

MATERIAL FACT

3rd PHASE OF POLVO'S REVITALIZATION PLAN AND ROYALTIES UPDATE

Rio de Janeiro, March 19, 2020 – Petro Rio S.A. (“Company” or “PetroRio”) (B3: PRIO3), following best practices in corporate governance, updates its shareholders and the market in general about the results of the 3rd Phase of Polvo’s (“Polvo”, or “Field”) Revitalization Plan and the resulting impact from lower royalty rates incurring on the production of the new wells.

The Company hereby announces that it chose to drill and complete two wells. The first in a carbonate reservoir of the Albian Stage in the Quissamã Formation (“POL-N”), and the second a sandstone reservoir of the Eocene period in the Emboré Formation (“POL-L”).

POL-N well (Ipanema prospect)

Following the Material Fact of February 3, 2020, the reservoir had revealed better than expected permeability and porosity. However, the oil’s higher than expected viscosity required further study, which was recently concluded. The Company began today injection tests with viscosity reducing agents, to assess the well’s commercial viability.

POL-L well (Eocene)

PetroRio began production in POL-L and measured initial production at over 2,500 barrels per day, thereby increasing the Field’s production in approximately 30%. The Field has been producing approximately 11,000 barrels per day in the first days of the well’s production.

This additional volume will reduce Polvo’s lifting cost to under US\$ 26 per barrel, and the Company’s to under US\$ 18 per barrel, when considered 70% working interest in the Frade Field, and excluding any synergies from the Tubarão Martelo tieback.

The Campaign’s success also positively impacted the Company’s reserves. PetroRio estimates that the POL-L well can add up to 3 million barrels of oil reserves. The total cost of the 3rd Phase of Polvo’s Revitalization plan was of approximately US\$ 20 million.

PetroRio believes that the success of this first reservoir of the Eocene period opens a new frontier for development in Polvo and Tubarão Martelo, towards prospects of similar characteristics. The Company extends its gratitude with the outcome achieved and by the commitment of its teams.

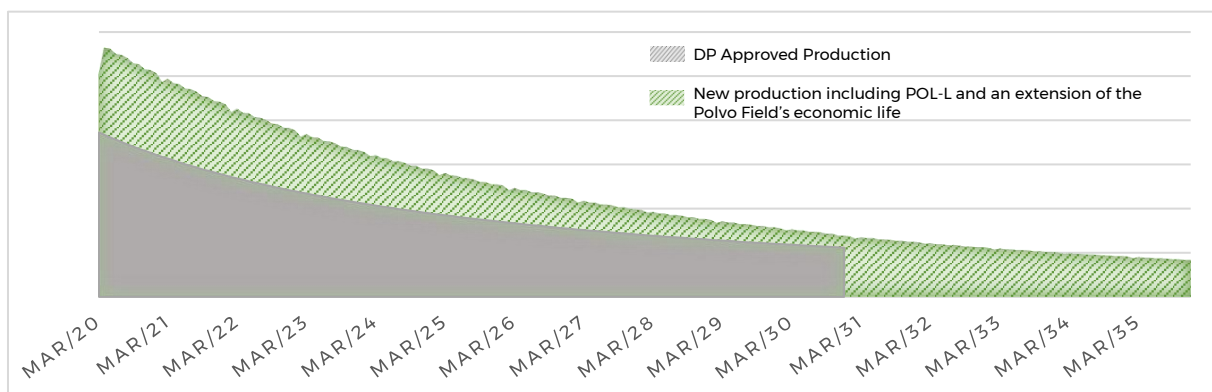
Lower Royalty Rates

In October 2017, PetroRio petitioned the ANP (National Petroleum Agency) to reduce Polvo’s royalty rate as an incentive to invest in the Field’s revitalization. The request included a reduction in royalty rates from 10% to 5% over production, based on the concession’s contract and the law.

Due to the request, ANP began talks with other government entities and the private sector, which resulted in resolution 749/18, which regulates the royalty rate reduction on incremental production for mature fields. On February 20, 2020, PetroRio was the first company to receive the royalty rate reduction along with the approval of its Development Plan ("DP") revision.

As such, incremental production from the POL-L and POL-N wells will have their royalty rates reduced to 5%. In addition, any extension to Polvo's economic life beyond 2030 will have its rate similarly reduced, since it would exceed the current DP's cutoff. The figure below shows a simulation of incremental production (in green), eligible for the lower royalty rate.

DP Production Curve (ANP) x Polvo's New Production Estimate



The Drilling Campaign's success, the approval of the royalty rate reduction and the subsequent reduction in lifting costs are important achievements from our team, especially in light of the recent drop in Brent prices. PetroRio believes that the best hedging strategy against commodity price volatility is more efficiency, safety, and lower unit costs, achieved through discipline and diligence in the selection of its projects.

About PetroRio

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

Disclaimer

This news release contains forward-looking statements. All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisitions of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify many of these statements by looking for words such as "expects", "believe", "hope" and "will" and similar words or the negative thereof. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. By their nature, forward-looking statements require us to make assumptions and, accordingly, forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this news release not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.