Quarterly Earnings Release

3Q19

Conference Call 3Q19

November 04, 2019
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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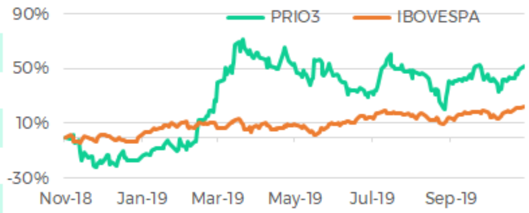
Rio de Janeiro, October 31, 2019 – The Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the third quarter of 2019 ("3Q19"). The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Reais (R$) 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 Outstanding ex-Treasury Stocks	R$	131,458,729.00
Market Cap (10/28/19) ex-Treasury Stocks	R$	2,387,290,518.64
Last Price (10/28/19)	R$	18.16
52 week Low - High	R$	9.31 - 20.5
2019 average trading volume	R$	18,639,563.50

12M Stock Price: PRIO3 x Ibovespa



QUARTER HIGHLIGHTS

- Year-to-date Net Revenue of R$ 1.1 billion
- Net Revenue of R$ 399 MM in the quarter, a 78% increase vs 3Q18
- Adjusted EBITDA (ex-IFRS 16) of R$ 215.9 MM. Highest ever adjusted EBITDA margin (54%).
- Company lifting cost reduced to U$S 22,9/bbl, lower than 3Q18 (US$ 26.6/bbl)
- Highest ever adjusted EBITDA per barrel (US$ 31.5/bbl)
- Strong decrease of ND/EBITDA to 1.2x enables leveraging for acquisitions

MANAGEMENT COMMENTS

“In the third quarter, the Company had one of the best financial performances of its history and continues to accrue records in important indicators, such as lifting cost and EBITDA per barrel, while net debt and cash generation continue to strongly improve every quarter.

The bottom line was particularly affected by non-cash exchange rate effects over Dollar-denominated liabilities, such as net debt, abandonment provisions and leasing liabilities (IFRS 16), which do not impact the Company’s cash generation and debt service capabilities since revenues are almost entirely in Dollars.

The third quarter consolidates PetroRio’s successful strategy and the acquisition of the ***Frade Field’s*** *operations. The Company is proud to now be the 5th largest oil and gas operator in Brazil, and the largest independent company in the national industry. We are even more excited with the subsequent acquisition of the 18.26% stake in the Field - announced on October 2 - which will elevate our financial and operational performances even further during the next quarters, without impacting Company leverage.*

Cost reduction measures were continued during the third quarter, by capturing synergies and rightsizing operational contracts between ***Frade*** *and* ***Polvo****.*

In strategic terms, we still see excellent M&A opportunities in the industry. We will continue to take part in divestment operations of the O&G majors operating in the country, while maintaining discipline in regard to the price we pay for these assets, so that we can ensure adequate value creation for our shareholders.

Importantly, the Company continues in its path since the current business model was constituted, focusing on safety, health and the environment, and investing in talent so that we can ensure growth in production financial performance.

We hope to continue delivering the results of the plan we set years ago, and we’re especially grateful to our team for the work they have put in to achieve this value creation.”

OPERATING PERFORMANCE

	3Q18	4Q18	1Q19	2Q19	3Q19	3Q19 x 3Q18	3Q19 x 2Q19
Avg. Brent	$ 75.84	$ 68.60	$ 63.83	$ 68.47	$ 62.03	-18.2%	-9.4%
Avg. Sales Price	$ 75.60	$ 63.23	$ 64.40	$ 68.61	$ 62.31	-17.6%	-9.2%
Avg. Exchange Rate	3.95	3.81	3.77	3.92	3.97	0.5%	1.5%
Final Exchange Rate	4.00	3.87	3.90	3.85	4.16	3.8%	8.0%
Offtakes (bbl)							
Frade Field (52%)	1,015,845	1,015,941	975,471	975,322	995,052	-2.0%	2.0%
Polvo Field (100%)	693,126	1,107,774	544,610	1,025,350	508,034	-26.7%	-50.5%
Production (boepd)							
Frade Field (52%)	8,545	10,400	9,843	9,824	9,865	15.4%	0.4%
Polvo Field (100%)	10,081	10,055	9,567	8,523	8,070	-19.9%	-5.3%
Manati Field (10%)	3,291	3,025	2,033	1,776	2,413	-26.7%	35.9%
Total PetroRio	13,372	13,080	12,191	20,123	20,348	52.2%	1.1%
Lifting Cost (US$/bbl)							
PetroRio	26.6	30.6	30.8	24.0	22.9	-13.8%	-4.6%

As the main operating highlight in the quarter, **Frade's** production was 15.4% higher than the same period of the previous year, and 18% higher than the estimated volume for the quarter, considering the natural decline expected when the asset was incorporated. The increase is due to interventions undertaken to increase production and curb the Field's decline, such as gas injection, reopening wells, flow improvements and opening of chokes. Year-to-date, **Frade's** production was 11% higher than in the 2018 comparative, for the same reasons.

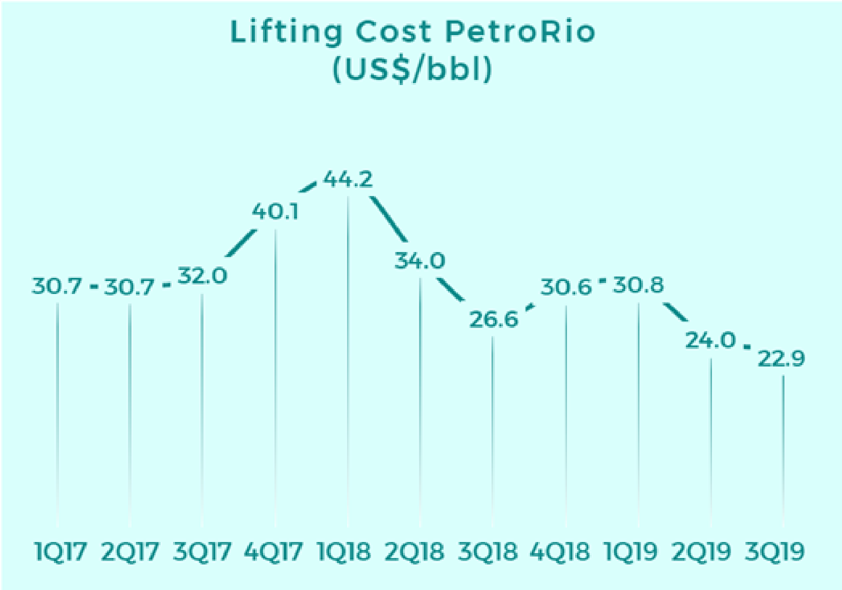
Polvo's production was 7% higher than in the first nine months of 2018, benefitting from the 2018 Drilling Campaign. Compared to the previous quarter (2Q19), production fell 5% as a result of interruption from a well producing 300 barrels per day, and to the natural decline expected from the new wells from last year's drilling campaign.

PetroRio's total production increased 52,2% in 3Q19, compared to the same period of 2018. The increase is primarily due to the incorporation of the 52% interest in **Frade** during 2Q19, which significantly and positively impacted the period.

In the quarter, PetroRio had two offtakes, both in September. **Polvo** sold 508 thousand barrels of oil and **Frade** 995 thousand barrels, totaling approximately 1.5 million barrels. Average gross sales price in the quarter was US$ 62.3 per barrel, 17.6% lower than 3Q18 and 9.2% lower than in 2Q19. However, sales in the quarter benefited from Brent's higher price in September 2019, thus reporting better pricing for its offtake contracts.

Moreover, during the 9M19, the Company sold over twice the volume of oil when compared to the same period of 2018.

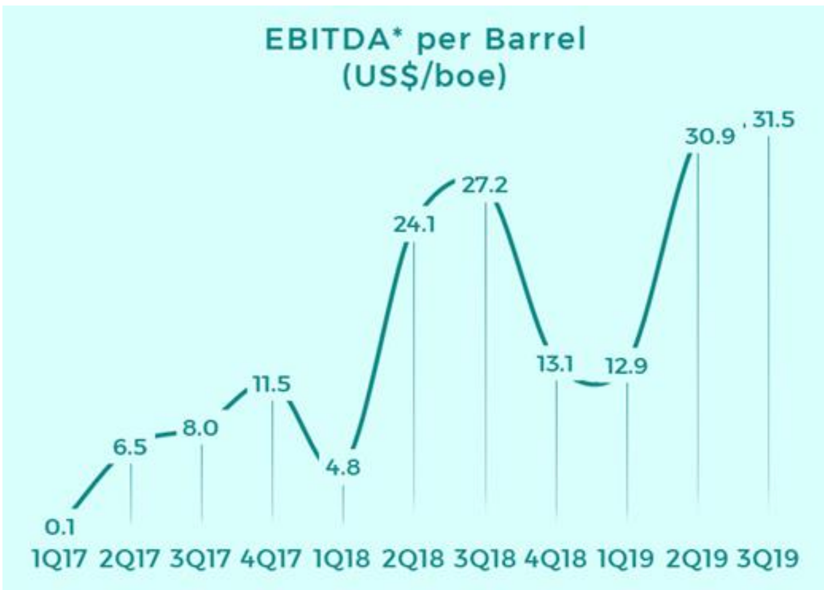
The Company's total lifting cost fell by 14% year over year, and 4% quarter over quarter. The beneficial decrease was mainly due to synergies between **Frade** and **Polvo**, and operational cost reduction initiatives implemented from the consolidation of both operations.



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

The Company reported its highest ever adjusted EBITDA (ex-IFRS 16) per barrel, up 15% year-over-year, propelled by higher production levels after **Frade's** acquisition. The indicator has been continuously increasing on the back of cost reduction initiatives and the favorable exchange rate and offsetting the 18.2% decrease in Brent prices against the annual comparative.

The operational leverage and cost reduction initiatives - which will be further developed over the fourth quarter of 2019 - puts PetroRio in a favorable free cash flow position, allowing for further debt to fund new investments in the **Polvo** and **Frade** fields and potential acquisitions, targeting increased production levels.

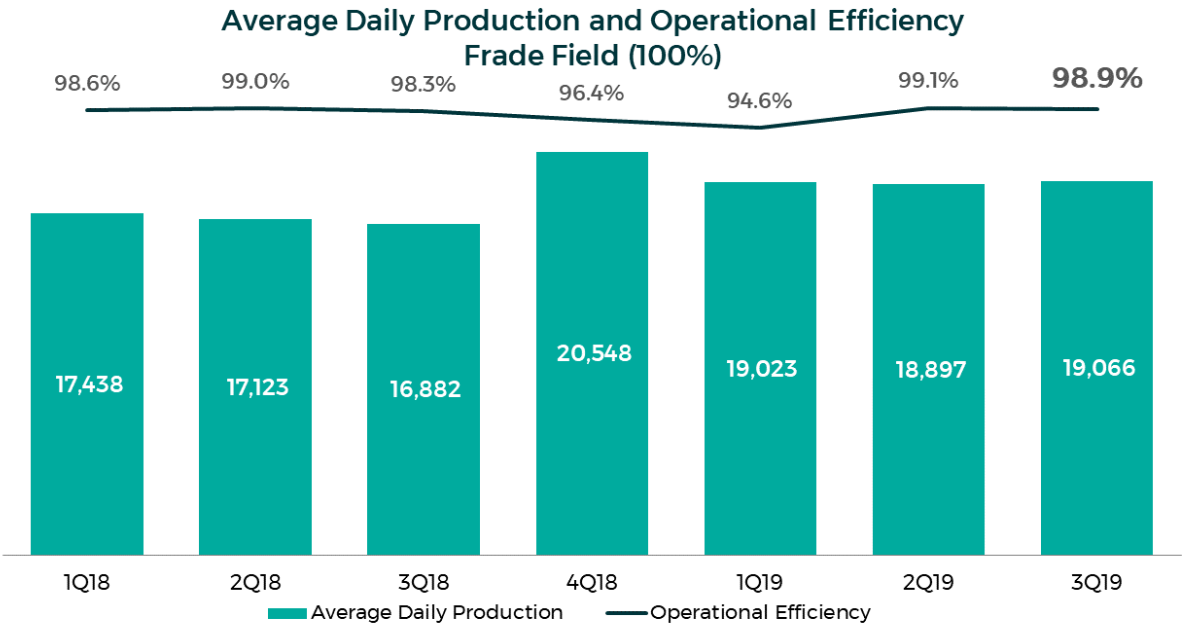


*Adjusted EBITDA (ex-IFRS 16) excludes "Other revenues/expenses" and the effects of IFRS 16, that removes FPSO costs from "Cost of Goods Sold" and adds to D&A, also impacting interest expenses and exchange rate variations in "Financial Expenses".
EBITDA per barrel: higher values are better,

FRADE FIELD

The Company has implemented, since the acquisition of **Frade**'s operation (in March 2019), cost reduction measures through operational and logistics synergies with **Polvo**. In 3Q19, PetroRio negotiated land, air and sea logistics contracts, achieving part of the estimated cost reductions.

Regarding **Frade's** operation, operational efficiency in the quarter reached 98.9%. There are no shutdowns scheduled for 2019 in **Frade**. The chart below illustrates daily production and operational efficiency in recent quarters, PetroRio having acquired operatorship on March 26, 2019:



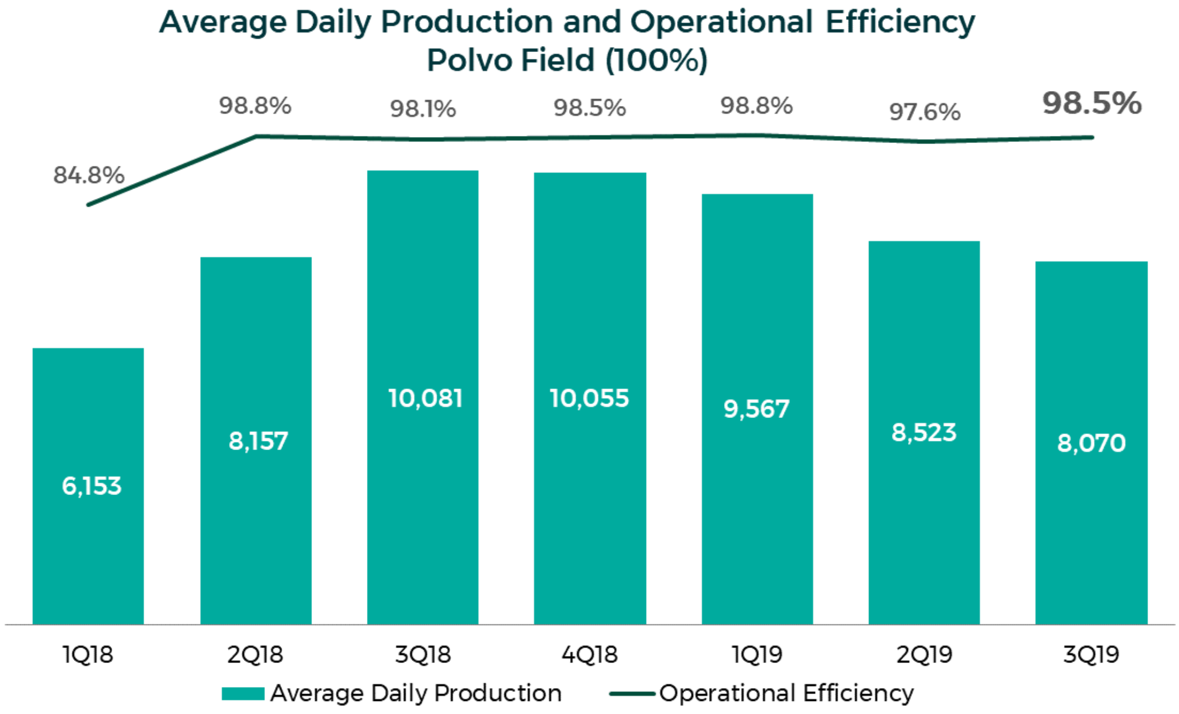
The Revitalization Plan for the **Frade Field** aims at increasing the oil recovery factor of the Field while meeting the regulator's (ANP) conditions to extend the concession to 2041. The entire project, which was divided into two stages, includes drilling 4 producer wells and 3 injectors. The first stage of the project is comprised of 1 producer well and 2 injectors and is forecast to begin during the second half of 2020. The reservoirs chosen for the first stage were selected based on low individual oil recovery factors (under 10% as of September 2019).

For 2019, PetroRio is working on a series of short and medium-term measures, such as gas injection (bullhead), reopening a well with hydrate formation, water shutoff and other stimulation to reduce the field's natural decline.

In October 2018 PetroRio signed an agreement acquiring a 18.26% stake in the **Frade Field**. On October 2, 2019, the Company concluded this acquisition, adding approximately 3,5 thousand barrels per day to PetroRio's production volumes, while reducing the Company's lifting cost due to **Frade's** greater portion in PetroRio's asset portfolio.

POLVO FIELD

In **Polvo**, operational efficiency ended the quarter at 98.5%. The figure was partially impacted by the failure of a submersible pump (ESP) in one well, which reduced the asset's production towards the end of September. The pump was switched in October 2019, taking advantage of the mobilization for the 2019 Drilling Campaign.



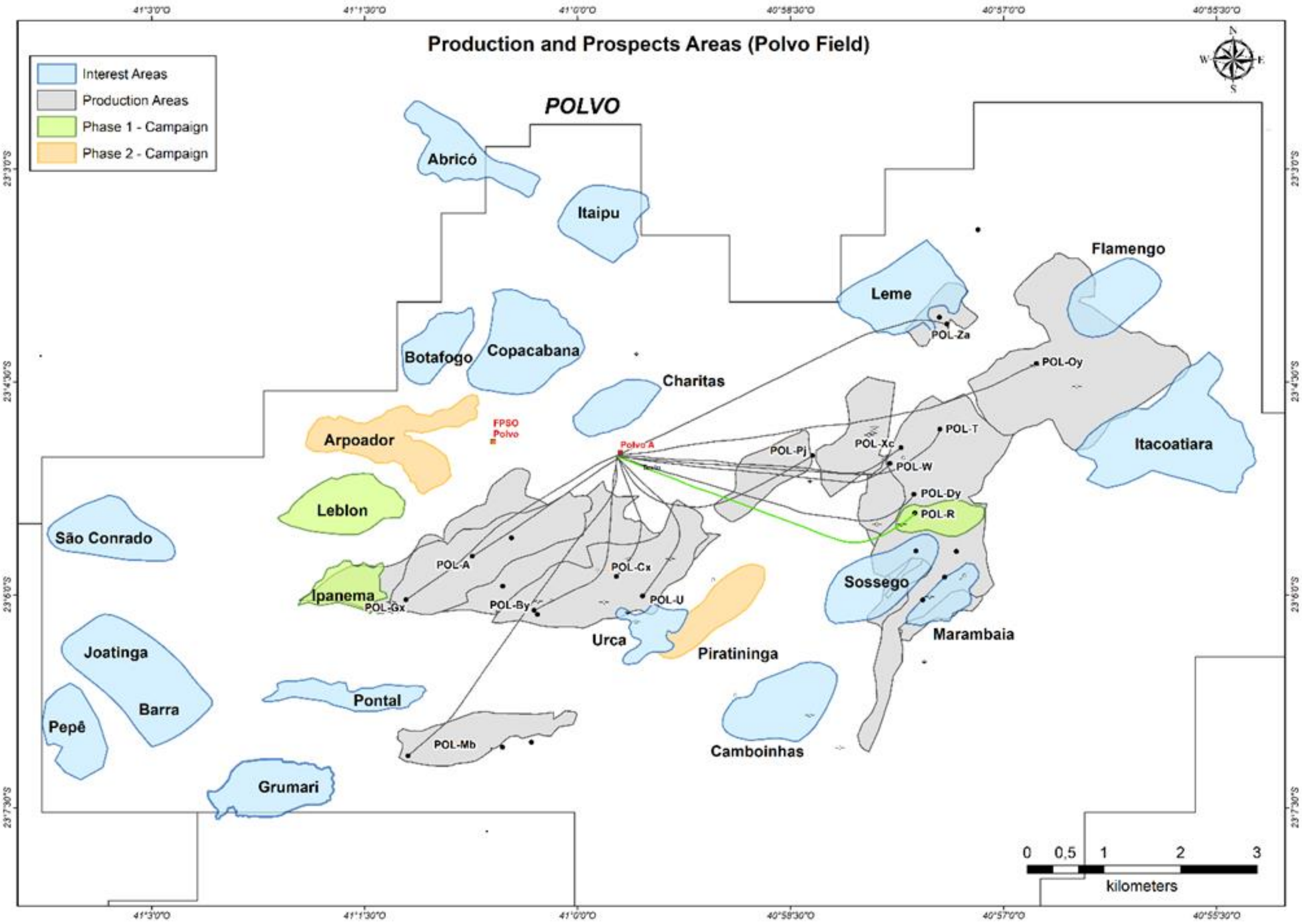
The field's operating costs, in absolute terms, recorded an increase over the previous year due to costs with FPSO leasing, O&M and supplies. Quarterly costs of **Polvo** were US$ 25.2 million, a 2.4% increase over 3Q18 and 4.4% reduction over 2Q19.

PetroRio celebrates 12 months since the conclusion of **Polvo**'s 2018 Drilling Campaign, which consisted of three new wells, resulting in an increase of 4,000 barrels per day, at a CAPEX of R$ 42,7 million. An update on the estimated ROI of the investment includes a payback of 6 months and IRR of 97% with at a US$ 60/bbl Brent price.

2019 DRILLING CAMPAIGN (POLVO FIELD)

Following Phase 1, which took place in the first quarter of 2016 and resulted in a 20% increase in production and reserves, and Phase 2, which took place in 2018 and further increased production by 65%, the Company initiated Phase 3 of **Polvo's** Revitalization Plan.

For Phase 3, twenty-two prospects with oil potential were mapped, of which up to 4 (four) have been selected for drilling and 18 (eighteen) kept for future campaigns, as per the illustration below.



PetroRio initiated the Campaign after completing maintenance works on the drilling rig owned by the Company. This maintenance consists of a major overhaul of some equipment, which enhances the unit's integrity, reliability, performance and safety.

The scope of the first stage of the 2019 Drilling Campaign has been increased to include a workover and a well recompletion, followed by the assessment of two prospects. The prospects' assessments consist of the drilling of Ipanema (POL-N) and Leblon (POL-Na) wells. The primary objectives of both prospects will test 1,900-meter-deep carbonates from the Quissamã formation, with rock quality and API characteristics similar to other carbonate reservoirs in **Polvo**. The prospects' secondary objectives to be tested are sandstones from the Carapebus formation.

The Company estimates that the drilling of each well will take approximately two months, and that the initial investment for the first two wells will be approximately US$ 20 million. Furthermore, PetroRio estimates these wells could add between 3 to 6 million barrels to its reserves, to be confirmed by the reserve certification report.

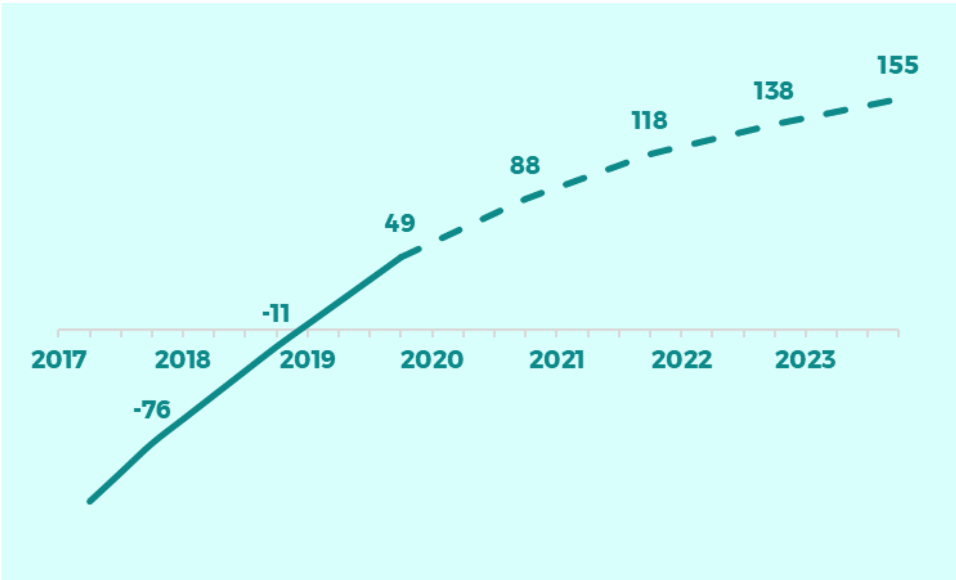
Once the first stage of the 2019 Drilling Campaign is concluded, the collected data will be used to decide on the second stage, which could include the Arpoador and Piratininga prospects. The total investments for Phase 3 of **Polvo's** Revitalization Plan could add up to US$ 60 million, depending on the success and completion of all four prospected wells.

MANATI NATURAL GAS FIELD

Gas volumes sales in the quarter amounted to 2,413 boepd, 25% lower year-over-year, mainly due to higher than expected demand during the previous year, in addition to the client's (Petrobras) lower than expected demand in 3Q19, when compared to the take-or-pay contract. Against the 2Q19, there was a 37% increase in demand on rebalancing, since the second quarter demand was lower than the contract. Operational expenditures for the quarter, which include direct costs and exclude depreciation, were R$ 5.1 million, 5% lower than 2Q18. Another R$ 1.5 million 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), had a two-year payback with nominal IRR of 66%. The acquisition is part of a successful track record for PetroRio which, as in **Polvo** and **Frade**, seeks to add shareholder value through acquisitions and development of mature fields.

Manati Cumulative Cash Flow
(R$ millions)



FINANCIAL PERFORMANCE

In the third quarter the Company achieved one of the best financial performances in its history. Despite the accounting loss for the period having been impacted by non-cash exchange effects over foreign currency liabilities (R$ 79.4 million, mainly from abandonment provisions and PetroRio's dollar-denominated debt), the Company's cash generation and debt service are not impacted by the devaluation of the local currency, since the Company's revenue is predominantly dollar-denominated.

Therefore, the Company presents an adjusted financial statement below, which isolates IFRS 16 accounting effects, but includes non-cash and non-recurring effects and the subsequent impact on financial statements exhibited in BRL.

(R$ millions)

	3Q18	Ex-IFRS16 3Q19	Δ	9M18	Ex-IFRS16 9M19	Δ	Includes IFRS 16 from January 1, 2019: 3Q19	Includes IFRS 16 from January 1, 2019: 9M19
Net revenue	**224,627**	**399,045**	**78%**	**581,187**	**1,086,351**	**87%**	**399,045**	**1,086,351**
Cost of goods sold	(77,316)	(121,214)	57%	(247,754)	(392,459)	58%	(90,028)	(294,439)
Royalties	(17,911)	(32,322)	80%	(45,771)	(95,466)	109%	(32,322)	(95,466)
Operatin income	**129,400**	**245,509**	**90%**	**287,662**	**598,426**	**108%**	**276,695**	**696,446**
General and administrative expenses	(23,000)	(29,635)	29%	(77,292)	(84,674)	10%	(28,304)	(80,807)
Other operating income (expenses)	(15,906)	(26,616)	67%	(19,264)	(58,881)	206%	(26,616)	(58,881)
EBITDA	**90,494**	**189,258**	**109%**	**191,106**	**454,871**	**138%**	**221,775**	**556,758**
EBITDA margin	***40%***	***47%***	***7 p.p.***	***33%***	***42%***	***9 p.p***	***56%***	***51%***
Depreciation and amortization	(22,425)	(90,999)	306%	(66,443)	(135,003)	103%	(119,196)	(226,228)
Financial Results	29,143	(98,427)	-438%	45,812	(163,890)	-458%	(173,711)	(251,921)
Income and social contribution taxes	(25,754)	(728)	-97%	(25,763)	(41,168)	60%	(728)	(41,168)
Income (loss) for the period	**71,458**	**(896)**	**-101%**	**144,712**	**114,810**	**-21%**	**(71,860)**	**37,441**

	3Q18	Ex-IFRS16 3Q19	Δ	9M18	Ex-IFRS16 9M19	Δ	3Q19	9M19
Adjusted EBITDA*	**106,400**	**215,874**	**103%**	**210,371**	**513,752**	**144%**	**248,391**	**615,639**
Adjusted EBITDA margin	***47%***	***54%***	***7 p.p***	***36%***	***47%***	***11 p.p***	***62%***	***57%***

*EBITDA is an auxiliary indicator composed by the earnings before interests, taxes, depreciation and amortization and does not follow the Accountability Practices adopted in Brazil, IFRS or GAAP, therefore, it should not be applied in preference to the systems metrics or compared to other companies' since it may be calculated in a different manner.

Adjusted EBITDA is calculated similarly to EBITDA, excluding the line item "**Other Revenue/Expenses**".

PetroRio recorded R$ 399.0 million in Net Revenue in 3Q19, an increase of 78% over the R$ 224.6 million of 3Q18. 30% of revenues were from the sale of **Polvo's** oil and 64% from **Frade**. The strong increase in revenue is attributed to the higher volumes sold, as a result of the acquisition of the 52% interest in the **Frade Field**, concluded in March 2019.

Manati, in turn, contributed R$ 23.6 million in Net Revenue, relating to PetroRio's 10% interest in the natural gas consortium. The 25% decrease compared to the previous year is mainly due to higher demand in 3Q18 and lower demand for natural gas provided for in this year's take-or-pay contract with the client (Petrobras).

Costs of Goods Sold increased 57% compared to the previous year on the back of higher volumes sold after the **Frade** acquisition. The increase was partially offset by a R$ 9 million provision reversal over expenses accrued by the asset's previous operator, and which were avoided.

The Company reported R$ 245.5 million of operating income in the quarter, 90% higher than the annual comparison. The increase is caused by the higher volumes sold after **Frade's** incorporation, which was partially offset by the increase of 80.5% in royalties, from increased production during the period.

General and administrative expenses, which include M&A fees, project, geology and geophysics spending, closed the quarter at R$ 29.6 million; 29% higher than in the previous year and 11.3% lower than in 2Q19. The year-over-year increase is due to higher personnel expenses caused by the new asset incorporation and a new bonus provision accounting treatment.

EBITDA was driven by the incorporation of the **Frade Field** and the subsequent operational leverage in the third quarter, offsetting a decline in the Brent average price (-18%) in the same period. PetroRio reached R$ 215.9 million in adjusted EBITDA (ex-IFRS 16) in 3Q19, representing a year-over-year increase of 102.9% and a margin of 54% in the quarter - the highest ever recorded by the Company's.

The Company's financial result (ex-IFRS 16) was a negative R$ 98.4 million vs a positive R$29.1 million in the previous year, strongly contributing to the period's net loss, which is mainly due to FX adjustments upon recently incurred debt and dollar-denominated provisions which impacted financial results by R$ 79.4 million for the quarter. This non-cash impact is in addition to R$ 17,3 million in interest expenses from Chevron Brasil's vendor finance for **Frade's** acquisition.

In September 2019, PetroRio's finance team hedged 865 thousand barrels for October 2019 and 975 thousand barrels for December 2019, with floor of US$ 61/bbl, as part of the agreement with Citibank. These hedges resulted in a net positive income of R$ 5.5 million in 3Q19.

The net loss (ex-IFRS 16) for the period was negative in R$ 0,9 million. This is mainly due to FX adjustments (ex-IFRS 16) to the abandonment provision, which is denominated in US dollars and part of the Company's debt, also in US dollars, both of which amounted to R$ 62.6 million.

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	805,192
Support Vessels	245,617
Helicopters	45,759
Buildings	70,174
Equipment	17,835
Total	1,184,577

The new rule requires that lessees include the right to use the assets that are the object of operating leases in the balance sheet as an asset, and the obligation of future lease payments as a liability. Low value and short-term rentals are not subject to this rule change. This new rule has impacted the Company in various ways. In the Balance Sheet, the change in accounting rule increased assets by R$ 868 million and liabilities by R$ 943 million in 3Q19. To calculate this amount, the time in which the assets will be necessary to operations were taken into account, as well as an accrual rate of 5.63% p.a. for current values.

The Income Statement was also impacted. The prior cost of operating lease is now incorporated in the financial result as an interest expense of the lease and the right to use the asset is amortized, incurring in depreciation costs.

Without the new rule, the Company's COGS would have been R$ 31.2 million higher in the period. Depreciation for the quarter was impacted by R$ 28.2 million and financial expenses by R$ 75.3 million. In all, the income for the quarter was negatively impacted in R$ 71.0 million by the change in accounting rule, and in R$ 77.4 million in the year to date.

CASH, DEBT AND FINANCING

DEBT AND FINANCING

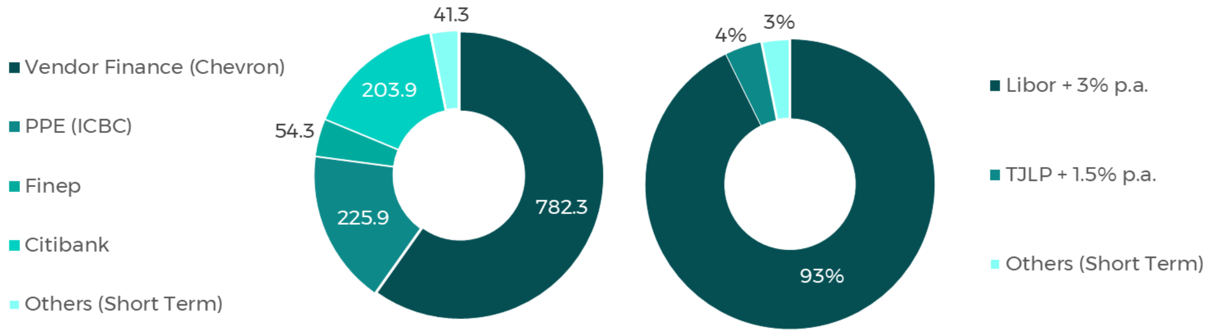
During the last 12 months, the Company agreed to further funding in order to meet the year's M&A's, optimize its capital structure and to finance the development of **Polvo's** reserves.

In January 2019, effective as of March 25, 2019, the Company signed a contract of US$ 224 million with Chevron as part of the asset acquisition financing with a term of two years at Libor + 3% p.a. The funding will be paid in semi-annual installments using part of the asset's own cash flow. PetroRio estimates that the cost reduction efforts led by the Company's Supply team will generate significant cash surplus after the debt service.

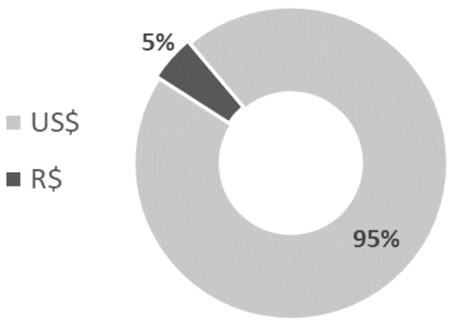
In February the company signed with the Chinese bank ICBC an export prepayment agreement of US$ 60 million, with a four-year term. The loan has a cost of Libor + 3% per year and includes a Marketing Agreement with PetroChina for commercialization of **Polvo's** production, throughout the duration of the contract. There is also the possibility of obtaining an additional tranche of US$ 60 million depending on the results of the 2019 Drilling Campaign and on market conditions.

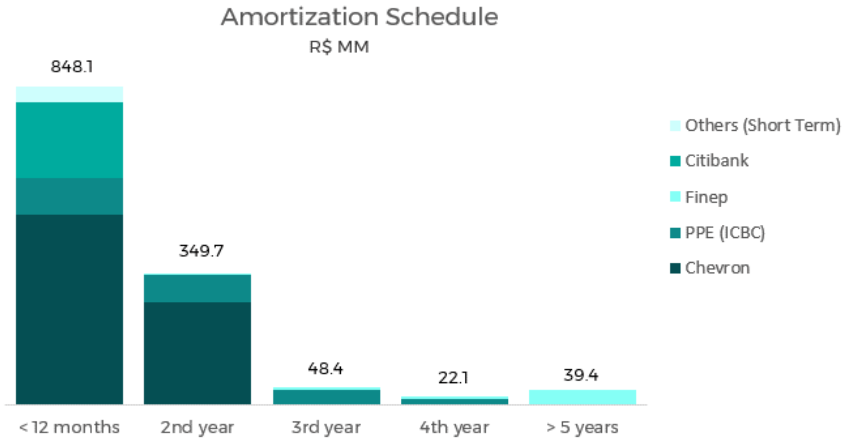
In September, PetroRio signed with Citibank a contract for the prepayment of receivables in the amount of US$ 48 million with costs of Libor + 3% per year. The loan has a term of four months and aims to meet the Company's working capital need, with the option of replicating the transaction with further charges.

New Loans and Fundings



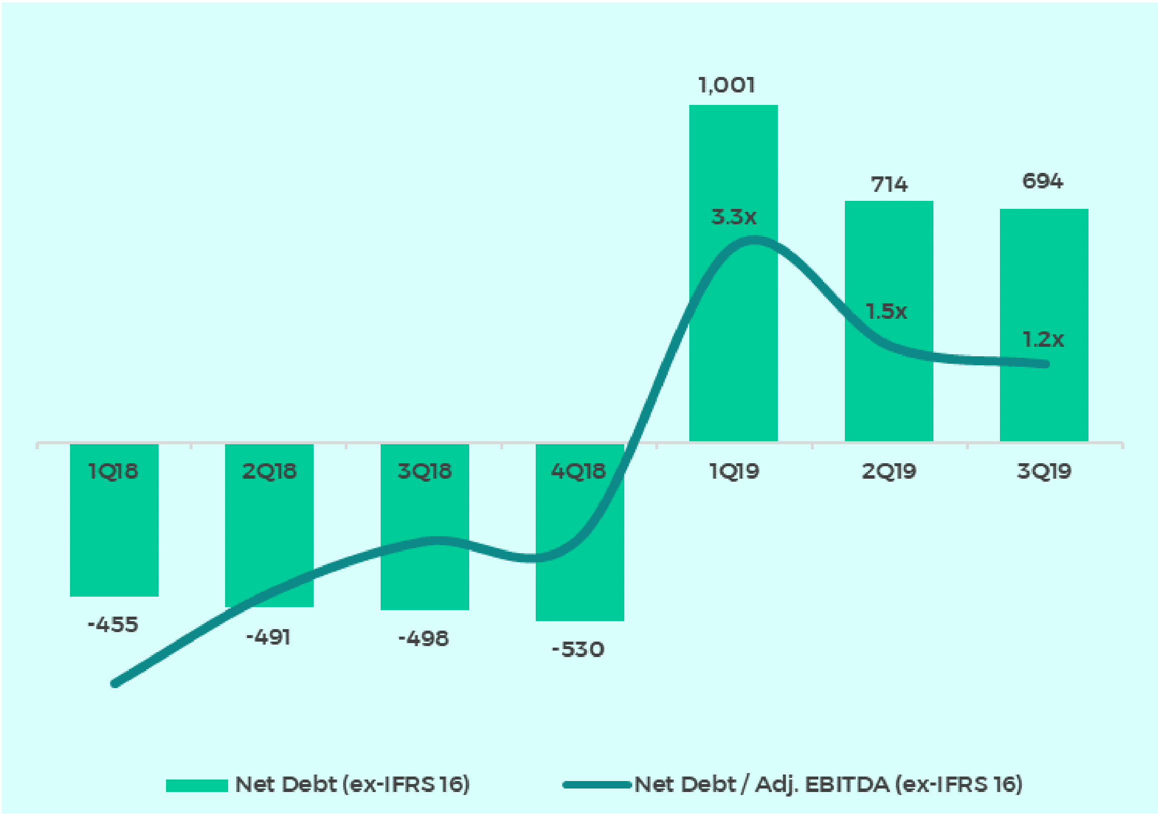
In November 2018, in order to access long-term financing with leading development institutions in the domestic market, the Company signed an agreement with Finep for a R$ 90 million line of credit. The loan has a term of 10 years, including a 2.5-year grace period. The cost of TJLP + 1.5% p.a. ensures that **Polvo's** projects will have low capital cost. The Company intends to develop technologies for the field using EOR (Enhanced Oil Recovery) techniques, such as the injection of polymers, acidifying wells, drilling multilateral wells, etc., contributing to increased productivity per well, increasing recovery factor and therefore, extending the economic life of the **Polvo Field**.





PetroRio believes the financing agreements are essential to meet the planned investments in its assets and potential new acquisitions, reducing the cost of capital for projects already in progress and contributing to the optimization of the Company's capital structure.

Adjusted Net Debt / EBITDA (ex-IFRS 16)



With the cash generated in the period and the higher level of EBITDA after the incorporation of the 51.74% interest in **Frade**, the Company has reduced this indicator from 3.3x in 1Q19 to 1.2x (on an adjusted EBITDA ex-IFRS 16).

The Company estimates that after the first year of **Frade's** incorporation (on 1Q20), this indicator will be below

1.0x.

It is worth noticing that there was an additional R$ 88 million FX adjustment impact to the Company's net debt, which only partially impacting net income. The remaining R$ 68 million, were recognized as translation adjustments directly impacting Shareholders' Equity. Taking that into consideration, Net Debt/EBITDA would have been 1.0x.

CASH

The Company aims to maintain a minimum cash level appropriate for **Polvo** and **Frade** operation, which it believes is necessary to operate the assets reliably and sustainably. As such, the Company reiterates its commitment to the highest levels of operational safety and healthy levels of liquidity will be maintained so that this commitment is fulfilled.

PetroRio also informs that the completion of the acquisition of the 18.26% interest in **Frade**, concluded on October 2, 2019, had a neutral effect on the Company's cash position, considering the interest's cash position at the time of its incorporation.

SOCIAL RESPONSIBILITY

PetroRio believes in running its business with social responsibility, seeking to reduce environmental impact, promote social justice and economic efficiency, to contribute to sustainable development. The Company encourages its employees to practice good citizenship through their daily activities. To this end, PetroRio supports several social initiatives, and encourages employees to engage in them as agents of change towards a fairer and more inclusive society.

PetroRio is one of **Instituto Reação's** sponsors, an NGO created in 2003 by Olympic gold medalist Flávio Canto and his coach, Geraldo Bernardes, to promote judo. The institute aims to promote human development and social inclusion through sports and education, sharing PetroRio's values – the pursuit of results and high performance, fruit of ambition and team spirit. The NGO supports over 200 children and teenagers in six locations in Rio de Janeiro: Rocinha, Cidade de Deus, Jacarepaguá, Tubiacanga, Pequena Cruzada and Deodoro.

Even more than athletes, the institute helps develop black belts on and off the mat, using sport and education as tools for social transformation. PetroRio's agreement with the institute includes the purchase of material and equipment, and the sponsorship of rising Brazilian athletes with potential for the Tokyo 2020 and Paris 2024 Summer Olympics. This support is in line with PetroRio's vision of investing in people and promoting talent both inside the Company and out.

Towards the end of 2018, the Company also led the inauguration of the **Teatro PetroRio das Artes**, creating a vehicle to sponsor cultural theatrical activities throughout the subsequent two years. As a sponsor and partner, the Company announced the **Arte por Toda Parte** festival, which gives street artists of several musical genres, such as rap, rock, jazz and samba, a chance to perform at a platform.

PetroRio also sponsored the **Orquestra NEOJIBA**, which promotes the development and integration of underprivileged youth in the state of Bahia through the practice of collective music.

BALANCE SHEET
(R$ thousands)

ASSETS	Dez/18	Set/19
Cash and cash equivalents	154,109	358,921
Securities	643,783	252,003
Restricted cash	11,628	12,602
Accounts receivable	34,932	86,047
Oil inventories	56,702	125,632
Consumable inventories	2,084	5,023
Derivative Financial Instruments	-	5,476
Recoverable taxes	67,011	74,886
Advances to suppliers	37,949	43,517
Advances to partners	2,922	36,129
Prepaid expenses	1,659	9,335
Other receivables	203	1,701
Total Current assets	**1,012,982**	**1,011,272**
Non-current assets available for sale	**26,581**	**28,568**
	1,039,563	**1,039,840**
Advances to suppliers	12,596	12,596
Deposits and pledges	19,621	27,411
Recoverable taxes	25,711	20,208
Deferred taxes	8,338	9,514
Right-of-use (Lease CPC 06.R2 IFRS)	-	926,254
Property, plant and equipment	45,292	1,512,692
Intangible assets	385,943	979,893
Total non-current assets	**497,501**	**3,488,568**
Total Assets	**1,537,064**	**4,528,408**

LIABILITIES	Dez/18	Set/19
Suppliers	73,258	129,730
Labor obligations	14,923	36,108
Taxes and social contributions	37,010	56,859
Loans and financing	222,437	848,109
Debentures	306	9,374
Advances from partners	6,792	131
Contractual Charges (Lease IFRS 16)	-	208,780
Other liabilities	16,260	-
Total current liabilities	**370,986**	**1,289,091**
Suppliers	13,413	13,447
Loans and financing	25,718	459,663
Debentures	31,241	-
Provision for abandonment (ARO)	68,713	709,478
Provision for contingencies	17,441	34,680
Deferred taxes and social contributions	2,311	2,040
Contractual Charges (Lease IFRS 16)	-	791,380
Other liabilities	644	1,819
Total non-current liabilities	**159,481**	**2,012,507**
Minority Interest	**-**	**1,519**
Realized capital	3,273,114	3,307,246
Capital reserves	58,183	114,154
Other comprehensive income	18,202	109,353
Accumulated losses	(2,547,777)	(2,342,903)
Income (loss) for the period	204,875	37,441
Total shareholders' equity	**1,006,597**	**1,225,291**
Total liabilities and shareholders' equity	**1,537,064**	**4,528,408**

INCOME STATEMENT
(R$ thousands)

R$ thousands	3Q18	3Q19
Net Revenue	**224,627**	**399,045**
Cost of goods sold	(77,316)	(90,028)
Depreciation and amortization	(21,760)	(116,337)
Royalties	*(17,911)*	*(32,322)*
Gross Profit	**107,640**	**160,358**
Operating income (expenses)		
Geology and geophysics expenses	(980)	(199)
Personnel expenses	(8,635)	(15,999)
General and administrative expenses	(5,696)	(8,545)
Expenses with thir party services	(4,760)	(5,087)
Taxes and fees	(2,929)	1,526
Depreciation and amortization - G&A	*(665)*	*(2,859)*
Other operating income (expenses)	*(15,906)*	*(26,616)*
Financial results	*29,143*	*(173,711)*
Income before income and social contribution taxes	97,212	(71,132)
Income and social contribution taxes - Current	*(25,633)*	*(583)*
Income and social contribution taxes - Deferred	*(120)*	*(145)*
Income (loss) for the quarter	**71,458**	**(71,860)**

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CASH FLOW STATEMENT
(R$ thousands)

	3Q18	3Q19
Cash flows from operating activities		
Income (loss) for the period (before taxes)	**97,212**	**(71,132)**
Depreciation and amortization	(5,306)	118,912
Financial income	(110,177)	(86,814)
Financial expenses	74,414	265,500
Remuneration based on stock plan	1,905	4,837
Provision for contingencies/losses	10,510	5,973
Loss/Write-off of non-current assets	1,316	-
Provision for R&D expenses	-	-
Reduction of provision for Escrow	-	-
Provision for impairment	64	-
	69,938	**237,276**
(Increase) decrease in assets		
Accounts receivable	36,922	(49,211)
Recoverable taxes	8,111	117
Prepaid expenses	37	2,763
Advances to suppliers	(5,201)	1,662
Oil inventory	389	(10,113)
Consumables inventory	(2,314)	(3,401)
Advance to partners in oil and gas operations	(91)	(4,672)
Other receivables	10	(545)
Increase (decrease) in liabilities		
Suppliers	(2,032)	(798)
Labor obligations	(2,878)	3,491
Taxes and social contributions	(10,142)	(439)
Contingencies	782	2,436
Advances from partners in oil and gas operations	(2,593)	(6,000)
Other liabilities	(286)	1,174
	90,652	**173,740**
Cash flow from investing activities		
(Investment) Redemption of securities	128,329	(96,821)
(Investment) Redemption of restricted cash	140	-
(Investment) Redemption in abandonment fund	(1,743)	(241)
(Increase) Decrease in deposits and pledges	(1,057)	46,025
(Increase) Decrease in permanent assets	(63,936)	(44,653)
(Acquisition) of oil and gas asset	-	16,474
Non-current assets held for sale	3,337	-
Net cash from investing activities	**65,070**	**(79,216)**
Cash flows from financing activities		
Loans and financing	(199,561)	(92,284)
Leasing payments	-	(44,280)
Leasing interest payment	-	-
Debentures	3	(8)
Share issuing expenses	-	-
Derivative transactions	(1,228)	(1,110)
(Purchase) Sale of shares of the Company (held in treasury)	(462)	-
(Reduction) Integralization of Share Capital	-	-
Minority shareholders participation	-	359
Net cash (invested in) from financing activities	**(201,248)**	**(137,323)**
Translation adjustment	4,355	8,841
Net increase (decrease) in cash and cash equivalents	**(41,171)**	**(33,958)**
Cash and cash equivalents at the beginning of the year	69,331	392,879
Cash and cash equivalents at the end of the year	28,160	358,921
Net increase (decrease) in cash and cash equivalents	**(41,171)**	**(33,958)**

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.