

## MATERIAL FACT

### RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

**Rio de Janeiro, August 27, 2020** – Petro Rio S.A. (“Company” or “PetroRio”) hereby informs its shareholders and the market in general, in compliance with CVM Instruction No. 358, of January 3, 2002, that, on this date, a meeting of the Company’s Board of Directors (“RCA”) was held, at which the following was approved:

- (i) The ratification of the hiring of Ernst & Young Auditores Independentes S.S. (“EY”) to provide external and independent auditing services for the annual financial statements (DFs) for the years ended on 12.31.2019 and 12.31.2018, replacing Lopes, Machado Auditores (“BKR”), in addition to the services referred to in the Notice to the Market of March 31, 2020;
- (ii) The restatement of the Company’s financial statements for the year ended December 31, 2019, with the resubmission of the financial statements for the year ended in December 31, 2018, adjusted due to discussions within the scope of work of the independent auditing company EY.
- (iii) As a result of the adjustments to the financial statements for the year ended 12.31.2019 and 12.31.2018, the restatement of the quarterly information forms for the three- and six-month periods ended June 30, 2019 and June 30, 2020, and the three-month period ended on March 31, 2020.

#### 1. Information on the restatement of the Financial Statements

The adjustments mentioned above were raised in discussions with the new independent auditor of the Company (EY). The Company’s management believes that the following relevant adjustments are necessary (among others included in the financial reports) for a better presentation of the financial statements, and refer to the following financial statements of PetroRio for the year ended December 31, 2019 and 2018:

##### (1) Price allocation in the acquisition of assets (PPA) (2019)

The report used in allocating the price paid for the acquisition of Campo de Frade’s assets issued by a specialized outsourced company had an error in the presentation, which considered the abandonment liability in duplicate. The report was reissued, in order to correct said error and adjust the correct amount.

##### (2) Debentures (2019)

In compliance to **CPC 48 - paragraph 4.2.1, item a.**, the change in fair value through the result of options embedded in the convertible debentures agreement must be registered.

##### (3) Abandonment Provision Discount Rate (2018 and 2019)

In compliance to **CPC 12 - paragraphs 27 and 33**, the discount rates of the Dollar amounts of the abandonment provision have been adjusted. The revision of the item pointed out that the risk-free rate + risk premium should be adjusted.

##### (4) Discount rate for contracts in Reais under IFRS 16 liabilities (CPC 06(R2)) (2019)

In compliance to **CPC 06 (R2)** and **Circular letter CVM/SNC/SEP 02/2019**, the discount rate used for contracts in Reais has been adjusted from 5.63% p.a. to 10% p.a..

##### (5) Deferred tax assets on temporary differences and on tax loss (2018 and 2019)

Registry of the entirety of the deferred taxes upon temporary differences in compliance to **CPC 32 - paragraph 24**.

Likewise, the balances of deferred taxes upon tax loss must be registered, based on the Company's projections, pursuant to **CPC 32 - paragraphs 34, 35 and 36**.

## **(6) Reclassifications for better presentation (2018 and 2019)**

**Deferred taxes:** The Company submitted deferred taxes separately (assets and liabilities) in a net form, pursuant to **CPC 32 - paragraphs 72 and 74**.

**Property, plant and equipment:** The amounts allocated for development, emergency spare parts and maintenance of wells in Polvo Field were being recorded in intangible assets, following the balances recorded at the time of acquisition. For better presentation, they were reclassified to property, plant and equipment.

**Other assets and liabilities:** reclassifications for better presentation of assets classified in bonds and securities, transferred to cash and cash equivalents and equity valuation adjustment, portions between short- and long-term loans and amounts of provision for labor contingencies, reclassified to judicial deposits and accounts payable.

The adjustments generated a positive impact of R\$ 206.4 million in the income for 2019. As a result, the consolidated net profit for 2019 reached R\$ 842.3 million. It is important to mention that the adjustments will also be reflected in the comparative balances.

The Financial Statements for the period ended on December 31, 2019 and 2018, and interim information for the three- and six-month periods ended June 30, 2019 and June 30, 2020, adjusted in its aforementioned format, shall be made available in its entirety on the Comissão de Valores Mobiliários ("CVM"), B3 S.A. - Brasil, Bolsa, Balcão ("B3") and the Company's websites, for consultation.

## **2. Other information**

Due to the approval of the restatement of the Financial Statements for the period ended on December 31, 2019 and 2018, and interim information for the three- and six-month periods ended June 30, 2019 and June 30, 2020, the Board of Directors authorized the Executive Board to adopt all acts that are necessary for the implementation of the matters approved herein, including the disclosure of the above quarterly information indicated and the standardized financial statements form - DFP for the year ended December 31, 2019 and 2018, by sending them to the Brazilian Securities and Exchange Commission - CVM and B3 S.A. - Brasil, Bolsa, Balcão, where all the documents can be consulted.

The call for the Extraordinary Shareholders' Meeting of the Company, to resolve, within its legal and statutory powers, on the matters approved by the Company's Board of Directors, will be carried out in due time and disclosed to the market together with the documents required by the applicable legislation.

Furthermore, regarding the Quarterly Information Form - ITR referring to the periods of three and six months ended 06.30.2020 ("ITR 2Q20"), which contained adjustments that were made to change the corresponding amounts related to the financial statements of 2019 and interim accounting information for the periods of three and six months ended June 30, 2019, and object of the Notice to the Market of 08.03.2020 and 08.08.2020, given the above, the Company informs their renewal, as well as taking the opportunity to, in the name of greater transparency to the market, clarify certain semantic inaccuracies contained in the Notice to the Market of 08.03.2020, even though such considerations are overcome by the remainder and subsequent resubmission of ITR 2Q20:

- a. The 2Q20 Earnings Release, made available to the market on August 4, 2020, is re-submitted to incorporate the updated information derived from the DFs, as indicated in this Material Fact;

- b. By means of ITR 2Q20, the Company did not re-submit financial statements for 2017, 2018 and 2019 and quarterly information for the first quarter of 2020, only certain adjustments in the comparative balances referring to the Balance Sheet of 12.31.2019 and Results for the six- and three-month periods ended 06.30.2019;
- c. Such adjustments were due to identified errors, the rectification of which was considered appropriate by the Company's Management, therefore, there was no approval of financial statements by EY in the course of this interim review of the quarterly financial information;
- d. The financial impacts reported in the aforementioned Notice have been overcome, in the opinion of the Company, due to the restatement of the financial statements and the ITR 2Q20 itself.

#### **About PetroRio**

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