

1Q19 Conference Call

May 16, 2019

PetroRio



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DISCLAIMER

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisition of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify many of these statements by looking for words such as “expects”, “believe”, “hope” and “will” and similar words or the negative thereof. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. By their nature, forward-looking statements require us to make assumptions and, accordingly, forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this presentation not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.

The following risk factors could affect our operations: the contingent resource and prospective resource evaluation reports involving a significant degree of uncertainty and being based on projections that may not prove to be accurate; inherent risks to the exploration and production of oil and natural gas; limited operating history as an oil and natural gas exploration and production company; drilling and other operational hazards; breakdown or failure of equipment or processes; contractor or operator errors; non-performance by third-party contractors; labour disputes, disruptions or declines in productivity; increases in materials or labour costs; inability to attract sufficient labour; requirements for significant capital investment and maintenance expenses which PetroRio may not be able to finance; cost overruns and delays; exposure to fluctuations in currency and commodity prices; political and economic conditions in Brazil; complex laws that can affect the cost, manner or feasibility of doing business; environmental, safety and health regulation which may become stricter in the future and lead to an increase in liabilities and capital expenditures, including indemnity and penalties for environmental damage; early termination, non-renewal and other similar provisions in concession contracts; and competition. We caution that this list of factors is not exhaustive and that, when relying on forward-looking statements to make decisions, investors and others should also carefully consider other uncertainties and potential events. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this presentation are made as of the date of this presentation. Except as required by applicable securities laws, we do not undertake to update such forward-looking statements.

OPERATIONAL HIGHLIGHTS

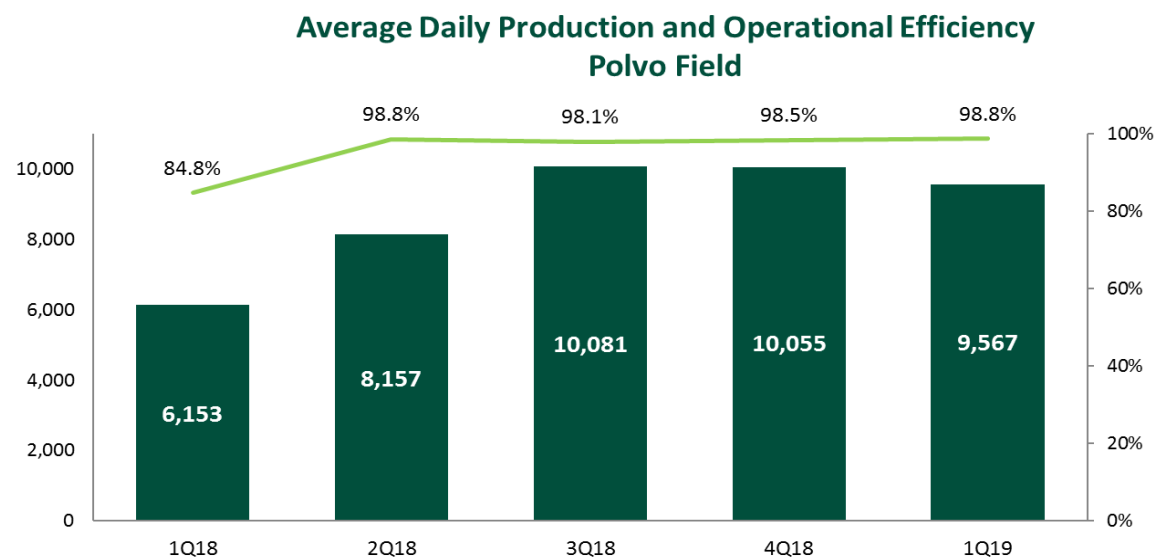
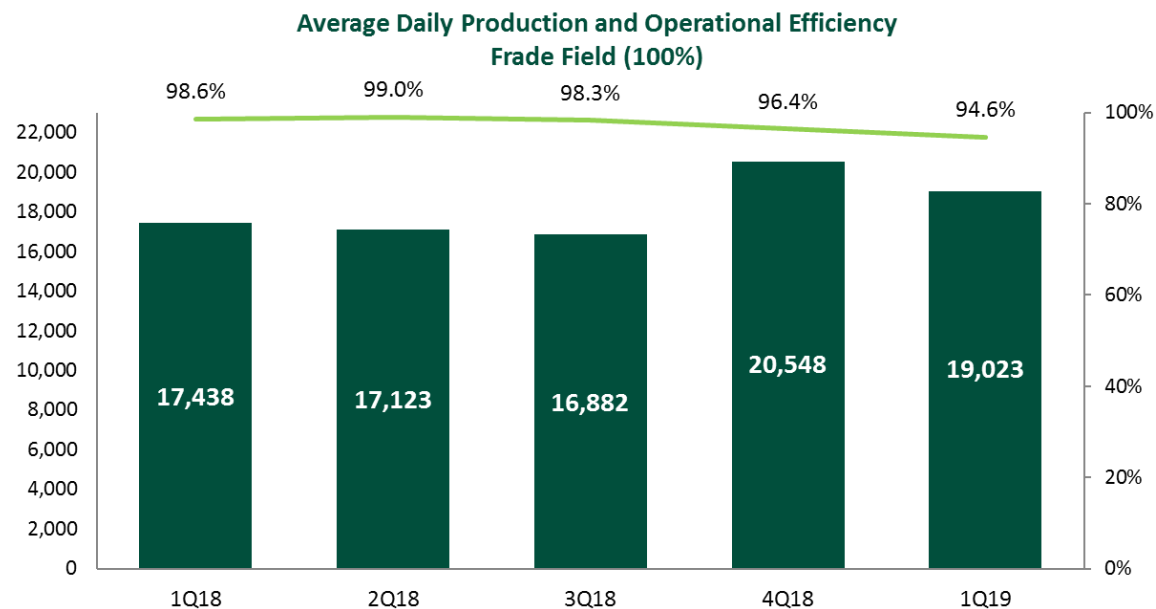
-  9,600 bbl/d produced in Polvo and 9,843 bbl/d in Frade (52%)
-  1P Reserves of 57 MM barrels and 87 MM barrels of 2P (vs. 12.9 MM a year earlier)
-  Polvo lifting cost flat at US\$ 30.9/bbl for the second quarter in a row
-  98.8% operational efficiency in Polvo and 94.6% in Frade
-  Frade cost reductions – several contracts have been renegotiated
-  2019 Drilling Campaign in Polvo

KEY OPERATIONAL METRICS

	1Q18	2Q18	3Q18	4Q18	1Q19	1Q19 x 1Q18	1Q19 x 4Q18
Average Brent	\$ 63.83	\$ 68.60	\$ 75.84	\$ 74.97	\$ 67.23	5.3%	-10.3%
Avg. Exchange Rate	3.24	3.61	3.95	3.81	3.77	16.2%	-1.0%
Final Exchange Rate	3.32	3.86	4.00	3.87	3.90	17.3%	0.6%
Offtakes (bbl)							
Frade Field (100%)	1,989,426	983,024	1,990,906	1,975,791	975,471	-51.0%	-50.6%
Polvo Field (100%)	463,323	791,718	693,126	1,107,774	544,610	17.5%	-50.8%
Production (boepd)							
Frade Field (100%)	17,438	16,935	16,515	20,101	19,023	9.1%	-5.4%
Polvo Field (100%)	6,153	8,157	10,081	10,055	9,567	55.5%	-4.9%
Manati Field (10%)	2,921	3,060	3,291	3,025	2,033	-30.4%	-32.8%
Lifting Cost (US\$/bbl)							
Polvo Field	44.2	34.0	26.6	30.9	30.9	-30.1%	-0.1%

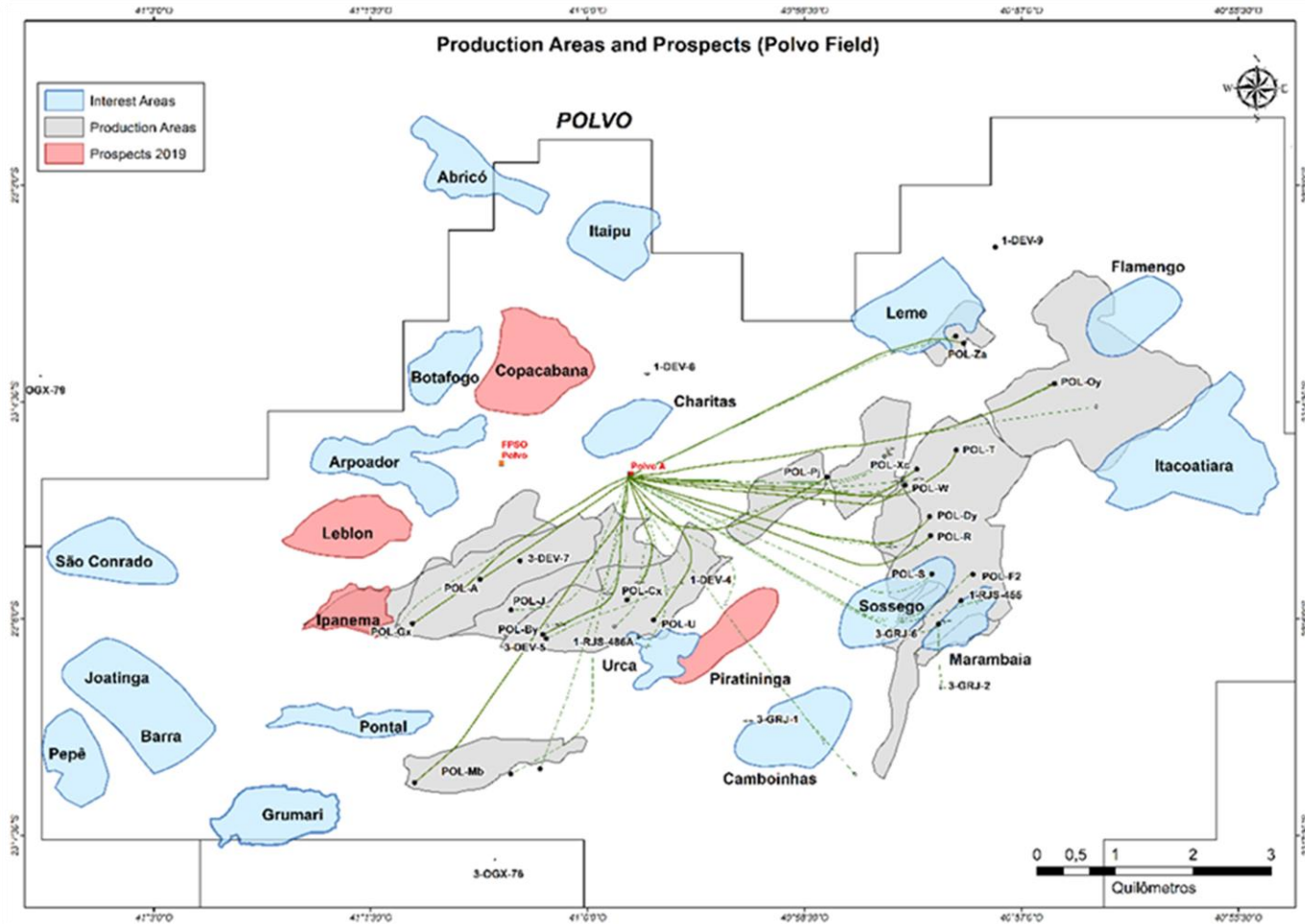
Company's Estimated Reserves (Mboe)				
Reserves	Frade (70%)	Polvo(100%)	Manati (10%)	Total
Proved (1P)	40	14	3	57
Proved+Probable (2P)	63	21	3	87
Proved+Probable+Possible (3P)	84	30	3	118

OPERATIONAL EFFICIENCY



PetroRio now
operates 30,000
barrels per day

2019 DRILLING CAMPAIGN



REVITALIZATION PLAN PHASE 3

- > ESTIMATED START: JULY 2019
- > 2 MONTHS PER WELL DRILLED
- > TOTAL WELL COST:
BETWEEN US\$ 30 MM AND US\$ 60 MM
- > 18 PROSPECTS REMAINING
FOR FUTURE DRILLING CAMPAIGNS

FINANCIAL HIGHLIGHTS

-  R\$ 139.4 MM in Net Revenue, 19% increase vs 1Q18, not including Frade revenues
-  R\$ 35.6 MM EBITDA (ex-IFRS 16), 133% greater than a year earlier, without Frade.
-  Net Loss mainly due to non-recurring expenses.
-  R\$ 36.4 MM of operational cash flow in the quarter.
-  2019 Polvo Drilling Campaign and acquisition of 18,26% interest in Frade don't require new debt.

INCOME STATEMENT

(R\$ thousand)

	1T18	1T19	Δ%
Total Revenue	117,155	139,431	19%
Cost of goods sold	(66,103)	(49,880)	(25%)
Royalties	(10,762)	(14,233)	32%
Gross Profit	40,290	75,318	87%
G&A	(28,552)	(20,375)	(29%)
Other revenues/expenses	3,531	306	(91%)
EBITDA	15,269	55,249	262%
EBITDA Margin	13%	40%	204%
Depreciation and amortization	(17,384)	(34,033)	96%
Financial Results	4,494	(70,133)	n/a
Income tax and social contribution	316	(4,761)	n/a
Profit (loss) for the period	2,694	(53,678)	n/a

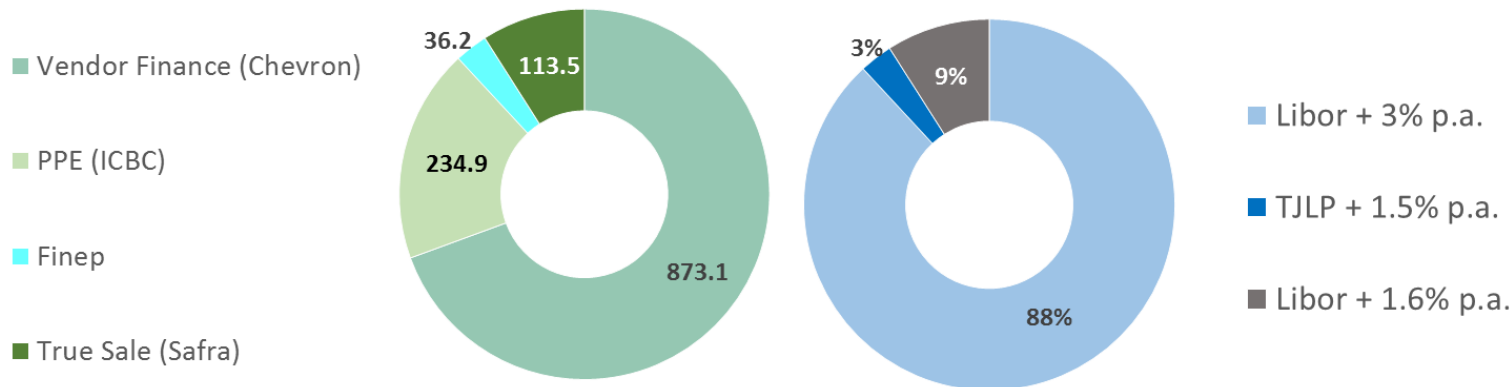
PROFORMA INCOME STATEMENT

(R\$ thousand)

	1Q19	Frade	<i>pro forma</i>
Total Revenue	139,431	212,394	351,825
Cost of goods sold	(49,880)	(66,457)	(116,337)
Royalties	(14,233)	(20,579)	(34,812)
Gross Profit	75,318	125,358	200,676
G&A	(20,375)	-	(20,375)
Other revenues/expenses	306	-	306
EBITDA	55,249	125,358	180,606
EBITDA Margin	40%	59%	51%
Depreciation and amortization	(34,033)	(104,827)	(138,859)
Financial Results	(70,133)	-	(70,133)
Income tax and social contribution	(4,761)	-	(4,761)
Profit (loss) for the period	(53,678)	20,531	(33,147)

FUNDING

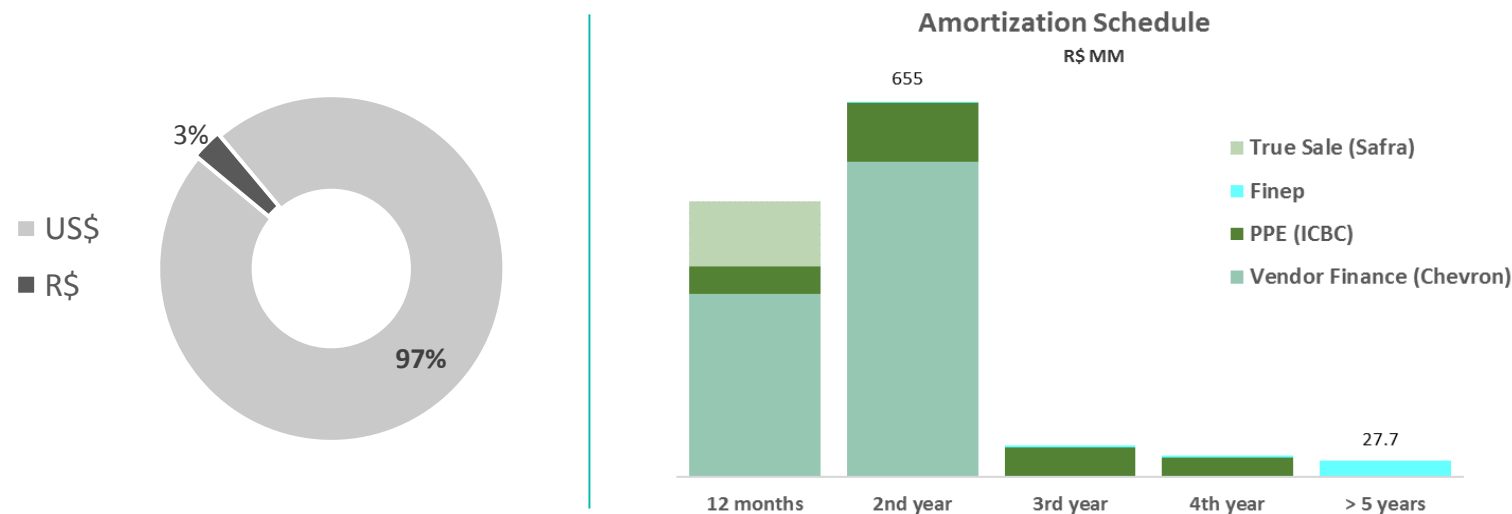
New Loans and Funding (R\$ thousand)



✓ Vendor Finance (Chevron) US\$ 224 million 2 year term Libor + 3% p.a. Paying for the asset using its own cash flow with vendor finance	✓ PPE (ICBC) US\$ 60 million 4 year term Libor + 3% p.a. Guarantees Polvo production sales to PetroChina	✓ Finep R\$ 90 million 2,5 year grace period 10 year term TJLP + 1,5% p.a.	✓ True Sale (Safra) US\$ 25,6 million 2 month term Libor + 1,6% p.a. Receivables pre-payment
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FUNDING

New Loans and Funding



✓ Vendor Finance (Chevron)

US\$ 224 million
2 year term
Libor + 3% p.a.
Paying for the asset using its own cash flow with vendor finance

✓ PPE (ICBC)

US\$ 60 million
4 year term
Libor + 3% p.a.
Guarantees Polvo production sales to PetroChina

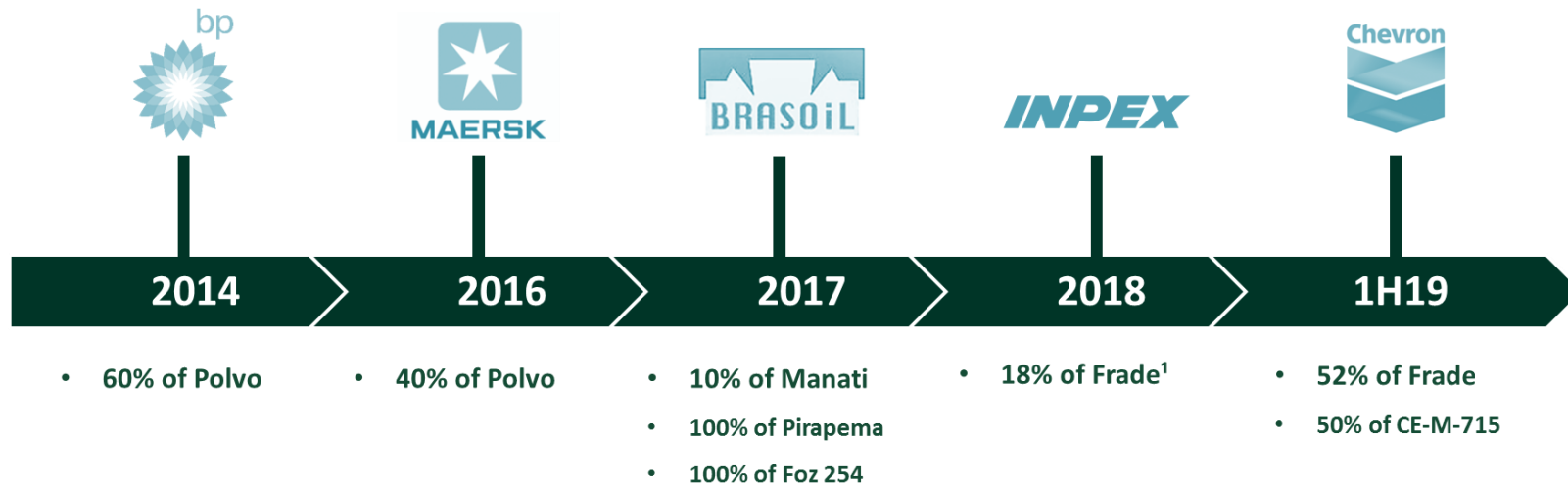
✓ Finep

R\$ 90 million
2,5 year grace period
10 year term
TJLP + 1,5% p.a.

✓ True Sale (Safrá)

US\$ 25,6 million
2 month term
Libor + 1,6% p.a.
Receivables pre-payment

M&A



Current M&A environment: Petrobras asset sales



Current M&A environment: IOC's, Juniors, Partnerships and Abroad

PRODUCING ASSETS			DEVELOPMENT	EXPLORATION
POLVO	FRADE	MANATI	FOZ DE AMAZONAS	NORTHEAST OF BRAZIL
100% PetroRio - Campos Basin - Production: 10 Mbb/d - Reserves 1P: 14 MMbbl 2P: 21 MMbbl	52% PetroRio 30% PETROBRAS 18% PetroRio - Campos Basin - Production : 20 Mbb/d - Reserves 1P: 60 MMbbl 2P: 74 MMbbl	45% ENAUTA 35% PETROBRAS 10% GEOARK 10% PetroRio - Camamu-Almada Basin - Production: 3 Mboe/d - Reserves 1P: 3 MMboe 2P: 3 MMboe	100% PetroRio - Pirapema Offshore Block - Two wells drilled 18 billion m³ of estimated reserves	50% ec PETROL 50% PetroRio - CE-M-715 - Oil asset - Potential drilling campaigns under study 100% PetroRio - FZA-M-254 Offshore Block (Exploratory) - Oil Asset

Q&A

Investor Relations



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