

# Earnings Release | 4Q20



**RRRP**  
B3 LISTED NM



**Petroleum**  
Redevelopment of oil & gas fields

## 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.

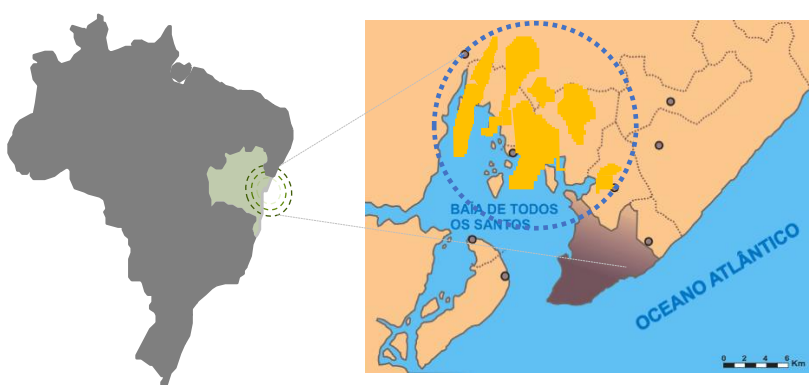
**Recôncavo Basin Complex** – Acquisition of the Recôncavo Cluster, subsequent to acquisition of the Rio Ventura Cluster, paves the way for 3R to establish a major operation in the Recôncavo Basin, thus increasing its activities in the State of Bahia (BA). This initiative marks the beginning of the Company's 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.

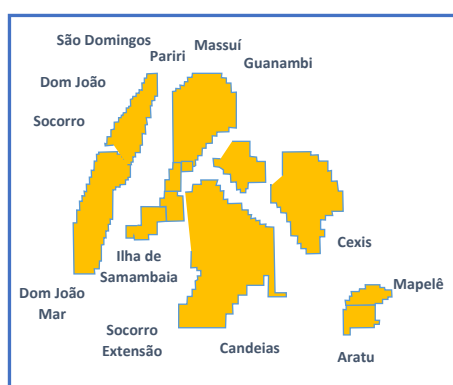
### Recôncavo Cluster (E)



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.

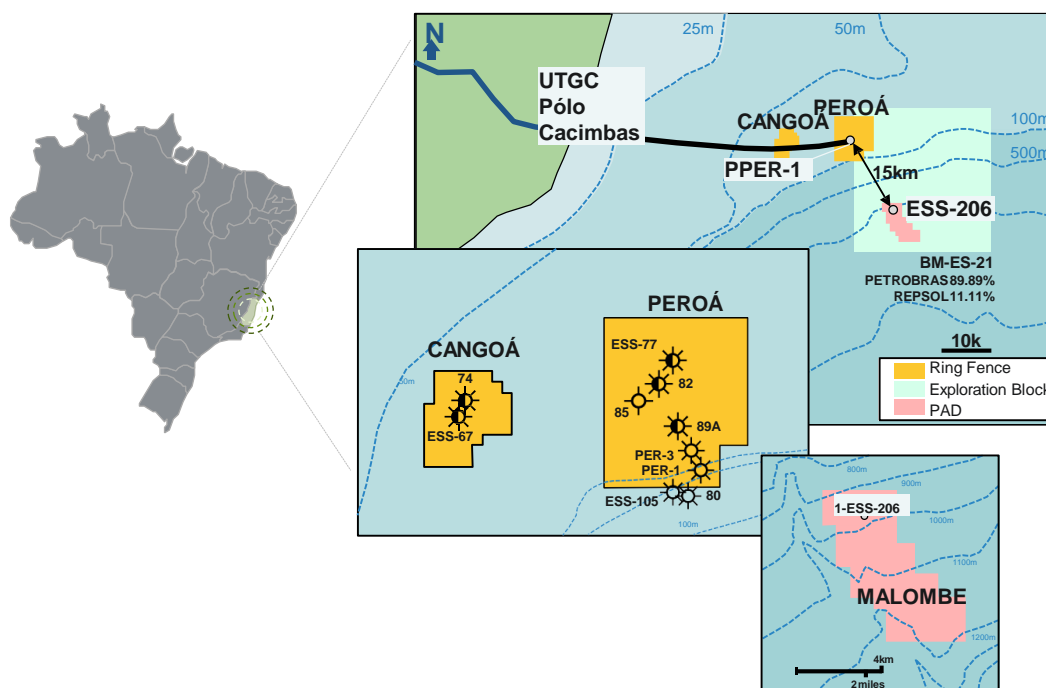
The certification of reserves in the Recôncavo Complex indicates a volume of proven plus probable reserves (2P) of 61.2 million barrels, of which 46.7 million barrels are classified as 1P reserves (76.3% of the 2P reserves), attaining an attractive 2P reserve entry multiple: US\$ 4.1/boe.

The average production of the Recôncavo Cluster in 2020 was around 2,146 barrels of oil per day (bpd) and 468 thousand m<sup>3</sup>/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 m<sup>3</sup> (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
<b>Proved and Probable (“2P”)</b>	<b>61.2</b>	<b>611.4</b>
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
<b>Proved and Probable (2P)</b>	<b>12.3</b>	<b>104.6</b>
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)
<i>Macau</i>	42.6	408.2	47.9	441.1	53.4	492.4
<i>Fazenda Belém</i>	7.1	69.6	12.6	132.6	14.8	157.4
<i>Pescada Arabaiana</i>	3.6	31.9	15.1	114.6	16.3	123.4
<i>Rio Ventura</i>	15.5	223.5	24.9	367.1	36.2	560.9
<i>Recôncavo</i>	46.7	367.5	61.2	611.4	77.1	825.4
<i>Peroá</i>	10.9	89.6	12.3	104.6	14.6	130.1
<b>Total</b>	<b>126.4</b>	<b>1,190.3</b>	<b>173.8</b>	<b>1,771.4</b>	<b>212.4</b>	<b>2,289.6</b>

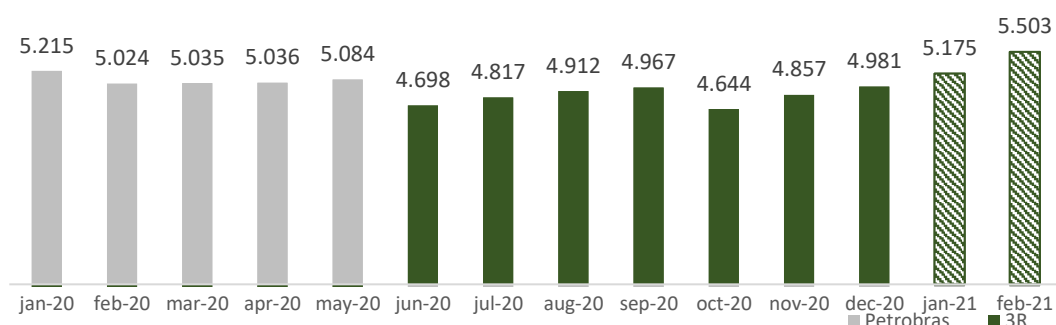
# Operational Performance

## 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.

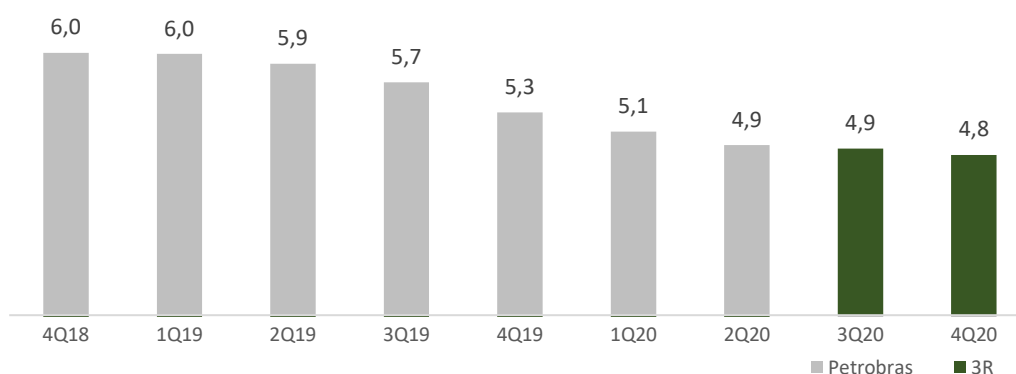
In the graph below, we can note the average daily oil equivalent production per month in 2020. October production was impacted by the scheduled process for exchange and updating of equipment used by Petrobras, an intervention needed to make it feasible for precision of field measurements and increased 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 m<sup>3</sup> 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**

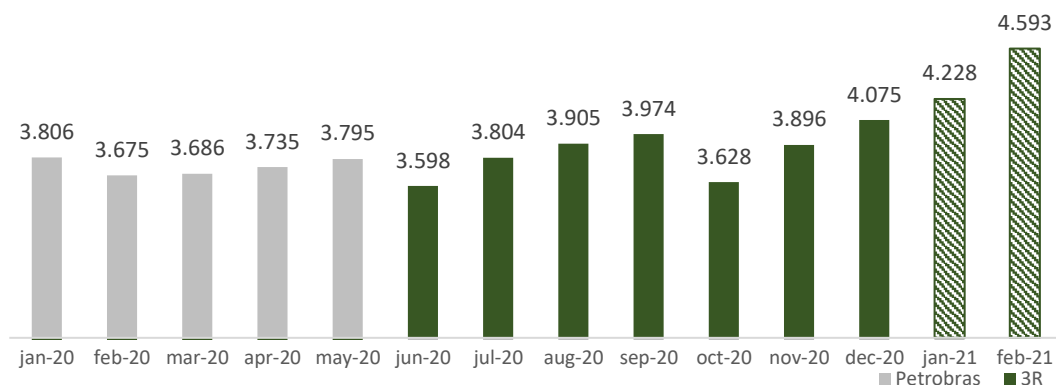


## Oil Production | Macau Cluster

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%.

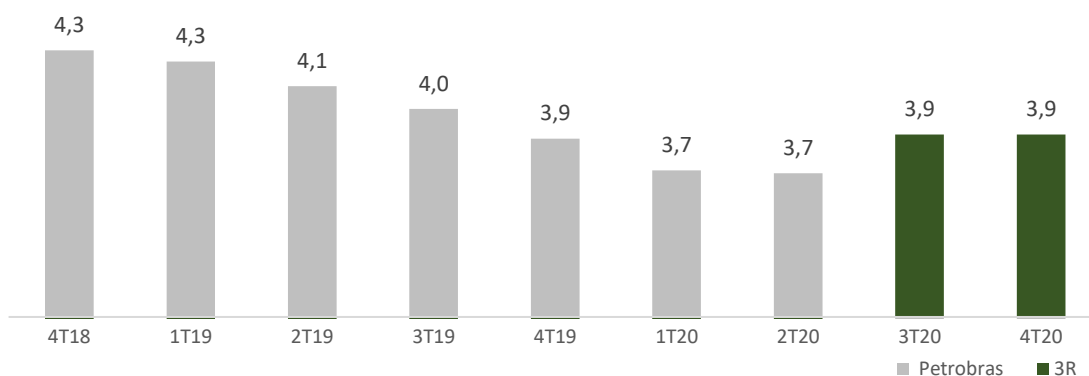
The preliminary and still unaudited figures for the first 2 months of 2021 confirm the increased production trend at Macau and already reflect the first impact of the technical interventions carried out at the end of 4Q20. In January 2021, average daily production was roughly 4,200 barrels of oil, followed 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

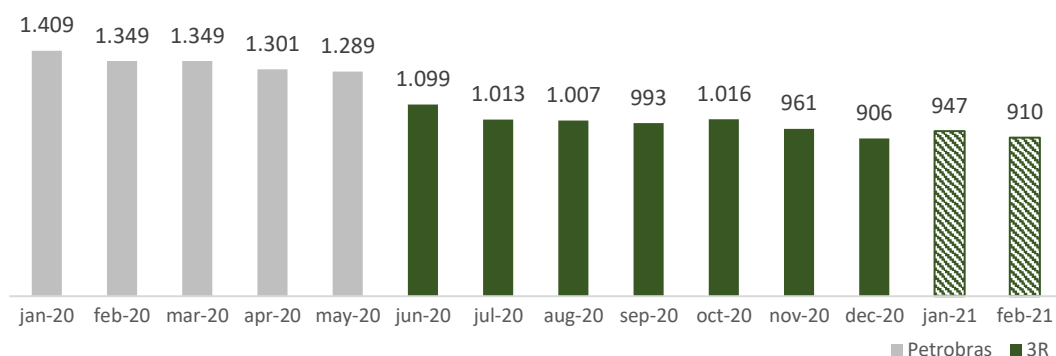


## Gas Production | Macau Cluster

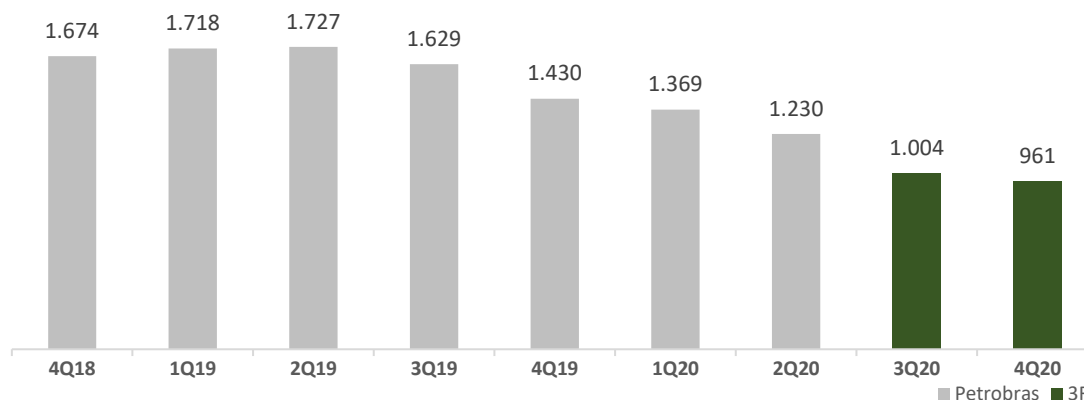
Gas production at the Macau Cluster saw a slight dip in the past quarter for a series of reasons, the main ones being: (i) technical shut-down for programmed reappraisal of certain wells; (ii) transfer of the license granted by the Brazilian Environmental Protection Agency (Ibama) from Petrobras to 3R; 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



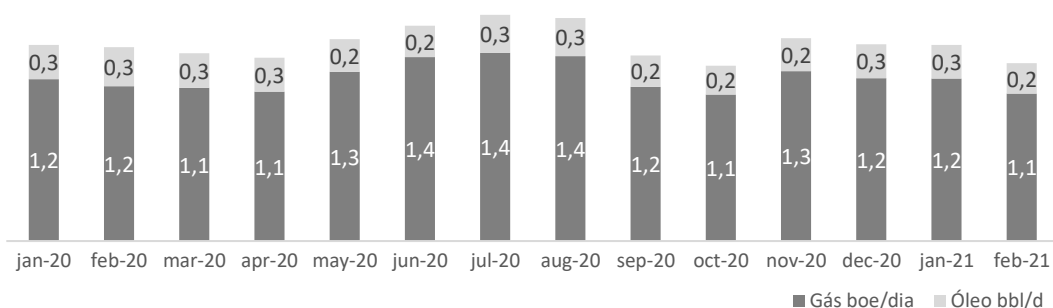
## Cluster Production | Pescada Arabaiana

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.

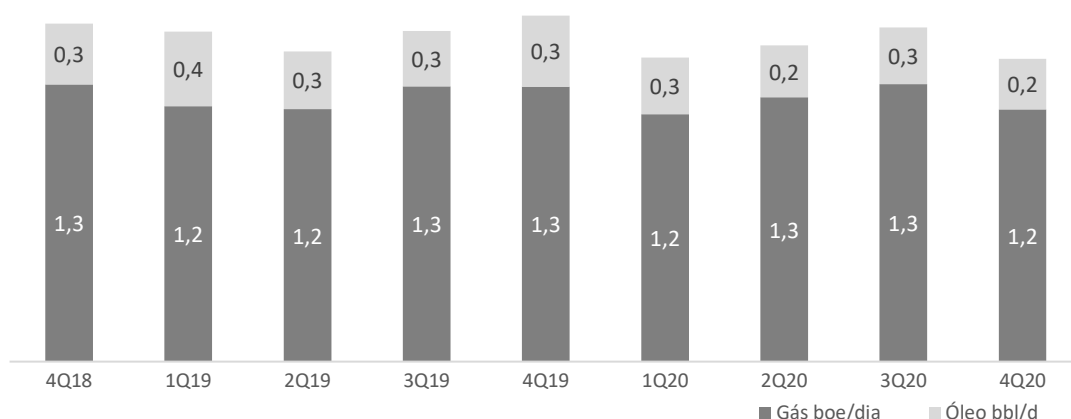
The Company already held 35% of the rights to the asset and in July of 2020 it acquired the remaining 65%. The effective acquisition date is January of 2020, that is, all the cash generated since the effective date will be deducted from the amount to be paid to Petrobras upon transaction closing.

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

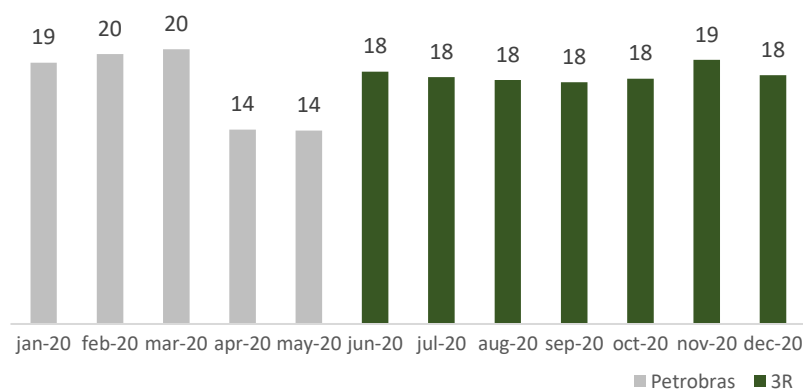


### Gas Production | Pescada Arabaiana Complex - average boe/d – by Quarter

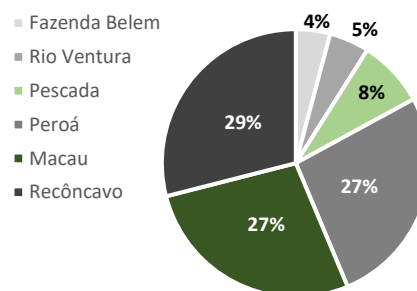


### Total 3R Production

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.

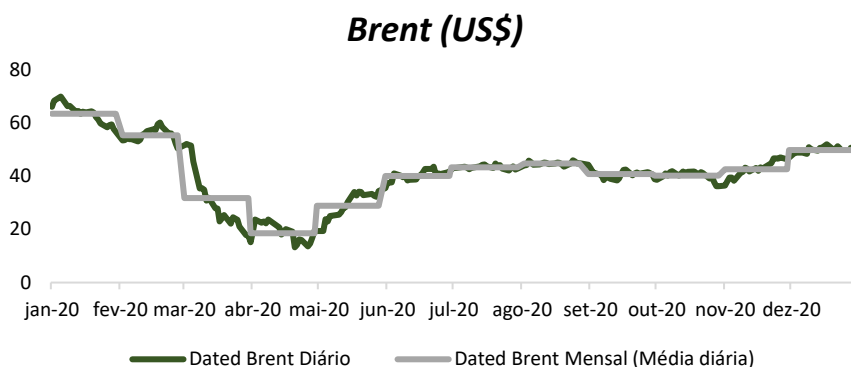
Last, in the past quarter several initiatives were undertaken aimed at operational optimization. These included: *(i)* reopening and reactivation of over 25 wells that were shut down due to lack of corrective maintenance by the former operator; *(ii)* optimization of oil lifting methods to seek enhanced 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)
<b>Gross Income</b>	<b>40,660</b>	<b>1,239</b>	<b>-</b>	<b>41,900</b>	<b>98,019</b>
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)
<b>Operational Income</b>	<b>26,787</b>	<b>(26,825)</b>	<b>(141,969)</b>	<b>(142,007)</b>	<b>(172,351)</b>
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)
<b>Income before taxes</b>	<b>11,530</b>	<b>(18,829)</b>	<b>(162,643)</b>	<b>(169,942)</b>	<b>(301,630)</b>
Income taxes and Social Contribution	11,616	(3,907)	14,690	22,399	25,100
<b>Net Income</b>	<b>23,147</b>	<b>(22,736)</b>	<b>(147,953)</b>	<b>(147,543)</b>	<b>(276,530)</b>
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
<b>EBITDA</b>	<b>40,549</b>	<b>(25,062)</b>	<b>(141,648)</b>	<b>(126,162)</b>	<b>(132,718)</b>
<b>EBITDA Margin</b>	<b>53,4%</b>	<b>-267,9%</b>	<b>-</b>	<b>-148,0%</b>	<b>-65,0%</b>
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
<b>Adjusted EBITDA</b>	<b>49,087</b>	<b>1,578</b>	<b>(143)</b>	<b>50,521</b>	<b>53,367</b>
<b>Adjusted EBITDA Margin</b>	<b>64,7%</b>	<b>16,9%</b>	<b>-</b>	<b>59,3%</b>	<b>26,1%</b>

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



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 202 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 (vi) 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%.

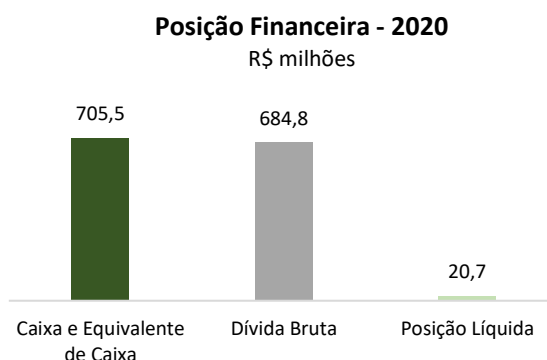
### **Lifting Cost**

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.

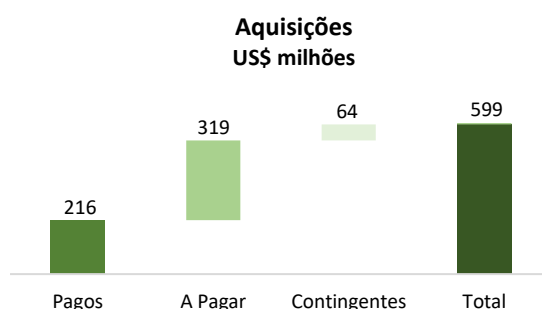
## Financial Structure

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.