



Quarterly information - ITR

Petro Rio S.A.

June 30, 2021

with the Independent Auditors' Report on the
Review of the Quarterly Information

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Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers

Petro Rio S.A.

Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Petro Rio S.A. for the quarter ended June 30, 2021, comprising the statement of financial position as of June 30, 2021 and the related statements of profit or loss and of comprehensive income for the three- and six-month periods then ended, and the statements of changes in equity and of cash flows for the six month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 - Interim Financial Reporting, and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statement of value added (SVA) for the six months period ended June 30, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, August 02, 2021.

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



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



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Balance sheet

June 30, 2021 and December 31, 2020

(In thousands of reais – R\$)

	Note	Parent company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	3	25,573	27,480	3,381,619	809,273
Securities	4	-	-	1,135,096	22,793
Restricted cash	5	-	-	16,611	49,996
Accounts receivable	6	-	-	329,548	386,165
Oil inventories	24	-	-	368,739	186,160
Inventory of consumables		-	-	13,699	8,506
Financial instruments	29	-	-	19,831	14,926
Recoverable taxes	7	3,439	2,648	84,757	124,321
Advances to suppliers	8	2	16	66,160	58,245
Advances to partners	19	-	-	14,011	86,997
Prepaid expenses		451	340	15,940	25,594
Other receivables		-	-	1,094	-
		29,465	30,484	5,447,105	1,772,976
Non-current assets classified as held for sale	9	-	-	70,110	68,439
		29,465	30,484	5,517,215	1,841,415
Non-current assets					
Advances to suppliers	8	-	-	12,596	12,596
Deposits and pledges		4,392	5,347	15,224	20,317
Recoverable taxes	7	-	-	9,749	32,848
Deferred taxes	17	11,392	14,181	178,023	199,942
Related parties	22	11,851	8,627	-	-
Right-of-Use (Lease CPC 06.R2/IFRS 16)	16	-	-	311,153	369,836
Investments	10	5,576,494	3,642,162	-	-
Property, plant and equipment	11	1,242	1,486	3,444,525	3,359,013
Intangible assets	12	-	-	1,016,015	956,866
		5,605,371	3,671,803	4,987,285	4,951,418
Total assets		5,634,836	3,702,287	10,504,500	6,792,833

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Balance sheet

June 30, 2021 and December 31, 2020

(In thousands of reais – R\$)

	Note	Parent company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	13	2,195	3,940	152,400	236,889
Labor obligations		9,862	1,304	74,923	54,857
Taxes and social contributions	14	6,367	5,484	96,411	87,741
Loans and financing	15	-	-	467,184	1,519,966
Contractual charges (Leases - IFRS 16)	16	-	-	116,230	252,645
		18,424	10,728	907,148	2,152,098
Liabilities directly linked to non-current assets classified as held for sale	9	-	-	(2,054)	(2,649)
		18,424	10,728	905,094	2,149,449
Non-current liabilities					
Suppliers	13	-	-	13,444	13,640
Loans and financing	15	-	-	2,959,261	389,753
Provision for abandonment (ARO)	18	-	-	760,946	638,504
Provision for contingencies	31	500	500	128,391	75,809
Related parties	22	194,155	540,645	-	-
Contractual charges (Leases - IFRS 16)	16	-	-	314,297	373,455
Other liabilities		-	-	1,310	960
		194,655	541,145	4,177,649	1,492,121
Shareholders' equity					
Realized capital	21	5,303,644	3,326,900	5,303,644	3,326,900
Capital reserves		322,294	321,359	322,294	321,359
Accumulated translation adjustment		518,373	579,820	518,373	579,820
Accumulated losses		(1,077,664)	(1,530,431)	(1,077,664)	(1,530,431)
Income (loss) for the period		355,110	452,766	355,110	452,766
Non-controlling interest		-	-	-	849
		5,421,757	3,150,414	5,421,757	3,151,263
Total liabilities and shareholders' equity		5,634,836	3,702,287	10,504,500	6,792,833

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of income

Six-month periods ended June 30, 2021 and 2020

(In thousands of reais – R\$, except earnings/losses per share)

	Note	Parent company		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net revenue	23	-	-	1,678,171	535,455
Costs of products/services	24	-	-	(705,094)	(432,562)
Gross revenue		-	-	973,077	102,893
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	(7,837)	(219)
Personnel expenses		(7,855)	(2,745)	(51,691)	(15,180)
General and administrative expenses		(338)	(678)	(10,724)	(18,815)
Expenses with outsourced services		(3,815)	(3,912)	(23,910)	(28,258)
Taxes and rates		(566)	(1,409)	(3,181)	(3,799)
Depreciation and amortization expenses		(244)	(243)	(55,104)	(88,527)
Equity in income of subsidiaries	10	367,849	(117,343)	-	-
Other operating revenues (expenses), net	25	(69)	(1,580)	(82,437)	204,707
Operating income (loss) before financial income (loss)		354,962	(127,910)	738,193	152,802
Financial income	26	29,308	1,672	573,458	759,345
Financial expenses	26	(26,371)	(50,146)	(795,085)	(1,087,472)
Income before income tax and social contribution		357,899	(176,384)	516,566	(175,325)
Current income tax and social contribution		-	-	(139,537)	(14,775)
Deferred income tax and social contribution		(2,789)	15,121	(21,919)	28,837
Income (loss) for the period		355,110	(161,263)	355,110	(161,263)
Basic and diluted earnings per share					
Basic		0,438	(0,239)	0,438	(0,239)
Diluted		0,438	(0,239)	0,438	(0,239)

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of income

Three-month periods ended June 30, 2021 and 2020

(In thousands of reais – R\$, except earnings/losses per share)

	Note	04/01/2021- 06/30/2021	04/01/2020- 06/30/2020	04/01/2021- 06/30/2021	04/01/2020- 06/30/2020
Net revenue	23	-	-	1,022,837	312,293
Costs of products/services	24	-	-	(468,563)	(225,736)
Gross revenue		-	-	554,274	86,557
Operating revenues (expenses)		-	-	-	-
Geology and geophysics expenses		-	-	(937)	(68)
Personnel expenses		(1,644)	(109)	(28,057)	(4,626)
General and administrative expenses		26	(442)	(7,360)	(9,320)
Expenses with outsourced services		(756)	(3,371)	(11,779)	(11,797)
Taxes and rates		(280)	(1,027)	2,578	(1,503)
Depreciation and amortization expenses		(122)	(122)	(25,112)	(46,956)
Equity in income of subsidiaries	10	411,231	(96,828)	-	-
Other operating revenues (expenses), net	25	-	(1,364)	(62,187)	89,603
Operating income (loss) before financial income (loss)		408,455	(103,263)	421,420	101,890
Financial income	26	26,870	362	519,304	105,078
Financial expenses	26	(5,853)	(12,022)	(378,883)	(329,722)
Income before income tax and social contribution		429,472	(114,923)	561,841	(122,754)
Current income tax and social contribution		-	-	(59,964)	(2,633)
Deferred income tax and social contribution		(8,570)	15,121	(80,975)	25,585
Income (loss) for the period		420,902	(99,802)	420,902	(99,802)
Basic and diluted earnings per share					
Basic		0,502	(0,148)	0,502	(0,148)
Diluted		0,502	(0,148)	0,502	(0,148)

See the accompanying notes to the financial statements.



Notes to the quarterly information
June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of comprehensive income
Six-month periods ended June 30, 2021 and 2020
(In thousands of reais - R\$)

	Consolidated	
	06/30/2021	06/30/2020
Income (loss) for the period	355,110	(161,263)
Other comprehensive income		
Translation adjustment on investment abroad, net of taxes	(61,447)	563,289
Other comprehensive income for the period, net of taxes	(61,447)	563,289
Total other comprehensive income for the period, net of taxes	293,663	402,026

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of comprehensive income

Three-month periods ended June 30, 2021 and 2020

(In thousands of reais - R\$)

	Consolidated	
	04/01/2021- 06/30/2021	04/01/2020- 06/30/2020
Income (loss) for the period	420,902	(99,802)
Other comprehensive income	-	-
Translation adjustment on investment abroad, net of taxes	(333,053)	116,364
Other comprehensive income for the period, net of taxes	(333,053)	116,364
	-	-
Total other comprehensive income for the period, net of taxes	87,849	16,562

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of changes in shareholders' equity
Six-month periods ended June 30, 2021 and 2020
(In thousands of reais – R\$)

	Capital	Capital reserve	Accumulated translation adjustment	Accumulated loss	Total	Non-controlling interest	Total Consolidated
Balances at January 1, 2020	3,316,411	228,027	150,335	(1,530,431)	2,164,342	-	2,164,342
Paid-up capital	10,587	-	-	-	10,587	-	10,587
Stock options granted	-	3,218	-	-	3,218	-	3,218
Translation adjustment on investment abroad	-	-	563,289	-	563,289	-	563,289
Loss for the period	-	-	-	(161,263)	(161,263)	-	(161,263)
Balances at June 30, 2020	3,326,998	231,245	713,624	(1,691,694)	2,580,173	-	2,580,173
Balances at January 1, 2021	3,326,899	321,359	579,820	(1,077,664)	3,150,414	849	3,151,263
Paid-up capital	2,062,743	-	-	-	2,062,743	-	2,062,743
Share issuance costs	(85,998)	-	-	-	(85,998)	-	(85,998)
Stock options granted	-	935	-	-	935	-	935
Translation adjustment on investment abroad	-	-	(61,447)	-	(61,447)	-	(61,447)
Income for the period	-	-	-	355,110	355,110	-	355,110
Acquisition of non-controlling interest	-	-	-	-	-	(849)	(849)
Balances at June 30, 2021	5,303,644	322,294	518,373	(722,554)	5,421,757	-	5,421,757

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of cash flows

Six-month periods ended June 30, 2021 and 2020 | (In thousands of reais – R\$)

See the accompanying notes to the financial statements.

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Income (loss) for the period (before taxes)	357,899	(176,384)	516,566	(175,325)
Depreciation and amortization	244	243	368,124	351,579
Financial income	(26,996)	(328)	(256,815)	(371,006)
Financial expenses	23,916	49,866	223,687	940,694
Share-based compensation	935	1,931	935	3,218
Equity in income of subsidiaries	(367,849)	117,343	-	-
Provision (reversal) for contingencies/losses	-	220	49,269	(2,678)
Provision (reversal) for abandonment	-	-	946	(95,417)
Provision for impairment	-	-	-	9,544
	(11,851)	(7,109)	902,712	660,609
(Increase) decrease in assets				
Accounts receivable	-	-	49,280	186,482
Recoverable taxes	(781)	(71)	62,466	(10,070)
Prepaid expenses	(110)	(1,209)	9,649	(666)
Advances to suppliers	15	-	(22,971)	6,491
Oil inventories	-	-	(96,345)	(51,455)
Inventory of consumables	-	-	(5,193)	(229)
Related parties	(3,259)	(508)	-	-
Advance to partners in oil and gas operations	-	-	75,734	44,659
Deposits and pledges	963	715	5,101	(693)
Other receivables	-	52	(1,093)	140
Increase (decrease) in liabilities				
Suppliers	(2,266)	2,607	(51,161)	19,263
Labor obligations	8,558	157	20,055	12,466
Taxes and social contributions	716	729	(143,803)	(57,602)
Related parties	(342,707)	110,485	-	-
Contingencies	-	-	-	2,346
Other liabilities	-	17	350	(20,307)
Net cash (invested in) from operating activities	(350,722)	105,865	804,781	791,434
Cash flows from investment activities				
(Investment in) redemption of securities	1	-	(1,109,833)	259,240
(Investment in) redemption of restricted cash	-	-	16,859	(170,326)
(Investment in) redemption of abandonment fund	-	-	1,560	-
(Purchase) sale of property, plant and equipment	-	(23)	(236,703)	(114,362)
(Purchase) sale of intangible assets	-	-	772	-
(Increase) decrease in investments	(1,627,930)	(118,916)	-	-
(Acquisition) of oil and gas assets	-	-	(218,289)	(603,492)
Net cash (invested in) from investment activities	(1,627,929)	(118,939)	(1,545,634)	(628,940)
Cash flows from financing activities				
Funding of loans	-	-	4,191,053	899,014
Repayment of principal on loans	-	-	(2,486,698)	(1,133,918)
Interest paid on loans	-	-	(156,109)	(32,685)
Contractual charges (Leases IFRS 16 - Principal)	-	-	(120,549)	(85,608)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(17,176)	(23,297)
Derivative transactions	-	-	(46,544)	12,103
Paid-up capital	1,976,744	10,587	1,976,744	10,587
Interest of non-controlling shareholders	-	-	(666)	-
Net cash (invested in) from financing activities	1,976,744	10,587	3,340,055	(353,804)
Translation adjustment	-	-	(26,856)	51,601
Net increase (decrease) in cash and cash equivalents	(1,907)	(2,487)	2,572,346	(139,709)
Cash and cash equivalents at the beginning of the period	27,480	4,911	809,273	459,397
Cash and cash equivalents at the end of the period	25,573	2,424	3,381,619	319,688
Net increase (decrease) in cash and cash equivalents	(1,907)	(2,487)	2,572,346	(139,709)

See the accompanying notes to the financial statements.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Statements of added value

(supplementary information for IFRS purposes)

Six-month periods ended June 30, 2021 and 2020

(In thousands of reais – R\$)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues				
Oil & Gas sales	-	-	1,678,171	535,455
	-	-	1,678,171	535,455
Inputs and services				
Outsourced services and other	(3,815)	(3,912)	(23,910)	(28,258)
Geology and geophysics expenses	-	-	(7,837)	(219)
Costs of services	-	-	(276,934)	(140,369)
Gross added value	(3,815)	(3,912)	1,369,490	366,609
Retentions				
Depreciation and amortization	(244)	(243)	(368,124)	(351,579)
Net added value	(4,059)	(4,155)	1,001,366	15,030
Transferred value added				
Net financial income (loss)	2,937	(48,474)	(221,627)	(328,127)
Equity in income of subsidiaries	367,849	(117,343)	-	-
Deferred taxes	(2,789)	15,121	(21,919)	28,837
Rents, royalties and other	(407)	(2,258)	(208,301)	156,751
Added value payable	363,531	(157,109)	549,519	(127,509)
Distribution of added value				
Personnel	7,855	2,745	51,691	15,180
Taxes	566	1,409	142,718	18,574
Income (loss) for the period	355,110	(161,263)	355,110	(161,263)
Distributed added value	363,531	(157,109)	549,519	(127,509)

See the accompanying notes to the financial statements.



Notes to the quarterly information

June 30, 2021

(In thousands of reais, unless otherwise indicated)

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 Coral Exploração Petrolífera S.A. (“Coral”) and Petro Rio Jaguar Petróleo Ltda. (“Jaguar”) are the production of oil and natural gas, operating in Campos Basin - RJ and Camamu Basin - BA (“Coral”).

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 the 2Q21 was of roughly 8.8 thousand bbl (9.5 thousand bbl for the 2Q20).

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 is 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 12.

The Manati Field is located in the Camamu Basin, on the coast of the State of Bahia. The license covers an area of approximately 76 km². Average daily output during the 2Q21 was of roughly 3.5 million cubic meters of natural gas (1.1 million cubic meters of natural gas for the 2Q20). The reduced amount in 2020 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.



Notes to the quarterly information

June 30, 2021

(In thousands of reais, unless otherwise indicated)

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 thousand 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\$ 124,400,000 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.

With the signing of the agreement in November 2020, the Company started treating this asset in accordance with CPC 31, as Non-current assets classified as held for sale, pursuant to Note 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.

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 12c.

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 km², with an average water depth of 1,155 m. The Field produced approximately 19,000 bbl of oil per day in the second quarter of 2021 (15 thousand bbl of oil per day in the second quarter of 2020).

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 vessel (Floating, Production, Storage and Offloading – FPSO), built in 2012



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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, which 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.

The Field produced approximately 6.6 thousand bbl of oil per day in the second quarter of 2021.

Wahoo Field (64.3%) 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"). On June 17, 2021, the ANP - Brazilian National Agency of Petroleum approved the transfer of assets, and on July 1, 2021, after all the conditions precedent of the purchase and sale agreement were concluded, the certificate of completion of the acquisition operation was signed, with PetroRio becoming the operator of both pre-salt fields and increasing proven developed reserves by approximately 132 million barrels.

Additionally, on March 04, 2021, the Company signed an agreement with Total E&P do Brasil Ltda. for the acquisition of an additional 28.6% interest in Wahoo, approved by the ANP on July 08, 2021, both detailed in note 32.1.

In addition to the Wahoo portion acquired from BP, PetroRio's interest the concession will increase to 64.3%. The Company formalized a proposal for the acquisition of the remaining 35.7% interest and has been making efforts to open negotiations with the current holders of the interest.

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.



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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, that remain in force and will be maintained as long as the pandemic scenario persists.

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. Basis of preparation and presentation of financial statements

2.1. Statement of conformity

The individual and consolidated quarterly information was prepared in accordance with technical pronouncement NBC TG 21 - Interim Statement with international standard IAS 34 - Interim Financial Reporting, issued by the Interim Financial Report issued by International Accounting Standards Board, and it is presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information - ITR.

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

The Management confirms that all relevant pieces of information characteristic of quarterly information are being evidenced, and correspond to those used by Management.



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2.2. Basis of preparation

The individual and consolidated quarterly information was 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

The consolidated quarterly information includes quarterly information 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 of the subsidiaries acquired, sold or merged during the period are included in the consolidated income and comprehensive income information from the effective date of acquisition, disposal or merger, as applicable.

In the individual quarterly information of the Company, the quarterly information of the direct and indirect subsidiaries is recognized under the equity method.

When necessary, subsidiaries' quarterly information 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 quarterly information.

The Company's consolidated financial statements include:

Fully consolidated companies		Interest			
		06/30/2021		12/31/2020	
		Direct	Indirect	Direct	Indirect
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PetroRioOC"	100.00%	-	100.00%	-
Petrório USA Inc.	"PrioUSA"	100.00%	-	100.00%	-
Petro Rio Internacional S.A.	"PrioIntl"	1.23%	98.77%	1.23%	98.77%
Petrório Luxembourg Holding Sarl	"Lux Holding"	-	100.00%	-	100.00%
Petrório Netherlands BV	"Netherlands"	-	100.00%	-	100.00%
Walvis Petroleum (Pty) Ltd.	"Walvis"	-	100.00%	-	100.00%
Petrório Canada Inc.	"Canada"	-	100.00%	-	100.00%
Luderitz Petroleum (Pty) Ltd.	"Luderitz"	-	100.00%	-	100.00%
Petrório 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%
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 Finco LLC	"Finco"	-	100.00%	-	100.00%
Petro Rio Jaguar Petróleo Ltda	"Jaguar"	-	100.00%	-	100.00%
Frade B.V.	"Frade B.V."	-	100.00%	-	70%
Petro Rio White Shark Petróleo Ltda	"White Shark"	-	100.00%	-	100.00%



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2.4. Accounting policies adopted

We hereby declare that the accounting policies adopted in the preparation of this quarterly information are consistent with those used in the most recent annual financial statements (year ended December 31, 2020). Thus, this quarterly information should be read together with information disclosed in financial statements for the year ended December 31, 2020.

2.5. Functional currency and presentation currency

This individual and consolidated quarterly information is presented in 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.

2.6. Standards and new and reviewed interpretations already issued

In the preparation of quarterly information, the Company's Management considers, when applicable, new reviews and interpretations of IFRS and technical pronouncements, issued by IASB and CPC. There were no changes affecting the Company's quarterly information during the accounting periods ended June 30, 2021.

2.7. Effects of adopting CPC 23 (IAS 8) – Accounting Policies, Changes in Accounting Estimates and Errors.

2.7.1 Change in accounting estimate

In the 1Q21, the Company, through an independent international certifying agency, DeGolyer and MacNaughton, conducted a reevaluation of reserves at Polvo, Tubarão Martelo, Frade and Manati fields. This revaluation indicated changes in the reserves and useful lives of some fields and, consequently, changes in the depreciation rates and extension of the terms for calculating the provision for abandonment.

The studies considered the effects of the Covid-19 pandemic and the current and future oil price scenarios.

At Polvo Field, the revaluation pointed to the maintenance of useful life until the end of 2026, and an increase of the developed proven reserves by approximately 3.6 million bbl, if compared to the same periods.

In Frade Field, the revaluation pointed to the maintenance of the useful life of the field until the end of 2030, and the same amount of proven reserves

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developed, but with an increase of approximately 8.2 million barrels, related to the completion of the acquisition of the remaining 30% of the field, if the same periods are compared.

At Tubarão Martelo Field, the revaluation indicated an increase in useful life of the field until the end of 2034, and an increase of the developed proven reserves by approximately 3.3 million bbl, if compared to the same periods.

Finally, the revaluation in Manati pointed to a decrease in the useful life of the field until the end of 2025, even with an increase of 57 million m³ in its developed proven reserves.

2.8. Completion of quarterly information

The Company's management authorized the presentation of this quarterly information on August 02, 2021.

3. Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash	-	-	54	55
Banks	25,573	27,480	3,381,565	809,218
	25,573	27,480	3,381,619	809,273
Domestic	9,100	52	77,498	2,708
Abroad	16,473	27,428	3,304,121	806,565

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 Bank Deposit Certificates) and abroad (remunerated current account deposits), without risk of significant change of the principal, and yields upon redemption.

4. Securities

	Consolidated	
	06/30/2021	12/31/2020
Bank deposit certificates (i)	76,617	22,793
Time deposit (ii)	1,058,479	-
Total securities	1,135,096	22,793

- i. Checking account automatically remunerated via Bank Deposit Certificate (CDB) in reais (fixed income investments), with an average yield of 98% of the Interbank Deposit Certificate (CDI) rate;
- ii. Time Deposit with terms of 90, 180, and 270 days, with an average yield of 0.84% p.a.



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

5. Restricted cash

	Consolidated	
	06/30/2021	12/31/2020
Frade Acquisition - 51.74% (i)	-	17,907
Banco Santander (ii)	16,611	16,405
Banco Daycoval (iii)	-	8,317
Banco Fibra (iv)	-	7,367
	16,611	49,996

- i. The Company, in compliance with purchase and sale agreement for acquisition of 51.74% of interest in concession of Frade Field (Note 12), made monthly deposits in a restricted account (Escrow) that was released to the seller according to terms agreed-upon for debt payment, which was settled in May 2021.
- ii. The Company maintains cash in Bank Deposit Certificate (CDB) investments as a guarantee for the bank guarantee issued with Banco Santander, as required by the financing agreement with Finep, which was settled in April 2021, and the guarantee is in the process of being returned.
- iii. The Company maintained financial investments abroad as a guarantee for the 2 ACCs (Advances on Foreign Exchange Contracts) issued with Banco Daycoval, which were settled in March 2021.
- iv. The Company maintained a linked account as a collateral for the bank guarantee issued with Banco Fibra, as required by the financing agreement with Finep, which was settled in April 2021.

6. Accounts receivable

	Consolidated	
	06/30/2021	12/31/2020
Petrobras (i)	25,367	20,594
Petrochina (ii)	303,662	126,919
Shell	-	237,977
Other	519	675
Total	329,548	386,165
Total local currency	25,886	21,071
Total foreign currency	303,662	365,094

- (i) Balance receivable referring to sales of condensed gas and oil carried out by Manati and Frade in May and June 2021 of approximately 20.4 million m³ of gas, corresponding to revenues of R\$ 24,582 for Manati and R\$ 28 for Frade, and Manati balance referring to amount not withdrawn in June 2020 (take or pay) of R\$ 757.

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- (ii) Balance receivable remaining from the sale of oil of Polvo Field carried out in June 2021, referring to approximately 394,000 barrels of oil, which generated a revenue of R\$ 128,988, and from the sale of oil of Frade Field carried out in in June 2021, referring to approximately 500,000 barrels of oil, which generated a revenue of R\$ 177,534.

The Company assessed the impacts of the COVID-19 and understands that these facts do not affect the balances receivable presented.

7. Recoverable taxes

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Income tax and social contribution (i)	3,415	2,622	13,843	13,736
PIS and COFINS (ii)	2	1	45,514	106,015
ICMS (iii)	-	-	28,501	34,554
Foreign taxes (VAT) (iv)	-	-	2,013	1,485
Other	22	25	4,635	1,379
Total	3,439	2,648	94,506	157,169
Current assets	3,439	2,648	84,757	124,321
Non-current assets	-	-	9,749	32,848

- (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 process of refund of the Luxembourg subsidiaries.



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8. Advances to suppliers

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Geoquasar Energy (i)	-	-	12,596	12,596
BW (Prosafe) guarantee (ii)	-	-	32,084	33,187
Petrobras	-	-	246	246
Nitshore	-	-	468	468
BJ Services Brasil	-	-	3,767	2,637
Asa Assessoria	-	-	709	2,358
Bornemann GMBH	-	-	-	1,805
Workship do Brasil	-	-	-	1,245
VME Process Inc	-	-	1,342	702
Appleton Marine Inc	-	-	554	579
ABB Automacao	-	-	2,921	515
Westcon	-	-	480	480
Schlumberger	-	-	1,784	413
Miros Scotland	-	-	579	406
Gevisa	-	-	-	401
GBA Corona	-	-	309	338
Siemens Infraestrutura	-	-	4,071	-
JS Aduaneira	-	-	7,526	-
Other	2	16	9,320	12,465
Total	2	16	78,756	70,841
Total current assets	2	16	66,160	58,245
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\$ 28,367) and R\$ 3,717 refer to contractual commitments and are held as a financial collateral from lease agreements and operation of FPSO Polvo. Upon the end of the contract with BW in July 2021, the amounts will be released.



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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 result for the six-month periods ended June 30, 2021 and 2020, of the Manati Field, proportional to the Company's interest, is presented below:

	Consolidated	
	06/30/2021	06/30/2020
Net revenue from services	56,368	20,336
Costs of services	(15,408)	(14,864)
Gross revenue	40,960	5,472
Operating revenues (expenses)		
Geology and geophysics expenses	-	(12)
Personnel expenses	(8,853)	(1,064)
General and administrative expenses	(925)	(632)
Expenses with outsourced services	(728)	(524)
Taxes and rates	-	(34)
Depreciation and amortization expenses	-	(313)
Other operating income (expenses), net	(8)	4,239
Operating income (loss) before financial income (loss)	30,446	7,132
Financial income	8,187	8,267
Financial expenses	(9,213)	(12,298)
Income before income tax and social contribution	29,420	3,101
Current income tax and social contribution	(3,162)	(4,901)
Deferred income tax and social contribution	(2,088)	5,434
Income (loss) from discontinued operation	24,170	3,634



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The main classes of assets and liabilities classified as held for sale on June 30, 2021 and December 31, 2020 are as follows:

	<u>06/30/2021</u>	<u>12/31/2020</u>
Assets		
Advances to partners	5,443	2,349
Property, plant and equipment	3,398	3,677
Intangible assets	61,269	62,413
Total assets	70,110	68,439
Liabilities		
Provision for abandonment (ARO)	(3,306)	(3,392)
Other liabilities	1,252	743
Total liabilities	(2,054)	(2,649)
Non-current assets classified as held for sale	72,164	71,088

The net cash flows incurred in the six-month periods ended June 30, 2021 and 2020, are:

	<u>06/30/2021</u>	<u>06/30/2020</u>
Net cash (invested in) from operating activities	28,806	21,554
Net cash (invested in) from investment activities	279	978
Net increase in cash and cash equivalents	29,085	22,532

Earnings per share

<u>Basic and diluted earnings per share</u>	<u>06/30/2021</u>	<u>06/30/2020</u>
Numerator (in thousands of reais)		
Income from discontinued operation	24,170	3,634
Denominator (in thousands of shares)		
(+) Weighted average number of common shares adjusted by dilution effect	810,343	675,763
Basic and diluted earnings per share from discontinued operations:	0.0298	0.0054

10. Investments

On June 30, 2021, 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% of the Polvo Field concession, 80% of the Tubarão Martelo Field concession, and ownership of FPSO Bravo, which from July 14, 2021, started



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operating both fields, after the conclusion of the TIEBACK operation, which reduces production costs and increases the useful life of the two fields, as per note 32.2.

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. Lux Holding owns the fixed platform, "Polvo A", and a 3,000 HP drilling rig. 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 28, 2019 with Petrobrás (Notes 1 and 11).

Additionally, the Company is in the process of acquiring a 64.3% interest in the Wahoo Field concession and 60% in the Itaipu Field, as described in note 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



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Group, mainly to PrioIntl and its subsidiaries. It currently has no activities and is in the process of liquidation.

Portfolio of concessions

On June 30, 2021 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	100%	Operator	Production	-
Brazil	Fields	C-M-466	Tubarão Martelo	PetroRioOG	80%	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 asset, 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 100% Frade Field, and with 50% of the Exploratory Block CE-M-715, in Ceará Basin, in partnership with Ecopetrol.

a) Relevant information on investees as of June 30, 2021

	PetroRioOG	PrioIntl	PrioUSA
Direct interest	100.00%	1.23%	100.00%
Indirect interest	0.00%	98.77%	0.00%
Shareholders' equity	5,533,797	3,413,950	603
Income (loss) for the period	365,346	219,600	(204)
Total assets	6,581,577	7,905,334	731



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b) Breakdown of investments

	Parent company	
	06/30/2021	12/31/2020
PetroRioOG	5,533,797	3,602,058
PrioUSA	603	(39)
PrioIntl	42,094	40,143
	5,576,494	3,642,162

c) Changes in investment

	PetroRioOG	PrioIntl	PrioUSA	Total
Balance at January 1, 2020	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
Capital increase/decrease	1,627,036	-	894	1,627,930
Equity in income of subsidiaries	365,346	2,708	(205)	367,849
Conversion adjustments	(60,643)	(757)	(47)	(61,447)
Balance at June 30, 2021	5,533,797	42,094	603	5,576,494

11. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Translation adjustment	Balance at 06/30/2021	Balance at 12/31/2020
In operation						
Platform and Drilling rig - Polvo	UOP *	101,439	(102,900)	21,625	20,164	23,834
Oil & gas assets - Frade ***	UOP *	2,753,016	(846,556)	-	1,906,460	1,986,129
FPSO Bravo (Tubarão Martelo)	UOP *	797,445	(117,413)	-	680,032	718,235
Machinery and equipment	10	9,488	(5,761)	-	3,727	4,633
Furniture and fixtures	10	2,185	(941)	-	1,244	1,354
Communication equipment	20	674	(417)	-	257	320
IT equipment	20	6,430	(4,104)	-	2,326	2,382
Leasehold improvements	4	6,998	(459)	-	6,539	6,367
Development expenditures ****	UOP *	350,223	(169,684)	-	180,539	204,176
Maintenance of wells	33	65,582	(47,459)	-	18,123	27,203
In progress						
Property, plant and equipment in progress **		-	-	-	-	237
Maintenance of wells - Polvo		1,819	-	-	1,819	29
Well drilling costs		318,391	-	(315)	318,076	93,485
Spare parts		55,124	-	2,899	58,023	54,261
Material for well revitalization/re-entry - Frade ***		245,919	-	-	245,919	234,304
Material for use and consumption (wells)		1,277	-	-	1,277	2,064
Total		4,716,01	(1,295,694)	24,209	3,444,525	3,359,013

*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 100% 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.

**** Revitalization/drilling campaigns.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

b) Changes in balance

	Balance at 01/01/2021	Frade Acquisition - 30%	Additio ns	Write- offs	Depreciation	Transfers	Translation adjustment	Balance at 06/30/2021
In operation								
Platform and Drilling rig - Polvo	23,833	-	-	-	(3,011)	-	(658)	20,164
Oil & gas assets - Frade	1,986,130	104,990	1,098	-	(192,538)	6,780	-	1,906,460
FPSO Bravo (Tubarão Martelo)	718,235	-	-	-	(38,203)	-	-	680,032
Machinery and equipment	4,633	-	-	(1,062)	(1,323)	1,479	-	3,727
Furniture and fixtures	1,354	-	-	-	(110)	-	-	1,244
Communication equipment	320	-	-	-	(63)	-	-	257
IT equipment	2,382	-	-	-	(455)	399	-	2,326
Leasehold improvements	6,367	-	-	-	(115)	287	-	6,539
Development expenditures	204,176	-	-	-	(23,637)	-	-	180,539
Maintenance of wells	27,203	-	-	-	(9,080)	-	-	18,123
In progress								
Property, plant and equipment in progress	237	-	449	-	-	(686)	-	-
Maintenance of wells - Polvo	29	-	1,790	-	-	-	-	1,819
Well drilling costs	93,484	-	236,824	(892)	-	(11,024)	(316)	318,076
Spare parts	54,261	-	-	-	-	4,244	(482)	58,023
Material for well revitalization/re-entry - Frade	234,304	13,530	-	(1,915)	-	-	-	245,919
Material for use and consumption (wells)	2,064	-	1,278	(586)	-	(1,479)	-	1,277
Total	3,359,012	118,520	241,439	(4,455)	(268,535)	-	(1,456)	3,444,525

	Balance at 01/01/2020	Additions	Write- offs	Depreciation	Impairment	Transfers	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	3,851	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 Campo.

Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

12. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated	
		06/30/2021	12/31/2020
Oil & Gas assets			
Acquisition cost - Polvo	(i)	313,787	313,787
Acquisition Cost - Tubarão Martelo	(i)	264,535	297,409
Acquisition cost - Frade	(i)	197,418	-
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
Capital gain in the acquisition of the Frade concession	(ii)	696,185	724,111
Advance for acquisition of asset	(iii)	58,526	64,959
Software and others		9,033	9,033
		1,635,682	1,505,497
Accumulated amortization		(619,667)	(548,631)
Total		1,016,015	956,866

(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) 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.

(iii) Advances for the acquisition of Wahoo Field (64.3%) and Itaipu Field (60%), as described in Note 1.

b) Changes in balance

	Balance at 01/01/2021	Frade Acquisiti on - 30%	Additio ns	Write- offs	Amortizati on	Transfer	Translati on adjustme nt	Balance at 06/30/2021
Acquisition cost - Polvo	29,826	-	-	-	(3,460)	-	-	26,366
Acquisition Cost - Tubarão Martelo	277,922	-	-	(32,874)	(13,003)	-	-	232,045
Acquisition cost - Frade	-	157,353	-	-	(14,495)	40,065	-	182,923
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	-	5,968
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	-	8,022
Subscription bonus - Frade	3,999	-	-	-	(370)	-	-	3,629
Subscription bonus - Ceará	31,358	-	-	-	-	-	-	31,358
Capital gain in the acquisition of the Frade concession	534,538	-	-	-	(51,364)	-	(16,270)	466,904
Software and others	274	-	-	-	-	-	-	274
Advance for acquisition of asset	64,959	-	41,765	(8,133)	-	(40,065)	-	58,526
Total	956,866	157,353	41,765	(41,007)	(82,692)	-	(16,270)	1,016,015



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(In thousands of reais, unless otherwise indicated)

	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 Campo.

In the first quarter of 2021, the Company carried out a new certification of reserves with DeGolyer and MacNaughton, which pointed to a change in the useful life for Tubarão Martelo and Manati, as well as an increase in reserves (Note 2.7).

c) Acquisition of assets

1. Frade - 30%

As of February 5, 2021, the Company concluded the acquisition of 30% interest of Frade Field, through its indirect subsidiaries Jaguar and Lux Holding. Jaguar acquired 30% of the Frade Field concession, FPSO, Submarine Equipment and other assets and liabilities related to the concession, in which it already had 51.74% of the rights and control. Furthermore, Lux Holding acquired 30% of the shares of Frade BV, in which it already held a 51.74% interest and control of the entity.

The core operation was the acquisition of 30% of the assets related to the concession for the final net adjusted value of R\$ 221,799 thousand (US\$ 41,162 thousand), paid in the form of an advance in November 2019, upon signature of the contract, in the amount of R\$ 40,065 thousand (US\$ 7,500 thousand), and the remaining balance, in the amount of R\$ 181,734 thousand (US\$ 33,662 thousand) on February 5, 2021, the completion date, through a payment by Jaguar of R\$ 1,396,656 (US\$ 259,197 thousand) and a receipt by Lux Holding of R\$ 1,214,922 (US\$ 225,470 thousand).

The form of the acquisition was through two separate purchase and sale agreements, with different prices and parts.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

The amounts paid and received, as well as the allocations of assets and liabilities, are distributed as follows:

Allocation of price	Jaguar	Lux Holding	Total	
			In thousand of reais	US\$ thousand
Initial consideration	107,768	431,072	538,840	100,000
Price adjustment	1,325,443	(1,645,994)	(320,551)	(59,489)
Final consideration paid (received)	1,433,211	(1,214,922)	218,289	40,511
Concession (intangible assets)	465,783	(435,322)	30,461	5,653
FPSO and subsea equipment (PP&E)	692,812	(587,821)	104,991	19,485
Petroleum stock (current assets)	141,553	(120,102)	21,451	3,981
Field revitalization material (PP&E)	89,281	(75,751)	13,530	2,511
Advances to the consortium/suppliers (current assets)	48,576	-	48,576	9,015
TAC provision (non-current liabilities)	(4,794)	-	(4,794)	(890)
Frade BV shares (investment)	-	183	183	34
Advances to the consortium (current assets)	-	3,891	3,891	722

Moreover, a provision for abandonment was recorded, proportional to the 30% acquisition, in the amount of R\$ 159,937, recorded in the "Concession" account under intangible assets, against the provision for abandonment, in liabilities (note 18).

d) Business combination

1. Tubarão Martelo

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 became 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:

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; therefore, it is not included in the changes presented in the Company's Statement of Cash Flows.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

13. Suppliers

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Domestic suppliers	2,195	3,593	142,117	183,925
Foreign suppliers	-	347	23,727	66,604
	2,195	3,940	165,844	250,529
Total current liabilities	2,195	3,940	152,400	236,889
Total non-current liabilities	-	-	13,444	13,640

14. Taxes and social contributions payable

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
IRPJ and CSLL payable	-	-	58,718	52,729
PIS/COFINS/CSLL	6	-	11,577	4,767
IRRF on services	1,652	709	2,595	11,851
ICMS	56	56	1,097	1,094
INSS	4,583	4,671	8,744	7,524
Taxes on Equity	-	-	1,353	1,406
Royalties	-	-	11,533	7,795
Other	70	48	794	575
	6,367	5,484	96,411	87,741



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

15. Loans and financing

		Additions		Payments		Appropriation	Foreign exchange	Translation adjustment	06/30/2021	
		12/31/2020	Principal	Interest	Principal					Interest
Citibank	(i)	41,808	176,258	1,812	(74,745)	(958)	-	(18,161)	-	126,014
Trafigura	(ii)	182,202	-	1,902	(201,746)	(2,298)	-	19,940	-	-
CCB	(iii)	108,215	150,775	2,203	(110,912)	(3,169)	-	(10,509)	-	136,603
FINEP	(iv)	57,738	-	1,328	(54,101)	(4,965)	-	-	-	-
Fibra	(v)	20,075	-	335	(21,250)	(431)	-	-	1,271	-
Bradesco	(vi)	26,669	55,200	551	(78,763)	(1,273)	-	(2,384)	-	-
Daycoval	(vii)	36,705	26,240	880	(38,731)	(1,118)	-	1,146	-	25,122
Santander	(viii)	65,126	282,925	2,334	(317,286)	(6,048)	-	(27,051)	-	-
C.E.F.	(ix)	30,961	-	443	(33,100)	(1,828)	-	3,524	-	-
Chevron	(x)	733,129	-	13,726	(668,850)	(89,333)	-	-	11,328	-
Prisma Capital	(xi)	539,437	-	20,523	(511,470)	(40,272)	-	-	(8,218)	-
Harvest	(xii)	23,637	13,630	537	(37,780)	(512)	-	488	-	-
Banco do Brasil	(xiii)	44,017	-	826	(41,579)	(956)	-	(2,308)	-	-
BTG	(xiv)	-	275,575	2,821	(246,385)	(2,654)	-	(29,357)	-	-
ABC	(xv)	-	80,000	390	(50,000)	(294)	-	(1,521)	-	28,575
Itaú	(xvi)	-	159,965	836	-	-	-	(9,916)	-	150,885
Funding costs	*	-	(7,343)	-	-	-	6,543	-	800	-
Subtotal		1,909,719	1,213,225	51,447	(2,486,698)	(156,109)	6,543	(76,109)	5,181	467,199
BOND	(xvii)	-	3,031,980	10,723	-	-	-	-	(30,660)	3,012,043
Funding costs	**	-	(54,152)	-	-	-	895	-	460	(52,797)
Total		1,909,719	4,191,053	62,170	(2,486,698)	(156,109)	7,438	(76,109)	(25,019)	3,426,445
Current		1,519,966								467,184
Non-current		389,753								2,959,261

* Costs with lawyers and advisors for fundraising from Prisma.

** Costs with banks, lawyers, and consultants for issuing the BOND.

(i) In October 2020, the Company signed a loan agreement in the form of an Advance on Exchange Contract (ACC) with Citibank of US\$ 8 million, with a rate of 3.28%. Said contract was prepaid in June 2021. In March 2021, the Company contracted another ACC with Banco Citibank in the amount of US\$ 25 million, with a term of 1 year and a cost of 2.63%, with an open position in June 2021. On May 10, 2021, the Company signed the third contract with Banco Citibank in the amount of US\$ 7 million, with a term of 1 year and a cost of 2.62% p.a., settled in advance in June 2021.

(ii) 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%. This contract expired in March 2021.

(iii) In March 2020, the Company contracted an ACC with China Construction Bank (CCB) in the amount of US\$ 19 million, for a period of 1 year and at a cost of 4%. On



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April 5, 2021, the Company contracted another ACC in the amount of US\$ 8 million, with a term of 1 year and cost of 4.00% p.a.

(iv) 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. Approximately R\$ 54,101 were released by FINEP. This contract was prepaid in April 2021.

(v) On November 30, 2020, the Company signed an amendment to the credit facility with Banco Fibra, in the amount of US\$ 3.8 million and with a term of 1 year and cost of 6.8% per annum. This debt was prepaid in March 2021.

(vi) The Company had two ACC contracts with Banco Bradesco in the amounts of US\$ 2 million and US\$ 3 million, which were settled on maturity in March 2021. In the same month, the Company contracted a new contract in the amount of US\$ 10 million, with a term of 180 days and a cost of 3.3% pa. This debt was prepaid in June 2021.

(vii) The Company prepaid two Advances on Foreign Exchange Contracts with Bank Daycoval in the amounts of US\$ 5 million and US\$ 2 million, with a rate of 8.7%, in March 2021. On May 21, 2021, the Company signed a contract with Banco Daycoval in the amount of US\$ 5 million, with a term of 180 days and cost of 4.00% p.a., effective in June 2021.

(viii) The Company prepaid two Advances on Foreign Exchange Contracts with Banco Santander in the amounts of US\$ 10 million and US\$ 2 million, with a rate of 5.12%, in March 2021. On April 16, 2021, the Company signed a contract with Banco Santander in the amount of US\$ 50 million, with a term of 1 year and cost of 3.92% p.a., paid in advance in June 2021.

(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. In March 2021, the Company settled the principal of the debt and the interest was charged to its account in April 2021.

(x) 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. Said contract was prepaid in May 2021.

(xi) 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%



Notes to the quarterly information

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p.a. As of December 21, 2020, the Company signed the long-term extension, where the maturity of the total debt was due in December 2022. This contract was prepaid in June 2021.

(xii) 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 cost of 3.8% p.a. On April 26, 2021, the Company signed another contract with Banco Safra in the amount of US\$ 2.5 million, with a maturity of 1 year and a cost of 3.00% p.a., settled in advance in June 2021.

(xiii) On November 6, 2020, the Company signed a contract with Banco do Brasil in the amount of US\$ 2.75 million, with a term of 6 months and a cost of 5% p.a., prepaid in June 2021. On December 29, 2020, the Company signed another contract with Banco do Brasil in the amount of US\$ 5.7 million, with a term of 6 months and cost of 4.15% p.a., settled in June 2021.

(xiv) On March 22, 2020, the Company signed a contract with BTG in the amount of US\$ 50 million, with a term of one year and a cost of 4.15% p.a, prepaying it in June 2021.

(xv) On April 9, 2021, the Company signed a contract with Banco ABC in the amount of US\$ 9 million, with a term of 1 year and cost of 3.98% p.a., settled in advance in June 2021. On May 26, 2021, the Company signed another ACC with Banco ABC in the amount of US\$ 5.7 million, with a term of 1 year and cost of 3.00% p.a., effective in June 2021.

(xiv) On April 30, 2021, the Company signed a contract with Banco Itaú in the amount of US\$ 20 million, with a term of one year and a cost of 3.65% p.a. On May 21, 2021, the Company signed another ACC with Banco Itaú in the amount of US\$ 10 million, with a term of 1 year and cost of 3.60% p.a.

(xvii) On June 9, 2021, the Company issued debt in the international capital market in the amount of US\$ 600 million at a cost of 6.125% p.a. and a final term of 5 years, with a repurchase option as of the 3rd year. The principal will be repaid on maturity, June 9, 2026, while interest will be repaid semiannually, the first in December 2021.

This contract has financial covenants linked to the leverage ratio. The ratio is calculated by dividing the net debt for the period by the Adjusted EBITDA of the last 12 months (EBITDA minus other revenues and expenses). The maximum limit of the ratio is 2.5x, however, any non-compliance with this index results in restriction on taking on new debts. The measurement of this ratio will be carried out quarterly, and on June 30, 2021, the calculated indicator was below the established limit, following the contractual covenants.

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(In thousands of reais, unless otherwise indicated)

16. Leases CPC 06 (R2) / IFRS 16

The right-of-use assets represent the following underlying assets:

Right-of-use assets	Cost	Amortization	Balance
FPSO Polvo	796,614	(478,071)	318,543
Support Vessels	103,825	78,028	181,853
Helicopters	29,755	8,009	37,764
Buildings/Support Bases	57,572	28,524	86,096
Equipment	32,002	57,364	89,366
Total	1,019,768	(306,146)	713,622

To calculate the amount of the cost, 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.

The depreciations of the right of use, when related to assets used for the operations, are 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.

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

The effects presented in the period were:

	Assets	Liabilities
Balance at January 1, 2020	452,067	(612,482)
Additions/Reversals	74,633	(86,025)
Currency adjustment	-	(126,294)
Price-level restatement	-	(45,473)
Payments made	-	244,174
Depreciation	(156,864)	-
Balance at December 31, 2020	369,836	(626,100)
Additions/Reversals	22,997	66,702
Currency adjustment	-	8,321
Price-level restatement	-	(17,175)
Payments made	-	137,725
Depreciation	(81,680)	-
Balance at June 30, 2021	311,153	(430,527)
Current	-	(116,230)
Non-current	311,153	(314,297)

Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

Maturity of installments	Contract maturity		*Pis/Cofins Amount R\$
		Amount R\$	
2021		83,163	7,704
2022		57,812	5,348
2023		57,812	5,348
2024		57,935	5,359
2025		57,812	5,348
2026		57,812	5,348
2027		44,904	4,154
2028		45,027	4,165
2029		44,904	4,154
2030		44,904	4,154
Undiscounted amounts		552,085	51,082
Embedded interest		(121,558)	
Lease liability balance		430,527	

* Pis/Cofins presented for information purposes only. They are not being considered for discounting the projected lease amounts.

17. Deferred income tax and social contribution

Companies	Tax loss		Tax credit	
	06/30/2021	12/31/2020	03/31/2021	12/31/2020
PetroRio	95,408	77,522	32,439	26,358
PetroRioOG	1,262,454	1,341,630	429,234	456,154
PrioIntl	14,808	14,807	5,035	5,034
Brasoil	122,522	131,214	41,658	44,613
Jaguar	1,402,318	1,472,678	476,788	500,711
White Shark	846,642	878,408	287,858	298,659
Lux Holding	2,075,658	3,294,654	517,669	821,687
	5,819,810	7,210,913	1,790,681	2,153,216

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.



Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

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

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Negative goodwill/surplus in business combination	-	-	167,835	192,148
Temporary expenses	(11,392)	(14,181)	(54,954)	(25,607)
Tax losses	-	-	(290,905)	(366,483)
Net balance of (Assets) Liabilities	(11,392)	(14,181)	(178,024)	(199,942)

Realization estimate	Consolidated										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Negative goodwill/surplus in business combination	29,676	25,585	22,080	19,127	16,493	14,285	12,381	10,770	9,333	8,105	167,835
Temporary expenses	(54,954)	-	-	-	-	-	-	-	-	-	(54,954)
Tax losses	(29,675)	(64,729)	(58,333)	(44,631)	(31,916)	(21,032)	(12,381)	(10,770)	(9,333)	(8,105)	(290,905)

18. Provision for abandonment (ARO)

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

	Polvo	Manati	Tubarão Martelo	Frade
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
Frade Acquisition (30%)	-	-	-	159,937
Increase / (Decrease)	-	946	(32,659)	-
Currency adjustment	(9,405)	(1,672)	(7,510)	(25,917)
Price-level restatement	10,872	2,117	5,936	15,086
Balance at June 30, 2021	233,710	50,386	187,706	506,936
(-) Abandonment fund	(167,406)	(53,692)	-	-
Transfer to Liabilities directly linked to non-current assets classified as held for sale	-	3,306	-	-
Net balance of liabilities	66,304	-	187,706	506,936
Total consolidated balance				760,946

The estimated abandonment costs were provisioned for the period ended June 30, 2021.

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. 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



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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. The other costs, estimated in US Dollars, are updated at the inflation rate of 2% per annum and discounted at the rate of 5.86%, 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 June 30, 2021, the Company maintained a balance of R\$ 55,252.

Regarding Frade field, a new abandonment study was approved in December 2020 by ANP, considering the current market conditions from PetroRio's point of view as a new operator, 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. 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.

As highlighted in note 2.7.1, there was a change in the present values of the provisions for abandonment of Manati and Tubarão Martelo Fields, with a change in their useful lives, and an increase of R\$ 946 and a reduction of R\$ 32.659, respectively.

Moreover, with the acquisition of the complementary 30% of the Frade field, as described in notes 1 and 12, a supplement was made to the provision for abandonment of the field, in the amount of R\$ 159,937, proportional to the amount previously recorded in the company, of 70%.



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

	Consolidated	
	06/30/2021	12/31/2020
Operated blocks		
Blocks operated (GALP - PEL 23 Namibia)	(578)	(601)
Petrobras - Frade	-	(86,412)
Dommo - TBMT	(13,407)	-
Ecopetrol - Ceará	(29)	12
Total operated blocks	(14,014)	(87,001)
Petrobras - Coral/Cavalo Marinho/Manati	(5,440)	(2,345)
Total non-operated blocks	(19,454)	(89,346)
Transfer to Liabilities directly linked to non-current assets classified as held for sale	5,443	2,349
Total advances to/from partners	(14,011)	(86,997)
Total current liabilities	-	-
Total current assets	(14,011)	(86,997)

20. Impairment

The Company monitors, periodically, on each report date, changes in economic and operating expectations that may indicate impairment or loss of its recoverable value. 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 the Company's 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 flows are discounted at the Company's most recent weighted average cost of capital, of 21.8%, using a methodology widely adopted in the oil and gas market.



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(In thousands of reais, unless otherwise indicated)

21. Shareholders' equity

21.1 Capital

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

On June 30, 2021 the Company's subscribed and paid-in capital totaling R\$ 5,526,452 is comprised of 878,330,845 shares, all nominative, book-entry with no par value.

The Company recorded R\$ 222,808 referring to share issuance costs in a capital reducing account and which comprise the balance shown of R\$ 5,303,644.

Shareholder	Number of common	
	shares	% of interest*
Aventti Strategic Partners LLP	167,937,200	19%
Truxt Investimentos	96,781,165	11%
Other Shareholders	613,612,480	70%
Total	878,330,845	100%

*According to information disclosed in reference form.

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, the determination of the price per share of R\$ 69.00, totaling R\$ 2,049,000 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.

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.

Furthermore, the Company's Capital Stock underwent changes in January 2021, with an increase of R\$ 13,743 through the issuance of shares upon the exercise of stock options granted to employees, as described in note 21.2.

On April 30, 2021, at a meeting of the Board of Directors, the split of shares issued by the Company was approved, at a ratio of 1/5, so that each share issued by the Company is now represented by 5 (five) shares. The shares started to be traded split on May 6, 2021.

On June 30, 2021, balance of Petro Rio S.A. common shares in Treasury Shares account, rectifying Shareholders' Equity, is 39,077,565 shares at acquisition cost of R\$ 40,874.

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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 IV	Program V	Program VI
Grant date by Board of Directors	01/25/2018	11/05/2018	02/28/2019	02/28/2019
Total stock options granted	314,267	122,923	20,482	83,596
Share price on granting date	91.50	118.00	150.98	150.98
Strike Price	54.70	54.7	86.27	86.27
Weighted fair value on concession date	41.08	69.06	66.70	77.20
Estimated volatility of share price	73.99%	72.41%	52.54%	52.54%
Risk-free rate of return	8.83%	8.75%	7.14%	7.14%
Option validity (in years)	3	4	2	2

	Program VII	Program VIII	Program IX
Grant date by Board of Directors	02/28/2019	03/20/2020	03/20/2020
Total stock options granted	79,026	524,870	501,600
Share price on granting date	150.98	12.40	12.40
Strike Price	97.06	17.36	19.53
Weighted fair value on concession date	68.30	3.51	4.49
Estimated volatility of share price	69.46%	77.01%	66.17%
Risk-free rate of return	8.25%	5.60%	7.65%
Option validity (in years)	4	2	4

For the period ended June 30, 2021, the Company has a balance recorded in shareholders' equity - income (loss) from share-based remuneration in the amount of R\$ 254,177, and the counterpart being in the statement of income as personnel cost since the granting.

Out of the options granted, 1,280,509 options were exercised on January 1, 2021, with the full payment of R\$ 13,622 in the Company's capital.

21.3 Earnings per share

Pursuant to CPC 41 (IAS 33), the Company presents some information on earnings per share for the three and six-month periods ended June 30, 2021 and 2020. Basic earnings per share are calculated by dividing income (loss) for the period attributed to the Parent company's common and preferred shareholders by the weighted average number of common and preferred shares available in the period.

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 period, plus the weighted average number of

Notes to the quarterly information June 30, 2021

(In thousands of reais, unless otherwise indicated)

common shares that would be issued on conversion of all potential diluted common shares into common shares, excluding treasury shares in the period.

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

Basic and diluted earnings per share	04/01/2021- 06/30/2021	04/01/202 0- 06/30/202 0	01/01/2021 - 06/30/202 1	01/01/202 0- 06/30/202 0
Numerator (in thousands of reais)				
Income (loss) for the period attributable to Group's shareholders	419,727	(99,802)	353,935	(161,263)
Denominator (in thousands of shares)				
Weighted average of number of common shares for basic earnings per share	839,253	675,805	810,343	675,763
Basic earnings per share	0,502	(0,148)	0,438	(0,239)
Diluted earnings per share	0,502	(0,148)	0,438	(0,239)
Potentially dilutive shares in future periods with profit	6,391	6,995	6,308	8,016

* Number of shares' weighted average considers the effect of treasury share changes' weighted average during the period.

22. Related party transactions

	Parent company	
	06/30/2021	12/31/2020
Loan PetroRio S.A x PetroRio Internacional	2	2
Accounts payable - PetroRio O&G x PetroRio S.A (i)	3,198	2,011
Service agreement PetroRio x Lux Holding (ii)	901	936
Apportionment of Brasoil's administrative expenses	2,164	293
Apportionment administrative expenses Frade	5,586	5,385
Loan - PetroRio S.A vs. PetroRio Luxembourg Sarl (iii)	(194,155)	(200,830)
Loan - PetroRio S.A vs. White Shark	-	(300,626)
Loan - PetroRio S.A vs. Coral	-	(39,189)
	(182,304)	(532,018)
Total non-current assets	11,851	8,627
Total non-current liabilities	(194,155)	(540,645)

- (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.

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(In thousands of reais, unless otherwise indicated)

Management remuneration

The Company's management remuneration in the period ended June 30, 2021 was R\$ 5,515 (R\$ 1,539 on June 30, 2020), as detailed below:

	06/30/2021	06/30/2020
Short-term employee benefits	921	1,285
Share-based payment	4,594	254
	5,515	1,539

23. Net revenue

Net revenue for the three- and six-month periods ended June 30, 2021, is made up as follows:

	01/01/2021-06/30/2021					01/01/2020-06/30/2020			
	Tubarão				Total	Polvo	Manati	Frade	Total
	Polvo	Manati	Frade	Martelo					
Gross revenue	500,970	68,719	886,000	234,833	1,690,522	165,220	24,926	349,900	540,046
Deductions	-	(12,351)	-	-	(12,351)	-	(4,591)	-	(4,591)
Net revenue	500,970	56,368	886,000	234,833	1,678,171	165,220	20,335	349,900	535,455
	04/01/2021-06/30/2021					04/01/2020-06/30/2020			
	Tubarão				Total	Polvo	Manati	Frade	Total
	Polvo	Manati	Frade	Martelo					
Gross revenue	337,759	35,494	547,613	108,362	1,029,228	87,831	8,892	217,115	313,838
Deductions	-	(6,391)	-	-	(6,391)	-	(1,684)	139	(1,545)
Net revenue	337,759	29,103	547,613	108,362	1,022,837	87,831	7,208	217,254	312,293

24. Costs of products sold and services rendered

	Consolidated			
	04/01/2021-06/30/2021	04/01/2020-06/30/2020	01/01/2021-06/30/2021	01/01/2020-06/30/2020
FPSO/Platform	-	-	(3,095)	(11,453)
Logistics	(18,245)	(12,660)	(28,300)	(23,400)
Consumables	(46,916)	(15,505)	(71,006)	(33,585)
Operation and maintenance	(54,518)	(13,911)	(79,026)	(36,905)
Personnel	(27,625)	(12,644)	(41,296)	(25,941)
SMS	(2,420)	(1,040)	(4,473)	(2,234)
Purchase of oil for resale	-	-	(21,451)	-
Other costs	(25,881)	(95)	(28,287)	(6,851)
Royalties and special interest	(81,896)	(21,131)	(115,140)	(53,359)
Amortization CPC 06 (R2)	(50,224)	(21,050)	(75,077)	(46,425)
Depreciation and amortization	(160,838)	(127,700)	(237,943)	(192,409)
Total	(468,563)	(225,736)	(705,094)	(432,562)



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(In thousands of reais, unless otherwise indicated)

Oil stock (quantity not reviewed by independent auditors)

	06/30/2021		12/31/2020	
	Amount	Barrels (thousand)	Amount	Barrels (thousand)
Polvo	147,998	897	138,437	874
Tubarão Martelo	102,214	582	35,878	256
Frade	118,527	756	11,845	79
Total	368,739	2,235	186,160	1,209

25. Other operating income (expenses), net

	Parent company				Consolidated			
	04/01/2021- 06/30/2021	04/01/2020- 06/30/2020	01/01/2021- 06/30/2021	01/01/2020- 06/30/2020	04/01/2021- 06/30/2021	04/01/2020- 06/30/2020	01/01/2021- 06/30/2021	01/01/2020- 06/30/2020
Increase/decrease in the provision for abandonment (rate/curve change)	-	-	-	-	-	-	(946)	95,417
Reversal (Provision) for impairment	-	-	-	-	-	6,349	-	3
Reversal (Provision) for labor contingencies	-	-	-	-	(775)	3,003	(6,689)	5,665
Reversal (Provision) for tax contingencies	-	-	-	-	4,221	(109)	4,144	(231)
Reversal (Provision) for civil contingencies	-	-	-	280	(46,139)	493	(46,215)	271
Tax credits (PIS and COFINS/INSS/ICMS)	-	-	-	-	1,871	7,696	2,855	42,908
FPSO OSX-3 lease revenue	-	-	-	-	-	104,710	-	104,710
Depreciation expense - FPSO OSX-3	-	-	-	-	-	(24,218)	-	(24,218)
Labor indemnities from previous years	-	(1,364)	(247)	(1,364)	-	(8,612)	(3,184)	(15,299)
Decommissioning - Tubarão Azul	-	-	-	-	-	-	26,080	-
Indirect Overhead - Frade	-	-	-	-	(57)	406	118	1,352
IRRF on subsea rental remittance	-	-	-	-	(8,211)	-	(33,662)	-
Maintenance of the Valente FPSO keel	-	-	-	-	(4,423)	-	(14,521)	-
Other revenues (expenses)	-	-	178	(496)	(8,674)	(115)	(10,417)	(5,871)
Total	-	(1,364)	(69)	(1,580)	(62,187)	89,603	(82,437)	204,707

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(In thousands of reais, unless otherwise indicated)

26. Financial income (loss)

	Parent company				Consolidated			
	04/01/2021-06/30/2021	04/01/2020-06/30/2020	01/01/2021-06/30/2021	01/01/2020-06/30/2020	04/01/2021-06/30/2021	04/01/2020-06/30/2020	01/01/2021-06/30/2021	01/01/2020-06/30/2020
Financial income	26,870	362	29,308	1,672	519,304	105,078	573,458	759,345
Income from realized financial investment	1	13	12	41	3,522	3,036	19,828	11,932
Income from exchange-rate change	26,863	337	29,286	1,605	516,838	60,918	553,000	352,938
Gain in realization of derivatives	-	-	-	-	-	35,425	-	254,497
Marked at fair value of derivatives	-	-	-	-	-	-	-	134,572
Other financial income	6	12	10	26	(1,056)	5,699	630	5,406
Financial expenses	(5,853)	(12,022)	(26,371)	(50,146)	(378,883)	(329,722)	(795,085)	(1,087,472)
Loss on realized financial investment	-	-	-	-	(24,546)	(226)	(24,546)	(226)
Expense on foreign exchange rate	(2,559)	(8,647)	(21,887)	(44,409)	(223,256)	(184,456)	(584,531)	(868,355)
Interest on loans	(1,623)	(2,841)	(2,150)	(4,889)	(71,573)	(54,206)	(110,192)	(91,215)
Commission on bank guarantees	-	-	-	-	(1,286)	(336)	(2,627)	(899)
Marked at fair value - Derivatives	-	-	-	-	16,785	-	16,785	-
Loss in realization of derivatives	-	-	-	-	(54,241)	(72,950)	(62,532)	(85,407)
Expenses with interest on leases	-	-	-	-	(4,161)	(10,503)	(13,336)	(20,743)
Other financial expenses	(1,671)	(534)	(2,334)	(848)	(16,605)	(7,045)	(14,106)	(20,627)

(*) 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

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

	Parent company				Consolidated			
	04/01/2021-06/30/2021	04/01/2020-06/30/2020	01/01/2021-06/30/2021	01/01/2020-06/30/2020	04/01/2021-06/30/2021	04/01/2020-06/30/2020	01/01/2021-06/30/2021	01/01/2020-06/30/2020
Income before income tax and social contribution	429,472	(114,923)	357,899	(176,384)	561,841	(122,754)	516,566	(175,325)
Tax rate according to the current legislation	34%	34%	34%	34%	34%	34%	34%	34%
Income tax and social contribution based on the current rate	146,021	(39,073)	121,686	(59,971)	191,026	(41,737)	175,632	(59,611)
Non-deductible expenses/non-taxable revenue, net:	-	-	-	-	-	-	-	-
Permanent differences	140	358	91	744	7,107	2,875	10,546	3,827
Temporary differences	-	(11,854)	-	-	(34,476)	(47,209)	(6,930)	48,258
Equity in income of subsidiaries	(139,819)	32,922	(125,069)	39,897	-	-	-	-
Other additions (exclusions)	-	-	-	-	1,207	1,389	351	1,233
Deduction / Tax benefits	-	-	-	-	(1,985)	(519,000)	(6,568)	(532,000)
(Use of) Previously unrecognized tax losses	(3,853)	(1,682)	-	-	(23,583)	(32,497)	(13,325)	(79,891)
Unrecognized tax losses	6,081	4,208	6,081	4,208	6,081	100,197	6,081	100,197
Effect of reduced tax rates in the USA and Luxembourg	-	-	-	-	(4,438)	(5,451)	(34,000)	(27,543)
Adjustment related to prior-year taxes	-	-	-	-	-	-	(4,297)	-
Total	8,570	(15,121)	2,789	(15,122)	140,939	(22,952)	161,456	(14,062)
Income tax and social contribution	-	-	-	-	59,964	2,633	139,537	14,775
Deferred income tax	8,570	(15,121)	2,789	(15,122)	80,975	(25,585)	21,919	(28,837)
Net expenses from income tax and social contribution in income (loss)	8,570	(15,121)	2,789	(15,122)	140,939	(22,952)	161,456	(14,062)
Effective rate on pre-tax profit	2.00%	13.16%	0.78%	8.57%	25.09%	18.70%	31.26%	8.02%



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28. Segment reporting (Consolidated)

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

	06/30/2021	12/31/2020
Current assets		
Brazil	984,621	512,726
Abroad	4,462,484	1,260,250
Non-current assets		
Brazil	4,291,139	4,127,685
Abroad	696,146	823,733
Income	06/30/2021	06/30/2020
Brazil	394,755	216,922
Abroad	1,283,416	318,533

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.

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Derivative financial instruments - Hedge

In the 2Q21, the Company entered into derivative agreements aimed at hedging against the risk of volatility in oil prices for sales of 2021.

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

Operation	Type	Maturity	Settlement	Strike	Quantity	Price	Position	
						Engagement	US\$ thousand	In thousand of reais
Purchase	PUT	30/06/21	-	68.25	400	0,230	-	-
Purchase	PUT	31/07/21	-	68.00	1,495	1,425	194,320	972,028
Purchase	PUT	31/08/21	-	67.50	935	2,370	927,810	4,641,090
Purchase	PUT	30/09/21	-	67.00	975	3,135	1,686,389	8,435,656
Purchase	PUT	31/10/21	-	66.25	488	3,709	1,155,887	5,781,976
						4,293	3,964,406	19,830,750

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	169	33	(103)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the six-month period as from June 30, 2021 were taken into account under the probable scenario (CDI 4.94%), 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.

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 shareholders' equity before taxation.



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Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	USD decr.	13,182	(455,017)	(910,034)
Provision for abandonment (ARO)	USD incr.	(7,088)	(244,684)	(489,369)
Loans	USD incr.	(24,816)	(856,611)	(1,713,223)

For calculation of the amounts included in the above scenarios the average exchange rate projection disclosed by BM&FBOVESPA for the six-month period as from June 30, 2021 (US\$ 1/R\$ 5.0384). 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 six-month period ended June 30, 2021, sales of oil were carried out to Petrochina and Leeuwin, and gas sales to one single client (Petrobrás). 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.

Consolidated

Year ended June 30, 2021	up to 12 months	1-5 years	Total
Liabilities			
Loans and financing	(467,184)	(2,959,261)	(3,426,445)
Suppliers	(152,400)	(13,444)	(165,844)
Labor obligations	(74,923)	-	(74,923)
Taxes and social contributions	(96,411)	-	(96,411)
Provision for abandonment	-	(760,946)	(760,946)
Provision for contingencies	-	(128,391)	(128,391)
Contractual charges (Leases - IFRS 16)	(116,230)	(314,297)	(430,527)
Other liabilities	-	(1,310)	(1,310)
	(907,148)	(4,177,649)	(5,084,797)



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Year ended December 31, 2020	up to 12 months	1-5 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 (Leases - IFRS 16)	(223,579)	(402,521)	(626,100)
Other liabilities	-	(960)	(960)
	(2,123,032)	(1,521,187)	(3,644,219)

Parent company

Year ended June 30, 2021	up to 12 months	1-5 years	Total
Liabilities			
Suppliers and other	(2,195)	-	(2,195)
Labor obligations	(9,862)	-	(9,862)
Taxes and social contributions	(6,367)	-	(6,367)
Provision for contingencies	-	(500)	(500)
	(18,424)	(500)	(18,924)

Year ended December 31, 2020	up to 12 months	1-5 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)

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:

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.



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(In thousands of reais, unless otherwise indicated)

	06/30/2021				12/31/2020			
	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)	-	-	329,548	329,548	-	-	386,165	386,165
Related parties	11,851	11,851	-	-	8,627	8,627	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	25,573	25,573	3,381,619	3,381,619	27,480	27,480	809,273	809,273
Securities (ii)	-	-	1,135,096	1,135,096	-	-	22,793	22,793
Financial liabilities								
Amortized cost:								
Suppliers (i)	2,195	2,195	165,844	165,844	3,940	3,940	250,529	250,529
Loans and financing	-	-	3,426,445	3,426,445	-	-	1,909,719	1,909,719

Market values ("fair value") estimated by management were determined by level 1 for those financial instruments:

(i) The amounts related to the balances of accounts receivable and suppliers do not have significant differences in their fair value since the receivable/payment turnover does not exceed 60 days.

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

30. Insurance (Not reviewed by the 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 June 30, 2021 cover the insured amount of R\$ 25,996,401. In addition, the Company also contracts insurance for Operator' Extra Expenses, whose main exposures covered are as follows:



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Insurance/Modality	Amount insured
Physical damages (Oil inventories)	893,393
Fixed Platform	910,400
Offshore Platform	11,549
FPSO Frade	3,706,130
Subsea Equipment	4,740,662
Offshore property (Pipeline)	146,064
Onshore properties (Pipeline)	58,526
Onshore Treatment Station	87,038
OEE production (Well control)	1,200,528
Offshore Civil Liability + Surplus	3,851,694
Cargo (Polvo)	5,000
D&O	40,000
P&I	6,752,970
General liability	5,000
Equity	13,200
Legal guarantee	74,665
Life insurance	23,066
PEM guarantee insurance - ANP	73,644
Travel Insurance Travel Guard	1,376
FPSO OSX-3 Hull and Machine FPSO OSX-3	3,401,496
Total insured	25,996,401

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 June 30, 2021 and December 31, 2020 in the amounts of R\$ 128,391 and R\$ 75,809, 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\$ 12,969 and tax claims of R\$ 358, civil claims in the amount of R\$ 99,815 and contingency due to Frade's incident in the amount of R\$ 15,249.

Among the civil lawsuits, the most relevant involves an annulment lawsuit regarding an arbitration related to the supposedly unreasonable termination of two drilling rig lease agreements from the subsidiary PetroRioOG, as of the period when PetroRioOG was the operator of exploratory blocks in the Bacia Sedimentar do Solimões. The Company, based on the opinion of the lawyers responsible for the lawsuits, considers the losses as probable, with a provision recorded in the amount of R\$ 88,574.

Incidents in Frade

Because of the incident of November 2011 at Frade Field, still in this period under operation by Chevron, the Company was notified by ANP in years 2011 and 2012.



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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 initiated filed by the MPF.

The Company's management maintains only the provision for TAC, in the amount of R\$ 15,249, corresponding to a 100% interest in the Frade field, monetarily updated after the acquisition of the remaining 30%, according to note 12c. The amounts of this provision are monetarily restated every month and had a restatement of R\$ 672 in 2021.

Other lawsuits

According to the Group's legal advisors, risk of loss in other lawsuits is "possible" - R\$ 1,218,493 (R\$ 1,296,736 on December 31, 2020), of which R\$ 641,585 is related to tax claims, R\$ 535,339 is related to civil claims and R\$ 41,569 to labor claims. The claim with the most relevant amount, in the amount of R\$ 352,209, 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 did not form a provision for contingencies for these lawsuits with likelihood of possible and remote loss.

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32. Subsequent events

32.1 Completion of the acquisition of interest in the Wahoo and Itaipu Fields

- On July 01, 2021, the Company concluded the purchase and sale transaction for 35.7% of the Wahoo Field, and 60% of the Itaipu Field with BP, by signing the certificate of completion of the purchase and sale transaction, after approval by the ANP, on June 17, 2021.
- On July 28, 2021, the Company concluded the purchase and sale transaction of 28.6% of the Wahoo Field with Total, by signing the certificate of completion of the purchase and sale transaction, after approval by the ANP, which took place on July 08, 2021.

32.2 Completion of the connection between the Polvo and Tubarão Martelo fields

On July 14, 2021, the Company concluded the interconnection ("tieback") between the Polvo and Tubarão Martelo fields.

The interconnection project between Polvo-A Platform and FPSO Bravo, which lasted a total of 11 months, will enable a reduction in operating costs corresponding to the leasing value of FPSO Polvo, currently chartered to the field and operated by BW Offshore, and expenses with maintenance and diesel.

The reduction in the absolute costs of the new cluster will allow more oil to be recovered from the reservoirs, for a longer period, considerably increasing the recovery factor of the fields. According to the DeGolyer and MacNaughton ("D&M") reserve certification report, published this year, the cluster has an economic life until 2037 (when considering 1P proved reserves), which represents a 10-year extension for Polvo and 12 years for Tubarão Martelo.

As of this date, PetroRio will have the right to 95% of the oil from the Polvo + TBMT pole up to the first 30 million barrels of oil produced, and 96% of the pole's oil after 30 million barrels produced, as well as being responsible for 100% of the Opex, Capex and abandonment costs of the fields.