Petro Rio S.A.

Individual and consolidated financial statements for the years ended December 31, 2019 and 2020 and Independent auditors' report.

PetroRio

Management report

“We thank all our employees for your dedication, resilience and optimism in such a challenging year. We faced this period with health. You have conquered too much in an uncertain scenario, always maintaining the highest levels of safety and efficiency, and you deserve our gratitude. The same message is valid for the society as a whole, and we expect that all of you remain resilient in view of the challenges resulting from COVID-19 still to be faced.

PetroRio has always undertaken the best efforts to take care of its employees – and during the pandemic we have introduced on-line classes of yoga, meditation and physiotherapy, gym, psychological treatment and other measures of emotional and physical well-being. We have implemented weekly COVID-19 tests, as well as tests before boarding in the platforms. Accordingly, we take care of the health of our employees to the maximum extent possible.

2020 was marked by challenges and conquests. In PetroRio, we faced this period with consistency and overcoming. Despite of the unprecedented decrease in oil price, the Company overcame records of production and cost reduction, and maintained its solid financial and operational conditions, as well as implemented important measures to maintain its expansion and generation of value.

Overall, we were able to deliver a year of records. Due to our work in 2020, the Company’s production increased by 30% between the end of 2019 and the end of 2020, from 24.5 thousand barrels per day to 31.7 thousand. Our sales increased by 40%, from approximately 6 million barrels to almost 9 million. The lifting cost decreased by 37% in the year compared to 2019, decreasing to US$ 14.5/bbl.
We began the year with the announcement of the acquisitions of FPSO OSX-3 (changed to FPSO Bravo) and the operating interest in Tubarão Martelo Field, as well as the results from the successful Drilling Campaign in Polvo Field, which represented an additional well in Eocene, increasing the Field’s production by over 2,000 barrels per day.

Due to the balance between optimist and caution, we took the opportunity of the oil price to hedge most part of our sales in the first six-month period of the year at the cost of US$ 65/bbl. When we were surprised by the pandemic that impacted the global demand for fuel, such hedge provided us with the security to maintain our efforts to reduce the costs. The lessons learned at the beginning of the PetroRio’s operations, during the petroleum crisis between 2014 and 2017 helped us in 2020, and we were able to maintain the operating cash generation during the worst period of the crisis, always protecting our cash flow.

In the first half of the year, we continued with the process of governance improvements, by renewing our Board of Directors, bringing new independent members with extensive experience in the sector, capital markets and company managing, and protecting the interests of all shareholders. In addition, we changed our independent auditors and engaged a “Big Four” audit, reinforcing our commitment with transparency.

In August, after the ANP approval, we concluded the acquisition of 80% of Tubarão Martelo Field, which increased our production by approximately 8,000 barrels per day and further reduced the Company's lifting cost, with expressive cost reductions in the Field, basically immediately when we reproduced our operational and management model already implemented in Polvo and Frade.

In 2020, we began the investments in tieback between Tubarão Martelo and Polvo, expected to be concluded in the middle of 2021. The project, widely used in other regions, will create the first cluster of private Fields in Brazil and may represent another relevant reduction of the operational costs of the asset. Another important benefit of the project is the maintenance of the production of both fields with less operational assets, reducing the risks and emissions while increasing safety.

In November, we announced the acquisition of interest and operation of Wahoo, an important step for the Company's expansion. We developed the project to integrate Wahoo and Frade Field, again based on the strategy of creation of production clusters. We expect to increase significantly the Company's production at reduced additional costs. The geological risks involving the project are very low, aligned with our strategy to reduce our development exposure.

Also, at the end of 2020, we began the issuance of shares, which was concluded in 2021. We raised approximately US$ 370 million, allocated to organic investments and potential new acquisitions. In addition to establish the new stage of PetroRio, with access to the capital markets, such issuance also reinforces the Company's cash as to speed up our growth. Moreover, we would like to thank our new shareholders for the vote of confidence.

Looking to the future, we will continue investing in our assets to increase our production at low costs and seeking for acquisitions, while maintaining our discipline in the evaluation and negotiation of new fields.

The current moment faced by PetroRio makes us believe that we are still at the beginning and that we are well placed to benefit from the opportunities. We expect that 2021, and the following years, will be even better. We continue working with the same ambition and discipline to make the Company's dream come true, emphasizing the safety of operations, generation of value for our shareholders and social well-being."

OPERATING PERFORMANCE

	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	2020 x 2019	4Q20 X 4Q19	4Q20 x 3Q20
Avg. Brent	$ 62.42	$ 64.16	$ 50.82	$ 33.39	$ 43.34	$ 45.26	$ 43.21	*-32.6%*	*-27.5%*	*4.4%*
Avg. Sales Price	$ 62.88	$ 64.68	$ 31.79	$ 35.09	$ 42.71	$ 46.26	$ 41.69	*-35.5%*	*-26.4%*	*8.3%*
Avg. Exchange Rate	4.12	3.94	4.47	5.39	5.38	5.40	5.16	*30.9%*	*31.1%*	*0.3%*
Final Exchange Rate	4.02	4.02	5.21	5.47	5.61	5.19	5.19	*29.2%*	*29.0%*	*-7.4%*
Offtakes (kbbl)										
Frade Field (70%)	1,398	3,368	982	950	993	1,943	4,867	*44.5%*	*39.0%*	*95.7%*
Polvo Field (100%)	930	3,008	470	447	1,002	988	2,907	*-3.4%*	*6.2%*	*-1.4%*
Tubarão Martelo Field (80%)	-	-	-	-	403	794	1,196	*n/a*	*n/a*	*97.2%*
Total PetroRio	2,328	6,376	1,452	1,396	2,397	3,724	8,970	*40.7%*	*60.0%*	*55.4%*
Production (boepd)										
Frade Field (70%)[1]	13,639	8,533	13,563	13,380	12,838	11,928	12,926	*51.5%*	*-12.5%*	*-7.1%*
Polvo Field (100%)	7,478	8,403	8,620	9,446	9,965	8,747	9,191	*9.4%*	*17.0%*	*-12.2%*
Tubarão Martelo Field (80%)	-	-	-	-	4,787	7,030	2,954	*n/a*	*n/a*	*46.9%*
Manati Field (10%)	2,859	2,273	1,254	707	1,740	2,285	1,498	*-34.1%*	*-20.1%*	*31.3%*
Total PetroRio	23,976	19,209	23,437	23,533	29,330	29,990	26,569	*38.3%*	*25.1%*	*2.3%*
Lifting Cost (US$/bbl)										
PetroRio	19.7	22.9	17.3	13.7	12.8	14.7	14.5	*-36.5%*	*-25.2%*	*14.7%*

[1]Between April and September 2019, PetroRio held a 52% stake in the Operation of the Field. After the completion of the acquisition of Inpex in the 4Q19, such percentage increased to 70%.

As the main highlight for the year, the Company's total production increased 38% when compared to 2019. The increase is the result of the 80% acquisition of Tubarão Martelo Field, completed on August 03, 2020, and the successful Polvo Campaign, which increased Field's production by 2,500 barrels since its completion in March 2020.

In the year, the Company sold approximately 9 million barrels, an increase of approximately 41% compared to the previous year, out of which 4.9 million barrels in Frade, 2.9 million in Polvo and 1.2 million in Tubarão Martelo. In the last quarter of the year, PetroRio carried out six offtakes, one in October, two in November and three in December, totaling approximately 3.8 million barrels in the quarter, an increase of 60% in the volume sold compared to the 4Q19. The significant increase in the volume sold in 4Q20 resulted from the successful strategy to postpone the sales during the initial phase of the pandemic, during the 2Q20 and 3Q20.

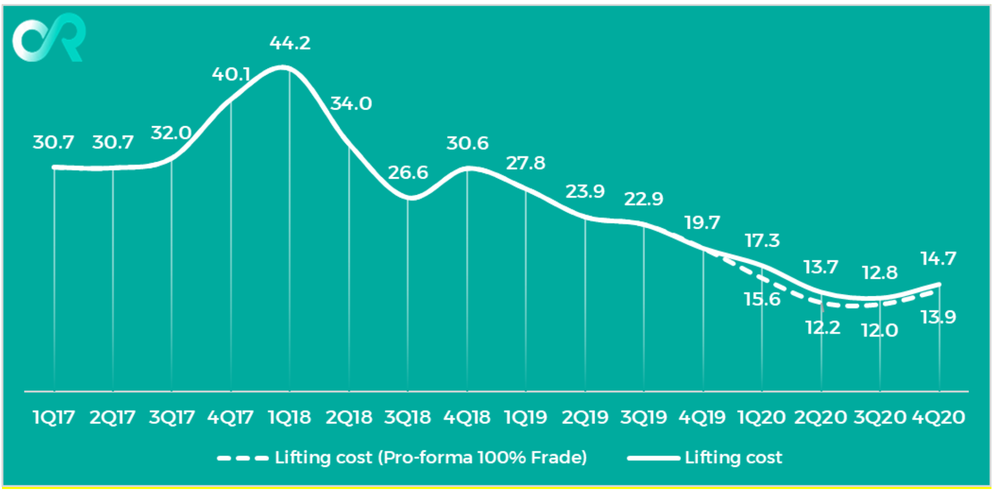
The volume produced in Frade in 2020 increased by 51.5% compared to 2019, mainly due to the increase in participation in the concession, after the completion of the Field's 18.26% acquisition as of December 2020. Based on the comparison between the 4Q20 and the same quarter of the previous year, the volume produced in the Field decreased by 12.5%, after a well stoppage in October due to the formation of hydrate.

In the Polvo Field, the annual production was 9.4% above 2019, while based on the comparison 4Q20 x 4Q19, the production increased by 17%, attributed directly to the successful Drilling Campaign in 2020, which represented an increase of approximately 2,500 bbl/d in the production of the Field, through a new well, beginning March 2020.

In Tubarão Martelo, the production in the 4Q20 compared to the 3Q20 increased by 47%, due to the incorporation of the interest in the Field beginning August. The average production of 100% of the Field as of August is approximately 8.8 thousand barrels per day.

Since the beginning of the Company's turnaround, which consolidated its growth strategy through the acquisition and development of producing assets, PetroRio has worked to increase its levels of production and rationalize its costs, always maintaining the levels of excellence in environmental responsibility, safety and operational efficiency. PetroRio believes that the best protection against oil price volatility is the reduction of its lifting cost per barrel and this will continue to be a pillar of current and future projects. Below, the Company presents the evolution of its lifting cost per barrel since the beginning of 2017 and its pro-forma lifting cost considering 100% interest in Frade Field since the beginning of 2020.

PetroRio Lifting Cost
(US$/boe)



The lifting cost per barrel in the 4Q20 was negatively impacted by the (i) shutdown in Polvo in November, due to a problem in the boiler of the FPSO operated by BW and chartered to the Field; and (ii) stoppage of the well MUP3 in Frade (which production was resumed) due to the formation of the hydrate, reducing the daily production of the Field by approximately 500 bbl/d in the quarter, which impacted the lifting cost.

Compared to the previous year, the Company's lifting cost per barrel increased significantly, representing a decrease of 36.5% compared to the previous year, which was positively impacted by the (i) increased production in Polvo Field; (ii) measures adopted in 2020 to review the costs and adjustment due to the decrease in oil prices; and (iii) depreciation of the Brazilian real against the US dollar, taking into account that approximately 50% of the operational costs are denominated in Brazilian Real.

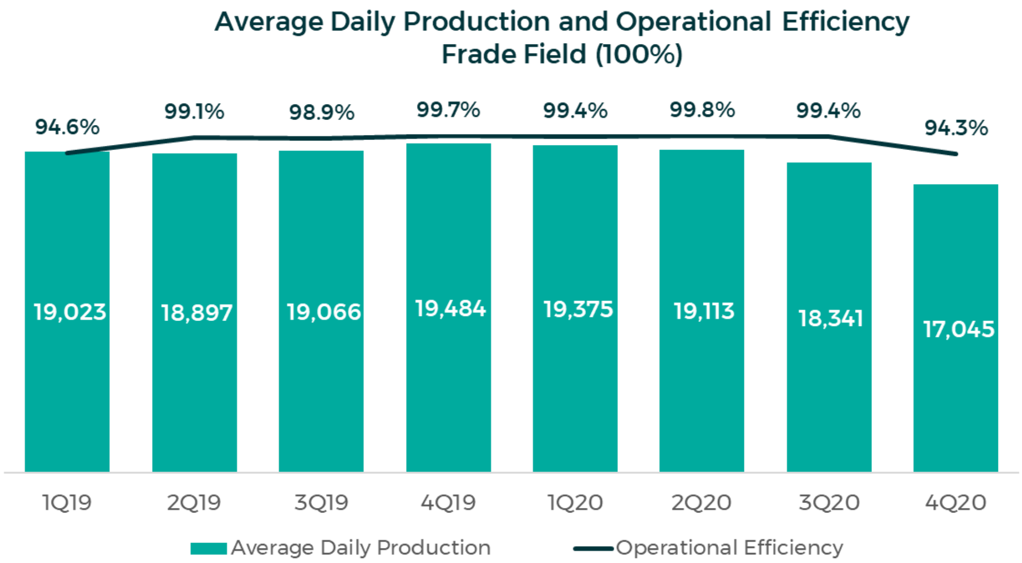
The reduction in the lifting cost was decisive for the Company to continue generating positive operating cash throughout 2020, since the average brent of US$ 43.21 was 33% lower than the brent of 2019 (US$ 64.16). PetroRio will maintain its strategy to reduce the lifting cost over the next months, with the tieback of Tubarão Martelo Field with Polvo Field and the incorporation of the 30% stake in Frade, in February 2021, adding approximately 5.5 thousand barrels per day to the total production of PetroRio, which will contribute for the reduction of the Company's future lifting cost.

FRADE FIELD

The Company has implemented, since the completion of the acquisition of Frade operation (in March 2019), cost reduction measures through operational and logistical synergies with Polvo Field and, more recently, Tubarão Martelo. In October 2019, PetroRio announced the completion of the acquisition of Frade's 18%, which added about 3.5 thousand barrels to the Company's daily production. In addition, Frade continued to benefit from operational synergies and the renegotiation of maritime, air and land logistics contracts as part of the expected cost reductions.

In February 2021, the Company announced the completion of the acquisition of the remaining 30% stake in Frade Field by PetroRio, which has become holder of 100% of the Field. Such acquisition adds approximately 5.5 thousand barrels per day to the PetroRio's total production, further reducing the Company's total lifting cost.

In relation to the Field operation, the operational efficiency in the quarter was 94.3%, due to the (i) stoppage of well MUP3 in October due to the formation of hydrate and (ii) failure in the high pressure compressor during the internal inspection of the heat exchangers of the gas dehydration system in November, impacting the production. The accumulated operational efficiency for the year totaled 98.2%, which reflected the Company's historical levels of operational excellence. The chart below illustrates the history of the average daily production and the operational efficiency of the last quarter, being PetroRio the asset operator since March 26, 2019:



PetroRio maintains the in its project portfolio the Frade Field Revitalization, which seeks to increase the asset recovery factor and meet the ANP conditions for the extension of the concession until 2041. The global project considers the drilling of four producing wells and three injection wells. The reservoirs of the Revitalization were selected based on the low individual recovery factor (approximately 10% in September 2020).

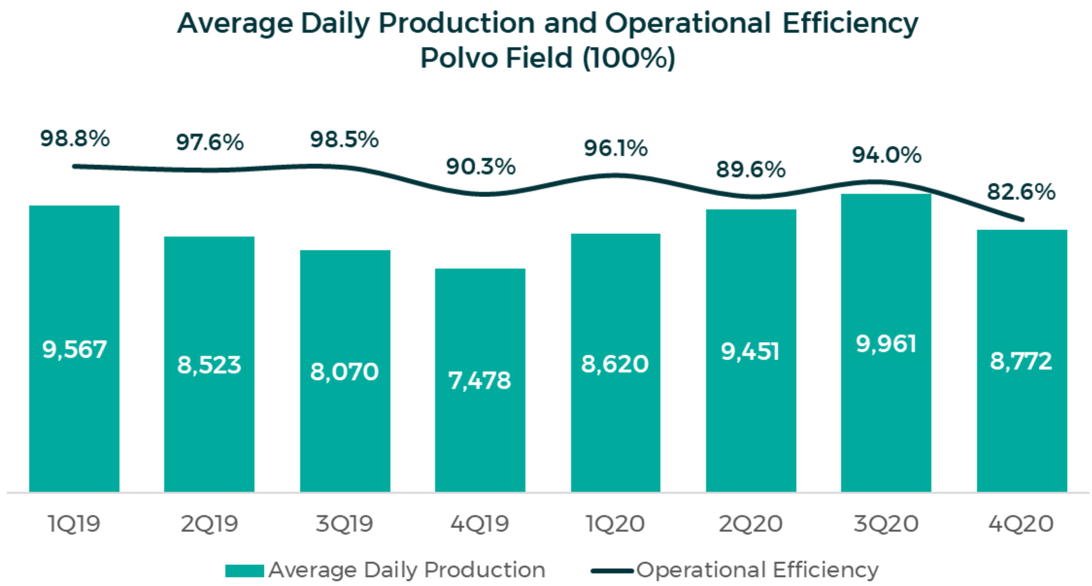
Finally, the Company informs the resumption of the production in well MUP3 recently, after studies carried out during its closure.

POLVO FIELD

The success of the 2020 Drilling Campaign in Polvo can be noted in the production levels reached, despite the shutdown on the leased FPSO. Polvo Field achieved an average daily production of 17% above the 4Q19 and 12% below the 3Q20, mainly due to the shutdown caused by the water leakage in the boiler of the FPSO operated by BW and chartered to the Field, which resulted in the production interruption during 9 days for maintenance of the boiler.

The operational efficiency of Polvo in the quarter was 82.6%, a decrease of 7.7 p.p. compared to the 4Q19. In November, specifically, the Field's operational efficiency was 64.3%, negatively impacted by the abovementioned shutdown, which in October and December, the efficiency remained stable compared to the previous years, at 91% and 92%, respectively.

The average of the operational efficiency of Polvo Field in 2020 was 90.5%, a decrease of 5.8 p.p. compared to the average of 2019, due to the operational issues faced in 2020, such as the shutdown after the identification of Covid-19 cases in the chartered FPSO and the shutdown for maintenance of the boiler of the chartered FPSO.



As part of the successful 2019/2020 Drilling Campaign, PetroRio started in March the production of the POL-L well, in the Eocene of Polvo, which had an initial flow of 2,500 barrels per day, representing an increase of almost 30% in the Field's production.

The Company considers that production in this first reservoir, of geological age from the Eocene, opens a new frontier of development in sandstones in the region, both in Polvo and in Tubarão Martelo in prospects of similar characteristics and for producing wells (infill drilling) in the reservoir. PetroRio is considering the drilling of new wells in this area and will keep the market updated with respect to the new developments.

TUBARÃO MARTELO FIELD

On February 3, 2020, the Company signed contracts covering the acquisition (i) of the FPSO OSX-3 (changed to FPSO Bravo), for US$ 140 million; and (ii) 80% ("farm-in") of Tubarão Martelo Field ("TBMT"), where the OSX-3 vessel is chartered.

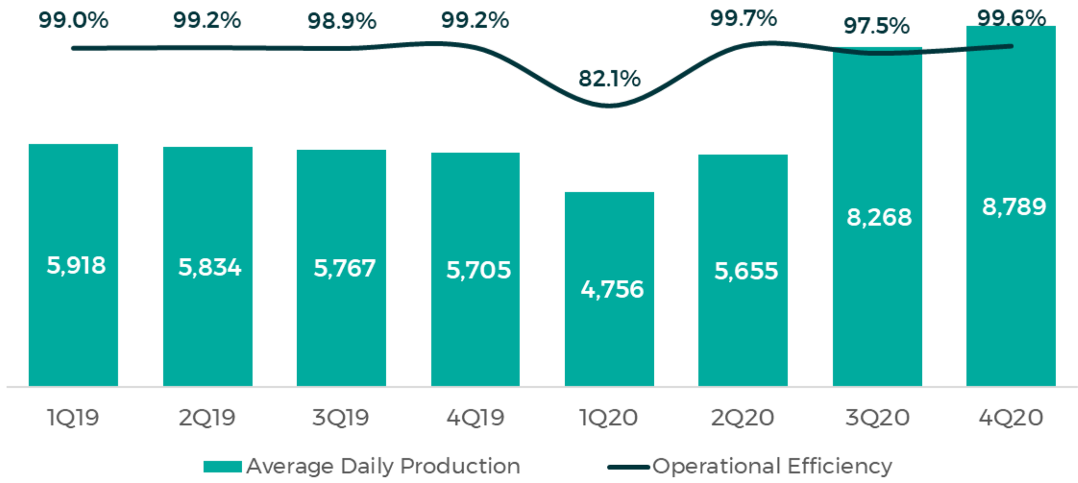
These acquisitions will allow the tieback between the Polvo and TBMT fields, simplifying the production and creating a private cluster in the region, which will generate significant synergies, reductions in the lifting cost and the extension of the economic life of the fields.

After the asset tieback, the Company estimates that the combined operating costs of Polvo and TBMT cluster, which in 2019, if added together, reached approximately US$ 200 million per year (US$ 100 million from Polvo + US$ 100 million from TBMT), will be reduced to less than US$ 70-80 million per year, as a result of air, sea and land synergies and the decommissioning of the FPSO currently leased to Polvo. Currently, the set of cost of two fields, before the completion of the tieback, is around US$ 120 million per year.

The process of assigning Tubarão Martelo to PetroRio was approved by ANP on August 03, 2020, since all the precedent conditions were met. In this context, the Individual Emergency Program ("PEI"), which determines the minimum number of vessels to operate in the new Polvo + TBMT cluster, was approved by IBAMA in July 2020. Thus, PetroRio started capturing during the third quarter logistics synergies related to support vessels.

The operational efficiency in Tubarão Martelo in the quarter reached 99.6%, maintaining Dommo Energia's operating standards in the Field. The first phase of the TBMT Revitalization Campaign was completed on August 18, with the start of production of the TBMT-4HP well. The results of the first stage of this Revitalization Campaign was an increase of production of 40% in TBMT, totaling an average of approximately 8.8 thousand barrels per day after the commencement of the production of the well. The graph below illustrates the history of daily production and the operational efficiency of the last quarters:

Average Daily Production and Operational Efficiency
Tubarão Martelo Field (100%)



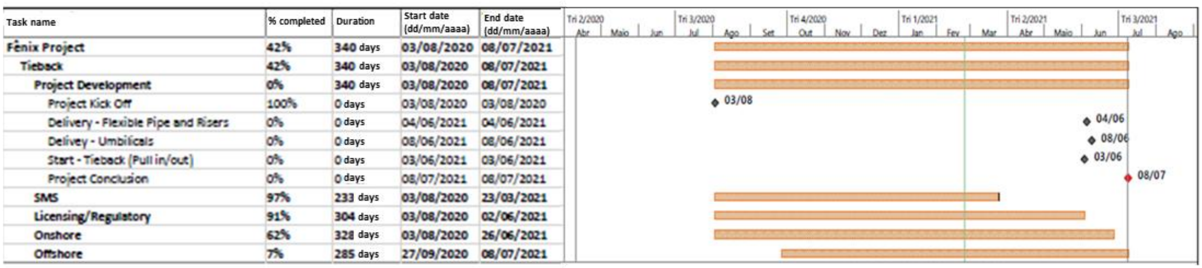
Between April 20 and August 02, FPSO OSX-3 (changed to FPSO Bravo), a 100% PetroRio's asset operating in the field, contributed US$ 129 thousand per day to the Company, recorded as Other Income and Expenses (detailed in the section FINANCIAL PERFORMANCE of this report). Income comprised the price adjustment with Dommo Energia, former TBMT operator, at the time of the acquisition of the stake in the Field held on August 03, 2020.

Finally, the high efficiency of FPSO OSX-3 (changed to FPSO Bravo) shows that the Company adopted the correct strategy to perform the tieback between the Fields of Polvo and Tubarão Martelo, and will discontinue the operations of FPSO Polvo in the middle of 2021.

TIEBACK BETWEEN POLVO AND TUBARÃO MARTELO

PetroRio informs that it resumed the project to connect Polvo + TBMT fields in August 2020 and the connection of the TBMT-10H-RJS well, given the great value creation provided by them.

Up to the date of disclosure of this report, the physical progress of the project was 42%, including, mainly, the design, order and initial manufacturing of flexible pipelines, risers and equipment to connect the fixed platform of Polvo to FPSO OSX-3 (changed to FPSO Bravo).



Task name	% completed	Duration	Start date (dd/mm/aaaa)	End date (dd/mm/aaaa)
Fênix Project	42%	340 days	03/08/2020	08/07/2021
Tieback	42%	340 days	03/08/2020	08/07/2021
Project Development	0%	340 days	03/08/2020	08/07/2021
Project Kick Off	100%	0 days	03/08/2020	03/08/2020
Delivery - Flexible Pipe and Risers	0%	0 days	04/06/2021	04/06/2021
Delivey - Umbilicals	0%	0 days	08/06/2021	08/06/2021
Start - Tieback (Pull in/out)	0%	0 days	03/06/2021	03/06/2021
Project Conclusion	0%	0 days	08/07/2021	08/07/2021
SMS	97%	233 days	03/08/2020	23/03/2021
Licensing/Regulatory	91%	304 days	03/08/2020	02/06/2021
Onshore	62%	328 days	03/08/2020	26/06/2021
Offshore	7%	285 days	27/09/2020	08/07/2021

Project stages and its respective progress (%)

PetroRio

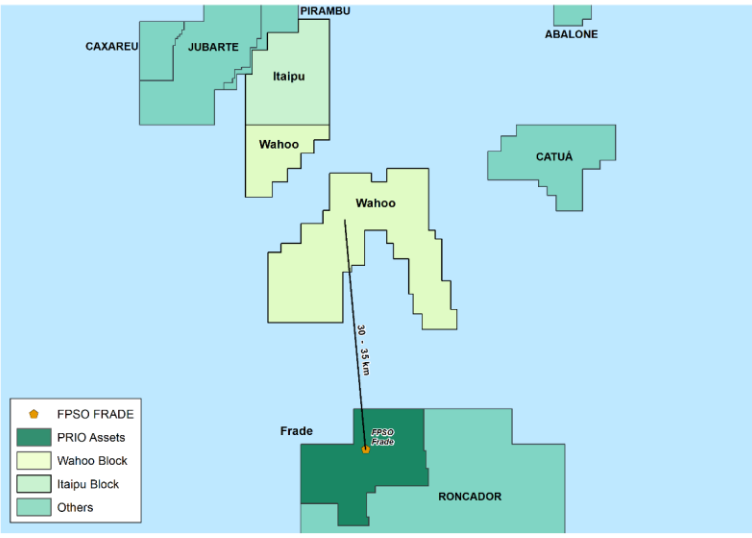
ACQUISITION OF INTEREST IN WAHOO AND ITAIPU

On November 19, 2020, PetroRio announced the acquisition of the 35.7% stake in Block BM-C-30 (Wahoo Field) and the 60% stake in Block BM-C-32 (Itaipu Field) thus, subject to the necessary approvals, becoming the operator of both pre-salt fields.

Wahoo, with production potential of over 140 million barrels (100% of Wahoo), had oil discoveries in 2008 and carried out formation tests in 2010, and fits precisely in the Company's value generation strategy. The Wahoo development will allow the Company to create another production cluster, which will share all infrastructure with Frade Field (including the FPSO), enabling the capture of synergies, resulting in significant and sustainable lifting cost reduction, while maintaining high levels of safety and efficiency.

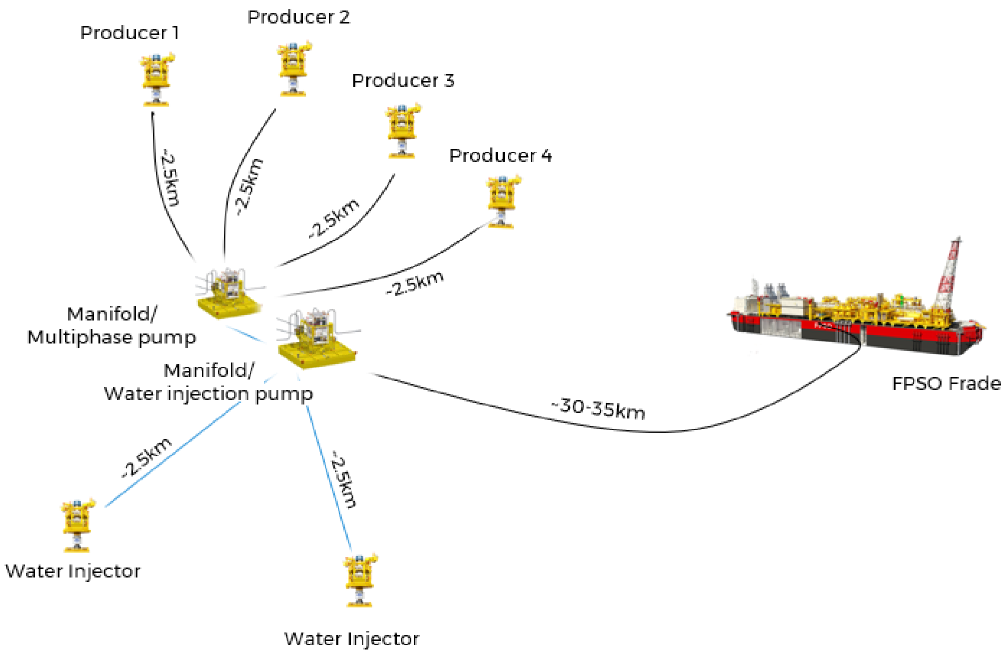
The Field is located 30-35 km north of Frade, with a water depth of 1,400 m, and has a carbonate reservoir at the pre-salt layer at a depth of 5 to 7 meters. The oil in the field is of excellent quality, with 30° API, low viscosity, and associated gas that will be used to generate energy from the FPSO Frade.

Itaipu, discovered in 2009, with three drilled pilot wells, is close to the Parque das Baleias cluster, and preliminary studies indicate that the accumulation is potentially shared with the Southeast region of the cluster. Accordingly, the development of this area may be exposed to the unification process.



During the evaluation of the investment opportunity, PetroRio considered the possible connection between Wahoo and Frade and developed, therefore, the new development project, supported by the existing infrastructure, fully aligned with the value generation strategy.

The Wahoo Field interconnection base project covers the drilling of four producer wells, two injector wells, the deployment of a submarine manifold with multiphase pumps for the flow of produced oil and injected water, and the tieback between the manifold and the FPSO Frade. This project may be adjusted, depending on the conditions after the beginning of the operations. For example, if there is an aquifer in Wahoo, the injector wells may become unnecessary, reducing the total planned



investment.
The Company estimated an initial average production above 10,000 barrels per day and per well, which production may exceed 40.000 barrels per day in Wahoo, based on the results of the formation test (TFR) conducted in the development well. Such estimates may be changed based on the collection of more information, such as seismic data and more detailed mapping of the reservoir, allowing the optimization of the location of the planned wells and the installation of the equipment.

In the base project, the CAPEX is divided in US$ 300 million for tieback, US$ 360 million for drilling wells, US$ 100 million for equipment, and US$ 40 million for adjustments to the FPSO Frade and other items.

With this acquisition, PetroRio makes another important strategic move, which once again highlights its business model (already established in other countries), which includes the creation of production clusters through tiebacks, fields redevelopment and operational optimization, within the highest efficiency and safety levels.

MANATI NATURAL GAS FIELD

Gas volumes sales amounted to 1,498 boepd, a decrease of 34% compared to the previous year. In April 2020, Petrobras referred to the force majeure clause of the Gas Sales Agreement of Manati Field and suspended the field production between March and May, due to the reduction of the demand arising from the Covid-19 pandemic. In the quarter, the growth was 31% compared to the 3Q20 in view of the greater demand by the client (Petrobras), in order to compensate the lower volume requested during the period of the Covid-19 pandemic.

The operational cost, composed of direct costs, excluding depreciation, was R$ 6.8 million, an increase of 32% above the R$ 5.1 million recorded in the 4Q19 and an increase of 70% compared to the 3Q20, which offsets the reduction of operational costs in 3Q20 due to the lower usage of the fixed platform. Another R$ 1.8 million was paid as royalties and special stakes for the rights to explore the asset.

The investment in the Manati acquisition carried out in 2017 for approximately R$ 116 million (US$ 37 million at the time), had a 2-year payback and a nominal IRR of 66% for the project. On November 5, 2020, the Company announced the sale of the 10% stake in Manati Field for R$ 144.4 million. The transaction is subject to conditions precedent, including the successful performance of Gas Bridge in the acquisition of the operation of Manati from Petrobras. The effective sales date was December 31, 2020 and the transaction has a retroactive economic effectiveness since January 1, 2021.

This move is part of the Company's value generation strategy through dynamic management of its asset portfolio and reinforces PetroRio's focus on operated assets that composes the core of its business.

FINANCIAL PERFORMANCE

PetroRio presents below the financial performance with and without the impact of changes in IFRS 16, and representations of non-cash and non-recurring accounting entries and their impacts on the statements when shown in Brazilian Real.

In the year, the main factors that impacted PetroRio's financial development were (i) the increase in sales volume, due to the increase in the Company's production; (ii) the reduction of the operational costs in Frade and Polvo, which improved the lifting cost per barrel; (iii) the hedge contracts signed at the beginning of January, in order to protect the Company's cash flow against eventual decrease in brent oil prices; and (iv) non-cash effects arising from the adjustment to the abandonment provision of the Frade Field.

It is important to highlight that the non-cash impact of the devaluation of the Brazilian Real on the income of the year, was R$ 364 million, ex-IFRS 16 (R$ 475 million with IFRS 16). Despite the accounting impact on the Company's net income, EBITDA (and the Company's free cash flow) is positively impacted by the devaluation of the local currency, as about half of the expenses is expressed in Brazilian Real and 97% of the Company's income is expressed in U.S. Dollars.

Pro-Forma Income Statements
(R$ thousands)

	Ex IFRS-16			Accrued - Ex IFRS-16			Includes IFRS 16		
	4Q19	4Q20	Δ	2019	2020	Δ	2019	2020	Δ
Net Revenue	**557,995**	**880,035**	**58%**	**1,644,346**	**1,904,185**	**16%**	**1,644,346**	**1,904,185**	**16%**
Cost of goods sold	(168,742)	(295,836)	75%	(572,199)	(724,924)	27%	(413,721)	(513,009)	24%
Royalties	(48,314)	(74,819)	55%	(143,780)	(152,552)	6%	(143,780)	(152,552)	6%
Operating Income	**340,939**	**509,379**	**49%**	**928,367**	**1,026,709**	**11%**	**1,086,845**	**1,238,624**	**14%**
General and administratie expenses	(39,876)	(44,291)	11%	(124,835)	(150,020)	20%	(119,637)	(144,430)	21%
Other operating income (expenses)	517,819	430,222	-17%	420,007	692,354	65%	420,007	692,354	65%
EBITDA	**818,881**	**895,310**	**9%**	**1,223,539**	**1,569,044**	**28%**	**1,387,215**	**1,786,548**	**29%**
EBITDA margin	***147%***	***102%***	***-45 p.p.***	***74%***	***82%***	***8 p.p.***	***84%***	***94%***	***10 p.p.***
Depreciation and amortization	(180,862)	(243,489)	35%	(370,754)	(702,088)	89%	(508,958)	(843,801)	66%
Financial Results	*(28,546)*	*32,787*	n/a	*(252,713)*	*(307,692)*	22%	*(337,254)*	*(458,668)*	36%
Hedge Income - Realized	*772*	*(49,874)*	*-6562%*	(3,902)	*111,949*	*n/a*	*(3,902)*	*111,949*	n/a
Hedge Income - Marked to Market	-	-	-	5,467	*134,572*	*n/a*	*5,467*	*134,572*	2362%
Other financial income (expenses)	*(29,318)*	*82,661*	*-382%*	(254,277)	*(554,213)*	*118%*	*(338,819)*	*(705,190)*	108%
Income and social contribution taxes	164,664	(8,789)	n/a	301,344	(31,167)	n/a	301,344	(31,167)	n/a
Income (loss) for the period	**774,137**	**675,820**	**-13%**	**901,416**	**528,097**	**-41%**	**842,347**	**452,913**	**-46%**

	4Q19	4Q20	Δ	2019	2020	Δ	2019	2020	Δ
Adjusted* EBITDA	**301,062**	**465,088**	**54%**	**803,532**	**876,689**	**9%**	**967,208**	**1,094,194**	**13%**
Adjusted EBITDA margin	***54%***	***53%***	***-1 p.p.***	***49%***	***46%***	***-3 p.p.***	***59%***	***57%***	***-2 p.p.***

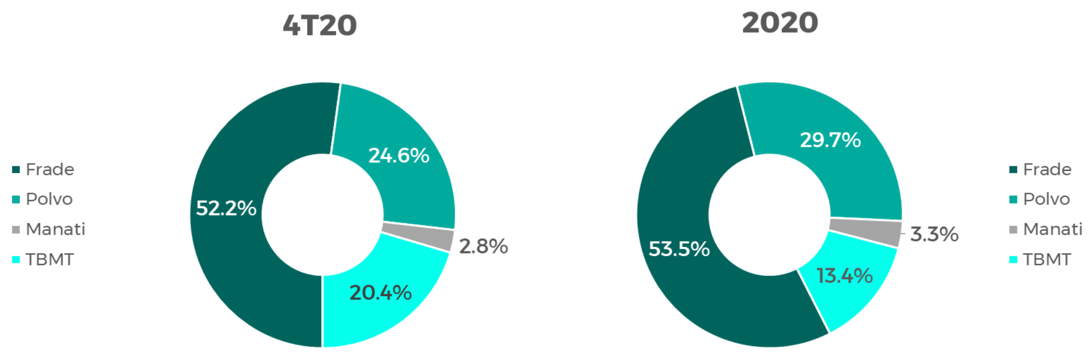
*The Adjusted EBITDA is calculated similar to EBITDA, disregarding the line with non-recurring effects "Other Income and Expenses".

PetroRio recorded R$1.9 billion in Net Income in 2020, due to the higher volume sold in Frade and Tubarão Martelo, an increase of 16% compared to 2019, which offset the decrease in brent oil prices (average -33% year vs year).

The natural gas asset Manati, in turn, contributed with Net Income of R$ 63 million in the quarter, referring to PetroRio's 10% stake in the natural gas consortium. Although in the 4Q20 the asset has generated income 32% above the immediately previous period, based on the annual comparison, the income was 29% lower compared to 2019, due to the lower volume generated in the Field in 2020, as a consequence of the demand reduction caused by COVID-19 pandemic in the period.

Thus, in 2020, 53.5% of the income came from Frade, 29.7% through the sale of Polvo oil and 13.4% from Tubarão Martelo offtakes.

Revenue per Asset
(R$ thousands)



The Costs of Goods Sold ("COGS") increased by 27% in 2020 compared to 2019 (ex-IFRS 16), mainly due to the incorporation of Tubarão Martelo beginning August 3, 2020 and the higher volume of barrels sold in Frade.

For the year, the Company registered Operational Result (ex-IFRS 16) of R$ 1.027 million, about 11% higher than the one recorded in the previous year, due to the higher income of Frade, Polvo and Tubarão Martelo, despite the fall in oil prices.

General and administrative expenses include expenses with M&A, personnel, projects, geology and geophysics and closed the quarter at R$ 150 million. The increase of 19% resulted main from the consulting costs for the new projects and success fees relating to the Company's recent acquisitions.

Other operating income (expenses) totaled R$ 692 million in the year, mainly benefited in R$ 614 million by the reduction in Frade's abandonment provision caused by the revaluation of the value approved by ANP in 2020, and due to the daily fee of US$ 129 thousand generated from FPSO OSX-3 (changed to FPSO Bravo) between April 20 and August 3.

The adjusted EBITDA (ex-IFRS 16) totaled R$ 876.7 million in 2020, an increase of 9% compared to the previous year, due to the incorporation of Tubarão Martelo and the cost reduction measures caused by the pandemic, which compensated the decrease in average brent price.

The financial results (ex-IFRS 16) totaled negative R$ 308 million compared to R$ 253 million in 2019. In the year, the variation resulted mainly in view of the finance income of R$ 112 million by virtue of the hedge recognized in the first quarter and the finance losses of R$ 364 million from the exchange variation (non-cash effect) on the balance sheet items denominated in US dollars, such as the abandonment provisions and debts assumed by the Company. This exchange variation has no direct impact on PetroRio's financial health, given that the Company's income and cash are mostly expressed in U.S. Dollars.

The net income (ex-IFRS 16) for the year totaled R$ 528 million compared to R$ 901 million in 2019. The variation was positively impacted by the acquisition of Tubarão Martelo and the increased volume of offtakes in the period; however, as a counterpart, the Company recognized depreciation and amortization losses from new assets and exchange variation (non-cash effect).

CASH, DEBT AND FINANCING

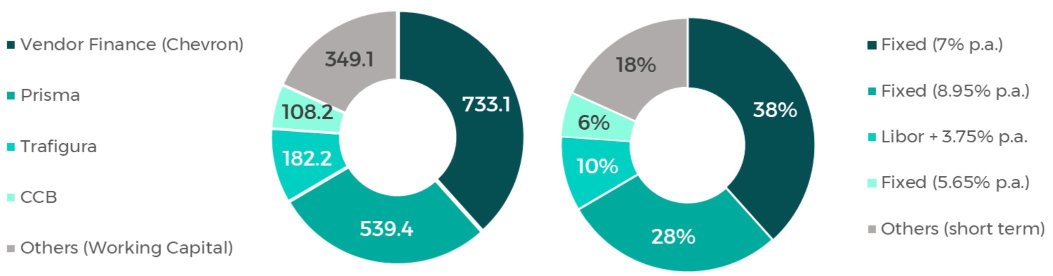
In June 2020, the Company signed instruments with some subsidiaries of Chevron Corporation ("Chevron") in order to establish a new amortization schedule for the vendor finance related to the acquisition of 51.74% of the concession in Frade Field and FPSO operating in the Field.

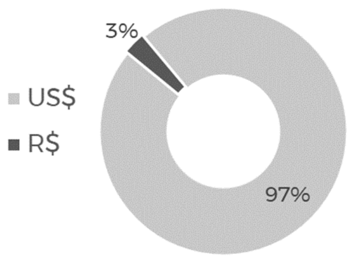
The new amortization profile provides, in addition to the US$ 15 million of principal paid in November 2020, US$ 30 million in May 2021 and US$ 97 million in November 2021 at an interest rate of 7% per year.
The trading of these instruments, which took place in the context of the COVID-19 pandemic, enabled a substantial improvement in short- and medium-term liquidity and, consequently, a greater balance in the Company's cash management.

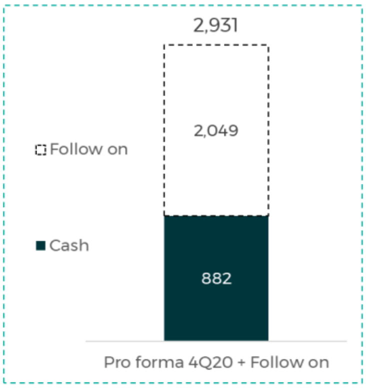
In December 2020, the Company entered into an agreement with Prisma Capital for the conversion of the bridge loan of US$ 100 million into a Long-Term Financing Agreement, which increased, thus extending the dates of the debt amortizations. The purpose of the financing was to provide part of the funds for the OSX-3 FPSO (changed to FPSO Bravo) and Tubarão Martelo Field acquisitions, and had already foreseen this term extension, pending guarantee suitability and maintaining the same interest rate.

The long-term financing agreement maintains the principal outstanding and sets the amortizations in 4 equal tranches of US$ 25 million in July 2021, January 2022, July 2022 and January 2023.

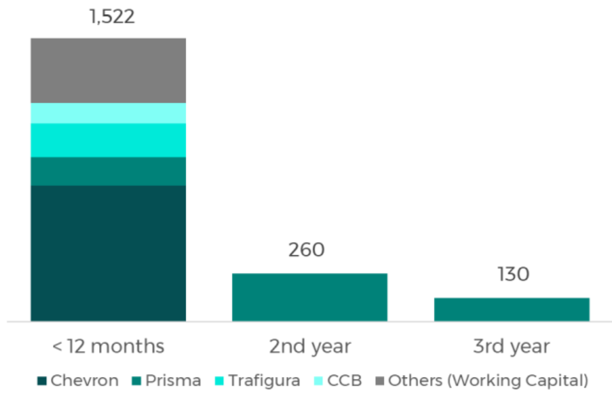
Loans and Funding
(R$ MM)







Amortization Schedule
R$ MM

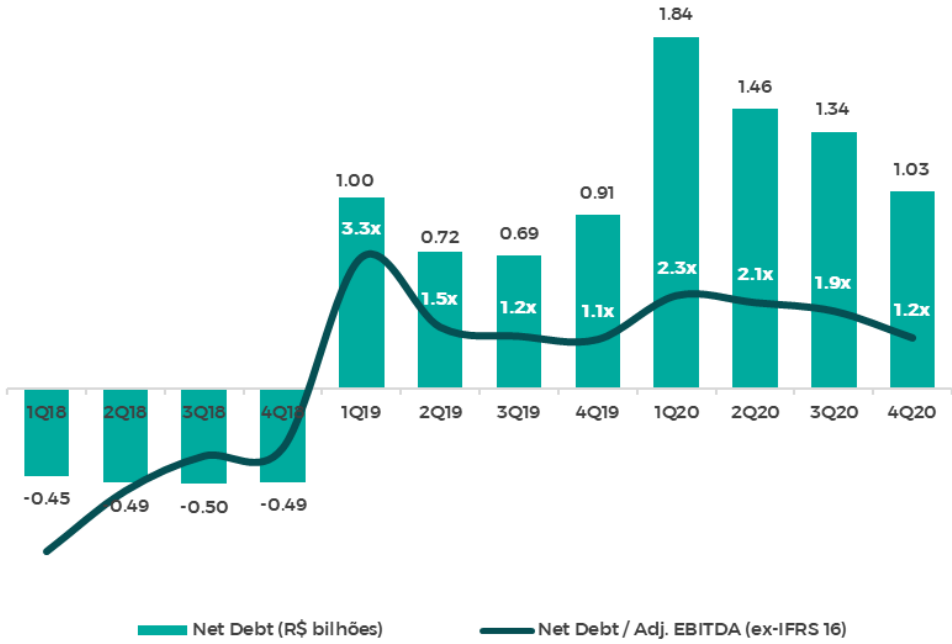


<u>DELEVERAGI</u>

Despite the adversities caused by the Covid-19 pandemic, PetroRio once again proved to be efficient in reducing the levels of indebtedness, ending 2020 with 1.2x net debt/EBITDA ratio. It is important to note that this reduction still does not portray the real scenario, as part of the debt was impacted by the acquisition of FPSO OSX-3 (changed to FPSO Bravo) and the farm-in of Tubarão Martelo, completed on August 03, 2020 and, therefore, did not have its EBITDA generation counterpart of the last 12 months registered.

Such ratio does not include the funds obtained from the issuance of shares in the beginning of 2021, which will be recognized in the 1Q21 results. Upon adjustment considering such effect, the Company would have approximately R$ 1 billion in net cash.

Net Debt / Adjusted EBITDA (ex-IFRS 16)
(R$ billions)



FOLLOW-ON

In December 2020, the Company announced the beginning of the work for the conduction of the Public Offer of Shares with Restricted Efforts ("Follow-on"), which was concluded in January 2021. The Company issued 29,700,000 shares at the price of R$ 69.00, totaling approximately R$ 2 billion, to be allocated to the organic growth of PetroRio, through the advance of the agenda of investments in the existing assets, as well as to the inorganic growth, through the acquisitions of new assets.

Statement of the Executive Board

In compliance with provisions contained in guidelines issued by CVM (Securities Commission), the Executive Board declares that discussed, reviewed and agreed with the opinions expressed in the Independent Auditors' report for the year ended December 31, 2020, authorizing the disclosure.

Rio de Janeiro, February 26, 2021.

Opinion of the Board of Directors.

Based on the audits conducted, it was found that the corporate documents fairly reflect, in all material respects, the financial position of PetroRio, and in view of the unqualified Independent Auditors' Report, the Board of Directors approves the Financial Statements to be submitted to discussion and voting at the Annual Shareholders' Meeting of Petro Rio S.A.

Rio de Janeiro, February 26, 2021.

Opinion of the Fiscal Council

The Fiscal Council of Petro Rio SA, in the use of its legal and statutory attributions, in compliance with the provisions of article 163 of the Brazilian Corporation Law, examined the management report, financial statements and proposal for the allocation of net income for the year on December 31, 2020. Based on the documents examined, the clarifications provided by the Company's management representative and the unqualified opinion issued by BKR-Lopes, Machado Auditors, issued today, is of the opinion unanimously that the documents adequately reflect the Company's equity position, financial position and activities for the year ended December 31, 2020 and are in a position to be submitted to the Shareholders' General Meeting, recommending its approval.

Rio de Janeiro, February 26, 2021.

Members of Board of Directors

Nelson de Queiroz Sequeiros Tanure
President
Emiliano Fernandes Lourenço Gomes
Felipe Bueno da Silva
Felipe Villela Dias
Gustavo Rocha Gattass
Marcia Raquel Cordeiro de Azevedo
Roberto Bernardes Monteiro

Members of the Fiscal Council

Members
Elias de Matos Brito
Gilberto Braga
Marco Antônio Peixoto Simões Velozo

Alternates
Ronaldo dos Santos Machado
Luiz Alberto Pereira de Matos
Anderson dos Santos Amorim

Members of the Executive Board

Roberto Bernardes Monteiro
CEO, CFO, Investor Relations and New Business Officer

Francisco Francilmar Fernandes
COO

Accountant
Rafael Gonçalves Sierra
CRC / RJ 095205/O-5

Independent auditor’s report on the individual and consolidated financial statements

The Shareholders, Board of Directors and Officers
Petro Rio S.A.
Rio de Janeiro - RJ

Opinion

We have audited the accompanying individual and consolidated financial statements of Petro Rio S.A. (“Company”), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2020 and the statement of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Petro Rio S.A. as at December 31, 2020, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended in accordance with the 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 the Brazilian and International 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 and its subsidiaries and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil’s National Association of State Boards of Accountancy (“CFC”) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 provide a separate opinion on these matters. For each of the matters below, a description of how our audit has addressed them, including any comments on the results of our procedures is presented in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of individual and consolidated financial statements” section, including those relating to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our procedures, including those performed to address the matters below, provide the basis for our audit opinion on the Company's financial statements.

Loss on impairment of assets

As disclosed in Notes 11 and 12 to the consolidated financial statements, at December 31, 2020 the Company has property, plant and equipment and intangible assets in the amount of R$ 3,359,013 thousand and R$ 964,117 thousand, respectively. At December 31, 2020, in accordance with CPC 01 (R1) - Impairment of Assets (IAS 36 – Impairment of Assets), the Company assessed the existence of indicators of impairment of the assets in its cash-generating units ("CGUs") and performed the calculation of the recoverable amount, assessing the need to record impairment. To calculate the recoverable amount of assets, the Company used the discounted cash flow method, which incorporates significant judgments in relation to factors associated with the level of future production, commodity prices, production costs and economic assumptions such as discount rates and exchange rates where the Company operates.

Due to the significance of the balances of property, plant and equipment and intangible assets and the complexity in determining the assumptions used in the expected future cash flows at each CGU, we consider this to be a key audit matter.

How our audit conducted this matter

Our procedures included, among others, (i) evaluation of the Company's assumptions to determine the recoverable amount of its assets, including those related to production, production cost, commodity prices, capital investments, discount rates and exchange rates; (ii) evaluation of the definition and identification criteria of the CGUs; (iii) the use of valuation model specialists to help us evaluate and test the model used to measure the recoverable amount and the assumptions, particularly the data used to determine the discount rates used by the Company's management; and iv) the performance of an independent calculation affecting the main assumptions used.

Based on the result of the audit procedures performed on the calculation of the recoverable amount of the assets, which is consistent with management's assessment, we consider that the criteria and assumptions of the recoverable amount adopted by management, as well as the related disclosures in Notes 11 and 12 are acceptable in the context of the financial statements taken as a whole.

Business combination

As disclosed in Notes 2 and 12 to the individual and consolidated financial statements, the Company concluded on August 3, 2020, through its indirect subsidiary Petro Rio O&G Exploração e Produção de Petróleo Ltda. the acquisition process of 80% interest in Tubarão Martelo field. This transaction was accounted for under the acquisition method in accordance with CPC 15 (R1) - Business Combination (IFRS 3 - Business Combinations), which requires, among other procedures, that the Company determine: the effective acquisition date of control, the fair value of the consideration transferred, the fair value of the assets acquired and the liabilities assumed and the calculation of the results obtained in the business combination. Such procedures involve a high degree of judgment and the need to develop fair value estimates based on calculations and assumptions related to the future performance of the acquired businesses, which are subject to a high degree of uncertainty. Due to the high degree of judgment related thereto and the impact that any changes in the assumptions could have on the financial statements, we consider this to be a significant audit matter.

How our audit conducted this matter

Our audit procedures included, among others, (i) reading the documents that formalized the transaction and obtaining the evidence that justified the determination of the date of acquisition of equity control of the acquired company and the determination of the fair value of the consideration transferred; (ii) analysis of the financial information of the acquired companies and discussion with management about the consistency of accounting practices and estimates, in addition to understanding the flows of the relevant transactions and examining the significant accounting balances of the acquired companies; (iii) assessment of the objectivity, independence and technical capacity of the external experts involved in measuring the fair value of the assets acquired and liabilities assumed; (iv) with the assistance of our valuation model specialists, we analyzed the assumptions and methodology used by the Company in respect of the measurement of fair values and allocations, on the dates of the acquisitions, to the assets acquired and liabilities assumed; and (v) assessment of the adequacy of the disclosures made by the Company in relation to the topic.

Based on the result of audit procedures performed on the business combinations, which is consistent with management's assessment, we understand that the assumptions and criteria as to business combinations, as well as the respective disclosures in Notes 2 and 12 are acceptable in regard to the financial statements taken as a whole.

<u>Recoverability of deferred income and social contribution taxes</u>

As disclosed in Note 17 to the consolidated financial statements at December 31, 2020, the Company accounted for deferred income and social contribution taxes in the amount of R$201,468 thousand, established by temporary differences and on income and social contribution tax losses. In accordance with the accounting practices adopted in Brazil, the Company should annually evaluate the projection of future taxable profits for the purposes of assessing the recoverability of deferred income and social contribution taxes.

This annual test was assessed as one of the key audit matters, considering the magnitude of the amounts involved and the fact that the process of assessing the recoverability of deferred income and social contribution taxes is complex and involves a high degree of subjectivity in the projections of future taxable profits, and it is based on several regularly subjective assumptions, that will be affected by market conditions or future economic scenarios in Brazil, which cannot be estimated accurately.

How our audit conducted this matter

Our audit procedures included, among others: (i) the use of tax specialists to help us assess and test the balance established by the Company, as well as the model used to measure the recoverable amount of deferred income and social contribution taxes and the assumptions, projections and methodology used; (ii) the validation of the information used in the calculations; (iii) conducting a retrospective review of previous projections to identify any inconsistency in the development of estimates in the future; (iv) an independent calculation affecting the main assumptions used; and (v) the revision of the adequacy of the disclosures made by the Company on the assumptions used in the recoverability calculations, especially those that had a more significant effect on determining the recoverable amount of deferred income and social contribution taxes.

As a result of the audit procedures performed on the test of the deferred income and social contribution tax balance established by the Company, we identified audit adjustment related to the establishment of the deferred income and social contribution tax balances, which weren't recorded by management in view of their immateriality on the overall financial statements.

Based on the result of the audit procedures performed on the deferred income and social contribution tax balances established by the Company, as well as their recoverability, which are consistent with management assessment, we consider that the criteria related to their establishment and the assumptions of recoverable amount adopted by management, as well as the respective disclosures in Note 17 are acceptable in regard to the financial statements taken as a whole.

Estimate of provisions for abandonment of facilities

As disclosed in Note 18 to the consolidated financial statements, at December 31, 2020 the Company recorded a provision for abandonment of facilities (ARO) in the amount of R$ 638,504 thousand. Due to the nature of its operations, the Company incurs in obligations to restore and rehabilitate the environment when areas are abandoned. The rehabilitation of areas and the environment is required by both current legislation and the Company's policies. Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as the period of use of a given area, the time needed to rehabilitate it and certain economic assumptions such as discount rate, foreign currency rates and the original values that are quoted by specific suppliers. Due to the significance of the provision for abandonment of areas and the level of uncertainty for the determination of its estimate that may impact the amount of this provision in the consolidated financial statements and the investment amount recorded under the equity method in the parent company's individual financial statements, we consider this to be a significant audit matter.

How our audit conducted this matter

Our audit procedures included, among others, (i) evaluation of the procedures related to the determination of the estimated amount of the provision to restore and rehabilitate areas commercially exploited by the Company; (ii) analysis of the expected time for abandonment based on projected outputs and the estimated deadline for the asset's economic feasibility; (iii) with the assistance of our financial modeling specialists, analysis of the assumptions used, including the base cost of the areas to be abandoned, inflation, discount and risk rates; (iv) analysis of the changes in the provision in the year related to abandoned, restored/rehabilitated areas and the relevant environmental obligation, in order to assess the main inputs, such as costs, inflation and discount rates, as well as the abandonment plan; (v) arithmetic checking of the results of the estimates, tracing them to accounting information and management reports; and (vi) evaluation of the adequacy of the disclosure of the provision of obligations to restore and rehabilitate the environment when abandoning areas.

Based on the result of the audit procedures performed, we consider that the criteria and assumptions, which are consistent with management's assessment, as well as the respective disclosures in Note 18, are acceptable in regard to the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2020, prepared under the responsibility of Company's management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on that report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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 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.

Auditor’s responsibilities for the audit of 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 of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on auditing will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.

- Obtained 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 and its subsidiaries’ internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

- Obtained 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 scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to 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 determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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, February 26, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Pia Leocádia de Avellar Peralta
Accountan CRC-1RJ101080/O-0

PetroRio

Balance sheet

December 31, 2020 and 2019
(In thousands of reais – R$)

		Parent company		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets					
Current assets					
Cash and cash equivalents	3	**27,480**	4,911	**809,273**	459,396
Securities	4	**-**	-	**22,793**	226,301
Restricted cash	5	**-**	-	**49,996**	52,223
Accounts receivable	6	**-**	-	**386,165**	374,598
Oil inventories	24	**-**	-	**186,160**	120,101
Inventory of consumables		**-**	-	**8,506**	5,373
Financial instruments	28	**-**	-	**14,926**	9,354
Recoverable taxes	7	**2,648**	2,905	**124,321**	116,773
Advances to suppliers	8	**16**	38	**58,245**	52,171
Advances to partners	19	**-**	-	**86,997**	86,278
Prepaid expenses		**340**	287	**25,594**	10,333
Other receivables		**-**	52	**-**	189
		30,484	8,193	**1,772,976**	1,513,090
Non-current assets classified as held for sale	9	**-**	-	**68,439**	-
		30,484	8,193	**1,841,415**	1,513,090
Non-current assets					
Advances to suppliers	8	**-**	-	**12,596**	12,596
Deposits and pledges		**5,347**	5,491	**20,317**	27,249
Recoverable taxes	7	**-**	-	**32,848**	32,384
Deferred taxes	17	**14,181**	2,196	**199,942**	160,313
Related parties	22	**8,627**	6,409	**-**	-
Right-of-use (Lease CPC 06.R2 IFRS 16)	16	**-**	-	**369,836**	452,067
Investments	10	**3,642,162**	2,268,485	**-**	-
Property, plant and equipment	11	**1,486**	1,951	**3,359,013**	2,602,523
Intangible assets	12	**-**	-	**956,866**	689,529
		3,671,803	2,284,532	**4,951,418**	3,909,119
Total assets		**3,702,287**	2,292,725	**6,792,833**	5,489,751

See the accompanying notes to the financial statements.

PetroRio

Balance sheet
December 31, 2020 and 2019
(In thousands of reais – R$)

	Note	Parent company 12/31/2020	Parent company 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	13	**3,940**	1,010	**236,889**	87,232
Labor obligations		**1,304**	794	**54,857**	39,359
Taxes and social contributions	14	**5,484**	4,650	**87,741**	83,441
Loans and financing	15	**-**	-	**1,519,966**	1,224,306
Advances from partners	19	**-**	-	**-**	40
Contractual Charges (Lease IFRS 16)	16	**-**	-	**252,645**	223,049
Other liabilities		**-**	-	**-**	12,356
		10,728	6,454	**2,152,098**	1,669,783
Liabilities linked to non-current assets classified as held for sale	9	**-**	-	**(2,649)**	-
		10,728	6,454	**2,149,449**	1,669,783
Non-current liabilities					
Suppliers	13	**-**	-	**13,640**	13,233
Loans and financing	15	**-**	-	**389,753**	421,270
Provision for abandonment (ARO)	18	**-**	-	**638,504**	763,633
Provision for contingencies	31	**500**	-	**75,809**	65,613
Related parties	22	**540,645**	121,929	**-**	-
Contractual Charges (Lease IFRS 16)	16	**-**	-	**373,455**	389,433
Other liabilities		**-**	-	**960**	1,685
		541,145	121,929	**1,492,121**	1,654,867
Shareholders' equity					
Realized capital	21	**3,326,900**	3,316,411	**3,326,900**	3,316,411
Capital reserves		**321,359**	228,027	**321,359**	228,027
Accumulated translation adjustment		**579,820**	150,335	**579,820**	150,335
Accumulated losses		**(1,530,431)**	(2,372,777)	**(1,530,431)**	(2,372,777)
Income (loss) for the year		**452,766**	842,346	**452,766**	842,346
Non-controlling interest		**-**	-	**849**	759
		3,150,414	2,164,342	**3,151,263**	2,165,101
Total liabilities and shareholders' equity		**3,702,287**	2,292,725	**6,792,833**	5,489,751

See the accompanying notes to the financial statements.

Statements of income

Years ended December 31, 2020 and 2019
(In thousands of reais, except earnings/losses per share)

		Parent company		Consolidated	
	Note	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Net revenue	23	**-**	-	**1,904,185**	1,644,346
Costs of products/services	24	**-**	-	**(1,286,926)**	(940,379)
Gross revenue		**-**	-	**617,259**	703,967
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	**(471)**	(595)
Personnel expenses		**(5,071)**	(4,809)	**(37,853)**	(48,245)
General and administrative expenses		**(1,009)**	(1,155)	**(43,487)**	(25,147)
Expenses with Outsourced Services		**(5,004)**	(3,983)	**(46,242)**	(34,519)
Taxes and rates		**(2,127)**	(657)	**(16,378)**	(11,130)
Depreciation and amortization expenses		**(487)**	(394)	**(193,516)**	(126,080)
Equity in income of subsidiaries	10	**508,118**	933,733	**-**	-
Other operating revenues (expenses), net	25	**(2,018)**	(350)	**663,437**	420,005
Operating income (loss) before financial income (loss)		**492,402**	922,385	**942,749**	878,256
Financial revenue	26	**32,730**	15,480	**1,469,151**	377,142
Financial expenses	26	**(84,351)**	(99,581)	**(1,927,820)**	(714,396)
Income before income tax and social contribution		**440,781**	838,284	**484,080**	541,002
Current income tax and social contribution		**-**	(1,282)	**(77,140)**	(55,658)
Deferred income tax and social contribution		**11,985**	5,344	**45,973**	357,002
Income (loss) for the year		**452,766**	842,346	**452,913**	842,346
Income attributed to the Parent company's partners		**452,766**	842,346	**452,766**	842,346
Income attributed to non-controlling partners		**-**	-	**147**	-
Basic and diluted profit per share					
Basic		***3,308***	*6,301*	***3,308***	*6,301*
Diluted		***3,308***	*6,301*	***3,308***	*6,301*

See the accompanying notes to the financial statements.

PetroRio

Statements of comprehensive income

Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Consolidated	
	12/31/2020	**12/31/2019**
Income (loss) for the year	**452,913**	842,346
Other comprehensive income		
Translation adjustment on investment abroad, net of taxes	**429,485**	56,278
Equity valuation adjustments	**-**	79,314
Other comprehensive income for the year, net of taxes	**429,485**	135,592
Total comprehensive income for the year net of taxes	**882,398**	977,938
Attributable to parent company's shareholders	**882,251**	977,938
Attributable to non-controlling shareholders	**147**	-

See the accompanying notes to the financial statements.

PetroRio

Statements of changes in shareholders' equity

Years ended December 31, 2020 and 2019

(In thousands of reais – R$)

	Capital	Capital reserve	Equity valuation adjustment	Accumulated translation adjustment	Accumulated loss	Total	Non-controlling interest	Total Consolidated
Balances at January 1, 2019	**3,273,114**	**67,094**	**(79,314)**	**94,057**	**(2,372,777)**	**982,174**	**-**	**982,174**
Paid-up capital	43,297	-	-	-	-	43,297	-	43,297
Stock options granted	-	117,453	-	-	-	117,453	-	117,453
Translation adjustment on investment abroad	-	-	-	56,278	-	56,278	(74)	56,204
Gain (loss) with financial instruments	-	-	79,314	-	-	79,314	-	79,314
Income (loss) for the year	-	-	-	-	842,346	842,346	-	842,346
Income in sale of treasury shares	-	31,793	-	-	-	31,793	-	31,793
Acquisition of oil and gas assets (Frade)	-	-	-	-	-	-	833	833
Treasury shares	-	11,687	-	-	-	11,687	-	11,687
Balances at December 31, 2019	**3,316,411**	**228,027**	**-**	**150,335**	**(1,530,431)**	**2,164,342**	**759**	**2,165,101**
Balances at January 1, 2020	**3,316,411**	**228,027**	**-**	**150,335**	**(1,530,431)**	**2,164,342**	**759**	**2,165,101**
Paid-up capital	10,489	-	-	-	-	10,489	-	10,489
Stock options granted	-	7,545	-	-	-	7,545	-	7,545
Translation adjustment on investment abroad	-	-	-	429,485	-	429,485	(57)	429,428
Income (loss) for the year	-	-	-	-	452,766	452,766	147	452,913
Income in sale of treasury shares	-	77,198	-	-	-	77,198	-	77,198
Treasury shares	-	8,589	-	-	-	8,589	-	8,589
Balances at December 31, 2020	**3,326,900**	**321,359**	**-**	**579,820**	**(1,077,665)**	**3,150,414**	**849**	**3,151,263**

See the accompanying notes to the financial statements.

Statements of cash flows

Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash flows from operating activities				
Income (loss) for the year (before taxes)	**440,781**	**838,284**	**484,080**	**541,002**
Depreciation and amortization	487	394	843,800	508,958
Financial revenue	(31,381)	(14,518)	(1,170,919)	(343,457)
Financial expenses	82,650	98,916	1,841,303	666,539
Share-based compensation	4,397	7,011	7,545	13,333
Equity in income of subsidiaries	(508,118)	(933,733)	-	-
Provision for contingencies	500	-	(183)	19,545
Reduction in provision for abandonment	-	-	(602,310)	(13,201)
Gains from acquisition of E&P assets	-	-	-	(568,370)
Provision for impairment	-	-	-	27,651
Depreciation adjustment of the Frade Field	-	-	-	(74,784)
	(10,684)	**(3,646)**	**1,403,316**	**777,216**
(Increase) decrease in assets				
Accounts receivable	-	-	31,557	(335,770)
Recoverable taxes	149	(5)	8,571	(25,354)
Prepaid expenses	(53)	(239)	(17,078)	(4,985)
Advances to suppliers	48	46	885	(13,213)
Oil inventories	-	-	(28,212)	62,754
Inventory of consumables	-	-	(3,133)	(3,289)
Related parties	(19,389)	(3,207)	-	-
Advance to partners in oil and gas operations	-	-	233,630	(12,604)
Deposits and pledges	144	(304)	(16,786)	(5,622)
Other receivables	52	(52)	139	1,292
Increase (decrease) in liabilities				
Suppliers	2,817	692	80,863	(35,543)
Labor obligations	512	753	15,912	13,080
Taxes and social contributions	864	(2,155)	(82,564)	3,147
Related parties	387,929	124,742	-	-
Contingencies	-	-	2,780	19,589
Advances from partners in oil and gas operations	-	-	4	1,214
Other liabilities	-	-	(12,338)	(2,863)
Net cash (invested in) from operating activities	**362,389**	**116,625**	**1,617,546**	**439,049**
Cash flows from investment activities				
(Investment in) redemption of securities	-	34,018	206,491	431,531
(Investment) Restricted cash redemption	-	-	65,950	(34,986)
(Investment) Redemption in abandonment fund	-	-	(1)	(1,472)
(Acquisition) of property, plant and equipment	(22)	(812)	(163,123)	(148,162)
(Acquisition) of intangible assets	-	-	(90,967)	(40,643)
(Increase) decrease in investments	(436,074)	(199,505)	-	-
(Acquisition) of oil and gas assets	-	-	(603,492)	(1,583,954)
Net cash (invested in) from investment activities	**(436,096)**	**(166,299)**	**(585,142)**	**(1,377,686)**
Cash flows from financing activities				
Loans	-	-	1,250,509	1,807,996
Principal payments on loans	-	-	(1,581,802)	(487,736)
Interest payments on loans	-	-	(78,144)	(18,827)
Contractual charges (Lease IFRS 16 - Principal)	-	-	(198,701)	(96,713)
Contractual charges (Lease IFRS 16 - Interest)	-	-	(45,473)	(61,782)
Debentures	-	(1,182)	-	(1,182)
Derivative transactions	-	-	(155,960)	(4,988)
Sale of own Company's shares (held in treasury)	85,787	43,480	85,787	43,480
(Decrease) Paid-up capital	10,489	12,055	10,489	12,055
Interest of non-controlling shareholders	-	-	-	-
Net cash (invested in) from financing activities	**96,276**	**54,353**	**(713,295)**	**1,192,303**
Translation adjustment	-	-	30,767	18,738
Net increase (decrease) in cash and cash equivalents	**22,569**	**4,679**	**349,876**	**272,404**
Cash and cash equivalents at the beginning of the year	4,911	232	459,397	186,993
Cash and cash equivalents at the end of the year	27,480	4,911	809,273	459,397
Net increase (decrease) in cash and cash equivalents	**22,569**	**4,679**	**349,876**	**272,404**

See the accompanying notes to the financial statements.

Statements of added value
(supplementary information for IFRS purposes)
Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenues				
Oil & Gas sales	**-**	-	**1,904,185**	1,644,346
	-	-	**1,904,185**	1,644,346
Inputs and services				
Third party's services and other	**(5,004)**	(3,983)	**(46,242)**	(34,519)
Geology and geophysics expenses	**-**	-	**(471)**	(595)
Costs of services	**-**	-	**(502,389)**	(413,721)
Gross added value	**(5,004)**	(3,983)	**1,355,083**	1,195,511
Retentions				
Depreciation and amortization	**(487)**	(394)	**(820,586)**	(508,958)
Net added value	**(5,491)**	(4,377)	**534,497**	686,553
Transferred value added				
Net financial income (loss)	**(51,621)**	(84,101)	**(458,669)**	(337,254)
Equity in income of subsidiaries	**508,118**	933,733	**-**	-
Deferred taxes	**11,985**	5,344	**45,973**	357,002
Rents, royalties and other	**(3,027)**	(1,506)	**462,483**	251,078
Added value payable	**459,964**	849,093	**584,284**	957,379
Distribution of added value				
Personnel	**5,071**	4,809	**37,853**	48,245
Taxes	**2,127**	1,938	**93,518**	66,788
Income (loss) for the year	**452,766**	842,346	**452,913**	813,626
Distributed added value	**459,964**	849,093	**584,284**	957,379

See the accompanying notes to the financial statements.

1. Operations

Petro Rio S.A. (PetroRio), was established on July 17, 2009. Headquartered in the city of Rio de Janeiro, its main purpose is to hold interests in other companies as partner, shareholder or quotaholder, in Brazil and abroad, with a focus on exploration, development and production of oil and natural gas.

For the purpose of this report, Petro Rio S.A and its subsidiaries are denominated, individually or jointly, as the "Company" or "Group", respectively.

Its significant operations are carried out by means of subsidiaries Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PetroRioOG"), Brasoil Manati Exploração Petrolífera S.A. ("Manati"), Petro Rio Jaguar Petróleo Ltda. ("Jaguar") and Petro Rio White Shark Petróleo Ltda. ("White Shark") are the production of oil and natural gas, operating in Campos Basin - RJ, PetroRioOG, Jaguar and White Shark and Camamu Basin – BA ("Coral").

As of December 31, 2020, the Company presented a consolidated negative working capital of R$ 308,034 (R$ 156,693, on December 31, 2019). As described in note 32.2, the Company issued new shares in February 2021, raising approximately R$ 2,049,300 and understands that the success of this issue reverses the current negative net working capital scenario and that there is no material uncertainty raising doubts on the going concern of the Company and its subsidiaries.

Polvo Field – 100%

PetroRioOG is the operator and holds 100% of the Polvo Field concession contract, acquired from BP Energy do Brasil Ltda. ("BP") – 60% in 2014 and from Maersk Energia Ltda. ("Maersk") – 40% in 2015.

The Polvo Field is in the southern portion of the Campos Basin (offshore) some 100 km east of the city of Cabo Frio in the state of Rio de Janeiro. The license covers an area of approximately 134 km2 with several prospects for future exploration. Average daily output during in 2020 was of roughly 9.2 thousand bbl (8.4 thousand bbl in 2019).

Manati Field – 10%

In March 2017, PetroRioOG concluded the transaction for the acquisition of 100% of the shares of Brasoil do Brasil Exploração Petrolífera S.A. ("Brasoil"). Brasoil is a holding company, indirectly holding a 10% interest in the rights and obligations of the Manati Field concession contract, in the production phase, in addition to a 10% interest in the Camarão Norte Field, under development, which in under return process by the consortia to National Agency of Petroleum, Natural Gas and Biofuels (ANP) and a 100% interest in the concessions of Blocks FZA-Z-539 and FZA-M-254, both in the exploration phase. Note 12c.

The Manati Field is in the Camamu Basin, on the coast of the State of Bahia. The license covers an area of approximately 76 km^2. Average daily output in 2020 was of roughly 2.4 million cubic meters of natural gas (3.8 million cubic meters of natural gas in 2019). The reduced amount in relation to the same period of 2019 is due to the decrease in gas withdrawal from Petrobras, with 100% of the production from Manati Field contracted. This halt, which started in late February 2020, was due to the decrease in natural gas consumption owing to the COVID-19 pandemic.
According to a relevant fact disclosed on November 5, 2020, on the same date, the Company signed an agreement with Gas Bridge S.A. ("Gas Bridge"), for the sale of the 10% interest held by the Company in Manati Field.

The total amount of the transaction is R$ 144,400 and includes the transfer of all the Company's liabilities in the Manati Field, including its interest in the abandonment of said Field. The transaction is subject to precedent conditions, among which the success of Gas Bridge in the acquisition of Manati operation from Petrobras.

The transaction consists of a fixed installment of R$ 124,400 and an earn-out of R$ 20,000, subject to certain subsequent regulatory approvals related to the Field.

The effective date of the sale is December 31, 2020. As of this date until the date of completion of the sale transaction, the Company will continue recording all results related to the interest in the field in its balance sheet. However, the cash generation of the field for this period will be included in the sales price adjustment.

With the signing of the agreement in November 2020, the Company started treating this asset in accordance with CPC 31, as non-current assets held for sale, pursuant to Notes 2.9 and 9.

Frade Field – 100%

On March 25, 2019 and October 01, 2019, after complying with the precedent conditions and obtaining the necessary approvals, the Company completed the acquisition of 51.74% and 18.26%, respectively, of interest in the concession of Frade Field, in the operational assets of the Field, and assumed the operation of the Field, according to Note 12.

Furthermore, on November 28, 2019, the Company signed a purchase and sale agreement with Petrobras for the acquisition of the remaining 30% interest in the Field, increasing its interest in Frade Field to 100%. The completion of this transaction took place on February 5, 2021, according to Note 32.2.

The Frade Field is in the northern region of the Campos Basin, about 120 kilometers from the coast of the State of Rio de Janeiro. The license covers an area of approximately 154 km^2, with an average water depth of 1,155 m. In 2020, the Field produced approximately 18.2 thousand bbl of oil per day (18.9 thousand bbl in 2019).

FPSO Bravo (formerly "OSX-3") and Tubarão Martelo

On February 3, 2020, the Company entered into a contract for the acquisition of the FPSO Bravo (Floating, Production, Storage and Offloading – FPSO), built in 2012 with a processing capacity of 100 thousand bbl of oil per day and storage capacity of 1.3 million bbl, in the amount of US$ 140 million, with a portion of the funds (US$ 100 million) being financed by Prisma Capital. FPSO currently operates the Tubarão Martelo Field and it will be used for the operation of Polvo through the connection with the Polvo A Fixed Platform. The revenue generated by the lease of FPSO Bravo is US$ 129,315 per day during the period from February 03, 2020 until the conclusion of Tubarão Martelo field's acquisition, that was on August 03, 2020.

Also on February 03, 2020, a contract was signed on the same date for the acquisition of 80% of Tubarão Martelo Field, as well as the Field operation, fully-owned by Dommo Energia. On August 3, 2020, after the approvals of the Administrative Council for Economic Defense (CADE) and the National Petroleum Agency (ANP), the acquisition was concluded, with PetroRio taking over the operation of the Field and increasing developed proven reserves by approximately 17 million barrels.

Wahoo Field (35.7%) and Itaipu Field (60%)

On November 19, 2020, a contract was signed with BP Energy do Brasil Ltda. for the acquisition of shares regarding a 35.7% interest in Block BM-C-30 ("Wahoo Field" or "Wahoo"), and a 60% interest in Block BM-C-32 ("Itaipu Field" or "Itaipu"). Once all the necessary approvals are obtained and the operation is completed, the Company will become operator of both pre-salt fields.

The Wahoo Field, with the oil discovery in 2008 and the formation test performed in 2010, fits into the Company's value generation strategy. With the development of the field, the Company will form another production cluster and will share the full infrastructure with Frade Field (including the FPSO), thus enabling the capture of several synergies resulting in another strong and sustainable decrease in the lifting cost, striving to always maintain the highest standards of safety and efficiency.

This transaction, subject to regulatory approvals and other usual precedent conditions, will have a fixed installment of US$ 100 million, which will be divided into 5 payments (US$ 17.5 million divided between the signing and closing of the transaction once all conditions are met; US$ 15 million in December 2021; and the remaining portion to be paid in 2022), in addition to an earn-out of US$ 40 million contingent on unitization (or first oil) of Itaipu Field.

COVID-19

The Company reviewed its business plan to adjust the scenario of uncertainty and volatility related to the spread of COVID-19 and the drop in Brent oil prices, in addition to adopting several monitoring and prevention measures.

Among the measures, the highlights were the immediate reduction of People on Board (POB) and extension of the boarding period (aiming at reducing transfers) on the production platforms where the Company operates, keeping only the essential personnel for the safe and efficient Company's production; intensive availability of protection and sanitization items for the onshore and offshore units directly linked to the Company's production activity, especially in the areas most likely to be infected; intensified communication for all employees and third parties working in the production units; adoption of rapid tests and monitoring protocol (screening) at the airports, with the assistance of a nurse, for people who board the Company's production platforms. The initiative includes the monitoring of personnel 48 hours before departure, aiming at identifying suspected cases; the reduction of production costs through renegotiation with suppliers; initiatives for the recommissioning of tanks in the TBMT and Polvo FPSOs, which increased the Company's nominal oil storage capacity, giving offtakes flexibility according to market conditions. suspension of all international trips. National trips were reduced to essential professionals residing in other states for offshore units, preferably via car transportation; and suspension of all face-to-face events.

2. Preparation basis and presentation of the financial statements

2.1. Statement of conformity

The individual and consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which include the provisions of Brazilian Corporation Law, Procedures, Guidance and Interpretations issued by Accounting Pronouncements Committee - CPC and approved by the Brazilian Securities Commission - CVM and by the Federal Accounting Council - CFC, which are in conformity with international accounting standards issued by *International Accounting Standards Board - IASB.*

The statements of value added are presented as supplementary information for IFRS purposes.

The Company's Management authorized the issue of financial statements on February 26, 2021.

Management considered the guidelines provided for Guideline OCPC 07, issued by CPC in November 2014, in the preparation of its financial statements, so that all material information specific to the financial statements is disclosed and corresponds to what is used in the Company's management.

2.2. Basis of preparation

The individual and consolidated financial statements were prepared based on the historical cost, except for derivative those measured at fair value, when indicated.

2.3. Basis of consolidation and investments in subsidiaries

Consolidated financial statements include financial statements of the Company and its subsidiaries. Control is achieved when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

The income (loss) of the subsidiaries acquired, sold or merged during the year are included in the consolidated income and comprehensive income information from the effective date of acquisition, disposal or merger, as applicable. Accordingly, income from new subsidiaries Jaguar, Frade LLC and Frade BV was considered in the Company's consolidated income beginning as of March 25, 2019 and PetroRio White Shark and IONC as of October 1, 2019, date on which purchase and sale transactions were concluded.

In the Company's individual financial statements, the financial data of direct and indirect subsidiaries are recognized under the equity method of accounting.

When necessary, subsidiaries' financial statements accounting policies are adjusted to those of the Group. All transactions, balances, revenues and expenses among the Group's companies are fully eliminated in consolidated financial statements.

(In thousands of reais, unless otherwise indicated)

The Company's consolidated financial statements include:

		Interest			
		12/31/2020		12/31/2019	
Fully consolidated companies		**Direct**	**Indirect**	**Direct**	**Indirect**
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PetroRioOG"	**100.00%**	-	100.00%	-
Petrorio USA Inc.	"PrioUSA"	**100.00%**	-	100.00%	-
Petro Rio Internacional S.A.	"PrioIntl"	**1.23%**	**98.77%**	1.23%	98.77%
Petrorio Luxembourg Holding Sarl	"Lux Holding"	-	**100.00%**	-	100.00%
Petrorio Netherlands BV	"Netherlands"	-	**100.00%**	-	100.00%
Walvis Petroleum (Pty) Ltd.	"Walvis"	-	**100.00%**	-	100.00%
Petrorio Canada Inc.	"Canadá"	-	**100.00%**	-	100.00%
Luderitz Petroleum (Pty) Ltd.	"Luderitz"	-	**100.00%**	-	100.00%
Petrorio Luxembourg Sarl	"Lux Sarl"	-	**100.00%**	-	100.00%
Cumoxi Investments (Pty) Ltd.	"Cumoxi"	-	**100.00%**	-	100.00%
Kunene Energy (Pty) Ltd.	"Kunene"	-	**100.00%**	-	100.00%
Orange Petroleum Ltd.	"Orange"	-	**100.00%**	-	100.00%
Petro Rio do Brasil Exploração Petrolífera S.A.	"Brasoil"	-	**100.00%**	-	100.00%
Brasoil OPCO Exploração Petrolífera Ltda.	"Opco"	-	**99.99%**	-	99.99%
Brasoil Manati Exploração Petrolífera S.A. (*)	"Manati"	-	-	-	100.00%
Petro Rio Coral Exploração Petrolífera Ltda.	"Coral"	-	**100.00%**	-	100.00%
Petro Rio Energia Ltda.	"PrioEnergia"	-	**100.00%**	-	100.00%
Petro Rio Comercializadora de Energia Ltda	"Comercializadora"	-	**100.00%**	-	100.00%
Brasoil Round 9 Exploração Petrolífera Ltda. (*)	"Round 9"	-	-	-	100.00%
Brasoil Finco LLC	"Finco"	-	**100.00%**	-	100.00%
Petro Rio Jaguar Petróleo Ltda	"Jaguar"	-	**100.00%**	-	100.00%
Chevron Frade LLC (*)	"Frade LLC"	-	-	-	100.00%
Frade B.V.	"Frade B.V."	-	**70.00%**	-	70.00%
Petro Rio White Shark Petróleo Ltda	"White Shark"	-	**100.00%**	-	100.00%
Inpex Offshore North Campos, Ltd. (*)	"IONC"	-	-	-	100.00%

(*) The Company is working to streamline its operations, aiming to reduce the corporate structure, and concluded the settlement of IONC and Frade LLC, as well as the merger of Brasoil Manati Exploração Petrolífera S.A. and Round 9 by Brasoil Coral Exploração Petrolífera Ltda.

2.4. Cash and cash equivalents

They are maintained for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Comprised of balances in cash, demand bank deposits, and financial investments with immediate liquidity and insignificant risk of change in value.

2.5. Current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at realization and/or collection values, respectively, and contemplate inflation adjustments or exchange-rate changes, as well as earned or incurred earnings and charges, when applicable.

2.6. Oil and gas exploration, development, and production expenditures

For the expenditures on exploration, development and production of oil and gas, the Group – for the purposes of the accounting practices adopted in Brazil – uses accounting criteria in accordance with IFRS 6 – "Exploration for and evaluation of mineral resources."

Property, plant and equipment: It is recorded at the amortized or construction cost, restated, when applicable, to its recovery value and it is represented mainly by assets associated to stages of exploration and oil and natural gas production development, such as, for example, expenditures on drilling and completion, and E&P equipment. Also includes machinery and equipment and other tangible assets used for administrative purposes, such as furniture, telephone devices, IT equipment. Gains and losses deriving from write-off or disposal of a property, plant and equipment asset are determined by the difference between earned revenue, if applicable, and respective residual value of the asset, and is recognized in income for the year.

Exploratory concession rights and subscription bonuses: are recorded as intangible asset. The Group substantially presents, in its intangible assets, the expenses with the acquisition of exploratory concessions and the subscription bonuses corresponding to the offers for obtaining a concession for oil or natural gas exploration. They are recorded at acquisition cost and adjusted, when applicable, to their recovery value and are amortized using the produced unit in relation to the total proven reserves when they enter the production phase.

Successful efforts: Expenditures with exploration and development of oil production are recorded in accordance with the successful efforts' method. This method determines that the development costs of all production wells and successful exploratory wells, related to economically feasible reserves, be capitalized, while geological and geophysical and seismic costs should be considered as expenses for the year when incurred. Additionally, the dry exploratory well expenditures and those related to non-commercial areas should be recognized in results when identified as such.

Abandonment expenditures: Abandonment expenditures of the oil development and production areas are recorded as intangible assets in contra account to a provision in liabilities.

Depreciation: Expenses with exploration and development of production, as well FPSO and subsea equipment are depreciated beginning as of declaration of commercial viability and start of production, using the produced units' method (UOP – *Units of Production*). According to this method, monthly depreciation rate is obtained by dividing monthly production by total estimated reserve balance (proved developed) at the beginning of the month. On an annual basis, the Company reviews total reserve balance. Machinery and equipment are depreciated by the straight-line method based on the rates mentioned in Note 11 that takes into consideration the estimated useful lives of the assets with the respective residual values.

2.7. Business combination

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured for the consideration amount transferred, valuated on fair value basis on the acquisition date, including the value of any ownership interest held by non-controlling shareholders in the acquired company, regardless of their proportion. For each business combination, the buyer must measure the non-controlling interest in the acquired business at the fair value of based on its interest in the net assets identified in the acquired business. Costs directly attributable to the acquisition must be accounted for as expenses when incurred, as well as any contingent consideration to be transferred will be recognized at fair value on the acquisition date.

Goodwill is measured as being the excess of total consideration to net assets acquired (acquired identifiable assets, nets and assumed liabilities). If consideration is lower than fair value of net assets acquired, the difference is recognized as gain in statement of income.

For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating units of the Group that are expected to benefit by the synergies of combination, regardless of other assets or liabilities of the acquiree being allocated to those units.

2.8. Analysis of Recoverable amount of assets

Pursuant to CPC 01, Property, plant and equipment items, intangible assets and other current and non-current assets are valued on an annual basis to identify evidence of unrecoverable losses, whenever events or significant changes in the circumstances indicate that the book value may not be recoverable.

When there are losses deriving from situations in which the asset book value exceeds its recoverable value, defined as the higher of the asset's value in use and asset's net sales value, they are recognized in income for the year.

2.9. Non-current assets held for sale

The Company classifies a non-current asset as "held for sale" when its book value will be recovered mainly through a sale transaction rather than its continuing use. These non-current assets and held for sale are stated at the lowest value between their book value and the fair value, net of sales expenses. Sales expenses are represented by incremental expenses directly attributable to the sale, except financial expenses and income taxes.

The classification criteria for non-current assets held for sale are met when the sale is highly probable and the asset or group of assets held for sale are available for immediate sale at current conditions, subject only to customary and usual terms for the sale of such assets held for sale.

Fixed and intangible assets are not depreciated or amortized when classified as held for sale and they are presented separately as current items in the balance sheet, as well as other related assets and liabilities. Note 9.

2.10. Inventories

Costs incurred to take the product to its location and conditions are measured at weighted acquisition or production average cost. The net realizable amount corresponds to the sales price estimated for the normal course of the businesses, less estimated execution costs and those required for the sale.

2.11. Income tax and social contribution

Such taxes are calculated and recorded considering the tax rates prevailing on the date of the preparation of the financial statements. Deferred taxes are recognized based on inter-temporal differences, tax losses, and social contribution negative basis, when applicable, only when and up to the amount that may be considered as of probable realization by Management (in accordance with business model approved by the Company's Management and governance councils).

2.12. Statement of income

Income (loss) from operations is calculated under the accrual basis. Sales revenues are recognized upon transfer of ownership and its inherent risks to third parties and recognized only if all performance obligations provided in contracts with clients were complied with and can be reliably measured.

2.13. Transactions involving payment in shares

Share-based remuneration plan for employees, to be settled with equity instruments, is measured at fair value on grant date, as described in Note 21.2.

Granted options fair values determined on grant date are recorded at the straight line basis as expenses in income for the year during the period in which the right is acquired, based on the Company's estimates on which granted options will be possibly acquired, with corresponding increase in shareholders' equity (stock option plan).

The Company reviews its estimates on the number of equity instruments that will be eventually regularly acquired. Review impact on original estimates, if any, is recognized in income for the year as a counterparty to adjustment in shareholders' equity under “Capital reserve”.

2.14. Financial instruments

Financial assets and liabilities are recognized when the Group is a party of the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are increased or reduced by the fair value of the financial assets or liabilities, when applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in the statement of income.

2.15. Financial assets

The Group’s financial assets are classified into the following categories: (i) fair value through other comprehensive income, and (ii) financial assets at fair value through profit or loss. Classification depends on nature and purpose of financial assets and is determined on initial recognition date.

All regular acquisitions or disposals of financial assets are recognized or written-off based on negotiation date. Regular acquisitions or disposals correspond to financial assets’ acquisitions or disposals requiring delivery of assets within term established in a standard or market practice.

Financial assets measured at fair value through profit or loss: Include financial assets held for trading (that is, acquired mainly to be sold in the short-term), or assigned at fair value through profit or loss. Any interest, inflation adjustment, exchange-rate change and any changes arising from evaluation at fair value are recognized in income (loss), as financial revenues or expenses, when incurred.

Financial assets at fair value through other comprehensive income: They include equity instruments and debt securities, which are intended to be held for an indefinite period and can be sold to meet liquidity needs or in response to changes in market conditions. After initial recognition, the financial assets available for sale are measured at fair value, with unrealized gains and losses, recognized directly in the available-for-sale reserve within other comprehensive income until the investment is derecognized.

Impairment of financial assets Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment losses are recognized if, and only if, there is objective evidence of the financial asset impairment as a result of one or more events that occurred after initial recognition with impact on this asset’s estimated future cash flows.

For all other financial assets, an objective evidence may include:

• Significant financial difficulty of the issuing company or counterparty; or
• Breach of contract, such as default or delay in interest or principal payments. or
• Probability of debtor declaring its bankruptcy or financial reorganization; or
• Extinction of that financial asset active market due to financial problems.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's book and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss recognized for goodwill will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the book value is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited to the provision. Changes in book value are recognized in income (loss)

2.16. Loans and financing

When applicable, loans and financing obtained are initially recognized at fair value when funds are received net of transaction costs. Subsequent measurement is made using the amortized cost method; that is, plus charges, interest incurred *pro rata temporis* and Inflation adjustments and exchange-rate changes, as provided for in the contract, incurred up to the date of the individual and consolidated financial statements.

2.17. Derivative financial instruments

The Company uses derivative financial instruments to provide protection against its exposure to changes in oil price risks (Note 29). The derivative financial instruments designated in hedge operations are initially recognized at fair value on the date on which the derivative contract is signed, and are subsequently measured also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the value is negative.

Any earnings or losses resulting from changes in the fair value of derivatives during the year are entered directly in the income (loss) for the year.

The Company does not operate with speculative derivative financial instruments.

2.18. Functional currency and presentation currency

The individual and consolidated financial statements are being presented in Brazilian Real, functional currency of the Company. The Company defined that its functional currency is the Brazilian Real of its foreign subsidiaries is the United States dollar, on account of its incurred costs of operation. All financial information presented in reais has been rounded to the nearest value, except otherwise indicated.

Translation of balances in foreign currency: The assets and liabilities of foreign subsidiaries are translated into BRL at the exchange rate on the balance sheet date, and the corresponding statements of income are translated based on average monthly foreign exchange rate. Foreign exchange differences resulting from said translation are accounted for separately in shareholders' equity, in comprehensive statement of income, in line of other comprehensive income – accumulated translation adjustments.

2.19. Statements of cash flows ("DFC")

Statements of cash flows were prepared and presented in accordance with the Technical Pronouncement CPC 03 (R2) - IAS 7 under the indirect method.

The Company classifies the interest paid as a financing activity, as it understands that it represents costs to obtain its financial funds.

2.20. Statements of added value ("DVA")

Statements of value added have been prepared and are presented in accordance with Technical Pronouncement CPC 09.

2.21. Use of estimates and judgments

The preparation of individual and consolidated financial statements according to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues, expenses and notes. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information on assumptions and estimates that may result in adjustments within the next financial year are included in the following notes:

- Note 9 – Non-current assets held for sale
- Note 11 – Property, plant and equipment, primarily those relating to written-off, amortizations and impaired oil & gas assets.
- Note 12 – Intangible assets, primarily those relating to written-off, amortization and impaired oil & gas assets.
- Note 14 - Current and deferred income tax and social contribution.
- Note 16 - Leases, CPC 06 (R2)/IFRS 16.
- Note 18 – Provision for abandonment of facilities.
- Note 21 - Shareholders' equity / Share-based remuneration plan.
- Note 29 - Objectives and policies for financial risk management.
- Note 31 - Contingencies.

2.22. Net income (loss) per share

Basic/diluted earnings per share is computed by dividing net income by the weighted average of common shares held by the shareholders, excluding treasury shares in the period.

2.23. ICPC 22 / IFRIC 23 - Uncertainty on treatment of income taxes

ICPC 22 clarifies the criteria for recognition, measurement and disclosure of the uncertainties referring to taxes on profit, due to the absence of explanations in this regard by Technical Pronouncement CPC 32 - Income taxes (CPC 32) and differences between the procedures adopted by the companies. The Company evaluated the effects and there is no impact on the financial statements.

2.24. CPC 06 (R2) / IFRS 16 – Lease operations

The Technical Pronouncement CPC 06 (R2) / IFRS 16 amend the form of presentation of operating leases in balance sheet of lessees, and also replaces the linear cost of the operating lease at the amortization cost of assets subject to right to use and interest expense on lease obligations at funding effective rates, prevailing on the hiring date of these transactions and calculated in financial expense.

After analyzing the contracts that could be included in the Pronouncement's identification principles, short-term leases maturing within 12 months were not taken into considering, in addition to leases of non-significant amounts, provided that the payments of the leases related to these contracts are recognized as expenses over the term of the contract.

Lease liabilities were measured at present value of the remaining lease payments, using the surcharge rate on the Company's loan at first-time adoption date.

The right of use asset was recognized based on the value of the lease liability, adjusted for any advance or accumulated lease payment related to this lease, recognized in the balance sheet immediately before the date of the first-time adoption date.

2.25. CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors

Change in accounting estimate

In the 1Q20, the Company, through an independent international certifying agency (DeGolyer and MacNaughton), conducted a reevaluation of reserves at Polvo, Frade and Manati fields. Said revaluation indicated an increase in the useful life of the fields and, therefore, a reduction in the depreciation rates and an extension of the terms for calculating the provision for abandonment and of CPC 06 (R2) – IFRS 16.

The studies have already considered the effects of the Covid-19 pandemic, which reduced oil prices in the short term.

At Polvo Field, the revaluation indicated the increase of useful life of the field until the end of 2026, and an increase of the developed proven reserves by approximately 3 million bbl.

At Frade Field, the revaluation indicated the increase of useful life of the field until the end of 2030, and an increase of the developed proven reserves by approximately 7 million bbl.

Finally, the revaluation in Manati pointed to an increase in the useful life of the field until the end of 2026, with an increase of 132 million m3 (in its developed proven reserves).

2.26. Expenditures associated to Join Operating Agreement (JOA) of Frade Field

The Company, in the capacity of Frade Field operator, is responsible for contracting and paying all suppliers of this concession.

On a monthly basis, disbursements projected for subsequent month are estimated and charged from partners through cash calls, and evidence of expenditures is provided in billing statements.

Therefore, invoices received by the Company contemplate total value of acquired materials and services, but presentation in the Company's statements of income/ cost reflects only its interest.

(In thousands of reais, unless otherwise indicated)

2.27. Standards and new and reviewed interpretations already issued

The new and amended standards and interpretations issued by the IASB and the CPC, as described below, are not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they come into force, as of January 1, 2023:

Pronouncement or interpretation	Description
CPC 50 / IFRS 17	Insurance Contracts
CPC 26 / IAS 1	Presentation of financial statements

3. Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash	**-**	-	**55**	39
Banks	**27,480**	4,911	**809,218**	459,357
	27,480	4,911	**809,273**	459,396
National	**52**	855	**2,708**	4,890
Abroad	**27,428**	4,056	**806,565**	454,506

The balance of cash and cash equivalents consists of funds for the purpose of business working capital, applied in highly liquid instruments in Brazil (committed) and abroad (fixed income securities or current account deposits), without risk of significant change of the principal, and yields upon redemption. In December 2020, amounts related to sales occurred in December, received in the last days of 2020, were maintained in these instruments of immediate liquidity.

4. Securities

	Consolidated	
	12/31/2020	**12/31/2019**
Bank deposit certificates (i)	**22,793**	121,906
Time deposit (ii)	-	104,395
Financial assets - fair value through profit or loss	**22,793**	226,301
Total	**22,793**	226,301

i. Bank account automatically remunerated via Bank Deposit Certificate (CDB) in reais (fixed income investments), with an average yield of 70% of the Interbank Deposit Certificate (CDI) rate (balances used to pay suppliers);

ii. Position of Time Deposit in dollar, which corresponds to a fixed-income investment with daily liquidity, earning interest at 1.6% p.a.;

(In thousands of reais, unless otherwise indicated)

Changes in the amounts invested in securities were mainly due to the need for cash to carry out the acquisitions made during the year 2020. A portion of this amount was allocated to cash and cash equivalents (Note 3).

The Company carries out the risk management of securities through appropriate policy and procedure practices, as described in Note 29.

5. Restricted cash

	Consolidated	
	12/31/2020	**12/31/2019**
Frade Acquisition - 51.74% (i)	**17,907**	52,223
Banco Santander (ii)	**16,405**	-
Banco Daycoval (iii)	**8,317**	-
Banco Fibra (iv)	**7,367**	-
	49,996	52,223

i. The Company, in compliance with purchase and sale agreement for acquisition of 51.74% of interest in concession of Frade Field (Note 12), makes monthly deposits in a restricted account (Escrow) that is released to the seller according to terms agreed-upon for debt payment.

ii. The Company maintains cash invested in Bank Deposit Certificates (CDB) as a collateral for the bank guarantee issued with Banco Santander, as required by the financing agreement with Finep.

iii. The Company maintains an interest earning bank deposit abroad as a guarantee for the 2 ACCs (Advances on Exchange Contract) issued with Banco Daycoval.

iv. The Company maintains a linked account as a collateral for the bank guarantee issued with Banco Fibra, as required by the financing agreement with Finep.

6. Accounts receivable

	12/31/2020	**12/31/2019**
Petrobras (i)	**20,594**	22,878
Petrochina (ii)	**126,919**	93,824
Shell (iii)	**237,977**	-
Trafigura	**-**	257,896
Other	**675**	-
Total	**386,165**	374,598
Total local currency	**21,071**	22,878
Total foreign currency	**365,094**	351,720

(In thousands of reais, unless otherwise indicated)

(i) Balance receivable related to sales of gas and condensed oil carried out by Manati, Jaguar and White Shark in November and December 2020, roughly 20.6 million m^3 of gas, corresponding to a net revenue of R$ 19,722 to Manati, R$ 85 to Jaguar and R$ 30 to White Shark and balance referring to amount not withdrawn from June 2020 (take or pay) in the amount of R$ 757 from Manati.

(ii) Balance receivable remaining from the sale of oil of Polvo Field carried out in December 2020, referring to approximately 477,000 barrels of oil, which generated a revenue of R$ 111,64, and from the sale of oil of Tubarão Martelo Field carried out in December 2020, referring to approximately 398,000 barrels of oil, which generated a revenue of R$ 94,422.

(iii) Balance receivable remaining from the sale of oil of Frade Field in December 2020, referring to approximately 949,000 bbl of oil, which generated a revenue of R$ 237,863.

7. Recoverable taxes

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Income tax and social contribution (i)	**2,622**	2,887	**13,736**	29,052
PIS and COFINS (ii)	**1**	1	**106,015**	89,494
ICMS (iii)	**-**	-	**34,554**	28,548
Foreign taxes (VAT) (iv)	**-**	-	**1,485**	1,248
Other	**25**	17	**1,379**	815
Total	**2,648**	2,905	**157,169**	149,157
Current assets	**2,648**	2,905	**124,321**	116,773
Non-current assets	**-**	-	**32,848**	32,384

(i) Primarily refers to withholding income tax on financial investments and negative balance of IRPJ/CSLL (Corporate Income Tax / Social Contribution on Net Revenue) and prepaid income tax and social contribution.

(ii) PIS/COFINS credits on inputs used in operation;

(iii) ICMS recoverable referring to oil loans between Frade Field partners and movement of materials upon acquisition of Polvo.

(iv) Taxes (VAT) in the refund process of Luxembourg.

(In thousands of reais, unless otherwise indicated)

8. Advances to suppliers

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Geoquasar Energy (i)	**-**	-	**12,596**	12,596
BW (Prosafe) guarantee (ii)	**-**	-	**33,187**	26,575
Petrobras	**-**	-	**246**	2,262
Sotreq	**-**	-	**-**	2,206
Nitshore	**-**	-	**468**	1,388
BJ Services Brasil	**-**	-	**2,637**	2,436
Asa Assessoria	**-**	-	**2,358**	1,772
Agility do Brasil	**-**	-	**-**	4,098
Bornemann GMBH	**-**	-	**1,805**	-
Workship do Brasil	**-**	-	**1,245**	-
VME Process Inc	**-**	-	**702**	-
Appleton Marine Inc	**-**	-	**579**	-
ABB Automacao	**-**	-	**515**	-
Westcon	**-**	-	**480**	-
Schlumberger	**-**	-	**413**	-
Miros Scotland	**-**	-	**406**	-
Gevisa	**-**	-	**401**	-
GBA Corona	**-**	-	**338**	-
Other	**16**	38	**12,465**	11,434
Total	**16**	38	**70,841**	64,767
Total current assets	**16**	38	**58,245**	52,171
Total non-current assets	**-**	-	**12,596**	12,596

(i) The advances to Geoquasar refer to operating costs assumed by PetroRioOG and contractual payments in advance. As a counterparty to these advances, the Company has maintained the provision under “Long term suppliers” caption recorded, in the amount of R$ 12,961 (Note 13). The settlement of these amounts, both assets and liabilities, awaits court decision.

(ii) The advances to BW (Prosafe) - US$ 5,671 (R$ 29,470) and R$ 3,717 refer to contractual commitments and are held as a financial collateral from lease agreements and operation of FPSO Polvo, expected to be settled in July 2021 with the connection of fields.

Other advances derive from the Company’s regular transactions.

(In thousands of reais, unless otherwise indicated)

9. Non-current assets classified as held for sale (Consolidated)

In November 2020, the Company entered into an agreement with Gas Bridge S.A. ("Gas Bridge") for the sale of the 10% interest held by the Company in Manati Field.

The total amount of the transaction is R$ 144,400 thousand and includes the transfer of all the Company's liabilities in the field, including its interest in the abandonment of said Field. The transaction is subject to precedent conditions, among which the success of Gas Bridge in the acquisition of Manati operation from Petrobras.

The transaction consists of a fixed installment of R$ 124,400,000 and an earn-out of R$ 20,000,000, subject to certain subsequent regulatory approvals related to the Field.

The effective date of the sale is December 31, 2020. As of this date until the date of completion of the sale transaction, the Company will continue recording all results related to the interest in the field in its balance sheet. However, the cash generation of the field for this period will be included in the sales price adjustment.

The income (loss) of the Manati Field for the year, proportional to the Company's interest, is as follows:

	Consolidated	
	12/31/2020	12/31/2019
Net revenue from services	**62,955**	88,499
Costs of services	**(33,570)**	(45,802)
Gross revenue	**29,385**	42,697
Operating revenues (expenses)		
Geology and geophysics expenses	**(25)**	(83)
Personnel expenses	**(2,276)**	(3,933)
General and administrative expenses	**(1,414)**	(2,211)
Expenses with Outsourced Services	**(1,205)**	(1,060)
Taxes and rates	**(74)**	(90)
Depreciation and amortization expenses	**(705)**	(991)
Other operating revenues (expenses), net	**6,259**	1,355
Operating income (loss) before financial income (loss)	**29,945**	35,684
Financial revenues	**17,652**	12,444
Financial expenses	**(22,055)**	(12,783)
Income before income tax and social contribution	**25,542**	35,345
Current income tax and social contribution	**(5,921)**	(6,289)
Deferred income tax and social contribution	**2,735**	(336)
Income (loss) from discontinued operation	**22,356**	28,720

The main classes of assets and liabilities classified as held for sale on December 31 are as follows:

	12/31/2020
Assets	
Advances to partners	**2,349**
Property, plant and equipment	**3,677**
Intangible assets	**62,413**
Total assets	**68,439**
Liabilities	
Provision for abandonment (ARO)	**(3,392)**
Other liabilities	**743**
Total liabilities	**(2,649)**
Non-current assets classified as held for sale	**71,088**

Incurred net cash flows are:

	12/31/2020
Net cash (invested in) from operating activities	31,296
Net cash (invested in) from investment activities	(5,948)
Net cash (invested in) from financing activities	-
Translation adjustment	(5,602)
Net increase in cash and cash equivalents	**19,747**

Earnings per share

Basic and diluted earnings per share	12/31/2020	12/31/2019
Numerator (in thousands of reais)		
Income from discontinued operation	**22,356**	28,720
Denominator (in thousands of shares)		
(+) Weighted average number of common shares adjusted by dilution effect	**144,686**	143,186
(-) Treasury shares	**(7,816)**	(9,506)
	136,870	133,680
Basic and diluted earnings per share from discontinued operations:	0,163	0,215

10. Investments

On December 31, 2020, the Company presented the following main interest held in direct subsidiaries:

- **Petro Rio O&G Exploração e Produção de Petróleo Ltda. (“PetroRioOG”)**

The subsidiary was created on July 20, 2009, with headquarters in Rio de Janeiro, and engages in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

PetroRioOG holds 100% in the concession of Polvo Field, 80% in the concession of Tubarão Martelo Field, 35.7% in the concession of Wahoo Field and 60% in the concession of Itaipu Field, the latter two pending approval by the regulatory bodies, as described in note 1.

Since March 2011, PetroRioOG already operated as Operator B, in shallow waters and, beginning as of October 2015, PetroRioOG was qualified as Operator A by ANP, which permits conduction of activities in land areas, and shallow, deep and ultra-deep waters.

- **Petro Rio Internacional S.A. ("PrioIntl")**

The subsidiary, headquartered in Rio de Janeiro is engaged in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

All Group's companies located outside of Brazil, except for PrioUSA, are consolidated under a single corporate structure having PrioIntl as head office in Brazil.

Currently, the main Companies controlled by PrioIntl are Lux Holding, a company that has large-sized assets in operation; Coral, which was contributed by PetroRioOG in June 2019 and holds 10% of interest in the concession of Manati field, and Lux Sarl, which as for September 2016 started to trade the oil produced in the Polvo field. The acquisition of Petrorio Lux Energy S.à.r.l. (formerly BP Energy América LLC and merged in December 2017 by Lux Holding) was part of the acquisition of Polvo field and owner of a 3,000 HP drilling rig, which is the equipment needed for operations in this field. Moreover, under this corporate structure are subsidiaries located In Canada and the Republic of Namibia.

As mentioned in Note 1, Petrorio, through its subsidiary Lux Holding, entered into purchase and sale agreements for the acquisition of a 18.26% and 51.74% interest on October 26, 2018 and January 30, 2019, respectively, in the Frade Field concession and Field operating assets, through the acquisition of companies Frade Japão Petróleo Ltda, Inpex Offshore North Campos, Ltd., Chevron Brasil Upstream Frade Ltda. and Chevron Frade LLC., becoming the operator of Frade Field, with 70% of interest.

In February 2021, the Company now holds a 100% interest in the asset, after the conclusion of the purchase and sale transaction signed on November 20, 2019 with Petrobrás (Notes 1 and 32.1).

- **Petrorio USA Inc ("PrioUSA")**

Established on March 4, 2011, former HRT America Inc., incorporated under the laws of the State of Delaware and headquartered in Houston, USA. Subsidiary was basically established to provide geology and geophysics services to other subsidiaries of the Group, mainly to PrioIntl and its subsidiaries. It currently has no activities and is in the process of liquidation.

(In thousands of reais, unless otherwise indicated)

Portfolio of concessions

On December 31, 2020, the Company's subsidiaries were participants in the following concessions in Brazilian basins:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase	PEM (*)
Brazil	Fields	BM-C-8	Polvo	PetroRioOG	100%	Operator	Production	-
Brazil	Camamu	BCAM-40	Manati (**)	Manati	10%	Non-operator	Production	-
Brazil	Fields	Frade	Frade	Jaguar	70%	Operator	Production	-
Brazil	Camamu	BCAM-40	Camarão Norte	Manati	10%	Non-operator	Development	-
Brazil	Foz do Amazonas	FZA-M-254	-	Manati	100%	Operator	Exploration	R$ 587
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Manati	100%	Operator	Exploration	R$ 10,564
Brazil	Ceará	CE-M-715	-	Jaguar	50%	Operator	Exploration	R$ 59,200

(*) Minimum Exploratory Program Remaining
(**) As described in Note 9, the Company entered into an agreement to dispose of this investment, whose transaction closing is subject to the terms and conditions usually adopted in transactions of this nature and the approval of government agencies. Thus, these assets are presented as non-current assets held for sale.

The BCAM-40 Block Consortium started and awaits for the process of returning the discovery of Camarão Norte, located in south of the Manati Field, in the Camamu-Almada Basin, to the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The Company has a 10% interest in the discovery of Camarão Norte, which was declared a commercial undertaking in 2009. After evaluating several development plans and potential unitization to the adjacent area, the consortium concluded that the area was not economically feasible and decided to return it.

The acquisition of Jaguar expanded the concessions portfolio with 70% Frade Field, in partnership with Petróleo Brasileiro S.A. with 30%, and with 50% of the Exploratory Block CE-M-715, in Ceará Basin, in partnership with Ecopetrol.

a) Relevant information on investees as of December 31, 2020

	PetroRioOG	PrioIntl	PrioUSA
Direct interest	100.00%	1.23%	100.00%
Indirect interest	-	98.77%	-
Shareholders' equity	3,602,058	3,255,750	(39)
Income (loss) for the year	500,762	618,542	(268)
Total assets	5,436,390	6,290,897	263

b) Breakdown of investments

	Parent company	
	12/31/2020	**12/31/2019**
PetroRioOG	**3,602,058**	2,241,194
PrioUSA	**(39)**	68
PTRIntl	**40,143**	27,223
	3,642,162	2,268,485

(In thousands of reais, unless otherwise indicated)

c) Changes in investment

	PetroRioOG	PTRIntl	PrioUSA	Total
Balance at January 01, 2019	**1,001,913**	**4,230**	**(61)**	**1,006,082**
Capital increase/decrease	199,246	-	259	199,505
Equity in income of subsidiaries	911,962	21,894	(123)	933,733
Equity evaluation adjustments	72,078	809	-	72,887
Conversion adjustments	55,995	290	(7)	56,278
Balance at December 31, 2019	**2,241,194**	**27,223**	**68**	**2,268,485**
Capital increase/decrease	435,910	-	164	436,074
Equity in income of subsidiaries	500,762	7,624	(268)	508,118
Conversion adjustments	424,192	5,296	(3)	429,485
Balance at December 31, 2020	**3,602,058**	**40,143**	**(39)**	**3,642,162**

11. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Translation adjustment	Balance at 12/31/2020	Balance at 12/31/2019
In operation						
Platform and Drilling rig - Polvo	UOP *	101,740	(107,251)	29,345	**23,834**	23,925
Oil & gas assets - Manati	UOP *	-	-	-	**-**	6,388
Oil & gas assets – Frade ***	UOP *	2,640,148	(654,019)	-	**1,986,129**	1,735,177
FPSO Bravo (Tubarão Martelo)	UOP *	797,445	(79,210)	-	**718,235**	-
Machinery and equipment	10	9,071	(4,438)	-	**4,633**	6,215
Furniture and fixtures	10	6,272	(4,918)	-	**1,354**	1,559
Communication equipment	20	674	(354)	-	**320**	446
IT equipment	20	6,044	(3,662)	-	**2,382**	2,992
Leasehold improvements	4	6,710	(343)	-	**6,367**	6,597
Surplus of Oil & gas assets - Frade	UOP *	-	-	-	**-**	239,341
Development expenditures	UOP *	350,223	(146,047)	-	**204,176**	187,963
Maintenance of wells	33	65,582	(38,379)	-	**27,203**	30,533
In progress		-	-	-		
Property, plant and equipment in progress **		237	-	-	**237**	3,638
Maintenance of wells - Polvo		29	-	-	**29**	4,301
Acquisition of FPSO Bravo (Tubarão Martelo)		-	-	-	**-**	49,096
Well drilling costs ****		89,673	-	3,812	**93,485**	-
Spare parts		50,880	-	3,381	**54,261**	50,069
Material for well revitalization/re-entry – Frade ***		234,304	-	-	**234,304**	254,283
Material for use and consumption (wells)		2,064	-	-	**2,064**	-
Total		**4,361,096**	**(1,038,621)**	**36,538**	**3,359,013**	**2,602,523**

*UOP – Units of Production (Unit-of-production depreciation method)
** Construction in progress refers basically to expenditures with administrative facilities.
*** With the completion of Frade acquisition, the Company then consolidates 70% of the assets related to the field, which include, in addition to the expenses related to producing wells, FPSO Frade and all submarine equipment. In addition, Frade consortium prepared for the Field Revitalization Plan by acquiring materials and equipment that are classified as assets in progress, as well as FPSO equipment and submarines that are waiting drilling of more wells to start operation.

(In thousands of reais, unless otherwise indicated)

b) Changes in balance

	Balance at 01/01/2020	Additions	Write-offs	Depreciation	Impairment	Transf.	Translation adjustment	Balance at 12/31/2020
In operation								
Platform and Drilling rig - Polvo	**23,925**	301	-	(7,362)	-	-	6,970	**23,834**
Oil & gas assets - Manati	**6,388**	397	(2,453)	(658)	3	(3,677)	-	**-**
Oil & gas assets - Frade	**1,735,177**	16,482	(21,327)	(362,448)	-	265,646	352,599	**1,986,129**
FPSO Bravo (Tubarão Martelo)	**-**	1,273	-	(79,210)	-	785,949	10,223	**718,235**
Machinery and equipment	**6,215**	-	-	(2,644)	-	1,062	-	**4,633**
Furniture and fixtures	**1,559**	-	-	(220)	-	15	-	**1,354**
Communication equipment	**446**	-	-	(126)	-	-	-	**320**
IT equipment	**2,992**	-	-	(860)	-	250	-	**2,382**
Leasehold improvements	**6,597**	-	-	(230)	-	-	-	**6,367**
Surplus of Oil & gas assets - Frade	**239,341**	-	-	(48,937)	-	(255,494)	65,090	**-**
Development expenditures	**187,963**	103,611	-	(56,894)	-	(30,504)	-	**204,176**
Maintenance of wells	**30,533**	-	-	(17,583)	-	14,253	-	**27,203**
In progress		-	-	-	-	-	-	
Property, plant and equipment in progress	**3,638**	497	-	-	-	(3,898)	-	**237**
Maintenance of wells	**4,301**	5,086	-	-	-	(9,358)	-	**29**
Acquisition of FPSO Bravo (Tubarão Martelo)	**49,096**	603,492	-	-	-	(788,757)	136,169	**-**
Well drilling costs	**-**	70,821	-	-	-	18,813	3,850	**93,485**
Spare parts	**50,069**	1,303	-	-	-	-	2,889	**54,261**
Material for well revitalization/re-entry - Frade	**254,283**	-	(19,938)	-	-	(41)	-	**234,304**
Material for use and consumption (wells)	**-**	-	-	-	-	2,064	-	**2,064**
Total	**2,602,523**	**803,263**	**(43,718)**	**(577,172)**	**3**	**(3,677) ***	**577,791**	**3,359,013**

*Amounts transferred to non-current assets classified as held for sale, referring to Manati Field.

	Balance at 01/01/2019	Additions	Write-offs	Depreciation	Impairment	Transf.	Translation adjustment	Jaguar Acquisition	Acquisition - Frade LLC	White Shark Acquisition	Acquisition - IONC	Balance at 12/31/2019
In operation												
Platform and Drilling rig - Polvo	**29,366**	-	-	(6,467)	-	-	1,026	-	-	-	-	**23,925**
Oil & gas assets - Manati	**6,400**	2,510	(51)	(2,495)	24	-	-	-	-	-	-	**6,388**
Oil & gas assets - Frade	**-**	104,570	(162,398)	(156,844)	-	-	29,609	1,191,598	-	284,162	444,480	**1,735,177**
Machinery and equipment	**2**	-	-	(1,793)	-	-	-	8,006	-	-	-	**6,215**
Furniture and fixtures	**649**	1,073	(28)	(157)	-	-	-	22	-	-	-	**1,559**
Communication equipment	**172**	360	-	(86)	-	-	-	-	-	-	-	**446**
IT equipment	**1,762**	1,819	(17)	(611)	-	-	-	39	-	-	-	**2,992**
Leasehold improvements	**4**	6,750	(2)	(114)	-	(41)	-	-	-	-	-	**6,597**
Surplus of Oil & gas assets - Frade	**-**	-	-	(40,557)	-	-	9,408	-	252,688	-	17,802	**239,341**
Development expenditures	**175,889**	56,018	(5,812)	(38,132)	-	-	-	-	-	-	-	**187,963**
Maintenance of wells	**26,309**	20,459	(4,049)	(12,186)	-	-	-	-	-	-	-	**30,533**
In progress												**-**
Property, plant and equipment in progress	**6,937**	74,620	(77,637)	-	-	-	(3,283)	-	-	-	3,001	**3,638**
Maintenance of wells	**-**	4,301	-	-	-	-	-	-	-	-	-	**4,301**
Acquisition of FPSO Bravo (Tubarão Martelo)	**-**	50,731	-	-	-	-	(1,635)	-	-	-	-	**49,096**
Spare parts	**22,857**	32,984	(6,158)	-	-	-	386	-	-	-	-	**50,069**
Material for revitalization of wells - Frade	**-**	4,185	(11,805)	-	-	41	-	203,329	-	58,533	-	**254,283**
Total	**270,347**	**360,380**	**(267,957)**	**(259,442)**	**24**	**-**	**35,511**	**1,402,994**	**252,688**	**342,695**	**465,283**	**2,602,523**

(In thousands of reais, unless otherwise indicated)

12. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated 12/31/2020	Consolidated 12/31/2019
Oil & Gas assets			
Acquisition cost - Polvo	(i)	**313,787**	321,346
Acquisition cost - Manati	(i)	**-**	263,035
Acquisition Cost - Tubarão Martelo	(i)	**297,409**	-
Subscription bonus - FZA-M-254		**5,968**	5,968
Subscription bonus - FZA-Z-539		**8,022**	8,022
Subscription bonus - Frade	(i)	**50,850**	50,850
Subscription bonus - Ceará	(i)	**31,358**	31,358
Goodwill on acquisition of Brasoil	(ii)	**-**	20,228
Capital gain in the acquisition of the Frade concession	(iii)	**724,111**	578,339
Client portfolio - Manati	(i)	**-**	9,682
Advance for acquisition of asset	(iv)	**64,959**	30,230
Software and others		**9,033**	9,033
		1,505,497	1,328,091
Accumulated amortization		**(548,631)**	(638,562)
Total		**956,866**	689,529

(i) Acquisition costs/subscription bonuses and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of reserves when exploration/redevelopment processes will be completed.

(ii) Goodwill on acquisition of Brasoil, included in the book value of the investment of PetroRioOG, and not amortized. Due to the goodwill based on future profitability (goodwill), it is recognized and (annually) separately impairment tested.

(iii) Capital gain related to the acquisition of the concession contract for Frade Field, Jaguar and White Shark, amortized using the units produced method, monitoring the asset generating the capital gain.

(iv) Advance for the acquisition of remaining 30% of Frade Field, as described in Note 1.

b) Changes in balance

	Balance at 01/01/2020	Additions	Write-offs	Amortization	Transfer	Translation adjustment	Balance at 12/31/2020
Acquisition cost - Polvo	46,772	-	(7,559)	(9,387)	-	-	**29,826**
Acquisition cost - Manati	36,888	-	-	(5,048)	(31,840)	-	**-**
Acquisition Cost - Tubarão Martelo	-	297,409	-	(19,487)	-	-	**277,922**
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	**5,968**
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	**8,022**
Subscription bonus - Frade	4,832	-	-	(833)	-	-	**3,999**
Subscription bonus - Ceará	31,358	-	-	-	-	-	**31,358**
Goodwill on acquisition - Brasoil	20,228	-	-	-	(26,080)	5,852	**-**
Capital gain in the acquisition of the Frade concession	500,919	-	-	(112,153)	-	145,772	**534,538**
Client portfolio - Manati	4,038	-	-	(702)	(4,494)	1,158	**-**
Software and others	274	-	-	-	-	-	**274**
Advance for acquisition of asset	30,230	34,729	-	-	-	-	**64,959**
Total	**689,529**	**332,138**	**(7,559)**	**(147,610)**	**(62,414) ***	**152,782**	**956,866**

*Amounts transferred to non-current assets classified as held for sale, referring to Manati Field

(In thousands of reais, unless otherwise indicated)

	Balance at 01/01/2019	Additions	Write-offs	Jaguar Acquisition	White Shark Acquisition	Amortization	Translation adjustment	Balance at 12/31/2019
Acquisition cost - Polvo	50,067	9,440	-	-	-	(12,735)	-	**46,772**
Acquisition cost - Manati	51,269	-	-	-	-	(14,381)	-	**36,888**
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	-	**5,968**
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	-	**8,022**
Subscription bonus - Frade	-	-	-	1,037	3,404	391	-	**4,832**
Subscription bonus - Ceará	-	-	-	31,358	-	-	-	**31,358**
Goodwill on acquisition - Brasoil	19,777	-	-	-	-	-	451	**20,228**
Capital gain in the acquisition of the Frade concession	-	-	-	460,416	103,616	(77,420)	14,307	**500,919**
Client portfolio - Manati	5,560	-	-	-	-	(1,643)	121	**4,038**
Software and others	286	-	(12)	-	-	-	-	**274**
Advance for acquisition of asset	-	30,230	-	-	-	-	-	**30,230**
	140,949	**39,670**	**(12)**	**492,811**	**107,020**	**(105,788)**	**14,879**	**689,529**

In June 2019, the Company carried out with the same international certifying entity re-evaluation of Frade Field proven and developed reserves; this re-evaluation indicated reserves of approximately 36 million bbl (100% of the Field). This result made accumulated depreciation/amortization recorded in year 2019 to be reduced by approximately R$ 68 million to reflect new reserves and depreciation percentages.

In the first quarter of 2020, the Company carried out a new certification of reserves with DeGolyer and MacNaughton, which indicated an increase in useful life for the three Fields, as well as an increase in reserves (Note 2.25).

c) <u>Business combination</u>

1. <u>Tubarão Martelo Field</u>

On August 03, 2020, the Company concluded the transaction for the acquisition of 80% of Tubarão Martelo Field interest by means of its indirect subsidiary PetroRioOG.

The Company becomes the operator of the Tubarão Martelo Field, which may influence the decisions of the consortium and implement cost reductions and synergies to its operation.

The Company calculated the fair values of the assets acquired and liabilities assumed, as well as the allocation of the purchase price, accounting for their effects individually, based on CPC 15 (R1) – Business combination.

The definitive allocation of recognized purchase price caused the following distribution:

(In thousands of reais, unless otherwise indicated)

Final price (receivable)	(59,762)
Allocation of price	
Concession	110,668
Assumed property, plant and equipment	2,541
Liabilities assumed	(126,286)
Provision for abandonment	(46,685)

The assumed liability of R$ 126,286 refers to amounts payable for the lease of FPSO, that operates the Tubarão Martelo Field (Bravo), payable to Lux Sarl, a subsidiary of Petrorio, not involving cash and, therefore, not included in the changes presented in the Company's Statement of Cash Flows.

Frade Field

a. Jaguar and Frade LLC

On March 25, 2019, the Company concluded the transaction for the acquisition of 100% of Jaguar and Frade LLC shares by means of its indirect subsidiary Lux Holding. These companies together hold a 51.74% interest in the consortium that operates Frade Field, 51.74% of FPSO and the Submarine Equipment operating in the Field, and the same percentage over the shares of Empresa Frade B.V., located in Netherlands, legal owner of the assets imported under the special regime (REPETRO).

The Company also became the operator of the Frade Field, which may influence the decisions of the consortium and implement cost reductions and synergies to its operation.

Additionally, Jaguar holds a 50% interest in Exploratory Block CE-M-715 concession, in Ceará Basin, west coast, in the municipality of Paracuru, 80km from the coast. Currently, the Company, which has a partnership with Ecopetrol in this block, is awaiting the environmental licensing to start the exploratory drilling.

Despite the essence of the transaction, it was made through two separate purchase and sale contracts, with different prices, considering that the two companies subject to the transaction did not have the same controlling companies. The Company, by means of specialized advisory services, performed the calculation of fair values of assets acquired and liabilities assumed, to allocate the purchase price regarding two purchase and sale contracts, calculating its effects on an individual basis.

The definitive allocation of purchase price recognized in the subsidiary Lux Holding caused the following distribution:

(In thousands of reais, unless otherwise indicated)

Fair value in US$	**Jaguar**	**Frade LLC**
Final purchase price	120,054	288,014
Allocation of price		
Shareholders' equity on acquisition	16,176	244,726
Surplus over concession contract	118,756	-
Capital gain on FPSO and Subsea equipment	-	65,176
Deferred taxes on surplus	(29,618)	(16,255)
Negative goodwill from bargain purchase (adjusted at deferred tax)	14,740	(5,633)
Deferred taxes on goodwill	-	(1,405)

The deferred income tax liability recognized refers to the projection of taxation on the gain from a bargain purchase, if occurred. The rate used was 24.94%, which is the current rate in Luxembourg, the country where Lux Holding is located. In parallel with the liability recognition, a tax credit was recognized in the same amount, considering that Lux Holding has a sufficient tax loss balance to offset the projected tax, and that in Luxembourg there is not a 30% offsetting limit on the tax due. In other words, 100% of the tax, if any, will be offset.

b. White Shark and IONC

On October 1, 2019, the Company concluded the transaction for the acquisition of 100% of White Shark shares by means of its direct subsidiary Lux Holding and 100% of IONC shares. These companies together hold a 18.26% interest in the consortium that operates Frade Field, 18.26% of FPSO and the Submarine Equipment operating in the Field, and the same percentage over the shares of Empresa Frade B.V., located in Netherlands, legal owner of the assets imported under the special regime (REPETRO).

As with the Jaguar/Frade LLC transaction, this acquisition occurred through two separate purchase and sale contracts, with different prices, considering that the two companies subject to the transaction also did not have the same controlling shareholders. The Company, by means of specialized advisory services, performed the calculation of fair values of assets acquired and liabilities assumed, to allocate the purchase price regarding two purchase and sale contracts, calculating its effects on an individual basis.

The definitive allocation of purchase price recognized in the subsidiary Lux Holding caused the following distribution:

Fair value in US$	**White Shark**	**IONC**
Final purchase price	3,032	53,620
Allocation of price		
Shareholders' equity on acquisition	42,552	136,893
Surplus over concession contract	24,824	-
Capital gain on FPSO and Subsea equipment	-	4,265
Deferred taxes on surplus	(6,191)	(1,064)
Negative goodwill from bargain purchase (adjusted at deferred tax)	(58,153)	(86,474)
Deferred taxes on goodwill	(14,503)	(21,832)

(In thousands of reais, unless otherwise indicated)

The deferred income tax liability recognized refers to the projection of taxation on the gain from a bargain purchase, if occurred. The rate used was 24.94%, which is the current rate in Luxembourg, the country where Lux Holding is located. In parallel with the liability recognition, a tax credit was recognized in the same amount, considering that Lux Holding has a sufficient tax loss balance to offset the projected tax, and that in Luxembourg there is not a 30% offsetting limit on the tax due. In other words, 100% of the tax, if any, will be offset.

13. Suppliers

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Domestic suppliers	**3,593**	705	**183,925**	79,965
Foreign suppliers	**347**	305	**66,604**	20,500
	3,940	1,010	**250,529**	100,465
Total current liabilities	3,940	1,010	236,889	87,232
Total non-current liabilities	-	-	13,640	13,233

14. Taxes and social contributions payable

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
IRPJ and CSLL payable	**-**	-	**52,729**	52,232
PIS/COFINS/CSLL	**-**	22	**4,767**	8,848
IRRF on services	**709**	118	**11,851**	3,445
ICMS	**56**	54	**1,094**	2,008
INSS	**4,671**	4,483	**7,524**	6,475
Taxes on shareholders' equity	**-**	-	**1,406**	1,090
FGTS	**4**	2	**635**	333
Royalties	**-**	-	**7,795**	7,568
Other	**44**	(29)	**(60)**	1,442
	5,484	4,650	**87,741**	83,441

(In thousands of reais, unless otherwise indicated)

15. Loans and financing

		Additions		Payments		Foreign	Translation	
	12/31/2019	Principal	Interest	Principal	Interest	exchange	adjustment	12/31/2020
ICBC (i)	**230,829**	-	9,691	(296,634)	(10,926)	67,040	-	-
Citibank (ii)	**200,123**	46,240	1,225	(206,469)	(987)	(4,670)	6,346	**41,808**
Trafigura (iii)	**189,634**	387,462	7,992	(515,485)	(8,558)	121,157	-	**182,202**
CCB (iv)	**94,802**	51,727	6,770	(68,888)	(5,847)	29,651	-	**108,215**
FINEP (v)	**54,313**	-	6,630	-	(3,205)	-	-	**57,738**
Fibra (vi)	**40,224**	20,476	3,669	(56,815)	-	-	12,521	**20,075**
Bradesco (vii)	**8,172**	23,618	765	(8,785)	(173)	3,072	-	**26,669**
Daycoval (viii)	-	57,844	2,188	(26,959)	(1,907)	5,539	-	**36,705**
Votorantim (ix)	-	45,000	858	(57,069)	(879)	12,090	-	-
Santander (x)	-	52,904	2,846	-	-	9,376	-	**65,126**
ABC (xi)	-	14,850	396	(17,328)	(352)	2,434	-	-
CEF (xii)	-	30,000	1,324	-	-	(363)	-	**30,961**
Chevron (xiii)	**767,018**	-	55,168	(266,539)	(17,040)	-	194,522	**733,129**
INPEX/Sojitz (xiv)	**60,461**	-	5,073	(60,831)	(5,073)	-	370	-
Prisma Capital (xv)	-	449,870	44,698	-	(23,197)	-	68,066	**539,437**
Crop (xvi)	-	26,000	20	-	-	(2,383)	-	**23,637**
Banco do Brasil (xvii)	-	44,518	106	-	-	(607)	-	**44,017**
Total	**1,645,576**	**1,250,509**	**149,419**	**(1,581,802)**	**(78,144)**	**242,336**	**281,825**	**1,909,719**
Current	1,224,306							1,519,966
Non-current	421,270							389,753

		Additions		Payments		Foreign	Translation	
	12/31/2018	Principal	Interest	Principal	Interest	exchange	adjustment	12/31/2019
ICBC (i)	-	261,245	10,570	(54,017)	(6,354)	19,385	-	**230,829**
Citibank (ii)	-	203,874	3,238	-	(4,176)	-	(2,813)	**200,123**
Trafigura (iii)	-	191,290	191	-	-	-	(1,847)	**189,634**
CCB (iv)	-	95,873	1,133	-	(666)	(1,538)	-	**94,802**
FINEP (v)	**25,767**	28,389	2,738	-	(2,581)	-	-	**54,313**
Fibra (vi)	-	61,553	653	(20,000)	(517)	-	(1,465)	**40,224**
Bradesco (vii)	-	20,215	169	(12,190)	(55)	33	-	**8,172**
Credit Suisse	**222,388**	-	-	(212,712)	-	(8,430)	(1,246)	-
Daycoval (viii)	-	17,341	390	(17,341)	(390)	-	-	-
Chevron (xiii)	-	868,537	33,668	(171,476)	(4,088)	-	40,377	**767,018**
INPEX/Sojitz (xiv)	-	59,679	-	-	-	-	782	**60,461**
Total	**248,155**	**1,807,996**	**52,750**	**(487,736)**	**(18,827)**	**9,450**	**33,788**	**1,645,576**
Current	222,437							1,224,306
Non-current	25,718							421,270

(i) The Company had 2 financing agreements with the Chinese bank ICBC. An export prepayment agreement of US$ 60 million with a four-year term and an Advance on Exchange Contract of US$ 9 million. In November 2020, the financing of US$ 9 million was settled and, in December 2020, the Company settled the US$ 60 million agreement in advance, fully settling its outstanding balance with the bank. The financing cost was Libor + 3% pa and Libor + 2.5% pa, respectively.

(ii) In September 2019, the Company signed an agreement for prepayment of receivables with Citibank, amounting to R$ 48 million over a 4-month term at Libor + 3% p.a., settled on January 24, 2020. In October 2020, the Company signed a loan agreement in the form of an Advance on Exchange Contract (ACC) of US$ 8 million, with a rate of 3.28%.

(iii) The Company signed two export prepayment contracts with Trafigura PTE Ltd, one of which on December 20, 2019, in the amount of US$ 47 million, at a cost of Libor + 2.75% p.a. and a 6-month term, and other on January 22, 2020, in the amount of US$ 50 million, with Libor costs + 2.75% p.a. and a 4-month term, fully settled in the 2Q20. In December 2020, the Company signed another export prepayment agreement with Trafigura PTE Ltd, in the amount of US$ 35 million, at a cost of Libor + 3.75%.

(iv) The Company signed four Advance on Exchange Agreements with China Construction Bank, the first on June 24, 2019, in the amount of US$ 5,242, with costs of 5% p.a. and a 1-year term, the second on July 10, 2019, in the amount of US$ 2,600, with costs of 5.2% p.a. and a 6-month term, the third on November 29, 2019, in the amount of US$ 15,560, with costs of 5.65% p.a. and a 1-year term, and the fourth on March 9, 2020, in the amount of US$ 2,160, with costs of 5.65% p.a. and 1-year term. In November 2020, the Company amended the agreement in the amount of US$ 15.560, to be paid in 3 installments, two of which are still outstanding, with a balance of US$ 10.5MM.

(v) On November 19, 2018, the Company signed an agreement with Finep for a R$ 90 million credit facility to be paid in 10 years, including a 2.5-year grace period. The financing cost is long-term interest rate (TJLP) + 1.5% p.a. Until December 31, 2020, approximately R$ 54,101 were approved by FINEP.

(vi) On December 6, 2019, the Company signed a contract with Banco Fibra for a credit facility of US$ 10 million with a term of 1 year and a cost of 7.15% p.a. Once settled, the Company signed another contract on November 30, 2020 in the amount of US$ 3.8 million with a term of 1 year and a cost of 6.8% p.a.

(vii) The Company signed three Advance on Exchange Agreements with Banco Bradesco, one on August 28, 2019, in the amount of US$ 2,000, settled on February 20, 2020, with costs of 3.98% p.a. and a 6-month term, another on March 9, 2020, in the amount of US$ 2,000, with costs of 3.20% p.a. and a 1-year term, and a third on March 9, 2020, in the amount of US$ 3,000, with costs of 3.20% p.a. and a 1-year term.

(viii) On January 14, 2020, the Company signed a contract with Banco Daycoval for a credit facility of US$ 5 million with a term of 1 year and a cost of 9.2% p.a., settled on November 18, 2020. On this date, the Company signed an Advance on Exchange Contract of US$ 5 million, with a remuneration rate of 8.7%. On December 8, 2020, the company increased its limit with the Bank, contracting an additional amount of US$ 2M with a term of 1 year and a remuneration rate of 8.7%.

(ix) On January 28, 2020, the Company signed a contract with Banco Votorantim for a credit facility of US$ 10.7 million with a term of 4 months and a cost of 4.7% p.a.

(In thousands of reais, unless otherwise indicated)

(x) On January 28, 2020, the Company signed a contract with Banco Santander for a credit facility of US$ 10 million with a term of 4 months and a Libor cost of 2.75% p.a. On May 25, 2020, the Company increased its limit with the Bank, contracting an additional amount of US$ 2M with a term of 4 months and a remuneration rate of 5.33%. Both contracts have their terms amended every 4 months.

(xi) On March 10, 2020, the Company signed a contract with Banco ABC for a credit facility of US$ 15 million with a term of 6 months and a cost of Libor + 3.15% p.a.

xii) On April 6, 2020, the Company signed a contract with Caixa Econômica Federal in the amount of R$ 30 million, with a term of 1 year and a cost of 5.7% p.a.

(xii) On January 29, 2019, the Company entered into a contract, effective as of March 25, 2019, with Chevron Latin America Marketing LLC and Chevron Amazonas LLC for the acquisition of Chevron Brasil Upstream Frade LTDA, Chevron Frade LLC and Frade B.V., in the amount of USD 224,023, with a two-year term. The financing is at Libor + 3% p.a. In June 2020, an amendment to the contract was signed, changing its final term to November 2021, to be settled in 3 installments, the first in November 2020, the second in May 2021 and the last in November 2021, with renegotiated interest of 7% p.a.

(xiv) On October 1, 2019, the Company concluded the acquisition of White Shark and IONC, previously owned by INPEX Corporation and Sojitz Corporation. Out of the total acquisition value, the amount of US$ 15 million was paid only in January 2020.

(xv) On January 27, 2020, the Company signed a contract with an entity of the Prisma Capital fund for a bridge loan in the amount of US$ 100 million at the cost of 8.95% p.a. On December 21, 2020, the Company signed the long term, where the total debt was due in December 2022. This contract has financial covenants which, if not fulfilled twice without due compliance, may cause the contract to early mature. The Net Debt/Adjusted EBITDA ratio (without impacts from IFRS 16 and non-recurring events classified in other revenues and expenses) cannot exceed the following limits in the test periods:

Period			Limit
07/01/2020	a	12/31/2020	2.75
01/01/2021	a	06/30/2021	2.25
07/01/2021	a	12/31/2021	1.75
01/01/2022	a	06/30/2022	1.50
07/01/2022	a	12/31/2022	1.35

(xvi) On December 23, 2020, the Company signed a contract with Banco Safra in the amount of US$ 5 million with a term of 6 months and a cost of 3.8% p.a.

(xvii) On December 29, 2020, the Company signed a contract with Banco do Brasil in the amount of US$ 5.7 million with a term of 6 months and a cost of 4.15% p.a.

(In thousands of reais, unless otherwise indicated)

The Company does not have other covenants related to loan and financing agreements other than those described in item XV.

16. Lease operations CPC 06 (R2) / IFRS 16

At January 1, 2019, the Company adopted the guidance and procedures of CPC 06 (R2) / IFRS 16, related to lease transactions.

Following the practices presented in note 2.6, the Company initially recognized the effects of adopting CPC 06 (R2)/IFRS 16, as follows:

Assets	
Balances with partners in oil and gas operations	41,684
Right-of-use (Lease CPC 06.R2 IFRS 16)	1,019,768
Total Assets	**1,061,452**
Liabilities	
Contractual Charges (Lease IFRS 16)	(1,061,452)
Total liabilities	**(1,061,452)**

To calculate this amount, the terms when the assets are necessary for the operation and surcharge on loans, of 5.63% p.a. to contracts in Dollar and 10% p.a. for contracts in Reais were taken into consideration.

Lease liabilities as of January 1, 2019 can be reconciled with operating lease commitments as of December 31, 2018, as follows:

Operating lease commitments on December 31, 2018	1,297,887
Weighted average incremental loan rate on January 1, 2019	6.3429%
Operating lease commitments discounted on January 1, 2019	**1,061,452**

The right of use assets presented refer to the following underlying assets:

Right-of-use assets	Cost	Amortization	Balance
FPSO Polvo	380,490	(257,653)	122,837
Support Vessels	135,505	(26,485)	109,020
Helicopters	37,764	(9,619)	28,145
Buildings/Support Bases	74,458	(16,123)	58,335
Equipment	62,408	(10,909)	51,499
Total	**690,625**	**(320,789)**	**369,836**

The amortization of the right of use, when related to assets used for the operations, is firstly recognized in inventory and then transferred to income when disposed. Administrative assets are directly recorded in the statement of income, both under the straight-line method, observing the periods when they are used.

(In thousands of reais, unless otherwise indicated)

Exchange-rate change and inflation adjustment are recorded directly in the Company's statement of income.

The effects presented in the year were:

	Assets	Liabilities
Recognition on January 1, 2019	**1,019,768**	**(1,061,452)**
Additions/Reversals	(403,776)	382,798
Currency adjustment	-	(32,825)
Price-level restatement	-	(64,309)
Payments made	-	163,306
Amortization	(163,925)	-
Balance at December 31, 2019	**452,067**	**(612,482)**
Additions/Reversals	74,633	(86,025)
Currency adjustment	-	(126,294)
Price-level restatement	-	(45,473)
Payments made	-	244,174
Amortization	(156,864)	-
Balance at December 31, 2020	**369,836**	**(626,100)**
Current	**-**	**(223,579)**
Non-current	**369,836**	**(402,521)**

** Considers 100% of the changes occurred in 2019. For consolidation purposes, only 6 days of monetary and exchange adjustment of the obligations related to 51.74% to Frade Field as for the 1Q19 were considered in PetroRio's income statement, as the acquisition was completed on March 25, 2019 and 18.26% to Frade Field as for the 4Q19.*

Contract maturity Maturity of installments	Amount R$	PIS/COFINS Amount R$
2021	227,983	12,344
2022	74,870	6,925
2023	74,870	6,925
2024	75,039	6,941
2025	74,870	6,925
2026	74,870	6,925
2027	46,193	4,273
2028	46,319	4,285
2029	46,193	4,273
2030	46,193	4,273
Undiscounted amounts	787,400	64,089
Embedded interest	(161,300)	
Lease liability balance	626,100	

As announced on February 3, 2020, the Company acquired an FPSO (Bravo) that will be used in the Polvo Field in place of the FPSO Polvo currently used, which is chartered. Thus, the projection made until the end of the Field's useful life was reviewed, thus reducing the amount of R$ 433,631 regarding lease liabilities and lease, with only prospective effects. The other adjustments made during the year are due to the reduction in the number of support boats and the change of logistics base, which occurred with the acquisition of Frade Field.

(In thousands of reais, unless otherwise indicated)

17. Current and deferred income tax and social contribution

	Tax loss		Tax credit	
Companies	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
PetroRio	**77,522**	48,382	**26,358**	16,450
PetroRioOG	**1,341,630**	1,195,537	**456,154**	406,482
PrioIntl	**14,807**	14,790	**5,034**	5,029
Brasoil	**131,214**	139,723	**44,613**	47,506
Jaguar	**1,472,678**	1,489,957	**500,711**	506,585
White Shark	**878,408**	962,000	**298,659**	327,080
Lux Holding	**3,294,654**	3,294,654	**821,687**	821,687
	7,210,913	**7,145,043**	**2,153,216**	**2,130,819**

The Company has tax loss carry forwards and negative social contribution tax generated in Brazil and abroad, which may be offset against future taxable profit, limited to 30% every year in Brazil, and without offset limit in Luxembourg. As detailed below, and based on the projected results of the companies, Management recognized and recorded the amounts proportional to future income, as well as the amount related to the negative goodwill recorded in the acquisition of the Polvo Field and the total amount of deferred liabilities recorded in Luxembourg, related to negative goodwill recorded in the acquisition of Frade Field. Other credits, which will be recognized as the future taxable income is being generated.

The provision for deferred income and social contribution tax is as follows:

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Negative goodwill/surplus in business combination	**-**	-	**192,148**	326,545
Temporary differences	**(14,181)**	(2,196)	**(25,607)**	(43,719)
Tax losses	**-**	-	**(366,483)**	(443,139)
Net balance of (Assets) Liabilities	**(14,181)**	(2,196)	**(199,942)**	(160,313)

	Consolidated										
Realization estimate	**2021**	**2022**	**2023**	**2024**	**2025**	**2025**	**2027**	**2028**	**2029**	**2030**	**Total**
Negative goodwill/surplus in business combination	33,976	29,291	25,279	21,898	18,883	16,354	14,174	12,330	10,685	9,278	**192,148**
Temporary differences	(25,607)	-	-	-	-	-	-	-	-	-	**(25,607)**
Tax losses	(70,958)	(82,681)	(61,532)	(47,402)	(34,306)	(23,137)	(14,174)	(12,330)	(10,685)	(9,278)	**(366,483)**

(In thousands of reais, unless otherwise indicated)

18. Provision for abandonment (ARO)

Changes in the balance of provision for abandonment of wells in the Polvo, Manati and Frade Field are shown below:

	Polvo	Manati	Tubarão Martelo	Frade
Balance at January 01, 2019	**171,337**	**38,815**	**-**	**-**
Frade Acquisition (51.74%)	-	-	-	561,338
Frade Acquisition (18.26%)	-	-	-	271,059
Decrease/Increase	9,440	2,396	-	(185,527)
Currency adjustment	7,385	1,338	-	26,721
Price-level restatement	7,510	1,825	-	32,411
Balance at December 31, 2019	**195,672**	**44,374**	**-**	**706,002**
Acquisition of Tubarão Martelo (100%)	-	-	233,426	-
Decrease	(25,498)	(6,870)	(12,205)	(582,875)
Currency adjustment	51,003	9,030	(4,850)	191,419
Price-level restatement	11,066	2,461	5,568	43,284
Balance at December 31, 2020	**232,243**	**48,995**	**221,939**	**357,830**
(-) Maersk Guarantee	(173,508)	(52,387)	-	-
Transfer to Liabilities directly linked to non-current assets classified as held for sale	-	3,392	-	-
Net balance of liabilities	**58,735**	**-**	**221,939**	**357,830**
Total consolidated balance				**638,504**

The estimated abandonment costs were provisioned for the year ended in 2020.

For Polvo field, this provision corresponds to PetroRio interest of 100%, and reflects the estimated present value discounted at the rate of 5.86% p.a. (5.44% in 2019) and updated according to the inflation rate (US) of average 2% p.a. In addition, amounts are adjusted by the changes in the USD rate. These costs will be incurred in the abandonment of the Polvo field, including, but not limited to the plugging of wells, and the removal of production lines and equipment.

Regarding Manati field, a new abandonment study was approved in November 2018, which reduced the total provision by approximately US$ 48 million (100%), with a decrease of R$ 5,426 in the Company's balance sheet, corresponding to a 10% interest in Manati. 20% of the provision for abandonment are represented by costs in reais, updated at the inflation rate of 4.01% per annum and discounted at the risk free rate of 6.27% per annum (6.03% in 2019). The other costs, estimated in USD, are updated at the inflation rate of 2% p.a. and discounted at the risk-free rate of 5.86% per annum (5.44% in 2019), before translation into reais.

To assure the consortium's ability to settle the abandonment obligations in the Manati field, the operator Petrobras collects monthly installment regarding estimated abandonment expenditures from consortium members. The contributed amounts are invested and will be used to pay the abandonment costs when they occur. On December 31, 2020, the Company maintained a balance of R$ 52,387.

(In thousands of reais, unless otherwise indicated)

Regarding Frade field, a new abandonment study was approved in December 2020 by the ANP, considering current market conditions from the perspective of Petrorio as the new operator, which reduced the total provision by approximately US$ 207 million with a decrease of R$ 499,700 in the Company's balance sheet, corresponding to a 70% interest in Frade. This provision reflects the estimated present value discounted at the rate of 6.14% p.a. (5.59% in 2019). The main expenses included in these surveys are the removal of the FPSO, abandonment of wells (e.g.: drilling rig lease, cementation, pipe and pipeline removal, placement of buffers), environmental remediation and removal of seabed equipment (e.g. Christmas tree, anchoring blocks).

With the completion of the acquisition of 80% of the Tubarão Martelo Field, the Company assumed, in addition to 80% of the total expected to abandon the field, according to the interest of each consortium member in the field, as well as the additional 20% previously under Dommo's responsibility, as consideration for the acquisition of interest. The present value reflects a discount of 6.14% per annum on the total.

19. Advances to/from partners in oil and gas operations

	Consolidated	
Operated blocks	**12/31/2020**	**12/31/2019**
Blocks operated (GALP - PEL 23 Namibia)	**(601)**	(466)
Petrobras - Frade	**(86,412)**	(81,904)
Ecopetrol - Ceará	**12**	277
Total operated blocks	**(87,001)**	(82,093)
Petrobras - Coral/Cavalo Marinho/Manati	**(2,345)**	(4,145)
Total non-operated blocks	**(89,346)**	(86,238)
Transfer to Liabilities directly linked to non-current assets classified as held for sale	**2,349**	-
Total advances to/from partners	**(86,997)**	(86,238)
Total current liabilities	**-**	40
Total current assets	**(86,997)**	(86,278)

20. *Impairment*

The Company periodically monitors changes in economic and operating expectations that may indicate impairment loss of assets. If such evidence is identified, calculations are performed to verify whether the net book value exceeds the recoverable value and, in such case, a provision for devaluation is recorded adjusting the book value to the recoverable value.

Due to the impacts caused by the COVID-19 pandemic worldwide, the demand for oil decreased sharply, thus reducing the oil prices practiced in international markets. The relevant decrease in the Brent price, directly linked to the company's revenues, are indicative of a possible loss in the recoverable value of the assets.

The Company made calculations to verify the recoverable value of its assets against the recorded values by using most current projections of oil and dollar price and did not detect the need to recognize a provision.

Cash flows are estimated based on the results already achieved an the Company' annual budget, considering the maturity of each concession and the expected market growth, based on assumptions validated annually by the reserve certifying agency (DeGolyer and MacNaughton) when they are reevaluated. Such cash flows are discounted at the Company's most recent weighted average cost of capital, of 12.8%, using a methodology widely adopted in the oil and gas market.

21. Shareholders' equity

21.1 Capital

On December 31, 2020 the Company's subscribed and paid-in capital totaling R$ 3,463,530 is represented by 144,685,660 all nominative, book-entry and with no par value. The Company had Global Depositary Shares ("GDSs") traded in the TSX Venture Exchange (TSX-V) in Toronto, Canada, at a rate of two GSDs for each common share, however, on January 27, 2017, all Global Depositary Shares ("GDSs") were de-listed. Holders who have not convert the GDSs into PetroRio common shares up to May 27, 2017 had the GDSs compulsorily canceled and received their cash amounts by selling shares by custodian agent.

During the Annual and Special Shareholders' Meeting held on April 29, 2016, occasion a proposal was approved putting in place a repurchase program for as many as 3,300,000 common shares issued by the Company within 18 months, without reducing capital and to be held in treasury, canceled and/or for subsequent disposal. On December 22, 2017, at a new Special Shareholders' Meeting, the proposal for implementation of the program to buy back up to 1,000,000 shares was approved, to be performed in 18 months, without reducing capital, for maintaining in treasury, cancellation and/or subsequent disposal. On March 1, 2019, the Special General Meeting approved the splitting shares issued by the Company, at the ratio of 1/10, so that each share issued by the Company is represented by 10 (ten) shares.

On December 31, 2020, balance of Petro Rio S.A. common shares in Treasury Shares account, rectifying Shareholders' Equity, is 7,815,513 shares at acquisition cost of R$ 40,874.

The Company's authorized capital is R$10 billion.

The Company recorded R$ 136,809 referring to share issuance costs in a capital reducing account and which comprise the balance shown of R$ 3,326,998.

(In thousands of reais, unless otherwise indicated)

Shareholder	Number of common shares	% of interest
Aventti Strategic Partners LLP	33,949,240	23%
Truxt Investimentos	21,814,976	15%
Sentinel Investments Holdings LLC	11,375,280	8%
Other Shareholders	77,546,164	54%
Total	**144,685,660**	**100%**

*According to information disclosed in reference form.

The Company's capital was subject to changes in 2020, due to a R$ 10,587 increase through the exercise of stock options granted to employees, as follows:

21.2 Share-based remuneration plan

The Board of Director, within the scope of its duties and in accordance with the stock option plan, approved the grant of preferred stock option to Company's employees. Stock options fair value was estimated on concession date, using the Black-Scholes pricing model. The dates of Board of Directors' meetings and the assumptions used in the pricing model are listed below:

	Program I	Program II	Program III	Program IV
Grant date by Board of Directors	01/25/2018	02/28/2018	11/05/2018	11/05/2018
Total stock options granted	329,557	12,169	33,481	152,744
Share price on granting date	91.50	72.50	118.00	118.00
Strike Price	54.70	48.62	48.62	54.70
Weighted fair value on concession date	41.87	31.30	66.52	70.00
Estimated volatility of share price	73.99%	51.07%	55.58%	72.41%
Risk-free rate of return	8.83%	7.55%	7.13%	8.75%
Option validity (in years)	3	2	2	4

	Program V	Program VI	Program VII	Program VIII	Program IX
Grant date by Board of Directors	02/28/2019	02/28/2019	02/28/2019	03/20/2020	03/20/2020
Total stock options granted	24,665	105,790	79,026	524,870	1,003,896
Share price on granting date	150.98	150.98	150.98	12.40	12.40
Strike Price	86.27	86.27	97.06	17.36	19.53
Weighted fair value on concession date	66.70	63.05	68.30	3.51	4.49
Estimated volatility of share price	52.54%	52.54%	69.46%	77.01%	66.17%
Risk-free rate of return	7.14%	7.14%	8.25%	5.60%	7.65%
Option validity (in years)	2	2	4	2	4

For the year ended December 31, 2020, the Company has a balance recorded in shareholders' equity - income (loss) from share-based remuneration in the amount of R$ 108,991, and the counterparty is in the statement of income as personnel cost since the grant.

Out of the options granted, 1,499,770 options were exercised on January 1, 2020, with the full payment of R$ 10,587 in the Company's capital.

21.3 Earnings per share

Pursuant to CPC 41 (IAS 33), the Company presents information on earnings per share for the years ended on December 31, 2020 and 2019. Basic earnings per share are calculated by dividing income (loss) for the year attributed to the Parent Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the year.

Diluted earnings per share are calculated by dividing income/loss attributable to Parent company's common shareholders by the weighted average number of common shares available for the year, plus the weighted average number of common shares that would be issued on conversion of all potential diluted common shares into common shares, excluding treasury shares in the year.

The tables below show data of income and shares used in calculating basic and diluted earnings per share during the years:

Basic and diluted earnings per share	12/31/2020	12/31/2019
Numerator (in thousands of reais)		
Income for the year attributable to Group's shareholders	**452,766**	842,346
Denominator (in thousands of shares)		
(+) Weighted average number of common shares adjusted by dilution effect	**144,686**	**144,686**
(-) Treasury shares	**(7,816)**	(9,506)
	136,870	133,680
Basic earnings and diluted per share	**3,308**	6,301

22. Related party transactions (Parent company)

	Parent company	
	12/31/2020	12/31/2019
Loan Petrorio S.A x Petrorio Internacional	**2**	2
Accounts payable - Petrorio O&G x Petrorio S.A (i)	**2,011**	4,454
Service agreement Petrorio x Lux Holding (ii)	**936**	726
Apportionment of Brasoil's administrative expenses	**293**	76
Apportionment administrative expenses Frade	**5,385**	1,151
Loan - Petrorio S.A vs. Petrorio Luxembourg Sarl (iii)	**(200,830)**	(121,929)
Mútuo Petrorio S.A. vs White Shark (iv)	**(300,626)**	-
Mútuo Petrorio S.A vs Coral (v)	**(39,189)**	-
	(532,018)	(115,520)
Total non-current assets	**8,627**	6,409
Total non-current liabilities	**(540,645)**	(121,929)

(In thousands of reais, unless otherwise indicated)

(i) Balance of share-based remuneration plan between PetroRio and PetroRioOG.
(ii) Refers to contract entered into by PetroRio and Petrorio Lux Energy S.à.r.l., which establishes that Petrorio Lux Energy S.à.r.l. must reimburse PetroRio of all expenses incurred for management of its assets (platform), such as salaries, rent of physical space and equipment, telephone, Internet and software.
(iii) Balance referring to loan contracts executed into since the second semester of 2019 by PetroRio and Lux Sarl, with indefinite period and Libor interest rate + 2.9% p.a., which will be settled upon distribution of dividends by Lux Sarl itself.
(iv) Balance related to the loan contract signed on January 31, 2020 between PetroRio and White Shark, with an indefinite period and interest rate of 80% of the CDI, at 3.52% p.a.
(v) Balance related to the loan contract signed on April 09, 2020 between PetroRio and Coral, with an indefinite period and interest rate of 80% of the CDI, at 2.92% p.a.

Management remuneration

The Company's management remuneration in the year ended December 31, 2020 was R$ 6,973 (R$ 7,838 on December 31, 2019) as described below:

	12/31/2020	12/31/2019
Short-term employee benefits	4,830	3,385
Share-based payment	2,143	4,453
	6,973	**7,838**

23. Net revenue

Net revenue is broken down as follows:

	12/31/2020					12/31/2019			
	Polvo	Manati	Frade	Tubarão Martelo	Total	Polvo	Manati	Frade	Total
Gross revenue	565,676	76,567	1,019,549	256,005	1,917,797	690,686	109,246	865,816	1,665,748
Deductions	-	(13,612)	-	-	(13,612)	-	(20,747)	(655)	(21,402)
Total	**565,676**	**62,955**	**1,019,549**	**256,005**	**1,904,185**	**690,686**	**88,499**	**865,161**	**1,644,346**

(In thousands of reais, unless otherwise indicated)

24. Costs of products sold and services rendered

	Consolidated	
	12/31/2020	**12/31/2019**
FPSO/Platform	(28,742)	(33,512)
Logistics	(63,225)	(73,362)
Consumables	(115,056)	(101,799)
Operation and maintenance	(108,078)	(105,088)
Personnel	(69,815)	(55,983)
SMS	(7,344)	(10,133)
Purchase of oil for resale	(72,165)	-
Other costs	(48,581)	(33,844)
Royalties and special interest	(152,555)	(143,780)
Amortization CPC 06 (R2)	(137,774)	(134,253)
Depreciation and amortization	(483,591)	(248,625)
Total discontinued operations	**(1,286,926)**	**(940,379)**

On December 31, 2020, the Polvo's oil inventories in the amount of R$ 138,437 is representative of 874,000 bbl – quantity not audited by the independent auditors (on December 31, 2019, the oil inventories in the amount of R$ 65,569 corresponded to 412,000 bbl – quantity not audited by the independent auditors) and Frade's oil inventory in the amount of R$ 11,845, corresponds to 79,000 bbl – quantity not audited by the independent auditors (on December 31, 2019, the Oil inventories in the amount of R$ 54,532 corresponded to 292,000 bbl – quantity not audited by the independent auditors). The Tubarão Martelo inventory, in the amount of R$ 34,156, corresponds to 256 thousand bbl – an amount not audited by the independent auditors.

25. Other revenues and expenses

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Reduction in the provision for abandonment (rate/curve change)	-	-	**609,445**	13,201
Reversal (Provision) for impairment	-	-	**3**	(27,636)
Reversal (Provision) for labor contingencies	**(500)**	-	**17,034**	(2,503)
Reversal (Provision) for tax contingencies	-	-	**152**	(27,736)
Reversal (Provision) for civil contingencies	-	-	**(30,807)**	(24,184)
Loss on investments in subsidiary (dividends)	-	-	-	(17,386)
Reversal (provision) for loss in financial investments	-	-	-	(40,506)
Reversal of cost allocated to gas - Jaguar	-	-	-	2,921
Income from transactions with permanent assets	-	-	**(42,321)**	(1,671)
Reversal of operational provisions in prior years	-	-	-	1,746
Tax credits (PIS and COFINS/INSS/ICMS)	-	-	**36,563**	30,986
Tax assessment notice in HRT Canada (Withholding tax)	-	-	-	(11,367)
Provision for non-recovery - Namibia VAT	-	-	-	(18,381)
Frade acquisition success rate	-	-	-	(18,148)
FPSO Bravo lease revenue	-	-	**126,959**	-
Depreciation expense - FPSO Bravo	-	-	**(28,918)**	-
Labor indemnities from previous years	**(1,501)**	-	**(17,437)**	-
Gain from bargain purchase - Frade	-	-	-	568,370
Indirect Overhead - Frade	-	-	**3,166**	6,226
Other revenues (expenses)	**(17)**	(350)	**(10,401)**	(13,927)
Total	**(2,018)**	(350)	**663,437**	420,005

(In thousands of reais, unless otherwise indicated)

26. Financial income (loss)

Financial result from continued operations:

	Parent company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Financial revenues	**32,730**	**15,480**	**1,469,151**	**377,142**
Revenue from realized financial investment	**41**	382	**15,452**	16,259
Revenue from exchange-rate change	**32,651**	14,927	**983,035**	334,147
Gain from realization of financial instruments	-	18	-	2,932
Gain in realization of derivatives	-	-	**393,861**	12,760
Marked at fair value - financial instruments *	-	16	-	16
Marked at fair value of derivatives	-	-	-	5,472
Other financial revenues	**38**	137	**76,803**	5,556
Financial expenses	**(84,351)**	**(99,581)**	**(1,927,820)**	**(714,396)**
Loss from realized financial investment	-	-	**(3,724)**	(2,366)
Expense on foreign exchange rate (**)	**(66,301)**	(15,805)	**(1,468,260)**	(450,837)
Interest on loans/debentures	**(14,375)**	(3,312)	**(151,425)**	(60,190)
Commission on bank guarantees	-	-	**(2,988)**	(912)
Marked at fair value - financial instruments	-	(65,945)	-	(65,866)
Marked at fair value - Derivatives	-	-	**(43,433)**	(6)
Loss from realization of financial instruments	-	(13,410)	-	(35,739)
Loss in realization of derivatives	-	-	**(103,906)**	(16,662)
Expenses with interest on leases	-	-	**(40,010)**	(57,600)
Other financial expenses	**(3,675)**	(1,109)	**(114,074)**	(24,218)

(*) Mark to fair value– financial instruments refer to the market value of shares of the variable income portfolio.
(**) The foreign exchange expense refers mainly to the fluctuation in the dollar rate applied to the balances of provision for abandonment, lease liabilities (IFRS 16) and loans.

27. Income tax and social contribution (Parent company)

Taxes on income of the Company (Parent Company) differ from the theoretical value that would be obtained using the applicable tax rate, as shown below:

	Parent company	
	12/31/2020	**12/31/2019**
Income (loss) before income tax and social contribution	**440,781**	838,284
Tax rate according to the current legislation	**34%**	34%
Income tax and social contribution based on the current rate	**149,866**	285,017
Non-deductible expenses/non-taxable revenue, net:		
Permanent	**953**	5,239
Temporary	**11,929**	22,266
Equity in income of subsidiaries	**(172,760)**	(317,469)
Other additions (exclusions)	**(1,973)**	85
Tax deduction	-	(108)
Prior year adjustments	-	908
Total	**(11,985)**	(4,062)
Income tax and social contribution	-	1,282
Deferred income tax	**(11,985)**	(5,344)
Net expenses from income tax and social contribution in income (loss)	**(11,985)**	(4,062)
Effective rate on pre-tax profit	**(2.72%)**	0.48%

(In thousands of reais, unless otherwise indicated)

28. Segment information (Consolidated)

PetroRio is active in one sole operating segment, i.e. oil and gas exploration and production (E&P) in Brazil and overseas.

Segment reporting for continued operations:

	12/31/2020	12/31/2019
Current assets		
Brazil	512,726	553,852
Abroad	1,260,250	959,239
Non-current assets		
Brazil	4,127,685	2,873,612
Abroad	823,733	1,103,048

Revenue	12/31/2020	12/31/2019
Brazil	412,656	830,722
Abroad	1,491,529	835,026

29. Objectives and policies for financial risk management

The main financial liabilities of PetroRio refer to trade accounts payable to suppliers for goods and services to be used in its hydrocarbon exploration and production operations, debentures convertible into shares, and the financial security agreements. On the other hand, cash and cash equivalents are recorded in assets, as described in Notes 3 and 4.

The Company is exposed to market (interest and exchange rates), credit and liquidity risks, and its strategy is to make a portion of its investments in fixed and variable income assets, foreign exchange transactions, interest, swaps, derivatives, sundry commodities and other financial instruments for speculative purposes in various industries in Brazil and abroad in the short, medium and/or long term, to maximize the profitability and seek a higher return to its shareholder. By adopting this strategy, the Company is exposed to the risks inherent to such investments, and to fluctuations in the prices of these assets, which may negatively impact the Company's cash position.

The Board of Directors reviews and establishes policies for the management of each of these risks, which are summarized below.

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation of market values of financial instruments and commodities. The company constantly monitors the market and, when necessary, contracts derivative transactions to neutralize the impacts of these commodity price oscillations.

Derivative financial instruments - Hedge

In the year ended December 31, 2020, the Company entered into derivative agreements aimed at providing hedge against the risk of volatility in oil prices for the sales of 2020.

Basically, the transactions protect the Company, which obtained minimum price (floor) per barrel as the chart below:

							Position		Income (loss)	
Operation	Type	Maturity	Settlement	Strike	Quantity	Price	US$ thousand	In thousands of reais	US$ thousand	In thousands of reais
Purchase	PUT	01/31/2020	01/31/2020	65	451	0.28	-	-	630	2,714
Purchase	PUT	03/31/2020	03/31/2020	65	500	2.88	-	-	15,554	81,218
Purchase	PUT	03/31/2020	03/31/2020	65	975	2.88	-	-	30,329	164,595
Purchase	PUT	04/30/2020	04/30/2020	65	250	3.78	-	-	1,359	7,375
Purchase	PUT	05/31/2020	05/31/2020	65	341	4.63	-	-	11,072	60,630
Purchase	PUT	06/30/2020	06/30/2020	65	250	5.32	-	-	6,056	32,289
Purchase	PUT	07/31/2020	07/31/2020	40	2,400	2.39	-	-	(5,736)	(29,765)
Purchase	PUT	10/31/2020	10/31/2020	44	975	1.89	-	-	160	885
Purchase	PUT	11/30/2020	11/30/2020	43	1,000	2.70	-	-	(2,700)	(13,775)
Purchase	PUT	12/31/2020	-	44	2,000	3.50	1	2	(7,000)	(36,377)
Purchase	PUT	31/03/21	-	44	900	4.70	2,872	14,924	(1,358)	(7,056)
					10,042		**2,872**	**14,926**	**48,366**	**262,733**

Interest rate risk

Available funds are invested in securities issued by first-tier financial institutions at variable rates, mostly with daily liquidity, in compliance with prudential concentration limits.

Interest rate sensitivity

The table below shows the sensitivity to a possible change in interest rates, income and Company's equity before taxation, where all other variables are kept constant.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on the securities	Decrease in CDI	34	(32)	(98)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the period of 12 months as from December 31, 2020 were taken into account under the probable scenario (CDI 2.18%), a 25% reduction in the projected CDI was taken into account under scenario I and a 50% reduction was taken into account under scenario II, both in relation to the probable scenario.

(In thousands of reais, unless otherwise indicated)

Exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and net investments in foreign subsidiaries. The table below shows the sensitivity to a change that may occur in the exchange rate and the impact on the Company's income and equity, before taxation.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	USD decr.	1,016	(28,330)	(56,659)
Provision for abandonment (ARO)	USD incr.	(7,723)	(215,252)	(430,504)
Loans	USD incr.	(17,129)	(477,430)	(954,860)

For calculation of the amounts included in the above scenarios the average exchange rate projection disclosed by BM&FBOVESPA for the period of 12 months as from December 31, 2020 (US$ 1/R$ 5.2433). Under scenario I, this projection was increased by 25% and under scenario II, the curve was increased by 50%, both against the probable scenario.

Credit risk

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Group adopts a conservative management by investing short-term funds with day-to-day liquidity and post –fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

As for the credit risk of its sales transactions, the Company is analyzing the financial and equity position of its customers together with the service provider (trader), which also intermediates the oil sale transactions. During the year ended on December 31, 2020, oil net sales were decentralized, with sales to clients Trafigura, Petrochina, Sinochem and Shell and gas sales in other client (Petrobras); however, they present an irrelevant credit risk, considering that its background does not show any delays or defaults.

Liquidity risk

Prudent management of risk implies maintaining cash consistent with the disbursement needs to cover its obligations, in accordance with the Company's business plan.

PetroRio

Notes to the financial statements
December 31, 2020
(In thousands of reais, unless otherwise indicated)

Consolidated

Year ended December 31, 2020	up to 12 months	01-05 years	Total
Liabilities			
Loans and financing	(1,519,966)	(389,753)	**(1,909,719)**
Suppliers	(236,889)	(13,640)	**(250,529)**
Labor obligations	(54,857)	-	**(54,857)**
Taxes and social contributions	(87,741)	-	**(87,741)**
Provision for abandonment	-	(638,504)	**(638,504)**
Provision for contingencies	-	(75,809)	**(75,809)**
Contractual Charges (Lease IFRS 16)	(223,579)	(402,521)	**(626,100)**
Other liabilities	-	(960)	**(960)**
	(2,123,032)	**(1,521,187)**	**(3,644,219)**

Year ended December 31, 2019	up to 12 months	01-05 years	Total
Liabilities			
Loans and financing	(1,224,306)	(421,270)	**(1,645,576)**
Suppliers	(130,513)	(13,233)	**(143,746)**
Labor obligations	(39,359)	-	**(39,359)**
Taxes and social contributions	(83,441)	-	**(83,441)**
Advance from partners	(40)	-	**(40)**
Provision for abandonment	-	(763,633)	**(763,633)**
Provision for contingencies	-	(65,613)	**(65,613)**
Contractual Charges (Lease IFRS 16)	(205,782)	(363,419)	**(569,201)**
Other liabilities	(12,356)	(1,685)	**(14,041)**
	(1,695,797)	**(1,628,853)**	**(3,324,650)**

Parent company

Year ended December 31, 2020	up to 12 months	01-05 years	Total
Liabilities			
Suppliers and other	(3,940)	-	**(3,940)**
Labor obligations	(1,304)	-	**(1,304)**
Taxes and social contributions	(5,484)	-	**(5,484)**
Provision for contingencies	-	(500)	**(500)**
	(10,728)	**(500)**	**(11,228)**

Year ended December 31, 2019	up to 12 months	01-05 years	Total
Liabilities			
Suppliers and other	(1,010)	-	**(1,010)**
Labor obligations	(794)	-	**(794)**
Taxes and social contributions	(4,650)	-	**(4,650)**
	(6,454)	**-**	**(6,454)**

Fair value of financial assets and liabilities

The "fair value" concept provides for the valuation of assets and liabilities based on market prices in the case of liquid assets, or based on mathematical pricing models otherwise. The level in the fair value hierarchy gives priority to unadjusted quoted prices in an active market. These financial instruments are grouped in levels from 1 to 3, based on the grade that their fair value is quoted:

(In thousands of reais, unless otherwise indicated)

a) Level 1: fair value measurement uses prices quoted (not corrected) in active markets, based on equal assets and liabilities.

b) Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices).

c) Level 3: fair value measurement is derived from valuation techniques that include and asset or liability that are not included in an active market.

	12/31/2020				12/31/2019			
	Parent company		Consolidated		Parent company		Consolidated	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets								
Amortized cost:								
Accounts receivable (i)	-	-	386,165	386,165	-	-	374,598	374,598
Related parties	8,627	8,627	-	-	6,409	6,409	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	27,480	27,480	809,273	809,273	4,911	4,911	459,396	459,396
Securities (ii)	-	-	22,793	22,793	-	-	226,301	226,301
Financial liabilities								
Amortized cost:								
Suppliers (i)	3,940	3,940	250,529	250,529	1,010	1,010	100,465	100,465
Loans and financing	-	-	1,909,719	1,909,719	-	-	1,645,576	1,645,576

Market values (“fair value”) estimated by management were determined by level 1 for financial instruments below, and there were no transfers between measurement levels in the fair value hierarchy for the year ended December 31, 2020.

(i) The amounts related to the balance of accounts receivable and suppliers does not have significant differences in the fair value since receivable/payment turnover of these balances is 60 days on average.

(ii) The fair value measurements are obtained by directly observable variables (as well as prices) or indirectly (derived from prices).

(In thousands of reais, unless otherwise indicated)

30. Insurance (Not audited by independent auditors)

The Company has a policy of taking out insurance plan for the items subject to risks.

The Company is covered against major risks such as P&I to Frade's FPSO, Energy Package, which includes: Physical Damage over offshore assets, Operator's Extra Expenses (OEE - Well Control, Extra Expense/Reboring and Infiltration and Pollution, Cleaning and Contamination) and Offshore Liability (TPL) and Cargo/equipment coverage related to the Polvo and Frade field operations and D&O (Directors & Officers Liability) policy for directors and subordinates.

The insurance policies in force at December 31, 2020 cover the insured amount of R$ 23,749,903. In addition, the Company also contracts insurance for Operator' Extra Expenses, whose main exposures covered are as follows:

Insurance/Modality	Amount insured
Physical damages (Oil inventories)	828,978
Fixed Platform	945,799
Offshore Platform	115,886
FPSO Frade	2,695,165
Subsea Equipment	3,837,248
Offshore property (Pipeline)	151,744
Onshore properties (Pipeline)	60,801
Onshore Treatment Station	90,423
OEE production (Well control)	1,091,307
Offshore Civil Liability + Surplus	3,689,657
Cargo (Polvo)	5,000
D&O	40,000
P&I	6,495,875
General liability	5,000
Equity	12,427
Customs Guarantee	1,026
Legal guarantee	58,893
Life insurance	18,418
PEM guarantee insurance - ANP	71,071
Travel Insurance Travel Guard	1,429
FPSO Bravo Hull and Machine	3,533,756
Total insured	**23,749,903**

31. Contingencies

Management of the Company and its subsidiaries, based on the opinion of its legal advisors regarding the possibility of success in several lawsuits, believes that the provisions recorded in the balance sheet on December 31, 2020 and 2019 in the amounts of R$ 75,809 and R$ 65,613, respectively, are sufficient to cover losses considered probable and reasonably estimated.

Provisions recorded

Currently, the Company is party to lawsuits with probable risk, which are basically labor claims that add up to R$ 6,284 and tax claims of R$ 4,461, civil claim in the amount of R$ 55,282 and contingency due to Frade's incident in the amount of R$ 9,782.

Incidents in Frade

Because of the incident of November 2011 at Frade Field, under Chevron operation in this period the Company was notified by ANP in years 2011 and 2012. Additionally, on November 21, 2011, the Company received a fine from IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources) in the amount of R$ 50,000 and on December 23, 2011, other fine in the amount of R$ 10,000. These fines, of R$ 37,762 and R$ 7,095, respectively, were paid in July 2013, at their restated amount, after negotiation with IBAMA. The differences between the provisioned amounts and the payments made have been reversed to the statement of income.

In September 2012, ANP issued 6 fines referring to the incident at Frade Field occurred in November 2011, totaling R$ 35,160. The Consortium waived the right to appeal and paid this amount during the 10-day appeal period, the fine being reduced by 30%. On September 21, 2012, the Frade Field Consortium paid the total amount of R$ 24,612.

The Company was cited in two public civil lawsuits filed by the Federal Public Prosecutor's Office (MPF) of Campos dos Goytacazes alleging environmental damage caused by oil leak, amounting to R$ 20 billion each. This civil suit was filed with the 1st Federal Court of Rio de Janeiro. At the end of 2012, the Company accrued the amount of R$ 95,000 related to the preventive and compensatory measures of the Term of Adjustment of Conduct (TAC), which was approved and signed in September 2013 with the MPF, ANP and IBAMA. This agreement supersedes the two civil lawsuits, which were initialed filed by the MPF.

The Company's management only maintains a provision for TAC, amounting to R$ 9,782, corresponding to the Company's interest in Frade Field. The amounts of this provision are monetarily restated every month and had a restatement of R$ 602 in 2020.

Other suits

According to the Group's legal advisors, risk of loss in other lawsuits is "possible" - R$ 1,296,736 (R$ 795,405 on December 31, 2019), of which R$ 682,510 are related to tax claims, R$ 585,111 refers to civil claims and R$ 29,115 refers to labor claims. The claim with the most relevant amount, in the amount of R$ 345,066, is from Federação dos Pescadores do Rio de Janeiro ("FEPERJ"), requesting reparation for alleged losses suffered by fishermen as a result of the Oil Spills of Frade Field in 2011/2012, when operated by Chevron, which is currently in the knowledge phase. Pursuant to accounting practices adopted in Brazil and IFRS, Management decided not to form a provision for contingencies for these lawsuits, with likelihood of possible and remote loss.

32. Subsequent events

32.1 Completion of acquisition of 30% of Frade Field

On January 21, 2021, the Company disclosed a material fact communicating that the National Agency of Petroleum, Natural Gas and Biofuels ("ANP"), approved the assignment of the 30% interest in Frade Field, held by Petrobras – Petróleo Brasileiro S.A.

The signing of the Addendum to the Concession Agreement by ANP, a subsequent step, occurred on February 5, 2021, concluding the acquisition of all rights and obligations for exploration, development and production of Petrobras' oil and natural gas at Frade Field, which correspond to a 30% interest in the concession.

The Company, from this date on, now holds 100% of Frade Field, 100% of FPSO Frade and the economic result from the 30% interest in Frade Field will now be accounted for and incorporated into the Company's financial statements, which will fully benefit from the profitability of its initiatives to reduce costs and increase asset production.

32.2 Public offering of shares with restricted efforts (Follow-On)

On January 28, 2021, within the scope of the public offering for primary distribution, with restricted efforts, of common, nominative and book-entry shares with no par value, free of any liens or encumbrances, issued by the Company ("Offer"), the determination of the price per share of R$ 69.00 ("Price per Share"), totaling R$ 2,049,300,000.00 and the increase in the Company's capital, through the issue of 29,700,000 new common, nominative and book entry shares, with no par value, free of any liens or encumbrances, issued by the Company ("Shares").

The Shares subject to the Offer started being traded at B3 S.A. – Brasil, Bolsa, Balcão ("B3") on February 1, 2021, and the physical and financial settlement of the Shares occurred on February 2, 2021.