3Q16 RESULTS

NOVEMBER 16, 2016



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.

3Q16 HIGHLIGHTS

1. Award of Best E&P Company in Latin America in 2016 by World Finance magazine
2. Production of 771,563 barrels in the quarter, 13% higher than in 3Q15 and in line with 2Q16
3. Lifting cost (US$ 28.37/bbl) in line with 2Q16 (historic low) and 26% below 3Q15
4. Adjusted EBITDA of R$ 15.0 million and net income of R$ 71.5 million
5. High operational efficiency (94.1%) despite scheduled stoppage in September

THE BEST LATIN AMERICAN E&P COMPANY IN 2016

PetroRio was awarded by the British magazine World Finance

WORLD FINANCE

BEST EXPLORATION AND PRODUCTION COMPANY, LATIN AMERICA

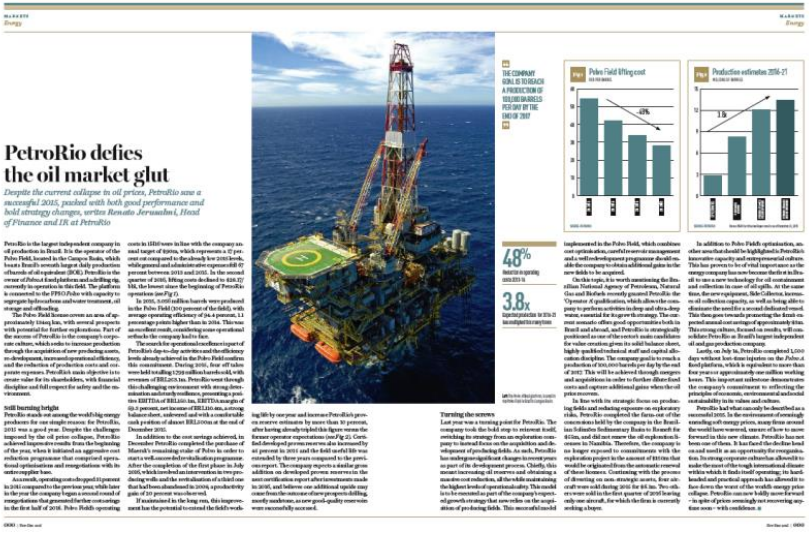
2016

PETRORIO

Highlights of the article "PetroRio defies the oil market glut":

Successful Turnaround Case: PetroRio has reinvented itself

- 2015 was a remarkable year despite of the oil price drop: lifting cost and G&A reduction, excellent operational efficiency and significant growth in reserves (1P Developed Reserves: +45%YoY)
- Proved Reserves more than tripled compared to BP estimates



PetroRio defies the oil market glut

Despite the current collapse in oil prices, PetroRio saw a successful 2015, packed with both good performance and bold strategy changes, writes Renato Jerusalmi, Head of Finance and IR at PetroRio

PetroRio is the largest independent company in oil production in Brazil. It is the operator of the Polvo Field, located in the Campos Basin, which hosts Brazil's seventh largest daily production of barrels of oil equivalent (BOE). PetroRio is the owner of Polvo's exploration and drilling rig, currently in operation in this field. The platform is connected to the FPSO Polvo with capacity to segregate hydrocarbons and water treatment, oil storage and offloading.

The Polvo Field license covers an area of approximately 16sq.km., with several prospects with potential for further explorations. Part of the success of PetroRio is the company's corporate culture, which seeks to increase production through the acquisition of new producing assets, re-development, increased operational efficiency, and the reduction of production costs and corporate expenses. PetroRio's main objective is to create value for its shareholders, with financial discipline and full respect for safety and the environment.

Still burning bright

PetroRio stands out among the world's big energy producers for one single reason: for PetroRio, 2015 was a good year. Despite the challenges imposed by the oil price collapse, PetroRio achieved impressive results from the beginning of the year, when it initiated an aggressive cost reduction programme that comprised operational optimizations and renegotiations with its entire supplier base.

As a result, operating cost dropped 51 percent in 2015 compared to the previous year, while later in the year the company began a second round of renegotiations that promised further cost savings in the first half of 2016. Polvo Field's operating costs in US$/barrel in line with the company annual target of $30/bbl, which represents a 37 percent cut compared to the already low 2015 levels, while general and administrative expenses fell 57 percent between 2015 and 2015. In the second quarter of 2016, lifting costs declined to $18.37/bbl, the lowest since the beginning of PetroRio operations (see Fig 1).

In 2015, 3,050 million barrels were produced in the Polvo Field (100 percent of the field), with average operating efficiency of 94.4 percent, 1.1 percentage points higher than in 2014. This was an excellent result, considering some operational setbacks the company had to face.

The search for operational excellence is part of PetroRio's day-to-day activities and the efficiency levels already achieved in the Polvo Field confirm this commitment. During 2015, four off-takers were held totalling 1,759 million barrels of oil, with revenues of BRL255.1m. PetroRio went through this challenging environment with strong determination and ready resilience, presenting positive EBITDA of BRL150.1m, EBITDA margin of 59.2 percent, net income of BRL110.4m, a strong balance sheet, unlevered and with a comfortable cash position of almost BRL210m at the end of December 2015.

In addition to the cost savings achieved, in December PetroRio completed the purchase of Maersk's remaining stake of Polvo in order to start a well-succeeded revitalization programme. After the completion of the first phase in July 2016, which involved an investment in two producing wells and the revitalization of a third one that had been abandoned in 2014, a productivity gain of 20 percent was observed.

If sustained in the long run, this improvement has the potential to extend the field's working life by one year and increase PetroRio's proven reserve estimates by more than 10 percent, after having already tripled this figure versus the former operator expectations (see Fig 2). Certified developed proven reserves also increased by 45 percent in 2015 and the field useful life was extended by three years compared to the previous report. The company expects a similar gross addition on developed proven reserves in the next certification report after investments made in 2016, and believes one additional upside may come from the outcome of new prospects drilling, mostly sandstone, as new good-quality reservoirs were successfully accessed.

Turning the screws

Last year was a turning point for PetroRio. The company took the bold step to reinvent itself, switching its strategy from an exploration company to instead focus on the acquisition and development of producing fields. As such, PetroRio has undergone significant changes in recent years as part of its development process. Chiefly, this meant increasing oil reserves and obtaining a massive cost reduction, all the while maintaining the highest levels of operationality. This could is to be executed as part of the company's expected growth strategy that relies on the acquisition of producing fields. This successful model is implemented in the Polvo Field, which combines cost optimization, careful reservoir management and a well redevelopment programme should enable the company to obtain additional gains in the new fields to be acquired.

On this topic, it is worth mentioning the Brazilian National Agency of Petroleum, Natural Gas and Biofuels recently granted PetroRio the 'Operator A' qualification, which allows the company to perform activities in deep and ultra-deep water, essential for its growth strategy. The current scenario offers good opportunities both in Brazil and abroad, and PetroRio is strategically positioned as one of the sector's main candidates for value creation given its solid balance sheet, highly qualified technical staff and capital allocation discipline. The company goal is to reach a production of 100,000 barrels per day by the end of 2017. This will be achieved through mergers and acquisitions in order to further dilute fixed costs and capture additional gains when the oil price recovers.

In line with its strategic focus on producing fields and reducing exposure on exploratory risks, PetroRio completed the farm-out of the concessions held by the company in the Brazilian Sulfundos Sedimentary Basin to Ramrod for 45 km, and did not renew the oil exploration licenses in Namibia. Therefore, the company is no longer exposed to commitments with the exploration project in the amount of $81/m that would be originated from the automatic renewal of these licenses. Continuing with the process of divesting on non-strategic assets, four aircraft were sold during 2016 for $35.3m. Two others were sold in the first quarter of 2016 leaving only one aircraft, for which the firm is currently seeking a buyer.

In addition to Polvo Field's optimization, another area that should be highlighted is PetroRio's innovative capacity and entrepreneurial culture. This has proven to be of vital importance as the energy company has now become thrifty at finding ways to use a new technology for oil containment and collection in case of oil spills. At the same time, the new equipment, Side Collector, increases oil collection capacity, as well as being able to eliminate the need for a second dedicated vessel. This then goes towards promoting the firm's expected annual cost savings of approximately $6m. This strong culture, focused on results, will consolidate Polvo Field as Brazil's largest independent oil and gas production company.

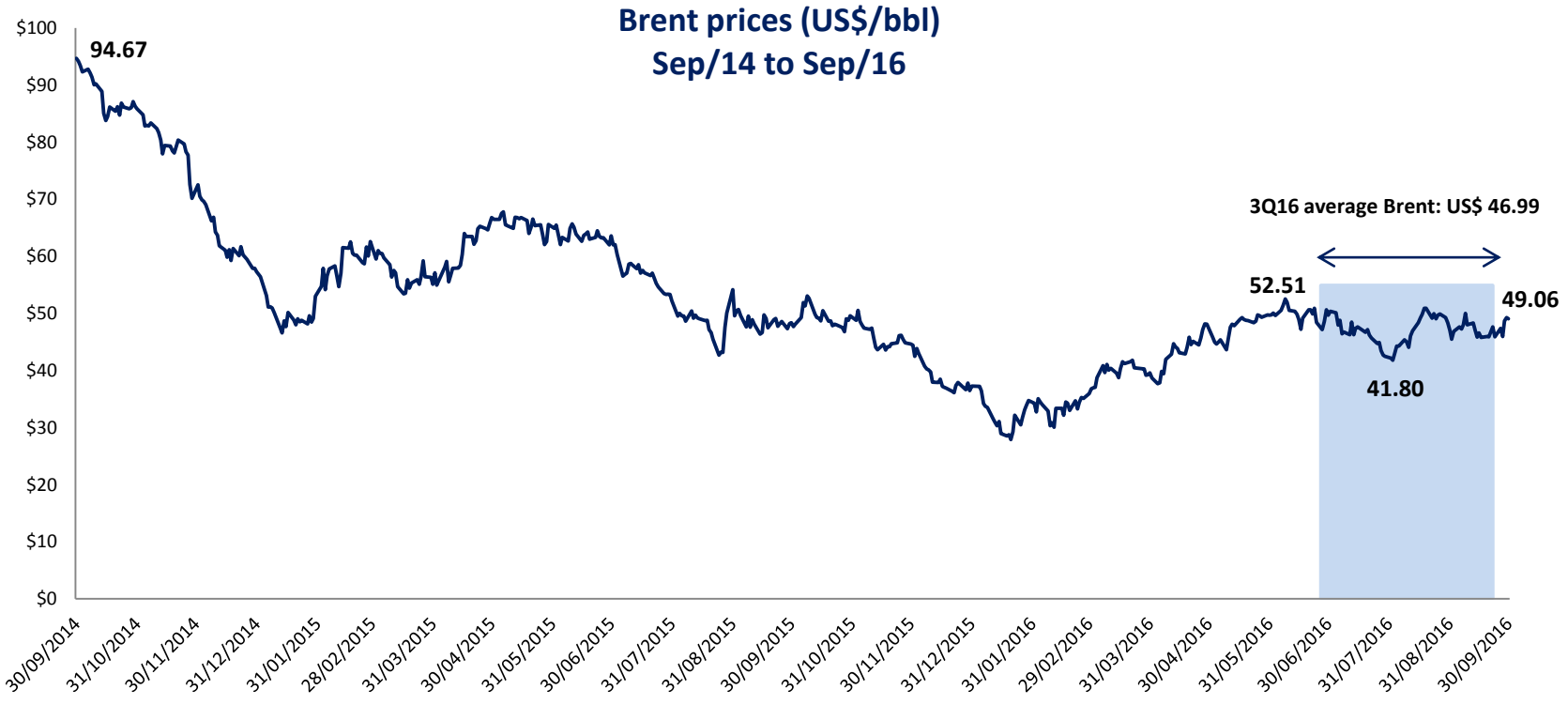
Lastly, on July 1st, PetroRio completed 1,000 days without lost-time injuries on the *Polvo A* fixed platform, which is equivalent to more than four years or approximately one million working hours. This important milestone demonstrates the company's commitment to reflecting the principles of economic, environmental and social sustainability in its values and culture.

PetroRio had what can only be described as a successful 2015. In the environment of seemingly never-ending oil energy prices, many firms around the world have wavered, unsure of how to move forward in this new climate. PetroRio has not been one of them. It has faced the decline head on and used it as an opportunity for reorganization. In its strong corporate culture has allowed it to make the most of the tough international climate which it finds itself operating; its hard-headed and practical approach has allowed it to face down the worst of the world's energy price collapse. PetroRio can now boldly move forward – in spite of prices seemingly not recovering anytime soon – with confidence. ■



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MACROECONOMIC SCENARIO

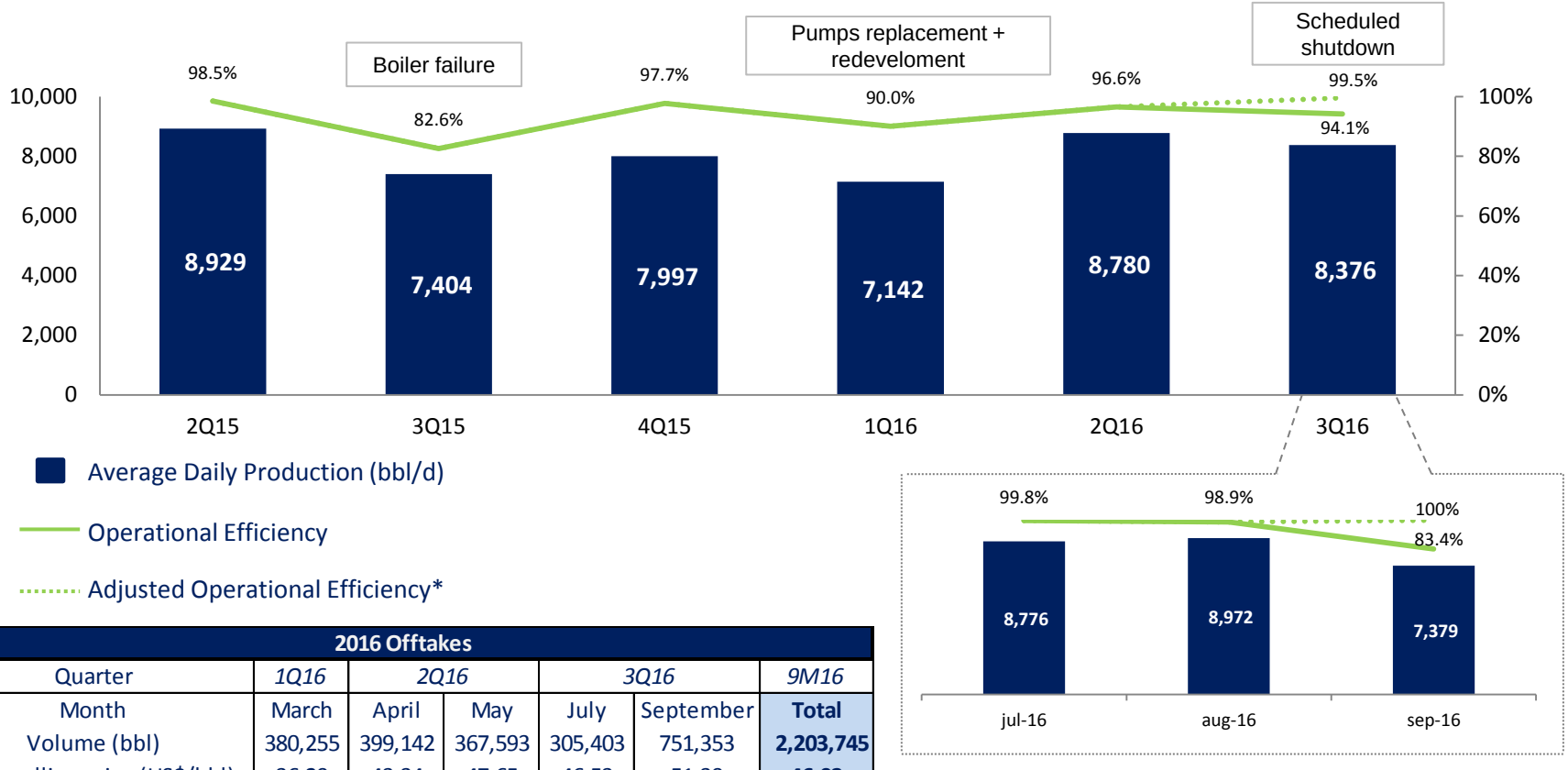


	3Q15	3Q16	Δ
Brent price on September 30	US$ 48.37	US$ 49.06	1.4%
Average Brent price in the quarter	US$ 51.3	US$ 46.99	-8.4%
BRL/USD rate on September 30	R$ 3.95	R$ 3.25	-17.5%
Average BRL/USD rate in the quarter	R$ 3.54	R$ 3.25	-8.2%

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POLVO: PRODUCTION AND OFFTAKES

Average Daily Production and Operational Efficiency

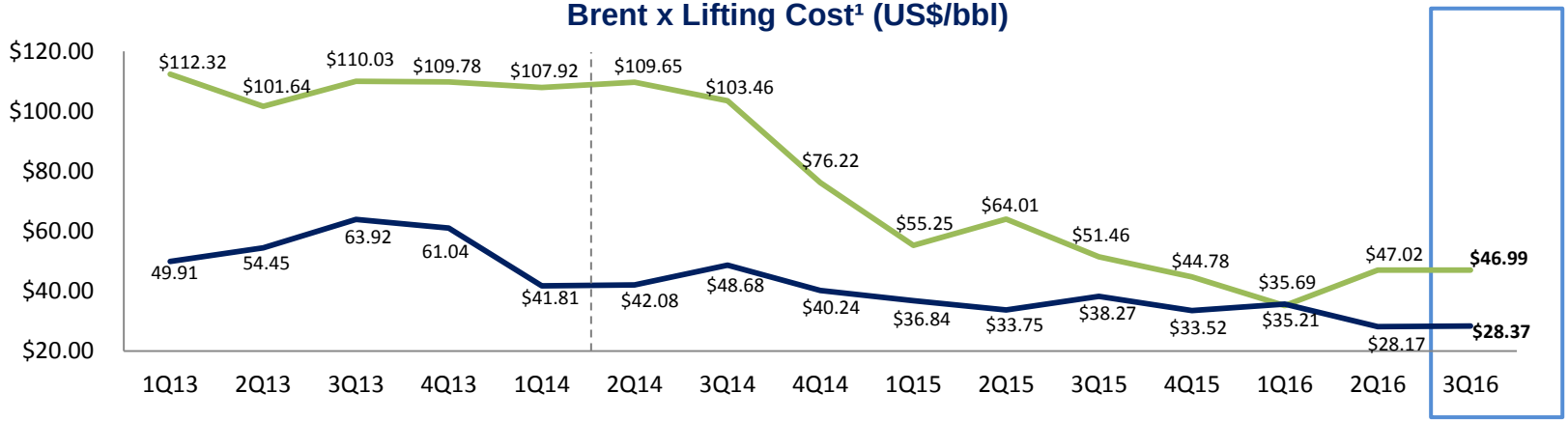


2016 Offtakes						
Quarter	*1Q16*	*2Q16*		*3Q16*		*9M16*
Month	March	April	May	July	September	**Total**
Volume (bbl)	380,255	399,142	367,593	305,403	751,353	**2,203,745**
Gross selling price (US$/bbl)	36.29	43.34	47.65	46.53	51.39	**46.03**

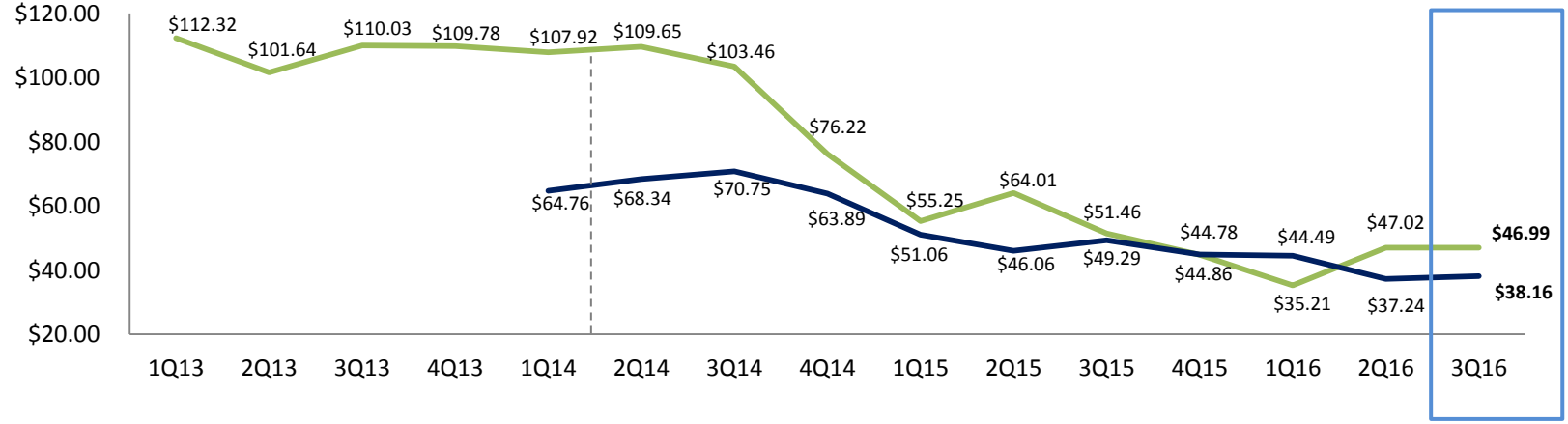
*Operational Efficiency without taking into account the five days of the scheduled production shutdown

COSTS X BRENT

Brent x Lifting Cost[1] (US$/bbl)



Brent x Total Costs (US$/bbl)



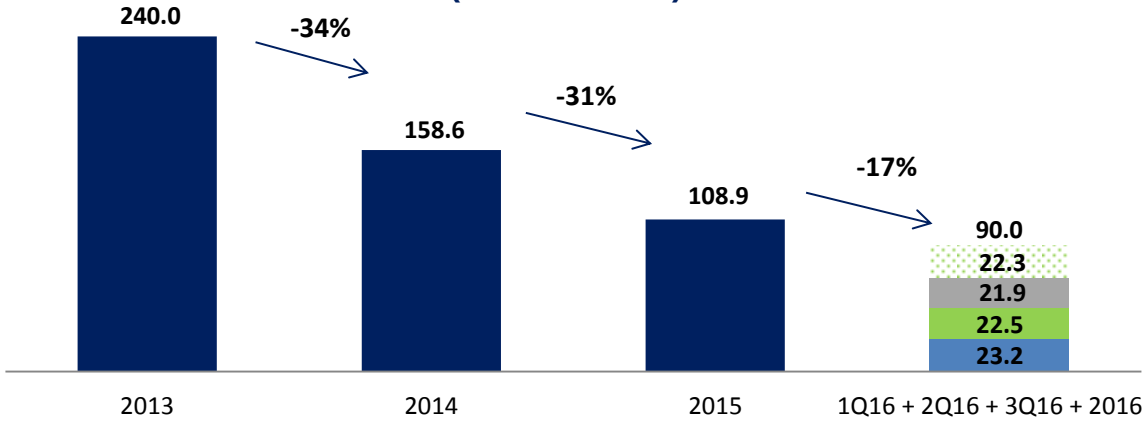
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Average Brent — Lifting Cost/Total Costs - - - Beginning of PetroRio operation

1- 100% of the field (without depreciation, amortization and royalties)
2- It includes G&A expenses, producing costs and *royalties*

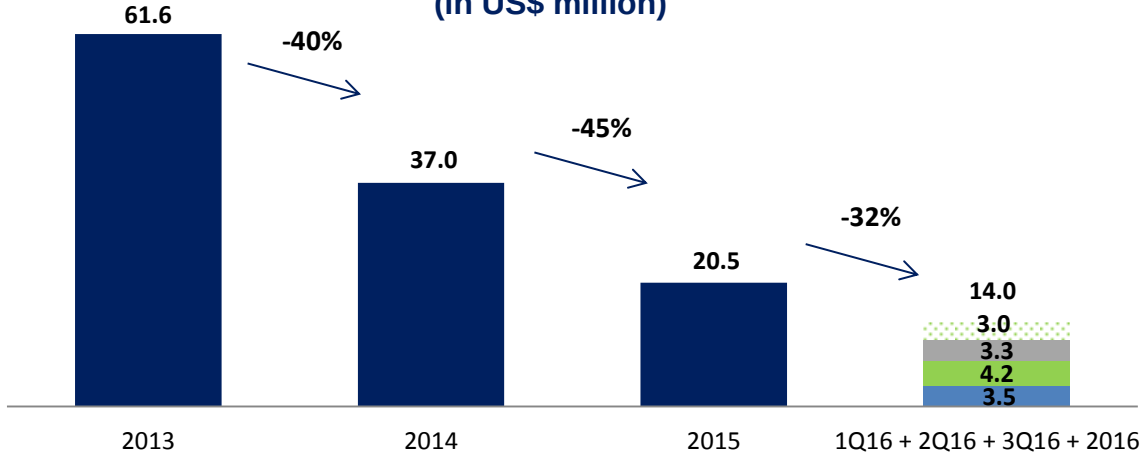
LEAN OPERATION

Operational Costs - Polvo Field (in US$ million)



1Q16 + 2Q16 + 3Q16 + 2016E: costs of 9M16 + PetroRio estimates for the next quarter.

G&A Expenses (in US$ million)



1Q16 + 2Q16 + 3Q16 + 2016E: expenses of 9M16 + PetroRio estimates for the next quarter.

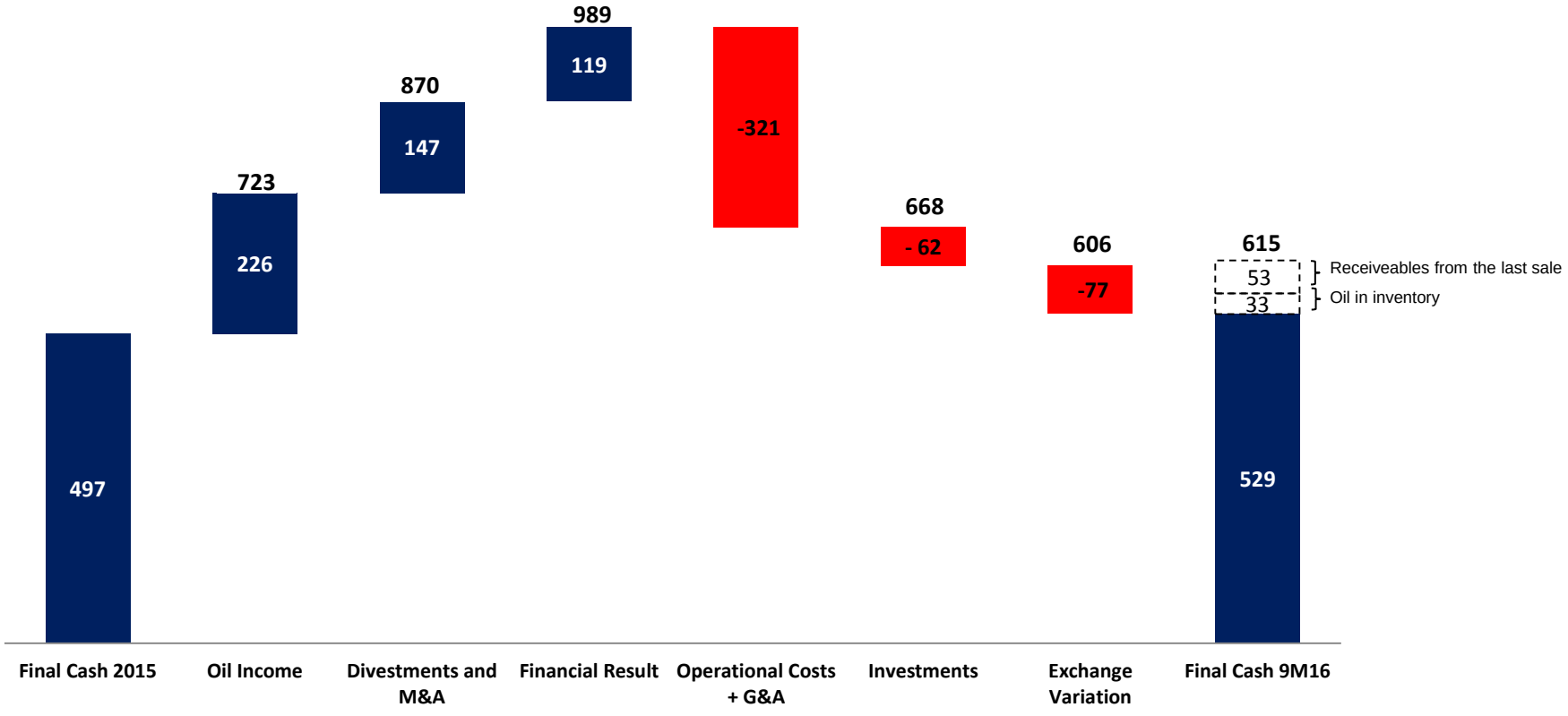
3Q16 RESULTS

R$ million

Proforma Income Statement	3Q15	2Q16	3Q16	9M16
Offtakes (bbl)	773,424	766,734	1,056,756	2,203,745
Average selling price (US$/bbl)	50.82	45.41	49.98	46.03
Revenues	127.941	103.381	139.242	284.132
Costs of products/services	(90.519)	(84.843)	(96.048)	(231.267)
Royalties	(11.832)	(7.868)	(13.081)	(25.896)
Results of Operations	**25.590**	**10.670**	**30.113**	**26.969**
G&A, G&G and Project expenses	(15.176)	(15.017)	(14.438)	(44.700)
Other revenues/expenses	13.075	10.265	(16.333)	(8.236)
EBITDA	**23.489**	**5.918**	**(658)**	**(25.967)**
EBITDA margin	*18.4%*	*5.7%*	*-0.5%*	*-9.1%*
Depreciation and amortization	(55.269)	(21.399)	(15.448)	(48.428)
Financial income	29.111	(35.877)	109.994	51.898
Income and social contribution	2.690	336	(22.417)	(22.441)
Profit (loss)	**0.021**	**(51.022)**	**71.471**	**(44.938)**

9M16 CASH FLOW

R$ million*



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* USD/BRL FX Rate on September 30, 2016: R$ 3,25

PETRORIO: LARGEST BRAZILIAN INDEPENDENT OIL & GAS PRODUCER



Investor Relations
ri@petroriosa.com.br
www.petroriosa.com.br
+55 (21) 3721 3810

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