CONFERENCE CALL 2Q18

AUGUST 08, 2018



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.

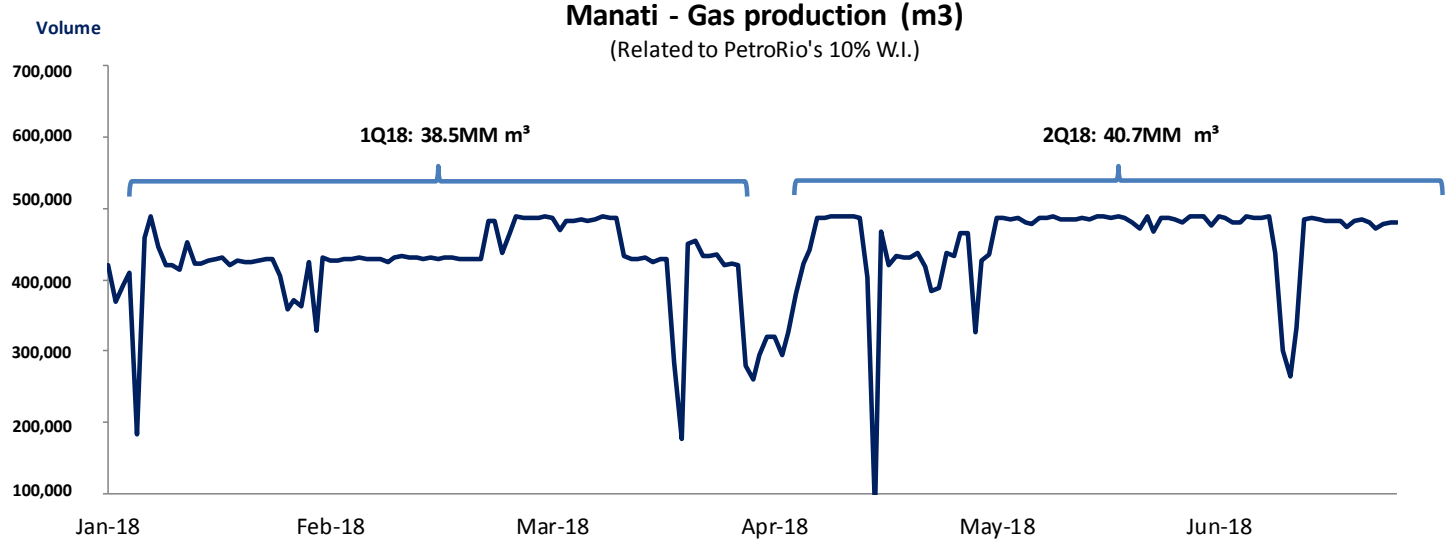
The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this presentation are made as of the date of this presentation. Except as required by applicable securities laws, we do not undertake to update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

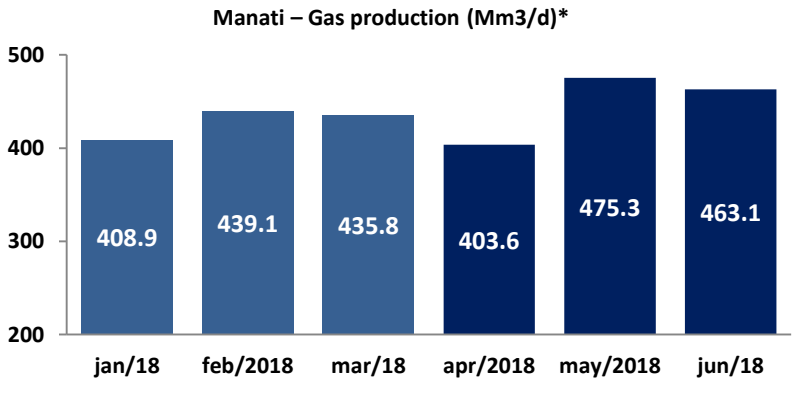
2Q18 HIGHLIGHTS

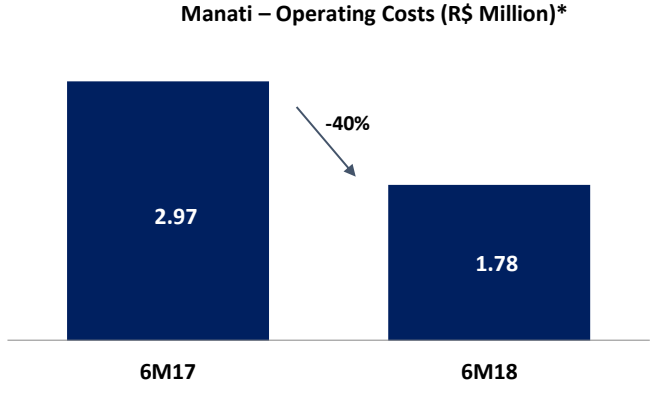
- Manati producing above the take-or-pay contract (41Mm³ sold in 2Q18 vs 38Mm³ in 1Q18)
- Operational Efficiency in Polvo of 98.8% in 2Q18 (96.9% in 2Q17)
- Lifting Cost in Polvo of US$ 34.5/bbl in the quarter (US$ 27.8 by June 2018)
- Operational costs steady at US$ 25.2 million in 2Q18 (US$ 24.5 million in 1Q18)

PETRORIO

MANATI: PRODUCTION





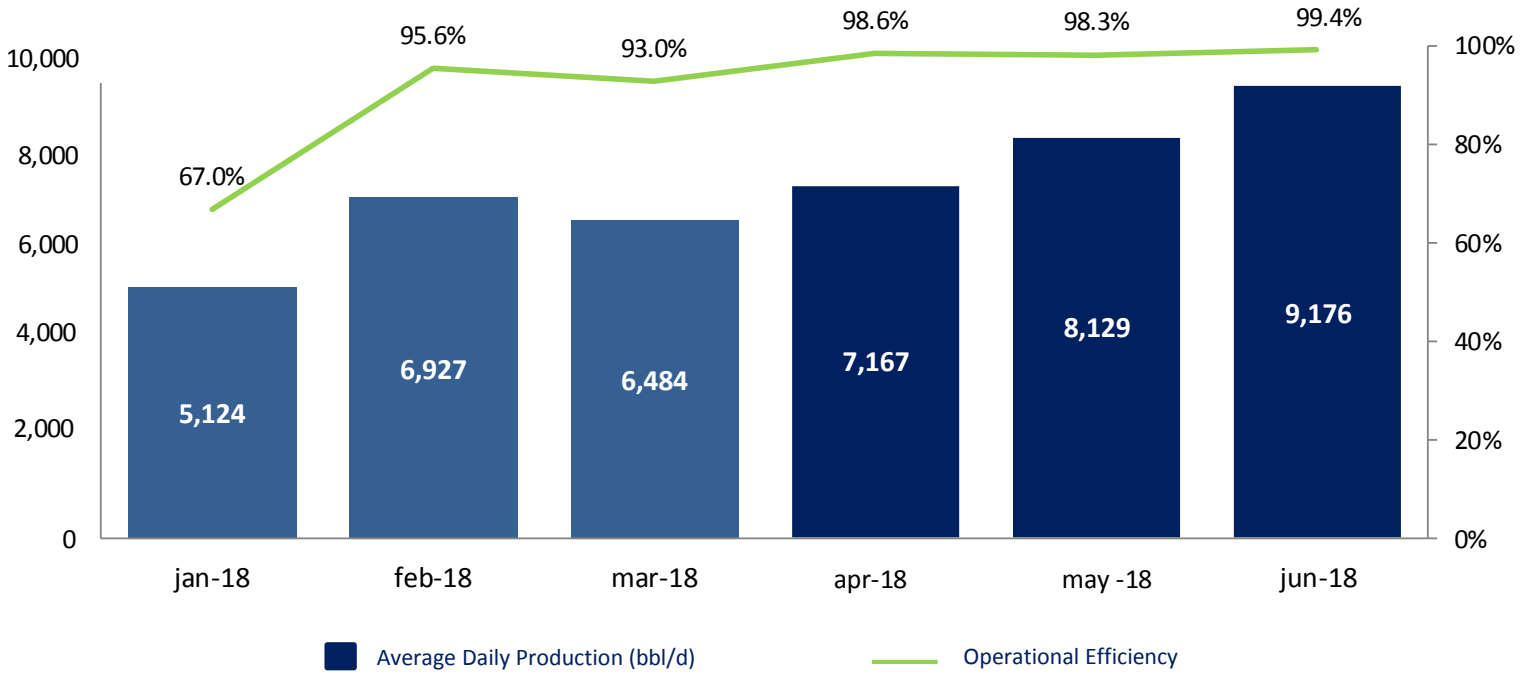


PETRORIO

* Related to PetroRio's 10% W.I.

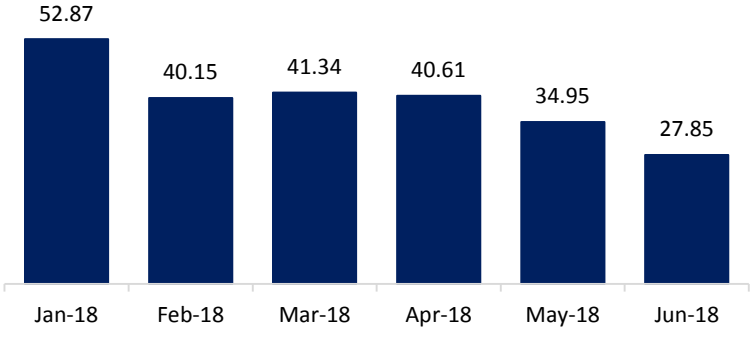
POLVO: PRODUCTION AND OPERATIONAL EFFICIENCY

Average Daily Production and Operational Efficiency

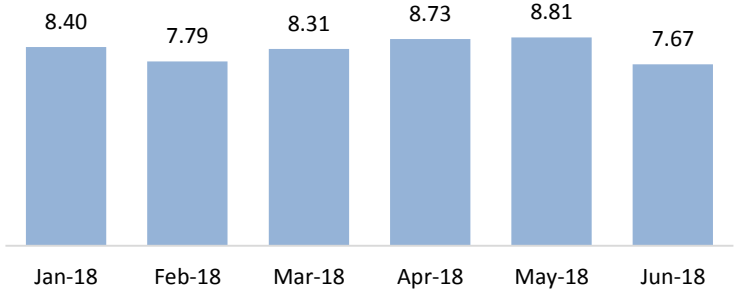


POLVO: LEAN OPERATION

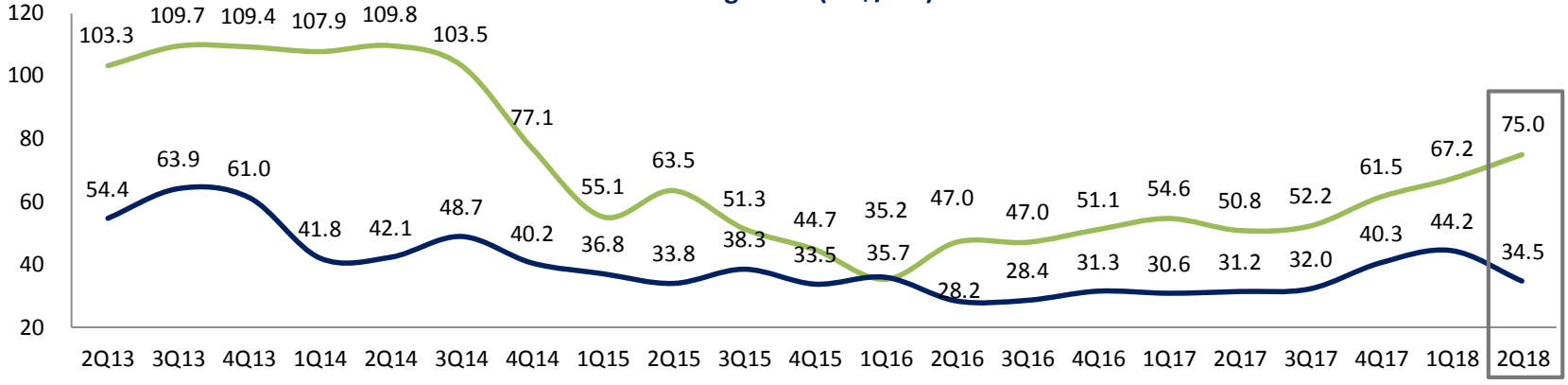
Lifting cost – Polvo Field (US$/bbl)



Operating Costs – Polvo Field (US$ million)

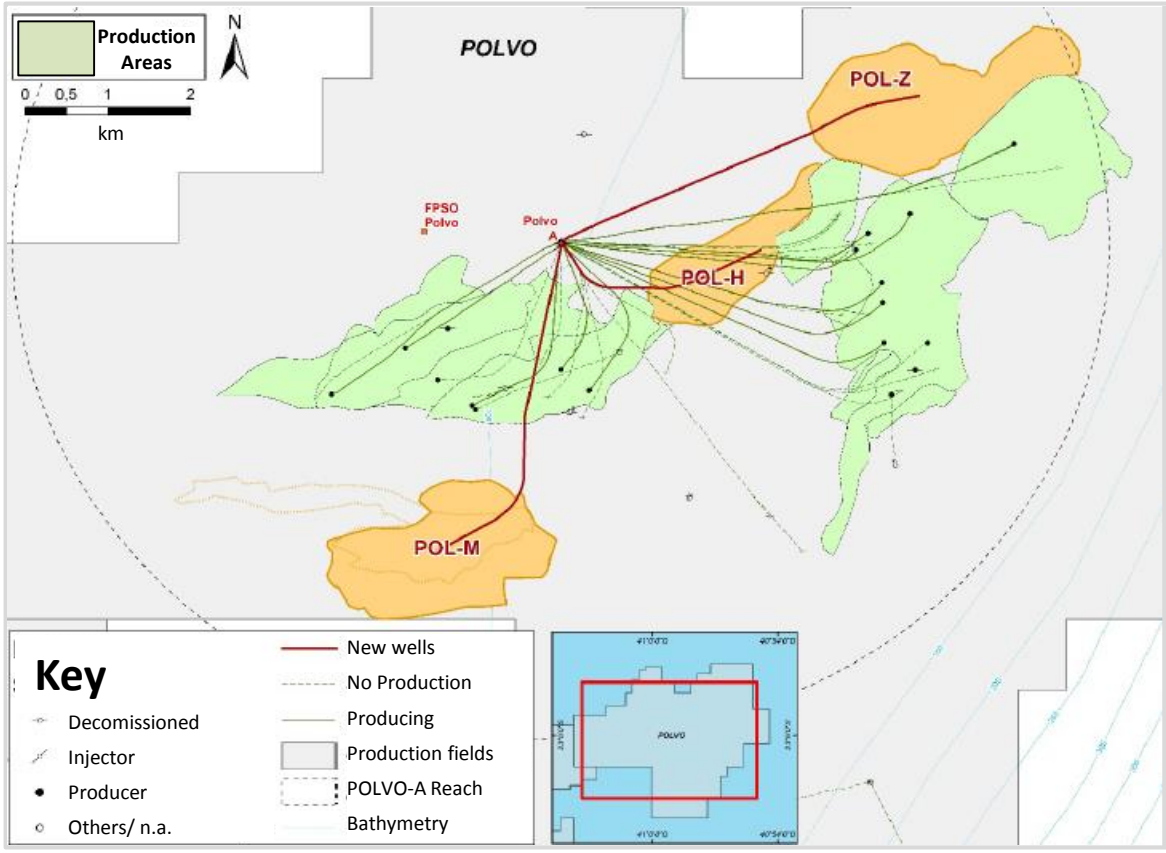


Brent x Lifting Cost* (US$/bbl)



* 100% of the Field (Excluding amortization, depreciation and royalties)

2018 DRILLING CAMPAIGN



POL – H

Drilling: April/May

Distance: 3.6km

Carbonate

POL – Z

Drilling: June/July

Distance: 5.3km

Sandstone

POL – M

Drilling: August/September

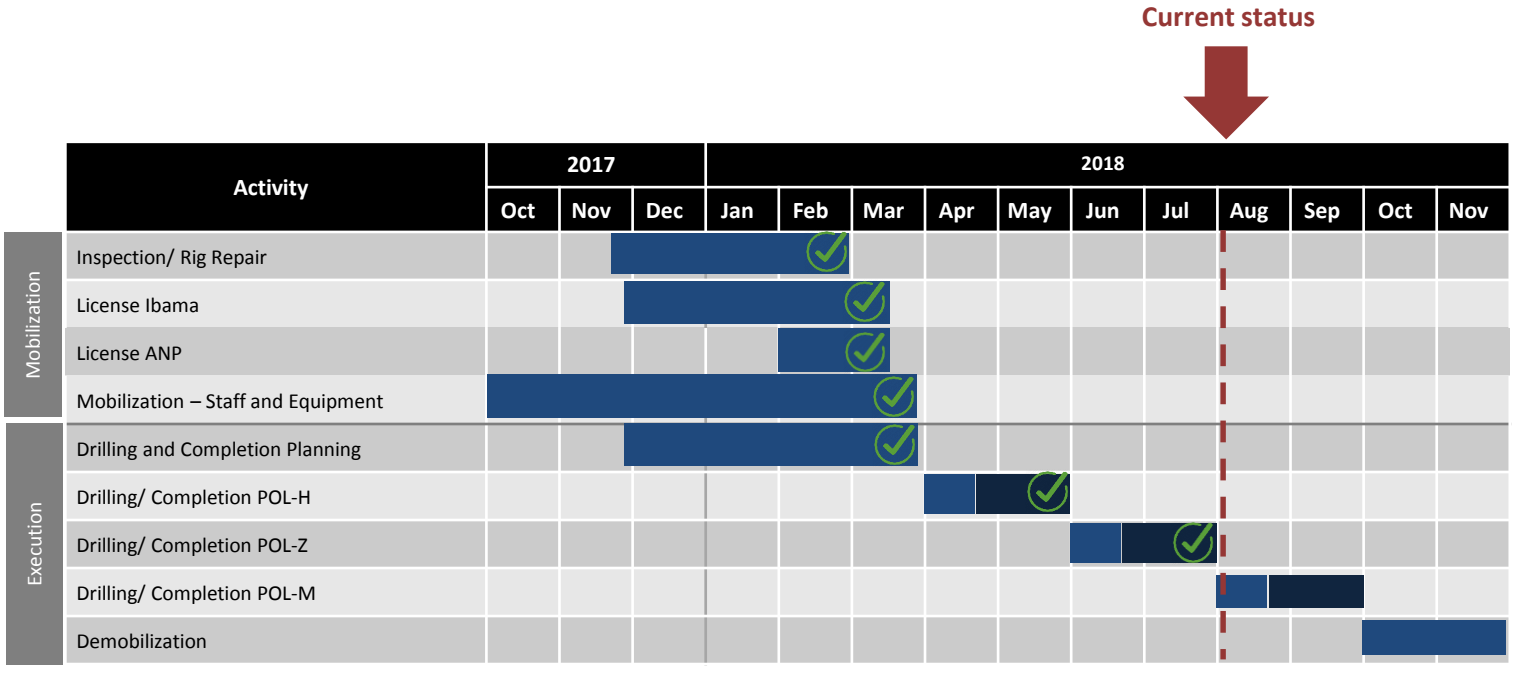
Distance: 5.5km

Sanstone

In Progress

CAPEX estimated between US$ 50-60 MM

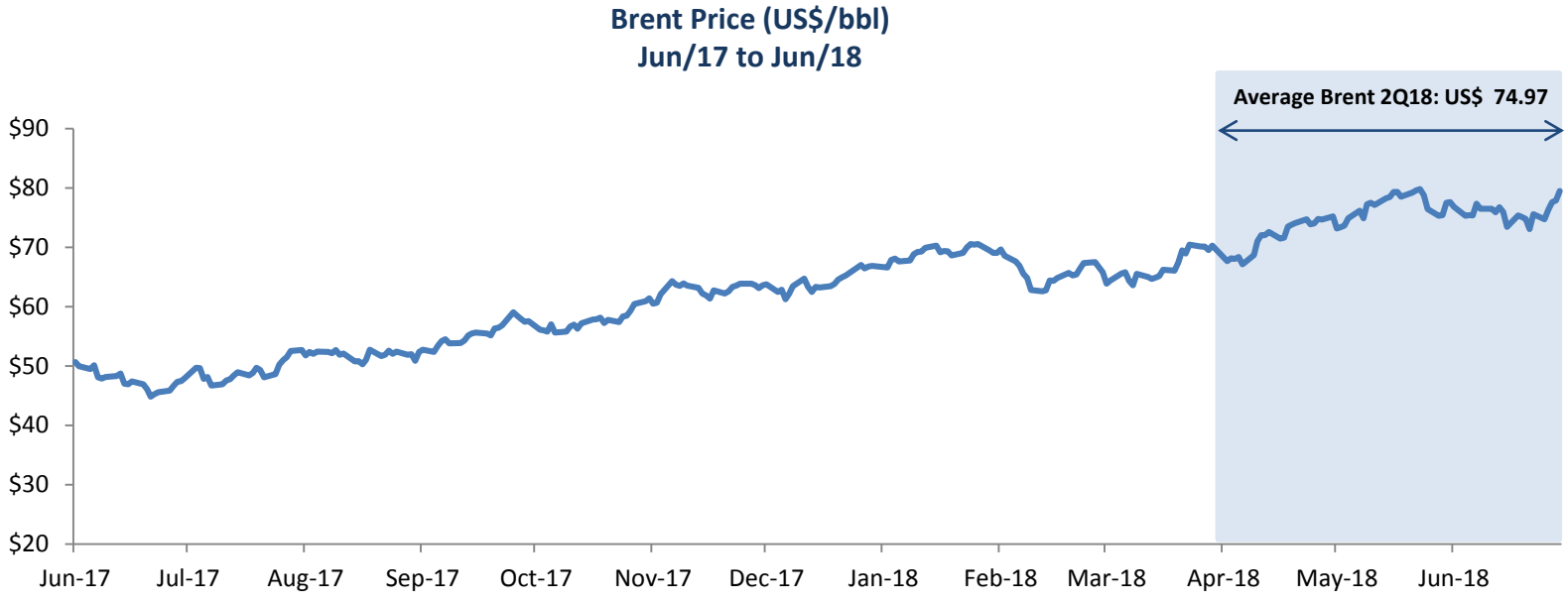
2018 DRILLING CAMPAIGN: SCHEDULE



2Q18 HIGHLIGHTS

- Net Revenue of R$ 239 million, highest quarterly Revenue in PetroRio's history
- Highest Operating Results in the Company's history: R$ 118.4 million, up 132% over 2Q17
- EBITDA of R$ 85.8 million for the quarter, up 30% over 2Q17
- Net Income of R$ 70.6 million, 50% above 2Q17

OFFTAKES



Offtakes 2018					
Quarter	**1Q18**	**2Q18**			**6M18**
Month	March	May	June	**Total**	**TOTAL**
Volume (kbbl)	463.32	461.0	330.8	**791.7**	**1,255.0**
Gross selling price (US$/bbl)	64.7	77.0	75.8	**76.5**	**72.1**

QUARTER RESULTS

R$ thousand

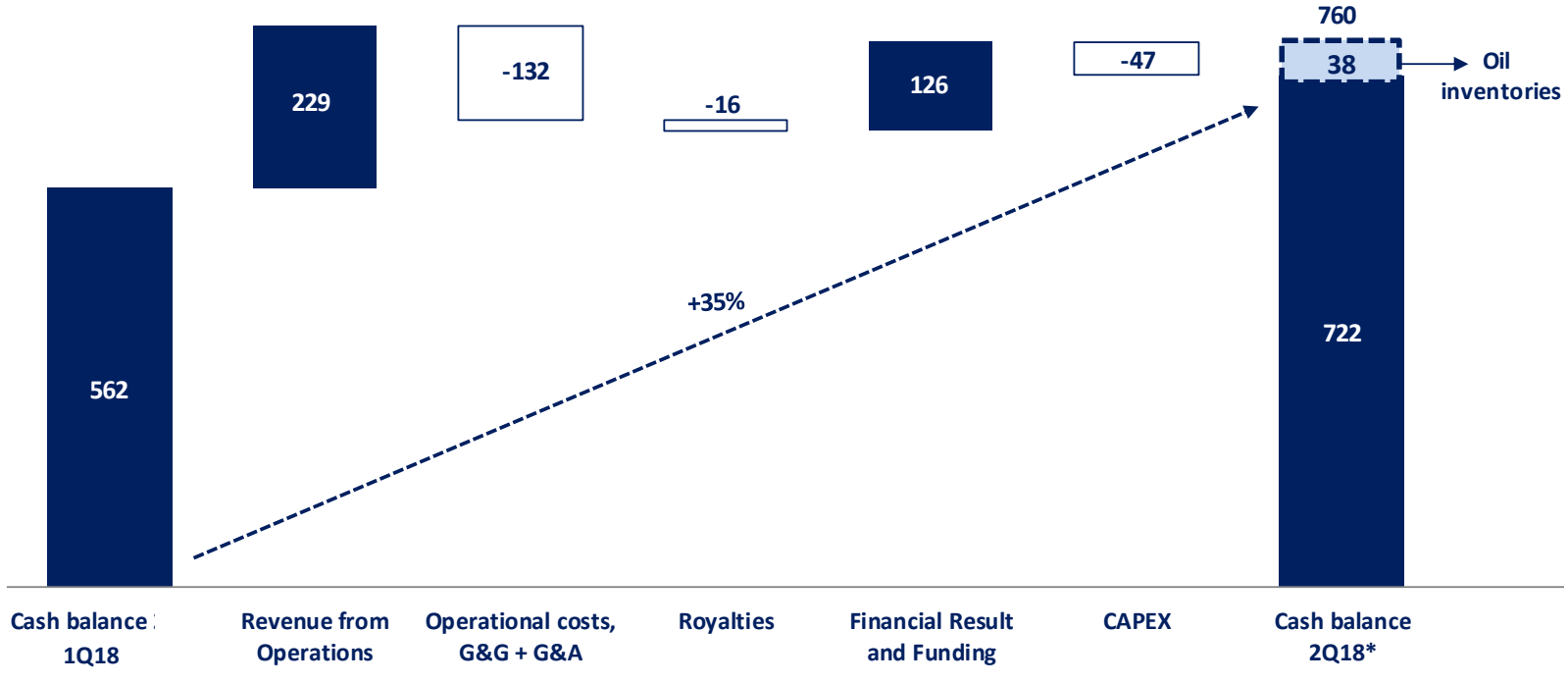
Proforma Income Statement	6M18	6M17	Δ	2Q18	2Q17	Δ
Sales Volume - Oil (thousand bbl)	**1,255**	**1,401**	***-10.4%***	**792**	**898**	***-11.8%***
Sales Volume - Gas (thousand m³/d)	**79,216**	**41,763**	***89.7%***	**40,735**	**37,257**	***9.3%***
Revenues	356,560	230,293	*54.8%*	239,405	155,507	*54.0%*
Cost of products/services	(170,803)	(137,041)	*-24.6%*	(104,237)	(89,442)	*-16.5%*
Royalties	(27,494)	(23,026)	*-19.4%*	(16,732)	(15,029)	*-11.3%*
Gross profit	**158,263**	**70,226**	*125.4%*	**118,436**	**51,036**	*132.1%*
G&A, G&G and Project expenses	(54,291)	(46,144)	*-17.7%*	(25,738)	(27,285)	*5.7%*
Other revenues/expenses	(3,360)	42,431	*-107.9%*	(6,893)	42,325	*-116.3%*
EBITDA	**100,612**	**66,513**	*51.3%*	**85,805**	**66,076**	*29.9%*
EBITDA Margin	28.2%	28.9%	*-0,7 p.p.*	35.8%	42.5%	*-6,7 p.p.*
Adjusted EBITDA	**103,972**	**24,082**	***331.7%***	**92,698**	**23,751**	***290.3%***
Adjusted EBITDA Margin	**29.2%**	**10.5%**	***18,7 p.p.***	**38.7%**	**15.3%**	***23,4 p.p.***
Depreciation and amortization	(44,018)	(40,107)	*-9.8%*	(27,096)	(27,391)	*1.1%*
Financial results	16,670	32,294	*-48.4%*	12,177	10,692	*13.9%*
Income tax and social contribuition	(10)	(7,574)	*99.9%*	(326)	(2,270)	*85.6%*
Profit (loss) for the period	**73,254**	**51,125**	*43.3%*	**70,560**	**47,107**	*49.8%*

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* Manati's Net Gas Volume refers to PetroRio's 10% stake in the consortium as of the asset's acquisition on March 20, 2017

CASH FLOW 2Q18

(R$ MILLION)



* Includes cash, cash equivalentes and oil inventory

OUTLOOK

- Increased contribution margins with Brent price stabilization
- 50% increase in production with two new wells. Third well started drilling in August 2018
- Advanced negotiations for mature assets on the M&A front
- PRIO3 listed on the *Small Caps Index*. PRIO options begin negotiating in B3

PETRORIO: LEADING INDEPENDENT OIL COMPANY IN BRAZIL



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