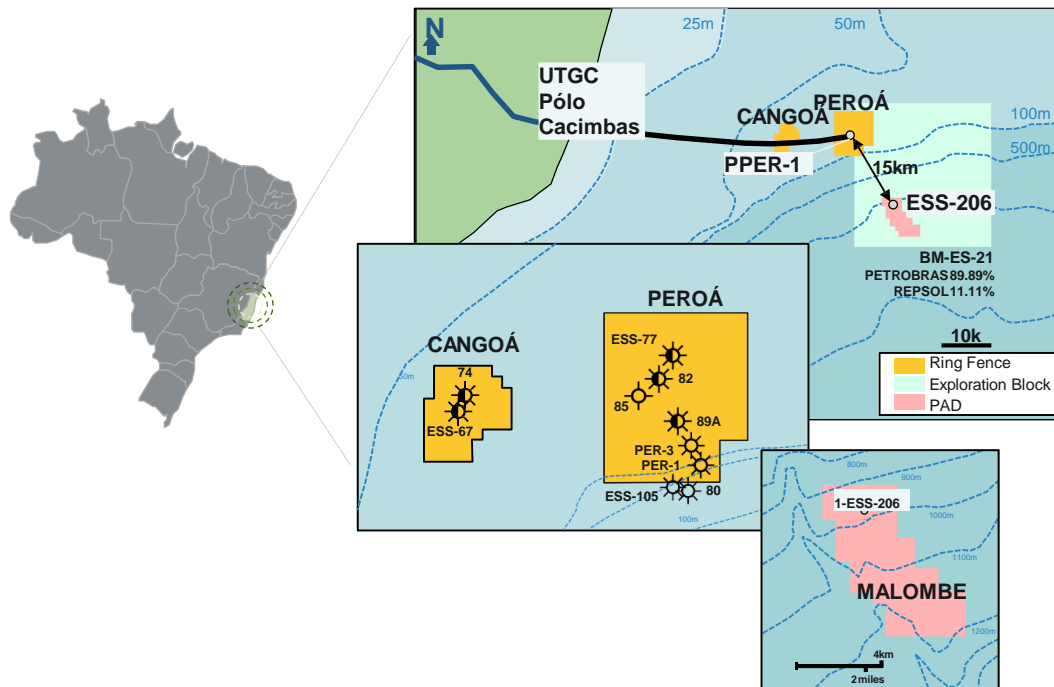
The certification of reserves in the Recôncavo Complex indicates a volume of proven plus probable reserves (2P) of 61.2 million barrels, of which 46.7 million barrels are classified as 1P reserves (76.3% of the 2P reserves), attaining an attractive 2P reserve entry multiple: US\$ 4.1/boe.

The average production of the Recôncavo Cluster in 2020 was around 2,146 barrels of oil per day (bpd) and 468 thousand m³/day of natural gas, for a total of approximately 5,089 barrels of oil equivalent per day in the year. The asset in question has 1.4 billion barrels of oil volume in the reservoir and has a recovery factor of 18% for oil and 23% for gas.

To optimize the monetization of the notable gas reserve of the Recôncavo Complex, 3R is now negotiating with the local utility company for piped gas in the State of Bahia for potential direct sale of the gas produced in these fields.

Peroá Cluster (F)

In January of 2021, 3R signed an agreement to purchase 50% of the working interest held by Petrobras in the production fields of Peroá and Cangoá and BM-ES-21 (Malombe Discovery Appraisal Plan), jointly denominated the Peroá Cluster, located in the Espírito Santo Basin. At present, Petrobras is operator of the asset with a 100% share and, after conclusion of the transaction, 3R will become operator of the fields, in consortium with DBO Energia S.A. (“DBO”), whose share will be 50% of the Complex.



The total amount of the transaction was US\$ 55 million, with (i) US\$ 5 million being paid on the signing date; (ii) US\$ 7.5 million being paid upon closing of the transaction; and (iii) US\$ 42.5 million to be paid in contingent payments as per the agreement, with 50% of the latter amount to be honored by 3R and 50% by DBO. These amounts do not consider possible adjustments and corrections through the transaction closing date.

The contingent payments are divided as follows: (a) US\$ 20 million to be paid in case commerciality of the Malombe field is declared, (b) US\$ 12.5 million to be paid if the benchmark world oil price (Brent) reaches an average of US\$ 48 for 12 months at any time as from the operation closing date, and (b.1) renewal of the concession agreements for the fields or (b.2) the occurrence of hypothesis (a) above; and (c) US\$ 10 million if the Brent price hits US\$ 58 on average as detailed above.

The Peroá and Cangoá fields are located near shore and posted average daily natural gas production in December 2020 of approximately 740 thousand m³ (approximately 4,850 boe/d, including the production of condensed oil). The Complex is operated remotely through an unmanned rig and production is piped to the Cacimbas gas treatment unit (in the town of Linhares, ES), thus being completely in line with 3R’s proposition for acquisition of assets. The asset has 17 billion cubic meters of gas in the reserve and has a recovery factor of 57% (the industry benchmark is 80%).

Certification of reserves in the Peroá Cluster indicates a volume of proven plus probable reserves (2P) of roughly 24.5 million barrels, of which 89% or 21.8 million barrels are classified as 1P reserves.

Hence, 3R acquired the Complex for a very competitive 2P reserve entry multiple of US\$ 2.2/boe. Acquisition of the Peroá Cluster marks the Company's entrance into the State of Espírito Santo (ES) and consolidates it in the industry as an independent company with a diversified O&G production portfolio and national representativeness in mature fields. The Peroá Cluster represents a significant increase in 3R gas production and positions the Company as an important independent gas producer in the Brazilian market.

The Peroá Cluster also considers the Malombe field, discovered in 2011 with the drilling of exploratory well 1-ESS-206. To make the production from the field viable, it will be necessary to conclude completion of the well and its tie-back to the unmanned rig located in the Peroá concession. The field in question has a production peak estimated by Petrobras at 2.5 million cubic meters per day.

Considering the production total of the 6 assets to be operated by 3R, the 2020 average daily output was approximately 17,900 barrels of oil equivalent per day (boe/d), of which 14,200 boe/d relating to 3R's share in such concessions after conclusion of the transition processes with Petrobras.

Certification of reserves and entry multiples

Recôncavo Cluster: as communicated by the Company to the market on December 17, 2020, 3R signed an agreement with Petróleo Brasileiro S.A. ("Petrobras") for the purchase of the Recôncavo Cluster, which encompasses 100% of the onshore fields of Aratu, Ilha de Bimbarra, Mapele, Massuí, Candeias, Cexis, Socorro, Dom João, Dom João Mar, Pariri, Socorro Extensão, São Domingos, Cambacica and Guanambi, that is 100% of all the fields with the exception of Cambacica and Guanambi, in which the Petrobras stakes are 75% and 80%, respectively.

On March 16, 2021, the independent consulting firm DeGolyer & MacNaughton issued its report on the reserves of the Recôncavo Complex as follows, according to the criteria of the Petroleum Resources Management System (PMRS):

Reserves	Volumes (mm boe)	NPV 10 (mm USD)
Proved ("1P")	46.7	367.5
Proved and Probable ("2P")	61.2	611.4
Proved, Probable and Possible ("3P")	77.1	825.4

Peroá Cluster: As per the Company's communiqué issued on February 1, 2021, in consortium with DBO Energia S.A. ("DBO"), 3R signed an agreement with Petrobras for the purchase of the Peroá Complex, which encompasses the production fields of Peroá and Cangoá and also BM-ES-21 (Malombe Discovery Appraisal Plan). The Company will hold a 50% working interest in this asset, and its partner DBO will hold the remaining half.

On March 15, 2021, the independent consulting firm Gaffney Cline issued its report certifying that, according to the criteria of the Petroleum Resources Management System (PMRS), the reserves of the Peroá Complex are as set out in the following table:

	Reserves (50% WI)	Volumes (mm boe)	NPV 10 (mm USD)
Proved (1P)		10.9	89.6
Proved and Probable (2P)		12.3	104.6
Proved, Probable and Possible (3P)		14.6	130.1

Updating of the certifications of the Fazenda Belém, Pescada-Arabaiana and Rio Ventura fields

Given its commitment to keeping its shareholders, investors and the market in general duly informed, the Company requested the independent consulting firm Gaffney Cline to update the reports on 3R's assets known as Fazenda Belém, Pescada Arabaiana and Rio Ventura that were issued in June and July of 2020. This was because, due to the signing of the agreements for purchase of such assets and the proximity of the closing dates thereof, the volumes were reclassified entirely as 1P, 2P and 3P reserves.

Overview of Company assets

The Company reinforces its proposition of continuing to seek out assets in production with a major portion of their reserves classified as proven and, with smaller investments, redevelop them by further increasing their reserves to add more value to its portfolio.

In the following table, 3R presents the consolidated results of its last certifications for each one of its assets:

Asset	1P		2P		3P	
	Volume (mm boe)	NPV 10 (mm USD)	Volume (mm boe)	NPV 10 (mm USD)	Volume (mm boe)	NPV 10 (mm USD)
Macau	42.6	408.2	47.9	441.1	53.4	492.4
Fazenda Belém	7.1	69.6	12.6	132.6	14.8	157.4
Pescada Arabaiana	3.6	31.9	15.1	114.6	16.3	123.4
Rio Ventura	15.5	223.5	24.9	367.1	36.2	560.9
Recôncavo	46.7	367.5	61.2	611.4	77.1	825.4
Peraó	10.9	89.6	12.3	104.6	14.6	130.1
Total	126.4	1,190.3	173.8	1,771.4	212.4	2,289.6

Operational Performance

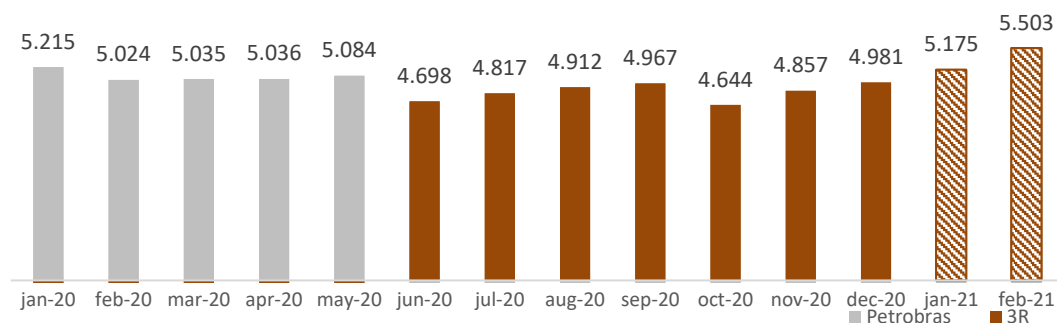
Production | Macau Cluster

The operation of the Macau Cluster reached the production threshold of roughly five thousand barrels of oil equivalent per day (boe/d) in December 2020, a rise of 6.0% compared with June, the month in which 3R took over operation of this asset. In 4Q20, the average daily production was 4,830 boe, stable when compared with the previous quarter. Results in the 4th Quarter were driven by the rise in oil production, which was also the main vector for growth in the preliminary and unaudited results for production in January and February of 2021.

In the graph below, we can note the average daily oil equivalent production per month in 2020.

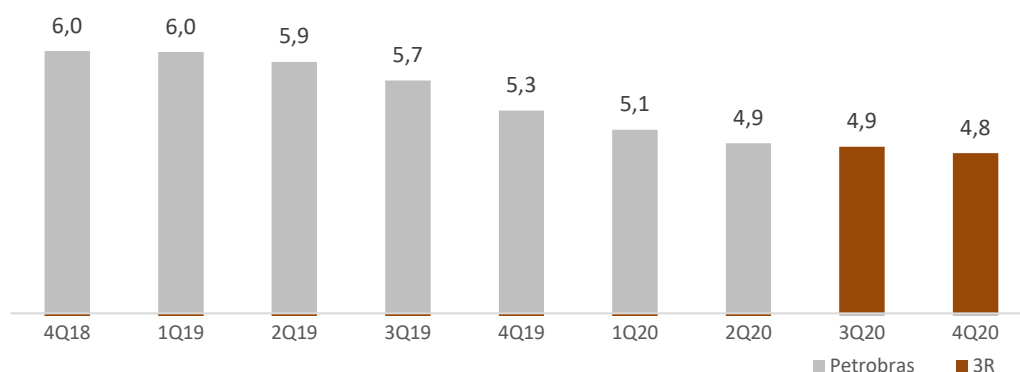
October production was impacted by the scheduled process for exchange and updating of equipment used by Petrobras, an intervention needed to make it feasible for precision of field measurements and increased production planned for the subsequent months. Moreover, the Company also focused on reactivation of wells (a further 25 wells were reactivated at Macau) during the fourth quarter, positively impacting the production results based on these interventions. The results for the quarter demonstrate the Cluster’s potential when exposed to efficient proactive management, supported by a highly qualified technical team that is experienced in the revitalization of mature onshore fields.

Macau Cluster Production – average boe per day | by Month



In the 4th Quarter, the total production was 348,982 barrels of oil and 7,420,597 m³ of gas, further impacted by the partial shutdown of the Aratum rigs, which are awaiting environmental licensing to be reactivated, and with the technical shut-down for maintenance and appraisal of several of the Cluster’s gas wells.

Macau Cluster Production – average boe per day | by Quarter

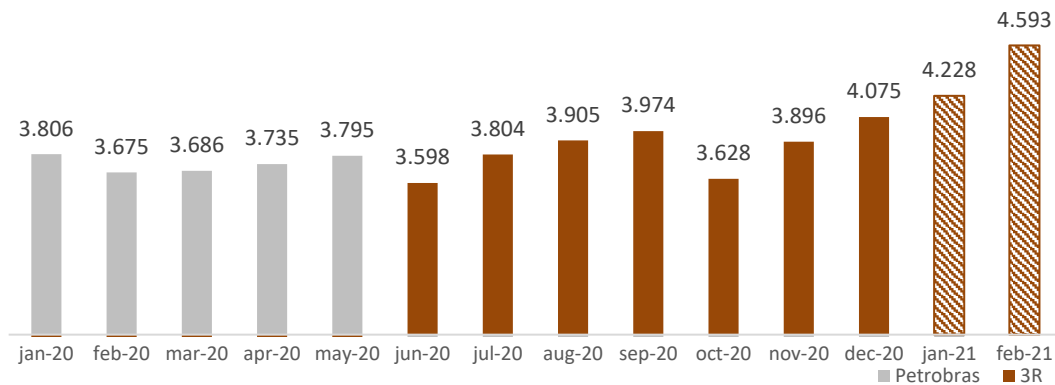


Oil Production | Macau Cluster

The isolated daily production of oil from the Macau Cluster reinforces the strong operating results of 3R in just 7 months of operation of such Cluster. In December, the Complex’s oil production hit an average of 4,075 barrels of oil per day, a rise of 13.3% when compared with June of 2020, the month in which the Company took over operation of the Complex, more than offsetting the momentary shut-down of some producing wells and the natural decline expected of mature fields. In comparison with December of the previous year, the rise is 10% and with November of 2020 the increase is 4.6%.

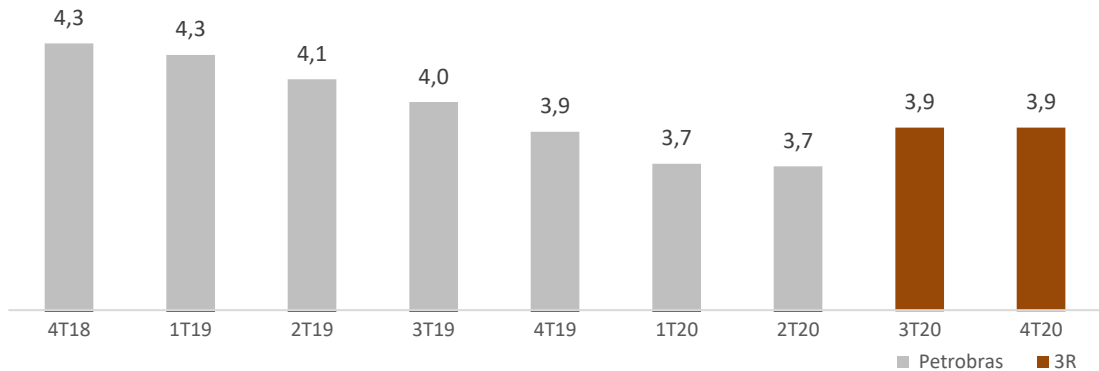
The preliminary and still unaudited figures for the first 2 months of 2021 confirm the increased production trend at Macau and already reflect the first impact of the technical interventions carried out at the end of 4Q20. In January 2021, average daily production was roughly 4,200 barrels of oil, followed by February production figures, which added almost 4,600 barrels. The February results represent the best monthly oil output at Macau since August of 2017, and when compared with February of 2020 represents a rise of 25%.

Oil Production | Macau Cluster – average barrels per day – by Month



In 4Q20, the average daily production was 3.9 thousand barrels of oil, a stable result when compared with the previous quarter. This result proves the proposition and core business of 3R: revitalization of mature fields in a short period of time, with efficient employment of the Company’s financial resources.

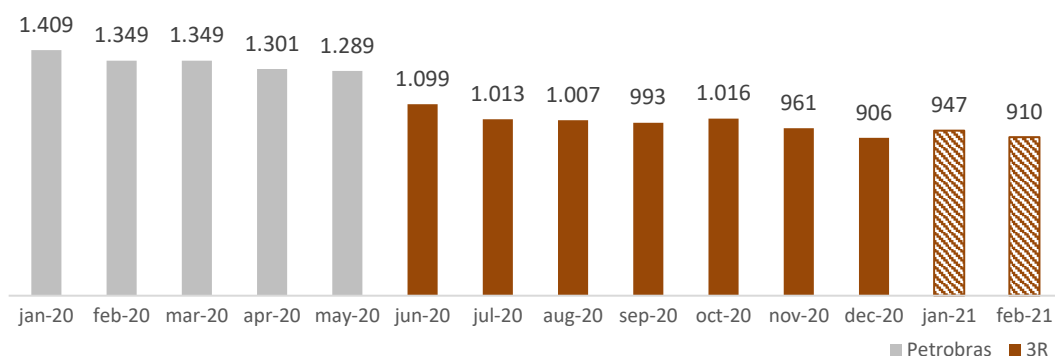
Oil Production | Macau Cluster – average barrels per day – by Quarter



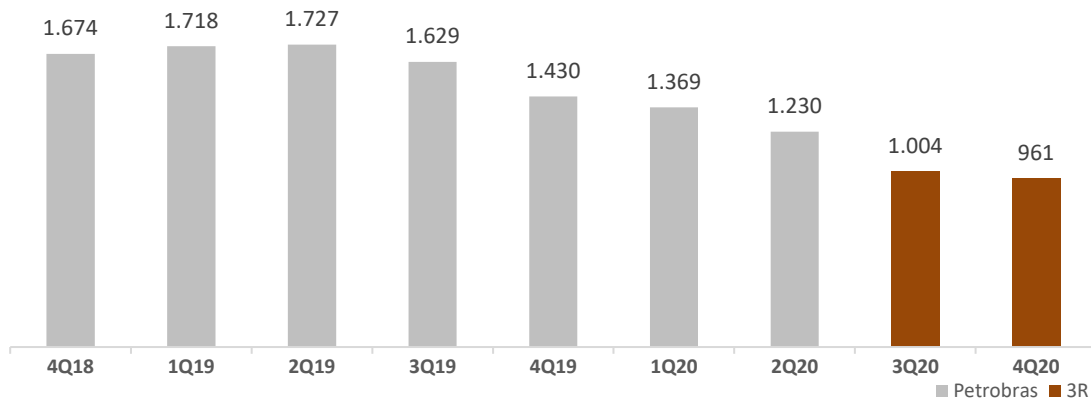
Gas Production | Macau Cluster

Gas production at the Macau Cluster saw a slight dip in the past quarter for a series of reasons, the main ones being: (i) technical shut-down for programmed reappraisal of certain wells; (ii) transfer of the license granted by the Brazilian Environmental Protection Agency (Ibama) from Petrobras to 3R; and (iii) reduction of gas production of wells while the Company works out, in conjunction with Petrobras and the agencies involved, a solution for treatment of the gas produced at the Cluster. Below we note the average daily gas production per month (stable) and per quarter at the Macau Cluster.

Gas Production | Macau Cluster – average boe/d – by Month



Gas Production | Macau Cluster – average boe/d – by Quarter

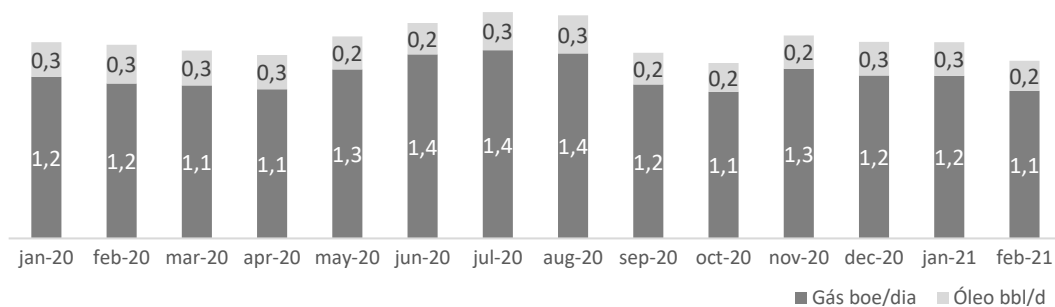


Cluster Production |Pescada Arabaiana

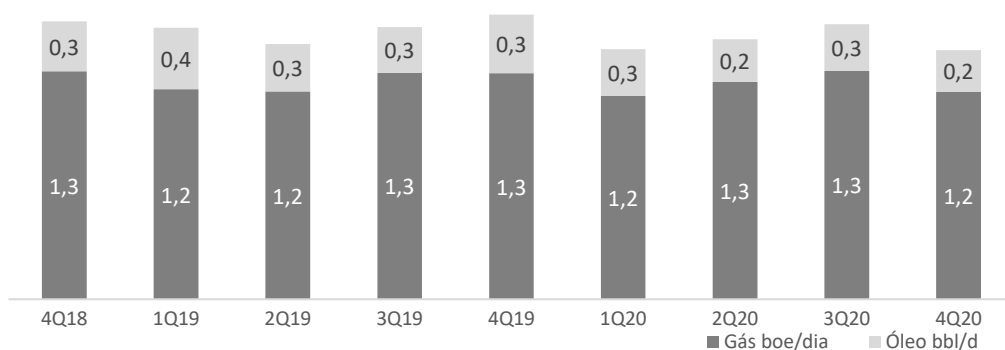
The Pescada Arabaiana Complex is currently operated by Petrobras and is in the process of operational transition to 3R. The forecast for the termination of this process is July of 2021. Production of this Complex is on the decline, as expected for mature fields without investment in revitalization.

The Company already held 35% of the rights to the asset and in July of 2020 it acquired the remaining 65%. The effective acquisition date is January of 2020, that is, all the cash generated since the effective date will be deducted from the amount to be paid to Petrobras upon transaction closing. The following two tables show the average daily production per month and per quarter in barrels of oil equivalent per day relating to the Pescada Arabaiana Complex in 2020.

Gas Production | Pescada Arabaiana Complex – average boe/d – by Month



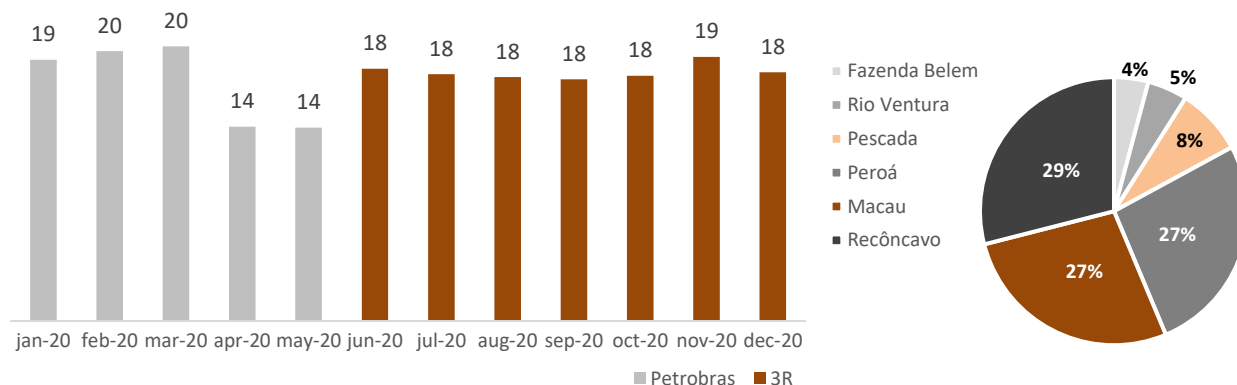
Gas Production | Pescada Arabaiana Complex - average boe/d – by Quarter



Total 3R Production

In the following table we show the total production of the fields operated by 3R, considering all 6 Complexes acquired by the Company: Macau, Pescada / Arabaiana, Fazenda Belém, Rio Ventura, Recôncavo and Peroá. In December, the Complexes jointly produced an operated daily average of roughly 18.2 thousand boe, with Macau, the only asset operated by the Company, accounting for around 27% of the total production, or 4,981 boe in December of 2020.

Operated 3R production (boe/d) | Share of production per Complex (Dec/20)



Operational Efficiency, Technology and Revitalization

3R seeks operational efficiency based on implementation of simple technologies involving control, automation and monitoring. Since it took over operation of the Macau Cluster at the end of May, 2020, the Company tested and commissioned its communication systems and expanded automation of the fields. At the end of 2020, 3R already monitored from its control room over 50% of the wells in the Macau Cluster, which reduces the need for visual monitoring and increases the uptime of both wells and systems and also mitigates operational risks.

In 4Q20, investments (Capex) totaled approximately R\$ 8.6 million, with focus on (i) interventions in existing wells (in operation or shut down due to lack of maintenance by the former operator) to access less depleted wells and block wells with high water production (workovers), and (ii) gradual automation of Macau Cluster wells, reducing the need for visual monitoring and increasing uptime of systems. The preliminary production results in January and February already reflect this round of investments.

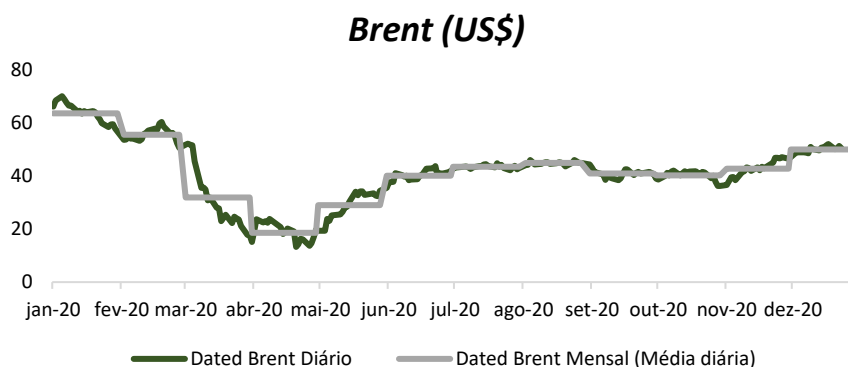
Last, in the past quarter several initiatives were undertaken aimed at operational optimization. These included: (i) reopening and reactivation of over 25 wells that were shut down due to lack of corrective maintenance by the former operator; (ii) optimization of oil lifting methods to seek enhanced productivity in wells in production; (iii) exchange of obsolete discharge gauging equipment; and (iv) continuity of testing activities for diagnosing well integrity and identifying sealing failures in valves, pumps and well pipes.

Financial Performance

The Company presents below the details of its financial results for the fourth quarter, and consolidated figures for the year 2020 relating to 100% of the Macau Cluster, operated by 3R, and 35% of Pescada /Arabaiana, operated by Petrobras.

Financial Statements	4Q20			2020	
	Macau (100%)	Pescada (35%)	Outros	3R	3R
Net Revenue	75,888	9,354	-	85,242	204,254
COGS	(35,228)	(8,114)	-	(43,342)	(106,235)
Royalties	(7,707)	(834)	-	(8,541)	(20,180)
Gross Income	40,660	1,239	-	41,900	98,019
G&A Expenses	(13,708)	(4,564)	(1,149)	(19,421)	(59,538)
Other operational expenses	(166)	22,630	(20,196)	2,268	(44,078)
Impairment	-	(46,130)	(120,624)	(166,755)	(166,755)
Operational Income	26,787	(26,825)	(141,969)	(142,007)	(172,351)
Net Financial Result	(15,257)	7,996	(20,674)	(27,935)	(129,279)
Financial Revenue	1,006	309	261	1,577	75,068
Financial Expenses	(16,263)	(672)	(71)	(17,006)	(158,358)
Foreign Exchange variation	-	8,359	(20,864)	(12,505)	(45,989)
Income before taxes	11,530	(18,829)	(162,643)	(169,942)	(301,630)
Income taxes and Social Contribution	11,616	(3,907)	14,690	22,399	25,100
Net Income	23,147	(22,736)	(147,953)	(147,543)	(276,530)
Income taxes and Social Contribution					
Net Financial Result					
Depreciation and Amortization	13,407	1,763	-	15,169	38,253
Depreciation and Amortization G&A	355	-	321	676	1,379
EBITDA	40,549	(25,062)	(141,648)	(126,162)	(132,718)
EBITDA Margin	53,4%	-267,9%	-	-148,0%	-65,0%
Non recurring adjusts	8,538	26,640	141,505	176,683	186,085
G&A	8,538	1,996	-	10,534	11,074
Other operational expenses	-	24,644	141,505	166,149	175,011
Adjusted EBITDA	49,087	1,578	(143)	50,521	53,367
Adjusted EBITDA Margin	64,7%	16,9%	-	59,3%	26,1%

	4Q20			2020	
	Macau	Pescada	3R	3R	3R
Oil Price 4Q20 (bbl)	348.982	7.705	356.686	356.686	851.979
Gas Price 4Q20 (m³)	7.420.597	6.132.984	13.553.581	13.553.581	40.343.799
Total Production 4Q20 (boe)	395.656	46.280	441.936	441.936	1.608.170
Taxa de câmbio final (R\$/US\$)	5,20	5,20	5,20	5,20	5,16
Average Oil Price (US\$/bbl)	39,83	42,96	39,90	39,90	37,65
Average Gas Price (US\$/MMbtu)	0,64	6,41	3,25	3,25	3,57
Lifting Cost / boe (US\$)	\$5,26	\$12,25	\$5,92	\$5,92	\$6,25



The Company's net revenues totaled R\$ 85.2 million in 4Q20, +4.4% vs 3Q20, and reflects 100% of the operation of the Macau Cluster, operated by 3R, and 35% of the Pescada Cluster, operated by Petrobras. Such revenues are the result of the sale of: (i) 356.69 thousand barrels of oil in the quarter, at an average barrel price of US\$ 39.90, already considering a discount on the benchmark Brent barrel price and other adjustments set out in agreements, and (ii) 481,070.81 million BTU of gas, at an average price of US\$ 3.25/MMbtu. All told, the sale of oil and gas totaled 441.94 thousand barrels of oil equivalent in 4Q20.

The quarter's results were driven by the operational efficiency of the Macau Cluster, which wound up the year with average production of 4,075 barrels of oil in December, +2.5% when compared with September of 2020. In 4Q20, the average daily production stood at 3.866, stable when compared with 3Q20. The Macau Cluster accounted for 89.0% of our revenues in 4Q20, while the remaining 11.0% came from Pescada Cluster production.

For the year, net revenues totaled R\$ 204.3 million, of which 84.2% referred to the sale of oil and 15.8% pegged to gas sales. In terms of representativeness, the Macau Cluster contributed 82.0% of net revenues, while 18.0% can attributed to our 35% share in the Pescada Arabaiana Cluster. It should be highlighted that:

- (i) Cash Generation from the Macau Cluster, since April 1, 2019, was deducted from the amount paid to Petrobras upon transaction closing, among other adjustments set out in the agreement of sale;
- (ii) Cash generated from the Fazenda Belém Cluster, since April 1, 2019, and 65% from the Pescada Complex, since January 1, 2020, will be deducted from the amount to be paid to Petrobras upon the closing of such transactions, among other adjustments set out in the agreements of sale; and
- (iii) For the other assets in the transition process, there are no adjustments to the amount to be paid to Petrobras upon the closing of such transactions relating to cash generation of the assets during the transition period.

If we considered the revenues arising from the assets cited above in items (i) and (ii), during the year 2020, it is estimated that the Company would have additional net revenues of roughly R\$ 200 million, according to the agreements of sale for oil and gas signed with Petrobras.

In the gas production sphere, 3R continues to be the biggest gas producer in the State of Rio Grande do Norte (RN), considering the total production of the Macau and Pescada Complexes, located in the Potiguar Basin. Given its relevance in the local economy and being supported by the New Gas Law (Bill 6.407/2013), the Company closely watches developments on the Brazilian gas market and studies alternatives for monetization of its production. When the bill becomes law, it will open up

strategic opportunities for 3R to monetize its gas production and also cause a strong impact on that state's economy by reducing the final gas price for both local industries and customers.

The cost of products sold (CPV) totaled R\$ 43.3 million in 4Q20, -7.6% over 3Q20. Such reduction refers strictly to the basis for comparison, since in the final quarter there was a total of R\$ 9.7 million in non-recurring costs allocated to the CPV. If compared with the recurring CPV for 3Q20, 4Q20 rose by 7.8%, directly related to the development of operations at the Macau Cluster, highlighted by the impacts of the operating costs, outsourcing, water treatment and electricity. The royalties from the operations of Macau and 35% of Pescada totaled R\$ 8.5 million in the fourth quarter, which represents 10.0% of the net revenues, in line with the 9.9% for the previous quarter. In 2020, the CPV totaled R\$ 106.2 million, influenced by the same dynamic as the fourth quarter. Royalties totaled R\$ 20.2 million for the year, representing 9.9% of net revenues.

Due to the dynamics set out above, the Company wound up 4Q20 with positive gross profit of R\$ 41.9 million, with Macau accounting for 97% of such results. All told, for the year 2020 the gross profit totaled R\$ 98.0 million, of which R\$ 83.4 million or 85% came from Macau operations.

General and administrative (G&A) overhead expenses wound up 4Q20 at R\$ 19.4 million, mainly influenced by a more robust administrative structure, one that is prepared for the entire portfolio, including the 5 assets in the transition phase with Petrobras. Results were further impacted by the non-recurring effect of extraordinary premiums and bonuses, including charges, relating to the Company's IPO on the B3, totaling approximately R\$ 10.0 million. In 2020, G&A expenses totaled R\$ 59.5 million, considering the teams and service providers mobilized during the transition period for the assets in the acquisition process, including Macau between January and May of 2020.

The category of other operating revenues and expenses was considerably impacted by non-recurring accounting effects in 4Q20, arising from: (i) -R\$ 21 million in the provision for ARO, due to alteration of the economic premises, (ii) R\$ 6 million of translation adjustment for the functional currency of a subsidiary, and (iii) R\$ 15 million relating to an out-of-court settlement at a subsidiary. In 4Q20, operating revenues and expenses worked out to net expenses of R\$ 2.3 million, while for the year net expenses were R\$ 44.1 million.

The impairment category was heavily impacted by non-recurring accounting effects in 4Q20, arising from R\$ 167 in impairment losses, due to alterations in economic premises.

In relation to non-recurring effects in 2020, the Company reports a total of R\$ 186.1 million, chief among which were: (i) adjustment of R\$ 21.5 million in the provision for ARO at subsidiary OPP, (ii) impairment losses relating to the assets of Camarão (R\$ 113.5 million), Fazenda Pinaúna (R\$ 7.1 million) and Pescada / Arabaiana (R\$ 46.1 million), (iii) premium related to the IPO, including charges (R\$ 10.0 million), (iv) impact of the exchange of functional currency at subsidiary OPE (R\$ 6.3 million), (v) out-of-court settlement reached by subsidiary OPE involving the Fazenda Pinaúna asset (R\$ 15.0 million), (vi) return of concession (R\$ 7.3 million) and (vii) other minor adjustments (R\$ 2.7 million). Of the total effects reported above, R\$ 176.7 million was posted in 4Q20 and R\$ 9.4 million in previous quarters.

The Company highlights that the effect applied in 2020 on the Camarão asset refers to Management's reappraisal regarding the alternatives for development of this asset, which were realigned for the 3R Group's investment strategy.

Owing to the dynamics set out above, the Company's operating results were negative to the tune of R\$ 142.0 million in 4Q20 and R\$ 172.4 million in the year 2020.

The Company's net operating results wound up 4Q20 negative (R\$ 27.9 million, chiefly impacted by the service of the debenture debt issued to finance the Macau Cluster, the financial results of derivative operations (hedging) and exchange variation resulting from the exchange of the functional currency of subsidiary OPE. For the year, the net financial results were negative to the tune of R\$ 129.3 million.

Consolidating the dynamics set out above, the Company wound up 4Q20 by posting a net loss for the quarter of R\$ 141.2 million, while for the year it posted a total net loss of R\$ 276.5 million.

Adjusted EBITDA

The Company's Adjusted EBITDA totaled R\$ 50.5 million in 4Q20 and it had an Adjusted EBITDA Margin of 59.3%, excluding the effects of non-recurring costs and expenses from the basis for calculation, as reported above. For the full year, the Adjusted EBITDA worked out to R\$ 53.4 million and the margin was a positive 26.1%.

Lifting Cost

The Company's DNA includes the pillar of efficiency and staying focused on implementation of its business model with lower cost operation. Following such guidelines, 3R closed out 4Q20 with an extremely competitive lifting cost of an average of US\$ 5.26/boe at the Macau Cluster, operated by the Company, and US\$ 12.2/boe at the Pescada Cluster, operated by Petrobras. On a consolidated basis, 3R wound up the quarter with a lifting cost of US\$ 5.9/boe.

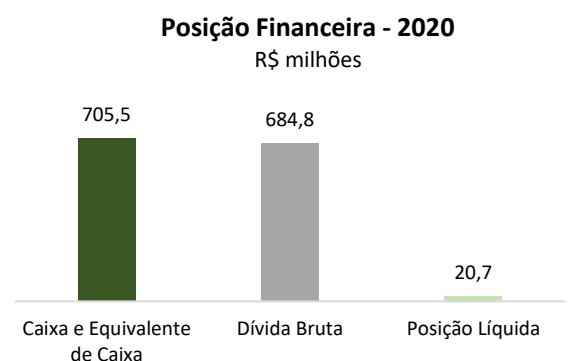
For the year, the results corroborate the efficiency guideline proposed by the Company, with the Macau Cluster posting an average lifting cost of US\$ 5.7/boe and the Pescada Cluster (35% stake) posting an average lifting cost of US\$ 9.7/boe. On a consolidated basis, 3R recorded an average lifting cost of US\$ 6.3/boe in 2020.

Financial Structure

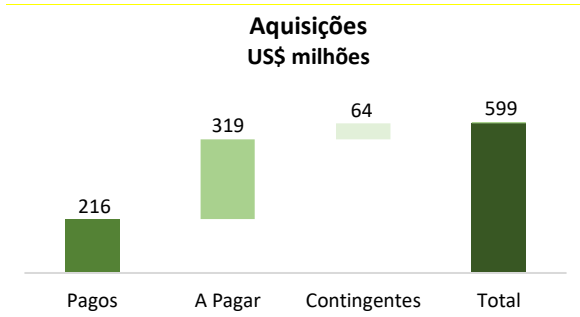
The Company finished 4Q20 with a solid position in terms of cash and cash equivalents, on the order of R\$ 705.5 million, strengthened by the funds raised in the IPO, R\$ 690 million gross, in November of 2020. Gross indebtedness worked out to R\$ 684.8 million relating to servicing the debt taken out to finance acquisition of the Macau Cluster. 3R wound up the year 2020 with a net cash position of R\$ 20.7 million.

Considering the residual portions of the assets acquired, which are in the transition phase with Petrobras, with agreement signed, excluding the effects of readjustment, the Generation of cost from the assets and

acquisition of the Peroá Complex, carried out in January 2021, at the closing of the year 2020, 3R had US\$ 358.0 million in payments to be made to Petrobras, of which US\$ 43.2 million is conditioned to determined conditions precedent. If we further consider the portion owed for the 50% stake in the Peroá Complex, the total amount payable to Petrobras reaches US\$ 383.0 million, of which US\$ 64.5 million depends on contingent matters.



The graph below shows the amounts related to acquisition of assets, including the 50% stake in the Peroá Complex, and details regarding the strategy for the amounts involved.



Finally, it should be highlighted that the Company's Revenues are 100% dollarized, while the operating and administrative costs are mostly pegged to the Brazilian currency.

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Independent auditors' report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Management of
3R Petroleum Óleo e Gás S.A.
Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of 3R Petroleum Óleo e Gás S.A. ("Company"), referred to as Parent and Consolidated, respectively, which comprise the statements of financial position as of December 31, 2020, and the statements of profit or loss, comprehensive loss, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of 3R Petroleum Óleo e Gás S.A., as at December 31, 2020, and its individual and consolidated financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and are set forth in the Professional Code of Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw your attention to the fact that all revenues from contracts with customer of the Company and its subsidiaries come from the sale of oil and gas to a single client, Petróleo Brasileiro S.A. – Petrobras, according to note 10. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Evaluation of impairment

Refer to notes 7.j and 15 of the individual and consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>For the impairment assessment of non-financial assets, the Company estimates the recoverable amount based on a projected cash flow for the cash generated units (“CGU”) of exploration and production of oil and gas, and compares to their carrying value.</p> <p>The cash flow projections used to determine the recoverable amount are dependent on factors related to the volumes of future production and timing of recovery of the oil and gas reserves, commodities price, production costs (“OPEX”), capitalized expenditures (“CAPEX”) and economic assumptions such as the discount rate and the exchange rate.</p> <p>Due to the level of complexity and subjectivity on the determination of the assumptions and projections used in the future cash flows for each CGU, we considered this as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - Assessment of the procedures to identify the need to record or reverse impairment; - Assessment, with the support of our corporate finance specialists, of the key assumptions used in the impairment testing such as the discount rates, future oil and natural gas prices and the exchange rates by comparing them against external market data; - Assessment of the recovery of oil and gas reserves estimates used in the discounted cash flow, and the timing of reserves’ recovery, by comparing it with volumes certified by external specialist hired by the Company and with historical data on production; - Assessment of the competency, capacity, objectivity and independence of the external specialist hired by the Company to certify the volumes of oil and gas reserves; - Assessment, for a selection of CGUs, of CAPEX and OPEX used in the cash flow projection by comparing them to the Company’s long-term budgets, and, for OPEX, to costs already incurred, when applicable; <p>According to the evidence obtained from performing the procedures described above, we considered that the recoverable amounts for the CGUs are acceptable in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2020.</p>

Provision for abandonment of areas (decommissioning costs)

Refer to notes 7.j and 23 of the individual and consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>As a consequence of its operations, the Company recognizes provisions related to its obligation to remove equipment and restore areas where it operates upon abandonment.</p> <p>The Company's estimate of the provision for decommissioning costs includes assumptions in relation to the extent of the obligations assumed for environmental restoration and the dismantlement and removal of oil and gas production facilities as well as the timing and estimated costs of the abandonment.</p> <p>We identified this estimate as a key audit matter due to the level of judgment involved on determining the respective assumptions, especially the timing, estimated costs of abandonment, and the discount rates used.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - Assessment, with the support of our corporate finance specialists, of the economic assumptions used in the determination of inflation and discount rates; - Evaluation of the timing of the abandonment based on the existing volumes of reserves and Company's production plans; - Assessment of the competency, capacity, objectivity and independence of the external specialist hired by the Company to certify the volumes of oil and gas reserves, and the external specialist hired by the Company to assess the estimated abandonment costs, when applicable; - Evaluation of the estimated abandonment costs, by well characteristics, with the main services expected to be required upon abandonment, and, for a selection of costs, by comparing them with external industry reports or price quotes received for implementing those main services; <p>During the course of our audit procedures, we identified unrecorded adjustments that affect the measurement of provision for abandonment, which were not corrected by management, since they were considered to be immaterial.</p> <p>According to the evidence obtained from performing the procedures described above, we considered that the amount of provision for decommissioning costs to be acceptable in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2020.</p>

Other matters - Statements of added value

The individual and consolidated statements of added value for the year ended December 31, 2020, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were subject to audit procedures performed in conjunction with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements reconcile to the financial statements and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value have been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Individual Company and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting policies adopted in Brazil and with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit performed in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is greater than the one deriving from error, as fraud may involve the act of circumventing internal control, collusion, forgery, omission or deliberate false representations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the individual company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are substantiated by the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We

are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 16, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Bruno Bressan Marcondes
Accountant CRC RJ-112835/O-7

3R Petroleum Óleo e Gás S.A.

Statement of financial position
As of December 31, 2020 and 2019
In thousands of Brazilian Reais

	Notes	Parent company		Consolidated	
		2020	2019	2020	2019
Assets					
Current Assets					
Cash and cash equivalents	9	256,742	3,832	287,942	63,573
Marketable securities	9.1	313,571	-	417,520	-
Trade accounts receivable	10	-	-	44,671	3,536
Accounts receivable from related parties	22	645	-	-	-
Inventories		-	-	4,751	-
Prepaid expenses		1,085	85	2,479	2,220
Income tax, social contribution and other recoverable taxes	11	2,956	100	11,550	546
Assets held for sale	12	-	-	-	25,994
Other assets		-	1,181	2,904	1,101
Total Current Assets		574,999	5,198	771,817	96,970
Noncurrent assets					
Restricted cash	9.2	-	-	3,692	19,192
Income tax, social contribution and other recoverable taxes	11	142	1,204	4,326	6,295
Deferred income tax and social contribution	25	-	-	16,489	-
Court deposits		124	122	2,558	2,527
Other assets		192	745	192	5,711
		458	2,071	27,257	33,725
Investments	14	507,571	287,878	-	-
Advances for assignment of blocks	13	-	-	121,266	-
Property, plant and equipment	15	835	802	351,827	263,250
Intangible assets	16	783	845	835,658	845
Right-of-use	26	-	1,654	1,239	1,654
Total Noncurrent Assets		509,647	293,250	1,337,247	299,474
Total Assets		1,084,646	298,448	2,109,064	396,444

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of financial position
As of December 31, 2020 and 2019
In thousands of Brazilian Reais

	Notes	Parent company		Consolidated	
		2020	2019	2020	2019
Liabilities and Equity					
Current Liabilities					
Suppliers	19	1,581	148	22,445	778
Debentures	18	-	-	9,566	-
Derivative financial instruments	35	-	-	34,349	-
Labor obligations		74	328	3,251	377
Amounts payable to the operator	17	1,676	1,697	896	2,678
Income tax, social contribution and other taxes payable	20	1,128	80	25,146	1,859
Provision for royalty payments		-	-	3,082	244
Leases	26	-	567	282	567
Accounts payable to related parties	22	517	-	-	-
Liabilities held for sale	12	-	-	-	14,148
Other liabilities	21	81	11	15,494	15,072
Total Current Liabilities		5,057	2,831	114,511	35,723
Noncurrent Liabilities					
Debentures	18	-	-	623,219	-
Account payable to related parties	22	-	41,526	-	-
Deferred income tax and social contribution	25	-	14,840	-	14,840
Provision for abandonment	23	-	-	282,841	106,630
Provision for contingencies	24	706	1,417	960	1,417
Leases	26	-	1,041	1,005	1,041
Other liabilities	21	1,783	-	9,428	-
Total Noncurrent Liabilities		2,489	58,824	917,453	123,928
Equity					
Capital	27	1,228,618	327,267	1,228,618	327,267
Treasury shares		-	(118)	-	(118)
Accumulated translation adjustment		(260,498)	(98,835)	(260,498)	(98,835)
Accumulated loss		1,228,618	327,267	1,228,618	327,267
Total Equity		1,077,100	236,793	1,077,100	236,793
Total Liabilities and Equity		1,084,646	298,448	2,109,064	396,444

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of profit or loss

For the years ended December 31, 2020 and 2019

In thousands of Brazilian Reais, except per-share data

	Notes	Parent company		Consolidated	
		2020	2019	2020	2019
Net Revenue	29	-	-	204,254	32,400
Cost of products sold	30	-	-	(106,235)	(16,031)
Gross Profit		-	-	98,019	16,369
General and administrative (G&A)	31	(5,606)	(5,367)	(59,538)	(43,877)
Other operating (expenses) revenues	32	(1,666)	7,716	(44,078)	(37,828)
Impairment (loss) / reversal	32.1	-	-	(166,755)	50,055
		(7,272)	2,349	(270,371)	(31,650)
Share of profit (loss) of subsidiary	14	(212,053)	(32,494)	-	-
Loss before Financial Revenues (Expenses)		(219,325)	(30,145)	(172,352)	(15,281)
Financial revenues	33	237	428	75,067	6,527
Financial expenses	33	(19,404)	(1,272)	(204,345)	(19,377)
		(19,167)	(844)	(129,278)	(12,850)
Loss before income tax and social contribution		(238,492)	(30,989)	(301,630)	(28,131)
Current income tax and social contribution	25	-	-	(6,229)	(2,858)
Deferred income tax and social contribution	25	14,840	(977)	31,329	(977)
Net Loss for the Year		(223,652)	(31,966)	(276,530)	(31,966)
Net Loss for the Year Attributable to:					
Owners of the Company		(223,652)	(31,966)	(259,233)	(31,966)
Non-controlling interests		-	-	(17,297)	-
Net Loss for the Year		(223,652)	(31,966)	(276,530)	(31,966)
Basic and Diluted Loss per Share – R\$	34	(13.77)	(26.88)	(17.02)	(26.88)

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of comprehensive loss

For the years ended December 31, 2020 and 2019

In thousands of Brazilian Reais, except per-share data

	Parent company		Consolidated	
	2020	2019	2020	2019
Net Loss for the Year	(223,652)	(31,966)	(276,530)	(31,966)
Items that will be reclassified to results:				
Cumulative translation adjustment	100,501	12,840	100,501	12,840
Total Comprehensive Loss for the Year	<u>(123,151)</u>	<u>(19,126)</u>	<u>(176,029)</u>	<u>(19,126)</u>

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of changes in equity
For the years ended December 31, 2020 and 2019
In thousands of Brazilian Reais

	Capital	Capital reserve	Treasury shares	Accumulated loss	Accumulated translation adjustment	Total	Non-controlling interest	Total equity
Balances as of January 1, 2019	327,267	-	(118)	(66,869)	(4,361)	255,919	-	255,919
Translation adjustment	-	-	-	-	12,840	12,840	-	12,840
Net loss for the year	-	-	-	(31,966)	-	(31,966)	-	(31,966)
Balances as of December 31, 2019	327,267	-	(118)	(98,835)	8,479	236,793	-	236,793
Capital decrease	(687)	-	-	-	-	(687)	-	(687)
Capital increase through the Merger of 3R Petroleum	263,308	-	-	(2,252)	-	261,056	-	261,056
Capital increase through Roll up of the DBO shareholder	68,730	-	-	-	-	68,730	-	68,730
Capital contribution through Public Offering of Shares	570,000	120,000	-	-	-	690,000	-	690,000
Transactions costs associated with Public Offering of Shares	-	(55,759)	-	-	-	(55,759)	-	(55,759)
Treasury shares	-	-	118	-	-	118	-	118
Net loss for the period	-	-	-	(259,233)	-	(259,233)	(17,297)	(276,530)
Absorption of capital reserve	-	(64,241)	-	64,241	-	-	-	-
Adjustments related to the consolidated presentation (note 7 (a))	-	-	-	35,581	-	35,581	17,297	52,878
Translation adjustment	-	-	-	-	100,501	100,501	-	100,501
Balances as of December 31, 2020	1,228,618	-	-	(260,498)	108,980	1,077,100	-	1,077,100

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of cash flows

For the years ended December 31, 2020 and 2019

In thousands of Brazilian Reais

	Parent company		Consolidated	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATIONS				
Net Loss for the Year	(223,652)	(31,966)	(276,530)	(31,966)
Adjusted by:				
Share of profit (loss) of subsidiary	212,053	32,494	-	-
Yields from marketable securities	(223)	-	(8,103)	-
Unrealized updating of deposits in court	(3)	(1)	(3)	(386)
Interest on leases	47	32	91	32
Unrealized interest on loans, net and others	-	1,236	114,926	-
Unrealized derivative financial instruments	-	-	36,705	-
Unrealized exchange variation	2,029	-	51,948	4,595
Provisions for contingencies set up / (reverted)	(711)	467	(457)	103
Impairment (loss) / reversal	-	-	166,755	(50,055)
Write-off of unrecoverable taxes	-	-	-	9,738
Write-off of property, plant and equipment (fixed assets)	-	866	2,866	13,565
Write-off of intangible assets	-	1,513	-	21,707
Variation of provision for asset retirement obligations (ARO)	-	-	(14,951)	14,931
Write-off of provision for ARO	-	-	-	(13,680)
Amortization and depreciation	95	274	35,167	6,682
Depreciation on right-of-use asset	47	551	415	551
Amortization of debenture transaction costs	-	-	6,872	-
Deferred income tax and social contribution	(14,840)	977	(31,329)	977
Other changes	(569)	-	1,670	409
	(25,727)	6,443	86,042	(22,797)
Variation in Assets and Liabilities				
Trade accounts receivable	-	-	(41,135)	3,488
Income tax, social contributions and other taxes	(746)	5,366	14,645	9,043
Other assets	5,669	(1,455)	11,819	(799)
Trade accounts payable	1,432	(43)	(2,705)	(3,516)
Amounts payable to operator	(21)	1,482	(1,782)	2,047
Deposits in court	-	(118)	(28)	7,856
Prepaid expenses	(1,000)	78	(5,010)	(365)
Payroll obligations	(254)	(1,131)	2,876	(1,143)
Provision for royalties	-	-	2,839	(4)
Assets and liabilities held for sale	-	-	(16,346)	-
Derivative financial instruments	-	-	3,774	-
Other liabilities	719	9	2,896	2,491
Cash Provided by (used in) Operating Activities	(19,928)	10,631	57,885	(3,699)
Taxes paid on profit	-	-	(2,338)	(2,656)
Net Cash Provided by (used in) Operating Activities	(19,928)	10,631	55,547	(6,355)
Marketable securities	(313,571)	-	(417,520)	-
Increase in paid-in capital at subsidiary	(57,034)	(12,675)	-	-
Advances for assignment of blocks	-	-	(121,266)	-
Acquisition of fixed assets	(65)	(58)	(18,722)	(8,696)
Fixed assets write-off	-	-	28,192	-
Acquisition of intangible assets	-	(4)	(861,880)	(4)
Restricted cash	-	-	15,500	(923)
Refund of investment in subsidiary	-	33	-	-
Payment of principal on borrowings received from related company	(41,526)	(7,500)	-	-
Funding of borrowings from related company	-	5,094	-	-
Net Cash used in investing activities	(412,196)	(15,110)	(1,375,696)	(9,623)
Transaction costs - IPO and debentures	(55,759)	-	(114,658)	-
Issuance of debentures (according to note 36)	-	-	707,209	-
Interest paid on debentures	-	-	(61,107)	-
Payment of leasing liabilities	(56)	(629)	(412)	(629)
Capital increase (according to note 36)	622,878	-	901,351	-
Capital reserve increase- IPO	120,000	-	120,000	-
Net Cash Provided by (used in) Financing Activities	687,063	(629)	1,552,383	(629)
Net Increase (Decrease) in Cash and Cash Equivalents in the Year	254,939	(5,108)	232,234	(16,607)
Cash and cash equivalents at beginning of year	3,832	8,940	63,573	82,757
Effect of exchange variation on cash and cash equivalents	(2,029)	-	(7,864)	(2,577)
Cash and cash equivalents at end of year	256,742	3,832	287,943	63,573
Net Increase (Decrease) in Cash and Cash Equivalents in the Year	254,939	(5,108)	232,234	(16,607)

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Statement of added value

For the years ended December 31, 2020 and 2019

In thousands of Brazilian Reais

	Parent company		Consolidated	
	2020	2019	2020	2019
Net Revenues	16	300	205,034	46,080
Sales of oil and gas	-	-	204,253	32,400
Other revenues	16	300	781	13,680
Supplies Acquired from Third Parties	(3,626)	4,791	(292,371)	(42,018)
Cost of products, merchandise and services sold	-	-	(33,831)	(7,508)
Materials, power, outsourced services and other supplies	(2,438)	4,791	(90,597)	(84,565)
Allowance for doubtful accounts	(1,188)	-	(1,188)	-
Loss/recovery of asset amounts	-	-	(166,755)	50,055
Gross Value Added	(3,610)	5,091	(87,337)	4,062
Depreciation and amortization	(141)	(1,203)	(39,633)	(7,233)
Net Value Added Produced by the Company	(3,751)	3,888	(126,970)	(3,171)
Value Added Received in Transfer				
Share of profit (loss) of subsidiary	(212,053)	(32,494)	-	-
Financial revenues	237	428	75,067	6,527
Total Value Added for Distribution	(215,567)	(28,178)	(51,903)	3,356
Distribution of Value Added	(215,567)	(28,178)	(51,903)	3,356
On Personnel	2,202	626	30,209	13,622
Direct remuneration	1,779	(888)	27,190	11,894
Benefits	95	1,113	2,019	1,327
Accrued severance pay	328	401	1,000	401
Taxes, Fees and Contributions	(13,563)	2,520	(17,278)	19,386
Federal	(13,578)	2,460	(18,457)	19,024
State	-	-	1,062	-
Municipal	15	60	117	362
Remuneration of Third Party Capital	19,446	642	211,696	2,314
Interest	(1,963)	1,271	123,334	38
Rentals	40	(629)	4,494	(629)
Other remuneration	21,369	-	83,868	2,905
Remuneration of Capital Invested by Proprietors	(223,652)	(31,966)	(276,530)	(31,966)
Loss for the year	(223,652)	(31,966)	(276,530)	(31,966)

The accompanying notes are an integral part of the financial statements.

3R Petroleum Óleo e Gás S.A.

Notes to the Financial Statements as of and for the years ended December 31, 2020 and 2019
Amounts expressed in thousands of Brazilian Reais, except as indicated otherwise

1. Operation

3R Petroleum Óleo e Gás S.A. (“Company” or “3R OG”) is a privately held joint stock corporation under Brazilian law, founded on June 17, 2020. The Company’s registered offices are located at Rua Visconde de Ouro Preto, number 5, 6th floor, in the Botafogo district of the City of Rio de Janeiro, State of Rio de Janeiro (RJ). 3R OG operates in the oil and gas industry and focuses on redevelopment of mature fields located onshore and in shallow waters. It is qualified to operate in blocks located in ultra-deep waters, deep waters, shallow waters and onshore, by the Brazilian National Petroleum, Natural Gas & Biofuels Agency (“ANP”).

The Company’s stated corporate objects are to: (a) explore for, produce and sell oil and its by-products, natural gas and other hydrocarbon fluids, including, without limitation, the Brazilian sedimentary basins that the ANP has granted licenses for, as well as sedimentary basins located overseas; (b) carry out the importation and exportation of oil and any by-products thus produced; and (c) hold equity interests in other companies as partner, stockholder or shareholder, both in Brazil and abroad, that operate in activities related to the Company’s corporate objects.

Historical background of the Company’s corporate structure

3R Petroleum e Participações S.A. (“3R Petroleum”) was a privately held joint stock corporation under Brazilian law and its stated object was to hold stakes in and acquire new companies whose main activity is Oil & Gas exploration and production, with a focus on revitalization of mature fields. 3R Petroleum was founded in 2019 for the purpose of acquiring assets that had a recent track record of low investment and enormous potential for increased production.

On August 5, 2019, 3R Petroleum became a subsidiary of the Brazilian mutual fund known as 3R Petroleum Fundo de Investimento em Participações Multiestratégia (“FIP 3R”), the majority shareholder of which is Starboard Special Situations II Fundo de Investimento em Participações Multiestratégia (“SSSFII”), a fund managed by Starboard Asset Ltda. (“Starboard”).

On February 10, 2020, 3R Petroleum received a new capital injection, with the issuance of new common shares for the amount of R\$ 142,500 carried out by Esmeralda Fundo de Investimento em Participações Multiestratégia (“FIP Esmeralda”), likewise managed by Starboard, which after this injection started to have a 36.56% stake in its capital.

Shareholding control of 3R Petroleum was held by FIP 3R, whose main shareholders were SSSFII and FIP Esmeralda.

In 2019, Ônix Petróleo e Gás Participações S.A. (“Ônix”), a subsidiary of Starônix AG (“Starônix”), which itself is controlled by SSSFII, began the process of acquiring 100% control of 3R OG, which was concluded in February 18, 2020. On June 30, 2020, as approved by the General Meeting of Shareholders of 3R OG, Ônix was merged into 3R OG and thus ceased to exist. Accordingly, 3R OG became a 100% subsidiary of Starônix.

On August 3, 2020, formal inquiries made by the mutual funds controlling 3R Petroleum and 3R OG were approved, thus authorizing implementation of corporate reorganization, which consisted of the merger of 3R Petroleum by 3R OG, after approval by the Brazilian Securities Commission (CVM) of its Initial Public Offering (IPO).

On November 9, 2020, 3R OG and 3R Petroleum shareholders approved the merger of 3R Petroleum by 3R OG (“The Merger”), as provided by Articles 224, 225, 226 and 227 of the Brazilian Corporation Law (6.404/1976) and CVM Instruction 565/15 (ICVM 565). In The Merger, 3R OG succeeded all rights and obligations of 3R Petroleum. After The Merger, the shareholders of 3R OG approved a capital increase, through the issuance of new shares, which were fully subscribed by DBO Energia S.A. (“DBO”) and paid in with the shares held by DBO in the capital stock of the SPE 3R (roll up).

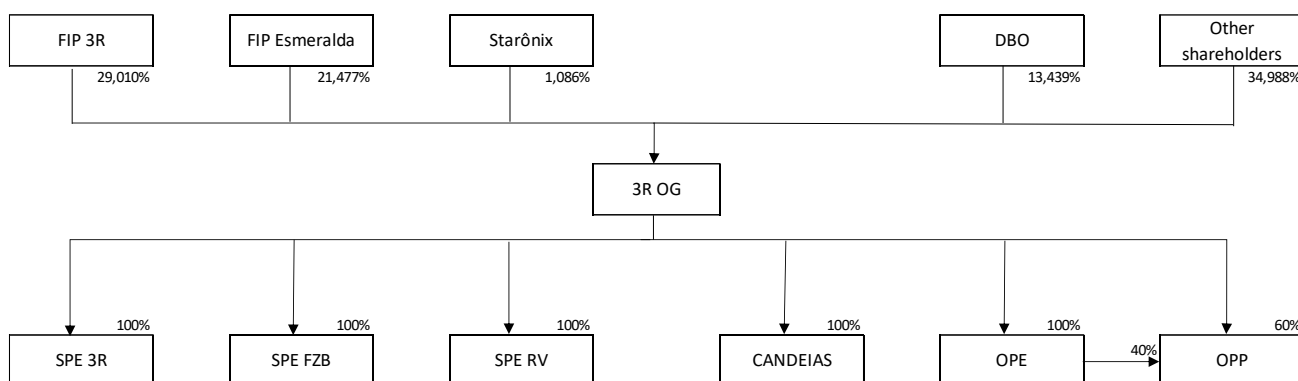
On November 10, 2020, the CVM granted the registration of the Company and the primary distribution of common shares (RRRP3), by means of public subscription issued by 3R OG, as approved by the Extraordinary General Meeting (EGM) of Company shareholders held on August 31, 2020. The total amount registered was R\$ 690,000 and 32,857,143 common shares were issued at the price of R\$ 21.00 (twenty-one Brazilian Reais) each.

3R Petroleum Óleo e Gás S.A.

Notes to the Financial Statements as of and for the years ended December 31, 2020 and 2019
Amounts expressed in thousands of Brazilian Reais, except as indicated otherwise

After the IPO, 3R OG's paid-in capital was comprised as follows: FIP 3R, FIP Esmeralda, Starônix, DBO e other shareholders (see Note 27).

3R OG, in turn, holds 100% direct and indirect equity interests in the following subsidiaries: SPE 3R Petroleum S.A. ("SPE 3R"), SPE Fazenda Belém S.A. ("SPE FZB"), SPE Rio Ventura S.A. ("SPE RV"), Candeias Óleo e Gás S.A. ("Candeias"), OP Energia Ltda. ("OPE") and OP Pescada Óleo e Gás Ltda. ("OPP"). As of December 31, 2020, 3R OG's corporate structure is as follows:



3R OG

The Company is the operator of 100% interest in the block known as BAR-M-387, located in the Barreirinhas basin in the Northeast Brazilian State of Maranhão, which was acquired in the 11th round of ANP competitive public bidding processes, having paid R\$ 778 by way of subscription bonus. As of December 31, 2020, the Company had completed 98% of the Minimum Exploratory Program ("PEM") for such block.

SPE 3R (Macau Cluster)

On May 29, 2020, SPE 3R acquired the fields of the Macau Cluster for a total of US\$ 191.1 million. Payment was divided into two installments: the first, in the amount of US\$ 48 million (25%), was paid upon the signing of the agreement on August 6, 2019, and the remaining US\$ 143.1 million, which includes price adjustments, was paid after approval of the concession transfer by the ANP on May 29, 2020. The Macau Cluster encompasses the fields of Aratum, Macau, Serra, Salina Cristal, Lagoa Aroeira, Porto Carão and Sanhaçu. Petróleo Brasileiro S.A. ("Petrobras") held a 100% stake in all the concessions, except for the Sanhaçu field, where it was the operator with 50% equity interest, while the remaining 50% were held by Petrogal Brasil S.A. The average production of the Macau Cluster from January through December of 2020 was roughly 3,835 barrels of oil equivalent per day ("boe/d"). The Company has plans to produce up to 2052, in line with our expectations for economically viable production to that date and corroborated with the consulting firm DeGolyer & MacNaughton in its report on certification of reserves.

SPE FZB (Fazenda Belém Cluster)

On August 14, 2020, SPE FZB signed an agreement for purchase of the entire equity interest previously held by Petrobras in the onshore fields of Fazenda Belém and Icapuí, located in the Fazenda Belém Cluster in the extension of the Potiguar basin in the neighboring Northeastern Brazilian State of Ceará (CE). The acquisition amount is US\$ 35.2 million. Out of this total amount, US\$ 8.8 million (equivalent to R\$ 48 million registered as Advances for assignment of blocks – see note 13) was paid on the signing date (August 14, 2020) and the remaining US\$ 16.4 million will be settled upon closing of the transaction. Finally, US\$ 10 million will be paid 12 months after conclusion of the transaction. Just as in the case of the Macau Cluster, there is a possibility of extension of the concession terms for another 27 years, which will be requested by SPE FZB filing a development plan under protocol with the ANP. Expectations are that such acquisition will be finalized at the end of June, 2021.

SPE RV (Rio Ventura Cluster)

Further South in Brazil's Northeast Region, on August 21, 2020, SPE RV signed an agreement for purchase of the full amount of the equity interests Petrobras held in 8 onshore fields: Água Grande, Bonsucesso, Fazenda Alto das Pedras, Pedrinhas, Pojuca, Rio Pojuca, Tapiranga and Tapiranga Norte. These eight fields constitute the Rio Ventura Cluster in the Recôncavo basin in the State of Bahia (BA). The total amount

3R Petroleum Óleo e Gás S.A.

Notes to the Financial Statements as of and for the years ended December 31, 2020 and 2019
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of the acquisition is US\$ 94.2 million, broken down as follows: (i) US\$ 3.8 million (equivalent to R\$ 21 million registered as Advances for assignment of blocks – see note 13) was paid on the signing date, August 21, 2020; (ii) US\$ 31.2 million upon closing of the transaction; (iii) US\$ 16 million to be paid within 30 months after transaction closing; and (iv) US\$ 43.2 million in contingent payments provided for in the agreement and linked to the recovery of the benchmark oil price (Brent). As in the case of the other clusters, there is a possibility of extension of the concession terms for an additional 27 years, which will be requested by a development plan being filed under protocol with the ANP. The current expectation is that the finalizing of such acquisition will take place at the end of May, 2021.

Candeias (Recôncavo Cluster)

The Company's subsidiary Candeias (the new name of OP Energia Onshore S.A.) is the operator with 100% equity interest in the block known as PN-T-114, located in the Parnaíba Basin in the Northeastern State of Maranhão. This block was acquired in the 11th round of ANP competitive public bidding processes, with payment of R\$ 6,000 by way of subscription; 100% of the PEM for this block has already been concluded. On March 24, 2020, Candeias began the process of returning such concession agreement to the ANP and is still awaiting approval of this request.

Later in the year on December 17, 2020, Candeias signed an agreement for purchase of the total equity interests held by Petrobras in 14 onshore production fields, denominated the Recôncavo Cluster, located in the State of Bahia (BA). The Recôncavo Cluster encompasses the onshore fields of Aratu, Ilha de Bimbarra, Mapele, Massuí, Candeias, Cexis, Socorro, Dom João, Dom João Mar, Pariri, Socorro Extensão, São Domingos, Cambacica and Guanambi. At present, Petrobras is the operator with 100% stake in these concessions, except for Cambacica and Guanambi, in which it has majority stakes of 75% (25% belongs to Sonangol Hidrocarbonetos Brasil Ltda.) and 80% (20% owned by Sonangol Guanambi Exploracao e Producao de Petroleo Ltda.), respectively. The average daily production of the Recôncavo Cluster from January through December of 2020 was approximately 5,089 boe/d. The total amount of the transaction is US\$ 250 million, with (i) US\$ 10 million paid in December 2020 (equivalent to R\$ 51 million registered as Advances for assignment of blocks – see note 13); and (ii) US\$ 240 million upon the transaction closing, which is still subject to fulfillment of certain conditions, such as ANP approval. Expectations are that closing of this acquisition will occur by the end of October 2021.

OPP (Pescada and Arabaiana)

The Company's subsidiary OPP holds 35% working interest in the fields known as Pescada, Arabaiana and Dentão. The Pescada and Arabaiana fields are located on the continental shelf of the State of Rio Grande do Norte (RN), in the Potiguar basin, are already in the production phase and are operated by Petrobras. The Pescada and Arabaiana fields are producers of gas and condensed hydrocarbons. The Dentão field is inactive.

On July 9, 2020, through its subsidiary OPP, the Company signed an agreement for purchase of 65% of Petrobras's working interest in the Pescada, Arabaiana and Dentão fields. The transaction sale amount was US\$ 1,500,000 (one million, five hundred thousand United States dollars), to be paid in two installments, the first in the amount of US\$ 300 thousand upon signing of the agreement and US\$ 1,200 thousand upon finalization of the transaction, without considering the agreed-upon adjustments calculated as from the effective date (January 1, 2020).

The transaction also includes additional payment by way of sharing in the costs of the asset retirement obligations (ARO of wells, pipelines, and rigs), to be paid by the seller to the buyer, according to the parameters and schedule set out in the decommissioning agreement signed by and between the parties. Expectations are that this acquisition will be closed at the end of October 2021.

OPE

On January 1, 2013, OPE signed an Assignment Agreement with Petrobras, a private party document that transfers responsibilities between such parties for assignment of the share in exploratory blocks BM-CAL-312 and BM-CAL-372, which are part of the BM-CAL-12 concession area.

In 2020, Petrobras made attempts to return the BM-CAL-12 concession to the ANP and pleaded with the agency for exoneration from fulfillment of the PEM and, consequentially, exemption from execution of the financial guarantee, due to the impossibility of obtaining the respective environmental license for implementation of the required activities. Considering that the assignment of OPE's 20% stake was not accepted under protocol at the ANP, the Assignment Agreement is in the process of being amended with

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Petrobras to reflect such terms.

On April 20, 2019, OPE began the process of returning the Pinaúna field to the ANP, and this request is still awaiting approval.

As of December 31, 2020, this subsidiary holds a 100% interest in the Pinaúna and Camarão fields, both in the development phase and belonging to the block known as BM-CAL-4.

Development of the Camarão field is dependent upon the process of unitization with the Federal Government, represented by the ANP, in the field known locally as Camarão Norte. The latter field is in the southern region of the block and its reservoir extends to the Camarão field in the old BM-CAL-4 block, in the Camamu-Almada basin.

Besides such assets, as of December 31, 2020, OPE held 30% of the Northeastern exploratory blocks known locally as POT-M-475 (Potiguar basin in the State of Rio Grande do Norte) and CE-M-603 (in the neighboring basin of the State of Ceará), from the ANP's 11th bidding round, having fulfilled 100% of the PEM in such blocks.

2. List of subsidiaries

On November 9, 2020, 3R Petroleum was merged upstream by 3R OG, and thus ceased to exist. At the time of the merger, control over 3R Petroleum and 3R OG was held by FIP 3R (the principal shareholder of which is SSSFII) and by FIP Esmeralda. FIP 3R, SSSFII and FIP Esmeralda are mutual funds controlled and administered by Starboard. In this sense, total control over both companies was common.

Upon the merger, 3R OG succeeded all the rights and obligations of 3R Petroleum, which held stakes in subsidiaries SPE 3R (67.29%), SPE FZB (100%) and SPE RV (100%). At the time of the merger, DBO held 32.71% of SPE 3R and exchanged its share in the subsidiary for a stake in 3R OG. This corporate change resulted in a capital injection in the Company of R\$ 68,730 by DBO, which carried out a roll up of its stake in SPE 3R, thus becoming part of the corporate structure of 3R OG.

As a result of the corporate reorganization, as of December 31, 2020 and 2019, 3R OG held the following direct and indirect equity interests:

	2020	2019
SPE 3R	100%	-
SPE FZB	100%	-
SPE RV	100%	-
Candeias	100%	100%
OPE	100%	100%
OPP*	100%	100%

* OPE holds 40% of OPP's capital

3R OG has a controlling share of its subsidiaries in the manner provided by the applicable provisions of CPC 36 (R3) / IFRS 10, being exposed to and having rights regarding the variable returns resulting from its involvement with such subsidiaries and having the capacity to affect such returns by means of its power over them (see Note 7, item a).

3. Basis for Preparation and Presentation of the Financial Statements

Declaration of conformity to IFRS and accounting practices adopted in Brazil

The Company's individual and consolidated interim financial statements for the years ended December 31, 2020 and 2019, have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board – IASB and also in accordance with accounting practices adopted in Brazil. They are also being presented in a manner conducive with the standards issued by the Brazilian Securities Commission (CVM), applicable to preparation of financial statements.

The Company's individual and consolidated financial statements were approved for publication by Management on March 16, 2021.

All appropriate information is being evidenced as it corresponds to the information used by Management in carrying out its corporate duties.

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4. Functional and Reporting Currency

These financial statements are presented in thousands of Brazilian Reais, which is the functional currency of the Company and all its subsidiaries except for OPP. All balances have been rounded to the nearest thousandth, except as indicated otherwise. Subsidiary OPP maintains the United States Dollar (US\$) as its functional currency.

5. Use of Estimates and Judgments

In its preparation of these financial statements, Management has used its judgment and made estimates that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, as well as the disclosures of contingent liabilities, revenues and expenses. Actual results may be different from such estimates.

Management's estimates and premises are reviewed in an ongoing manner and any alterations therein are recognized prospectively. Nevertheless, uncertainty relating to such premises and estimates may lead to results that require significant adjustment to the carrying value of the affected asset or liability in future periods.

Judgments

The information on judgments made in the application of the accounting policies adopted by Management that significantly affect the amounts reported in the financial statements are included in the following notes:

- Note 15 - Impairment
- Note 23 - Provision for Asset Retirement Obligation
- Note 25 - Deferred corporate income tax (IRPJ) and social contribution (CSLL)

Uncertainties regarding premises and estimates

The information regarding uncertainties related to premises and estimates that may have a significant effect resulting in material adjustment in the carrying values of assets and liabilities in the next fiscal year are included in the following notes:

- Note 15 – Fixed assets (depreciation and impairment)
- Note 16 – Intangible assets (amortization and impairment)
- Note 23 – Provision for ARO (retirement deadline, estimated cost and discount rate)
- Note 24 – Provision for contingencies (likelihood of loss in pending cases)
- Note 25 - Deferred corporate income tax (IRPJ) and social contribution (CSLL) – recoverability deadline

6. Basis for measurement

The individual and consolidated financial statements have been prepared based on historic cost, with the exception of the following material items, which are measured as of each reporting date and recognized in the balance sheets:

- Non-derivative financial instruments are measured at fair value.

7. Significant Accounting Policies

The Company has applied the accounting policies described below in a consistent manner for all periods presented in these financial statements, except as indicated otherwise.

a) *Basis of consolidation*

The financial information on subsidiaries is included in the consolidated financial information as of the date control begins through the date such control no longer exists. The accounting policies of the Company's subsidiaries are aligned with the accounting policies adopted by the Company. In the Company's individual financial statements, the financial information on subsidiaries is recognized under the equity method. Intergroup balances and transactions, and any revenues or expenses from intergroup transactions, are eliminated upon preparation of the consolidated financial statements. Unrealized gains resulting from

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transactions with a subsidiary recorded under the equity accounting method are eliminated against the investment in proportion to the Company's share in the subsidiaries. Unrealized results are eliminated in the same manner as the unrealized gains are, but only up to the point at which there is no evidence of any impairment loss.

As described in note 1, section "Historical background of the Company's corporate structure", 3R Petroleum merged into 3R OG in November 2020. As this transaction occurred under common control, the Company's Management opted for the presentation of the statement of profit or loss with the consolidated balances of 3R OG and 3R Petroleum during the entire year ended December 31, 2020, in order to disregard the accounting effect of The Merger recorded on November 9, 2020. That is, the values presented in the consolidated column of 2020 present the values as if they had always been consolidated. The table below shows the impact. That is, the values presented in the consolidated column of 2020 present the values as if they had always been consolidated, since the reorganization occurred within a context of common control. The table below shows the impact of 3R Petroleum's results up to the date of the merger on November 9, 2020, and the consolidated result of the entity 3R OG. As there were no transactions between them, there was no need for adjustments and / or eliminations in the table below:

	3R Petroleum from 2/18/2020 to 11/9/2020 (a)	3R OG from 1/1/2020 to 12/31/2020 (b)	3R OG presented as of 12/31/2020 (a+b)
Net Revenues	120,469	83,785	204,254
Cost of products sold	(59,332)	(46,903)	(106,235)
Gross Profit	61,137	36,882	98,019
General and administrative (G&A) overhead	(35,557)	(23,981)	(59,538)
Other operating revenues / expenses	(1,209)	(209,624)	(210,833)
	(36,766)	(233,605)	(270,371)
Operating Income (Loss)	24,371	(196,723)	(172,352)
Financial Results	(79,195)	(50,083)	(129,278)
Pre-Tax Results	(54,824)	(246,806)	(301,630)
Current IRPJ and CSLL	-	(6,229)	(6,229)
Deferred IRPJ and CSLL	1,946	29,383	31,329
Net Loss for the Year	(52,878)	(223,652)	(276,530)
Net Loss for the Year Attributable to:			
Company Proprietors	(35,581)	(223,652)	(259,233)
Participation of non-controlling shareholders	(17,297)	-	(17,297)
Net Loss for the Year	(52,878)	(223,652)	(276,530)

b) Foreign currency transactions

Transactions in foreign currency are translated to the Company's functional currency at the exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated and calculated in foreign currency as of the reporting date are reconverted to the functional currency according to the exchange rate in effect for that date. The differences encountered are recognized in the statements of income (loss) in the exchange variation line item. Non-monetary items that are measured based on their historical cost in foreign currency are translated at the exchange date in effect on the transaction date.

The assets and liabilities of the Company's subsidiaries whose functional currency is the US\$ are converted into R\$ at the reporting date exchange rate, and the corresponding statements of income (loss) are translated at the exchange rate in effect on the transaction date. The exchange differences resulting from

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such translation are recognized separately in shareholders' equity, in the statements of comprehensive income (loss), in the line item entitled Other comprehensive income – Cumulative translation adjustments.

c) *Cash and cash equivalents*

These current assets are maintained to meet short-term cash commitments and are comprised of the balance of cash on hand, current bank accounts and marketable securities with immediate liquidity and insignificant risk of any change in value.

d) *Restricted cash*

This item involves deposits held for the purpose of guaranteeing long-term cash commitments, it is comprised of marketable securities with liquidity linked to fulfillment of the Company's obligations and features insignificant risk of any change in value.

e) *Trade accounts receivable*

These current assets correspond to the amounts receivable due to the sale of oil and gas supplied in the normal course of the business activities of the Company's subsidiaries SPE 3R and OPP that have been billed and not yet paid.

The Company limits its accounts receivable credit risk exposure establishing a maximum payment term of between one and three months for individual and corporate clients, respectively.

f) *Corporate income tax (IRPJ) and social contribution on net income (CSLL)*

The federal IRPJ and CSLL for the year are calculated based on the rates of 15%, plus a surtax of 10% on taxable income in excess of R\$ 240, and 9% on taxable results for the latter, and they consider the offset of IRPJ tax losses and negative CSLL results, limited to 30% of the taxable income for the year.

The IRPJ and CSLL expense refers only to current amounts due, based on the presumed profit system of the Company's subsidiary OPP.

g) *Deferred income tax and social contribution*

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying values of assets and liabilities for financial statement purposes and those used for taxation purposes. The changes in deferred tax assets and liabilities in the year are recognized as a deferred IRPJ and CSLL expense. However, deferred taxes are not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect either taxable income or loss or accounting results;
- temporary differences related to investments in subsidiaries, associates and enterprises under joint control, to the extent that the Company is capable of controlling the time for reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future; and
- taxable temporary differences resulting from initial recognition of goodwill.

A deferred tax asset is recognized in relation to deductible tax losses and temporary differences not used to the extent that it is probable that future taxable profits will be available, against which they will be used. Future taxable profits are determined based on the reversal of the relevant taxable temporary differences. If the amount of the latter is insufficient to fully recognize a deferred tax asset, then the future taxable profits will be considered, adjusted for the reversal of the existing temporary differences, based on the business plans of the Company and its subsidiaries individually.

Deferred tax assets are reviewed as of every reporting date and will be deducted to the extent that realization thereof is no longer probable.

Deferred tax assets and liabilities are measured based on the rates expected to be applied to the temporary differences when they are reverted, based on the rates decreed through the reporting date, and reflect the uncertainty related to the tax on income, if any.

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The measurement of deferred tax assets and liabilities reflects the tax consequences resulting from the manner in which the Company expects to recover its assets and liabilities.

Prepayments or amounts eligible for offset are recorded under current or noncurrent assets according to the respective expectation for realization.

h) Assets held for sale

Assets held for sale are measured at the lower of their carrying value and fair value less selling expenses. Any loss due to the impairment of a group of assets held for sale is initially allocated to goodwill and then to the remaining assets and liabilities on a prorated basis, except for the fact that no loss should be allocated to the inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured as per the Company's other accounting policies. Impairment losses calculated upon initial classification as held for sale or for distribution and gains and losses for subsequent remeasurements are recognized in results.

Once they are classified as held for sale, intangible and fixed assets are no longer amortized or depreciated, and any investment measured by the equity method is no longer subject to application of such method.

i) Investments

These noncurrent assets are recorded under the equity accounting method in the individual financial statements. Such investments are initially recognized at cost, which includes transaction expenditures. After initial recognition, the financial statements include the Company's share in the net income or loss for the period and other comprehensive income (loss) of the subsidiary through the date on which significant influence no longer exists.

Foreign currency differences generated upon translation to the reporting currency of subsidiary OPP, which has a functional currency that differs from the Company's, are recognized under other comprehensive income (loss) in the line item entitled Cumulative translation adjustments.

j) Property, plant and equipment

Recognition and measurement

Fixed assets are recorded at acquisition cost, less accumulated depreciation and the provision for impairment, where applicable. Depreciation of assets is calculated using the straight-line method or the units-of-production method, for oil and gas assets.

Expenses on exploration, evaluation and development of production are accounted for using the successful efforts method of accounting.

Costs incurred before obtaining concessions and expenses on geological and geophysical studies and research are posted to Income when incurred.

Spending on exploration and evaluation directly associated with the exploratory well is capitalized as exploration and evaluation assets until the drilling of the well is completed and its results evaluated. These costs include employee wages/salaries, materials and fuels used, cost of drill rig rental, and other costs incurred with third parties.

If commercial reserves are not found, the exploratory well is derecognized from P/L. When reserves are found, the cost is maintained in assets until further assessments of the hydrocarbon reserve's commercial potential (which may include drilling other wells) are completed.

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Exploratory assets are subject to technical, commercial, and financial reviews at least annually, so as to confirm Management's intention to develop and produce hydrocarbons in the area. If this intention is not confirmed, these costs are derecognized from P/L. When proven reserves are identified and development is authorized, exploratory expenditures in the area are transferred to "Oil and Gas Assets".

In the development phase, investments for construction, installation, and infrastructure (such as platforms, pipelines, and drilling of development wells, including boundary wells or unsuccessful development wells) are capitalized as "Oil and Gas Assets".

The costs for future abandonment and dismantling of the production areas are estimated and recorded as part of the costs of these assets, in contrast to the provision that will underpin such expenses, as soon as there is a legal or construction-based obligation to dismantle the area. This provision is presented as Fixed Assets against the long-term liabilities. Estimates of abandonment costs are recorded considering the present value of these obligations, less the risk-free rate adjusted for country risk premium. Abandonment cost estimates are reviewed every year, or when there is an indication of significant changes and leads to the review of the present value calculation, by adjusting the amounts of assets and liabilities. The provision is updated monthly on a pro-rata basis considering the adjusted risk-free discount rate with which it was discounted in exchange for a financial expense.

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for use or sale are capitalized as part of the cost of the related asset. All other loan costs are accounted for as expenses when incurred.

An item of property, plant and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as being the difference between the net sales value and the book value of the asset) are included in the Statement of profit or loss in the year in which the asset is written off.

Assets' residual values and useful lives and depreciation methods are reviewed at yearend, and are adjusted on a prospective basis, if applicable.

Depreciation

"Oil and Gas Assets" – including the costs for future abandonment and dismantling of the areas and assets that will benefit the entire economic useful life of the field, such as gas and oil pipelines are depreciated by the units-of-production method, based on the ratio between the production of oil and gas in each field in the period and their respective proven reserves developed.

Except for the exploratory capitalizable expenses aforementioned, the fixed asset is depreciated using the straight-line method in the income (loss) for the year based on the estimated economic useful life of each component.

They are depreciated as of the date they are installed and are available for use, or, in the case of assets constructed internally, as of the date the construction is concluded and the asset is available for use.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost. in accordance with rates and criteria mentioned in note 17.

Depreciation methods, useful lives and residual values are reviewed at each Statement of financial position date and adjusted if appropriate.

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Provision for impairment of non-financial assets

The book values of the Company's non-financial assets are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable value is estimated.

An impairment loss is recognized when the book value of an asset or its cash generating unit ("CGU") exceeds its recoverable value.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset or CGU. For the purpose of impairment testing, the assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows. These assets are largely independent of the cash flows of other assets or groups of assets (the cash-generating unit).

Impairment losses are recognized in profit or loss. Losses recognized for CGUs are initially allocated to reduce any goodwill attributed to the CGUs (or group of CGUs) and then to reduce other assets within the CGU (or group of CGUs) on a pro-rata basis. (see Note 15).

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

k) Intangible assets

The intangible assets acquired by the Company have finite useful lives and are measured at cost, less accumulated amortization and any impairment losses, pursuant to Technical Pronouncement CPC 04/IAS 38.

Subsequent expenditures are capitalized only when they increase the future economic benefits incorporated to the specific asset to which they relate. All other expenditures, including expenditures on goodwill generated internally and trademarks and patents, are recognized in results as incurred.

Intangible asset related to Polo Macau acquisition is amortized by the units-of-production method, based on the ratio between the production of oil and gas in each field in the period and their respective proven reserves developed.

Amortization of computer software programs, as well as of environmental licenses and studies, is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values. The estimated useful life of such assets is 5 (five) years. Amortization is recognized in results.

Amortization methods, useful lives and residual values are reviewed on every reporting date and adjusted if needed.

l) Suppliers

These current liabilities are recognized at face value and subsequently increased, when applicable, by monetary variations and corresponding charges incurred through the reporting dates.

m) Provision for contingencies

The recognition, measurement and disclosure of provisions, contingent assets and liabilities and legal obligations are carried out according to the criteria defined in Brazilian Technical Pronouncement CPC 25 – Provisions, Contingent Liabilities and Contingent Assets.

The provision for tax, civil and labor court cases is set up for risks where expectations are for "probable loss", based on the appraisal of Management and external legal counsel, with the respective amounts

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recorded on the basis of the estimated costs associated with the outcome of such cases.

n) **Provision for abandonment**

The Company has legal obligations to remove equipment and restore land or sea areas at the end of production of reserves based on estimates of reserve volumes and estimated production curves. The cost estimates for future environmental removals and recoveries are made based on current information on expected costs and recovery plans. These obligations are recognized at present value, using a risk-free discount rate, adjusted to the country risk premium. Due to the long periods until the abandonment date, variations in the discount rate, however small they may be, can cause large variations in the recognized amount. The calculations of these estimates are complex and involve significant judgments, since: i) the obligations will occur in the long term; ii) that the contracts and regulations have subjective descriptions of the removal and restoration practices and the criteria to be met at the time of the actual removal and restoration; and iii) that asset removal technologies and costs are constantly changing, along with environmental and safety regulations.

The nature of costs include mobilization a demobilization of rigs, plug and abandonment services, restoration and repair of the environment, reforestation and other services. The Company is constantly conducting studies to incorporate technologies and procedures to optimize abandonment operations, considering the industry's best practices. However, the terms and amounts of future cash flows are subject to significant uncertainties.

o) **Provisions**

The amounts of the provisions recorded by the Company are determined by means of the discount of the estimated future cash flows at a pre-tax rate that reflects current market appraisals of the time value of money and the specific risks for the related liability. The effects of derecognition of the discount by the passage of time are recognized in results as a financial expense.

p) **Financial instruments**

A financial asset or liability is recognized when the Company becomes party to the contractual provisions of the respective instrument.

Initial recognition

Upon initial recognition, financial assets are recognized at fair value plus or minus the transaction costs that are directly attributable to the acquisition or issue of such assets, except for trade accounts receivable that do not contain a financial significant component.

Upon initial recognition, financial liabilities are measured at fair value plus or minus the transaction costs that are directly attributable to the acquisition or issue of such liabilities, except for financial liabilities measured at fair value.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the contractual rights to receive to the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which the Company neither transfers or substantially retains all the risks and benefits of ownership of the financial asset and also does not retain control over the financial asset.

Also, the Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expires. The Company also derecognizes a financial liability when its terms are modified and the flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

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Impairment of financial assets

According to CPC 48/IFRS 9, the provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the base date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the base date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. An entity may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the base date. However, the measurement of lifetime expected credit losses applies to trade accounts receivable and contractual assets without a significant financing component.

q) Net revenue

The Company's policy of revenue recognition is in line with Brazilian accounting standard CPC 47, which establishes a wide-ranging structure to determine if and when revenue is recognized and how it is measured. Revenue is recognized when the customer obtains control of the goods or services.

Company revenues are derived from oil and gas sales. Revenue is measured based on the consideration specified in the agreement with the customer and is recognized if: (i) the most significant risks and benefits inherent in ownership of the goods have been transferred to the buyer; (ii) it is probable that future economic and financial benefits will flow to the Company; (iii) the associated costs and possible return of the product can be reliably estimated; (iv) there is no continuing involvement with the products sold; and (v) the amount of the revenue can be reliably measured. Revenue is measured net of returns and commercial discounts, when applicable.

The Company recognizes its revenues when (or as) it satisfies its performance obligation, transferring the promised good or service to the customer.

r) Net financial results

Financial revenues represent interest and monetary variations resulting from marketable securities, discounts obtained and monetary updates of asset credits. They are recognized under the accrual method when accrued or incurred by the Company. Financial expenses represent bank expenses, monetary updates of contractual obligations and interest on capital invested with respective charges, when proposed by the Company, being recognized under the accrual accounting method when incurred.

s) Net earnings (loss) per share

The basic / diluted earnings (loss) per share is computed by dividing the net income (loss) by the weighted average of the number of common shares in the power of the shareholders, excluding shares held in treasury in the year.

t) Statement of Added Value

The purpose of such statement is to evidence the wealth created by the Company and its distribution during a determined period. It is presented as required by Brazilian corporate legislation, as part of 3R Petroleum's financial statements and as supplementary information under IFRS, since it is not a statement required and neither under those standards.

The accompanying statement of added value has been prepared based on the information obtained in the

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accounting records that serve as the basis for preparation of the financial statements and according to the provisions contained in CPC 09 –Statement of added value.

8. New Standards and Interpretations not yet Effective

A series of new altered standards and interpretations will be effective for years beginning after January 1, 2020. The Company and its subsidiaries have not adopted such standards in the preparation of these financial statements. The following altered standards and interpretations should not have a significant impact on the Company' consolidated financial statements:

- Onerous agreements – costs for fulfilling an agreement (alterations in CPC 25/IAS 37)
- Change in the benchmark interest rate - Phase 2 (alterations in CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16)
- Rental concessions related to Covid-19 (alteration in CPC 06/IFRS 16) 60
- Fixed assets: Revenues prior to intended use (alterations in CPC 27/IAS 16)
- Reference to conceptual structure (alterations in CPC 15/IFRS 3)
- Classification of liabilities as current or noncurrent (alterations in CPC 26/IAS 1)
- IFRS 17 Insurance agreements

9. Cash and Cash Equivalents

As of December 31, 2020 and 2019, the amounts of these current assets refer to the following:

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash and bank	70,799	3,832	101,999	63,573
Exchange mutual fund US\$	185,943	-	185,943	-
Total	256,742	3,832	287,942	63,573

9.1 Marketable securities

	Indexes	Parent company		Consolidated	
		2020	2019	2020	2019
Exchange mutual fund	US\$	298,038	-	298,038	-
Sovereign fixed income mutual referenced to the Interbank Deposit (DI) rate	CDI*	15,533	-	119,482	-
		313.571	-	417.520	-

* CDI = Certificates of Interbank Deposit (a leading Brazilian indexing mechanism)

The marketable securities consist of a foreign exchange and sovereign investment fund that are available for trading, and can be redeemed at any time without significant loss of value for the Company.

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9.2 Restricted cash

	Parent company		Consolidated	
	2020	2019	2020	2019
Bank surety (a)	-	-	3,692	3,742
Guaranteed account (b)	-	-	-	15,450
	<u>-</u>	<u>-</u>	<u>3,692</u>	<u>19,192</u>

(a) On February 2, 2016, the Company's subsidiary OPE contracted a bank surety with Banco Santander, in the amount of R\$ 2,407, to guarantee the suspension of the requirement to pay debt to the Brazilian Federal Treasury relating to trade association contributions.

(b) On December 28, 2017, OPE opened a guaranteed account in the amount of R\$ 12,125 to ensure obligations during an arbitration proceeding. In May of 2020, due to the fact that there was no future need to guarantee such obligations, the amount was fully released.

10. Trade Accounts Receivable

	Parent company		Consolidated	
	2020	2019	2020	2019
Sale of oil (a)	-	-	40,665	2,489
Sale of gas (a)	-	-	4,006	1,047
	<u>-</u>	<u>-</u>	<u>44,671</u>	<u>3,536</u>

(a) These refer to amounts receivable from Petrobras for the sale of oil and gas produced in the fields known as Pescada and Arabaiana (R\$ 4,063) and the Macau Cluster (R\$ 40,608), all located in the State of Rio Grande do Norte (RN). The production of the Pescada and Arabaiana fields is sold entirely to Petrobras, through the Company's subsidiary OPP. The Macau Cluster production is likewise sold entirely to Petrobras, through subsidiary SPE 3R in take or pay agreements with terms of 5 (five) years. As of December 31, 2020, and 2019, there were no overdue amounts in trade accounts receivable. Management appraised the expected loss and determined that there is no basis that would justify the need to record any provision for losses (allowance for doubtful accounts).

11. Income tax, social contribution and other recoverable taxes

	Parent company		Consolidated	
	2020	2019	2020	2019
Federal WIT (IRRF)	1,676	1,183	2,440	6,484
Income tax and social contribution	1,272	-	12,482	106
State value-added tax on circulation of goods and services (ICMS)	-	-	718	130
Social Integration Program (PIS) and Social Security Finance (Cofins) contributions	124	121	201	121
Other taxes	26	-	35	-
	<u>3,098</u>	<u>1,304</u>	<u>15,876</u>	<u>6,841</u>
Current assets	2,956	100	11,550	546
Noncurrent assets	142	1,204	4,326	6,295

The amount of R\$ 12,864 in IRPJ/CSLL recoverable as of December 31, 2020, involves negative IRPJ

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taxable income and negative CSLL results from prior years and advance payments made in the year 2020.

12. Assets Held for Sale

	Consolidated	
	2020	2019
Camarupim field (a)	-	20,154
Advances to operator (a)	-	5,840
Asset held for sale	-	25,994
Amount payable to operator	-	14,148
Liability held for sale	-	14,148

- (a) In August of 2019 Management undertook the sale of Camarupim through its subsidiary OPE, by recording this field as an 'asset held for sale' in the amount of R\$ 25,994 as of December 31, 2019. The sale took place in May of 2020. The value of the transaction was calculated considering market-based parameters, such as the price of oil and the discount rate. The appraisals also considered premises of the asset validated by the technical and financial team, such as production and investment curves, operating costs and royalties. The present value calculated for the asset at the time of negotiation varied between US\$ 4.000.000 (four million United States Dollars) and US\$ 6,000,000 (six million United States Dollars). In view of the fair economic value calculated, the Company agreed to sell the asset for the price of US\$ 5,000,000 (five million United States Dollars) and amounts receivable from Petrobras for the costs of the Camarupim field (R\$ 5,840).

13. Advances for Assignment of Blocks

	Parent company		Consolidated	
	2020	2019	2020	2019
OPP (a)	-	-	1,600	-
SPE FZB (b)	-	-	48,009	-
SPE RV (c)	-	-	20,689	-
Candeias (d)	-	-	50,968	-
	-	-	121,266	-

- (a) On July 9, 2020, the subsidiary OPP signed a contract for the acquisition of 65% working interest in the fields of Pescada, Arabaiana and Dentão. The sale value of the transaction was US\$ 1.5 million, to be paid in two installments, US\$ 300 thousand on signing the contract and US\$ 1.2 million on closing the transaction, according to contract details as described in note 1.
- (b) On August 14, 2020, the subsidiary SPE FZB entered into a contract for the purchase of all of Petrobras' interest in the onshore fields of Fazenda Belém and Icapuí, Fazenda Belém Pole, in the Potiguar basin, in Ceará. The acquisition price is US\$ 35.2 million. Of this amount, US\$ 8.8 million was paid on the day of signing and another US\$ 16.4 million will be paid upon closing of the transaction. Finally, US\$ 10 million will be paid twelve months after the transaction is completed, according to contract details as described in note 1.
- (c) On August 21, 2020, the subsidiary SPE RV signed a contract for the purchase of the entire stake in Petrobras' 8 onshore fields of Água Grande, Bonsucesso, Fazenda Alto das Pedras, Pedrinhas, Pojuca, Rio Pojuca, Tapiranga and Tapiranga Norte, which constitute the Rio Ventura Pole, in the Recôncavo basin, in Bahia. The acquisition price is US\$ 94.2 million, of which (i) US\$ 3.8 million is paid on the day of subscription; (ii) US\$ 31.2 million at the close of the transaction; (iii) US\$ 16 million that will be paid thirty months after the closing of the transaction; and (iv) US\$ 43.2 million in contingent payments provided for in the contract, linked to the recovery of the oil reference price (Brent), according to contract details as described in note 1.

On December 8, 2020, the subsidiary Candeias signed a contract for the purchase of the Recôncavo Pole, which comprises the onshore fields of Aratu, Bimbarra Island, Mapele, Massuí, Candeias, Cexis,

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Socorro, Dom João, Dom João Mar, Pariri, Socorro Extensão, São Domingos, Cambacica and Guanambi. The total amount of the transaction is US\$ 250 million, of which (i) US\$ 10 million was paid on the present date; and (ii) US\$ 240 million at the closing of the transaction, still subject to the fulfillment of precedent conditions, such as approval by the ANP, according to contract details as described in note 1.

14. Investments

	Direct equity interest	Parent company	
		2020	2019
OPE	100%	96,873	218,133
OPP	60%	55,864	69,708
Candeias	100%	50,596	37
SPE 3R	100%	233,267	-
SPE RV	100%	21,986	-
SPE FZB	100%	48,985	-
		507,571	287,878

Changes in the balances of investments in the years ended December 31, 2020 and 2019, are broken down as follows:

	OPE	OPP (*)	Candeias	OPENP (**)	SPE 3R	SPE RV	SPE FZB	Total
Balances as of January 1, 2019	214,460	49,810	30,615	5	-	-	-	294,890
Capital injection	-	-	12,605	70	-	-	-	12,675
Write-off of investment	-	-	-	(33)	-	-	-	(33)
Equity pickup	(7,020)	17,751	(43,183)	(42)	-	-	-	(32,494)
Translation adjustment	10,693	2,147	-	-	-	-	-	12,840
Balances as of December 31, 2019	218,133	69,708	37	-	-	-	-	287,878
Capital injection	6,000	-	51,034	-	-	-	-	57,034
Impact of merger - 3R Participações	-	-	-	-	203,224	21,996	48,991	274,211
Equity pick-up	(210,313)	(31,292)	(475)	-	30,043	(10)	(6)	(212,053)
Translation adjustment	83,053	17,448	-	-	-	-	-	100,501
Balances as of December 31, 2020	96,873	55,864	50,596	-	233,267	21,986	48,985	507,571

(*) Considering the 60% equity interest;

(**) OP Enchova and Pampo Óleo e Gás S.A.

Summary financial information on the subsidiaries as of December 31, 2020 and 2019 is as set out below:

	Equity interest	2019						Income (loss)
		Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Shareholders' equity	Impact of reverse merger - 3R Petroleum	
OPE	100%	36,082	257,684	16,059	45,426	218,133	-	(7,020)
OPP	60%	35,386	101,907	3,607	63,978	69,708	-	17,709
Candeias	100%	418	-	381	-	37	-	(43,183)
		71,886	359,591	20,047	109,404	287,878	-	(32,494)

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2020								
Equity interest	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Shareholders' equity	Impact of reverse merger - 3R Petroleum	Income (loss)	
OPE	100%	4,945	118,615	26,434	254	96,873	-	(210,313)
OPP(*)	60%	113,025	107,956	9,132	118,743	55,864	-	(31,292)
Candeias	100%	51,006	-	410	-	50,596	-	(475)
SPE 3R	100%	84,902	1,024,576	87,890	788,321	233,267	(52,861)	30,043
SPE RV	100%	21,988	-	1	-	21,986	(6)	(10)
SPE FZB	100%	48,986	-	-	-	48,985	(11)	(6)
		324,852	1,251,147	123,867	907,318	507,751	(52,878)	(212,053)

(*) OPE holds 40% of OPP's capital

15. Property, plant and equipment

Parent Company

Fields	Cost						
	Balances as of January 1, 2019	Addition	Write-off	Balances as of December 31, 2019	Addition	Write-off	Balances as of December 31, 2020
Administrative fixed assets	2,463	-	(378)	2,085	3	(1,827)	261
Other fields/clusters	1,125	58	(489)	694	62	-	756
	3,588	58	(867)	2,779	65	(1,827)	1,017
Fields	Accumulated impairment						
	Balances as of January 1, 2019	Addition	Write-off	Balances as of December 31, 2019	Addition	Write-off	Balances as of December 31, 2020
Other fields/clusters	(63)	-	63	-	-	-	-
	(63)	-	63	-	-	-	-
Fields	Accumulated depreciation						
	Balances as of January 1, 2019	Addition	Write-off	Balances as of December 31, 2019	Addition	Write-off	Balances as of December 31, 2020
Administrative fixed assets	(1,853)	(503)	379	(1,977)	(33)	1,828	(182)
	(1,853)	(503)	379	(1,977)	(33)	1,828	(182)
Net balances of fixed assets	1,672			802			835

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Fields	Cost												Balances as of December 31, 2020
	Balances as of January 1, 2019	Addition	Write-off	Reversal	Translation adjustment	Transfer	Balances as of December 31, 2019	Addition	Setting up of provision for ARO - SPE 3R (*)	Write-off	Adjustment (**)	Translation adjustment	
Pescada and Arabaiana	728,834	8,593	(18,803)	-	1,582	-	720,206	1,422	-	(1,161)	-	32,511	752,978
Camarão	110,648	-	(143)	-	5,064	-	115,569	28	-	(1,516)	-	48,517	162,598
Macau Cluster	-	-	-	-	-	-	-	16,300	135,411	(18)	24,906	-	176,599
Camarupim	653,259	-	-	-	-	(653,259)	-	-	-	-	-	-	-
Other fields/clusters	187,551	58	(9,528)	-	3,613	-	181,694	963	-	(171)	-	17,096	199,582
Administrative fixed assets	28,197	45	(494)	-	-	-	27,758	10	-	(8,945)	-	(10,866)	7,947
	1,708,489	8,696	(28,968)	-	10,259	(653,259)	1,045,227	18,722	135,411	(11,811)	24,906	87,258	1,299,704
	Accumulated impairment												
Fields	Balances as of January 1, 2019	Addition	Write-off	Reversal	Translation adjustment	Transfer	Balances as of December 31, 2019	Addition	Setting up of provision for ARO - SPE 3R	Write-off	Adjustment	Translation adjustment	Balances as of December 31, 2020
Pescada and Arabaiana	(226,729)	-	-	31,709	-	-	(195,020)	(46,130)	-	-	-	-	(241,150)
Camarão	-	-	-	-	-	-	-	(113,505)	-	-	-	-	(113,505)
Camarupim	(429,812)	-	-	18,799	-	411,013	-	-	-	-	-	-	-
Other fields/clusters	(165,017)	-	-	(453)	2,325	-	(615,692)	(7,120)	-	-	-	-	(170,265)
	(821,558)	-	-	50,055	2,325	411,013	(810,712)	(166,755)	-	-	-	-	(524,920)
	Accumulated depreciation												
Fields	Balances as of January 1, 2019	Addition	Write-off	Reversal	Translation adjustment	Transfer	Balances as of December 31, 2019	Addition	Setting up of provision for ARO - SPE 3R	Write-off	Adjustment	Translation adjustment	Balances as of December 31, 2020
Pescada e Arabaiana	(407,437)	(6,036)	-	-	-	-	(413,473)	(3,108)	-	-	-	-	(416,581)
Polo Macau	-	-	-	-	-	-	-	(4,627)	-	-	-	-	(4,627)
Camarupim	(223,447)	-	-	-	-	223,447	-	-	-	-	-	-	-
Imobilizado administrativo	(9,832)	(1,229)	732	-	-	-	(10,329)	(365)	-	8,945	-	-	(1,749)
	(640,716)	(7,265)	732	-	-	223,447	(423,802)	(8,100)	-	8,945	-	-	(422,957)
Net balances of fixed assets	246,215						263,250						351,827

(*) Setting up of provision for ARO at SPE 3R, as explained in Note 23, item a.

(**) Refers to the complement of the provision for ARO at SPE 3R, as explained in Note 23, item b.

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The administrative assets encompass the balances of land, furniture and fixtures, installations, machinery and equipment, vehicles and data processing equipment. Useful lives are as described in Note 7, item j.

OPP (Pescada and Arabaiana)

In the year ended December 31, 2019, a partial reversal of impairment was recorded in the amount of R\$ 31,709 essentially due to the lower operating cost reported by the operator and the reduction in the discount rate due to: (i) a lower risk-free rate, (ii) the lowest risk premium in the country, (iii) the lowest cost of debt and (iv) the consideration of a longer term for the concession, given that the field has reserves to produce for longer, which was also verified by Gaffney Cline in its June 30, 2020 report.

In the year ended December 31, 2020, impairment was recorded in the amount of R\$ 46,130 to reduce the recoverable amount of the asset essentially due to the reduction in the discount rate to 7.59%.

OPE (Camarão)

The camarão field is conditioned to unitization with the Camarão Norte field. At present, Camarão Norte is a Federal Government area and the ANP will define whether it will put it on permanent offer or carrying out unitization directly with OPE.

Appraising the alternatives for monetization of such asset, Management calculated a value in use by year end December 31, 2020 and recorded impairment in the amount of R\$ 113,505, considering 12 (twelve) years of production starting 2023 applying a discount rate of 7.59% p.a. On December 31, 2019, no impairment was recorded.

OPE (Camarupim)

The process for sale of the asset began in August of 2019, when the transaction was agreed upon and signed, such that the Company sold its 24.32% equity interest to Petrobras for consideration of R\$ 5 million in May 2020. As of December 31, 2019, the assets were classified as noncurrent assets held for sale. The asset was sold in May 2020 (see note 12).

SPE 3R (Macau Cluster)

The subsidiary SPE 3R acquired 100% interest in all concessions, with the exception of the Sanhaçu concession, in which it acquired 50% interest, while the remaining 50% is held by Petrogal. The Company prepared an assessment of the obligation to demobilize the Polo Macau asset with the following assumptions: the initial cost estimate associated with the abandonment of the assets in the total amount of R\$ 343,420, a 43-year period of production applying a discount rate of 5.03% p.a.. The obligation to demobilize assets (abandonment provision) is described in note 23.

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16. Intangible Assets

Parent company

	Cost									
	Balances as of January 1, 2019	Addition	Write-off	Amortization	Impairment	Balances as of December 31, 2019	Addition	Write-off	Amortization	Balances as of December 31, 2020
Software and licenses	212	4	-	(149)	-	67	-	-	(62)	5
Other	2,354	-	(4,988)	-	3,412	778	-	-	-	778
	2,566	4	(4,988)	(149)	3,412	845	-	-	(62)	783
Cost	14,240	4	(4,988)	-	-	9,256	255	(204)	-	9,307
Impairment	(3,412)	-	-	-	3,412	-	-	-	-	-
Amortization	(8,262)	-	-	(149)	-	(8,411)	(255)	204	(62)	(8,524)

Consolidated

Fields	Cost									
	Balances as of January 1, 2019	Addition	Write-off	Amortization	Impairment	Balances as of December 31, 2019	Addition	Write-off	Amortization	Balances as of December 31, 2020
Camarupim	-	-	(1,354)	-	1,354	-	-	-	-	-
Parnaíba	26,227	-	(20,194)	-	(6,033)	-	-	-	-	-
BAR-M-387 block (a)	778	-	-	-	-	778	-	-	-	778
Macau Cluster (b)	-	-	-	-	-	-	861,880	-	(27,006)	834,874
Other software and licenses	1,576	-	(4,882)	-	3,306	-	-	-	-	-
	212	4	-	(149)	-	67	-	-	(61)	6
	28,793	4	(26,430)	(149)	(1,373)	845	861,880	-	(27,067)	835,658
Cost	47,911	4	(37,470)	-	-	10,445	861,880	(204)	-	872,121
Impairment	(6,144)	-	-	-	(1,373)	(7,517)	-	-	-	(7,517)
Amortization	(12,974)	-	11,040	(149)	-	(2,083)	-	204	(27,067)	(28,946)

- (a) The Company paid R\$ 778 of signing bonuses as described in note 1.
- (b) On May 28, 2020, the Company concluded the acquisition of the Macau Cluster for the amount of US\$ 191,103 thousand. As provided in the Agreement of Sale, Petrobras presented upon the closing of the transaction the detailed calculation of the price adjustment, as accrued between the date of the effective term of the agreement (signing date), April 1, 2019, to the closing date of the transaction upon conclusion of the ANP assignment process. This adjustment calls for the following: (i) subtraction of the cash generation from the Macau Cluster assets, restated daily according to the CDI index, and (ii) addition of Libor interest charges plus 6% p.a. on the balance owed to Petrobras. Considering the installments paid to Petrobras at the signing and closing of the Polo Macau Purchase and Sale Agreement, the transaction amounted to R\$ 861,880. On December 31, 2020, the Company's Management performed an impairment test, and no impairment provision was recorded. The test used the value-in-use methodology, where the Company considered its different cash-generating units, and applied and prepared a discounted cash flow based on the useful lives of the assets by the production curves determined by Management and based on the reserve volumes of oil and natural gas estimated

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17. Amounts payable to the operator

	Parent company		Consolidated	
	2020	2019	2020	2019
Petrobras	1,676	1,697	896	2,678
	1,676	1,697	896	2,678

The amounts payable to the operator were incurred relating to services and supplies that were acquired in the normal course of business (Pescada and Arabaiana, REC-T-194, REC-T-208, REC-T-225, REC-T-239, REC-T-240, REC-T-253 and REC-T-254). The blocks with the "REC" prefix are 3R OG blocks in the Recôncavo basin in Bahia.

The operator approves an annual budget that is shared with the partners, and the amounts are charged monthly. The balances outstanding refer to amounts that the Company is in disagreement about.

18. Debentures

Debentures at subsidiary SPE 3R

Issue of debentures pursuant to the Deed for the Second Issue of simple non-share-convertible debentures of the Tangible Guarantee type, in a single series with the following characteristics ("BTG Debentures"):

Holder of Debentures – Planner Trustee Distribuidora de Títulos and Valores Mobiliários Ltda.

Total issue amount - R\$ 708,071

Quantity – 708.071

Unit value – R\$ 1,000 (one thousand Brazilian Reais) as of the issue date

Issue date – May 27, 2020

Due date - April 27, 2025

Payment of interest – Quarterly and monthly as from the 25th month

Guarantee – chattel mortgage of shares, chattel mortgage of receivables, pledge of rights derived from concession agreements and pledge of oil and gas production

Early Amortization – after the 24th month from issuance, the Company can amortize the outstanding amount in either a total or partial manner

Remuneration – The face value will be subject to monetary restatement at the amount of the closing quotation for sale of the US\$ by the Brazilian Central Bank (BACEN). The interest on the updated face value will be charged at a rate of 15.00% p.a.

	Parent company		Consolidated	
	2020	2019	2020	2019
Inflows	-	-	707,209	-
Interest appropriated	-	-	61,655	-
Interest paid	-	-	(61,107)	-
Monetary updating	-	-	(22,945)	-
Transaction costs	-	-	(52,027)	-
	-	-	632,785	-
Current liabilities	-	-	9,566	-
Noncurrent liabilities	-	-	623,219	-

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Breakdown of the transaction costs incurred is as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Reserve commission	-	-	(57,718)	-
Issue expenses	-	-	(551)	-
Settlement expenses	-	-	(630)	-
Transaction costs	-	-	(58,899)	-
Costs appropriated	-	-	6,872	-
Total	-	-	(52,027)	-

Reconciliation of the equity changes of the debentures is set out below:

	Parent company		Consolidated	
	2020	2019	2020	2019
Opening balance	-	-	-	-
Issue of BTG debentures	-	-	707,209	-
Disbursements of transaction costs	-	-	(58,899)	-
Transaction costs appropriated	-	-	6,872	-
Interest appropriated	-	-	61,655	-
Interest paid	-	-	(61,107)	-
Monetary updating	-	-	(22,945)	-
Closing balance	-	-	632,785	-

19. Suppliers

	Parent company		Consolidated	
	2020	2019	2020	2019
Brazilian domestic suppliers (a)	1,581	148	22,300	778
Foreign suppliers	-	-	145	-
Total	1,581	148	22,445	778

- (a) Increase relating to start-up of operations at the Macau Cluster. The main balances involve operating services, treatment of crude oil, electric power and equipment.

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20. Income tax, social contribution and other taxes payable

	Parent company		Consolidated	
	2020	2019	2020	2019
Federal PIS and Cofins contributions	265	6	3,100	438
Federal IRPJ and CSLL	-	-	1,849	620
State ICMS	-	-	13,721	653
Federal WIT (IRRF)	770	74	5,773	133
Other taxes and contributions	93	-	703	14
	1,128	80	25,146	1,858

21. Other liabilities

	Parent company		Consolidated	
	2020	2019	2020	2019
Obligations to third parties (a)	1,783	-	9,428	8,276
Obligations to ex-controller (b)	-	-	-	6,796
Other items (c)	81	11	15,494	-
	1,864	11	24,922	15,072
Current	81	11	15,494	15,072
Noncurrent	1,783	-	9,428	-

(a) Refer to financial advisory services provided by Guanxi Participações S.A. (R\$ 1,784) and an obligation relating to the guarantee letter for the BM-CAL-372 project (R\$ 7,645).

(b) Obligations derived from the agreement for sale of 3R OG settled in January of 2020 (R\$ 6,797).

(c) Chiefly deals with the obligation relating to an out-of-court settlement, the object of which was to wind up lawsuit 0179509-24.2016.8.19.0001, signed by OPE on August 25, 2020, whereby OPE irrevocably waived 100% of the Fazenda Pinaúna rights to the suit plaintiffs (R\$ 15,000), see note 32.

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22. Transactions with related parties

The changes in balances of borrowings and loans payable and receivable involving the Company and the associated profits or losses were as follows:

Accounts payable

	<u>3ROG</u>	<u>OPE</u>	<u>Total</u>
Balances as of January 1, 2019	-	-	-
OPP	-	41,526	41,526
Balances as of December 31, 2019	<u>-</u>	<u>41,526</u>	<u>41,526</u>
OPP	-	(41,526)	(41,526)
SPE 3R	517	-	517
Balances as of December 31, 2020	<u>517</u>	<u>-</u>	<u>517</u>

Accounts receivable

	<u>3ROG</u>	<u>OPE</u>	<u>Total</u>
Balances as of December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>
SPE 3R	645	-	645
Balances as of December 31, 2020	<u>645</u>	<u>-</u>	<u>645</u>

Remuneration of key personnel

Under Brazilian Corporation Law (No. 6.404/76) and the Company's Bylaws, it is the responsibility of the shareholders at their General Meeting to set the total amount for the annual remuneration of administrators, with the Board of Directors carrying out the distribution of the funds among the administrators.

The Company is managed by a Board of Directors made up of at least 5 (five) and no more than 11 (eleven) members, all elected and dismissed by the General Meeting of Shareholders, with a unified term of office of 2 (two) years. The Board of Directors in turn appoints an Executive Officers Committee made up of at least 3 (three) and no more than 7 (seven) members, one as CEO, another as Investor Relations Officer, yet another as CFO and the rest without specific designation. The total annual remuneration of the members of the Board of Directors and Executive Officers Committee is set out in the following table:

	<u>2020</u>	<u>2019</u>
Remuneration and benefits	31,044	3,918
Payroll charges	5,427	1,212
Total	36,471	5,130

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In December 31, 2019 the Company was managed by a board of directors made up of 4 (four) directors. In connection with corporate restructure, by the end of December 31, 2020 the board of directors was made up of 9 (nine) directors.

23.Provision for abandonment (Asset Retirement Obligations)

The asset retirement obligation is measured by the project's concession period considering discount to the net present value for initial recognition purposes. The asset retirement obligation is updated annually, or when there is objective evidence that its value may be materially inadequate. The revisions in the calculation basis of the estimates of expenses are recognized as cost of property, plant and equipment and the effects of the passage of time (referred to as the reversal of the discount) in the calculation of the future obligation are allocated directly to the income for the year (net financial result).

The changes in the balance of the provision for ARO is shown below:

	Parent company		Consolidated	
	2020	2019	2020	2019
Opening balance	-	-	106,630	121,780
Setting up of provision - SPE 3R (a)	-	-	135,411	-
Revision of premises - OPP (b)	-	-	(21,486)	(15,667)
Revision of premises - SPE 3R (c)	-	-	24,906	-
Reversão de provisão – OPP	-	-	-	(737)
Updating of provision for ARO	-	-	6,535	14,932
Translation adjustment	-	-	30,845	(13,678)
Closing balance	-	-	282,841	106,630

(a) This amount refers to the estimate of initial costs associated with the retirement of assets at the end of operations in 2052, including the total amount of R\$ 68,857 decommissioning cost sharing agreed with Petrobras.

(b) The provision for abandonment of Pescada and Arabaiana considers the operation concession term up to 2046. Management reviewed the discount rate of 4.06% p.a., on December 31, 2019, to 4.34% p.a., on December 31, 2020, and adjusted the cost estimate for inflation. The other assumptions remained the same.

(c) Management reviewed the discount rate of 5.73% p.a., on May 28, 2020, to 5.03% p.a., on December 31, 2020, and adjusted the cost estimate for inflation on the Polo Macau. The other assumptions remained the same.

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24. Provision for contingencies

The Company and its subsidiaries are involved in lawsuits of a civil, tax and labor nature. Based on the opinions of its internal and external legal counsel, Management considers that the provision for losses recorded is sufficient to cover probable losses, as shown below:

	Parent company		Consolidated	
	2020	2019	2020	2019
Labor	706	1,417	706	1,417
Civil	-	-	254	-
	706	1,417	960	1,417

As of December 31, 2020, the Company and its subsidiaries are plaintiffs of tax, labor and civil lawsuits where the probabilities of loss are ranked as possible by Management and its legal counsel, in the approximate amount of R\$ 53,298 (R\$ 222,888 as of December 31, 2019).

The reduction in the amount disclosed as of December 31, 2020, compared with December 31, 2019, is explained by an out-of-court settlement signed between the parties involved for closing out lawsuit 0179509-24.2016.8.19.0001, which settlement was submitted to the judge in the case on September 2, 2020, and ratified on September 28, 2020. The settlement in question called for payment of the amount of R\$ 500, which was carried out on November 10, 2020 and payment in kind of Fazenda Pinaúna, recorded under fixed assets and other obligations in the balance sheet of OPE (see Note 21).

The following are the amounts involved ranked as possible losses, backed by the appraisal of the Company's external legal counsel:

	2020	2019
Civil	940	203,607
Labor	10,238	1,976
Tax (a)	41,658	17,305
Other	462	-
	53,298	222,888

- (a) The Company is further a defendant in an administrative proceeding filed by the Federal Treasury against OPE, the object of which is the drawing up of 11 (eleven) assessment notices for purported omission of revenues from investments in marketable securities in the calculation of IRPJ and CSLL, arising from triggering events for the periods from October, 2001, to July, 2003, in the amount of R\$ 33,053 in the year ended December 31, 2020 (R\$ 32,630 as of December 31, 2019). Furthermore, the Company is defendant in another administrative proceeding filed by the Federal Treasury against OPP, in the amount of R\$ 4,970 as of December 31, 2020 (R\$ 4,853 as of December 31, 2019), relating to an assessment notice served on it owing to disallow of the deductibility of operating expenses on the grounds that the subsidiary did not submit appropriate documentation vouching for such expenses.

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25. Deferred income tax and social contribution

The deferred tax asset constituted in 2019 results from 34% of the deductible temporary differences base in the amount of R \$ 1,184 added to R \$ 5,175, constituted from the Company's tax loss base and respecting the limit of 30% of taxable profit per year and the constitution of this balance is linked to the expectation of future profits for use.

Still in 2019, the deferred tax liability represents the future obligation on the temporary difference generated by the gain on the advantageous purchase of OP Pescada and OP Energia and the portion of the active tax resulting from temporary differences and tax losses. In 2020, Management revised its strategic plan, concluding that there is no longer any interest in the sale of the asset in question, therefore the deferred income tax liability balance related to this operation was fully written off.

The deferred tax asset constituted on December 31, 2020, results from 34% of the deductible temporary differences base in the amount of R\$ 16.489, constituted from the Company's tax loss base and respecting the limit of 30% of the taxable profit per year and the constitution of this balance is linked to the expectation of future profits for use. The expected use of this deferred tax is for the year 2021.

The deferred tax assets and liabilities are comprised as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred assets on temporary differences	-	1,184	16,489	1,184
Deferred assets on tax loss	-	5,175	-	5,175
Gain on advantageous purchase - Investment (negative goodwill)	-	(21,199)	-	(21,199)
	<u>-</u>	<u>(14,840)</u>	<u>16,489</u>	<u>(14,840)</u>

As explained in Note 1, the Company is in the process of acquiring the remaining 65% working interest in Pescada and Arabaiana and is not interested in disposing of these assets. Therefore, the balance of the deferred IRPJ liability related to this operation was fully written off on October 31, 2020.

The Company and its subsidiaries have tax credits to be offset against future taxable income that has not been recorded yet, in the amount of R\$ 342,879, by way of tax losses, such that it is not possible to state at present that realization thereof is considered likely.

When the financial model adopted in the general business plan approved by the Company's Board demonstrates that the deferred tax credits resulting from IRPJ losses and negative CSLL results and temporary additions will probably be realized, the Company and its subsidiaries will recognize these credits.

	<u>3ROG</u>	<u>OPE</u>	<u>Candeias</u>	<u>Total</u>
Tax losses and negative base	139.097	808.215	74.994	1.022.306
IRPJ 25%	34.774	202.054	18.749	255.576
CSLL 9%	12.519	72.739	6.749	92.008
	<u>47.293</u>	<u>274.793</u>	<u>25.498</u>	<u>347.764</u>

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On the terms of the agreement of sale signed between the current and former controller, in case the Company should take advantage of the tax losses itemized above, the former owner may be entitled to an earn-out in the amount equivalent to as much as 30% of the benefit accrued by 3R OG as a result of use thereof.

Amounts recognized in results

	Parent company		Consolidated	
	2020	2019	2020	2019
Current IRPJ and CSLL expense	-	-	(6,229)	(2,858)
Current year expenses	-	-	(6,229)	(2,858)
Deferred IRPJ and CSLL expenses	14,840	(977)	31,329	(977)
Temporary differences	19,801	3	29,190	3
Prior years' tax losses	(4,961)	(980)	2,139	(980)
Total tax expenses	14,840	(977)	25,100	(3,835)

Reconciliation of effective tax rate

The reconciliation of the expense calculated by applicable of the effective tax rates and the IRPJ and CSLL expense calculated in results is shown as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Income (Loss) Before income tax and social contribution	(238,492)	(30,989)	(301,630)	(28,131)
Combined effective rate	34%	34%	34%	34%
Income tax and social contribution calculated at combined effective rate	81,087	10,536	102,554	9,565
Effect of (additions) exclusions in tax calculation	(66,247)	(11,513)	(77,454)	(13,400)
Permanent additions	(167)	20,981	(12,486)	(10,542)
Impact of rate differential in presumed profit model of subsidiary	-	-	(5,847)	(2,858)
Equity in net income of subsidiaries	(72,098)	(32,494)	-	-
Temporary differences for which no deferred tax asset has been set up	512	-	6,220	-
Setting up / write-off of deferred prior years' IRPJ/CSSL	14,840	-	16,979	-
Tax loss for the year for which no deferred tax asset has been set up	(9,334)	-	(82,320)	-
Deferred income tax and social contribution in the year	14,840	(977)	25,100	(3,835)
Current income tax and social contribution	-	-	(6,229)	(2,858)
Deferred income tax and social contribution	14,840	(977)	31,329	(977)
Effective rate	6%	-3%	8%	-14%

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Reconciliation of effective tax rate of Pescada (Presumed Profit):

	<u>2020</u>	<u>2019</u>
Gross revenues	50,645	44,500
Calculation basis (8%)	4,052	3,560
Other revenues	12,681	4,448
Total calculation basis	<u>16,733</u>	<u>8,008</u>
IRPJ calculated (15%)	2,510	1,201
Surcharge (10%)	1,649	777
Total IRPJ	<u><u>4,159</u></u>	<u><u>1,978</u></u>
Gross revenues	50,645	44,500
Calculation basis (12%)	6,077	5,340
Other revenues	12,681	4,448
Total calculation basis	<u>18,758</u>	<u>9,788</u>
Total CSLL (9%)	1,688	880
Total IRPJ/CSLL in the year	<u><u>5,847</u></u>	<u><u>2,858</u></u>

26. Leases

Use rights – Assets

	<u>Parent company</u>	<u>Consolidated</u>
	<u>Properties</u>	<u>Properties</u>
Balances as of January 1, 2019	-	-
Additions of leases	2,205	2,205
Depreciation	(551)	(551)
Balances as of December 31, 2019	<u>1,654</u>	<u>1,654</u>
Depreciation	(47)	(415)
Transfer to SPE 3R	(1,607)	-
Balances as of December 31, 2020	<u>-</u>	<u>1,239</u>

As of December 31, 2020, and 2019, the Company has a lease agreement for its registered offices, with the main lease agreement relating to office rental for a lease term of 48 months. The amount recognized was measured discounting the remaining minimum contractual payments to present value, using the average discount rate of 10.15%.

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Leases – Liabilities

	<u>Parent company</u>	<u>Consolidated</u>
Balances as of January 1, 2019	-	-
Additions of leases	2,205	2,205
Payments on leases	(629)	(629)
Interest recognized in results for the year	32	32
Balances as of December 31, 2019	<u>1,608</u>	<u>1,608</u>
Lease payments	(56)	(412)
Interest recognized in results for the year	47	91
Transfer to SPE 3R	(1,599)	-
Balances as of December 31, 2020	<u>-</u>	<u>1,287</u>
Current	-	282
Noncurrent	-	1,005

In 2020, the lease agreement for the administrative building was assigned to SPE 3R and the maturity of the installment payments of the lease liability will occur on December 31, 2022.

27. Equity

Capital

As of December 31, 2019, the Company's paid-in capital was distributed as follows:

Shareholders	Quantity of shares			Equity interest in paid-in capital
	<u>Common</u>	<u>Preferred</u>	<u>Total</u>	
Angel Fundo de Investimento em Part. Multiestratégia	26,515,575	13,550,097	40,065,672	93.6%
Other shareholders	2,440,990	300,000	2,740,990	6.4%
	<u>28,956,565</u>	<u>13,850,097</u>	<u>42,806,662</u>	<u>100%</u>

Breakdown of paid-in capital

As of December 31, 2019, the Company's paid-in capital was R\$ 327,267, divided into 42,806,662 shares.

In February of 2020, Ônix acquired 100% of the Company's shares from Angel Fundo de Investimento em Participações Multiestratégia, decreasing the paid-in capital by R\$ 687.

On August 31, 2020, the Company's General Meeting of Shareholders approved the proposal of Management to group shares in the proportion of 1/36. Hence, the paid-in capital remained at R\$ 326,580, divided into 1,189,074 common registered shares without par value.

On November 9, 2020, The Merger of 3R Petroleum, a subsidiary company occurred involving the same economic group. This event increased the Company's capital by R\$ 263,308, with 60,741,863 common shares being issued. Immediately thereafter, there was a roll-up of the shares of DBO, the former shareholder of SPE 3R, which upon the reverse merger became a Company shareholder,

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increasing its capital by R\$ 68,730 with the issue of 4,716,262 new common shares.

On the same date, Management approved a capital increase at the Company in the amount of R\$ 600,000, with R\$ 480,000 being intended for the paid-in capital account and R\$ 120,000 intended for the capital reserve account, with issue of 28,571,429 new common shares pursuant to the IPO (free float).

Then, on December 11, 2020, happened full exercise option for supplementary shares arising from the IPO carried out by the Company on November 13, 2020, increasing the paid-in capital by R\$ 90,000 with issue of 4,285,714 new common shares.

As of December 31, 2020, the Company's capital is distributed as follows:

Shareholders	Paid-in capital	Quantity of shares	Percentage equity interest
FIP 3R	140,155	31,767,365	29.010%
FIP Esmeralda	103,759	23,517,759	21.477%
Starônix	325,991	1,189,074	1.086%
DBO	68,730	14,716,262	13.439%
Others	589,983	38,313,282	34.988%
	1,228,618	109,504,342	100%

Treasury shares

These shares encompass the cost of the shares held by the Company in treasury. As of December 31, 2019, the Company held R\$ 118 in treasury shares. In September of 2020, such shares were cancelled.

Capital reserve

On November 9, 2020, Company Management approved the capital increase, pursuant to the IPO (Free float), in the amount of R\$ 600,000, assigning R\$ 120,000 to the capital reserve account.

The transaction costs incurred in carrying out the IPO (Free float), in the amount of (R\$ 55,759), were classified as capital reserve.

The Company's management decided to allocate the balance recorded in the capital reserves to absorb partially accumulated losses as of December 31, 2020.

Cumulative translation adjustment

The Company recorded in the line item Cumulative translation adjustment the amount of R\$ 100,501 for the year ended December 31, 2020 (R\$ 12,840 for the year ended December 31, 2019), with a total balance of R\$ 109,980 (R\$ 8,479 as of December 31, 2019).

Dividends

Company Bylaws call for a minimum mandatory dividend of 0.0001%, and distribution of additional profits is to be decided by the shareholders after their meeting. No Company dividends have been distributed in relation to fiscal years 2019 and 2020.

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28. Operating Segments

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly appraised by the principal operational decision-maker, in order to allocate resources in the appraisal of the performance of the managers of a determined segment. Based on this definition, the Company has a single operating segment, which is exploration and production of oil and gas (O&G E&P). Therefore, it is not presenting segmented information.

29. Net Revenue

	Parent company		Consolidated	
	2020	2019	2020	2019
Gross oil revenues	-	-	234,873	12,281
Sales taxes	-	-	(62,989)	(2,659)
Net oil revenues	-	-	171,884	9,622
Gross gas revenues	-	-	41,539	29,072
Sales taxes	-	-	(9,169)	(6,294)
Net gas revenues	-	-	32,370	22,778
Total Net Revenues	-	-	204,254	32,400

The Company's revenues come from the Pescada and Arabaiana fields and from the Macau Cluster, with the sole customer being Petrobras.

30. Cost of Products Sold

	Parent company		Consolidated	
	2020	2019	2020	2019
Operating costs	-	-	(12,592)	(6,538)
Maintenance and repair costs	-	-	(862)	(278)
Oil and gas royalties	-	-	(20,180)	(2,905)
Depreciation and amortization	-	-	(38,253)	(5,304)
Water treatment and electric power	-	-	(12,064)	-
Outsourced services	-	-	(16,459)	-
Petroleum risks insurance	-	-	(3,235)	-
Other items	-	-	(2,590)	(1,006)
	-	-	(106,235)	(16,031)

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31. General and Administrative (G&A) Overhead Expenses

	Parent company		Consolidated	
	2020	2019	2020	2019
Fees paid to officers and board members	(2,104)	(1,058)	(4,036)	(1,058)
Salaries and payroll charges	(1,342)	(9,383)	(19,360)	(13,373)
Bonus linked to the IPO	-	-	(9,994)	-
Employee benefits	(97)	(1,113)	(2,051)	(1,367)
Office rental and maintenance	-	(417)	-	(538)
Third parties services (a)	(1,915)	(974)	(12,387)	(7,770)
Depreciation and amortization	(141)	(1,203)	(1,380)	(1,929)
Provision for contingencies	711	(467)	457	(103)
Sharing of costs (b)	973	10,026	-	-
Taxes	(816)	(170)	(2,840)	(13,605)
Translation adjustments – OPE	-	-	(429)	-
Other expenses	(875)	(608)	(7,518)	(4,134)
	(5,606)	(5,367)	(59,538)	(43,877)

(a) Refers mainly to legal advisory services, consultancy and accounting audits. In 2020, SPE 3R implemented an integrated control, management of standards and procedures for quality, environment, and safety, to meet the technical regulations of ANP and management of Brazilian regulatory standards in the amount of R \$ 1,080.

(b) In the second quarter of 2019, the Company adopted the system of sharing costs with its subsidiaries. Due to the corporate reorganization, as explained more fully in Note 1, the cost sharing arrangement between the Company and its subsidiaries was suspended in the year 2020.

32. Other Operating Expenses / Revenues

	Parent company		Consolidated	
	2020	2019	2020	2019
Expenses on operator (a)	-	-	(42,838)	(18,965)
Return of concession (b)	-	(1,576)	-	(23,095)
Adjustment of provision for ARO - OPP	-	-	21,486	13,680
Translation adjustments – OPE	-	-	(5,803)	-
Sharing of costs	-	11,038	-	-
Exploratory expenditures	-	(1,693)	-	(6,457)
Development expenditures	-	-	-	(1,809)
Other operating expenses / revenues (c)	(1,666)	(53)	(16,923)	(1,182)
	(1,666)	7,716	(44,078)	(37,828)

(a) Amount paid to the former owner relating to the agreement for sale of 3R OG in the amount of R\$ 29,454 and rendering of accounts to Petrobrás in the amount of R\$ 7,323 and R\$ 6,061 regarding the return of blocks B-CAM-40, sale of Camarupim and others.

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- (b) Return of Parnaíba concession in May 2019 (Candeias).
- (c) This deals with registration of the obligation relating to the out-of-court settlement signed by OPE on August 25, 2020, as more fully explained in Note 21, in the amount of R\$ 15,000 and R\$ 1,188 regarding to judicial blockages carried out in labor proceedings in which the Company is a part, being considered unlikely to recover .

32.1. Impairment (loss) / reversal

	Parent company		Consolidated	
	2020	2019	2020	2019
Pescada and Arabaiana fields (a)	-	-	(46,130)	31,709
Parnaíba field (b)	-	-	-	(453)
Camarupim field (c)	-	-	-	18,799
Camarão field (d)	-	-	(113,505)	-
Fazenda Pinaúna (e)	-	-	(7,120)	-
			(166,755)	50,055

- (a) Impairment carried out at Pescada and Arabaiana fields cash generating unit considering a reduction in the discount rate to 7.59% p.a., an update of the price of oil and gas according to the projection published by Platts and an adjustment in OPEX considering the reserve certification concluded in June 30, 2020 in the amount of R\$ 46,130 utilizing a discounted cash flow technique to determine the value in use (impairment reversal of R\$ 31,709 as of December 31, 2019).
- (b) The estimates and assumptions used by the Company, considered reasonable by Management, indicated the need for a provision for losses in the amount of R\$ 453 in 2019. An impairment of 100% of the book value was made due to the return of the block.
- (c) Camarupim field had been impaired since 2017 as a result of Company's expectation on the recovery of the field based on a value in use exercise. Assets from the oil and gas industry are usually not practical to have their fair values determined, as there is no active trading market, and each asset has its own specific characteristics. In 2019, OPE started negotiating with Petrobras for a potential sale of the Camarupim field. The binding offer amounts were used as a basis for reversing the impairment in the amount of R\$ 18,799. On August 30, 2019, the transaction was signed, and in 2020 this transaction was closed. Such determination of fair value is considered a hierarchy fair value level 3, as there is no observable input, but only the binding offer from a third party. If there was a variation of 10% on the transaction, the company would have an impact of a R\$1,879 lower reversal.
- (d) Impairment carried out at Camarão field cash generating unit considering reduction in the discount rate to 7.59% p.a., 12 (twelve) years of production starting 2023 and development costs true a tie back with an existing producing field nearby Camarão, resulting in an impairment of R\$ 113,505 utilizing discounted cash flow technique to determine value in use.
- (e) Impairment carried out at Fazenda Pinaúna, relating to an out-of-court settlement, to wind up lawsuit 0179509-24.2016.8.19.0001, whereby Fazenda Pinaúna was evaluated by the value of R\$ 15,000, determining an impairment of R\$ 7,120.

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33. Financial Revenues and Expenses

	Parent company		Consolidated	
	2020	2019	2020	2019
Financial Revenues				
Yields from marketable securities	223	188	8,103	4,605
Updating of deposits in court	3	1	3	386
Monetary updating - Debentures	-	-	51,337	-
(Less) Taxes	(12)	-	(2,747)	-
Gains on hedge operations	-	-	14,151	-
Other financial revenues	23	239	4,220	1,536
	237	428	75,067	6,527
Financial Expenses				
Increment to provision for ARO	-	-	(6,621)	(14,931)
Interest – Related parties	-	(1,237)	-	-
Interest – Leases	(6)	(32)	(98)	(32)
Interest – Debentures	-	-	(61,807)	-
Monetary updating - Debentures	-	-	(28,392)	-
Losses on hedge operations	-	-	(52,768)	-
Net exchange variation (a)	(19,339)	-	(45,989)	(3,985)
Other financial expenses	(59)	(3)	(8,670)	(429)
	(19,404)	(1,272)	(204,345)	(19,377)
Net Financial Results	(19,167)	(844)	(129,728)	(12,850)

- (a) Refers to the exchange variation resulting from the translation of the amounts of subsidiary companies OPP and OPE, from their functional currency (US\$) to the reporting currency (R\$), in the amount of R\$ 24,622, as explained in Note 4, and R\$ 21,367 relating to the result of translation of the unredeemed marketable security invested in the exchange mutual fund applied by the Company as per Note 9.1.

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34. Earnings (Loss) Per Share - EPS

Calculation of the basic and diluted loss per share was based on the net loss attributed to the holders of common shares and the average weighted number of common shares in circulation after the adjustments for the potential dilutive common shares. There is no difference between the calculation of results per basic and diluted share owing to the non-existence of potential dilutive shares.

	Parent company		Consolidated	
	2020	2019	2020	2019
Loss for the year	(223,652)	(31,966)	(276,530)	(31,966)
Average weighted number of common shares	16,244,556	1,189,074	16,244,556	1,189,074
Basic and diluted net loss per share - R\$ and centavos	(13.77)	(26.88)	(17.02)	(26.88)

The 1,189,071 common registered shares recorded at the end of 2019 refers to the reverse stock split of 42,806,662 common registered shares without par value, in the proportion of 1/36, as explained in Note 27.

35. Financial Instruments and Risk Management

a) Accounting classification and fair values

Insofar as possible, the Company uses observable market data to measure the fair value of assets or liabilities and they are classified considering the levels used in the appraisal techniques, as follows:

Level 1	quoted prices (not adjusted) in active markets for identical assets and liabilities.
Level 2	inputs, except the quoted prices included in Level 1, which are observable for the asset or liability, directly or indirectly.
Level 3	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The following table shows the carrying values and fair values of the Company's financial assets and liabilities, including their levels in the hierarchy of fair value:

	Level	Parent company		Consolidated	
		2020	2019	2020	2019
Financial assets appraised at amortized cost					
Cash and cash equivalents	1	256,742	3,832	287,942	63,573
Marketable securities	1	313,571	-	417,520	-
Trade accounts receivable	-	-	-	44,671	3,536
Accounts receivable from related parties	-	645	-	-	-
		570,958	3,832	750,133	67,109
Financial liabilities measured at amortized cost					
Trade accounts payable	-	1,581	148	22,445	778
Debentures	-	-	-	632,785	-
Related parties	-	-	41,526	-	-
Obligations to operator	-	1,676	1,697	896	2,678
Other obligations	-	1,864	11	24,922	15,072
		5,121	43,382	681,048	18,528
Financial liabilities measured at FVTPL					
Derivative financial instruments	2	-	-	34,349	-
		-	-	34,349	-

Financial assets and liabilities measured at amortized cost presented above have similar values to fair values due to their characteristics, with the exception of debentures. The fair value of the debentures on December 31 2020 was R\$ 892,179 (level 2).

In the fourth quarter (Q4) of 2020, pursuant to the Company's hedging policy as required by its principal creditor, Management carried out hedging operations for part of its production for the forthcoming 12 months. An average price of US\$ 45 per barrel was obtained with the Non-Deliverable Forward ("NDF"), a floor price of US\$ 35 per barrel for the PUTs and a ceiling price of US\$ 46 per barrel for the CALLs.

As of December 31, 2020, the hedge agreements provided coverage for the 1,075 thousand barrels expected to be sold in the next 12 months (i.e., the year of 2021).

Instruments	Quantity	Fair value recognized as of December 31,	
		2020	2019
NDFs	525,000	(17,338)	-
Collars	550,000	(17,011)	-
Total	1,075,000	(34,349)	-

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As of December 31, 2020, the following balances of derivative financial instruments refer to NDF operations for hedging against the fluctuation in the benchmark oil price (Brent).

	Instrument	Quantity (barrels)	Maturity	Benchmark amount (Notional)		Fair value of NDF position sold		Provision for loss on net position at fair value	
				2020	2019	2020	2019	2020	2019
1/4/2021	NDF Itaú 01	40,000	1/4/2021	8,784	-	10,441	-	(1,657)	-
2/1/2021	NDF Itaú 02	50,000	2/1/2021	11,251	-	13,394	-	(2,143)	-
3/1/2021	NDF Itaú 03	50,000	3/1/2021	11,274	-	13,388	-	(2,114)	-
4/1/2021	NDF Itaú 04	45,000	1/4/2021	10,382	-	12,036	-	(1,654)	-
5/3/2021	NDF Itaú 05	45,000	2/1/2021	10,411	-	12,008	-	(1,597)	-
6/1/2021	NDF Itaú 06	35,000	3/1/2021	7,961	-	9,306	-	(1,345)	-
7/1/2021	NDF Itaú 07	35,000	4/1/2021	7,996	-	9,274	-	(1,277)	-
8/2/2021	NDF Itaú 08	35,000	5/3/2021	8,016	-	9,242	-	(1,226)	-
9/1/2021	NDF Itaú 09	35,000	6/1/2021	8,019	-	9,208	-	(1,190)	-
10/1/2021	NDF Itaú 10	35,000	7/1/2021	8,036	-	9,176	-	(1,140)	-
12/1/2021	NDF Itaú 11	40,000	8/2/2021	9,567	-	10,414	-	(847)	-
1/3/2022	NDF Itaú 12	80,000	9/1/2021	19,603	-	20,751	-	(1,148)	-
	Total	525,000		121,300	-	138,638	-	(17,338)	-

As of December 31, 2020, the following balances of derivative financial instruments refer to operations with options and collars without cost, for hedging against fluctuations in the benchmark oil price (Brent).

	Instrument	Quantity (barrels)	Maturity	Fair value of SALE options, positions bought		Fair value of BUY options, positions sold		Provision for loss on net position at fair value	
				2020	2019	2020	2020	2020	2019
4/1/2021	Collar 01	43,000	4/1/2021	64	-	(1,351)	-	(1,286)	-
5/3/2021	Collar 02	44,000	5/3/2021	109	-	(1,442)	-	(1,333)	-
6/1/2021	Collar 03	44,000	6/1/2021	154	-	(1,473)	-	(1,319)	-
7/1/2021	Collar 04	44,000	7/1/2021	201	-	(1,511)	-	(1,310)	-
8/2/2021	Collar 05	44,000	8/2/2021	222	-	(1,591)	-	(1,369)	-
9/1/2021	Collar 06	44,000	9/1/2021	239	-	(1,617)	-	(1,378)	-
10/1/2021	Collar 07	43,000	10/1/2021	241	-	(1,626)	-	(1,385)	-
11/1/2021	Collar 08	80,000	11/1/2021	636	-	(3,620)	-	(2,984)	-
12/1/2021	Collar 09	80,000	12/1/2021	719	-	(2,761)	-	(2,041)	-
1/4/2021	Collar 10	23,000	1/4/2021	-	-	(618)	-	(618)	-
2/1/2021	Collar 11	28,000	2/1/2021	-	-	(937)	-	(937)	-
3/1/2021	Collar 12	33,000	3/1/2021	17	-	(1,067)	-	(1,051)	-
	Total	550,000		2,602	-	(19,613)	-	(17,011)	-

b) Management of financial risks

The Company is exposed to the following risks resulting from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

i. Structure of risk management

Company Management has overall responsibility for the establishment and supervision of the structure

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of risk management.

The risk management policies are established to identify and analyze the risks to which the Company is exposed, to define appropriate limits of risks and controls and to monitor both the risks and adherence to the limits defined.

ii. Credit risk

This risk mainly relates to the Company's cash and cash equivalents and trade accounts receivable. All operations are carried out with banks with renowned liquidity, so as to minimize their risks. The Company's sales policy is directly associated with the level of credit risk to which it is exposed and subject to in the normal course of its business. Company sales are substantially concentrated in Petrobras, which has a Baa2 and BB- ratings of Moody's Standard & Poor's and Fitch, respectively. Accordingly, Management considers that the risk of default on its credits is low, since the Company provides a basic input for business with its sole customer (Petrobras).

iii. Derivative financial instruments

These derivatives are concentrated at banks and financial institutions that have ratings between AA- and AA+, based on the credit rating agency.

iv. Liquidity risk

This represents the risk of shortfalls of cash and difficulty for the Company in honoring its debts. 3R Petroleum seeks to align the maturity of its debts with the cash generation period to avoid mismatches and generate the need for greater leverage.

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The following are the contractual maturities of financial liabilities as of December 31, 2020. Such amounts are gross and not discounted and include payments of contractual interest charges, when applicable:

2019					
Parent company					
	Carrying amount	Up to 1 year	> 1-3 yrs.	> 3-5 yrs.	> 5 yrs.
Financial liabilities					
Trade accounts payable	148	148	-	-	-
Related parties	41,526	-	41,526	-	-
Other obligations	11	11	-	-	-
Consolidated					
	Carrying amount	Up to 1 year	> 1-3 yrs.	> 3-5 yrs.	> 5 yrs.
Financial liabilities					
Trade accounts payable	778	778	-	-	-
Other obligations	15,072	15,072	-	-	-
2020					
Parent company					
	Carrying amount	Up to 1 year	> 1-3 yrs.	> 3-5 yrs.	> 5 yrs.
Financial liabilities					
Trade accounts payable	1,581	1,581	-	-	-
Other obligations	1,864	81	1,783	-	-
Consolidated					
	Carrying amount	Up to 1 year.	> 1-3 yrs.	> 3-5 yrs.	> 5 yrs.
Financial liabilities					
Trade accounts payable	22,445	22,445	-	-	-
Debentures	632,785	9,566	623,219	-	-
Derivative financial instruments	34,349	34,349	-	-	-
Other obligations	24,922	15,494	9,428	-	-

v. Market risks

These risks involve possible changes in market prices that may affect future cash flows and/or the fair value of the Company's financial instruments.

Market risks are as follows:

- Currency risk (exchange rate);
- Interest rate risks; and
- Price risks.

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vi. Interest rate risk

This risk arises from the possibility of the Company incurring losses due to fluctuations in the interest rates, increasing financial expenses relating to borrowings obtained.

vii. Currency risk (exchange rate)

This risk arises from the possibility that the Company may incur losses owing to fluctuations in exchange rates that reduce the face amounts billed or increase the amounts funded. The following table sets out the net exchange exposure to which 3R Petroleum is subject:

	Consolidated	
	2020	2019
Assets		
Cash and cash equivalents	185,943	-
Marketable securities	298,038	
Liabilities		
Derivative financial instruments	(34,349)	-
Debentures	(684,812)	-
Total Net Exchange Exposure	(235,180)	-

viii. Sensitivity analysis

As required by CVM Instruction 475 of December 17, 2008, the Company and its subsidiaries must present a sensitivity analysis for each type of market risk considered material by Management, arising from financial instruments, to which it is exposed.

A reasonably possible appreciation (devaluation) of the R\$ and US\$ against all other currencies as of December 31 would have affected the measurement of the financial instruments denominated in foreign currency and affected both shareholders' equity and results in the amounts shown below. The analysis considers that all other variables, especially interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Risk	Consolidated			
		2020	Probable Scenario (I)	Impact of Scenario (II)	Impact of Scenario (III)
Assets					
Cash and cash equivalents	Devaluation of US\$	185,943	184,272	230,340	276,408
Marketable securities	Devaluation of US\$	298,038	295,360	369,200	443,040
Liabilities					
Derivative financial instruments	Appreciation of US\$	(34,349)	(34,040)	(42,551)	(51,061)
Debentures	Appreciation of US\$	(684,812)	(678,658)	(848,322)	(1,017,987)
Total Net Exposure		(235,180)	(233,066)	(291,333)	(349,600)

For calculation of the amounts in the above scenarios, the most probable scenario (I) was considered as the projection of average exchange rate disclosed in the FOCUS report issued by the Brazilian Central Bank (BACEN) for the year ended December 31, 2020 (US\$ 1.00/R\$ 5.15). In scenario II, this projection is increased by 25% and in scenario III it is increased by 50%, both in relation to the probable scenario (I). As of December 31, 2019, there were no impacts on the scenarios shown above for financial investments, derivatives and debentures.

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ix. Other price risks

The price risks for the Company derive from variations in oil prices. The operations involving derivative financial instruments are aimed exclusively at hedging the results expected on short-term commercial transactions (up to 12 months).

The following sensitivity table deals with a variation in the Brent price and the effect on shareholders' equity of marking to market and settlement of the NDF and Collar operations, again in 3 (three) scenarios: (i) Probable, considering the last closing prices on the market for future agreements outstanding; (ii) Scenario II, considering valuation of 25% over the Scenario I prices; and (iii) Scenario III, considering valuation of 50% over the Scenario I prices.

Liabilities	Risk	2020	Probable Scenario (I)	Possible Scenario (I) (Δ 25%)	Remote Scenario (II) (Δ50%)
Derivative financial instruments	Brent price decrease	(34,349)	(35,658)	(74,897)	(114,137)
Total Net Exposure		(34,349)	(35,658)	(74,897)	(114,137)

36. Statement of cash flows (Consolidated)

Below are demonstrated movements of financing activities that did not involve the use of cash or cash equivalents and, therefore, were excluded from the statements of cash flows in the fiscal years in these items.

If the transactions had affected the cash, they would be presented under the cash flow items below:

	Cash flow from financing activities			Items that do not affect cash			Balances as of December 31, 2020
	Balances as of December 31, 2019	Inflows	Interest paid	Interest appropriate	Monetary updating	Transaction costs appropriate	
Debenture BTG	-	707,209	(61,107)	61,655	(22,945)	-	684,812
(-)Transaction costs	-	(58,899)	-	-	-	6,872	52,027
Total	-	648,310	(61,107)	61,655	(22,945)	6,872	632,785

	Cash flow from financing activities		Items that do not affect cash			Balances as of December 31, 2020
	Balances as of December 31, 2019	Capital contribution through Public Offering of Shares	Capital Reduction	Capital increase through the Merger of 3R Petroleum	Capital increase through Roll up of the DBO shareholder	
Capital	327,267	570,000	(687)	263,308	68,730	1,228,618
Total	327,267	570,000	(687)	263,308	68,730	1,228,618

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37. Insurance Agreements

The Company has a program for management of risks to delimit same, seeking out on the market insurance coverage compatible with its size and the type of operations it conducts. Coverage has been contracted to cover any accidents and claims, considering the nature of its activities, the risks involved in its operations and the guidance of its insurance consultants.

Company Management believes that the amounts insured are sufficient to cover all the risks that may exist.

As of December 31, 2020, the Company has taken out the following main insurance policies from third parties:

<u>Types of insurance</u>	<u>Insured sum</u>	<u>Expiration date</u>
Civil liability	US\$ 25,000	2/28/2021
Operational risks	US\$ 121,277	2/28/2021
Operator costs	US\$ 25,000	2/28/2021
Civil liability - officers / shareholders	R\$ 40,000	2/18/2021
Civil liability – officers / shareholders – SPE 3R	R\$ 60,000	11/3/2021
Civil liability - SPE 3R	R\$ 40,000	4/24/2021
Operational risks - SPE 3R	R\$ 50,000	11/26/2021

38. Commitments Assumed

The following are the commitments assumed by the Company as of 31 December 2020.

- a) Portion relating to refunds of federal taxes: Contingent payment pegged to any future refunds of IRPJ and CSLL relating to specific Company processes that total roughly R\$ 6,000.
- b) Portion of gross overriding royalties: Contingent payment of 3% on the gross revenue accrued by the Company derived from the development of specific exploratory blocks, in the event this should occur during a period of no more than 10 (ten) years.
- c) Earn-out Portion: Contingent payment pegged to the potential calculation of taxable income by OPE, Candeias and 3R OG
- d) As of August 14, 2020, SPE FZB signed an agreement for outright purchase of the working interest held by Petrobras in the onshore fields of Fazenda Belém and Icapuí and the Fazenda Belém Cluster, located in the Potiguar basin in the State of Ceará. The acquisition amount is US\$ 35.2 million. Out of this total, US\$ 8.8 million (R\$ 49 million) was paid on the signing date (August 14, 2020) and another US\$ 16.4 million will be settled upon the closing of the transaction. Finally, US\$ 10 million will be paid 12 (twelve) months after conclusion of the transaction.
- e) On August 21, 2020, SPE RV signed an agreement to buy out the entire working interest held by Petrobras in the 8 (eight) onshore fields of the Rio Ventura Cluster located in the Recôncavo basin in the state of Bahia. The amount of the acquisition is US\$ 94.2 million, with (i) US\$ 3.8 million (R\$ 22 million) being paid on the signing date of August 21, 2020; (ii) US\$ 31.2 million upon closing of the transaction; (iii) US\$ 16 million to be paid within 30 (thirty) months after transaction closing; and (iv) US\$ 43.2 million in contingent payments set out in the agreement, pegged to recovery of the worldwide benchmark oil price (Brent).
- f) On December 17, 2020, the Company's subsidiary Candeias signed an agreement from purchase of the entire working interest held by Petrobras in 14 (fourteen) onshore production fields denominated the Recôncavo Cluster, located in the state of Bahia. The total amount of the transaction is US\$ 250 million, with (i) US\$ 10 million paid in December of 2020; and (ii) US\$ 240 million upon transaction

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closing, further such to the fulfillment of conditions precedent, such as approval by the ANP.

g) On July 9, 2020, subsidiary OPP signed an agreement for acquisition of 65% of the working interest held by Petrobras in the fields of Pescada, Arabaiana and Dentão. The sale value of the transaction was US\$ 1,500,000 (one million, five hundred thousand United States Dollars), to be paid in 2 (two) installments, US\$ 300,000 (three hundred thousand United States Dollars) upon signature of the agreement and US\$ 1,200,000 (one million, two hundred thousand United States Dollars) upon transaction closing, without considering the agreed-upon adjustments calculated as from the effective date (January 1, 2020).

39. Covid-19

Backed by the recommendations of the World Health Organization (WHO) and the Brazilian Ministry of Health, the Company has announced steps to preserve the health of its collaborators and support prevention of the Covid-19 pandemic in its administrative areas, by means of making home office work an operational reality. To this end, it is providing all the structure needed for employees to make the model implemented efficient, as well as the total support of the human resources department in appraisal of the mental health of collaborators in the period. In the operational areas, when implementation of the home office system proved to be impractical, a strict plan for hygienic cleansing of workspaces was developed and personal protective equipment (PPE) was distributed.

Even with the atypical and challenging scenario brought on by the Covid-19 pandemic, there were no material impacts on operations. The Company's gas sales are carried out according to a fixed price agreement that was not impacted by the pandemic, chiefly due to gas sales being independent of changes in oil prices. This mitigates the Company's market risks and protects cash generation. As regards the sale of oil, there was a significant impact, considering that international oil prices dropped to levels below US\$ 30 per barrel in April and May. Even despite the impact on oil-derived revenues, OP Pescada posted an increase in Net revenues in comparison with the same period of 2019; this was due to higher production levels, depreciation of the R\$ against the US\$ and the fixed-price gas agreement.

It behooves Management to point out that the Company has not had any case of dismissal or reassignment of any employee due to the context set out above.

As regards the safety of its employees, the Company constantly appraises the best practices to ensure their security, always in line with the recommendations of the WHO and the Brazilian Health Ministry. The Company has announced steps to preserve the health of its collaborators and prevent spread of the pandemic in its operating and administrative areas, including:

- Alteration of presence at work through use of the home office modality, when possible;
- Lockdown, monitoring of health and testing;
- General checkups carried out by health-care professionals at production units;
- Use of face masks and alcohol gel at production units;
- Consciousness-raising campaigns through the means of communication employed at production units; and
- Measures to prevent agglomerations at production units.

The measures Management has adopted, which are constantly being re-evaluated, seek to maintain both operational quality and the safety and well-being of the Company's collaborators, suppliers and customers, as well as society as a whole, and they are in line with the measures determined by the public authorities. The Company will continue working proactively to preserve the health of all and will remain constantly vigilant and ready to make course corrections as the situation evolves.

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40. Subsequent Events

Change in equity interests

On January 6, 2021, BTG Pactual sold some of its common shares issued by the Company and its equity interest became approximately 4.63% of the total common shares issued by the Company.

Furthermore, on January 12, 2021, BTG Pactual and FIP 3R altered their equity interests in the Company, with BTG Pactual thereafter holding the equivalent of 9.16% of the total common shares issued by 3R OG and FIP 3R the equivalent of 24.21% of the total 3R OG common shares.

On January 27, 2021, DBO transferred to RWE 13,144,546 common shares issued by the Company. Accordingly, RWEST Participações Ltda., a company based in Germany that focuses on energy, with a corporate history of over 120 years and market value of roughly R\$ 150 billion, became a Company shareholder, with an equity interest equivalent to 12% of the total common shares issued by 3R Petroleum, while DBO became the holder of an equity interest equivalent of 1.44%.

ANP approval of 65% of Pescada and Arabaiana field

On January 14, 2021, the ANP board approved the assignment of the entire participation of Petrobras to OPP in the Concession Contracts nº 48000.003912 / 97-84 (Pescada), nº 48000.003913 / 97- 47 (Arabaiana) and nº 48000.003907 / 97 -44 (Dentão), subject to precedent conditions.

Capital Increase in the OPE

On January 28, 2021, the Company approved ope's capital increase, totaling R\$ 13,456, by issuing 13,456,000 shares, at the issue price of R\$ 1.00 (one real) each, all subscribed by the Company.

Acquisition of the Peroá Cluster

On January 29, 2021, through the Company's wholly owned subsidiary OPE, 3R Petroleum signed an agreement for acquisition of half (50%) of the working interest held by Petrobras in the production fields of Peroá and Cangoá and BM-ES-21 (Malombe Discovery Appraisal Plan), jointly denominated the Peroá Cluster, located in the Espírito Santo basin in Southeast Brazil. At present, Petrobras is the operator with 100% interest and, after conclusion of the transaction, OPE will become the operator of the fields in consortium with DBO, whose interest will be 50% of the Cluster. The total amount of the transaction is US\$ 55 million, with (i) US\$ 5 million paid up front; (ii) US\$ 7.5 million upon closing of the transaction; and (iii) US\$ 42.5 million in contingent payments called for in the agreement, with 50% of the amount to be honored by 3R Premium and 50% by DBO. These amounts do not consider any adjustments and corrections that may be made up to the transaction closing date. The contingent payments are divided as follows: (a) US\$ 20 million to be paid in case commercial viability of the Malombe field is declared, (b) US\$ 12.5 million to be paid if the benchmark Brent price reaches US\$ 48 on the average of 12 months at any time as from the operation closing date, and (b.1) renewal of the concession agreements for the fields or (b.2) the occurrence of hypothesis (a) above; and (c) US\$ 10 million if the Brent price reaches US\$ 58 in the average detailed in item (b) above. The Peroá and Cangoá fields are located in shallow waters and, in November of 2020, posted production of roughly 900 thousand m³/day of natural gas (~5,600 boe/d).

Follow-on restricted public offering

The Company, pursuant to Instruction No. 358/02, of January 3, 2002 (as amended) of the Brazilian Securities Commission ("CVM"), Article 157, paragraph 4 of the Brazilian Law No. 6,404, of December 15, 1976 (as amended) as amended, hereby announces to its shareholders and to the market in general that it has engaged certain financial institutions, for advisory services in the context of a potential primary follow-on restricted public offering of common shares, all nominative, book entry, with no par value, all free of liens and encumbrances issued by the Company ("Shares" and "Potential Offering", respectively).

The Company has not yet made any determination regarding or approved the Potential Offering, its terms and conditions, or any other possible transaction for the issuance or sale of the Shares and,

3R Petroleum Óleo e Gás S.A.

Notes to the Financial Statements as of and for the years ended December 31, 2020 and 2019
Amounts expressed in thousands of Brazilian Reais, except as indicated otherwise

therefore, on this date, no public offering for the distribution of the Shares is being carried out in Brazil, in the United States or in any other jurisdiction. Any Potential Offering will be subject to Brazilian and other applicable laws and regulations, and the conditions of the international financial and capital markets, as well as corporate approvals by the Company.

This material fact is not intended to be published or distributed, directly or indirectly, in the United States of America, or any other jurisdiction, and is for informational purposes only, in accordance with the current laws and regulations in force, and shall, under no circumstances, be considered and/or construed as, or constitute, an investment recommendation or an offer to sell, or a request or offer to purchase any securities issued by the Company, including the Shares, in Brazil, the United States of America or any other jurisdiction.

The securities mentioned in this material fact have not been and will be not registered under the U.S. Securities Act of 1933, as amended ("Securities Act") or any other U.S. federal or state securities law and the Shares may not be offered, sold, or otherwise transferred in the United States or to U.S. investors, unless they are registered, or exempt from, or not subject to, registration under the Securities Act

Partnership with DBO - acquisition of offshore assets

On March 5, 2021, the Company, through its wholly owned subsidiary OPE, signed a contractual instrument with DBO, whose purpose is the construction of a partnership for potential acquisitions of offshore assets in Brazil that comprise existing production concessions, in the development or production phase. The effectiveness of such an instrument is subject to the attainment of certain preceding conditions.

At the end of the transaction, 3R OG will remain ope's parent company, while BOD will be a minority shareholder. The OPE will now hold 100% of the rights acquired in the Peroá Pole (which includes the Cangoá, Peroá and Malombe fields, in the Espírito Santo Basin) and potentially other assets that may be acquired. It is worth mentioning that the OPE is qualified to be operator "A" before the ANP, being able to operate blocks and concessions on land (onshore) and offshore, including in ultra deep waters.

Ricardo Rodrigues Savini
President & CEO

Rodrigo Pizarro Lavalle da Silva
CFO & Chief Relations Investor Officer

Mauro Braz Rocha
Controller

Wagner Pinto Medeiros
Accounting Manager

Domingues and Pinho Contadores Ltda
CRC/RJ 001137/O-0

Luciana dos Santos Uchôa
CRC/RJ 081003/O-8

REPRESENTATION OF CHIEF EXECUTIVE OFFICERS

Ricardo Rodrigues Savini (President & CEO), Rodrigo Pizarro Lavalle da Silva (CFO & Chief Investor Relations Officer), in their capacity as Statutory Executive Officers of 3R Petroleum Óleo e Gás S.A., hereby declare, in the manner provided by item VI of paragraph 1 of Article 25 of CVM Instruction 480 of December 7, 2009, that: they have reviewed, discussed and agree with the Company's financial statements as of and for the year ended December 31, 2020.

Rio de Janeiro, March 16, 2021



Ricardo Rodrigues Savini
President & CEO



Rodrigo Pizarro Lavalle da Silva
CFO & Chief Investor Relations Officer

REPRESENTATION OF CHIEF EXECUTIVE OFFICERS

Ricardo Rodrigues Savini (President & CEO), Rodrigo Pizarro Lavalle da Silva (CFO & Chief Investor Relations Officer), in their capacity as Statutory Executive Officers of 3R Petroleum Óleo e Gás S.A., hereby declare, in the manner provided by item V of paragraph 1 of Article 25 of CVM Instruction 480 of December 7, 2009, that: they have reviewed, discussed and agree with the opinions expressed in the Independent Auditor's Report on the Company's financial statements as of and for the year ended December 31, 2020.

Rio de Janeiro, March 16, 2021



Ricardo
Rodrigues
Savini

President & CEO



Rodrigo Pizarro Lavalle da Silva
CFO & Chief Investor Relations Officer