PetroRio

EARNINGS RELEASE

2Q20

Conference Call 2Q20

August 4, 2020
Webcast: ri.petroriosa.com.br

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The conference call will be in Portuguese with simultaneous translation to English.

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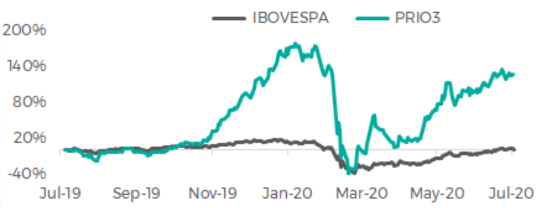
Rio de Janeiro, August 3, 2020 – The Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the second quarter of 2020 ("2Q20"). The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Reais (R$) in accordance with International Financial Reporting Standards (IFRS) and includes the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petroleo Ltda., Petro Rio Internacional SA, PetroRio USA Inc., and its respective subsidiaries and affiliates.

Stock Information		
Ticker (B3)		PRIO3
# Shares issued ex-Treasury		135,160,900
Market Cap (07/31/20) ex-Treasury stocks	R$	5,351,020,031
Last Price (07/31/2020)	R$	39.59
12-month Low - High	R$	10.35 - 48.80
90-day average trading volume	R$	125,595,444

12M Stock Price: PRIO3 x Ibovespa



HIGHLIGHTS FOR THE QUARTER

- Lifting cost reduction to US$ 13.7/bbl in 2Q20, an improvement of 43% vs. 2Q19 and 21% vs. 1Q20
- Production of 23.4 kboed, still excl. **Tubarão Martelo** figures and in line with 1Q20
- Adjusted EBITDA (ex-IFRS 16) at R$ 306 million, incl. hedge operations
- Cash position of US$ 113MM in Jun/20. Other US$ 76MM in oil inventory
- New debt amortization schedule with Chevron, substantially improving liquidity in 2020/ 2021
- Net Debt reduction from US$ 353MM (1Q20) to US$ 268MM (2Q20)
- Net Debt/Adj. EBITDA reduction from 2.3x to 2.1x
- Improved preventive measures related to Covid-19 and continued focus on health and safety
- Closing of the **Tubarão Martelo** acquisition on August 3, 2020

MESSAGE FROM MANAGEMENT

"In one of the most challenging and unprecedented quarters in the oil and gas industry's history, PetroRio has had the opportunity to establish itself as one of the most resilient companies in its sector. Our business model was once again tested, with almost two months of Brent prices below US$ 30 per barrel, between March and May of 2020.

*During this period, our team has responded with agility, and by focusing on health and safety, as well as on (i) operational costs and liquidity management, and (ii) capturing synergies with the incorporation of **Frade** and **Tubarão Martelo**. The combination of these efforts has resulted in a Company-wide lifting cost reduction to US$ 13.7 per barrel in 2Q20; 43% lower than the annual comparative and 21% lower than the previous quarter. We reiterate that the continuous review and reduction of our lifting cost is the most important strategy to protect us against oil price volatility, and this will continue to be the pillar that supports the Company's current and future projects.*

Furthermore, in early 2020, the Company hedged 70% of its estimated offtakes for the first half of 2020. As a result, the gross effective sales price in the second quarter, including the hedges, was US$ 53.1 per barrel.

These lifting cost reduction initiatives, in addition to the income from the hedge operations, helped maintain PetroRio's liquidity in the face of the impact of Covid-19 in oil prices, and to report a reduction in net leverage (Net Debt/EBITDA) in the second quarter of 2020.

During the quarter, we also signed an agreement to extend the payment schedule of Chevron's Vendor Finance, *currently the largest line item of the Company's debt. The new amortization schedule will keep us well capitalized through 2020 and 2021.*

Finally, despite these significant achievements and the outstanding operational performance, the quarter's net income was affected by non-cash effects, mainly related to foreign exchange variations on liabilities. As in previous periods, theses impacts are offset by the fact that our revenues and cash balance are also mostly dollar denominated.

We emerge from these recent events stronger than ever, eager to face the next few months, while remaining mindful of health, safety, efficiency and new business opportunities. We also wish for health and serenity for our employees, suppliers and business partners."

UPDATE ON MEASURES UNDRETAKEN FOR 2020

During the second half of 2020, PetroRio has improved its monitoring and prevention efforts, aimed at preserving our employees' heal and safety. The Company has undertaken new initiatives that seek to reduce its OPEX and maintain safety and operational performance of its assets.

Despite these initiatives, the Company experienced a 7-day shutdown of the leased FPSO in Polvo due to an onboard outbreak of Covid-19 (halting production for four days in June 2020, and three in July).

A third-party review of the incident is currently underway, with which PetroRio is collaborating, to verify the effectiveness and diligence of the service provider's (BW Offshore) compliance with the pertinent Covid-19 prevention measures.

Despite this single incident, the measures adopted by PetroRio in its oil platforms are still in place to protect the health of its employees:

- Immediate reduction of POB (People on Board) and extension of onboard periods (with the purpose of reducing travel periods) for all assets the Company operates, keeping personnel movement to a minimum necessary in order to operate safely and efficiently;
- Increased availability of protective equipment, and sanitation and hygiene products in onshore and offshore facilities directly associated to the Company's production, particularly in locations with higher exposure;
- Increased frequency of communication and awareness to all employees and service providers stationed in onshore and offshore locations;
- Adoption of rapid tests and screening procedures at the airport, with support from registered nurses, of personnel boarding the platforms. This includes 48h monitoring before embarking to identify potential cases;
- OPEX reduction to levels below US$ 12 million per month (100% of Polvo + 100% of Frade).
- Payroll reduction for onshore employees (25%) and corporate directors (50%); and
- All international travel and events suspended.

Lastly, the activities in our head office in Rio de Janeiro are gradually returning, in accordance to the health and safety instructions, such as:

- Fast testing twice a week, with positive or suspected cases being sent home for quarantine;
- Blocking off workstations to respect minimum required distancing;
- Limiting public transportation and encouraging carpooling;
- Maintaining a supply of hand sanitizers throughout the office space;
- Compulsory use of masks during work hours; and
- Intensifying cleaning and sanitization of equipment and furniture.

OPERATING PERFORMANCE

The operational highlight for the quarter was the Company's lifting cost per barrel, which improved for the sixth consecutive quarter. In 1Q20, the indicator improved 43% year over year, and 21% quarter over quarter. The improvement y.o.y. is mainly due to (i) the operating costs rationalization in **Frade** and **Polvo**, where continuous initiatives to reduce and readjust contracts were carried out over the last 12 months, and (ii) the increased level of production in the **Polvo Field** to 11,000 bbl/d since March 2020, without increasing the Field's costs in return.

Considering the hedge agreements for the period, the Company has also established an average effective sales price of US$ 53.1, adding approximately US$ 18 per barrel sold, positively affecting the Company's net results and cash flow. Thus, even though the hedge results were not accounted for the period's topline, these offset the sharp decrease in Brent oil prices, which would have resulted in gross average sales price of US$ 35.09 per barrel, as shown below.

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2Q20 x 2Q19	2Q20 x 1Q20
Avg. Brent	$ 63.83	$ 68.47	$ 62.03	$ 62.42	$ 50.44	$ 33.39	*-51.2%*	*-33.8%*
Avg. Sales Price	$ 64.40	$ 68.61	$ 62.31	$ 62.88	$ 31.79	$ 35.09	*-48.9%*	*10.4%*
Avg. Exchange Rate	3.77	3.92	3.97	4.12	4.47	5.38	*37.2%*	*20.5%*
Final Exchange Rate	3.90	3.85	4.16	4.02	5.20	5.46	*41.9%*	*5.1%*
Offtakes (kbbl)								
Frade Field (70%)	n/a	975	995	1,398	982	950	*-2.6%*	*-3.3%*
Polvo Field (100%)	545	1,025	508	930	470	447	*-56.4%*	*-5.0%*
Total PetroRio	545	2,001	1,503	2,328	1,452	1,396	*-30.2%*	*-3.9%*
Production (boepd)								
Frade Field (70%)[1]	n/a	9,824	9,865	13,639	13,563	13,380	*36.2%*	*-1.3%*
Polvo Field (100%)	9,567	8,523	8,070	7,478	8,620	9,446	*10.8%*	*9.6%*
Manati Field (10%)	2,033	1,776	2,413	2,859	1,254	707	*-60.2%*	*-43.6%*
Total PetroRio	11,600	20,123	20,348	23,976	23,437	23,533	*16.9%*	*0.4%*
Lifting Cost (US$/bbl)								
PetroRio	30.8	24.0	22.9	19.7	17.3	13.7	*-42.9%*	*-20.8%*

[1] From April through September, PetroRio had a 52% W.I. in the Field. In October, the interest increased to 70%.

The closing of the 18.26% W.I. acquisition in the **Frade Field**, which took place in 4Q19, and the successful 2019/2020 **Polvo** Drilling Campaign led to a 17% increase in the Company's total production, when compared to the same period of 2019. As previously mentioned, both achievements strongly contributed to the sharp year over year drop in PetroRio's lifting costs per barrel.

Frade Field's production in the quarter was 36.2% higher than 2Q19, mainly due to the acquisition of the 18.26% interest in the Field. Production remained stable compared to the previous quarter, in view of the interventions undertaken to curb the Field's depletion, carried out since the beginning of the Company's operation in **Frade**, in March 2019.

Polvo's production for the quarter was up 11% vs. 2Q19, as a result of the successful 2019/2020 Drilling Campaign, which increased production by approximately 2,500 bbl/d, through a new producing well as of March 2020.

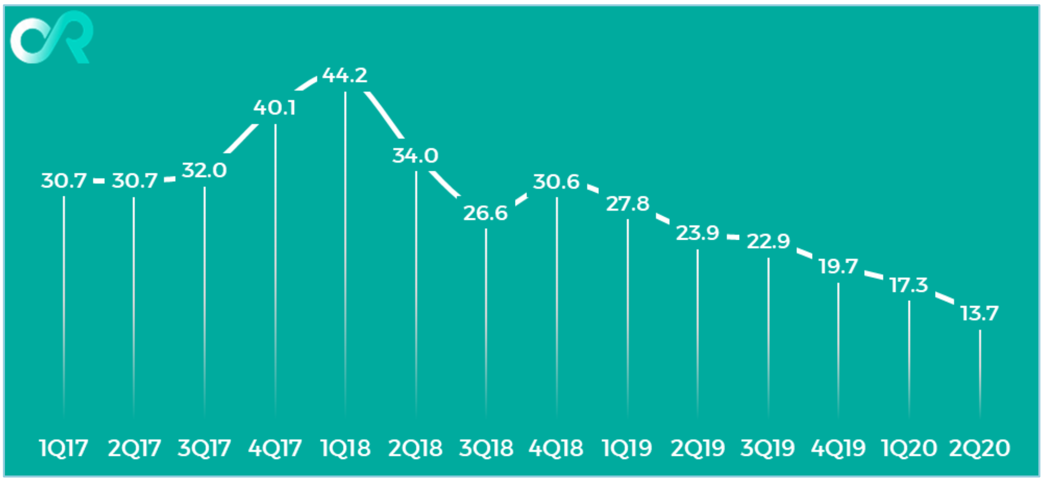
During the second quarter, PetroRio had two offtakes, in April and June. The **Polvo Field** sold 450 thousand barrels and **Frade** another 950 thousand barrels, for a total of 1.4 million in the quarter, representing a 30% decrease against the same period of 2019.

In April 2020, the Company chose to postpone two offtakes to July, which were initially planned for May and June, due to the high discounts practiced by the refineries at the time, as a consequence of the oil over-supply in world markets at the beginning of the quarter, and the subsequent tank storage shortage. Therefore, **Frade** and **Polvo**'s FPSOs closed the quarter storing 1.9 million barrels, which were mostly offloaded through offtakes in July, taking advantage of more attractive sales prices and conditions. The offtakes' postponement was only possible due to PetroRio's large tank storage capacity, which was recently expanded with the **OSX-3 FPSO** acquisition. Currently, the Company's storage capacity is around 3.5 million barrels.

Since the Company's turnaround, which has established its growth strategy through the acquisition and development of producing assets, PetroRio works to increase its production levels and rationalize costs, while seeking to maintain excellent standards of environmental responsibility, safety and operational efficiency. PetroRio believes that the continuous revision and reduction of its lifting cost is the best strategy against Brent price volatility, and this will continue to be a pillar of its current and future projects.

Lifting Cost PetroRio

(US$/boe)



PetroRio's lifting cost: lower values are positive for the Company.

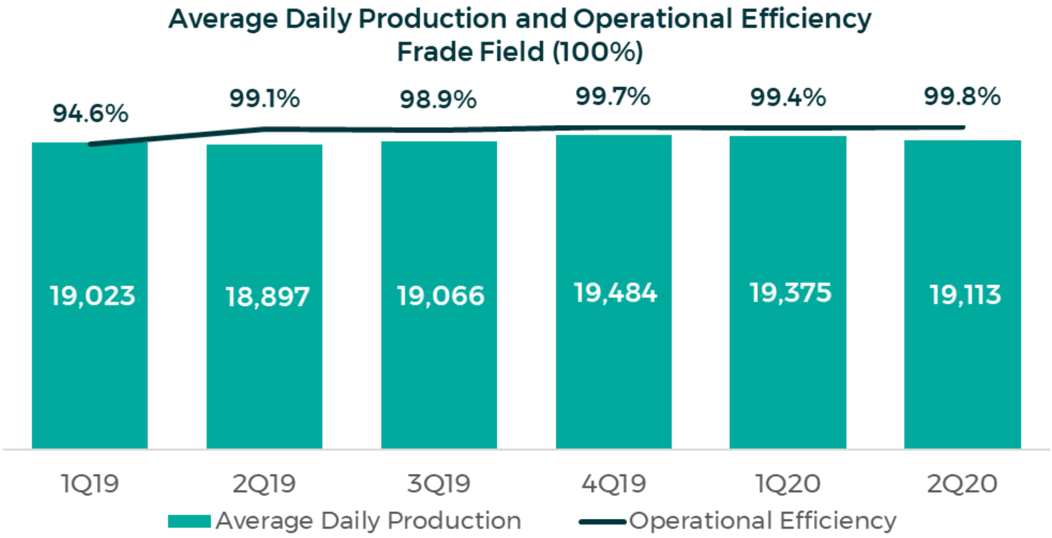
The drop in PetroRio's lifting cost per barrel, quarter over quarter, was positively affected by the measures undertaken to reduce expenses in order to adapt to the volatility of oil prices, such as POB (People on Board) reduction, extension of onboard periods (reducing travel periods) and the consequent reduction in additional fees for offshore professionals' boarding.

FRADE FIELD

Since the acquisition of **Frade**'s operation (in March 2019), the Company has carried out cost reduction measures through operational and logistics synergies with **Polvo**. In October 2019, PetroRio announced the conclusion of the acquisition of an additional 18% interest in **Frade**, which added 3.5 thousand barrels of daily production to the Company's total. Further, **Frade** continued to benefit from operational synergies and logistics contract renegotiations.

Frade's operational efficiency in the quarter reached 99.8%, the highest level of operational efficiency for a quarter since PetroRio began operating the Field, maintaining the Company's high level of operational efficiency.

The chart below illustrates daily production and operational efficiency in recent quarters. The operatorship was acquired by PetroRio on March 26, 2019:



On November 28, 2019, PetroRio signed an agreement with Petrobras to purchase the remaining 30% working interest in the **Frade Field**. Once the acquisition is concluded, subject to ANP's approval, it will add another 5.5 thousand barrels of daily production to the Company, further reducing overall lifting costs per barrel.

PetroRio maintains in its project portfolio the **Frade Field** Revitalization Plan, with the purpose of increasing the asset's recovery rates and meet ANP's conditions to extend the concession agreement to 2041. The overall project includes drilling 4 producing wells and 3 injector wells. The reservoirs were selected due to their low recovery rates (under 10% as of December 2019).

In March, as part of the measures taken to preserve its cash position in 2020, PetroRio decided to postpone the CAPEX related to the Revitalization of the **Frade Field** and maintain liquidity levels and financial health during the current outlook attributed to the COVID-19 pandemic. Such investments will be resumed as soon as the Company observes greater stability in global markets.

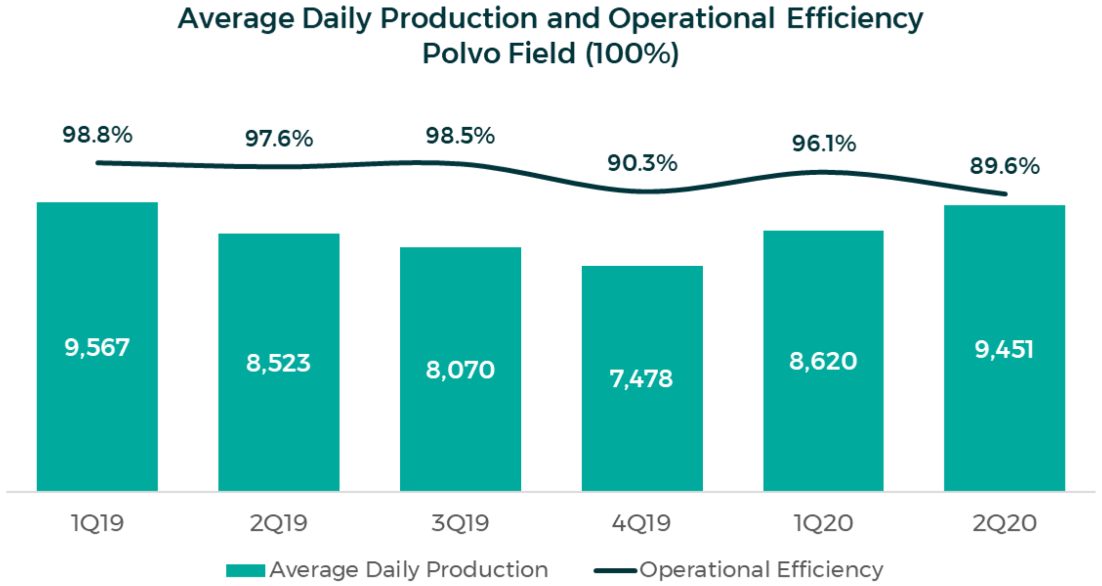
Polvo's fixed platform and wholly owned drilling rig

POLVO FIELD

Polvo's operational efficiency dropped to 89.6% for 2Q20, strongly impacted by shutdowns in the leased FPSO, after cases of Covid-19 were identified onboard. Production was paused on June 26th and resumed on July 4th.

PetroRio has been working with its suppliers to ensure they are committed to the strict health and safety protocols adopted by the Company since March 2020, in addition to the measures already adopted by the service providers themselves. PetroRio seeks to avoid new occurrences and, when necessary, ensure a fast response and neutralization of similar events in order to avoid further interruption of its operations.

The increased production levels, however, reflect the success of the 2019/2020 **Polvo** Drilling Campaign, despite the shutdowns in the leased FPSO. **Polvo** Field reached an average daily production 11% higher than the same period of 2019 and 10% higher than the first quarter of 2020.



The Field's operating costs, in absolute terms, were 15% lower than the previous quarter. **Polvo**'s operating costs recorded US$ 20.3 million in 2Q20, against US$ 23.8 million in 1Q20. When compared to 2Q19, operating costs were down 23%, mainly due to the reduction in logistics costs, as a result of operational synergies with the **Frade Field**.

Throughout the successful 2019/2020 **Polvo** Drilling Campaign, PetroRio began production in the POL-L well, in the Eocene sandstone, and measured initial flow of over 2,500 bbl/d, an increase of approximately 30% of the Field's previous production.

PetroRio believes that the production of this reservoir, of geological age from the Eocene, opens new opportunities in the **Polvo** and **Tubarão Martelo** Fields in prospects with similar characteristics, as well as potential upside with infill drilling in the reservoir.

OSX-3 FPSO AND TUBARÃO MARTELO FIELD

On February 3, 2020, the Company signed binding agreements regarding the acquisition of (i) the **OSX-3** vessel for US$ 140 million; and (ii) the farm-in of 80% in the **Tubarão Martelo Field** ("**TBMT**"), where the **OSX-3** vessel is currently chartered.

The acquisition will allow for the tieback between **TBMT** and **Polvo Field**, thus simplifying the production system and creating a producing oilfield cluster, while enabling significant synergies, lifting cost reductions, and the extension of the useful life of both fields.

Once the tieback takes place, the Company estimates **Polvo**'s and **TBMT**'s combined Opex, which in 2019 was of approximately US$ 200 million per year (US$ 100 million for **Polvo** + US$ 100 million for **TBMT**), will be further reduced to less than US$ 80 million per year, after having captured all air, sea, and land logistics synergies, and the decommissioning of the FPSO currently chartered to **Polvo**.

The concession process of **Tubarão Martelo** Field was approved on August 3, 2020, after all conditions precedent were met. In addition, the Individual Emergency Program ("PEI"), which determines the minimum number of vessels which can operate in the new Polvo + TBMT cluster, was approved by IBAMA in July 2020. Thus, PetroRio will be able to start capturing logistic synergies related to support vessels immediately.

OSX-3 is a world-class Floating, Production, Storage and Offloading (FPSO) vessel, built and delivered to the **Tubarão Martelo** Field in 2012. **OSX-3** has state-of-the-art technology and has, to this date, reported safety and efficiency levels within PetroRio's standards. The vessel has the capacity to process 100,000 barrels of oil per day and storage of 1.3 million barrels.

FPSO OSX-3

From April 20 to June 30, the OSX-3 FPSO generated revenue to PetroRio from its daily fee of US$ 129 thousand, recorded as “Other operating income (expenses)” (detailed in the FINANCIAL PERFORMANCE section of this report), and which will compose the price adjustment with Dommo Energia – the field’s former operator.

In June 2020, Dommo Energia announced the return to production of well TBMT-2HP, increasing the field's total production to approximately 7,000 barrels per day. In the coming weeks, the Company expects the connection of the TMBT-4HP well to be completed.

Finally, PetroRio informs that the project for the tieback of **Polvo** and **TBMT** Fields and the connection of the new TBMT-10H-RJS well has been resumed, since both are extremely accretive projects.

Onshore employees adapted to remote work during the pandemic

MANATI NATURAL GAS FIELD

Gas volumes sales amounted to 707 boepd in the quarter, 60% lower over the previous year. The reduction is attributable to the client’s interruption of gas purchases beginning mid-February until the end of May 2020. In the quarter, there was a 44% decrease vs. 1Q20 for the same reason.

Operational expenditures for the quarter, consisting of direct costs excluding depreciation, were R$ 5.1 million, a 4% decrease against the 2Q19’s R$ 5.3 million, which is attributed mainly to the reduction in operating costs of the PMNT-1 platform, due to its lower use in the quarter. Another R$ 57 thousand were paid in royalties for the asset’s concession rights.

The **Manati** farm-in, concluded in 2017 for R$ 116 million (US$ 37 million at the time), provided a two-year payback period with nominal IRR of 66%. The acquisition is part of PetroRio's successful track record, which along with **Polvo**, **Frade** and **Tubarão Martelo**, seeks to add shareholder value through acquisitions and redevelopment of mature fields.

RESERVES REPORT

The table below describes the new reserves from the April 2020 D&M report for **Frade** and **Manati** Fields and **Polvo + TBMT** cluster.

Company Reserves Estimates (MMboe)				
Reserves	**Frade (100%)**	**Polvo + TBMT (95%)**	**Manati (10%)**	**Total**
Proved (1P)	60.2	50.7	2.8	113.6
Proved+Probable (2P)	92.3	95.4	3.0	190.8
Proved+Probable+Possible (3P)	128.2	145.1	3.1	276.4

PetroRio had significant increases in reserve levels compared to the last certification report, dated December 2018. The main reasons for the increase were:

(i) **Tubarão Martelo** farm-in and the **Polvo** tieback project, increasing recoverability of both assets;

(ii) The acquisition of 30% interest in the **Frade Field**, expected for 2020;

(iii) **Frade's** new production curve after one year of operations without natural decline; and

(iv) **Polvo'** Drilling Campaign success, which allows potential new infill drilling in the reservoir.

The increases are highlighted in the table below:

Reserves	D&M Dez-18 (MMboe)	D&M Apr-20 (MMboe)	Δ (MMboe)	Reserve Life
Proved (1P)	17.2	113.6	96.4	15 years
Proved+Probable (2P)	23.8	190.8	167.0	25 years
Proved+Probable+Possible (3P)	33.6	276.4	242.8	31 years

The tieback of **Polvo** and **TBMT** into a cluster also pushed back the Fields' abandonment dates, to 2035 for 1P reserves, 2045 for 2P reserves and 2051 for 3P. Thus, the Reserve Life (production until abandonment) of the Company today is 15 years for 1P, 25 years for 2P and 31 years for 3P reserves. The complete report is available at ri.petroriosa.com.br/en/.

FINANCIAL PERFORMANCE

VOLUNTARY RESUBMISSION OF FINANCIAL STATEMENTS

After receiving suggestions from the new external auditor Ernst & Young ("EY") on the interpretation of certain accounting standards and assumptions used in previous financial statements, the Company's Management decided to make changes and voluntarily resubmit the statements for 2017, 2018, 2019 and the quarterly interim information ("ITR") for the 1st quarter of 2020.

After reviewing the suggested changes, EY approved the financial statements and quarterly interim information without any qualified or adverse opinions.

Said adjustments generated a positive impact of R$ 202 million in 2019's net income. As a result, 2019's bottom line reached R$ 837.9 million. The main accounting changes for 2019 were:

(i) Change in the discount rate for the abandonment provision, which had previously been conservatively discounted at 3% p.a. without risk spread in all fields, to 5.44% p.a. in **Polvo** and **Manati**, and 5.59% p.a. in Frade. The adjustment reduces liabilities by R$ 145.9 million in the year, improving net result by the same proportion;

(ii) Changes in the allocation reports of the price paid in the acquisition of Frade after reissue by the external company hired to carry it out, changing the amount of surplus value and negative goodwill in the operation. The adjustment reduces intangible assets by R$ 128.4 million, reducing the results for the year by the same amount;

(iii) Deferred tax liabilities presented by the net value with its deferred tax assets counterpart, and with recognition of taxes on temporary differences. The adjustment reduces liabilities by R$ 147.5 million, improving the result in the same proportion.

The aforementioned adjustments, when added together, have a R$ 165 million positive effect on the result for 2019. Other less impactful adjustments, which result in a R$ 37 million positive effect, as well as their details, can be found in the explanatory notes to the second quarter ITR filed on this same date. Below is a summary of the main adjustments in previous periods

Resubmission: 31/Dec/2017
(2018 opening balance)

Impacts on balance and net income (R$ million):

	Assets	Liabilities	Result
1) Convertible Debentures	0.0	20.2	(20.2)
2) Deferred Taxes	(18.4)	(18.4)	0.0
Total Impact	**(18.4)**	**1.8**	**(20.2)**

Justifications:
1) Debenture options value adjustment
2) Net balance reclassification

Resubmission: 31/Dec/2018

Impacts on balance and net income (R$ million):

	Assets	Liabilities	Result
1) Convertible Debentures	0.0	15.7	(15.7)
2) Polvo e Manati ARO	(20.4)	(32.3)	11.9
3) Deferred taxes w/o temporary	5.3	0.0	5.3
4) MTM Aplications	(3.5)	(3.5)	0.0
Total Impact	**(18.6)**	**(20.1)**	**1.5**

Justifications:
1) Debenture options value adjustment
2) Increase in discount rate from 3% to 5.63%
3) IRCS credit on unrealized results
4) MTM Adjustments

Resubmission: 31/Dec/2019

Impacts on balance and net income (R$ million):

	Assets	Liabilities	Result
1) Deferred Taxes	142.3	1.0	141.3
2) Frade's PPA	271.4	156.0	115.4
3) Frade, Polvo and Manati's ARO	(78.9)	(113.6)	34.7
4) Convertible Debentures	0.0	81.7	(81.7)
5) IFRS-16	9.4	17.1	(7.7)
Total Impact	**344,2**	**142,2**	**202,0**

Justifications:
1) Credit for tax losses to reduce IRCS
2) Increase in Frade's surplus
3) Increase in discount rates from 3% to 4.69% in Polvo/Manati and 4.92% in Frade
4) Debentures fair value adjustments
5) Increase in discount rates from 5.63% to 10% (BRL)

Likewise, the accounting assumptions and estimates that impacted 2019 generated a negative impact of R$ 106 million in the 1Q20 results and are attributed to the greater depreciation caused by the aforementioned surplus and negative goodwill and by the reduction of the abandonment provision that were accrued in previous years.

	Ex IFRS-16				Includes IFRS-16		
1Q20	Previous	Resubmitted	Variations		Previous	Resubmitted	Variations
Net Revenue	223,162	223,162	-		223,162	223,162	-
Cost of goods sold	(117,917)	(117,917)	-		(117,917)	(117,917)	-
Royalties	(32,228)	(32,228)	-		(32,228)	(32,228)	-
Operatin Income	73,017	73,017	-		106,421	106,421	-
General and administratie expenses	40,311	40,311	-		(38,958)	(38,958)	-
Other operating income (expenses)	164,804	115,103	(49,701)	1	164,804	115,108	(49,701)
EBITDA	**197,510**	**147,809**	**(49,701)**		**232,267**	**182,566**	**(49,701)**
EBITDA margin	*89%*	*66%*	*-22%*		*104%*	*82%*	*-22%*
Adjusted EBITDA	32,706	32,706	-		67,463	67,643	-
Adjusted EBITDA margin	*15%*	*15%*	*0%*		*30%*	*30%*	*0%*
Depreciation and amortization	**(83,887)**	**(105,328)**	**(21,441)**	2	**(110,937)**	**(131,655)**	**(20,718)**
Financial Results	**23,562**	**12,615**	**(10,947)**		**(67,897)**	**(103,483)**	**(35,586)**
Hedge Income - Realized	206,615	206,615	-		206,615	206,615	-
Hedge Income - Marked to Market	134,572	134,572	-		134,572	134,572	-
Other financial income (expenses)	(317,625)	(328,572)	(10,947)	3	(409,084)	(444,670)	(35,586)
Income and social contribution taxes	**(8,890)**	**(8,890)**	-		**(8,890)**	**(8,890)**	-
Income (loss) for the period	**128,296**	**46,207**	**(82,089)**		**44,544**	**(61,461)**	**(106,005)**

1 Positive impact: higher abandonment discount rate is now accounted for in 2018 and 2019, being revised in 1Q20

2 With Frade's higher surplus in Dec/19, its quarterly depreciation has also risen

3 FX and taxes have increased due to abandonment liabilities and IFRS-16

ASSET'S FINANCIAL PERFORMANCE

The Company presents its managerial income statement below, which also illustrates the effects of IFRS 16 separetely, while maintaining non-cash and one-off accounting impacts when shown in Reais.

2019 and 1T20 numbers reflects the financial statements adjustments restated on this document filing date, detailed in the VOLUNTARY RESUBMISSION OF FINANCIAL STATEMENTS section of this report.

The main factors that impacted financial performance in the quarter were (i) **Frade** and **Polvo** operating costs' reduction, (ii) the hedge operations from early January to protect cash flow against lower Brent prices for the 1H20, and the commodity's subsequent decline, and (iii) non-cash effects related to FX variation and adjustments to accounting assumptions and estimates.

The hedge allowed PetroRio to weather the lower prices by effectively keeping oil sales at US$ 53.1 per barrel level. These contracts, which were exercised in 2Q20, generated R$ 130.6 million in realized income, totaling R$ 337 million in the first half of 2020.

As such, adjusted EBITDA (ex-IFRS 16) reached R$ 306 million in 2Q20 and R$ 545.3 million in 6M20, with hedges included. The figures represent variations of +5% and +75% in Adjusted EBITDA (ex IFRS 16) against 2Q19 and 6M19, as per the following table:

Pro Forma Income Statements

(in R$ millions)

	Ex-IFRS 16			Accrued - Ex-IFRS 16			Includes IFRS-16		
	2Q19	2Q20	Δ	6M19	6M20	Δ	2Q19	2Q20	Δ
Net Revenue	**548,233**	**312,292**	**-43%**	**687,306**	**535,454**	**-22%**	**548,233**	**312,292**	**-43%**
Cost of goods sold	(183,924)	(87,108)	-53%	(252,460)	(205,025)	-19%	(132,170)	(55,858)	-58%
Royalties	(48,719)	(21,129)	-57%	(62,952)	(53,357)	-15%	(48,719)	(21,129)	-57%
Operatin Income	**315,590**	**204,055**	**-35%**	**371,894**	**277,072**	**-25%**	**367,344**	**235,305**	**-36%**
General and administratie expenses	(33,409)	(28,703)	-14%	(55,039)	(69,015)	25%	(32,128)	(27,312)	-15%
Other operating income (expenses)	(32,571)	113,821	n/a	(32,263)	228,924	n/a	(32,571)	113,821	n/a
EBITDA	**249,610**	**289,173**	**16%**	**284,591**	**436,981**	**54%**	**302,645**	**321,814**	**6%**
EBITDA margin	***46%***	***93%***	***47 p.p.***	***41%***	***82%***	***41 p.p.***	***55%***	***103%***	***48 p.p.***
Depreciation and amortization	(46,128)	(197,895)	329%	(61,307)	(303,222)	395%	(90,543)	(219,925)	143%
Financial Results	*(11,196)*	*(190,243)*	*1599%*	*(134,106)*	*(177,628)*	*32%*	*(11,654)*	*(224,643)*	*1828%*
Hedge Income - Realized	*9,340*	*130,619*	*1298%*	*(5,773)*	*337,234*	*n/a*	*9,340*	*130,619*	*1298%*
Hedge Income - Marked to Market	*1,107*	*(168,144)*	*n/a*	*1,101*	*(33,572)*	*n/a*	*1,107*	*(168,144)*	*n/a*
Other financial income (expenses)	*(21,643)*	*(152,718)*	*606%*	*(129,434)*	*(481,290)*	*272%*	*(22,101)*	*(187,118)*	*747%*
Income and social contribution taxes	(35,686)	22,953	-164%	(40,447)	14,063	-135%	(35,686)	22,953	-164%
Income (loss) for the period	**156,600**	**(76,013)**	**n/a**	**48,731**	**(29,806)**	**n/a**	**164,762**	**(99,802)**	**n/a**

	2Q19	2Q20	Δ	6M19	6M20	Δ	2Q19	2Q20	Δ
(-) Other operating income (expenses)	(32,571)	113,821	n/a	(32,263)	228,924	n/a	(32,571)	113,821	n/a
(+) Hedge Income - Realized	9,340	130,619	*1298%*	(5,773)	337,234	n/a	9,340	130,619	1298%
Adjusted* EBITDA (inc. Hedge)	**291,521**	**305,970**	**5%**	**311,082**	**545,291**	**75%**	**344,556**	**338,611**	**-2%**
Adjusted EBITDA margin	***52%***	***69%***	***17 p.p.***	***46%***	***62%***	***16 p.p.***	***62%***	***76%***	***18 p.p.***

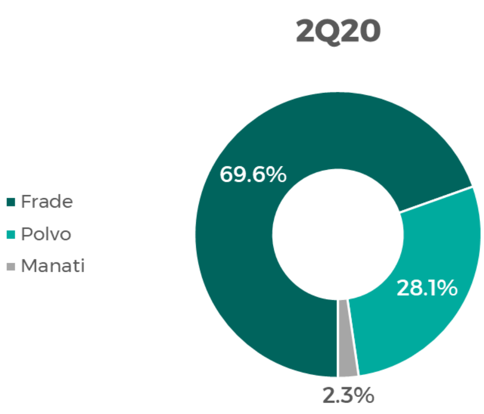
*Adjusted EBITDA is calculated similarly to EBITDA, excluding the line item "Other Revenue/Expenses".
*Adjusted EBITDA (inl. Hedge) is calculated including only the hedge of contracts exercised during 2Q20.

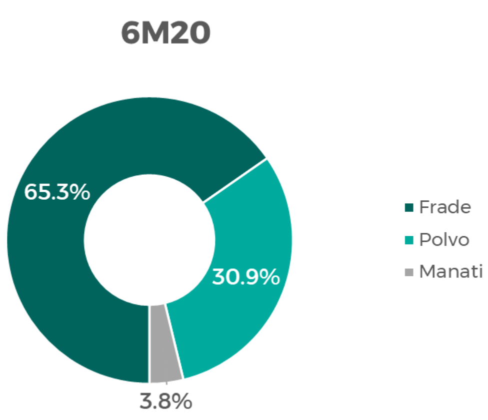
PetroRio recorded R$ 312.3 million in Net Revenues in 2Q20, a decrease of 43% against the R$ 548.2 million reported in 2Q19, due to the sharp drop in Brent oil prices (average -51% y.o.y.) and the lower volumes sold in **Polvo**, comparing with the same period of the previous year. Despite the impact on the quarter's top-line caused by the drop in oil prices, this impact was offset by the hedge results in the quarter, which has benefited the Company's cash and financial result. Thus, 69.6% of net revenues were sold from **Frade's** oil, and 28.1% from **Polvo**.

PetroRio's 10% interest in **Manati** contributed with R$ 7.2 million in net revenues for the quarter. The 58% decline compared to 2019 is explained by the reduction in client's demand (Petrobras) during the period. The volume of 707 boe per day, below the minimum consumption of 1,574 boe per day provided by the take-or-pay contract, will be compensated by the client in the future.

Revenue per Asset

(R$ MM)





Cost of Goods Sold (COGS), were down 53% in 2Q20 against 2Q19 (ex-IFRS 16), mainly due to (i) the initiatives to review and reduce costs in **Frade** and **Polvo** in the period, (ii) the lower number of barrels sold in **Polvo**, and (iii) the higher costs in the comparative period of approximately R$ 60 million, stemming from a reversal of depreciation and amortization in **Frade**, after the overhaul and subsequent extension of asset's economic life.

Operational Income (ex-IFRS 16) for the quarter reached R$ 204 million, a 35% decrease vs. the previous year, and was due to **Polvo** and **Frade** lower revenues, as a consequence of the drop in oil prices.

General and administrative expenses, which include M&A fees, project, geology and geophysics spending, closed the quarter at R$ 28.7 million, the lowest quarterly value since 1Q19. The decrease year over year was due to the lower personnel expenses after the payroll reduction for onshore employees by 25% and corporate directors by 50%, as a part of the measures undertaken for cost reduction during May and June.

Other operational revenues (expenses) in the quarter were positively impacted by R$ 104.7 million, arising from **OSX-3** revenue. Between April 20 and June 30, OSX-3 the FPSO contributed with a daily fee of US$ 129 thousand per day to PetroRio, which will compose the price adjustment with Dommo Energia (former **TBMT** operator). The line item was also positively affected by tax credits from previous years.

Financial results (ex-IFRS 16) were negative R$ 190.2 million compared to a negative R$ 11.2 million in 1Q19. The negative impact was due to R$ 100.9 million FX variations (non-cash effect) on several dollar-denominated liabilities, such as abandonment provisions and most of the Company's dollar denominated liabilities, as a result of the volatility of the local currency during the quarter. This FX variation does not have a direct impact on PetroRio's financial health, however, given that the Company's revenues and cash are also mostly denominated in dollars.

The Company recorded over R$ 130 million as a positive result from the hedges contracted for 2Q20 which, added to the R$ 207.2 million recognized in 1Q20, reached R$ 337.2 million in the first half of 2020. Another R$ 33.6 million were recorded as mark to market expense in the semester, which are composed of the puts cost and partial results that were due to mature in July and August.

Reported net results (ex-IFRS 16) were negative R$ 76 million for the quarter and negative R$ 29.8 million for the semester. The results were mainly impacted by negative FX variations on the Company's dollar-denominated liabilities and the interests on new loans, which were partially offset by the results of hedge operations in the period.

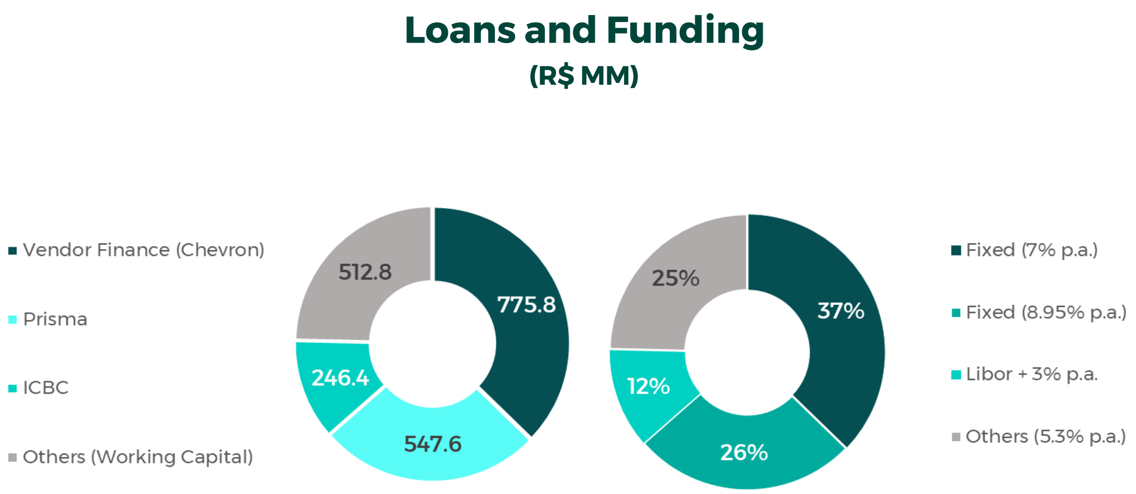
Frade's offshore team celebrates 3,000 days with no accidents

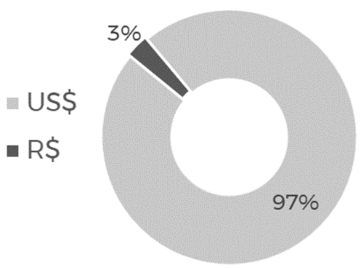
DEBT AND FINANCING

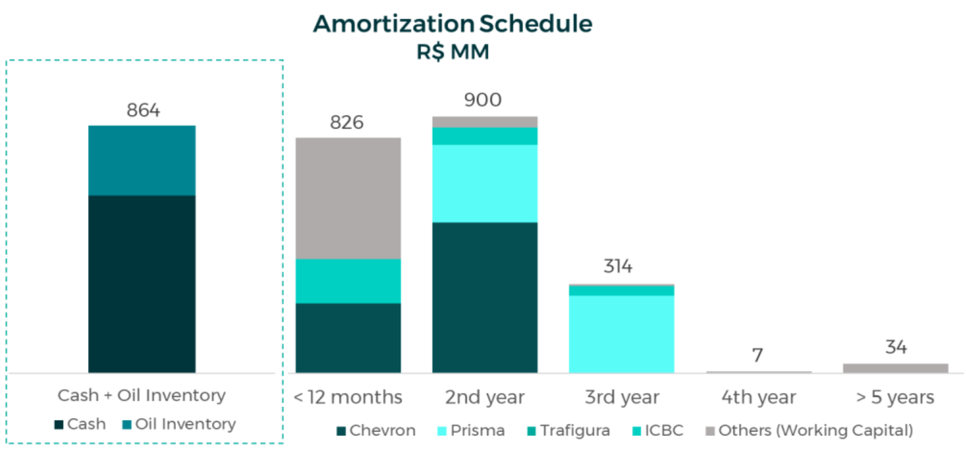
The Company has signed amendments to agreements with certain subsidiaries of Chevron Corporation ("Chevron") to establish a new amortization schedule for the vendor finance associated with the acquisition of the 51.74% interest in the **Frade Field**, and the FPSO operating in the field.

The original agreement - signed in 2019 - has US$ 142 million of principal outstanding, with US$ 77 million previously scheduled for September 2020, and approximately US$ 64 million in March 2021 with an estimated interest of 5.82% p.a. The new principal amortization schedule is effective immediately, and establishes US$ 15 million of principal to be paid in November 2020, US$ 30 million in May 2021, and the remaining US$ 97 million in November 2021, at a new interest rate of 7% p.a.

The new agreement, which was negotiated during the COVID-19 pandemic, significantly improves short- and medium-term liquidity, therefore contributing to a more equalized cash flow and better management of the Company's cash position.







Moreover, by the end of June, the Company had US$ 189 million (or R$ 864 million) allocated between Cash and Oil Inventory.

On January 27, 2020, PetroRio signed a bridge loan agreement with a subsidiary of Prisma Capital fund in the amount of US$ 100 million at the cost of 8.95% p.a., for the acquisition of **OSX-3** FPSO and the subsequent merger of **Tubarão Martelo** Field. According to the contractual provisions, PetroRio and Prisma are working on converting this short-term financing into a 3-year Project Finance.

DELEVERAGING

Despite the challenges created by Covid-19, PetroRio has been efficient in reducing its leverage, ending the quarter with a Net Debt/EBITDA level of 2.1x. It is important to note that this indicator does not yet reflect the status of the Company's leverage, whereby it includes the debt of from the **OSX-3** FPSO acquisition and **Tubarão Martelo** farm-in, but not yet the corresponding LTM EBITDA from the assets.

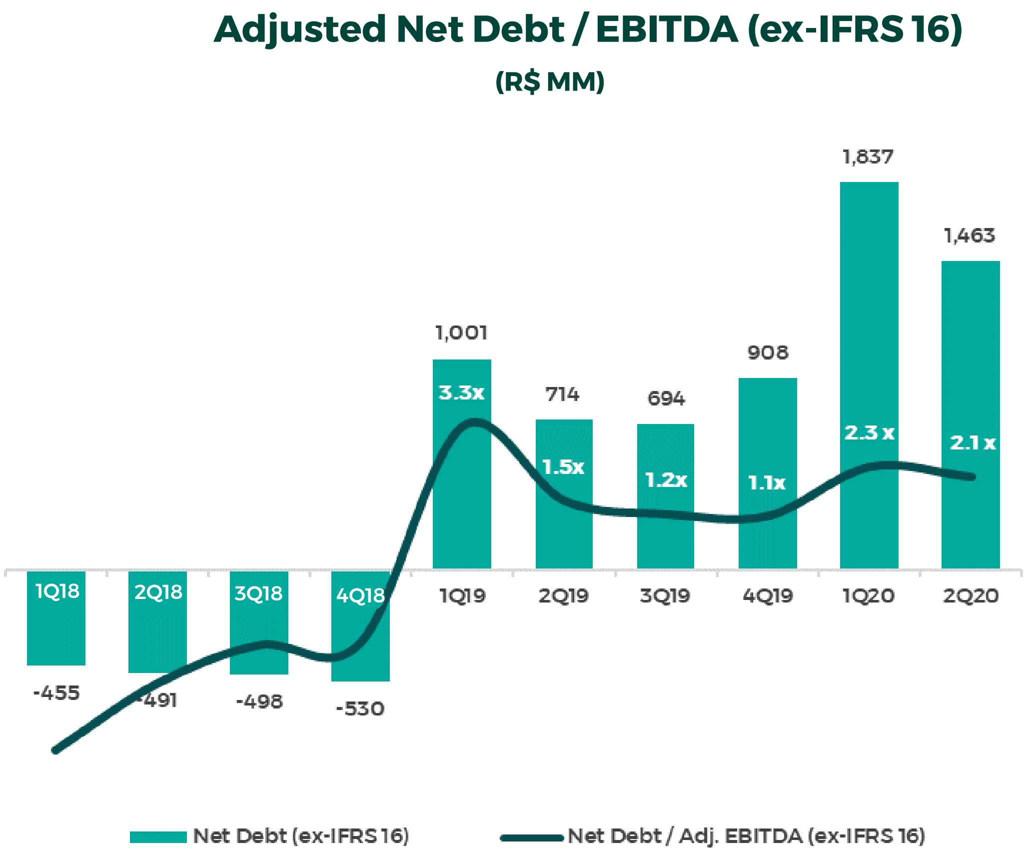
In 2020, the main factors that impacted positively the Company's Net Debt/EBITDA were the hedge results during this period, which allowed for the repayment of short-term debt and offset the drop in oil prices and the subsequent negative impact on EBITDA.

However, the Company's Net Debt/EBITDA remained above 2.0x, primarily as a result of:

(i) R$ 528.1 million loan from Prisma Capital for the FPSO **OSX-3** acquisition and farm-in of **Tubarão Martelo Field**. The debt has been entirely accounted for in the Company's balance sheet, without its corresponding LTM EBITDA, since the conclusion of the **Tubarão Martelo** acquisition took place on August 3, 2020;

(ii) Estimated oil inventory of R$ 415.5 million at both assets by the end of the period, due to the postponement of **Frade** and **Polvo** offtakes to July in order to seek better oil discount conditions. These 1.9 million barrels stock in June/20 is significantly higher than the Company's historical levels.

Adjusting for these effects, Net Debt/EBITDA would have been approximately 1.1x.

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IFRS 16

On January 1, 2019, the Company incorporated the new IFRS 16 accounting rule. The change unifies the accounting treatment of operating and financial leases, significantly impacting the Company's balance sheet, mainly through the lease of **Polvo**'s FPSO, which is PetroRio's largest lease agreement:

Right-of-use assets	
FPSO	796,614
Support Vessels	103,824
Helicopters	29,755
Buildings	57,572
Equipment	32,002
Total	**1,019,768**

On February 2, 2020, the Company announced the acquisition of the **OSX-3 FPSO**, which will be commissioned in **Polvo Field's** production system, replacing the FPSO currently operating, which is leased. As such, the estimate for the lease until the end of the Field's economic life was revised, reducing leasing assets and liabilities by 433,631. The remaining adjustments carried out in the period were due to the reduction in the number of supply vessels and the new logistics base, which took place after the **Frade Field** acquisition. The increase seen in 2020 is due to the increase in reserves and longer economic life of the fields, which are reflected in the projected leasing values.

	Assets	Liabilities
Recognition on January 1, 2019	**1,019,768**	**(1,061,452)**
Additions/Reversals	(403.776)	382.798
Currency adjustment	-	(32.825)
Price-level restatement	-	(64.309)
Payments made	-	206.587
Amortization	(163.925)	-
Balance at December 31, 2019	**452,067**	**(569,201)**
Additions/Reversals	64.775	(71.942)
Currency adjustment	-	(147.129)
Price-level restatement	-	(23.297)
Payments made	-	124.174
Amortization	(77.946)	-
Balance at June 30, 2020	**438,896**	**(687,395)**
Current	-	(258.652)
Non-current	438,896	(428,743)

For further details please refer to the 1Q20 explanatory notes.

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BALANCE SHEET
(R$ thousands)

ASSETS	4Q19	2Q20
Cash and cash equivalents	459,396	319,688
Securities	226,301	24,081
Restricted cash	52,223	276,071
Accounts receivable	374,598	210,437
Oil inventories	120,101	244,397
Consumable inventories	5,373	5,601
Derivative Financial Instruments	9,354	12,538
Recoverable taxes	116,773	140,727
Advances to suppliers	52,171	54,333
Advances to partners	86,278	101,187
Prepaid expenses	10,333	11,013
Other receivables	189	-
Total Current assets	**1,513,090**	**1,400,073**
Non-current assets available for sale	-	-
	1,513,090	**1,400,073**
Advances to suppliers	12,596	12,596
Deposits and pledges	27,249	27,993
Recoverable taxes	32,384	34,733
Deferred taxes	160,313	189,150
Right-of-use (Lease CPC 06.R2 IFRS)	452,067	438,896
Property, plant and equipment	2,602,523	3,746,097
Intangible assets	689,529	811,048
Total non-current assets	**3,976,661**	**5,260,513**
Total Assets	**5,489,751**	**6,660,586**

LIABILITIES	4Q19	2Q20
Suppliers	87,232	139,859
Labor obligations	39,359	50,663
Taxes and social contributions	83,441	48,114
Loans and financing	1,224,306	826,131
Debentures	-	-
Advances from partners	40	-
Contractual Charges (Lease IFRS 16)	223,049	295,247
Other liabilities	12,356	19
Total current liabilities	**1,669,783**	**1,360,033**
Suppliers	13,233	14,410
Loans and financing	421,270	1,256,473
Debentures	-	-
Provision for abandonment (ARO)	763,633	922,015
Provision for contingencies	65,613	74,091
Deferred taxes and social contributions	-	-
Contractual Charges (Lease IFRS 16)	389,433	450,697
Other liabilities	1,685	1,701
Total non-current liabilities	**1,654,867**	**2,719,387**
Minority Interest	**759**	**993**
Realized capital	3,316,411	3,326,998
Capital reserves	228,027	231,245
Other comprehensive income	150,335	713,624
Accumulated losses	(2,372,777)	(1,530,431)
Income (loss) for the period	842,346	(161,263)
Total shareholders' equity	**2,164,342**	**2,580,173**
Total liabilities and shareholders' equity	**5,489,751**	**6,660,586**

INCOME STATEMENT
(R$ thousands)

	2Q19	2Q20
Net Revenue	**548,233**	**312,292**
Cost of goods sold	(132,170)	(55,858)
Depreciation and amortization	(88,477)	(172,968)
Royalties	(48,719)	(21,129)
Gross Profit	**278,867**	**62,337**
Operating income (expenses)		
Geology and geophysics expenses	(67)	(67)
Personnel expenses	(10,862)	(4,626)
General and administrative expenses	(11,177)	(9,320)
Expenses with thir party services	(6,871)	(11,797)
Taxes and fees	(3,150)	(1,503)
Depreciation and amortization - G&A	(2,066)	(46,957)
Other operating income (expenses)	(32,571)	113,821
Financial results	(11,654)	(224,643)
Income before income tax and social contribution	200,448	(122,755)
Income and social contribution taxes - Current	*(36,707)*	*(2,633)*
Income and social contribution taxes - Deferred	*1,021*	*25,586*
Income (loss) for the period	**164,762**	**(99,802)**

CASH FLOW STATEMENT
(R$ thousands)

	2Q19	2Q20
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**82,305**	**(175,325)**
Depreciation and amortization	92,613	361,148
Financial income	(124,077)	(371,006)
Financial expenses	258,796	940,694
Remuneration based on stock plan	7,655	3,218
Provision for contingencies/losses	2,194	(2,678)
Reduction of provision for Escrow	(5,522)	(95,417)
Provision for impairment	-	9,544
	313,964	**670,178**
(Increase) decrease in assets		
Accounts receivable	(581)	186,482
Recoverable taxes	23,777	(10,070)
Prepaid expenses	(10,395)	(666)
Advances to suppliers	(5,395)	6,491
Oil inventory	50,591	(61,024)
Consumables inventory	461	(229)
Advance to partners in oil and gas operations	(16,447)	44,657
Other receivables	676	140
Increase (decrease) in liabilities		
Suppliers	30,081	19,263
Labor obligations	6,336	12,466
Taxes and social contributions	2,654	(57,602)
Contingencies	(3,244)	2,346
Advances from partners in oil and gas operations	-	2
Other liabilities	(14,758)	(20,307)
Net cash from operating activities	**377,720**	**792,127**
Cash flow from investing activities		
(Investment) Redemption of securities	447,908	202,294
(Investment) Redemption of restricted cash	-	(170,326)
(Investment) Redemption in abandonment fund	(1,472)	-
(Increase) Decrease in deposits and pledges	(52,096)	(693)
(Acquisition) of fixed assets	(52,463)	(114,362)
(Acquisition) of intangible assets	19,342	-
(Acquisition) of oil and gas asset	(1,546,228)	(603,492)
Non-current assets held for sale	292	-
Net cash from investing activities	**(1,184,717)**	**(686,579)**
Cash flows from financing activities		
Loans and financing	1,026,825	(225,658)
Leasing payments	(65,538)	(85,608)
Leasing interest payment	(29,414)	(23,297)
Debentures	(839)	-
Derivative transactions	-	12,103
(Purchase) Sale of shares of the Company (held in treasury)	43,480	-
(Reduction) Integralization of Share Capital	12,055	10,587
Minority shareholders participation	-	234
Net cash (invested in) from financing activities	**986,569**	**(311,639)**
Translation adjustment	26,315	66,382
Net increase (decrease) in cash and cash equivalents	**205,887**	**(139,709)**
Cash and cash equivalents at the beginning of the year	186,993	459,397
Cash and cash equivalents at the end of the year	392,880	319,688
Net increase (decrease) in cash and cash equivalents	**205,887**	**(139,709)**

About PetroRio

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

Disclaimer

This news release contains forward-looking statements. All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisitions of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify these statements by reading several words such as "estimate, "believe", "expect" and "will" and similar words or their negative. Although management believes that the expectations represented in such statements are reasonable, it cannot ensure that such expectations will be confirmed. By their nature, forward-looking statements require us to make assumptions and, accordingly, said forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this news release not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Such declarations were made on the date hereof. We do not undertake to update such forward-looking statements regarding future events, except as required by applicable securities legislation.