



Dommo Energia S.A.

Interim Financial Information (ITR) accompanied with the
Independent Auditor's Report on the Interim Financial Information
On September 30, 2019



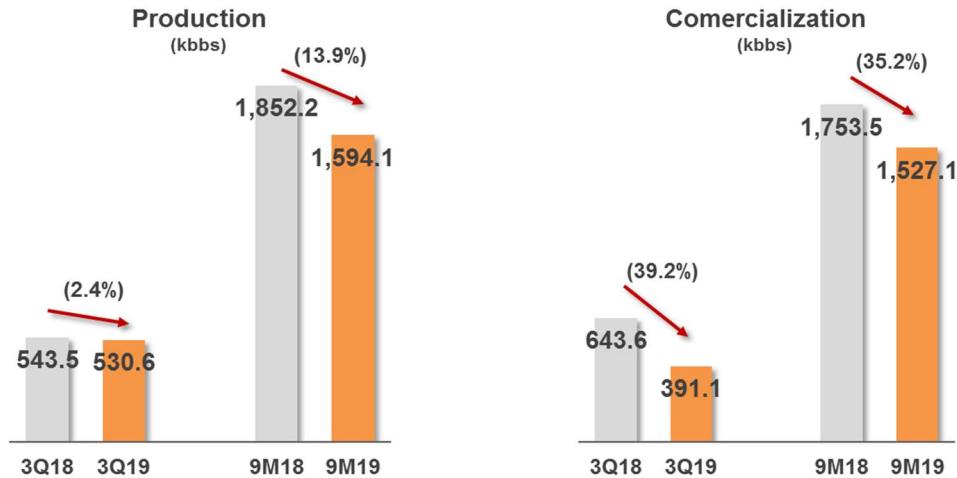
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RESULTS FOR THE THIRD QUARTER OF 2019

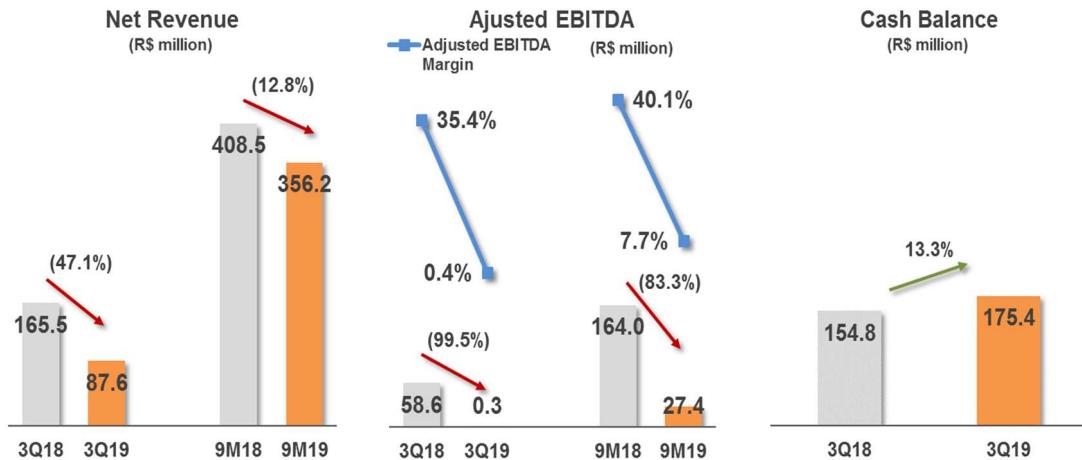
Dommo Energia S.A. ("Dommo Energia" or "Company") Management, in compliance with legal and statutory provisions, presents its results for the third quarter of 2019 ("3Q19"), as well as relevant subsequent events to the market. The data in this report refer to the 3Q19 period compared to 3Q18, except when otherwise specified.

QUARTER HIGHLIGHTS



The volume produced in 3Q19 showed a reduction compared to 3Q18, as a result of the decline of the reservoir due to depletion. The sharp decrease in production in the first nine months of 2019 ("9M19") compared to 9M18 is explained by the number of wells in operation. During the first half of 2018, the Company operated 4 producing wells until the indefinite production interruption of well 7-TBMT-2HP, having since then operated with 3 wells.

During 3Q19, due to the logistic of the commercialization window, there was only one offloading, which resulted in the sharp reduction in sales volume in 3Q19 compared to 3Q18.



Adjusted EBITDA¹

Due to the lower volume traded in 3Q19, net revenue was 47.1% lower than in the same period of 2018. In turn, Adjusted EBITDA compared to 3Q18 reflects both the lower volume sold and the effects of the New Charter signed on November 26th, 2018, which increased the cost of goods sold.

MESSAGE FROM MANAGEMENT

As discussed during our year-end financials for 2018, the Company continues to face challenges in the return to normalcy as well as in the management of fiscal and regulatory liabilities from previous periods. The challenges and liabilities should be diligently considered by potential investors and current shareholders, and special attention is called to Financial Statements' Notes 1.3 (Going concern), 17 (Provisions) and 19 (Contingencies), where investors can find more details. It should also be noted that since December 2018 the balance sheet of the Company is characterized by negative shareholders equity, and therefore the value of the Company's liabilities is currently higher than the value of its assets. As always, Management will continue to exert itself in the defense of the interests of Dommo Energia and its shareholders.

On November 26th, 2018, the Company signed an amendment to the FPSO OSX-3 charter agreement ("New Charter" 2). The year to date performance reflects the New Charter general terms, among them the new daily rate of US\$ 129,315.00. Therefore, the analysis of the main financial performance indicators of 2019 in relation to the previous years should consider the different conditions related to the charter agreement.

Also, in connection with the New Charter, during 3Q19 the Company continued the implementation of phase one of TBMT Revitalization ("Revitalization"), having contracted US\$ 32.3 million year to date.

Shareholding Base

DMMO3 price (09/30/2019)	Outstanding shares	Market Cap
R\$ 5.58 per share	Ordinary: 270,040,228	R\$ 1.5 billion

B3: DMMO3 (ON) | DMMO11 (Subscription bonus)

US OTC: DMMOY

From October 2013 to August 2017, the Company was under judicial reorganization proceedings. In July 2017, the Company entered into an agreement ("Agreement") with its creditors, and certain

¹ See [Annex II](#) for Adjusted EBITDA calculation

² [Material Fact November 26 2018](#)

credits were capitalized. Within this agreement the Company issued 2,532,171,819 shares (equivalent to 253,321,718 shares after the 10: 1 reverse stock split approved on April 30, 2019³) delivered to the creditors participating in the Agreement. As previously disclosed⁴, a relevant portion of these shares are subject to a lock-up agreement among some of the creditors that prohibits the sale of the shares due to exchange ratio adjustments between such creditors. Upon completion of these adjustments, a process that does not directly involve the Company, these shares may be free to be sold by the Company's former creditors.

E&P ASSETS

The Company's E&P assets portfolio in the oil and gas sector is currently comprised of offshore blocks located in the Campos Basin and Santos Basin.

TUBARÃO AZUL FIELD

Oil production started in January 2012 at TBAZ, which remained in production until mid-2015, with approximately 6.5 million barrels of oil extracted. Considering that no economically feasible alternative was found to continue the activities in TBAZ, located at Campos Basin, it was requested the concession's return to ANP, as per the Material Fact disclosed on September 20th, 2016. Dommo Energia, as operator, began in 2017 the processes of decommissioning of the field and abandonment of the wells, having completed this last activity in the 1Q18. TBAZ's decommissioning process is currently ongoing.

TUBARÃO MARTELO FIELD

TBMT encompasses the concession areas of BM-C-39 and BM-C-40 exploration blocks and is located in the Campos Basin, at a water depth of 110 meters, in the north coast of Rio de Janeiro State. The Company is the asset operator, having acquired 100% of the exploration and production rights in 2007, in the 9th Bidding Round of ANP. The production began on December 2nd, 2013 and has surpassed 16.0 million barrels of oil produced. TBMT's production is currently performed with three producing wells.

The new terms and conditions established in the New Charter, signed on November 26th, 2018, gave the Company the necessary visibility and long-term commitment to keep investing in TBMT to further increase its production capacity. As a result, the planned and approved investments in TBMT are being resumed, with the beginning of the revitalization plan ("Revitalization") consisting of the completion of the fifth well, 4HP, that has already been drilled, tested and needs to be connected to the FPSO OSX-3, as well as workover activities in four production wells, known as 2HP, 6HP, 8H, and 44HP. The main objective is to increase TBMT's production to an estimated 10.0 kbbls per day in the beginning of 2020. The Company estimates the Revitalization expenditures to be US\$ 77.9 million ("Revitalization Expenditures"), which should be disbursed

³ [Material Fact April 30, 2019](#)

⁴ [Disclosure February 2, 2017](#)

within the next 12 to 18 months and will be funded from existing cash balances and future cash generation.

The Revitalization is comprised of two campaigns and contemplates in the first phase, in progress, the completion of 7-TBMT-4HP, which is drilled but not connected to the FPSO OSX-3, the workover of 7-TBMT-2HP and the acquisition of a backup ESP. The second phase addresses the remaining three producing wells and will consist of workover activities as they become necessary.

ATLANTA AND OLIVA FIELDS – BS-4 BLOCK

The BS-4 block (“BS-4”), comprised by Atlanta and Oliva fields, is located at Santos Basin post-salt area, approximately 185 km from the coast, in a water depth of about 1,550 meters.

As disclosed by Dommo Energia through the Material Fact on October 23rd, 2017⁵, there is an arbitration procedure (“Arbitration”) managed by London Court of International Arbitration – LCIA, concerning the Company and the other consortium partners (“Consortium”). On September 25th, 2018, the Company received the arbitration judgment issued by the Arbitration Court (“Decision”) in respect to the first phase of the Arbitration, which stated, among other things, that the notification issued by one of consortium partners on October 10th, 2017 (“Notification”), was effective at the time it was issued. The Notification intended to exercise, without offer of payment, the option to demand the Company’s exclusion from the Joint Operating Agreement – JOA, the Consortium agreement and the Concession agreement, all related to BS-4.

The first phase of the Arbitration did not include the analysis of evidence, having the Decision foreseen that, in any additional phase(s) of the Arbitration, through the fact-finding exercise, Dommo Energia may still seek to annul the exclusion and the transfer of its stake in BS-4 and argue for an indemnity for losses and damages against the consortium partners.

The aforementioned Decision is not definitive and there is the possibility that the Notification effectiveness, which determined Dommo exclusion from the Consortium, to be annulled in a subsequent step of the Arbitration, with the production of evidence supporting such annulment. Nevertheless, the Decision issued and eventual future decisions of subsequent steps will only be considered legally valid, effective and enforceable under Brazilian territory after the homologation procedures of foreign judgement, handled by the Brazilian Superior Court of Justice, *Superior Tribunal de Justiça* – STJ, under the Federal Constitution and the prevailing legislation. After the eventual homologation by STJ, the effective transfer of the stake in the asset, partially or entirely, by Dommo Energia could occur only after ANP’s approval.

On April 8th, 2019, the Company disclosed a Material Fact⁶, announcing to its shareholders and the market in general that, on April 4th, 2019, filed before the *Cour d'appel* (Court of Appeals), Paris, on the basis of Article 1520 of the French Civil Procedure Code, a lawsuit pleading for the

⁵ [Material Fact October 23 2017](#)

⁶ [Material Fact April 8 2019](#)

arbitration award, rendered on September 24th, 2018 in the arbitration procedure between the companies consorted for the operation of Block BS-4, to be considered null and void.

On June 24th, 2019, the Company disclosed a Material Fact⁷ about the notification of a decision by ANP's Board of Directors, made on June 19th, 2019, authorizing the assignment of the Company's stake on Block BS-4 to the consortium partners, based on the use of the mandate clause included in the JOA. The Company understands that the decision is based on incorrect and misleading assumptions and information presented by the partners.

In order to annul said ANP decision, Dommo Energia filed, on August 26th, 2019, an arbitral proceeding ("Arbitral Procedure") against ANP and the other consortium partners, as disclosed in the Notice to the Market⁸ on August 27th, 2019. The Arbitral Procedure, as established in ANP's Concession Agreement, is administered in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce ("ICC Regulation"), under the terms of its regulation. Brazilian law is applicable to the Arbitral Procedure, which will have its seat in the city and state of Rio de Janeiro.

The Company has adopted and will continue to take all legal measures applicable to the defense of its interests and those of its shareholders.

⁷ [Material Fact June 24 2019](#)

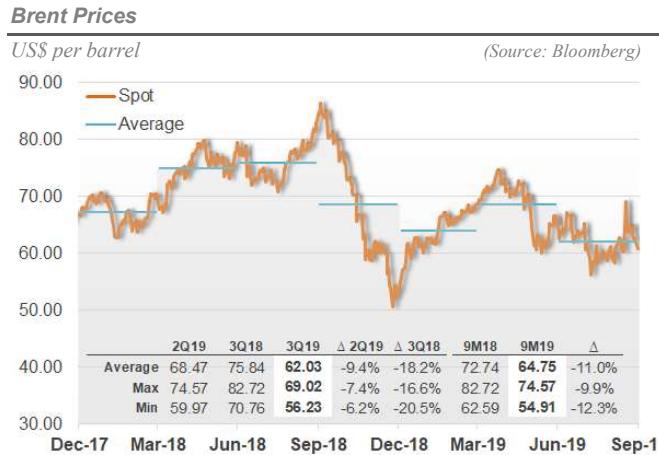
⁸ [Notice to the Market August 27 2019](#)

OPERATIONAL PERFORMANCE

From the macroeconomic perspective, two factors that are relevant to the Company's performance: (i) oil price; and (ii) exchange rate.

BRENT PRICES

Brent recorded an average of US\$ 62.03 per barrel in 3Q19, down 9.4% from the average of US\$ 68.47 per barrel in 2Q19, and down 18.2% over the US\$ 75.84 average per barrel in 3Q18. The lower average price in 3Q19 compared to 2Q19 reflects the continuing downward trend in prices and higher volatility that began in May 2019, supported by concerns about lower than expected demand-side growth and reinforced during 3Q19 by the caution with the global macroeconomic scenario in light of global recession risks and trade tensions between the US and China.



EXCHANGE RATE

The FX market confirmed the strong volatility trend in 3Q19. In contrast to 2Q19, in which Real appreciated in the final half of the quarter, the Real depreciated against the US dollar in 3Q19, starting the quarter at R\$ 3.82 and ending at R\$ 4.16. In the domestic scenario, further revisions of lower Brazilian GDP growth, as well as the dehydration of the economies of the Social Security reform that will be achieved, supported the exchange rate behavior. In the external scenario, the continuing trade war between the US and China, associated with signs of global economic recession, corroborated the volatility in the foreign exchange market.



If, on one hand, the average R\$/US\$ rate of R\$ 3.97 in 3Q19 was relatively close to the averages of 2Q19 (R\$ 3.92) and 3Q18 (R\$ 3.95), the period was marked by the increase in volatility, as measured by the difference between the high and low in the period, was 11.8% in 3Q19 compared to 7.4% in 2Q19.

The Company has operated three wells since June 29th, 2018, when well 7-TBMT-2HP was interrupted indefinitely due to the failure in the ESP.

PRODUCTION AND COMMERCIALIZATION – 3Q18 vs 3Q19 | 9M18 vs 9M19

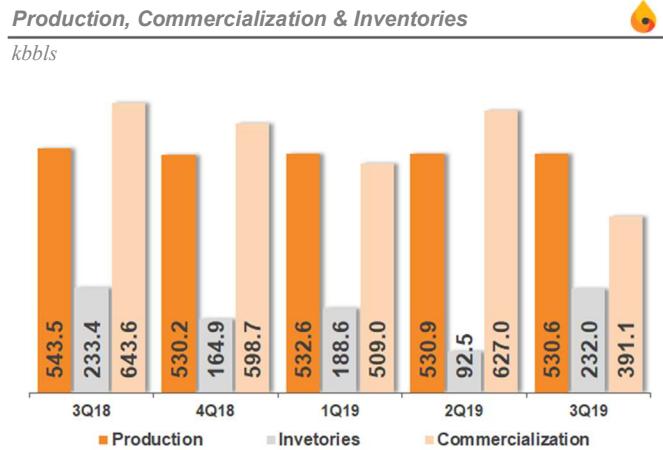
kbbis	3Q18	3Q19	Δ	9M18	9M19	Δ
Production volume	543.5	530.6	-2.4%	1,852.2	1,594.1	-13.9%
Traded volume	643.6	391.1	-39.2%	1,753.5	1,527.1	-12.9%
Daily average production	5.9	5.8	-2.4%	6.8	5.8	-13.9%

Production during 3Q19 was 530.6 kbbis, stable compared to 2Q19.

Compared to 3Q18, when 543.5 kbbis were produced, the lower volume produced is attributed to the natural decline of the reservoir due to depletion.

In the first nine months of 2019, the volume produced totaled 1,594.1 kbbis, a decrease of 13.9% compared to the volume produced in the first nine months of 2018, which was 1,852.2 kbbis. The lower volume produced in 9M19 compared to 9M18 is due to the natural decline of the reservoir by depletion and the operation of 4 producing wells in the first half of 2018, and 3 wells from 3Q18 onwards.

In terms of average daily production, in 3Q19 average daily production was 5.8 kbbis, stable compared to 2Q19. In 9M19, average daily production remained at 5.8 kbbis, representing a decrease of 13.9% over the average daily production of 6.8 kbbis during 9M18, for the reason explained in the previous paragraph.



FINANCIAL HIGHLIGHTS

The financial information is presented on a consolidated basis, in million reais, and were prepared in accordance with accounting principles adopted in Brazil including the pronouncements issued by the *Comitê de Pronunciamentos Contábeis* – CPC, Brazilian accounting committee, and by the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB.

Since the beginning of 2019, the results disclosure adheres to the disclosure requirements on the new lease standard (CPC 06 (R2) | IFRS 16), with the main impacts in the Company related to:

- ❖ Balance sheet: book value of rights-of-use assets and the corresponding headings
- ❖ Income statement: amortization expenses of the right-of-use assets and financial expenses linked to the lease

KEY INDICATORS

R\$ million	3Q18	3Q19	Δ	2Q19	9M18	9M19	Δ
Average exchange rate (R\$/US\$)	3.95	3.97	0.4%	3.92	3.61	3.89	7.8%
Volume traded (kbbis)	643.6	391.1	-39.2%	627.0	1,753.5	1,527.1	-12.9%
Net revenue	165.5	87.6	-47.1%	154.2	408.5	356.2	-12.8%
Cost of goods sold (CGS)	(87.5)	(79.5)	9.2%	(129.4)	(206.8)	(307.8)	-48.9%
Gross profit	78.0	8.1	-89.6%	24.8	201.7	48.3	-76.0%
Gross profit margin	47.1%	9.3%	-38 p.p.	16.1%	49.4%	13.6%	-36 p.p.
Adjusted EBITDA	58.6	0.3	-99.5%	12.9	164.0	27.4	-83.3%
Adjusted EBITDA margin	35.4%	0.4%	-35 p.p.	8.4%	40.1%	7.7%	-32 p.p.
Net profit (loss)	(329.0)	(98.5)	-70.0%	19.2	(341.7)	(120.2)	-64.8%

Net revenue in 3Q19, R\$ 87.6 million, decreased sharply by 43.2% and 47.1% when compared to 2Q19 (R\$ 154.2 million) and 3Q18 (R\$ 165.5 million) results, respectively, arising from the combination:

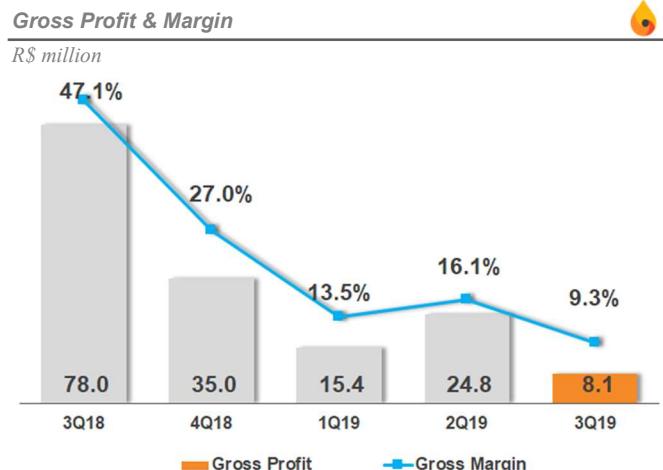
- 👉 of the lower volume sold, 391.1 kbbis, representing a decrease of 37.6% compared to 1Q19 (509.0 kbbis) and 39.2% compared to 3Q18 (643.6 kbbis). The decrease in volume is attributed to the adjustment to the commercialization logistics window, with only one offloading in 3Q19, compared to two offloadings in 2Q19 and 3Q18. On the other hand, we ended 3Q19 with 232.0 kbbis in inventories (92.5 kbbis in 2Q19).
- 👉 of the 9.4% and 18.2% decrease in Brent's average price compared to 2Q19 and 3Q18, respectively, from US\$ 68.47 per barrel in 2Q19 and US\$ 75.84 in 3Q18 to US\$ 62.03 in 3Q19

In relation to COGS, we highlight that comparative readings with 3Q18 and 9M18 should consider the different terms of the New Charter in force since the signing on November 26th, 2018, including daily charter rate of US\$ 129,315.00, impacting COGS, and consequently, Gross Profit, Adjusted EBITDA and Net profit (loss) for the period.

GROSS PROFIT

Gross profit in 3Q19, of R\$ 8.1 million, captured the effects of the lower volume traded and the 9.4% decrease in Brent's average price compared to 2Q19, the main impact factor in the 16.1% decrease in gross margin in 2Q19 to 9.3% in 3Q19.

In 9M19, gross profit was R\$ 48.3 million, a decrease of 76.0% compared to the gross profit of R\$



201.7 million in 9M18, highlighting the effects of the terms and conditions of the New Charter, which as of 2019, is accounted in COGS.

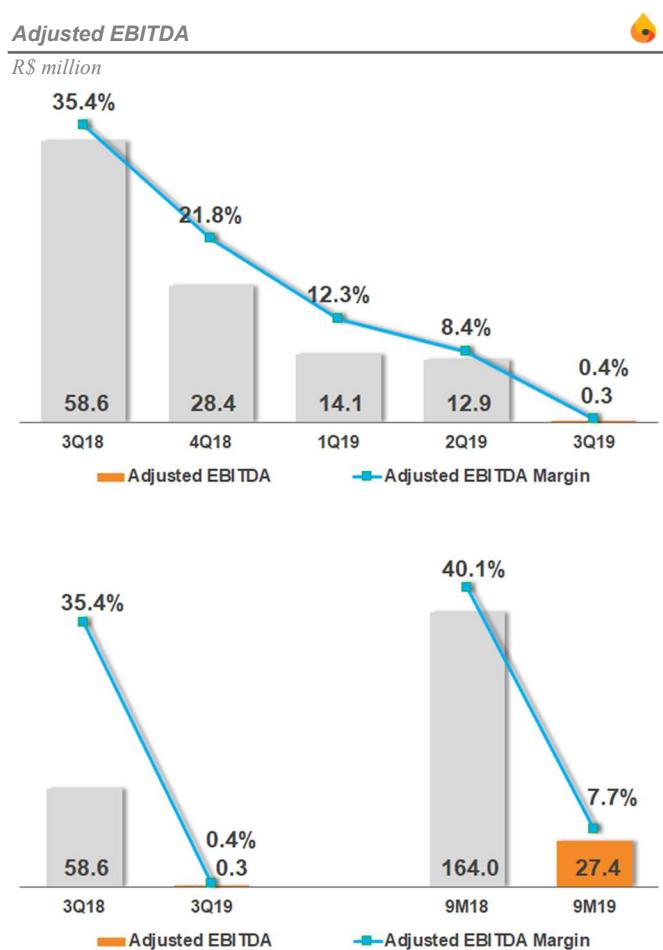
ADJUSTED EBITDA

Adjusted EBITDA in 3Q19 was directly impacted by the lower volume traded in relation to previous periods, as operating, general and administrative expenses in the quarter of R\$ 14.1 million were relatively stable compared to R\$ 14.4 million in 2Q19.

When calculated according to CVM Instruction 357, EBITDA in 3Q19 is negative by R\$ 53.9 million, compared to EBITDA of R\$ 35.4 million in 2Q19.

Adjusted EBITDA is the result of adjustments related to the effects of IFRS 16 and other non-cash effects, in the positive amount of R\$ 54.2 million in 3Q19 and negative of R\$ 22.5 million in 2Q19. The reconciliation of the Adjusted EBITDA calculation is shown in Annex II.

In 9M19 Adjusted EBITDA was R\$ 27.4 million, margin of 7.7%, compared to R\$ 164.0 million, margin of 40.1% in 9M18, once again evidencing the effects of the New Charter terms and conditions that entered into force at the end of 2018.

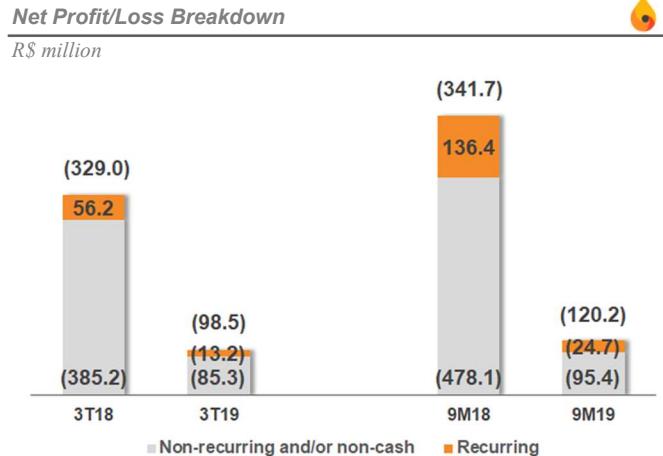


NET PROFIT/LOSS

For cash effect analysis, net income should be adjusted, as a relevant portion of the result is attributed to non-recurring income without cash effect. The graph aside illustrates the breakdown of net results.

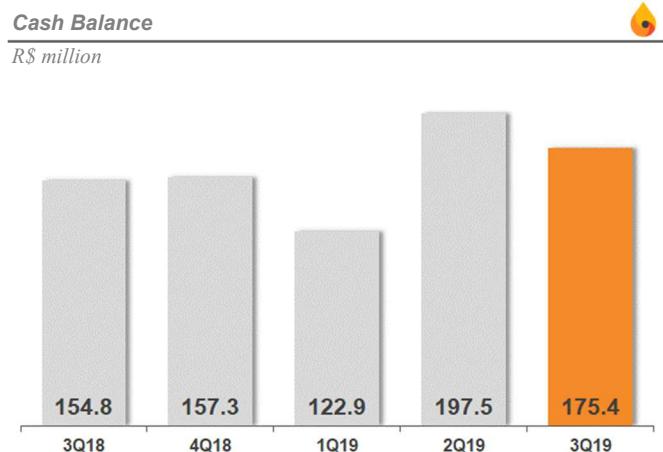
In 3Q19, the Company recorded a loss of R\$ 98.5 million. When the adjustments mentioned above were made, the result would be a net loss of recurring items of R\$ 13.2 million. The same adjustment in 3Q18 would result in net income of R\$ 56.2 million.

In 9M19, the Company recorded a loss of R\$ 120.2 million (loss of R\$ 341.7 million in 9M18). When the adjustments were made, net loss in 9M19 was R\$ 24.7 million compared to net income of R\$ 136.4 million in 9M18.



ASSETS

The Company's total assets in 3Q19 were R\$ 1,433.1 million out of which R\$ 236.1 million accounted as Current Assets and comprised mainly of (i) cash and cash equivalents; (ii) accounts receivable; and (iii) oil inventories. Significant portion of the total assets is the result of the adherence to the new lease disclosure standard, accounted as right of use in the amount of R\$ 875.9 million.



The chart below shows the evolution of the Company's cash position and cash equivalents. We ended 3Q19 with R\$ 175.4 million in cash.

LIABILITIES

In the current liabilities, under other accounts payable, it is accounted the cash calls from the Consortium in the amount of R\$ 97.5 million, whose payments were suspended by the Company.

The R\$ 1,468.4 million non-current liabilities are essentially comprised of (i) leases payable of R\$ 642.7 million; (ii) provisions for asset retirement obligations (ARO) in the amount of R\$ 358.3

million; (iii) provisions for regulatory contingencies in the amount of R\$ 153.3 million; and (iv) provisions for environmental compensations in the amount of R\$ 69.2 million. The deferred PIS/Cofins provision of R\$ 187.5 million is resulted from unrealized gains on inflation adjustments.

It is worth mentioning that since the conclusion of the judicial reorganization proceeding, the Company does not have any outstanding loans and financings with non-related parties.

With regards to the net worth, it reflects the capital stock adjustment implemented in January 2019, when the Company approved the incorporation of part of the accumulated net losses balance and the capital reserves balance. As a result, the capital stock which at the end of 4Q18 was R\$ 10,250.7 million was adjusted to R\$ 412.4 million as of 1Q19, against adjustments in the accumulated net losses and capital reserve balances. Negative shareholders' equity of R\$ 474.7 million reflects the challenges that are still facing the return to normal activities.

CAPEX

The Revitalization, planned in two campaigns, is still ongoing with activities dedicated to the first stage, which consists of the superior completion and interconnection of well 7-TBMT-4HP to FPSO OSX-3 that has already been drilled and tested, and the workover of the well 7-TBMT-2HP. Investments of up to US\$ 60.0 million are expected at this stage, of which US\$ 32.3 million have already been contracted up to the end of 3Q19, related to the acquisition of three submerged centrifugal pumps ("ESP"), completion equipment, offshore services, the wells and all underwater equipment including lines and umbilicals. Of such amount contracted, the Company has disbursed US\$ 17.2 million.

The contracted equipments are being delivered by suppliers according to the initial schedule. On the other hand, there were delays in the availability of the Atlantic Zephyr drilling rig, delaying the start of the campaign. The PLSV, which will be allocated for the launch of the lines and umbilical, it is also in the final phase of hiring. For these reasons, wells are expected to start operating by mid-February 2020.

MANAGEMENT'S ADDITIONAL COMMENTS

It is recommended that when assessing 2019 year-to-date results in relation to the results of previous periods, investors consider the disclosures made by the Company. Notwithstanding the positive performance presented by the Company since 4Q17, Management highlights that a significant part of these results derive from the implementation of the terms and conditions settled in the Agreements related to the Company's financial restructuring, and that the maintenance of the positive performance trend was subject to such terms and conditions. The Agreements' terms, conditions and other information were disclosed to the market in general through Material Facts

dated July 24th, 2017⁹, October 3rd, 2017¹⁰, December 22nd, 2017¹¹ and November 26th, 2018¹² which were made available by the Company's official investor relation channels, as well as set forth in "Formulário de Referência"¹³ filed within *Comissão de Valores Mobiliários*, Brazilian SEC, and its reading is recommended as part of each investor's individual evaluation.

Since the New Charter effective date, December 4th, 2018, the Company has performed five offloads, in February, March, April, June and September covering a period of 274 production days (for purposes of the New Charter), which resulted in the payment of US\$ 35.4 million as fixed charter until the end of the 3Q19, no variable charter payment has been made.

DISCLAIMER

These presentations may contain forward-looking statements. Such forward-looking statements only reflect expectations of the Company's managers regarding future economic conditions, as well as the Company's performance, financial performance and results, among others. The terms "anticipates", "believes", "expects", "predicts", "intends", "plans", "projects", "objective", "should", and similar terms, which evidently involve risks and uncertainties that may or may not be anticipated by the Company and therefore are not guarantees of future results of the Company and therefore, the future results of the Company's operations may differ from current expectations and the reader should not rely exclusively on the information herein presented. Under no circumstances shall the Company or its directors, officers, representatives or employees be liable to any third parties (including investors) should they make decisions or investments or carry out business acts based on the information and statements presented herein, nor shall the Company be liable for any indirect damages, loss of profit, or similar consequences thereof. The Company does not undertake to update the presentations and forecasts in the light of new information or its future developments. The Company does not intend to provide shareholders with any revised versions of the statements or analysis of the differences between these statements and actual results. This presentation does not contain all the necessary information for a complete investment assessment on the Company. Investors should carry out their own assessments, including of the associated risks, before making an investment decision. The figures reported for the current period onwards are estimates or targets. These indicators do not have standardized meanings and may not be comparable to indicators with a similar description used by others. We provide these indicators because we use them as measures of company performance; they should not be considered in isolation or as a substitute for other financial metrics that have been disclosed in accordance with BR GAAP or IFRS.

⁹ [Material Fact July 24th, 2017](#)

¹⁰ [Material Fact October 3rd, 2017](#)

¹¹ [Material Fact December 22nd, 2017](#)

¹² [Material Fact November 26th, 2018](#)

¹³ [Formulário de Referência](#)

ANNEX I – BALANCE SHEET

R\$ million

Assets	3Q19	4Q18	Δ
Current assets			
Cash and cash equivalents	175.4	157.3	18.0
Marketable securities	-	79.1	(79.1)
Escrow deposits	6.7	3.2	3.4
Accounts receivable	-	-	-
Oil inventory	47.1	28.9	18.2
Other credits and prepaid expenses	6.9	15.2	(8.3)
	236.1	283.7	(47.7)
Non current			
Long-term assets	112.4	109.8	2.6
Escrow deposits	-	-	-
Materials and supplies	13.9	10.5	3.4
Loans with related parties	-	-	-
Taxes and contributions recoverable	98.5	99.3	(0.8)
Credits with related parties	-	-	-
Right-of-use assets	875.9	-	875.9
Investments	2.4	1.7	0.8
Fixed assets	206.3	244.0	(37.7)
Intangible	0.0	0.0	-
Total Asset	1,433.1	639.2	793.9
Liabilities			
Current			
Trade payables	35.5	35.9	(0.4)
Taxes, contributions and government takes	39.7	35.4	4.3
Salaries and payroll taxes	19.2	11.9	7.2
Accounts payable to related parties	14.5	72.2	(57.6)
Sundry provisions	0.6	3.5	(2.8)
Rentals payable	203.4	-	203.4
Other accounts payable	126.4	121.3	5.2
	439.4	280.1	159.3
Non current			
Sundry provisions	638.2	596.6	41.7
Rentals payable	642.7	-	642.7
Deferred PIS/COFINS	187.5	138.9	48.6
	1,468.4	735.5	733.0
Shareholders' equity			
Paid-in capital	412.4	10,250.7	(9,838.3)
Shares held in treasury	-	(21.6)	21.6
Capital Reserve	(159.2)	1,727.4	(1,886.6)
Currency translation adjustments	63.2	60.8	2.4
Retained earnings (deficit)	(791.1)	(12,393.6)	11,602.5
	(474.7)	(376.4)	(98.3)
Total Liability + Shareholders' equity	1,433.1	639.2	793.9

ANNEX II – PROFIT & LOSS

R\$ million

Income Statement	3Q18	3Q19	Δ	9M18	9M19	Δ
Net sales revenue	165.5	87.6	-47.1%	408.5	356.2	-12.8%
Cost of goods sold	(87.5)	(79.5)	-9.2%	(206.8)	(307.8)	48.9%
Gross profit (loss)	78.0	8.1	-89.6%	201.7	48.3	-76.0%
Operating expenses						
General and administrative expenses	(12.5)	(14.1)	12.8%	(34.2)	(45.6)	33.6%
Other operating income (expenses)	(77.7)	(60.1)	-22.6%	(162.0)	(27.7)	-82.9%
(Provision for) realization/reversal of impairment	(174.9)	(4.1)	-97.7%	(156.6)	(55.8)	-64.4%
Provision for loss of subsidiaries	-	-	n.a.	-	-	n.a.
Provision for realization of CTA	-	-	n.a.	-	-	n.a.
Equity in the earnings (losses) of subsidiaries	(0.3)	1.5	-541.4%	1.0	2.4	132.3%
Results before financial result and taxes on income	(187.4)	(68.7)	-63.4%	(150.0)	(78.3)	-47.8%
Financial result						
Financial revenue	8.8	1.6	-82.0%	12.9	17.1	32.6%
Financial expenses	(5.3)	(8.0)	51.7%	(26.8)	(41.7)	55.9%
Loss on debt converted into equity instrument	-	-	n.a.	-	-	n.a.
Net exchange variation	(1.6)	(23.4)	1409.3%	(30.0)	(17.2)	-42.7%
Profit (loss) before taxes on income	(185.5)	(98.5)	-46.9%	(193.9)	(120.2)	-38.0%
Income tax and social contribution	(143.5)	-	-100.0%	(147.9)	-	-100.0%
Net profit (loss) from continuing operations	(329.0)	(98.5)	-70.0%	(341.7)	(120.2)	-64.8%
Discontinued operations	-	-	n.a.	-	-	n.a.
Net profit (loss) for the period	(329.0)	(98.5)	-70.0%	(341.7)	(120.2)	-64.8%
Accounts reconciliation - Adjusted EBITDA Calculation	3Q18	3Q19	Δ	9M18	9M19	Δ
Net sales revenue	165.5	87.6	-47.1%	408.5	356.2	-12.8%
Net profit (loss) for the period	(329.0)	(98.5)	-70.0%	(341.7)	(120.2)	-64.8%
Adjustments						
Income tax and social contribution	143.5	-	-100.0%	147.9	-	-100.0%
Financial result	(1.9)	29.9	-1646.9%	43.9	41.8	-4.6%
Depreciation and amortization	5.9	14.8	151.3%	13.7	51.0	272.3%
EBITDA in compliance with CVM Rule nº 527, art. 3	(181.5)	(53.9)	-70.3%	(136.3)	(27.3)	-80.0%
Other adjustments						
IFRS 16	-	(7.7)	n.a.	-	(23.6)	n.a.
Non-cash and non-operating provisions	17.3	-	-100.0%	17.3	(26.2)	-251.7%
PIS and COFINS over financial result ^(a)	48.0	57.8	20.4%	126.4	48.6	-61.5%
Impairment ^(b)	174.9	4.1	-97.7%	156.6	55.8	-64.4%
Provision for loss of subsidiaries	-	-	n.a.	-	-	n.a.
Provision for realization of CTA	-	-	n.a.	-	-	n.a.
Adjusted EBITDA	58.6	0.3	-99.5%	164.0	27.4	-83.3%
Adjusted EBITDA margin	35.4%	0.4%	-35 p.p.	40.1%	7.7%	-32 p.p.

(a) Result derived from non-cash income from currency exchange rate variation. Accounted in the P&L under operational expenses. Reconciled to avoid misinterpretation in EBITDA's analysis.

(b) Similar impact to depreciation and doesn't represent cash impact. Reconciled to avoid misinterpretation in EBITDA's analysis.

ANNEX III – CASH FLOW

R\$ million

Cash flow	3Q18	3Q19
Cash flows from operating activities		
Profit (loss) for the period	(341.7)	(120.1)
Adjustments to reconcile results to cash flows from operating activities:		
Depreciation of fixed assets and amortization of intangible assets	13.7	51.0
Equity in the earnings (losses) of subsidiaries	(1.0)	(2.4)
Adjustment of the provision for stock option guarantees	(0.5)	(2.8)
Impairment	156.6	55.8
Sundry provisions	0.9	2.2
Unrealized exchange variation on financing - assets and liabilities	(10.4)	-
Interest/charges on financing - provisioned assets and liabilities	(4.9)	-
Deferred PIS and COFINS	126.4	48.6
Interest and exchange variation on provision for ARO	81.3	36.9
Fair value adjustment of financial assets	3.2	(12.7)
Interest arising from the adoption of IFRS 16	-	5.7
Cost adjustment of the products sold as a result of the adoption of IFRS 16	-	(29.2)
Others	(24.8)	0.8
Cash provided by (used in) operations	145.0	33.7
Changes in assets and liabilities:		
Other credits and related parties	0.0	(49.3)
Income tax, social contribution and other recoverable taxes	0.2	0.8
Trade accounts receivable	16.5	-
Inventories	(13.6)	(26.9)
Escrow deposits	2.8	(3.4)
Marketable securities	-	113.4
Trade accounts payable	(9.4)	(0.4)
Salaries and payroll charges	(4.2)	7.2
Income and social contribution taxes, government stakes and other taxes payable	6.2	4.3
Sundry provisions	(58.4)	(0.7)
Other accounts payable	26.7	5.2
	(33.1)	50.1
Net cash operating activities	111.9	83.8
Cash flows from investments activities		
Marketable securities	-	-
Capital increase in equity interest	-	-
Acquisition of fixed assets	-	(65.8)
Sale of fixed assets	0.4	0.0
Acquisition of intangible assets	-	-
Net cash provided by (used in) investments activities	0.4	(65.8)
Cash flows from financing activities		
Capital increase	-	0.0
Sale of shares of OGpar by Dommo	-	-
OGpar consolidation cash	-	-
Net cash provided by (used in) financing activities	-	0.0
Variation in cash and cash equivalents	112.3	17.9
Variation in cash and cash equivalents		
Opening balance of cash and cash equivalents	42.5	157.3
Closing balance of cash and cash equivalents	154.8	175.4
Variation in cash and cash equivalents	112.3	18.0



Grant Thornton

Independent auditor's report on the review of the interim financial information

Grant Thornton Auditores Independentes

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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

To the
Shareholders, Directors and Management of
Dommo Energia S.A.
Rio de Janeiro – RJ

Introduction

We have reviewed the individual and consolidated interim financial information of Dommo Energia S.A. (“Company”), included in the Interim Financial Information Form (ITR), which comprises the balance sheet as at September 30, 2019 and the related statement of profit and loss and statement of comprehensive income (loss) for the three and nine months ended, statement of changes in equity (unsecured liabilities), and statement of cash flows for the nine months period ended, including a summary of the main accounting policies and other explanatory notes.

The Company’s Management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and international standard IAS 34 – Interim Financial Reporting as well as the presentation of this information in line with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of interim financial information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and international standard IAS 34 – Interim Financial Reporting as well as the presentation of this information in line with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of interim financial information (ITR).

Relevant uncertainty related to going concern

We draw attention to Note 1.3 to the individual and consolidated interim financial information, which indicates that the Company and its subsidiaries have negative net working capital in the amounts of R\$ 485,690 thousand and R\$ 203,334, individual and consolidated, respectively, basically of its short-term debt with related parties and leasing operations, as well as recovering losses on a recurring basis and presents negative equity at the end of the period ended September 30, 2019 in the amount of R\$ 474,698 thousand. This situation, among others described in Note 1.3, indicates the existence of relevant uncertainty that may raise significant doubt about its operational continuity of the Company and its subsidiaries. Our conclusion is not limited to this subject.

Other matters

Interim statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of quarterly information to conclude that they are reconciled with interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, we are not aware of any fact that leads us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this standard and consistently with respect to the individual interim financial information and consolidated taken together.

Audit and review of the corresponding figures for the prior year and the quarter of the prior year

The amounts for the year ended December 31, 2018, presented for comparison purposes, were previously reviewed by other independent auditors who issued a report dated March 28, 2019, without modifications, containing a continuity of uncertainty paragraph and a paragraph of Emphasis on arbitration proceedings in relation to the exclusion of the company from the BS-4 exploration block consortium, which no longer applies, according to notes 1.2, 12 and 18. The amounts corresponding to the three and nine month periods ended September 30, 2018, presented for comparison purposes, were reviewed by other independent auditors, whose report dated December 07, 2018 contained an emphasis paragraph on the same subject above and noted a qualified opinion due the limitation of scope of the absence of update of financial economic study on the asset held for sale for impairment and the amount of accounts receivable from the parent company Oil and Gas Participações S.A. due to the absence of provision for credit risk due to the long-term outstanding, which is no longer apply to the interim financial information as of Sepetember 30, 2019, in accordance with explanatory notes 1.2 e 11.1.b respectively.

Restatement of the individual and consolidated interim financial information

As part of our review of the interim financial information, individual and consolidated, of September 30, 2019, we also reviewed the adjustments described in Note 2.e, which were made to change the interim financial information included in the Quarterly Financial Information for the three-months and nine-months period ended September 30, 2018, presented for comparison purposes. Based on our



review, nothing has come to our attention that such adjustments are not appropriate or have not been properly performed, in all material respects. We were not contracted to audit, revise, or apply any other procedures related to the Company's Quarterly Information (ITR), individual and consolidated, for the 2018 figures and, therefore, we do not express an opinion or any form of assurance regarding the accounting information for that year taken as a whole.

Rio de Janeiro, October 30, 2019.

Marcio Romulo Pereira
Grant Thornton Auditores Independentes

Dommo Energia S.A.

Statements of financial position on September 30, 2019 and December 31, 2018

(In thousands of Reais)

Note	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Assets				
Current assets				
Cash and cash equivalents	5	4,990	51,922	175,355
Oil inventories	9	49,568	30,576	47,136
Marketable securities	6	-	-	79,078
Escrow deposits	7	3,482	3,245	6,666
Other credits and prepaid expenses	10	6,924	13,605	6,893
Total current assets		64,964	99,348	236,050
				283,716
Non-current assets				
Long-term assets				
Inventories	9	-	-	13,923
Loans and financing with related parties	15	15,269,497	14,533,575	-
Income tax, social contribution and other recoverable taxes	14	87,721	89,620	98,487
Credits with related parties	15	445,574	414,728	-
		15,802,792	15,037,923	112,410
				109,805
Right of use	33	875,893	-	875,893
Investments	11	40,542	17,045	2,432
Fixed assets	12	205,214	243,003	206,310
Intangible assets	13	10	10	10
Total non-current assets		16,924,451	15,297,981	1,197,055
				355,515
Total assets		16,989,415	15,397,329	1,433,105
				639,231

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of financial position on September 30, 2019 and December 31, 2018

(In thousands of Reais)

Note	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Liabilities				
Current liabilities				
Trade accounts payable	16	34,018	35,122	35,544
Income and social contribution taxes, government taxes and other taxes payable	14	39,651	35,369	39,656
Salaries and payroll charges		19,150	11,855	19,150
Accounts payable to related parties	15	177,346	199,363	14,540
Sundry provisions	17	646	3,480	646
Other accounts payable	18	76,444	74,720	126,449
Leases payable	33	203,399	-	203,399
Total current liabilities		550,654	359,909	439,384
				280,122
Non-current liabilities				
Loans and financing with related parties	15	14,946,199	14,268,774	-
Accounts payable to related parties	15	498,841	409,537	-
Sundry provisions	17	638,244	596,589	638,244
Deferred PIS and COFINS	14	187,504	138,870	187,504
Leases payable	33	642,671	-	642,671
Total non-current liabilities		16,913,459	15,413,770	1,468,419
				735,459
Shareholders' equity (unsecured liabilities)				
Capital stock	20	412,399	10,250,677	412,399
Treasury shares		-	(21,646)	-
Capital reserves		(159,192)	1,727,383	(159,192)
Currency translation adjustments		63,222	60,815	63,222
Accumulated losses		(791,127)	(12,393,579)	(791,127)
Total Shareholders' equity (unsecured liabilities)		(474,698)	(376,350)	(474,698)
				(376,350)
Total Liabilities and Shareholders' equity (unsecured liabilities)		16,989,415	15,397,329	1,433,105
				639,231

The accompanying notes are an integral part of the quarterly information.

Dommo Energia S.A.

Statements of income

Periods ended September 30, 2019 and 2018

(In thousands of Reais, except for basic and diluted earnings per share)

Note	Parent Company			
	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Net sales revenue	21	83,284	157,797	340,040
Cost of goods sold	22	(83,547)	(93,383)	(323,343)
Gross profit (loss)		(263)	64,414	16,697
Operating expenses				
General and administrative expenses	23	(12,328)	(12,221)	(41,766)
Other operating income (expenses)	25	(58,594)	(76,114)	(37,873)
Impairment	26	(8,457)	(179,186)	(68,531)
Equity in the earnings of subsidiaries	11	(357,078)	(432,246)	(278,162)
		(436,457)	(699,767)	(426,332)
Results before financial result and taxes on income		(436,720)	(635,353)	(409,635)
Financial results				
Financial revenue	24	1,919	9,445	6,219
Financial expenses	24	(7,605)	(4,873)	(18,796)
Net exchange variation	24	343,873	163,573	302,062
		338,187	168,145	289,485
Loss before taxes on income		(98,533)	(467,208)	(120,150)
Income tax and social contribution	14	-	(143,505)	-
Profit for the period		(98,533)	(610,713)	(120,150)
Basic and diluted profit per share (In R\$)	32			
			(0.44493)	(1.28202)

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of income

Periods ended September 30, 2019 and 2018

(In thousands of Reais, except for basic and diluted earnings per share)

Note	Consolidated			
	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Net sales revenue	21	87,589	165,487	356,163
Cost of goods sold	22	(79,450)	(87,491)	(307,836)
Gross profit		8,139	77,996	48,327
Operating expenses				
General and administrative expenses	23	(14,100)	(12,504)	(45,634)
Other operating income (expenses)	25	(60,112)	(77,685)	(27,654)
Impairment	26	(4,097)	(174,861)	(55,779)
Equity in the earnings of subsidiaries	11	1,492	(338)	2,432
		(76,817)	(265,388)	(126,635)
Results before financial result and taxes on income		(68,678)	(187,392)	(78,308)
Financial results				
Financial revenue	24	1,583	8,784	17,096
Financial expenses	24	(8,044)	(5,304)	(41,737)
Net exchange variation	24	(23,394)	(1,550)	(17,201)
		(29,855)	(1,930)	(41,842)
Profit before taxes on income		(98,533)	(185,462)	(120,150)
Income tax and social contribution	14	-	(143,505)	-
Profit for the period		(98,533)	(328,967)	(120,150)
				(341,714)

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of comprehensive income

Periods ended September 30, 2019 and 2018

(In thousands of Reais)

	Parent Company and Consolidated	
	9/30/2019	9/30/2018
Profit for the period	(120,150)	(341,714)
Currency translation adjustments	2,407	38,572
Total comprehensive income	(117,743)	(303,142)

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of changes in shareholders' equity (unsecured liabilities)

Periods ended September 30, 2019 and 2018

(In thousands of Reais)

	Note	Capital stock	Treasury shares	Capital reserve	Currency translation adjustments	Retained earnings (losses)	Total
Balance on January 1, 2018 (restated)		10,157,770	-	1,884,317	72,927	(11,722,602)	392,412
Currency translation adjustments (a)		-	-	-	38,572	-	38,572
Loss for the period		-	-	-	-	(341,714)	(341,714)
Balances on September 30, 2018		10,157,770	-	1,884,317	111,499	(12,064,316)	89,270
Shares issued as a result of the merger of OGPar shares	20	92,907	-	-	-	-	92,907
Treasury shares (resulting from the process of absorption of OGPar shares)	20	-	(54,200)	-	-	-	(54,200)
Treasury shares - sale of shares between November 26 and December 31, 2018	20	-	16,215	-	-	-	16,215
Effect of the absorption of OGPar shares		-	-	(140,595)	-	-	(140,595)
Currency translation adjustments - other subsidiaries (a)		-	-	-	(40,290)	-	(40,290)
Currency translation adjustments - Atlanta Field Investment (a)		-	-	-	32,761	-	32,761
Currency translation adjustments - write-off of 100% of the Atlanta Field investment (a)		-	-	-	(43,155)	-	(43,155)
Result from the disposal of reciprocal interest	20	-	16,339	(16,339)	-	-	-
Loss for the period		-	-	-	-	(329,263)	(329,263)
Balances on December 31, 2018		10,250,677	(21,646)	1,727,383	60,815	(12,393,579)	(376,350)
Capital increase	7	-	-	-	-	-	7
Reduction of capital with absorption of accumulated losses	20	(11,722,602)	-	-	-	11,722,602	-
Other comprehensive income (loss) in subsidiaries		-	-	(2,258)	-	-	(2,258)
Realization of OGPar treasury shares	20	-	21,646	-	-	-	21,646
Currency translation adjustments	11.1	-	-	-	2,407	-	2,407
Net profit for the period		-	-	-	-	(120,150)	(120,150)
Incorporation of reserve balances	20	1,884,317	-	(1,884,317)	-	-	-
Balances on September 30, 2019		412,399	-	(159,192)	63,222	(791,127)	(474,698)

The net amount of the accumulated translation adjustment is R\$(50,684)

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of cash flows

Periods ended September 30, 2019 and 2018

(In thousands of Reais)

Note	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Cash flows from operating activities				
Loss for the period	(120,150)	(341,714)	(120,150)	(341,714)
Adjustments to reconcile loss to cash flows from operating activities:				
Depreciation of fixed assets and amortization of intangible assets	12	37,362	571	51,023
Equity in the earnings (losses) of subsidiaries	11	278,162	755,389	(2,432)
Stock options (<i>pro rata</i> , cancellation/annulment and guarantees)	17	(2,834)	(539)	(2,834)
Impairment	12 and 26	68,531	168,395	55,779
Sundry provisions		2,177	863	2,177
Unrealized exchange variation on financing - assets and liabilities		(417,343)	(808,520)	-
Interest/charges on financing - provisioned assets and liabilities		(5,328)	(6,837)	-
Deferred income tax and social contribution	14		146,300	146,300
Deferred PIS and COFINS	14 and 25	48,634	126,416	48,634
Interest and exchange variation on provision for ARO		36,872	81,349	36,872
Fair value adjustment of financial assets	24	-	3,223	(12,654)
Interest arising from the adoption of IFRS 16	14 and 33	5,654	-	5,654
Cost adjustment of the product sold due to the adoption of IFRS 16	33	(29,229)	-	(29,229)
Provision (reversion) for inventory losses		2	2	2
Other		-	(23,944)	841
Cash provided by (used in) operations		(97,490)	100,954	33,683
				145,048
Changes in assets and liabilities:				
Other credits and related parties		395,052	73,738	(49,322)
Income tax, social contribution and other recoverable taxes	14	1,899	618	785
Trade accounts receivable	8	-	16,523	-
Inventories	9	(24,264)	(14,961)	(26,899)
Escrow deposits	7	(237)	2,831	(3,421)
Marketable securities		-	-	113,378
Trade accounts payable	16	(1,104)	(8,761)	(350)
Salaries and payroll charges		7,295	(4,155)	7,207
Income and social contribution taxes, government takes and other taxes payable	14	4,282	6,187	4,275
Realization of sundry provisions		(720)	(58,437)	(720)
Other accounts payable	18	1,724	17,110	5,177
		383,927	30,693	50,110
				(33,128)
Net cash provided by operating activities		286,437	131,647	83,793
				111,920
Cash flows from investing activities				
Capital increase in equity interest	11	(2,535)	(1,052)	-
Acquisition of fixed assets	12	(65,757)	-	(65,757)
Sale of fixed assets		1	376	1
Net cash used in investing activities		(68,291)	(676)	(65,756)
				376
Cash flows from financing activities				
Capital increase	20	7	-	7
Amortization of principal	15	(265,085)	(157,797)	-
Net cash provided by (used in) financing activities		(265,078)	(157,797)	7
				-
Variation in cash and cash equivalents		(46,932)	(26,826)	18,044
				112,296
Statement of changes in cash and cash equivalents				
Opening balance of cash and cash equivalents		51,922	36,008	157,311
Closing balance of cash and cash equivalents		4,990	9,182	175,355
Statement of changes in cash and cash equivalents		(46,932)	(26,826)	18,044
				112,296

The accompanying notes are an integral part of the interim financial statements.

Dommo Energia S.A.

Statements of added value

Periods ended September 30, 2019 and 2018

(In thousands of Reais)

	Note	Parent Company 9/30/2019	9/30/2018	Consolidated 9/30/2019	9/30/2018
Sale of products	21	340,040	400,787	356,163	408,477
Inputs purchased from third parties					
Costs of products, goods and services less royalties, depreciation and amortization	22	(253,160)	(183,609)	(237,653)	(169,658)
Materials, energy, outsourced services and others		21,991	(18,244)	40,666	(11,654)
Impairment	26	(68,531)	(168,395)	(55,779)	(156,581)
		(299,700)	(370,248)	(252,766)	(337,893)
Gross added value		40,340	30,539	103,397	70,584
Retentions					
Depreciation of fixed assets and amortization of intangible assets	12	(37,362)	(571)	(51,023)	(13,704)
		(37,362)	(571)	(51,023)	(13,704)
Net value added produced by the Company		2,978	29,968	52,374	56,880
Value added received in transfer					
Equity in the earnings (losses) of subsidiaries	11.1	(278,162)	(755,389)	2,432	1,047
Financial revenue	24	6,219	14,616	17,096	12,890
		(271,943)	(740,773)	19,528	13,937
Total value added to distribute		(268,965)	(710,805)	71,902	70,817
Distribution of value added					
Employees (i)					
Direct compensation		34,078	30,388	34,118	30,388
Benefits		4,884	5,488	4,884	5,488
FGTS		2,121	2,387	2,121	2,387
		41,083	38,263	41,123	38b,263
Taxes					
Taxes, fees and contributions		60,010	281,697	58,633	280,384
Royalties	22	33,358	37,119	33,358	37,119
Financial expenses and exchange rate changes, net	24	(283,266)	(726,170)	58,938	56,765
Remuneration on equity capital					
Profit (loss) for the period attributed to shareholders		(120,150)	(341,714)	(120,150)	(341,714)
Total value added distributed		(268,965)	(710,805)	71,902	70,817

(i) Comprises amounts allocated to projects, such as cost of goods sold and fixed assets, and amounts recorded as general and administrative expenses.

The accompanying notes are an integral part of the interim financial statements.

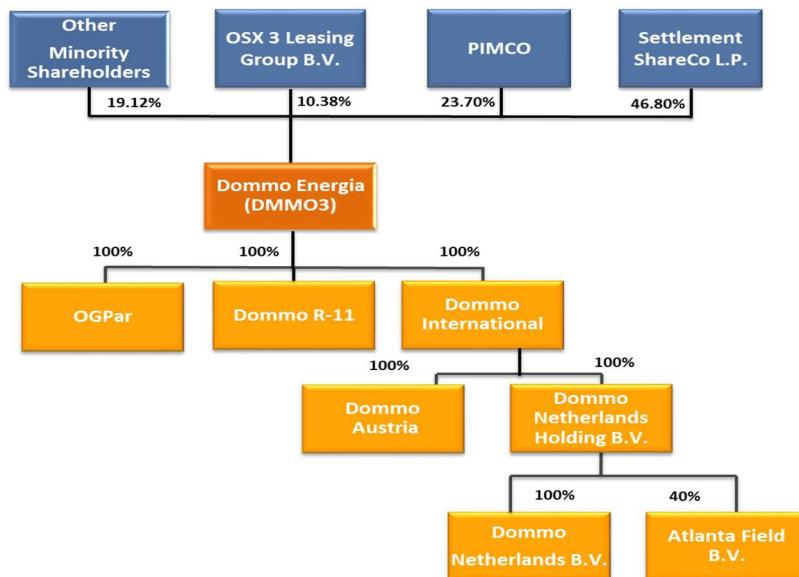
Notes to the interim financial information

(In thousands of Brazilian Reais, except when indicated otherwise)

1 Operations

1.1 Corporate structure

On September 30, 2019, the corporate structure of Dommo Energia was as follows:



Dommo Energia S.A., former OGX Petróleo e Gás S.A., (“**Dommo Energia**” or “**Company**”) was originally incorporated as a limited liability company (Ltda.) on June 27, 2007. Headquartered in the city of Rio de Janeiro, the Company’s purpose is to engage in activities authorized or granted by the Brazilian federal government involving research, extraction, refining, processing, sale and transportation of oil, natural gas and other hydrocarbons, as well as any other correlated activities. By acting either directly or through subsidiaries, Dommo Energia may further carry out the activities that make up its purpose in Brazil or abroad and hold interests in other companies.

Dommo R-11 Petróleo e Gás S.A., formerly OGX R-11 Petróleo e Gás S.A., (“**Dommo R-11**”): Incorporated on October 4, 2013 and headquartered in the city of Rio de Janeiro, the company has the same corporate purpose as Dommo Energia.

Dommo International GmbH, previously OGX International GmbH, (“**Dommo International**”): Incorporated on November 11, 2009, headquartered in the city of Vienna, Austria, the company’s purpose is to hold interests in other companies and engage in any type of business.

Dommo Austria GmbH, former OGX Austria GmbH, (“**Dommo Austria**”): Incorporated on November 11, 2009 and headquartered in the city of Vienna, Austria, this company’s purpose is to engage in all activities related to the sale of oil, natural gas and all other hydrocarbons, including import, export, processing, transportation and storage. It may further acquire, maintain and dispose of interests in other companies and sign lease agreements.

Dommo Netherlands Holding B.V., formerly OGX Netherlands Holding B.V., (“**Dommo Netherlands Holding**”): Incorporated on July 23, 2012, headquartered in Amstelveen, in the Netherlands, this company’s purpose is to engage in the exploration, production and sale of oil and its by-products, natural gas and other hydrocarbons. It may further hold interests in other companies and provide technical services for the O&G industry, and also engage in other activities associated with this industry. Its main operating activities currently consist of holding interests in other Dutch companies.

Dommo Netherlands B.V., formerly OGX Netherlands B.V., (“**Dommo Netherlands**”): Incorporated on March 19, 2010 and headquartered in Amstelveen, in the Netherlands, this company’s corporate purpose is the exploration, production and sale of oil and its by-products, natural gas and other hydrocarbons. It may further provide technical services for the O&G industry, as well as engage in other activities associated with this industry. Its main operating activities currently consist of acquiring and leasing equipment to Dommo Energia for use in the O&G industry.

Atlanta Field B.V. (“Atlanta Field”): Incorporated on November 2, 2012 and headquartered in Rotterdam, Netherlands. Its main operations currently consist of acquiring and leasing equipment to be used in O&G exploration and production by Consórcio BS-4 comprised of Dommo Energia, with an interest of 40%, Enauta Participações S.A., previously Queiroz Galvão Exploração e Produção S.A. (“Operator”, “Enauta” or “QGEP”), with an interest of 30%, and Barra Energia do Brasil Petróleo e Gás Ltda. (“Barra”), with an interest of 30% (jointly “Consortium” or “BS-4 Consortium”).

Óleo e Gás Participações S.A. (“OGPar”): Incorporated on April 10, 2006 under the corporate name Centennial Asset Participação Corumbá S.A. After the spin-off of the net assets associated to businesses other than oil and gas, the corporate name was changed on September 3, 2007 to OGX Petróleo e Gás Participações S.A. and later, on December 6, 2013, changed to the current name. Headquartered in the city of Rio de Janeiro, its corporate purpose is to hold interest in other domestic or foreign companies operating in the oil and gas segment, incorporated under any corporate type. In November 2018, Dommo Energia absorbed incorporated (“merger by shares”) OGPar and became the owner of all OGPar shares. For further details on the merger by shares see Note 11.

1.2 Portfolio

On September 30, 2019 the Company held interests in the following fields:

	Country	Basin	Block	Field	Operator	% Dommo Energia	Contractual period
1	Brazil	Campos	BMC 41	Tubarão Azul	Dommo Energia	100%	05/09/2012 to 05/09/2039
2	Brazil	Campos	BMC 39 and 40	Tubarão Martelo	Dommo Energia	100%	04/19/2012 to 04/19/2039
3	Brazil	Santos	BS-4	Atlanta	Enauta Participações	40%	12/27/2006 to 12/27/2033
4	Brazil	Santos	BS-4	Oliva	Enauta Participações	40%	12/27/2006 to 12/27/2033

Fields being developed and producing

Atlanta and Oliva – under dispute

The Atlanta and Oliva fields are located in the BS-4 block in the Santos Basin ("BS-4" or "Atlanta and Oliva Fields" or "Atlanta Filed"), where the Company holds a 40% interest in the BS-4 consortium, which is also comprised by Enauta Participações S.A., previously Queiroz Galvão Exploração e Produção S.A. ("Operator", "Enauta" or "QGEP"), with an interest of 30%, and Barra Energia do Brasil Petróleo e Gás Ltda. ("Barra"), with an interest of 30% (jointly "Consortium" or "BS-4 Consortium"). The Atlanta field began production on May 2, 2018.

In October 2017, Barra sent a notification to Dommo Energia informing that it would exercise of an option to demand that the Company withdraw from the Joint Operating Agreement ("JOA") referring to BS-4 Consortium and the concession agreement ("Notice"), without any offer to pay a price of indemnification. According to the Notice, the requirement was founded on Dommo Energia's incapacity to remedy the alleged default until the sixtieth (60th) day after the date the notifications of default related to the cash calls to cover expenditures of the BS-4 Consortium were sent (see Note 19e).

In this regard, on October 23, 2017, the Company informed the market that it started arbitration to be managed by the London Court of International Arbitration - LCIA, pursuant to the arbitration rules of UNCITRAL, against Barra and Enauta, challenging: (i) the exercise of the alleged option, by Barra, requiring Dommo to withdraw from the Joint Operating Agreement - JOA, the Consortium Agreement and the Concession Agreement of BS-4, without any offer to pay a price of indemnification; (ii) the default status of Enauta as operator of the BS-4 Consortium; and (iii) the illegality of certain JOA clauses that allegedly authorize the actions taken by Barra and Enauta. Dommo also filed an application requesting that Barra and Enauta pay for the damages caused by said conduct (see Note 19e).

The Arbitration Court issued a preliminary decision, effective as of the second quarter of 2018 ("2Q18"), determining that the amount related to the 40% interest in revenue from the sale of oil be deposited in an escrow account in order to be used to pay cash calls issued after said preliminary decision and other costs, and that the remaining balance be raised by the winner of the dispute. Therefore, pursuant to CPC 25, Dommo Energia did not record billings statements (R\$136,458) and cash calls (R\$120,103) received as of 2Q18. Similarly, revenues from the sale of oil have also not been recorded. On July 18, 2018, the operator issued a notice to Dommo Energia informing about the opening of an escrow account in which the amounts from the sale of oil should be deposited and in which a total of R\$42,045 referring to the 40% under dispute related to offloading was deposited. During this period, the Operator redeemed the full amount deposited in the escrow account to pay the cash calls received as of 2Q18.

On September 25, 2018, the Company became aware of the judgment rendered by the Arbitration Court ("Decision") regarding the first stage of the arbitration, as per Material Fact of October 23, 2017. Said decision states, among other things, that the notification issued by Barra on October 10, 2017, in order to exercise, without offering any payment, the option to demand the withdrawal of the Company from the JOA, the Consortium Agreement and the Concession Agreement, all of which related to Block BS-4, as per Material Fact of October 20, 2017, valid at the time, and should produce effects from the date of receipt of the notice, i.e., October 11, 2017, without prejudice to having the annulment of said withdrawal certified at a later stage of the arbitration, with the production of new evidence that supports said annulment. The first stage of the arbitration did not support the production of evidence, as the Decision established that in a new stage of the arbitration that includes the production of evidence, Dommo Energia can still plead for the annulment of its withdrawal and the mandatory transfer of its interest in Block BS-4 and/or award for damages from Enauta and Barra. The decision revoked the preliminary decision on the sale

of the oil owned by Dommo produced in BS-4, but maintained the oil revenue with Barra and Enauta, which is why Dommo remains not recording the revenue nor the cash calls.

The effects and consequent enforceability of the decision in Brazil are subject to ratification by the Superior Court of Justice (STJ) of a judgment rendered abroad, in accordance with the Federal Constitution and effective law. On June 24, 2019 was released a Material Fact regarding the decision of the ANP's Board of Directors, dated June 19, 2019, approving the assignment of the Company's interest in Block BS-4, based on the use of mandate clause in the JOA. According to the Company, the decision is based on assumptions and misleading information presented by the partners of the consortium.

Within this context and pursuant to the accounting law represented by CPC 01 – Impairment of Assets, and CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, Dommo Energia reclassified R\$205,920, referring to its interest in BS-4, from held for sale to fixed assets (R\$101,602) and intangible assets (R\$104,318). As established by the same accounting law, the Company complemented the impairment amount, which totaled R\$1,084,369, which, as per Note 26, is net of provision for ARO, in the amount of R\$264,020 on December 31, 2018 (Note 17b) and cash calls received after October 2017, whose balance on December 31, 2018 was R\$47,648 (Note 18). Additionally, the Company reversed the amount related to deferred income and social contribution taxes for future taxable profit arising from Block BS-4, considering the aspects inherent to the sale of oil mentioned in the arbitration. It is worth noting that these reclassifications of the accounting records comply with CPC 01 and CPC 25 and do not represent the opinion of the Company's Management and its legal counsel regarding the Decision, nor do they jeopardize any legal strategy that may be implemented.

On June 24, 2019 was released a Material Fact regarding the decision of the ANP's Board of Directors, dated June 19, 2019, approving the assignment of the Company's interest in Block BS-4, based on the use of mandate clause in the JOA. According to the Company, the decision is based on assumptions and misleading information presented by the partners of the consortium.

The Company has adopted and will continue to take all legal measures applicable to the defense of its interests and those of its shareholders.

Tubarão Martelo

Tubarão Martelo Field located in the Campos Basin ("Tubarão Martelo Field" or "TBMT") is operational and operated by the Company. The Floating Production, Storage and Offloading Platform (FPSO OSX-3), owned by OSX-3 Leasing B.V. ("OSX-3"), is allocated to the field production.

On November 26, 2018, the Company, upon approval of its Board of Directors, entered into a new amendment to the charter agreement ("New Charter Agreement") with OSX 3 Leasing B.V. ("OSX 3") to extend the existing charter for a period of up to 20 years. OSX 3 owns FPSO OSX-3 ("FPSO"), which is used as a production unit at the Tubarão Martelo Field ("TBMT") and currently produces approximately 6,000 barrels of oil per day. In addition to the New Charter Agreement, the Company and OSX 3 cancelled the call option for acquisition of TBMT, which was held by OSX 3 after the court-supervised reorganization.

As a result of the New Charter Agreement, the Company will be able to resume planned and approved investments at TBMT ("Refurbishment"). Refurbishment consists of the conclusion of the fifth well (4HP), which has already been drilled, but needs to be connected to FPSO, as well as workover activities in the four producing wells (2HP, 6HP, 8H and 44HP). The objective of the Refurbishment is to increase TBMT production to an estimated 10,000 barrels of oil per day by the end of 2019. The Company estimates that the Refurbishment will cost US\$77,900 million ("Refurbishment Costs"), to be paid over the next 12 to 18 months and funded by existing cash balances and future cash generation.

To ensure this new long-term charter agreement and cancel the TBMT Call Option, on November 27, 2018, Dommo Energia made a payment to OSX-3 totaling US\$50,000, with funds from the corporate cash and related deposit (Note 6), and will make another payment of US\$15,000 by September 30, 2019 (Note 15), totaling R\$251,287 (US\$65,000) on December 31, 2018, classified as intangible assets (Notes 1.3 and 13). In case of termination of the New Charter Agreement by OSX 3 before the expiration of the contractual term, OSX 3 will be required to pay an early termination fee to Dommo Energia as follows: US\$65,000 by 2019, US\$50,000 by 2020, US\$25,000 by 2021, US\$12,000 by 2022 and US\$6,000 by 2023.

In addition to the financial terms described above, the New Charter Agreement includes additional terms, such as guarantees (levy of execution upon oil, field and receivables), default penalties (to both parties), collection account for disbursement of payments; and other terms negotiated by the parties.

Field in the process of decommissioning

Tubarão Azul

As per material fact of January 22, 2016, we concluded the decommissioning of production ship FPSO OSX-1, which operated in the field. The ARO of the wells was concluded in the first quarter of 2018 and the field decommissioning is in progress.

1.3 Going concern assumption

The new charter agreement of FPSO OSX-3 entered into between the Company and OSX-3 established new conditions authorizing interventions in wells of the Tubarão Martelo Field, which will lead to the production of 10.5 MMbls (million barrels) by 2022 and, therefore, an additional cash generation of R\$251,906. This new scenario sets the basis for reassessing the impairment test of Tubarão Martelo's fixed assets, whose assumptions are described in Note 12. These actions related to Tubarão Martelo will enable the Company to obtain the necessary cash flow to maintain its operations and to meet production costs and operating expenses over the estimated production period up to 2022. It should be noted that the total reserve of Tubarão Martelo is 13.9 MMbls. In addition to the 10.5 MMbls classified as proven (1P) and to be produced by 2022, another 3.4 MMbls are classified as probable (2P) that may be produced by 2024 depending on new economic valuations that justify the review of the economic cut. This volume of 13.9 MMbls is supported by the report issued by Gaffney, Cline & Associates on September 5, 2018 and used to negotiate the new charter agreement and to carry out the economic evaluation that led to the revaluation of the impairment. This extension of Tubarão Martelo's lifespan is the main foundation supporting the Company's going concern assumption.

Regardless of the aforementioned interventions that mitigate the cash generation in the medium term, the Company's Management highlights aspects that indicate the existence of significant uncertainties regarding the capacity of going concern assumption in the long-term. Dommo has been recording recurring losses in its operations and had unsecured liabilities on September 30, 2019, totaling R\$474,698 (R\$376,350 on December 31, 2018). Additionally, the Company had significant long-term liabilities totaling R\$638,244 on September 30, 2019 (R\$596,589 on December 31, 2018), as disclosed in Note 17. It should be noted that the moment when these liabilities will be recorded is still uncertain, such as the abandonment of the Tubarão Martelo Field. The ability to pay off these liabilities depends on several scenarios whose valuation, after solving the cash generation in the medium-term (2022), will be intensified by the Company as of 2019. Thus, the Company's management has worked on plans to reverse the said situation.

One of the alternatives to mitigate these uncertainties, still under feasibility studies by Dommo's Management, is to implement a new development plan for the Tubarão Martelo Field, with the purpose of exploiting the potential volume of 33.4 MMbls, in addition to the reserve of 13.9 MMbls,

with 4.7 MMbls classified as possible (3P) and 28.7 MMbls as contingent resources. The volume of 4.7 MMbls is linked to the possible connection of a well already drilled but still under evaluation. Another option of exploration and development, in preliminary stage, considered to exploit the potential volume of 28.7 MMbls, is the use of water injection and drilling new producing wells. This new development plan depends, among other things, on the future geological reevaluation of the Field, as well as the forecast of long-term oil price which, if favorable, may lead to making the new development plan economically feasible, extending the lifespan of the Field and the cash generation. Latest data available from US Energy Information Association – EIA (Annual Energy Outlook 2019) estimate an actual growth of 1.20% per year for average oil prices between 2018-2050.

Also concerning the possible new development plan, we highlight geological and price risks that significantly affect this evaluation. The geological risks include the difficult extraction and accessible reserves in any deposit being smaller than estimated. Oil and gas geologists work hard to minimize geological risks by frequently testing these evaluations and reducing the variations in these estimates. The confidence level of results related to the estimated volume of reserves is expressed as: "proven" or "1P", "probable" or "2P" and "possible" or "3P". In addition to geological risks, the oil and gas price is the main factor to decide if a reserve is economically feasible. Basically, with more relevant geological barriers to carry out extraction, there is higher price risk faced by a certain project, because unconventional extraction usually costs more than a vertical drilling to a reservoir. This does not mean that oil and gas companies automatically suspend operations on a project that becomes unprofitable due to a price decrease. Usually, these projects can't be quickly deactivated and restarted. Monitoring and studying probable prices throughout the project are key to the decision-making process on the investment.

If the feasibility studies are positive, the Company will need funding sources to finance the project. In this sense, there are several structures that may be explored, from similar ones to the new recent FPSO OSX-3 charter agreement to access credit and capital markets, since the company currently has no financial leverage, thus having conditions to structure usual financing of the oil and gas industry.

Another significant aspect is the tax contingencies classified as possible and disclosed in Note 19, totaling R\$2,842,947 on September 30, 2019 (R\$2,773,103 on December 31, 2018). The Company and its legal counsel understand that we have arguments and grounds supporting our defense regarding the inquiries from tax authorities. In addition, it should be considered that there is significant uncertainty on the term for the conclusion of these matters.

We highlight that the proceedings that resulted in the extension of the production term of Tubarão Martelo sought to address the short- and medium-term liquidity issues. And, as said above, the Company continues striving for a long-term financial balance.

Furthermore, as described in Note 17, the Company is discussing with ANP the amount of the guarantee referring to the provisions to abandon the Tubarão Martelo well. As described in said Note, the escrow deposit will be approximately US\$65 million. However, this amount will not lead to a significant imbalance in the Company's cash flow, since the deposit will reduce the financial expense concerning the variable cost of the FPSO OSX-3 rent.

Regarding the BS-4 asset, the Company recorded impairment in the total amount invested to comply with the accounting law (see Note 12). This asset remains under arbitration dispute (see Note 1.2).

Based on the plans described above, the Company can continue operating and the financial statements were prepared using the going concern accounting basis.

2 Presentation of the interim financial information

Basis of preparation

a. Statement of compliance with international standards (IFRS) and the Accounting Pronouncements Committee (CPC) standards

The financial statements have been prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee ("CPC") and the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Company presents the individual and consolidated interim financial information in accordance with CPC 21 - (R1) Interim Statement issued by CPC, IAS 34 issued by IASB, and standards established by the Brazilian Securities and Exchange Commission ("CVM").

All significant information pertaining to the interim financial information, and this information alone, is being evidenced and corresponds to the ones used by Management in its activities.

b. Basis of measurement

The individual and consolidated interim financial information has been prepared based on historic cost, except for derivative financial instruments, when applicable, and other financial instruments, which have been measured at fair value.

c. Functional and reporting currency

The interim financial information is presented in Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, except when indicated otherwise.

d. Use of estimates and judgments

When preparing this interim financial information, Management made use of judgments, estimates and assumptions that affect the application of the Company's and its subsidiaries' accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions of estimates are recognized prospectively.

Information on estimates and assumptions that may result in adjustment in the next financial reporting year is included in the following Notes:

- **Note 1.3** - The interim financial information was prepared considering the Company's going concern assumption.
- **Note 12b** - estimated recovery of the reserves for impairment testing purposes, depreciation based on the units of production method, provision for abandonment, deferred taxes, as well as significant impacts on the evaluation of the ability to continue as a going concern.
- **Note 11** - Investment in Atlanta Field BV ("AFBV")
- **Notes 12 and 13** - Depreciation and Amortization - useful lives, rates and impairment testing.
- **Note 14** - Deferred income and social contribution taxes - period for realization.
- **Note 17** - Provisions for Asset Retirement Obligation (ARO) and environmental compensation - discount rate assumptions.
- **Note 19** - Contingencies - expectation of success or loss.
- **Note 29** - Financial instruments - fair value calculation assumptions.

Basis of consolidation

The subsidiaries' financial statements are included in the consolidated interim financial information from the date that control commences until the date that control ceases to exist. The subsidiaries' accounting policies are aligned with the policies adopted by the Parent Company.

The subsidiaries' interim financial information is recognized in the Parent Company's individual financial information using the equity accounting method.

Intergroup balances and transactions and any revenues and expenses arising from intergroup transactions have been eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries and recognized by the equity accounting method have been eliminated against investments in proportion to the Company's interest in these subsidiaries. Unrealized profits (losses) have been eliminated on the same basis of unrealized gains, but only to the extent that there is no evidence of impairment.

e. Disclosure of the interim financial information

The interim financial information of September 30, 2019 was appraised by Management on October 30, 2019.

3 Summary of significant accounting practices

Except as described below, the accounting policies applied in this interim financial information are the same as those applied in the Parent Company and Consolidated financial statements for the year ended December 31, 2018.

The Company initially adopted CPC 06 (R2) - Leases ("IFRS 16") as of January 1, 2019 and the effects of this change were reflected in the Parent Company and Consolidated interim financial information for the year ended December 31, 2019 as per Note 33. The other new standards, described in item 3.2 of this note, effective as of January 1, 2019, have no material effect on the Company's financial statements and interim financial information in the current scenario.

The Company and its subsidiaries consistently applied the accounting policies described below to all periods and years presented in this interim financial information.

3.1. CPC 06 (R2) – Leases ("IFRS 16")

CPC 06 (R2) – Leases ("IFRS 16") introduces a single accounting model, requiring lessees to recognize in the statement of financial position an asset that represents their right to use the leased asset, and a liability that represents their obligation to pay the lease. Exemptions are available for short-term leases and low-value items. Lessors' accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating lease.

CPC 06 (R2) – Leases ("IFRS 16") replaced existing standards for leases, including CPC 06 (R1) Leases and ICPC 03 Complementary Aspects of Leases.

(i) Leases in which the Company is the lessee

The Company recognized new assets and liabilities for its leases previously classified as operating leases. The nature of the expenses related to said leases changed because the Company recognized depreciation expenses of right-of-use assets and interest expenses on lease liabilities.

The Company previously recorded a straight-line expense from operating lease during the term of the lease, as well as assets and liabilities, when there was a time difference between actual lease payments and recorded expenses.

(ii) Transition

The Company initially adopted CPC 06(R2) on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of the adoption of CPC 06 (R2) will be recorded as an adjustment to the opening balance of retained earnings on January 1, 2019, without restating the comparative information.

The Company adopted the practical expedient regarding the definition of lease agreement during transition. It means that the Company adopted CPC 06 (R2) to all agreements entered into before January 1, 2019 identified as leases in accordance with CPC 06 (R1) and ICPC 03.

3.2. Other standards

The following amended standards and interpretations did not have significant effect on the Company's consolidated interim financial information and financial statements.

- ICPC 22 Uncertainty over Income Tax Treatments ("IFRIC 23")
- Amendments to CPC 48 related to Prepayment Features with Negative Compensation ("IFRS 9").
- Amendments to CPC 18 (R2) Investment in Affiliate, Subsidiary and Joint Venture ("IAS 28").
- Amendments to CPC 33 Plan, Reductions or Plan Settlements ("IAS 19").
- Changes in references to the conceptual framework of IFRS.

4 Preparation of the financial statements

The consolidated financial statements include information on all the companies listed below:

	% interest	
	9/30/2019	12/31/2018
Direct subsidiaries:		
Dommo International	100.00	100.00
Dommo R-11	100.00	100.00
OGPar (i)	100.00	100.00
Indirect subsidiaries:		
Dommo Austria	100.00	100.00
Dommo Netherlands Holding	100.00	100.00
Dommo Netherlands	100.00	100.00
Joint ventures:		
Atlanta Field (ii)	40.00	40.00

(i) Incorporated by shares swap on November 26, 2018 (Note 11)

(ii) Joint arrangement with Enauta and Barra (Note 11).

5 Cash and cash equivalents

For the Management of the Company and its subsidiaries, "cash and cash equivalents" are the amounts held for the purpose of meeting short-term commitments rather than for investment or other purposes.

	Parent Company		Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
Cash and bank account	4,990	51,922	171,959	142,233
Certificate of Deposit ("CDB")	-	-	-	13,478
Investment Fund	-	-	3,396	1,600
	4,990	51,922	175,355	157,311

The fair values of the balances maintained in current bank accounts are equivalent to the carrying amounts and are classified as financial assets at amortized cost. CBD is issued and guaranteed with Banco Itaú, has daily liquidity and is remunerated at 95.5% of the CDI and the Itaú TOP RF Referenced DI Investment Fund, is managed by Banco Itaú, and basically backed by private securities issued by first-tier financial institutions, all linked to fixed rates. These assets are classified as cash equivalents because they have immediate convertibility characteristics.

6 Marketable securities

	Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>
Eneva S.A. common shares	-	79,078

On March 27, 2019, the Company informed its shareholders and the market in general that it would participate in the secondary public offering of Eneva S.A., its investee at the time, announced on the same date, with all the shares held (4,958,471 shares), as seller, as approved at a meeting of the Company's Board of Directors. On April 04, 2019, the secondary offering process was concluded, with a price per share of R\$18.25, resulting in a total gross amount of R\$90,492 for the Company.

7 Escrow deposits

The Company's escrow deposits are classified as financial assets measured at FVTPL.

	Parent Company		Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
DVB Bank (i)	3,482	3,245	3,482	3,245
CDB Itaú (ii)	-	-	3,184	-
	3,482	3,245	6,666	3,245

- (i) Escrow deposit related to the deactivation guarantee and/or abandonment fund for the Tubarão Azul field.
- (ii) CDB linked to the guarantee of contracts with suppliers associated with the Refurbishment of the Tubarão Martelo Field.

8 Trade accounts receivable

On September 30, 2019 and December 31, 2018 there were no outstanding balances receivable that corresponds to the sale of oil from the Tubarão Martelo Field. The average receivable term of trade accounts receivable is lower than 30 days.

9 Inventories

	Parent Company		Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
Current assets				
Oil inventories	49,568	30,576	47,136	28,899
Non-current assets				
Exploration and production supplies (E&P) (i)	68,524	68,522	82,447	79,055
(-) Provision for loss (ii)	(68,524)	(68,522)	(68,524)	(68,522)
	-	-	13,923	10,533
Total current and non-current	49,568	30,576	61,059	39,432

- (i) Comprised basically of materials required for the Company's exploratory drilling campaigns, such as pipelines and drill bits. The Company is not currently undergoing any drilling campaign, nor does it expect to carry out any other one. As a result, Dommo recorded a provision for loss of these materials.
- (ii) The Company periodically evaluates the opportunities to sell such supplies and recorded a provision for loss in order to recognize the asset at its expected realizable value.

Inventory reconciliation (oil and E&P supplies) and statements of cash flows	Parent Company	Consolidated
Balance on December 31, 2018	30,576	39,432
Balance on September 30, 2019	49,568	61,059
Changes	18,992	21,627
Depreciation/amortization portion on the inventory of December 31, 2018	(4,527)	(4,527)
Depreciation/amortization portion on the inventory of September 30, 2019	5,505	5,505
Provision for inventory loss of December 31, 2018	68,522	68,522
Provision for inventory loss of September 30, 2019	(68,524)	(68,524)
Production cost adjustment due to IFRS 16	(6,248)	(6,248)
Changes in inventories in the Statement of Cash Flows	(24,264)	(26,899)

	Changes in consolidated oil inventory			
	12/31/2018 Initial inventory	Production cost	Cost of goods sold	9/30/2019 Final inventory
Leasing	5,448	114,692	(103,448)	16,692
O&M	5,886	70,454	(65,669)	10,671
Logistics	7,860	65,542	(64,039)	9,363
Other expenditures	1,470	3,047	(4,497)	20
Depreciation	4,527	37,803	(36,825)	5,505
Royalties	3,708	34,535	(33,358)	4,885
	28,899	326,073	(307,836)	47,136

10 Other credits and prepaid expenses

	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Insurance premiums	3,210	936	3,210	936
Advances to suppliers	2,698	11,755	2,838	11,758
Advances to employees	417	356	432	369
Others	599	558	413	2,120
	6,924	13,605	6,893	15,183

11 Investments

	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Dommo International	36,393	11,844	-	-
Dommo R-11	4,149	5,201	-	-
Equity adjustment - Dommo Netherlands (i)	-	-	2,432	1,677
	40,542	17,045	2,432	1,677

(i) Refers to revenues from the lease of Dommo Netherlands eliminated upon consolidation against the production cost (inventories) at Dommo Energia.

11.1 Changes in investments

	Parent Company	Consolidated
Balance on January 1, 2018	184,812	193,242
Capital contribution in shareholding interests	1,052	-
Currency translation adjustments	38,572	38,118
Equity in the earnings (losses) of subsidiaries	(755,389)	1,057
Investment reclassification - Dommo Austria	771,251	-
Balance on September 30, 2018	240,298	232,417
Capital contribution in shareholding interests	74,377	-
Currency translation adjustments	(49,658)	(7,396)
Provision for loss on investment (Atlanta Field B.V.)	-	(223,273)
Equity in the earnings (losses) of subsidiaries	(18,702)	(71)
Investment reclassification - Dommo Austria	(229,270)	-
Balance on December 31, 2018	17,045	1,677
Capital contribution in shareholding interests	2,535	-
Currency translation adjustments	2,407	-
Equity in the earnings of subsidiaries	(278,162)	2,432
Reclassification equity income OGPar (ii)	7,780	-
Refund equity adjustment - Dommo Netherlands previous period	-	(1,677)
Investment reclassification - Dommo Austria (i)	288,937	-
Balance on September 30, 2019	40,542	2,432

- (i) The balance of R\$ 288,937 refers to changes of Dommo Austria's shareholders' equity, detailed in item (b) of this Note and in Note 15.
- (ii) The balance of R\$ 7,781 refers to the equity method of OGPar, which was reclassified to "loans and financing" (assets). See details in item (b) below.



a. Provision for investment loss (Atlanta Field B.V. or AFBV)

On January 9, 2019, QGEP Netherlands Holding B.V. and Barra 1 S.à.r.1 issued a joint notice requesting the transfer of 100% of the interest of Dommo Netherlands Holding B.V. in AFBV in proportion to its interest.

On January 10, 2019, Barra 1 S.à.r.1 started an arbitration against Dommo Netherlands Holding BV charging US\$6,219, referring to outstanding cash calls. On January 16, 2019, QGEP Netherlands Holding B.V. issued a notice stating that Dommo has outstanding cash calls of US\$5,375.

On September 30, 2019, the amount provisioned plus the interests of Barra 1 S.à.r.1 and QGEP Netherlands Holding B.V. totaled R\$49,872 (R\$46,404 on December 31, 2018), as disclosed in Note 18.

Dommo Energia, together with its external legal counsel, is evaluating these notices and possible administrative, judicial and arbitration lawsuits to be filed. Even considering a likelihood of loss assessed by the legal counsel related to the arbitration findings of BS-4, on December 31, 2019, the Company recorded a provision for impairment losses related to its interest in AFBV in the amount of R\$223,273.

We emphasize that this change in the accounting record is essentially based on determinations of CPC 01 and CPC 25, and does not represent the Company's and its legal counsel's opinion about the notifications and arbitration initiated, nor do they jeopardize any legal strategy that may be implemented.

b. Investment in OGPar - Merger of Shares

On November 26, 2018, pursuant to article 157, paragraph 4 of Law 6,404/76 and CVM Instruction 358/02, the Companies' general meetings approved the merger of OGPar shares by Dommo Energia ("Merger of Shares"), as well as the waiver of Dommo Energia in joining, at the moment, the Novo Mercado corporate governance segment of B3 S.A. – Brasil, Bolsa, Balcão, due to the merger of shares.

Due to the merger of shares, OGPar became a wholly-owned subsidiary of Dommo Energia and the Company consolidates the financial statements of this subsidiary.

The balances of the investment in OGPar, which recorded unsecured liabilities, are presented net of loans receivable from related parties, as disclosed in Note 15.

11.2 Information on shareholding interests

	September 30, 2019						
	In Brazil		Abroad				
	Dommo R-11	OGPar	Dommo International	Dommo Austria	Dommo Netherlands Holding	Dommo Netherlands	Atlanta Field
Current assets	6,685	50	7	166,932	29	19	-
Long-term assets	14,594	8,703	16	13,064,314	3,084	175,267	-
Investments	-	-	-	-	166,830	-	-
Fixed assets	-	-	-	-	-	1,096	-
Total assets	21,279	8,753	23	13,231,246	169,943	176,382	-
Current liabilities	137	308	52	435	50,590	28	-
Non-current liabilities	16,993	83,539	2,349,454	15,616,687	12,285	9,525	-
Equity	4,149	(75,094)	(2,349,483)	(2,385,876)	107,068	166,829	-
Total liabilities + equity	21,279	8,753	23	13,231,246	169,943	176,382	-
% interest	100%	100%	100%	100%	100%	100%	-
Profit (loss) for the period	(1,053)	(7,780)	(269,329)	(288,937)	21,575	24,031	-

	December 31, 2018						
	In Brazil		Abroad				
	Dommo R-11	OGPar	Dommo International	Dommo Austria	Dommo Netherlands Holding	Dommo Netherlands	Atlanta Field (ii)
Current assets	1,608	24,215	24	168,581	35	15	137,428
Long-term assets	11,149	-	14	12,586,185	2,466	138,771	7,934
Investments	-	-	-	-	131,097	-	-
Fixed assets	-	-	-	-	-	1,019	524,916
Total assets	12,757	24,215	38	12,754,766	133,598	139,805	670,278
Current liabilities	4	110,915	52	428	46,445	47	111,985
Non-current liabilities	7,552	-	2,085,080	14,851,277	11,431	8,662	110
Equity	5,201	(86,700)	(2,085,094)	(2,096,939) ⁽ⁱ⁾	75,722	131,096	558,183
Total liabilities + equity	12,757	24,215	38	12,754,766	133,598	139,805	670,278
% interest	100%	100%	100%	100%	100%	100%	40%
Profit (loss) for the year	(1,469)	(18,398)	(771,595)	(616,866)	(152,338)	30,132	(1,728)

(i) Changes in the equity of Dommo Austria:

Balance on September 30, 2019	(2,385,876)
Balance on December 31, 2018	(2,096,939)
Changes in item (a) of this Note	(288,937)

(ii) These figures refer to total shareholders' equity and profit (loss) for the period.

12 Consolidated fixed assets

	<u>Note</u>	Furniture and fittings	Machinery and equipment	IT equipment	Leasehold improvements	Vehicles	E&P fixed assets	Total
Cost								
On January 1, 2018		5,248	889	10,773	1,826	404	175,656	194,796
Additions		-	-	192	-	-	(33,386)	(33,194)
Additions - provision for ARO (a)		-	-	-	-	-	(65,915)	(65,915)
<i>Additions - provision for environmental compensation</i>		-	-	-	-	-	4,766	4,766
<i>Impairment BS-4</i>		-	-	-	-	-	(193,828)	(193,828)
Adjustment for impairment related to ARO and other assets		-	-	-	-	-	13,109	13,109
Partial impairment reversal - Tubarão Martelo Field	1.3	-	-	-	-	-	251,906	251,906
Non-current asset held for sale		-	-	-	-	-	101,602	101,602
Disposals		(376)	-	-	-	-	-	(376)
Currency translation adjustments of offshore companies (c)		-	-	-	-	-	149	149
On December 31, 2018		4,872	889	10,965	1,826	404	254,059	273,015
Additions		-	-	552	-	-	65,205	65,757
Additions - provision for environmental compensation		-	-	-	-	-	3,326	3,326
Adjustment for impairment		-	-	-	-	-	(68,531)	(68,531)
Disposals		(1)	-	-	-	-	-	(1)
Currency translation adjustments of offshore companies (c)		-	-	-	-	-	76	76
On September 30, 2019		4,871	889	11,517	1,826	404	254,135	273,642
Accumulated depreciation								
On January 1, 2018		(3,787)	(630)	(10,766)	(87)	(387)	-	(15,657)
Depreciation and depletion in the year		(456)	(82)	(16)	(206)	-	(29,520)	(30,280)
Write-off of depreciation - impairment		-	-	-	-	-	16,945	16,945
On December 31, 2018		(4,243)	(712)	(10,782)	(293)	(387)	(12,575)	(28,992)
Depreciation and depletion in the year		(311)	(56)	(14)	(156)	-	(51,464)	(52,001)
Write-off of depreciation - impairment		-	-	-	-	-	13,661	13,661
On September 30, 2019		(4,554)	(768)	(10,796)	(449)	(387)	(50,378)	(67,332)
Depreciation and depletion rates		10	10	20	10	20	(b)	
Net residual value								
On September 30, 2019		317	121	721	1,377	17	203,757	206,310
On December 31, 2018		629	177	183	1,533	17	241,484	244,023

- (a) See Note 17. This change has no cash effect.
- (b) Depreciation and depletion of E&P fixed assets occur as from the declaration of commerciality and commencement of production, based on the units of production (DUP) method.
- (c) Refers to the currency translation adjustments of the asset balances of the Company's international subsidiary Dommo Netherlands.

Appraisal of indications of impairment

The Company conducts quarterly analyses of the status of its exploratory wells. If they are classified as dry or sub-commercial, the Company writes them off and charges them to profit (loss). According to technical pronouncement CPC-01, the entity must assess at least annually whether there are indications of possible devaluation in the value of an asset (fixed and intangible assets). If there is any evidence, the entity must calculate the asset's recoverable value, measured by the highest value between its net sale value and the value in use.

a. Tubarão Martelo Field:

Record of the Tubarão Martelo's assessment:

In 2014, the discounted cash flow prepared for the Tubarão Martelo Field indicated that, based on the price scenario and the future projections used by the Company, the costs incurred made production economically unfeasible. This resulted in the recording of a provision for impairment of the assets related to the Tubarão Martelo Field, in the amount of R\$3,237,254 in fixed assets, R\$691,758 of which recorded in 2013 and R\$2,602,681 in 2014. In addition, R\$80,473 was recorded in intangible assets, R\$23,288 of which in 2013 and R\$57,185 in 2014.

The signature, on November 26, 2018, of a new charter agreement of FPSO OSX-3 between the Company and OSX-3 establishes new conditions that will allow interventions in Tubarão Martelo field wells, thus resulting in the production of 10.5 million barrels (1P) by 2022 and additional cash generation of R\$251,906. This new scenario sets the basis for reassessing the impairment test, whose cash flow estimate takes into consideration the following key assumptions:

- Approach: projection of unlevered cash flows, expressed in actual terms and presented in U.S. dollars translated at the closing rate of the third quarter of 2018 ("3Q18").
- Term: From September 2018 to 2024, considering the proved (1P) and probable (2P) reserves, and recoverability estimated until 2022 (1P), the details of which are described in note 1.3.
- Selling price: The reference used is the average Brent price obtained in World Bank publications.
- Intervention in wells: The Refurbishment consists of the conclusion of the fifth well (4HP), which has already been drilled but needs to be connected to FPSO, as well as workover activities in the four producing wells (2HP, 6HP, 8H and 44HP).
- Discount rate: The Company uses the Weighted Average Capital Cost (WACC) in actual terms at an after-tax discount rate of 9.18% (11.36% pretax)).
- Residual: A residual value was not calculated in the latest period, since the projection was based on the economic useful life of the assets.

It is worth noting that, although Management uses the best expectations, said projections are subject to several uncertainties, such as estimated costs and expenses, expected oil price, exchange rate, efficiency of equipment and production teams, laws issued by authorities such as ANP and IBAMA, tax law, and geological aspects, such as the volume and behavior of reservoirs.

b. Atlanta and Oliva fields

This asset remains under arbitration, as described in Note 1.2, and pursuant to the accounting law represented by CPC 01 – Impairment of Assets, and CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, the Company revised the impairment calculated and recorded on September 30, 2017, further complementing the amount. As of December 31, 2018, the new balance totals R\$1,084,369 (R\$651,119 as of December 31, 2017). There were no changes in the assumptions for September 30, 2019.

Changes of BS-4 impairment

Impairment balance on December 31, 2017	651,119
Addition to intangible assets' impairment (Note 13)	239,422
Addition to fixed assets' impairment	193,828
Impairment balance on September 30, 2019	<u>1,084,369</u>

Depreciation

E&P fixed assets are depreciated as from declaration of commerciality and commencement of production, under the units of production (DUP) method.

Reconciliation of depreciation and amortization - DFC		
	Parent Company	Consolidated
Depreciation	38,340	52,001
Depreciation in inventory on December 31, 2018, as described in Note 9	4,527	4,527
Depreciation in inventory on September 30, 2019, as described in Note 9	<u>(5,505)</u>	<u>(5,505)</u>
Depreciation and amortization in the Statement of Cash Flows	<u>37,362</u>	<u>51,023</u>

13 Intangible assets (Parent Company and Consolidated)

The Company's intangible assets correspond to: (a) E&P intangible assets, represented by the signature bonuses paid in order to obtain concessions for exploration, development and production of the blocks, as well as amounts paid for farm-ins; and (b) other intangible items, chiefly represented by computer software programs.

	IT systems and programs	E&P Intangible assets	Total
Cost			
On January 1, 2018	40,568	142,127	182,695
Non-current asset held for sale	-	104,318	104,318
Impairment (Note 12b)	-	(239,422)	(239,422)
On December 31, 2018	40,568	7,023	47,591
On September 30, 2019	40,568	7,023	47,591
Accumulated amortization			
On January 1, 2018	(40,557)	(7,023)	(47,580)
Amortization	(1)	-	(1)
On December 31, 2018	(40,558)	(7,023)	(47,581)
On September 30, 2019	(40,558)	(7,023)	(47,581)
Amortization rates (% p.a.)	20		
Net residual value			
On September 30, 2019	10	-	10
On December 31, 2018	10	-	10

Amendment and Impairment concerning Tubarão Martelo's Charter Agreement

The amount of R\$251,287 (US\$65,000) corresponds to the investment made by the Company with the purpose of ensuring a charter agreement for 20 years and canceling the OSX-3 Leasing BV Call Option of Tubarão Martelo. However, given the uncertainties inherent to the activity and considering the preliminary stage of appraisal of these funds, the Company recorded an impairment of R\$251,287 (Note 1.2)

Write-offs and impairments

As explained in Note 12, in the fourth quarter of 2014, the Company revised its Business Plan and recorded impairment of the Tubarão Martelo Field in the amount of R\$57,185. As of December 31, 2018, the Company revised the estimate for recoverability of the Tubarão Martelo Field and the effects of this revision are represented in fixed assets (Note 12). In addition, as per described in section "Appraisal of indications of impairment" in Note 12, the Company made an addition to the provision for impairment of the investments made in BS-4.

Amortization

Amortization of E&P intangible assets occurs as from the declaration of commerciality and commencement of production, based on the units of production (DUP) method. On June 30, 2019 and December 31, 2018, the only field with declared commerciality and already producing was Tubarão Martelo.

14 Income tax, social contribution, government stakes and other taxes and contributions

	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Non-current assets				
Withheld income tax, social contribution and other recoverable taxes				
Withholding tax (IRRF) on financial investments	82	346	155	367
Income and social contribution taxes prepaid	-	5,702	-	5,750
IRPJ tax losses	4,683	15	13,082	8,165
CSLL tax losses	1,603	-	1,603	-
PIS offsettable	13,721	14,183	13,721	14,183
COFINS offsettable	66,209	67,952	66,209	67,952
State VAT (ICMS) recoverable	390	390	390	390
Other recoverable taxes	1,033	1,032	3,327	2,465
	87,721	89,620	98,487	99,272
Current liabilities				
Taxes, contributions and government stakes payable				
IRRF	29,224	24,946	29,225	24,947
Social contributions withheld	117	105	118	113
COFINS payable	-	-	3	3
Royalties payable	3,970	3,997	3,970	3,997
Others	6,340	6,321	6,340	6,321
	39651	35,369	39,656	35,381
Non-current liabilities				
Deferred PIS and COFINS				
Deferred PIS (i)	26,210	19,412	26,210	19,412
Deferred COFINS (i)	161,294	119,458	161,294	119,458
	187,504	138,870	187,504	138,870

(i) On April 1, 2015, Decree 8426 was published, establishing the return of PIS and COFINS rate on financial income calculated by legal entities subject to the non-cumulative calculation system as of July 1, 2015. The rates will be 0.65% for PIS and 4% for COFINS, except for certain cases provided for by the Decree, on which the rate is 0%. Considering that the Company taxes gains or losses on inflation adjustments based on exchange rate on a cash basis, it recorded a provision for deferred PIS and COFINS on these unrealized gains on inflation adjustments.

Reconciliation of the IRPJ and CSLL expenses is as follows:

	Consolidated 9/30/2019		Consolidated 9/30/2018	
	IRPJ	CSLL	IRPJ	CSLL
Loss for the period prior to IRPJ and CSLL	(120,150)	(120,150)	(193,855)	(193,855)
Permanent additions/exclusions				
Other non-deductible additions	66,573	65,132	53,689	53,219
IRFS 16 adjustments 16 (Note 33)	(23,575)	(23,575)	-	-
Adjusted transfer price	-	-	3,171	3,171
Results of offshore companies	269,329	269,329	754,314	754,314
Taxable base for IRPJ and CSLL	192,177	190,736	617,319	616,849
Tax rates (%)	15% + Additional 10%	9%	15% + Additional 10%	9%
Current and deferred IRPJ and CSLL	48,044	17,166	(154,330)	(55,516)
Current and deferred IRPJ and CSLL	48,044	17,166	(154,330)	(55,516)
(-) Offset of tax incentives	-	-	29	-
(+) Provision for non-realization of deferred IRPJ and CSLL	(48,044)	(17,166)	45,570	16,388
Breakdown of IRPJ and CSLL				
IRPJ and CSLL – current	-	-	(1,157)	(402)
IRPJ and CSLL – deferred	-	-	(107,574)	(38,726)
Total recorded IRPJ and CSLL	-	-	(108,731)	(39,128)
Effective tax rate	-	-	56.09%	20.18%

Deferred taxes and Business Plan

The Company and its subsidiaries have unrecorded tax loss carryforwards in the amount of R\$7,278 thousand.

15 Related Parties

	Parent Company											
	Credits with related parties		Loans with related parties - Assets		Accounts payable to related parties				Loans with related parties - Liabilities			
	(non current)	(non current)	(non current)	(non current)	(current)	(non current)	(non current)	(non current)	(non current)	(non current)	(non current)	(non current)
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
OGPar (i)	5,237	5,237	3,208	18,534	-	-	-	-	-	-	-	-
Dommo Austria (ii)	440,096	409,491	15,176,591	14,441,786	-	-	(498,795)	(409,491)	(14,946,199)	(14,268,774)	-	-
Dommo Netherlands (iii)	-	-	5,116	4,615	(162,806)	(127,211)	-	-	-	-	-	-
Dommo International	-	-	67,831	61,162	-	-	-	-	-	-	-	-
OSX 3 Leasing B.V. (iv)	-	-	-	-	(14,540)	(72,152)	-	-	-	-	-	-
Dommo R-11	241	-	16,751	7,478	-	-	(46)	(46)	-	-	-	-
	445,574	414,728	15,269,497	14,533,575	(177,346)	(199,363)	(498,841)	(409,537)	(14,946,199)	(14,268,774)		
Consolidated												
	Credits with related parties		Loans with related parties - Assets		Accounts payable to related parties				Loans with related parties - Liabilities			
	(non current)	(non current)	(non current)	(non current)	(current)	(non current)	(non current)	(non current)	(non current)	(non current)	(non current)	(non current)
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
OGPar (i)	-	-	-	-	-	-	-	-	-	-	-	-
OSX 3 Leasing B.V. (iv)	-	-	-	-	(14,540)	(72,152)	-	-	-	-	-	-
	-	-	-	-	(14,540)	(72,152)	-	-	-	-	-	-
Result - Consolidated												
Related parties		Composes balance of the line in the Statement of Operations			9/30/2019	9/30/2018						
OSX 3 Leasing B.V. – Charter FPSO OSX 3		Cost of goods sold			(103,448)	(29,094)						
OGPar - interest income on loans (i)		Earnings			-	4,895						
OSX Serviços Operacionais - OSX offsets (iv)		Other operating (revenues) expenses			-	221						
					(103,448)	(23,978)						

Further information on Loans and Financing - liabilities with related parties is as follows:

Loans and financing	Currency	Payment of interest	Amortization of principal	Interest rate	Counterparty	Parent Company			
						9/30/2019	12/31/2018	Total	Total
Export pre-payment (PPE)	US\$	Semi-annual	7/30/2034	9% p.a.	Dommo Austria	9,862,245	418,472	10,280,717	9,901,191
Law 12,431 infrastructure debentures	R\$	Semi-annual	7/30/2034	10,5% p.a.	Dommo Austria	2,025,000	125,701	2,150,701	2,150,701
Loan	US\$	at the end of agreement	7/30/2034	Libor 6M + 2,5%	Dommo Austria	128,190	715	128,905	119,943
Investment in Dommo Austria (*)	n/a	n/a	n/a	n/a	Dommo Austria	2,385,876	-	2,385,876	2,096,939
						14,401,311	544,888	14,946,199	14,268,774
					Current	-	-	-	-
					Non-current	14,401,311	544,888	14,946,199	14,268,774

(*) Investments in Dommo Austria with negative equity classified as loans and financing with related parties pursuant to CPC 39 – Financial Instruments: Presentation, regarding the equalization of amounts receivable and payable.

Changes in liabilities “Loans and Financing - liabilities with related parties”

	Parent Company
Balance on December 31, 2018	14,268,774
(-) Amortization of principal and interest	(265,085)
(+) Exchange rate change	653,573
(+) Adjustment - Dommo Austria	288,937
Balance on September 30, 2019	14,946,199



- (i) Refers basically to intercompany loans.
- (ii) Loans with related parties: Under Assets, refers to the credits held against Dommo Austria, in consideration for the assumption of the debt relating to the senior unsecured notes guaranteed by Dommo Energia, as provided for in the Court-Supervised Reorganization Plan. Under Liabilities, refers to export pre-payments, non-convertible debentures and the intercompany loan payable to Dommo Austria.
- (iii) Refers substantially to the amount payable relating to the lease agreement of subsea equipment signed between the Company and investee Dommo Netherlands and advances for purchase of equipment made by the Company to Dommo Netherlands.
- (iv) Amounts related to the lease of FPSO OSX, 3 as detailed in the table below.

	Consolidated (Liabilities)	
	9/30/2019	12/31/2018
Advance of US\$15,000 payable in September 2019	-	(58,122)
Lease of OSX 3 payable	(14,540)	(14,030)
	(14,540)	(72,152)

Other information on loans and financing with related parties (liabilities)

US\$2.6 billion in Senior Unsecured Notes and US\$2.6 billion in PPE

On June 3, 2011, OGPar issued Senior Unsecured Notes ("2018 Bonds") on the international market in the amount of US\$2,600,000 (equivalent to R\$4,000,000). The principal of this issue was settled in 2018, while interest was due semi-annually at the rate of 8.5% p.a. in the months of June and December. The funds were mainly intended for financing the development of production in the Campos and Parnaíba Basins. The funding costs for this issue, in the amount of US\$46.072 (equivalent to R\$74,310), were recognized under liabilities, thus reducing the amount funded. This amount was accrued to profit or loss over the loan term under the effective interest rate method. In October 2011, an amendment to the instrument for the issue of the 2018 Bonds was signed in the amount of US\$2,600,000, whereby OGPar was replaced by its subsidiary Dommo Austria as issuer and principal debtor of such bonds. In consideration for such operation, OGPar and its subsidiary at the time, Dommo Austria, signed an agreement whereby the former granted to the latter the funds obtained from issue of the above-mentioned notes (plus interest revenue from the investment of the funds raised through the grant date, as well as issue cost discounts). Also in October 2011, by means of an export pre-payment ("PPE") agreement, Dommo Austria granted to Dommo Energia an early payment of US\$2,600,000, in order to finance the development and production of oil to be exported by Dommo Energia to Dommo Austria. In consideration for the early payment, Dommo Energia undertook to export the number of barrels of oil required to settle the early payment through one or more shipments to Dommo Austria by May 27, 2018. The amount paid in advance and not yet settled through oil exports was subject to semi-annual interest payments at the rate of 9.0% p.a.

With the approval of the court-supervised reorganization plan on June 3, 2014, Dommo Energia, as guarantor of the debts, recognized the 2018 Bonds as liabilities by debiting an asset held against Dommo Austria. In turn, Dommo Austria no longer recognizes the debt to the bondholders and recorded another debt in the same amount to the guarantor, Dommo Energia. On September 30, 2014, after compliance with all the conditions provided for in the court-supervised reorganization plan for conversion of the debt into equity instruments, Dommo Energia recorded the cancellation of such notes. The court-supervised reorganization plan postponed the maturity of the PPE and Dommo Energia's credit with Dommo Austria through subrogation of the bonds to July 30, 2034. The court-supervised reorganization plan further calls for the PPE interest between Dommo Energia and Dommo Austria to be frozen as of the date the court-supervised reorganization petition was filed. Exchange rate changes continue to occur.



US\$1.1 billion in Senior Unsecured Notes and R\$2.0 billion in Debentures under Law 12.431/11 for infrastructure projects

On March 30, 2012, Dommo Austria issued Senior Unsecured Notes ("2022 Bonds") on the international market in the amount of US\$1,100,000 (equivalent to US\$1,900,000). The principal of this issue was expected to be settled in April 2022, while interest was due semi-annually at the rate of 8.375% p.a. in the months of April and October. The funding costs for this issue, in the amount of US\$17,800 (equivalent to R\$39,000), were recognized under liabilities, thus reducing the amount funded. This amount was accrued to profit or loss over the loan term under the effective interest rate method. On September 28, 2012, Dommo Energia issued simple, unsecured debentures not convertible into shares on the Brazilian securities market in the amount of R\$2,000,000, under CVM Instruction 476. The operation was offset in October 2012. Said debentures are securities under Law 12.431/11 and the funds raised with the issue have been fully used to reimburse capital expenditures incurred by the issuer during the exploratory campaign in the Campos Basin, as expressly provided for in article 1, paragraph 1, item VI of the above-mentioned law. The debentures call for remuneration in the form of semi-annual interest at the rate of 10.5% p.a. The principal matures in March of 2022. On the debenture issue date, the above-mentioned securities were fully subscribed by Dommo Austria GmbH.

With the approval of Plan on June 3, 2014, Dommo Energia, as guarantor of the debts, recognized the 2022 Bonds as liabilities by debiting an asset held against Dommo Austria. In turn, Dommo Austria no longer recognizes the debt to the bondholders and recorded another debt in the same amount to the guarantor, Dommo Energia. On September 30, 2014, after fulfillment of all the conditions precedent provided for in the court-supervised reorganization plan for the conversion of the debt into equity instruments, Dommo Energia recorded the cancellation of such notes. The Plan postponed the maturity of the Debentures and Dommo Energia's credit with Dommo Austria through subrogation of the Bonds to July 30, 2034.

Pursuant to Law 12,431/11, the Plan further calls for the interest of debentures between Dommo Energia and Dommo Austria to be frozen as of the date the court-supervised reorganization petition was filed. Exchange rate changes continue to occur.

Intercompany loans

The cash of Dommo Energia's subsidiaries is managed in an integrated manner so that a cash surplus at a Group company may be transferred to the others through loan agreements between the parties.

On September 30, 2019, Dommo had receivables from OGPar arising from loans totaling R\$5,237 and R\$78,302, respectively (R\$5,237 and R\$105,234 on December 31, 2018). The long-term loan totaling R\$3,208 (R\$18,534 on December 31, 2018) is net of OGPar's unsecured liability in the amount of R\$75,094 on September 30, 2019 (R\$86,700 on December 31, 2018).

On February 27, 2019, the Board of Directors authorized Dommo Energia to capitalize the remaining balance of intercompany loans ("Final Balance"), considering the end of the process to sell DOMMO3 shares held by OGPar.



16 Trade accounts payable

	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Domestic suppliers	16,629	23,239	16,911	23,443
Foreign suppliers	10,165	9,852	11,409	10,420
E&P provisions (i)	7,224	2,031	7,224	2,031
	34,018	35,122	35,544	35,894

(i) The E&P provisions basically consider the costs incurred on subsea installation services and production of O&G that have not yet been billed. The provisions for production are based on the contractual daily rates.

17 Sundry provisions

	Parent Company and Consolidated			
	Current		Non Current	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Provision for guaranteed minimum payment (a)	646	3,480	-	-
Provision for ARO (b)				
Tubarão Azul	-	-	59,545	56,121
Tubarão Martelo	-	-	296,748	264,020
Provisions for regulatory contingencies (c)	-	-	153,288	154,101
Provisions for environmental compensation (d)				
Tubarão Azul Field	-	-	12,352	11,803
Tubarão Martelo Field	-	-	44,750	42,760
Campos Basin	-	-	2,218	2,119
Santos Basin	-	-	9,889	9,201
Provision for regulatory contingencies assumed (Note 28)	-	-	53,743	53,743
Labor provisions	-	-	5,711	2,721
	646	3,480	638,244	596,589

- a) Provision for guaranteed minimum payment - stock options: This provision refers to the guaranteed minimum payment associated with former stock option contracts, already ended. Over the course of the third quarter of 2014, the Company renegotiated the terms of the agreement with the beneficiaries of the guaranteed minimum payment. For those beneficiaries accepting the proposal, the Company undertook to pay 10% of the amount provisioned for in the month of the agreement plus a further 40% in eight equal and consecutive monthly installments in the immediately subsequent months. Those who accepted the Agreement agreed that the remaining 50% would no longer be owed by the Company.
- b) Provision for Asset Retirement Obligation (ARO) for E&P fields: As from the declaration of commerciality of its fields and beginning of development activities, the Company begins to create a provision for abandonment or asset retirement obligation (ARO) at the end of the concession period. Such provision reflects the estimated expenditures to be incurred in the future, chiefly with respect to: (i) plugging of the wells; and (ii) removal of the lines and production equipment.
 - i. The Company concluded Tuberão Azul's abandonment phase related to the plugging of the wells and the remaining provision refers to the removal of subsea equipment, which is under discussion with the ANP.
 - ii. Regarding the guarantee required in the Concession Agreements, the Company is in the process of discussion and ratification with ANP, which amounts to approximately US\$65 million. When the process of discussion and evaluation of the exact amount to be deposited is concluded, the Company will evaluate with ANP the method and deadlines in which the deposits will be made. The Company has no expectation of any relevant financial disbursement for the next 12 months as a result of this matter. It should be mentioned that escrow deposits influence the financial disbursements

related to the calculation of the variable payment of FPSO OSX 3 lease costs. As provided for in the FPSO OSX 3 lease agreement signed on November 26, 2018, the Company, when making the escrow deposits, will reduce the monthly variable payment of the lease to the owner of the FPSO.

- c) Provisions for regulatory contingencies refer to estimated fines related to ANP regulations or whose taxable event is already known. The Company has no expectation of any relevant financial disbursement for the next 12 months referring to these contingencies.
- d) Provisions for environmental compensation related to environmental licenses. The Company has undertaken with the Brazilian Environmental Protection Agency (IBAMA) to make certain environmental compensations with the transfer of resources to conservation units.

18 Other accounts payable

	<u>Note</u>	Parent Company		Consolidated	
		<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
BS-4 Consortium (i)	1.2	47,648	47,648	47,648	47,648
Atlanta Field B.V.	11	-	-	49,872	46,404
Success fees and other provisions		28,796	27,072	28,929	27,220
		76,444	74,720	126,449	121,272

- (i) In accordance with the decision of the first stage of Block BS-4 arbitration, in 3Q18 the Company reversed cash calls and billings received and recorded as of October 2017. See Note 1.2 for further information

19 Contingencies

Dommo Energia complies with CPC 25 - Provisions, Contingent Liabilities and Contingent Assets both on the recording of provisions in amount sufficient to cover probable losses and for which a reliable estimate can be made, and on the disclosure of contingent liabilities.

When preparing the financial statements for the period ended September 30, 2019 and for the year ended December 31, 2018, the Company and its subsidiaries considered all available information relating to lawsuits in which they are a party in order to estimate the amounts of the obligations and the probability of disbursing funds. The amounts whose losses are deemed probable are accrued and disclosed as "Provisions for regulatory contingencies" and "Labor provisions" in Note 17.

Lawsuits, whose likelihood of loss is possible, based on the judgment of the Company's and its subsidiaries' Management and on the external counsel's opinions, have not been accrued and are disclosed in this Note in accordance with the accounting practices adopted in Brazil. Contingent liabilities, plus interest and monetary restatement, estimated for such disputes on September 30, 2019 and December 31, 2018, are as follows:

Nature	Parent Company and Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>
Tax	2,842,947	2,773,103
Labor	3.577	19,073
Civil	11,924	11,924
	2,858,448	2,804,100

The table below details the main tax, civil, environmental and labor lawsuits, whose likelihood of loss is possible.

Description of tax lawsuits	Parent Company and Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>
Plaintiff: Brazilian Federal Revenue Office ("RFB") Nature: Levy of Withholding Income Tax ("IRRF") and Contribution of Intervention in the Economic Domain (CIDE) over remittance of funds abroad in 2009 to pay foreign companies under vessel charter party agreements. Current situation: The legal discussion related to the levy of IRRF addresses the legality of RFB regulations that guarantee a zero rate for said remittances. The Company ratifies the classification of loss as possible, as it understands that there are favorable statements in the Superior Courts, and will seek to secure its rights. Lawsuits involving CIDE are under administrative phase and, on November 28, 2018, Dommo was granted a favorable decision by the Administrative Council of Tax Appeals (CARF). These disputes are deemed possible as the legal provision is in line with the Company's understanding.	108,178	104,490
Plaintiff: RFB Nature: Acceptance of the capacity of guarantor in relation to federal taxes suspended on the basis of temporary admission under the Repetro system. Current situation: The Company filed a Writ of Mandamus to challenge the issue of three tax deficiency notices related to collection of Import Tax, PIS and COFINS, referring to the alleged nationalization of FPSO OSX-3, as RFB did not accept OGPar as guarantor for acquisition of FPSO OSX-3 under the Repetro system, as legally regulated. In September 2018, the Company was granted a favorable decision by the Federal Regional Appellate Court.	807,539	760,706
Plaintiff: RFB Nature: Payment of IRRF on offshore remittances as interest arising from an Export Prepayment Agreement ("PPE") – see the details of this transaction in Note 15 – as the transaction allegedly lost its characteristics as a PPE transaction, as well as the non-eligibility of the transaction to RFB's regulation that governs IRRF zero tax on offshore remittance as interest. Current situation: The Company received the tax deficiency notice on December 13, 2017, challenged the decision on January 18, 2018 and is awaiting judgment.	688,636	675,545
Plaintiff: RFB Nature: Non-recognition of deductibility, in the calculation of IRPJ and CSSL, of interest expenses arising from a PPE Agreement – see the details of this transaction in Note 15 – as the transaction allegedly lost its characteristics as PPE Transaction. The effect in case of loss would be only a reduction of the tax loss base. Current situation: The Company received the tax deficiency notice on December 13, 2017, challenged the decision on January 18, 2018 and is awaiting judgment.	593,677	593,677
Plaintiff: RFB Nature: Dispute referring to non-recognition, by RFB, of PIS and COFINS credits calculated by the Company on exploration and production expenses. Current situation: The issue involves lawsuits under different administrative and judicial phases, and remains as possible loss, as the Company understands that there are favorable statements.	567,673	567,673
Plaintiff: RFB Nature: Tax deficiency notice requiring payment of IRRF supposedly due on payments to foreign suppliers. Current situation: The issue involves lawsuits under different administrative and judicial phases, and remains as possible loss, as the Company understands that there are favorable statements.	64,401	68,680

Plaintiff:

RFB

Nature:

Writ of mandamus for handling imported pieces and equipment with the support of by "REPETRO", in order to repair them, thus suspending the illegitimate temporal handling limitation, as per article 31 of RFB Normative Instruction 1,415/13, included by RFB Normative Instruction 1,796/18.

Current situation:

The issue involves lawsuits under administrative phases, and remains as possible loss, as the Company understands that there are favorable statements.

10,000

-

Plaintiff:

RFB

Nature:

Several

Current situation:

Several

2,843

2,332

2,842,947

2,773,103

**Parent Company and
Consolidated**

9/30/2019	12/31/2018
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Description of labor lawsuits

Plaintiff:

Several

Nature:

Overtime, night-shift premium, emotional distress and others.

Current situation:

The issue involves lawsuits under different administrative and judicial phases, and remains as possible loss, as the Company understands that there are favorable statements.

3,577

19,073

**Parent Company and
Consolidated**

9/30/2019	12/31/2018
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Description of civil lawsuits

Plaintiff:

IBM Brasil - Indústria Máquinas e Serviços Limitada ("IBM")

Nature:

Payment

Current situation:

On October 29, 2013, the Company terminated the service agreement with IBM. IBM alleged that the termination was not valid and continued to render services without receiving payment, even after the court-supervised reorganization petition was filed on October 30, 2013. Also according to IBM, said amounts were not subject to the court-supervised reorganization. Among other arguments, the Company claims that any service rendered was residual and related to the demobilization of the agreement, reason why any amount due would be included in the court-supervised reorganization.

9,153

9,153

**Parent Company and
Consolidated**

9/30/2019	12/31/2018
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Plaintiff:

Several OGPar minority shareholders

Nature:

Payment

Current situation:

Ordinary lawsuit filed by minority shareholders with the purpose of claiming compensation for equity losses incurred, in regarding shares already sold and shares still in the portfolio, related to the Company.

2,771

2,771

11,924

11,924

20 Shareholders' equity (unsecured liabilities)

a. Share Capital

The following table shows the changes in the Company's share capital in 2019 and 2018.

Share capital on December 31, 2017	10,157,770
(+) Capital increase (i)	92,907
Share capital on December 31, 2018	10,250,677
(+) Capital increase	7
(+) Capital increase (ii)	1,884,317
(-) Capital decrease (iii)	(11,722,602)
Share capital on September 30, 2019	412,399

The share capital on September 30, 2019 is represented by 270,040,228 registered, book-entry common shares with no par value.

- (i) Capital increase due to the merger of OGPar shares.
- (ii) Capital increase with absorption of capital reserve balances.
- (iii) Capital decrease - On January 14, 2019, the Extraordinary Shareholders' Meeting approved the decrease of the Company's share capital by absorbing its accumulated losses, pursuant to article 173 of Law 6,404/76.

b. Treasury shares

The amount of R\$21,646 on December 31, 2018 refers to the reciprocal interest of the wholly-owned subsidiary OGPar in Dommo Energia and is due to the merger of shares occurred on November 26, 2018, detailed in Note 11. The Company dedicated its efforts and settled all reciprocal interest until February 13, 2019, generating R\$35,411 in cash. In the second quarter of 2019, the balance of these treasury shares was fully settled, converted into cash and eliminating the effect of a reduction in shareholders' equity as of December 31, 2018. The changes of the reciprocal interest recorded as treasury shares is as follows:

	R\$
Fair value of shares on November 26, 2018 recorded as treasury shares	(54,200)
Shares sold on the open market by OGPar to third parties between the merger of shares and December 31, 2018	16,215
Fair value adjustment on December 31, 2018	16,339
Balance on December 31, 2018	(21,646)
Shares sold on the open market by OGPar to third parties between December 31, 2018 and September 30, 2019	21,646
Balance on September 30, 2019	-

c. Dividends

The Company's Bylaws establishes the distribution of minimum mandatory dividends of 0.001% of the net income for the year, adjusted as per article 202 of Law 6,404/1976 (as amended by Law 10,303/2001). At Management's discretion, the Company may pay interest on equity, the net amount of which shall be charged to minimum mandatory dividends, as per article 9 of Law 9,249/1995.

d. Currency translation adjustment

Due to currency conversion related to investments in foreign subsidiaries, currency translation adjustments were recognized under comprehensive income (loss).

e. Capital reserve

The negative balance of the capital reserve, in the amount of R\$(159,192), is due to negative goodwill from the absorption of OGPar shares.

21 Net sales revenue

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Oil				
Gross sales revenue	340,040	400,787	356,163	408,477
(-)Taxes on sales	-	-	-	-
Net sales revenue	340,040	400,787	356,163	408,477

Volume sold in thousands of barrels (i) 1,527.1 1,753.7

(i) Information not reviewed by the independent auditors

22 Cost of goods sold

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Leasing	118,941	43,046	103,448	29,095
O&M	65,670	58,752	65,669	58,752
Logistics	64,038	71,221	64,039	71,221
Other Expenditures	4,511	10,590	4,497	10,590
	253,160	183,609	237,653	169,658
Royalties	33,357	37,119	33,358	37,119
Depreciation/Amortization	36,826	-	36,825	-
	323,343	220,728	307,836	206,777

- Leasing: in the Consolidated, it refers to the lease costs of FPSO OSX-3. In the Company, such costs include the lease of subsea equipment between Dommo Energia and Dommo Netherlands, the effect of which is eliminated in the Consolidated.
- O&M: refer to the costs for operation and maintenance of FPSO OSX-3 and the submerged centrifugal pumps (BCS).
- Logistics: refer to the costs incurred with support vessels, helicopters and fuel for the support vessels and the FPSO units.
- Other expenditures: Include, among others, the allocation of G&A expenses and the cost of chemical products.

23 General and administrative expenses

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Personnel expenses	14,584	4,931	14,584	4,931
Management compensation	6,227	5,720	6,275	5,720
Guaranteed minimum payment - stock options	-	(539)	-	(539)
Depreciation and amortization	462	501	462	501
Office expenses	3,135	4,683	3,167	4,749
Outsourced services	11,737	13,968	15,353	14,940
Insurance	809	1,354	809	1,354
PIS and COFINS	4,059	1,836	4,086	1,844
Others	753	668	898	668
	41,766	33,122	45,634	34,168



24 Earnings

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Financial expenses				
Interest on provision for ARO	(12,165)	(13,282)	(12,165)	(13,282)
Sundry interest	(125)	(174)	(126)	(1,477)
Fair value of financial instruments	(i) -	(9,917)	(18,372)	(9,917)
Interest expenses IFRS 16 (Note 33)	(5,654)	-	(5,654)	-
Other financial liabilities	(852)	(861)	(5,420)	(2,094)
	(18,796)	(24,234)	(41,737)	(26,770)
Financial revenue				
Interest	5,328	6,837	-	4,895
Fair value of financial instruments	(i) -	6,694	13,096	6,694
Earnings from financial investments	520	1,084	3,306	1,262
Other financial liabilities	371	1	694	39
	6,219	14,616	17,096	12,890
Exchange rate change, net	302,062	750,404	(17,201)	(29,995)
Net financial result	289,485	740,786	(41,842)	(43,875)

(i) Effect of the adjustment to present value of the shares the Company held in the subsidiary Eneva S.A..

25 Other operating income (expenses)

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Provision for inventory loss	(3)	317	(3)	317
PIS/COFINS offsettable	(a) 15,098	18,186	15,098	18,186
Deferred PIS/COFINS	(b) (48,634)	(126,416)	(48,634)	(126,416)
Provision for losses on taxes recoverable	(880)	(914)	(6,610)	(6,224)
Provision for loss of reimbursable costs –				
ARO in the TBAZ field	(14,258)	(17,444)	(1,785)	(5,829)
OSX offsets		221		221
Labor provision	(2,990)	(919)	(2,990)	(919)
Costs of Dommo Netherlands	-	-	(12,752)	(11,817)
Reversal of sundry provisions	8,636	-	8,636	-
Reimbursement legal counsel costs	1,708	-	1,708	-
Indemnities receivable	4,132	-	4,132	-
Losses and gains from the sale of investments	(c) -		14,796	-
Other	(682)	(30,825)	750	(29,497)
	(37,873)	(157,794)	(27,654)	(161,978)

- a) PIS/COFINS credits recorded in the period
- b) Deferred PIS/COFINS expense on active exchange rate changes. See Note 14.
- c) Gain from the sale of Eneva S.A. shares. For more information, see Note 6.



26 Impairment

	Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Property, plant and equipment (Note 12)				
Adjustment for impairment related to ARO and other assets	(68,531)	(168,395)	(68,531)	(168,395)
Write-off of depreciation - impairment	-	-	13,661	13,133
	(68,531)	(168,395)	(54,870)	(155,262)
Translation adjustments (i)	-		(909)	(1,319)
Effect on profit (loss)	(68,531)	(168,395)	(55,779)	(156,581)

(i) Currency translation adjustment affecting the impairment of offshore companies.

27 Management Compensation

The compensation paid to the Company's and its subsidiaries' Management is as follows:

	Parent Company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Board of Directors (charges and fees)	1,591	2,161	1,615	2,161
Audit Committee (charges and fees)	55	389	55	389
Management (compensation, salaries, benefits and charges)	4,225	2,841	4,249	2,841
Total management compensation	5,871	5,391	5,919	5,391
Fiscal Council (charges and fees)	356	329	356	329
Total management compensation + Fiscal Council (Note 23)	6,227	5,720	6,275	5,720

28 Commitments Assumed

Minimum Exploratory Program (“PEM”)

In the third quarter of 2016, the Company received a correspondence from ExxonMobil, partner and operator of Block POT-M-762, informing that it had received an Official Letter from ANP on July 4, 2016, requesting that both parties, Dommo Energia and ExxonMobil, paid R\$107,487, corresponding to the 1,004.55 Work Units not complied with in the aforementioned Concession Agreement. In the correspondence, ExxonMobil advised Dommo Energia to settle 50% of the amount (R\$53,743), due to the obligations assumed in the Joint Operation Agreement. In this regard, Dommo Energia's legal counsels understand that the credit related to the PEM that has not been complied with should not receive special treatment, given that said credit was recorded before Dommo Energia's court-supervised reorganization, which could only be required after the implementation of specific conditions. As a result, Dommo Energia presented a delayed proof of claim before the Court judging its court-supervised reorganization case, requesting the inclusion of said credit in the list of creditors, given that the PEM commitment arises from an event occurred in the first half of 2013, i.e. before the filing for court-supervised reorganization. On March 2, 2018, the judgment rendered by the court that presided over the court-supervised reorganization

understood that the case should be dismissed without prejudice. Given the above-mentioned decision, the Company filed the applicable appeal, which was granted on July 12, 2018, by the 14th Civil Court of the Rio de Janeiro Court of Appeals, which determined the late filing of the claim, totaling R\$53,743, in the general list of creditors. The Company is still waiting for the result of the Special Appeal filed by ExxonMobil with the Supreme Court of Justice. As a result, even considering a favorable decision to the Company by the Rio de Janeiro Court of Appeals, the Company maintained the provision recorded for this liability. See Note 17.

29 Financial instruments and risk management

The Company and its subsidiaries engage in operations involving financial instruments. These instruments are managed by means of operating strategies and internal controls aimed at ensuring liquidity, security and profitability.

The control policy consists of permanently monitoring the contractual terms versus those prevailing in the market and future expectations. The Company and its subsidiaries do not make any investments of a speculative nature in derivatives. The results obtained from operations are in compliance with the policies and strategies defined by the Company's and its subsidiaries' Management.

The estimated realizable amounts of the Company's and its subsidiaries' financial assets and liabilities have been determined by means of information available on the market and appropriate appraisal methodologies. However, considerable judgment has been required in interpreting market data in order to produce the most appropriate estimate of realizable amounts. As a result, the following estimates do not necessarily indicate the amounts that could be realized on the current market. The use of different market methodologies can have a material effect on the estimated realizable amounts.

Derivatives and risk management

a. Risk management objectives and strategies

The Company and its subsidiaries have a formal risk management policy. Financial instruments for hedge purposes are contracted by conducting a periodic analysis of the exposure to the risk that Management wishes to hedge against, as approved by the Board of Directors. The hedge guidelines are applied according to the type of exposure. Whenever risk factors related to foreign currencies, interest rates and inflation arising from assets and liabilities acquired are deemed to be material, they may be neutralized in accordance with Management's appraisal of the economic and operational context. The contracting of instruments to hedge against oil price changes is subject to the limits of physical exposure and volatility set forth in the Risk Management Policy and in the Investments and Hedge Standard.

b. Market Risk

Risk of changes in prices of commodities, exchange rates and interest rates.

b.1 Risk of change in oil price

Risk management

The Company and its subsidiaries have a formal policy for sales and inventory management that defines the levels of decision-making for oil sales and the criteria for management of oil sale prices. The guidelines for hedging the price of this commodity call for the possibility to use derivative instruments to set the sale price in order to assure enhanced stability and predictability for the Company's flow of revenues. The volatility of Brent prices is one of the Company's assumptions to carry out an impairment test. See Notes 12 and 26.

Operations hedged by derivative instruments against changes in prices

Pursuant to its Sales Policy, the Company and its subsidiaries can use derivative instruments to establish the sale price of the oil produced and may also set the price for up to three months of production or occasionally any other horizon that is approved by the Board of Directors. The derivative instruments used in such hedge operations could involve oil futures, swaps, collars and options. The operations may be carried out on the following exchanges: the NYMEX - New York Mercantile Exchange and the ICE - Intercontinental Exchange, as well as on the over-the-counter (OTC) market. In the quarter ended September 30, 2019, the Company and its subsidiaries did not carry transactions with derivative financial instruments.

Sensitivity analysis - stress testing

On September 30, 2019 the Company and its subsidiaries are not presenting any sensitivity analysis for oil derivatives, since there were no outstanding positions on said reference date.

b.2 Exchange risk

Risk of fluctuations in exchange rates associated with the Company's and its subsidiaries' assets and liabilities.

Risk management

The Company and its subsidiaries manage exchange risk at the consolidated level in order to identify and mitigate risks associated with fluctuations in the value of currencies to which assets and liabilities are pegged. The objective is to identify or create natural hedges, taking advantage of the synergy between the operations of the Company's subsidiaries. The idea is to minimize the use of hedge derivatives by managing exchange risk over net exposure. Derivative instruments may be used in cases in which it is not possible to use the natural hedge strategy. The Company may contract derivative operations within the following limits:

- For amounts effectively committed or contracted, in which there are agreements signed with suppliers, a coverage position of up to 100% may be adopted, regardless of the exposure period.
- For estimated amounts, a position with coverage period limited to 12 months may be adopted and the coverage position may be under 100%, weighted based on conservative prospects for realization.

Net exchange exposure

	Consolidated
	9/30/2019
Assets (i)	11,256,429
Liabilities (ii)	(11,444,832)
Net foreign currency liabilities	(188,403)

- (i) Refers mainly to the balance of cash and cash equivalents, escrow deposits in US dollars, accounts receivable in foreign currency, loans and financing in US dollars and the subrogated credit of the Bonds.
- (ii) Refers to the PPE liability in US\$ between Dommo Energia and Dommo Austria [see Note 15 item (i)], the investment in the subsidiary Dommo Austria (see Note 15), and the provision for ARO for the Atlanta, Oliva and Tubarão Martelo fields. See Note 17.

Sensitivity analysis for exchange risk

The scenarios defined in this analysis are based on the exchange rate in effect on September 30, 2019:

- Scenario I: appreciation of the US\$ against the R\$ - by 25%.
- Scenario II: appreciation of the US\$ against the R\$ - by 50%.

The following table details the sensitivity analysis of the net balance of outstanding assets and liabilities in US dollar as of September 30, 2019. Positive amounts represent revenues and negative amounts, expenses.

	Notional amount (US\$)	Scenario I (R\$)	Scenario II (R\$)
Net liabilities in foreign currency	(45,241) (*)	(47,099)	(94,199)

(*) Corresponds to R\$(188,403) presented in the section above entitled "Net exchange exposure", in Note 29b.2, translated into US\$ at the closing rate of September 30, 2019 of R\$4.1644.

c. Credit risk

The credit risk derives from the possibility that the Company and its subsidiaries may incur losses due to the default of its counterparts or the financial institutions with which its funds are deposited or where it has financial investments. This risk factor may arise from commercial and cash management operations. To mitigate such risks, the Company has adopted a practice of analyzing the financial and equity situation of its counterparts, and also permanently tracking outstanding positions. To appraise the financial institutions with which it conducts operations, the Company uses the Risk Bank Index from the consulting firm Lopes Filho e Associados, and the rating of the risk rating agency Standard & Poor's (S&P). In order to appraise its commercial counterparts, the Company has a regulation establishing a set of criteria and guidelines that represent the basis for granting credit to its domestic and foreign customers. The basic fundamentals that guide this instrument are providing enhanced security for realization of the credits granted and minimizing any risks in commercial relations.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk corresponds to the total set out below:

Credit risk	Parent Company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Cash and cash equivalents	4,990	51,922	175,355	157,311
Escrow deposits	3,482	3,245	6,666	3,245
Trade accounts receivable	-	-	-	-
Other credits (except prepaid expenses)	3,714	12,669	3,683	14,247
Marketable securities	-	-	-	79,078
	12,186	67,836	185,704	253,881

d. Liquidity risk

The Company and its subsidiaries monitor their level of liquidity considering the expected cash flows, in comparison with the amount of cash and cash equivalents available. Management of liquidity risk implies keeping on hand sufficient cash and marketable securities and having capacity to settle short-term market positions. The following chart shows the aging list of the Company's and its subsidiaries' financial liabilities.

	9/30/2019 – Consolidated					
	Overdue	Overdue up to 6 months	Overdue from 6 months to 1 year	Overdue from 1 to 2 years	Overdue for more than 2 years	Total
Trade accounts payable	15,202	20,342	-	-	-	35,544
Other accounts payable – BS-4 Consortium (i)	97,520	-	-	-	-	97,520
Other accounts payable	-	28,929	-	-	-	28,929
Accounts payable to related parties (ii)	-	14,540	-	-	-	14,540
Total	112,722	63,811	-	-	-	176,533

(i) Refers to cash calls due by the Company to the BS-4 Consortium.

(ii) Amounts referring to the chartering of FPSO OSX 3.

e. Share price volatility risk

The Company and its subsidiaries are exposed to the risk of changes in share price due to investments maintained by the Company and classified in the consolidated statement of financial position as measured at fair value through profit or loss. The profit for the year would fluctuate depending on the gains or losses over the price of the shares measured at fair value through profit or loss.

Fair value of financial assets and liabilities

The concept of fair value provides for the appraisal of assets and liabilities based on market prices, in the case of liquid assets, or on mathematical pricing methodologies otherwise. The hierarchical level of fair value grants priority to unadjusted quoted prices on an active market. The fair value hierarchy for financial instruments is structured as follows:

	Prices observable on active market (Level I)	Pricing model based on prices observable on active market (Level II)	Pricing model without use of observable prices (Level III)
Financial investments	-	3,396	-
Balance on September 30, 2019	-	3,396	-
	Prices observable on active market (Level I)	Pricing model based on prices observable on active market (Level II)	Pricing model without use of observable prices (Level III)
Financial investments	-	15,078	-
Marketable securities	79,078	-	-
Balance on December 31, 2018	79,078	15,078	-

There was no reclassification between the fair value hierarchy categories of marketable securities and financial investments as of September 30, 2019 and December 31, 2018.

30 Insurance

The Company and its subsidiaries continuously take out a Petroleum Risk insurance policy, effective as from the beginning of its exploratory campaign, which includes the following coverage: Third Party Civil Liability for material damages and/or personal injury; Well Control Insurance, which covers accidents such as kick and blowouts, well eruption due to uncontrolled pressure, which may lead to well abandonment, in addition to expenses, such as re-drilling wells or cleaning and decontamination. On March 1, 2019, the Petroleum Risk insurance policy was renewed for a further 18 months, offering coverage through September 1, 2020. The policy was issued by Fairfax Brasil.

On February 20, 2019, the P&I insurance was renewed. This vessel insurance refers exclusively to pollution and waste removal. The policy, issued by Gard, is valid until February 20, 2020.

On July 31, 2019, the insurance coverage for General Civil Liability, by Fairfax Brasil, maturing on July 31, 2020, was renewed, while the Property insurance, by Fairfax do Brasil, was renewed on October 07, 2019, remaining in effect until October 07, 2020.

Tokio Marine renewed the D&O civil liability policy for another 12 months, valid until September 1, 2020.

As of September 30, 2019, the main assets or interests covered by insurance policies and the respective amounts thereof are as follows:

Type of insurance	Insured amounts
	US\$'000
Exploratory campaign	
Offshore blowout risks in the Campos Basin Protection and Indemnity OSX-3 (P&I)	57,500 500,000
Other insurance	R\$' 000
Operating Risks to Property	9,012
General Civil Liability	20,000
Civil liability of Administrators – D&O	60,000

The scope of our independent auditors' work does not include the review of insurance adequacy, which was determined by the Company's and its subsidiaries' Management, which considers it sufficient to cover any claims.

31 Segment Reporting

Oil and gas exploration and production is the only segment where the Company and its subsidiaries operate.

32 Earnings (Loss) per Share

Basic and diluted (loss)/earnings per share	Consolidated	
	9/30/2019	9/30/2018
Basic and diluted numerator: Loss attributable to shareholders	(120,150)	(341,714)
Basic and diluted denominator: Weighted average number of shares	270,040,027	266,544,402
Earnings (loss) per share – in R\$	(0.44493)	(1.28202)

33 Leases - IFRS 16 (Parent Company and Consolidated)

Leases include mainly the FPSO OSX-3 allocated to the production of the Tubarão Martelo Field, supporting vessels and other equipment related to production. The balances and effects of the right of use and financing in the nine month period result are as follows:

	Right of use		Leases payable	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
	Cost	Principal and interest		
E&P assets	1,008,927	-	1,008,927	-
Buildings and leasehold improvements	21,535	-	21,535	-
	1,030,462	-	1,030,462	-
Accumulated amortization		Amortization		
E&P assets	(153,362)	-	(188,600)	-
Buildings and leasehold improvements	(1,207)	-	(1,446)	-
	(154,569)	-	(190,046)	-
Interest expense				
E&P assets		5,644		-
Buildings and leasehold improvements		10		-
	5,654			-
Net balances	875,893	-	846,070	-
Current liabilities			203,399	-
Non-current liabilities			642,671	-
Increase of the financial expense with interest (Note 24)				(5,654)
Decrease of production costs and other operating expenses				35,477
Decrease of inventory				(6,248)
Increase of the annual result due to the adoption of IFRS 16 compared to previous standards				23,575

Board of Executive Officers

Paulo Souza Queiroz Figueiredo
CEO

Eduardo Yuji Tsuji
Chief Finance and Investor Relations Officer

Controller and Accountant in charge

Luciano Magalhães Janoni
 CRC-RJ 115869/O-9