PetroRio

EARNINGS RELEASE

3Q20

Conference Call 3Q20

November 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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PetroRio

Rio de Janeiro, November 3, 2020 – The Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the third quarter of 2020 ("3Q20"). The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Brazilian 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.

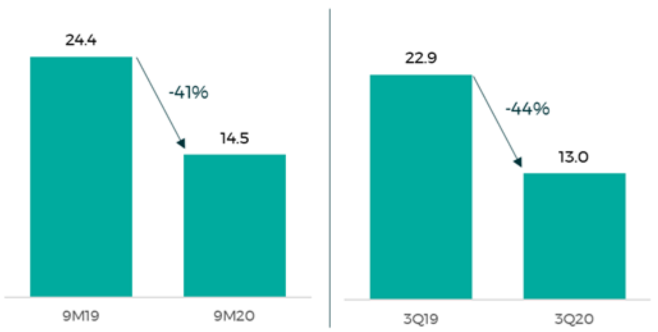
Stock Information		
Ticker (B3)		PRIO3
# Shares issued ex-Treasury		135,160,900
Market Cap (10/27/20) ex-Treasury stocks	R$	4,690,083,230
Last Price (10/27/2020)	R$	34.70
12-month Low - High	R$	10.35 - 48.80
90-day average trading volume	R$	124,794,831

12M Stock Price: PRIO3 x Ibovespa

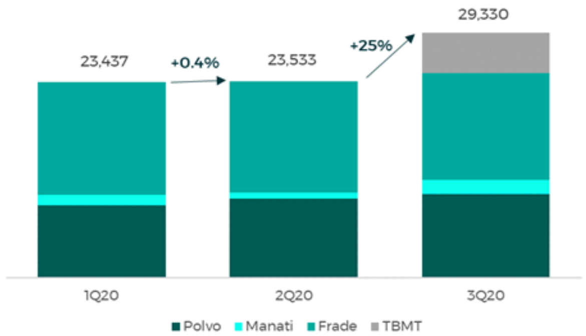
HIGHLIGHTS FOR THE QUARTER

- Net revenue of R$ 489MM for the third quarter, 22% higher than the same period in 2019.
- Lifting cost reduction to US$ 12,8/ bbl for the quarter, a decline for the seventh consecutive quarter.
- Production reached 33 Mbbl/d in September with **TBMT** incorporation (still w/o 30% stake in **Frade)**.
- Adjusted EBITDA (ex-IFRS 16) of R$ 204 MM for the quarter (vs. R$ 186MM in 3Q19), with margin of 42%.
- Cash position of US$ 136MM (R$ 761MM), and US$ 98MM (R$ 550MM) in oil inventory.
- Continuous reduction of Net debt/Adjusted EBITDA (3Q20 = 1.9x).
- Net debt reduction from US$ 270MM to US$ 239MM.

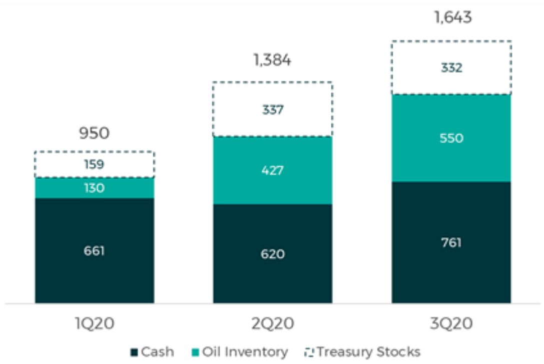
Lifting Cost (US$/bbl)



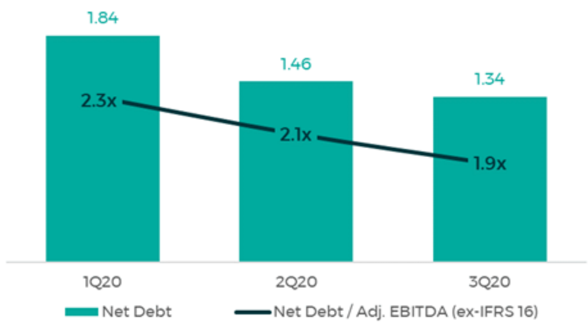
Production (bbl/d)



Cash Position (R$ MM)



Net Debt/Adjusted EBITDA (R$ Bi)



MESSAGE FROM THE MANAGEMENT

"In this quarter, we continued to focus on keeping our operations safe and reliable, protecting the health of our employees and contractors on board, reducing the risk of Covid-19 spreading in our operations and minimizing the impact on our business.

At the same time, we delivered the review and adjustment of costs as planned, and we are overcoming this challenging moment with greater production volumes, a smaller structure and better capitalization.

*These achievements are the result of the resilience of our business model, of the agility of our teams, and also a consequence of the ability to integrate our assets (**Frade**, **Polvo** and **Tubarão Martelo**), and the high potential to generate value that this integration brings. Thus, we present in this quarter greater reduction in costs per barrel, in increase in liquidity, and further deleveraging.*

*Among these achievements, we integrated the operation of the recently acquired **Tubarão Martelo** Field. Like **Frade** in 2019, the successful incorporation was carried out in an agile, safe and incident-free manner.*

These achievements were also reflected in the Company's visibility in the capital market, which enshrined PetroRio's shares among the most traded on the stock exchange, through its listing on the BOVESPA index on September 2020.

On the operational front, we produced a record volume of 2.5 million bbl in the quarter, reaching a production of 33 thousand bbl per day in September, and we had offtakes totaling 2.4 million bbl. The volume sold offset the strong 34% drop in the brent price, year over year. Accordingly, the Company recorded revenues of R$ 488 million and an adjusted EBITDA margin (ex-IFRS) of 42%, even with the strong volatility of the commodity verified during the period.

As for the financial performance, as well as in the first two quarters of 2020, the devaluation of the local currency generated a negative non-cash impact on the financial results of 3Q20. In the nine months to September 2020, the negative impact of this exchange variation on the Company's net income accounted for R$ 697 million (R$ 557 million ex-IFRS 16).

It is important to note, however, that Companies like PetroRio, with 96% of its revenue is expressed in U.S. Dollars and around 50% of costs in local currency, find in this scenario a favorable environment for cash generation.

*Also, in the third quarter, we started **Polvo** and **Tubarão Martelo**'s tieback project and the connection project for the new TBMT-10 well. By the end of September, we had invested approximately US$ 8.7MM and purchased the vast majority of equipment with long delivery times. Both projects are expected to be completed in mid-2021.*

*Over the next few months, we expect to close the acquisition of **Frade's** remaining 30% interest. The incorporation of the asset shall add 5.5 thousand barrels to the production and 18 million barrels of 1P reserves, contributing to the reduction of the cost per barrel of the Company.*

Also, in the 4th quarter, we have already contracted the sale of approximately four million barrels, with hedges locking the minimum price at US$ 43.46 per barrel.

*Finally, we continue to study both new acquisition opportunities and opportunities for revitalization in **Frade, Polvo** and **Tubarão Martelo**, with the purpose of continuing to make high-value investments.*

We thank our employees and key business partners for their efforts and commitment amid the unprecedented challenges faced throughout this year."

OPERATING PERFORMANCE FOR THE QUARTER

As the main highlight for the quarter, the Company's total production increased by 44% when compared to the same period in 2019 (+ 25% compared to 2Q20). The increase is the result of the 80% acquisition of **Tubarão Martelo** Field, completed on August 03, 2020, and the successful **Polvo** drilling campaign, which increased the Field's production by 2.500 barrels since its completion in March 2020.

Another important highlight, the Company's lifting cost per barrel improved for the seventh consecutive quarter in 3Q20. In the period, the indicator showed a reduction of 44% against 3Q19 and 6% compared to 2Q20. The year-over-year improvement is mainly due to (i) the rationalization of operating costs in **Frade** and **Polvo**, where continuous initiatives to review contracts were carried out over the last 12 months, (ii) the increase in production at Polvo Field to the level of 11.000 bbl/d, also in March, without causing an increase in costs in the Field, and (iii) the devaluation of the Brazilian Real, benefiting the Company's costs when exchanged into U.S. Dollars, since about 50% of the costs are denominated in local currency.

The reduction in the *lifting* cost was decisive for the Company to continue generating positive operating cash throughout 2020, since the average brent of US$ 42.52 was 34% lower than the brent of 9M19 (US$ 64.78). PetroRio will continue with its lifting cost reduction strategy over the next few months, with the incorporation of 30% of **Frade** and the *tieback* of **Tubarão Martelo** Field with **Polvo**.

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	3Q20 x 3Q19	3Q20 x 2Q20
Avg. Brent	$ 63.83	$ 68.47	$ 62.03	$ 62.42	$ 50.82	$ 33.39	$ 43.34	*-51.2%*	*29.8%*
Avg. Sales Price	$ 64.40	$ 68.61	$ 62.31	$ 62.88	$ 31.79	$ 35.09	$ 42.71	*-48.9%*	*21.7%*
Avg. Exchange Rate	3.77	3.92	3.97	4.12	4.47	5.39	5.38	*37.3%*	*-0.1%*
Final Exchange Rate	3.92	3.85	4.16	4.02	5.21	5.47	5.61	*42.0%*	*2.6%*
Offtakes (kbbl)									
Frade Field (70%)	n/a	975	995	1,398	982	950	993	*-0.2%*	*4.5%*
Polvo Field (100%)	545	1,025	508	930	470	447	1,002	*97.2%*	*124.2%*
Tubarão Martelo Field (80%)	-	-	-	-	-	-	403	*n/a*	*n/a*
Total PetroRio	545	2,001	1,503	2,328	1,452	1,396	2,397	*59.5%*	*71.7%*
Production (boepd)									
Frade Field (70%)[1]	n/a	9,824	9,865	13,639	13,563	13,380	12,838	*30.1%*	*-4.1%*
Polvo Field (100%)	9,567	8,523	8,070	7,478	8,620	9,446	9,965	*23.5%*	*5.5%*
Tubarão Martelo Field (80%)	-	-	-	-	-	-	4,787	*n/a*	*n/a*
Manati Field (10%)	2,033	1,776	2,413	2,859	1,254	707	1,740	*-27.9%*	*146.1%*
Total PetroRio	11,600	20,123	20,348	23,976	23,437	23,533	29,330	*44.1%*	*24.6%*
Lifting Cost (US$/bbl)									
PetroRio	30.8	24.0	22.9	19.7	17.3	13.7	12.8	*-43.9%*	*-6.3%*

Note: Between April and September 2019, PetroRio held 52% of the Field Operation. After the completion of the acquisition of Inpex in 4Q19, this percentage increased to 70%.

The volume produced in **Frade** in the quarter increased by 30.1% compared to 3Q19, mainly due to the increase in participation in the concession, after the completion of the 18.26% acquisition in the Filed. At **Polvo Field**, quarterly production was 23.5% higher than the 3Q19, as a direct result of the successful 2019/2020 Drilling Campaign, which brought an increase of approximately 2.500 bbl/d in the Field production, through a new production well, as of March 2020.

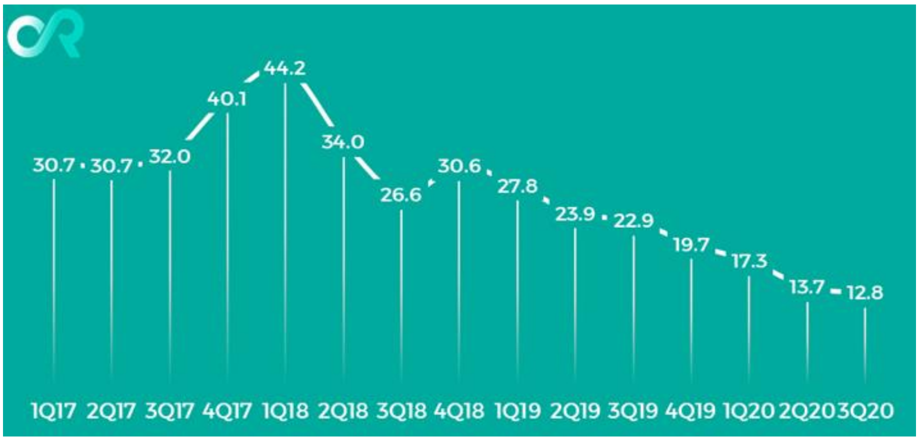
During the third quarter of the year, PetroRio performed four offtakes, two in July and two in September. In this period, **Polvo Field** registered sales of approximately 1 million barrels, **Frade** 993 thousand barrels and **TBMT** 403 million barrels (for PetroRio's 80% stake), totaling almost 2.4 million barrels in the quarter - an increase of 60% in the volume sold when compared to 3Q19. The significant increase in the amount sold is the result of the higher volume sold in **Polvo**, and the first offtake at **Tubarão Martelo** Field assigned to PetroRio, which took place in September. The average gross price of sales for the quarter was US$ 42.71

In September 2020, PetroRio contracted hedges (oil put options) in order to protect the Company's operating margin and cash flow, ensuring coverage of approximately 4 million barrels for 4Q20. The volume corresponds to 100% of the estimated offtake volumes for the period:

Contract Date	Type	Barrels Qty	Strike (US$)	Maturity
18-Sep-20	Asian Put Option	975,000	43.60	31-Oct-20
28-Sep-20	Asian Put Option	1,000,000	43.25	30-Nov-20
28-Sep-20	Asian Put Option	2,000,000	43.50	31-Dec-20

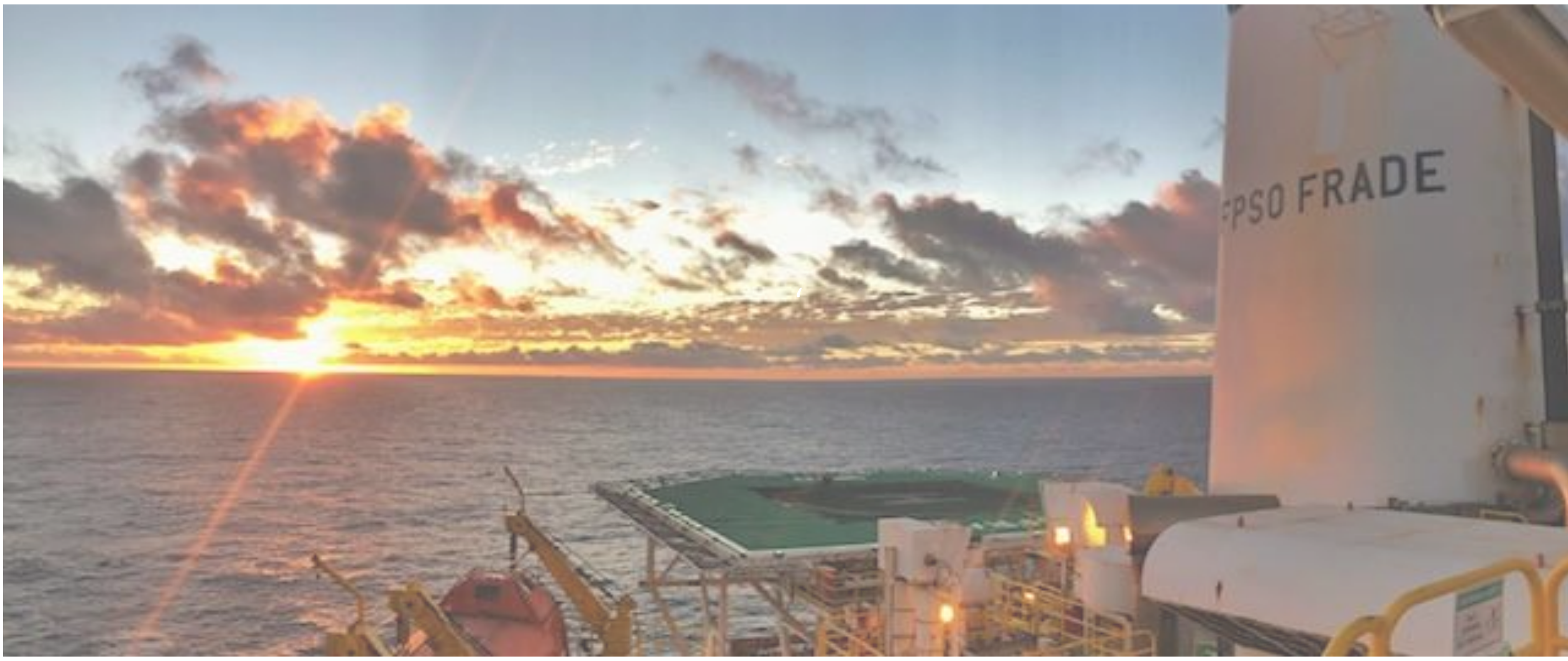
Since the beginning of the Company's turnaround, which consolidated its growth strategy through the acquisition and development of producing assets, PetroRio has worked to increase its levels of production and rationalize its costs, always maintaining the levels of excellence in environmental responsibility,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

PetroRio Lifting Cost
(US$/boe)



Comparing with 2Q20, the lifting cost per barrel reduction was positively impacted by (i) the incorporation of 80% of **Tubarão Martelo** Field, which increased the Company's production by 25%, without a proportional corresponding impact in costs; (ii) the measures adopted in 2Q20, aiming at the revision of expenses and the readjustment in face of the drop in oil prices, and (iii) the devaluation of the Real against U.S. Dollar, considering that approximately 50% of the operational expenses are denominated in Real.

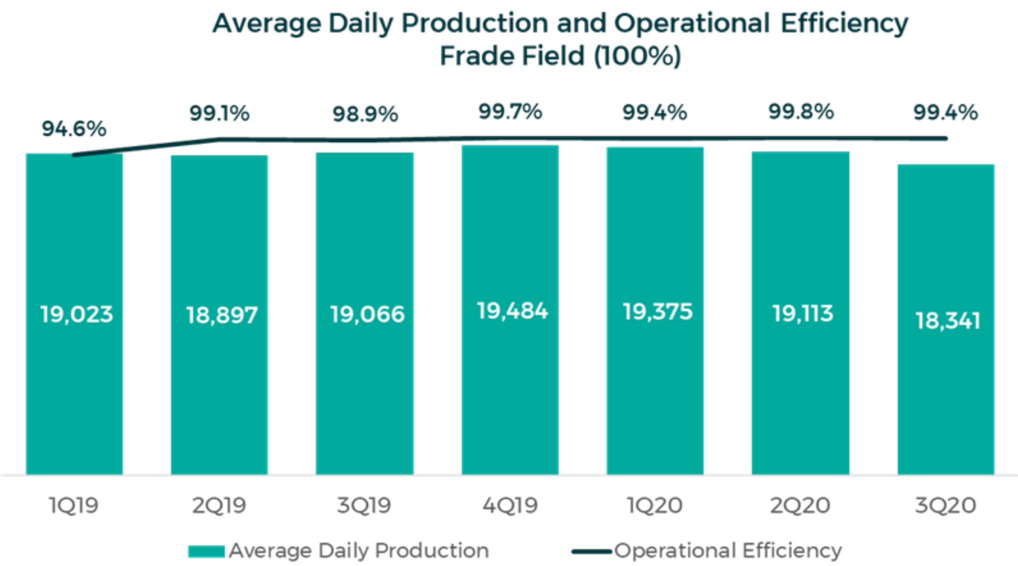
PetroRio awaits the completion of the acquisition of the remaining 30% of **Frade** held by Petrobras, signed on November 28, 2019. Once completed, the asset incorporation will add approximately 5.5 thousand barrels per day to PetroRio's total production, contributing for the reduction of the lifting cost per barrel by the Company.



FRADE FIELD

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

Regarding **Frade's** operation, operational efficiency in the quarter reached 99.4%, thus maintaining the Company's historic levels of operational excellence. The chart below illustrates the history of the average daily production and the operational efficiency of the last quarters. The operatorship was acquired by PetroRio on March 26, 2019:



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

The postponement of investments related to **Frade's** revitalization, disclosed in March this year, as part of the measures taken to preserve cash disclosed for 2020, seeks to maintain liquidity and preserve financial health during the current period of uncertainty attributed to the COVID-19 pandemic. Such investments will resume as soon as the Company sees greater stability in the global markets.

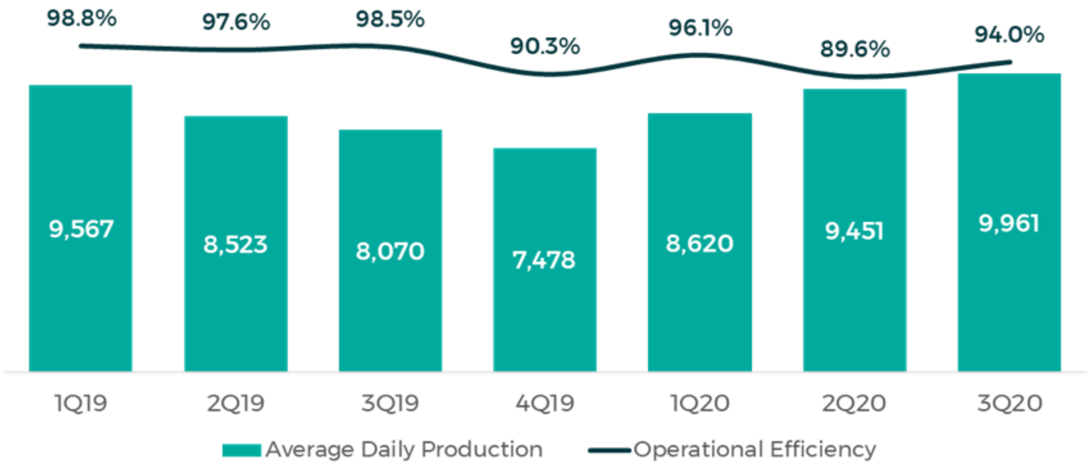
Polvo's Fixed Platform, 100% owned by PetroRio

POLVO FIELD

The success of the 2019/2020 Drilling Campaign in **Polvo** can be noted in the production levels reached, despite the shutdown on the leased FPSO. **Polvo** Field reached an average daily production 23% higher than the same period in 2019 and 5% higher than 2Q20, the latter mainly due to the higher operational efficiency level.

The operational efficiency of **Polvo** in the quarter was 94%, a drop of 4,5 p.p. compared to 3Q19. The second and third quarters of 2020 had their efficiencies reduced due to a shutdown in the leased FPSO, after identified cases of Covid-19, which impacted the production of Polvo between the 26th of June and the 4th of July. Thus, the operational efficiency of the asset was 84.5% in July, recovering to 99.5% and 97.6% in the months of August and September, respectively.

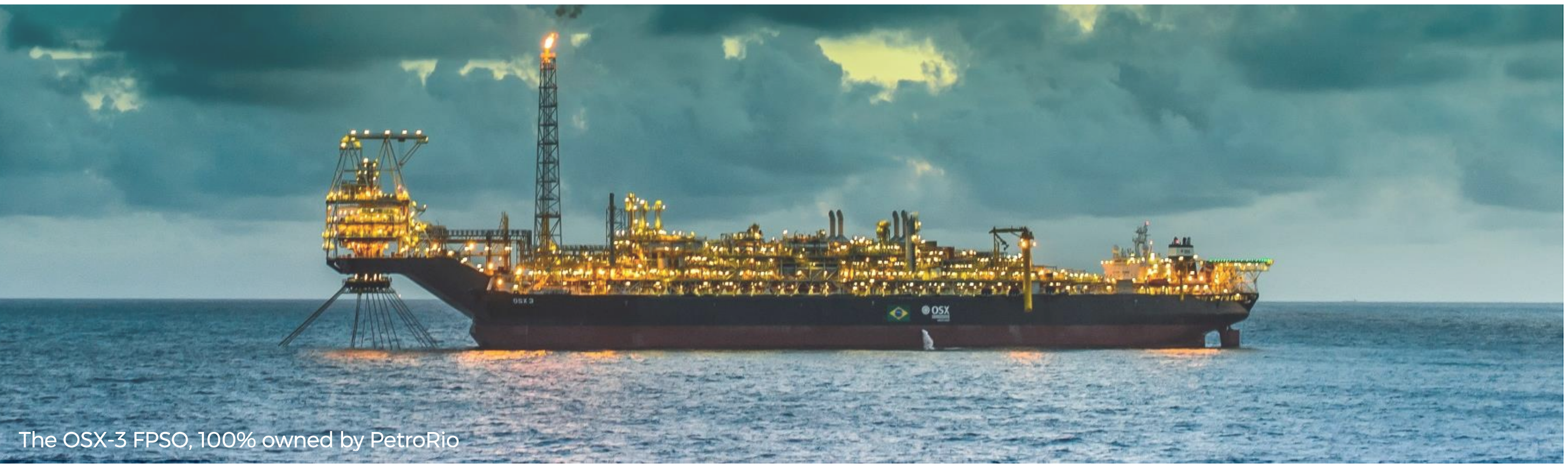
Average Daily Production and Operational Efficiency
Polvo Field (100%)



The Field's operating costs, in absolute terms, remained in line with the previous quarter (US$ 19.8 million in 3Q20, vs. US$ 20.3 million in 2Q20). In comparison with 3Q19, operating costs fell 22%, principally due to the reduction in costs with personnel, logistics, well maintenance and O&M. These in turn are a result of operational synergies with **Frade** Field and the measures adopted during the pandemic, such as a reduction of POB (People on Board). Additionally, costs were positively impacted by the devaluation of the Brazilian Real against the U.S. Dollar, since part of the costs is expressed in local currency.

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

The Company considers that production in this first reservoir, of geological age from the Eocene, opens a new frontier of development in sandstones both in **Polvo** and in **Tubarão Martelo** in prospects of similar characteristics, and for producing wells (*infill drilling*) in the same reservoir.



The OSX-3 FPSO, 100% owned by PetroRio

TUBARÃO MARTELO FIELD

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

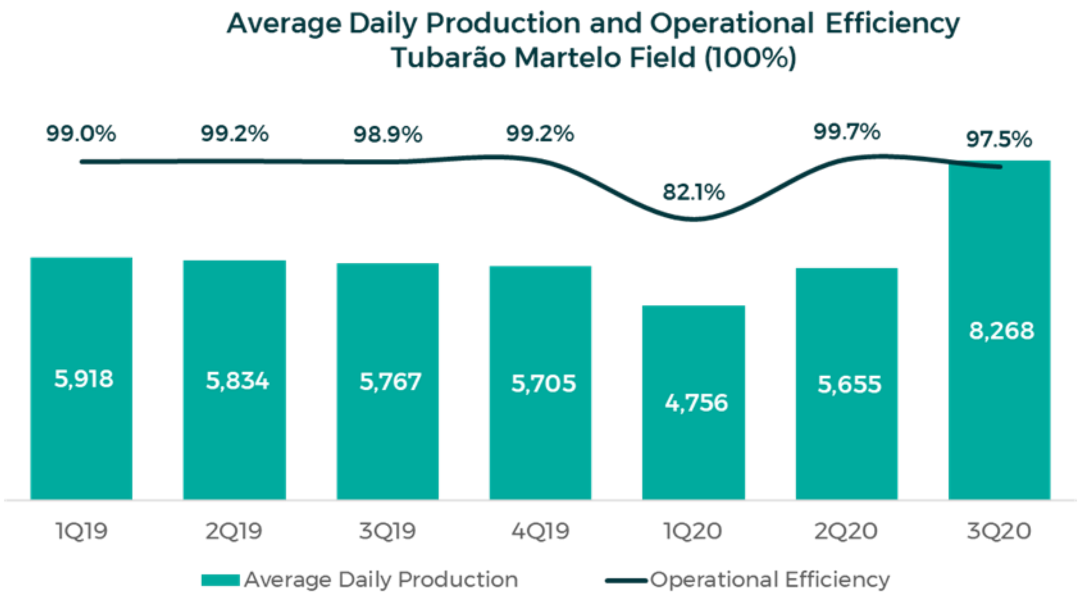
These acquisitions will allow the tieback between the **Polvo** and **TBMT** fields, simplifying the production and creating a private cluster in the region, which will generate significant synergies, reductions in the lifting cost and the extension of the economic life of the fields.

After the assets' tieback, the Company estimates that the combined operating costs of **Polvo** and **TBMT** cluster, which in 2019, if added together, reached approximately US$ 200 million per year (US$ 100 million from **Polvo** + US$ 100 million from **TBMT**), will be reduced to less than US$ 80 million per year, as a result of air, sea and land synergies and the decommissioning of the FPSO currently leased to **Polvo**.

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

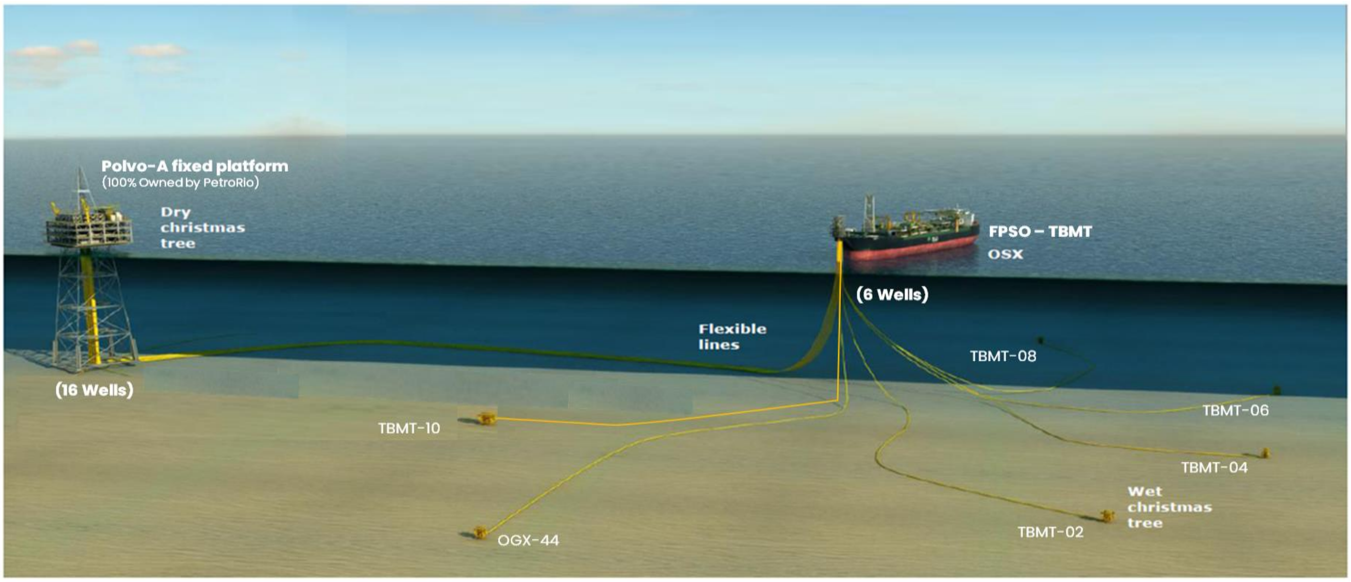
On board the OSX-3 operating in Tubarão Martelo

The operational efficiency in **Tubarão Martelo** in the quarter reached 97.5%, maintaining Dommo Energia's high operating standards in the Field. The first phase of the **TBMT** Revitalization Campaign was completed on August 18, with the start of production of the TBMT-4HP well. The result of the first phase of this Revitalization Campaign was a 40% increase in production in **TBMT**, reaching a total of approximately 10,000 barrels per day in September. The graph below illustrates the history of daily production and the operational efficiency of the last quarters:



Between April 20 and August 02, PetroRio's 100% owned **OSX-3** FPSO operating in the field, contributed US$ 129 thousand per day to the Company, which was recorded as Other Income and Expenses (detailed in the section FINANCIAL PERFORMANCE of this report). This revenue is included in the price adjustments with Dommo Energia, a former **TBMT** operator, at the time of the acquisition of the stake in the Field concluded on August 03, 2020.

Finally, PetroRio informs that it has resumed the project to connect **Polvo** + **TBMT** fields on August 2020 and also to connect the new TBMT-10-RJS well, given the great value creation provided by them. Up to the time of the release of this report, the physical progress of the project was 17%, mainly comprising the design and ordering of flexible pipes, risers and equipment that will connect the fixed platform of **Polvo** to FPSO **OSX-3**. The image below illustrates the production system planned for the new **Polvo** + **TBMT** cluster:



MANATI NATURAL GAS FIELD

Gas volumes sales amounted to 1,740 boepd, 28% below the same period of 2019, however, in line with the minimum estimated by the take-or-pay contract for this year. The drop is due to the volume of gas purchased higher than the specified volumes in the take-or-pay contract in the comparative period. In the quarterly comparison, there was a growth of 46% vs. 2Q20, given a higher demand from the client (Petrobras), to offset the lower volume requested during the Covid-19 period.

The operating cost, comprising direct costs excluding depreciation, was R$ 4 million, 20% below the R$ 5.0 million recorded in 3Q19, which is mainly due to the reduction in operating costs of the fixed platform, due to the its lower usage in the year. Another R$ 1.2 million was paid as royalties and special participation rights to explore the asset.

The investment in the acquisition of **Manati** carried out in 2017 for approximately R$ 116 million (US$ 37 million at the time), had a 2-year payback and a nominal IRR of 66% for the project. The acquisition is part of PetroRio's successful track record which, together with **Polvo**, **Frade** and **TBMT**, seeks to generate value for its shareholders through acquisitions and the development of mature fields.

Fixed platform in the Manati Filed, located at the Bacia de Camamu-Almada

PetroRio

FINANCIAL PERFORMANCE

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

The 2019 and 1Q20 figures reflect the adjustments to the financial statements restated on August 27, 2020, explained in the respective section in the annex of this report ("SPONTANEOUS RESUBMISSION OF PREVIOUS PERIODS").

In the quarter, the main factors that impacted PetroRio's financial performance were (i) the higher sales volume, as a result of the Company's greater production, (ii) the reduction of operating costs in **Frade** and **Polvo**, improving lifting cost per barrel, and (iii) non-cash effects related to exchange variation, as some liability items on the balance sheet are expressed in U.S. Dollars.

It is important to highlight that the non-cash impact of the devaluation of the Brazilian Real on the financial results, in the first nine months of the year, was R$ 557 million, ex-IFRS 16 (R$ 697 million with IFRS 16). Despite the accounting impact on the Company's net income; EBITDA and the Company's free cash flow are positively impacted by the devaluation of the local currency, as about half of the expenses is expressed in Brazilian Reais and 96% of the Company's revenue is denominated in U.S. Dollars.

Pro Forma Income Statements

(R$ thousands)

	Ex IFRS-16			Accrued - Ex IFRS-16			Includes IFRS-16		
	3Q19	3Q20	Δ	9M19	9M20	Δ	3Q19	3Q20	Δ
Net Revenue	**399,045**	**488,696**	**22%**	**1,086,351**	**1,024,150**	**-6%**	**399,045**	**488,696**	**22%**
Cost of goods sold	(150,996)	(223,880)	48%	(403,457)	(428,905)	6%	(118,123)	(153,389)	30%
Royalties	(32,514)	(24,376)	-25%	(95,466)	(77,733)	-19%	(32,514)	(24,376)	-25%
Operating Income	**215,535**	**240,440**	**12%**	**587,429**	**517,512**	**-12%**	**248,408**	**310,931**	**25%**
General and administratie expenses	(29,919)	(36,714)	23%	(84,959)	(105,729)	24%	(28,588)	(35,291)	23%
Other operating income (expenses)	(30,243)	33,336	n/a	(97,812)	262,261	n/a	(30,243)	33,336	n/a
EBITDA	**155,372**	**237,061**	**53%**	**404,658**	**674,044**	**67%**	**189,576**	**308,975**	**63%**
EBITDA margin	***39%***	***49%***	***10 p.p.***	***37%***	***66%***	***29 p.p.***	***48%***	***63%***	***15 p.p.***
Depreciation and amortization	(93,245)	(155,506)	67%	(154,552)	(458,728)	197%	(121,243)	(200,951)	66%
Financial Results	*(90,061)*	*(162,851)*	81%	*(224,167)*	*(340,479)*	52%	*(168,878)*	*(182,182)*	8%
Hedge Income - Realized	*1,099*	*(3,212)*	*n/a*	*(4,674)*	*334,022*	*n/a*	*1,099*	*(3,212)*	n/a
Hedge Income - Marked to Market	*4,366*	*-*	*-100%*	*5,467*	*(33,572)*	*n/a*	*4,366*	*-*	-100%
Other financial income (expenses)	*(95,525)*	*(159,640)*	*67%*	*(224,959)*	*(640,930)*	*185%*	*(174,342)*	*(178,970)*	3%
Income and social contribution taxes	(721)	(36,441)	4954%	(41,168)	(22,378)	-46%	(721)	(36,441)	4954%
Income (loss) for the period	**(28,654)**	**(117,738)**	**311%**	**(15,229)**	**(147,542)**	**869%**	**(101,265)**	**(110,599)**	**9%**

	3Q19	3Q20	Δ	9M19	9M20	Δ	3Q19	3Q20	Δ
Adjusted* EBITDA	**185,615**	**203,726**	**10%**	**502,470**	**411,783**	**-18%**	**219,819**	**275,640**	**25%**
Adjusted EBITDA margin	***47%***	***42%***	***-5 p.p.***	***46%***	***40%***	***-6 p.p.***	***55%***	***56%***	***1 p.p.***

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

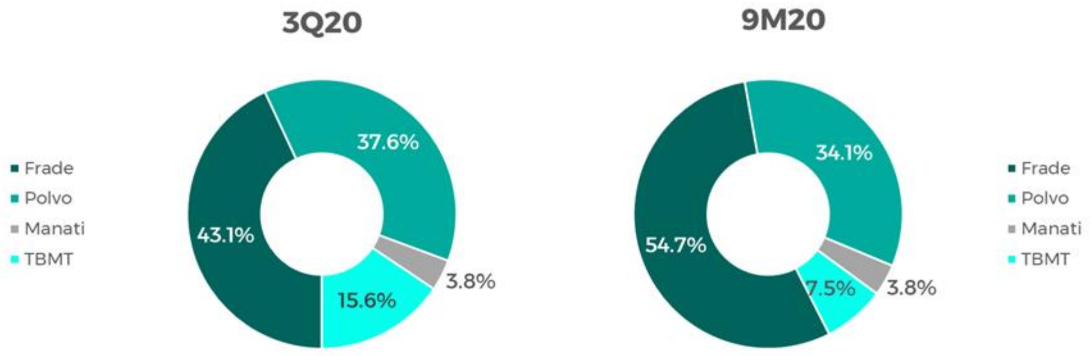
PetroRio registered R$ 488.7 million in net revenues in 3Q20, due to the higher volume sold in **Polvo** and **Tubarão Martelo**, which contributed to a 22% increase compared to 3Q19, offsetting the drop in Brent oil prices (average -49% y-o-y).

The natural gas asset **Manati**, in turn, contributed with net revenue of R$ 18.3 million in the quarter, referring to PetroRio's 10% stake in the natural gas consortium. The amount, 22% lower than 3Q19, is due to the reduction in customer demand (Petrobras), although production has increased compared to 2Q20, thus offsetting the lower volumes demanded during the Covid-19 period (March and July 2020).

Thus, 43.1% of the revenue came from **Frade**, 37.6% through the sale of **Polvo's** oil and 15.6% from **Tubarão Martelo** offtakes.

Revenue per Asset

(R$ thousands)



Costs of Goods Sold increased by 48% in 3Q20 compared to 3Q19 (ex-IFRS 16), mainly due to the higher volume of barrels sold in **Polvo**, **Frade** and with the incorporation of **Tubarão Martelo** as of August 03, 2020.

In the quarter, the Company recorded operational result (ex-IFRS 16) of R$ 240 million, about 12% higher than the recorded in the previous year, due to the higher revenues of **Frade**, **Polvo** and **Tubarão Martelo**, despite the fall in oil prices.

General and administrative expenses include expenses with M&A, projects, geology and geophysics and closed the quarter at R$ 36.7 million. The increase in the line item is mainly due to consultancy expenses and success rates related to the Company's recent acquisitions and higher personnel expenses, after the end of temporary reductions in salaries for onshore employees (25%) and management (50%), and expenses with hiring personnel to operate the **OSX-3 FPSO**.

The item other operating income (expenses) benefited by R$ 22 million in the quarter originating from the new vessel **OSX-3**. The FPSO contributed a daily fee of US$129 thousand to PetroRio, used for the price adjustment with Dommo Energia (former **TBMT** operator) upon the completion of the farm-in at on August 03.

The Company's financial results (ex-IFRS 16) were negative by R$ 162.8 million, vs. negative R$ 90.1 million in the same period of 2019. In the quarter, the line was impacted by R$ 122.6 million of exchange rate variation (non-cash effect) on dollar-expressed balance sheet items, such as abandonment provisions and Company debts. This exchange variation has no direct impact on PetroRio's financial health, given that the Company's revenue and cash are mostly expressed in U.S. Dollars.

The net income (ex-IFRS 16) of the quarter was negative by R$ 117.8 million and the accumulated result for the year was negative R$ 147.4 million. The main factor that impacted the results for the nine months of 2020 was the negative effect, non-cash, of the exchange variation on the Company's liabilities expressed in U.S. Dollars, which in turn was partially offset by the positive result of R$ 334 million from hedge operations in the period.

Employees celebrate 3.000 days without accidents at Frade

CASH, DEBT AND FINANCING

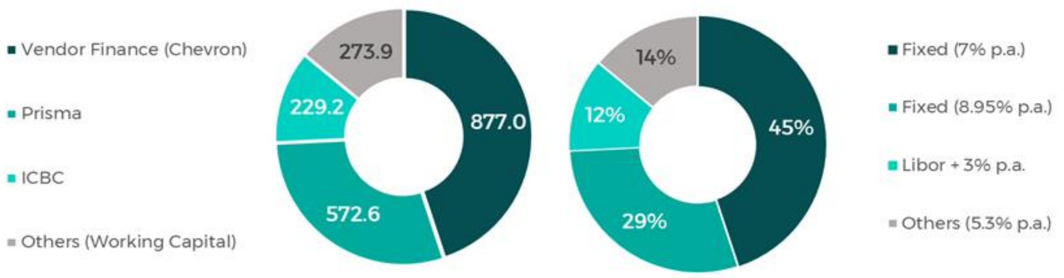
On June 2020, the Company signed instruments with some subsidiaries of Chevron Corporation ("Chevron") in order to establish a new amortization schedule for the vendor finance related to the acquisition of 51.74% of the concession in **Frade Field** and FPSO operating in the Field.

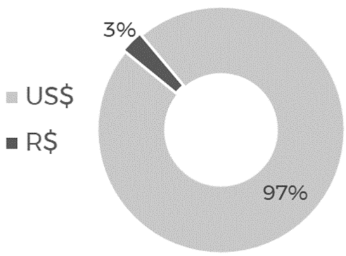
The new amortization schedule provides for US$ 15 million of principal on November 2020, US$ 30 million in May 2021 and US$ 97 million on November 2021 at an interest rate of 7% per year.

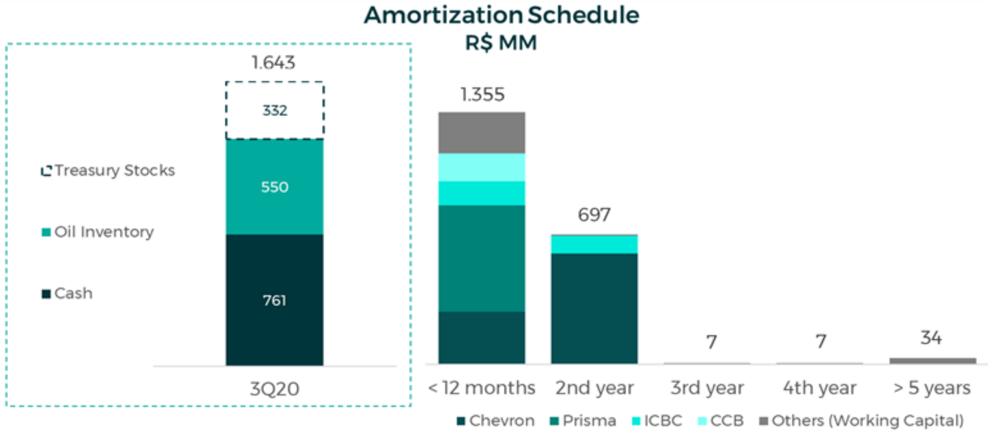
The trading of these instruments, which took place in the context of the pandemic COVID-19, enabled a substantial improvement in short- and medium-term liquidity and, consequently, a greater balance in the Company's cash management.

Loans and Funding

(R$ MM)







On January 27, 2020, PetroRio signed a contract with an entity of Prisma Capital group in the amount of US$ 100 million at the cost of 8.95% p.a., for the acquisition of the **OSX-3** FPSO and the subsequent incorporation of **Tubarão Martelo Field**. According to the contractual provisions, the short-term financing can be transformed into long-term Project Finance.

Additionally, at the end of September, the Company had US$ 297 million (or R$ 1.6 billion) in net funds distributed among Cash, Oil Stock and Shares Held in Treasury.

DELEVERAGING

Despite the adversities caused by the Covid-19 pandemic, PetroRio once again proved to be efficient in reducing the levels of indebtedness, ending 3Q20 with 1.9x in net debt/EBITDA It is important to note that this reduction still does not portray the real scenario, as part of the debt was impacted by the acquisition of the **OSX-3** FPSO and the farm-in of **Tubarão Martelo**, completed on August 03, 2020 and, therefore, did not have its EBITDA generation counterpart of the last 12 months recorded.

More precisely, the Company estimates that the net debt/EBITDA indicator would have reached 0.7x if the following factors were excluded:

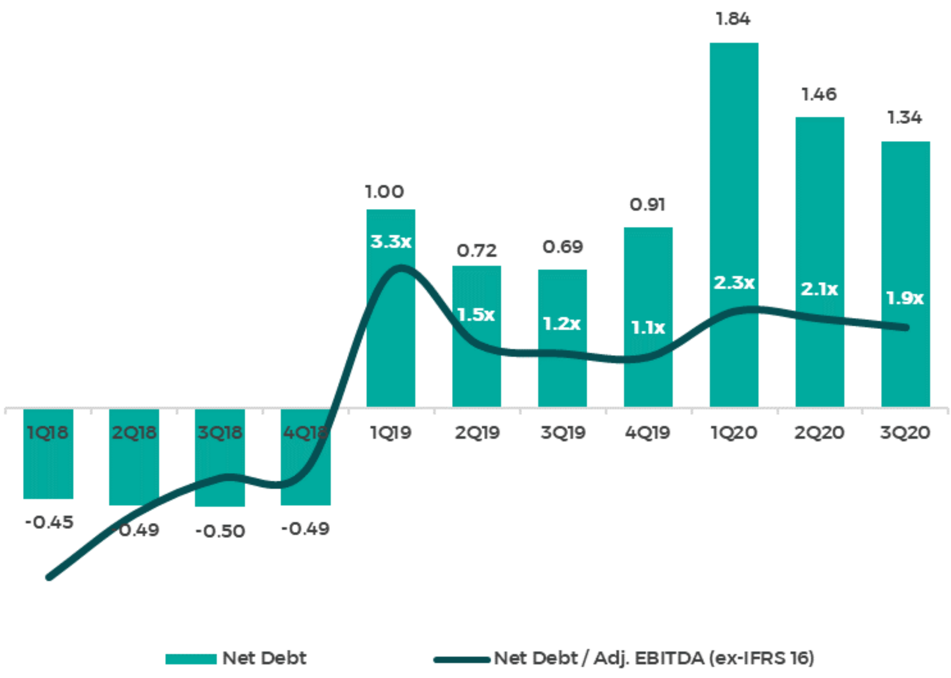
(i) A total of R$ 528.1 million was assumed with the financing of Prisma Capital for the acquisition of the **OSX-3 FPSO** and the subsequent operating interest of **Tubarão Martelo Field.** The debt was fully recorded in the Company's balance sheet, with no counterpart in the last 12 months of EBITDA, since the completion of **Tubarão Martelo** took place only on August 03, 2020;

(ii) The postponement of oil sales during the second quarter, in order to seek better oil discount conditions during the pandemic, resulted in an estimated oil inventory of R$ 550 million at the end of September. This inventory, which represented 1.9 million barrels in September 2020, is significantly higher than the historical levels for the Company.

(iii)

Net Debt / Adjusted EBITDA (ex-IFRS 16)

(R$ billions)

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ANNEX 1

SPONTANEOUS RESUBMISSION OF FINANCIAL STATEMENTS

After receiving suggestions from the new external auditor Ernst & Young ("EY") on the interpretation of some accounting rules and assumptions used in previous financial statements, the Company's management chose to make changes and spontaneously resubmit the statements for the 2017, 2018, 2019 periods and the quarterly information ("ITR") for the 1st quarter of 2020.

After reviewing the suggested changes, EY approved the financial statements and the ITR restated without qualified or adverse opinions.

Said adjustments generated a positive impact of R$ 202 million in the result for 2019. As a result, the net income for 2019 reached R$ 837.9 million. The main accounting effects of the changes for 2019 are as follows:

(i) Change in the discount rate for the abandonment provision, which had 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 the result by the same proportion;

(ii) Changes to the price allocation reports paid in the acquisition of **Frade** after new issuance by the company hired to carry it out, changing the amount of surplus value and negative goodwill in the operation. The adjustment reduces the intangible asset by R$ 128.4 million, worsening the result for the year by the same proportion;

(iii) Deferred tax liabilities presented by profit with the deferred tax asset and with registration of taxes on temporary differences. The adjustment reduces liabilities by R$ 147.5 million, improving net income by 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 on the income for the 1st quarter of 2020, and resulted from the higher depreciation caused by the aforementioned capital gain and negative goodwill and from the reduction of the abandonment balance that were allocated in the previous years:

1Q20	Ex IFRS-16 Previous	Ex IFRS-16 Resubmitted	Ex IFRS-16 Variations		Includes IFRS-16 Previous	Includes IFRS-16 Resubmitted	Includes IFRS-16 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

ANNEX 2

IFRS 16

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

Right -of-use assets	
FPSO	796,614
Support Vessels	103,825
Helicopters	29,755
Buildings	57,572
Equipment	32,002
Total	1,019,768

As disclosed on February 2, 2020, the Company acquired the **OSX-3** FPSO, which will be used in the production system of **Polvo** Field, in place of the FPSO currently used, which is chartered. As a result, the projection made until the end of the Field's useful life was revised, reducing the amount of 433.631 of liabilities and lease assets, with only prospective effects. The other adjustments made during the year are due to the reduction in the number of support boats and to the change of logistics base, which occurred with the acquisition of Frade Field. The increase in 2020 is due to the increase in reserves and the extension of the useful life of the fields, which was reflected in the projected lease amounts.

The effects presented in the quarter were:

	Assets	**Liabilities**
Recognition on January 1, 2019	**1,019,768**	**(1,061,452)**
Additions/Reversals	(403,776)	382,798
Currency adjustment	-	(32,825)
Price-level restatement	-	(64,309)
Payments made	-	163,306
Amortization	(163,925)	-
Balance at December 31, 2019	**452,067**	**(612,482)**
Additions/Reversals	64,775	(71,942)
Currency adjustment	-	(158,657)
Price-level restatement	-	(34,310)
Payments made	-	168,806
Depreciation	(116,957)	-
Balance at September 30, 2020	**399,885**	**(708,585)**
Current	-	(282,297)
Non-current	399,885	(426,288)

Further details can be found in Explanatory Notes 15 to the 3rd quarter of 2020 quarterly interim financial statements.

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BALANCE SHEET
(R$ thousands)

ASSETS	4Q19	3Q20
Cash and cash equivalents	459,396	422,585
Securities	226,301	34,009
Restricted cash	52,223	304,374
Accounts receivable	374,598	197,907
Oil inventories	120,101	325,282
Consumable inventories	5,373	7,189
Derivative Financial Instruments	9,354	58,163
Recoverable taxes	116,773	142,240
Advances to suppliers	52,171	57,509
Advances to partners	86,278	72,416
Prepaid expenses	10,333	28,759
Other receivables	189	-
Total Current assets	**1,513,090**	**1,650,433**
Non-current assets available for sale	**-**	**-**
	1,513,090	**1,650,433**
Advances to suppliers	12,596	12,596
Deposits and pledges	27,249	21,256
Recoverable taxes	32,384	34,466
Deferred taxes	160,313	162,468
Right-of-use (Lease CPC 06.R2 IFRS)	452,067	399,885
Property, plant and equipment	2,602,523	3,683,872
Intangible assets	689,529	1,090,455
Total non-current assets	**3,976,661**	**5,404,998**
Total Assets	**5,489,751**	**7,055,431**

LIABILITIES	4Q19	3Q20
Suppliers	87,232	281,408
Labor obligations	39,359	58,054
Taxes and social contributions	83,441	73,112
Loans and financing	1,224,306	1,355,327
Debentures	-	-
Advances from partners	40	-
Contractual Charges (Lease IFRS 16)	223,049	282,297
Other liabilities	12,356	20
Total current liabilities	**1,669,783**	**2,050,218**
Suppliers	13,233	13,660
Loans and financing	421,270	747,000
Debentures	-	-
Provision for abandonment (ARO)	763,633	1,219,284
Provision for contingencies	65,613	54,434
Deferred taxes and social contributions	-	-
Contractual Charges (Lease IFRS 16)	389,433	426,288
Other liabilities	1,685	1,702
Total non-current liabilities	**1,654,867**	**2,462,368**
Minority Interest	**759**	**1,031**
Realized capital	3,316,411	3,326,998
Capital reserves	228,027	233,362
Other comprehensive income	150,335	783,746
Accumulated losses	(2,372,777)	(1,530,431)
Income (loss) for the period	842,346	(271,861)
Total shareholders' equity	**2,164,342**	**2,541,814**
Total liabilities and shareholders' equity	**5,489,751**	**7,055,431**

INCOME STATEMENT
(R$ thousands)

	3Q19	3Q20
Net Revenue	**399,045**	**488,696**
Cost of goods sold	(118,123)	(153,389)
Depreciation and amortization	(81,736)	(146,373)
Royalties	(32,514)	(24,376)
Gross Profit	**166,672**	**164,557**
Operating income (expenses)		
Geology and geophysics expenses	(199)	(104)
Personnel expenses	(15,999)	(11,852)
General and administrative expenses	(188)	(9,949)
Expenses with thir party services	(12,711)	(5,632)
Taxes and fees	509	(7,753)
Depreciation and amortization - G&A	(39,507)	(54,578)
Other operating income (expenses)	(30,243)	33,336
Financial Results	(168,878)	(182,182)
Income before income and social contribution taxes	(100,544)	(74,157)
Income and social contribution taxes - Current	*(576)*	*(9,759)*
Income and social contribution taxes - Deferred	*(145)*	*(26,682)*
Income (loss) for the period	**(101,265)**	**(110,599)**

CASH FLOW STATEMENT
(R$ thousands)

	3Q19	3Q20
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**(63,420)**	**(73,089)**
Depreciation and amortization	84,119	200,694
Financial income	(146,591)	(221,158)
Financial expenses	259,842	437,501
Remuneration based on stock plan	80,056	2,117
Provision for contingencies/losses	6,007	(20,767)
Loss/Write-off of non-current assets	-	-
Reclassification of accrued adjustment of translation (CTA)	(5,522)	-
Reduction of provision for Escrow	5,522	-
Provision for impairment	10	-
	220,023	**325,298**
(Increase) decrease in assets		
Accounts receivable	(49,363)	30,985
Recoverable taxes	(169)	6,674
Prepaid expenses	2,762	(17,746)
Advances to suppliers	1,654	(2,134)
Oil inventory	8,486	(56,411)
Consumables inventory	(3,401)	(1,587)
Deposits and pledges	(2,526)	(677)
Advance to partners in oil and gas operations	(28,440)	53,746
Other receivables	(543)	(3,007)
Increase (decrease) in liabilities		
Suppliers	61	134,248
Labor obligations	3,492	7,323
Taxes and social contributions	(458)	2,105
Contingencies	3,244	-
Advances from partners in oil and gas operations	(6,734)	(14,990)
Other liabilities	(328)	1
Net cash from operating activities	**147,760**	**463,828**
Cash flow from investing activities		
(Investment) Redemption of securities	(99,739)	(2,041)
(Investment) Redemption of restricted cash	48,424	(19,056)
(Aquisition) Property, plant and equipment	1,379	(52,374)
(Aquisition) Intengilbe assets	(24,044)	(69,767)
(Acquisition) of oil and gas asset	16,474	-
Non-current assets held for sale	(292)	-
Net cash from investing activities	**(57,798)**	**(143,238)**
Cash flows from financing activities		
Loans and financing	(92,061)	(70,507)
Leasing payments	(57,780)	(59,900)
Leasing interest payment	29,414	-
Debentures	(6,769)	-
Derivative transactions	(1,110)	(80,240)
(Purchase) Sale of shares of the Company (held in treasury)	-	-
(Reduction) Integralization of Share Capital	-	-
Minority shareholders participation	687	272
Net cash (invested in) from financing activities	**(127,619)**	**(210,375)**
Translation adjustment	3,699	(7,317)
Net increase (decrease) in cash and cash equivalents	**(33,958)**	**102,898**
Cash and cash equivalents at the beginning of the year	392,879	319,688
Cash and cash equivalents at the end of the year	358,921	422,586
Net increase (decrease) in cash and cash equivalents	**(33,958)**	**102,898**

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.