CONFERENCE CALL FY17

MARCH 16, 2018



PRIO3 NOVO MERCADO BM&FBOVESPA
Índice de Governança Corporativa Novo Mercado IGC-NM
Índice de Ações com Tag Along Diferenciado ITAG
Índice de Ações com Governança Corporativa Diferenciada IGC

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.

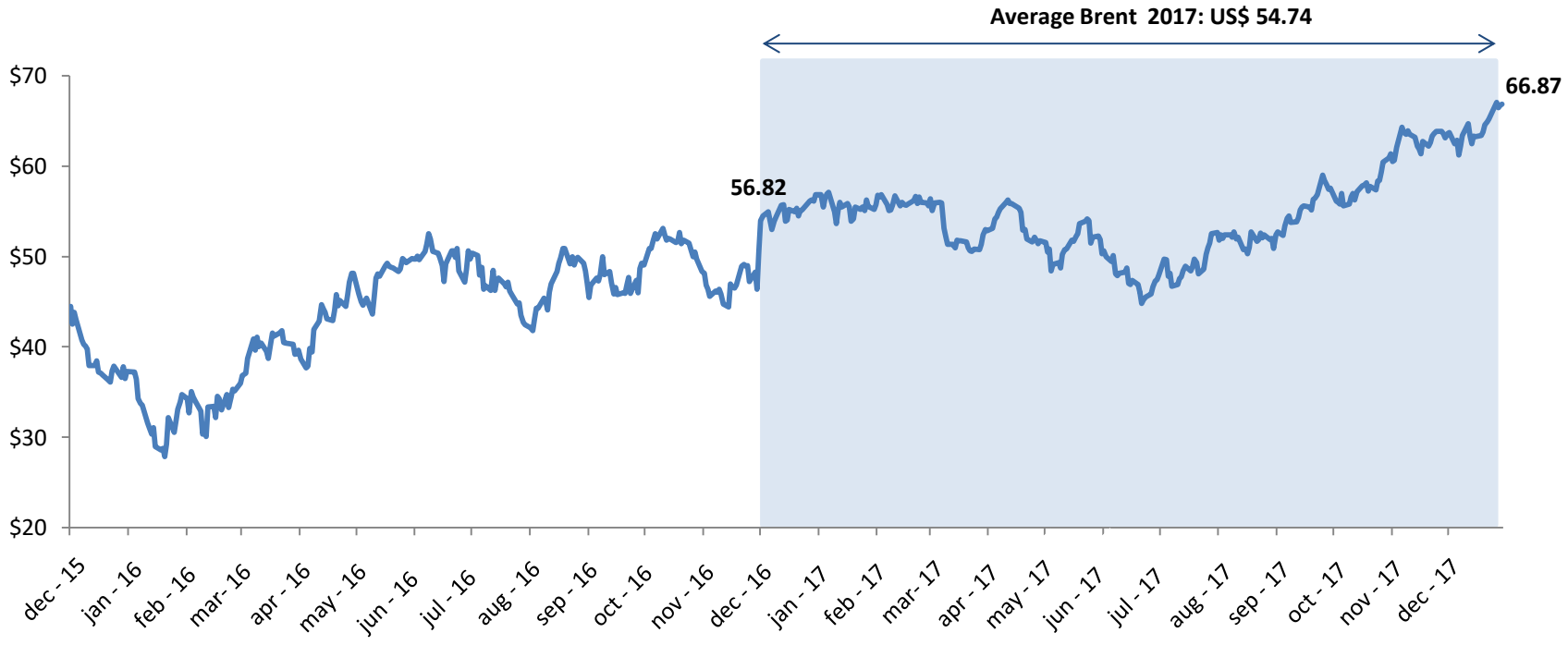
4Q17 HIGHLIGHTS

- Record Net Revenues of R$ 534 MM, 34% higher than 2016
- Operational Efficiency in Polvo of 97.4% in 2017, the highest in the Field's history
- Brasoil acquisition concluded in March 2017, with increase in production of 3mil boe/d
- EBITDA of R$ 132MM and Net Income of R$ 51MM for the year
- Cash Position of R$ 663MM*, 10% higher than 2016

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* Includes cash, cash equivalents, investments, restricted cash and oil inventory

MACROECONOMIC SCENARIO



		4Q16	4Q17	Δ	2016	2017	Δ
Brent	Last price	$ 56.82	$ 66.87	17,7%	$ 56.82	$ 66,87	17,7%
	Average price	$ 51.06	$ 61.45	20,3%	$ 45.13	$ 54,74	21,3%
USD/BRL	Last price	3.25	3.31	1,9%	3.25	3.31	1,9%
	Average price	3.29	3.25	-1,4%	3.48	3.19	-8,3%

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POLVO: TRADING STRATEGY

- Co-load Planning
- Timing of offtakes
- Experienced team in global negotiations
- Brent Price recovery and higher demand for heavy crude

2017 vs 2016

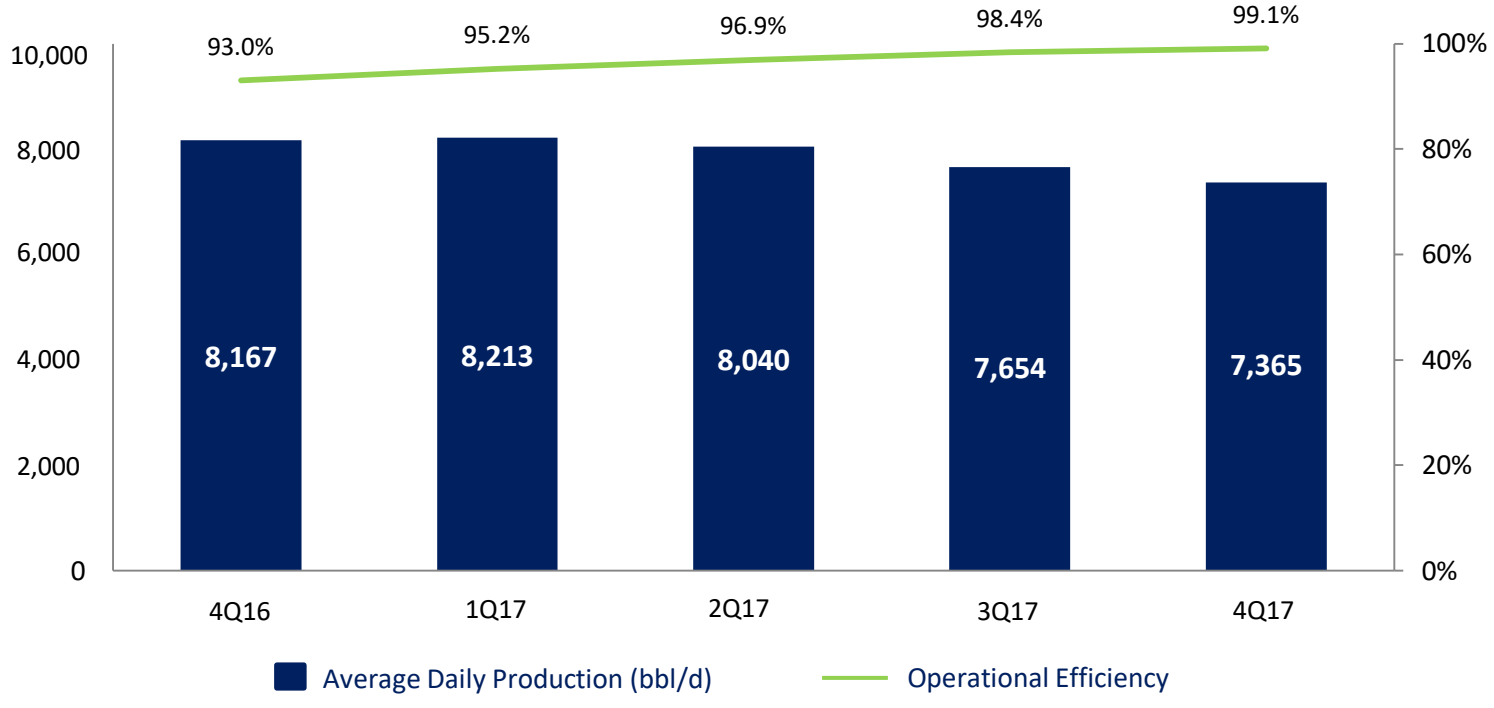
41% reduction in oil discount

Gross selling price **13,7% higher**

OFFTAKES								
Trimestre	**1T17**	**2T17**			**3T17**	**4T17**		**2017**
Mês	**Março**	**Abril**	**Maio**	**Junho**	**Agosto**	**Outubro**	**Dezembro**	**Total**
Volume (kbbl)	503,3	300,4	373,8	223,6	596,9	418,9	425,5	**2.842**
Preço Bruto de venda (US$/bbl)	52,5	53,9	50,1	47,6	51,9	56,1	64,1	**54,1**
% Venda do ano	18%	11%	13%	8%	21%	15%	15%	**100%**

POLVO: PRODUCTION AND OPERATIONAL EFFICIENCY

Average Daily Production and Operational Efficiency

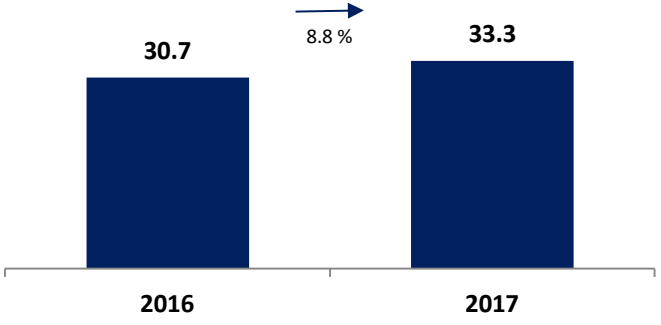


August, October and November recorded Operational Efficiency of 100%

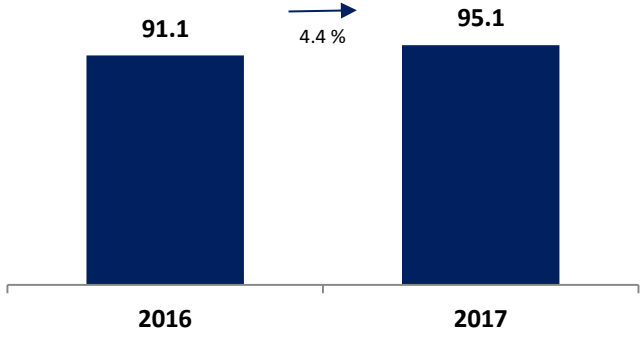
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POLVO: LEAN OPERATION

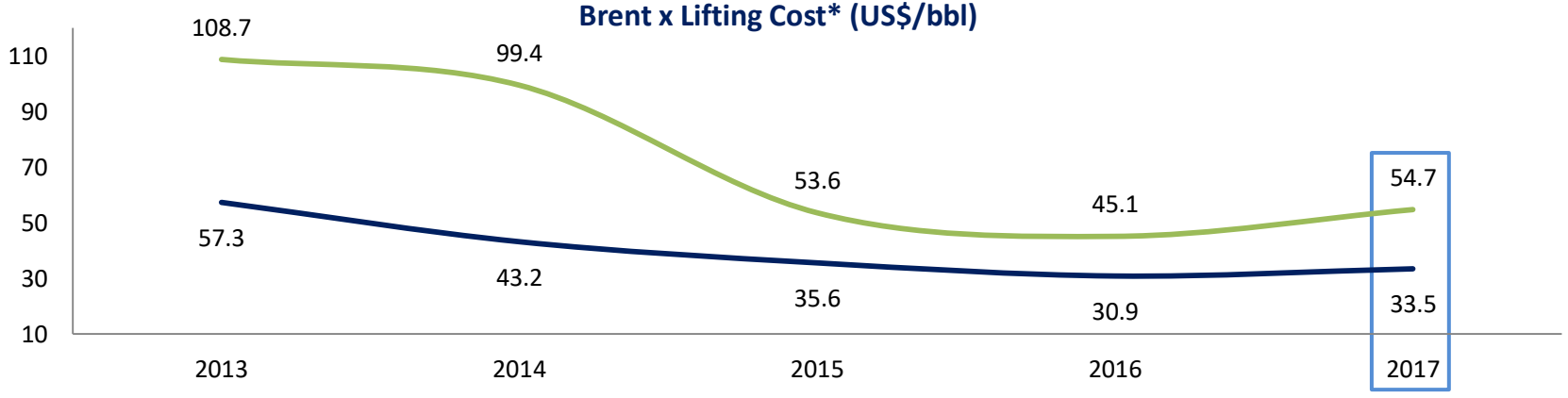
Lifting Cost - Polvo Field (US$/bbl)



Operational Costs - Polvo Field (US$ million)

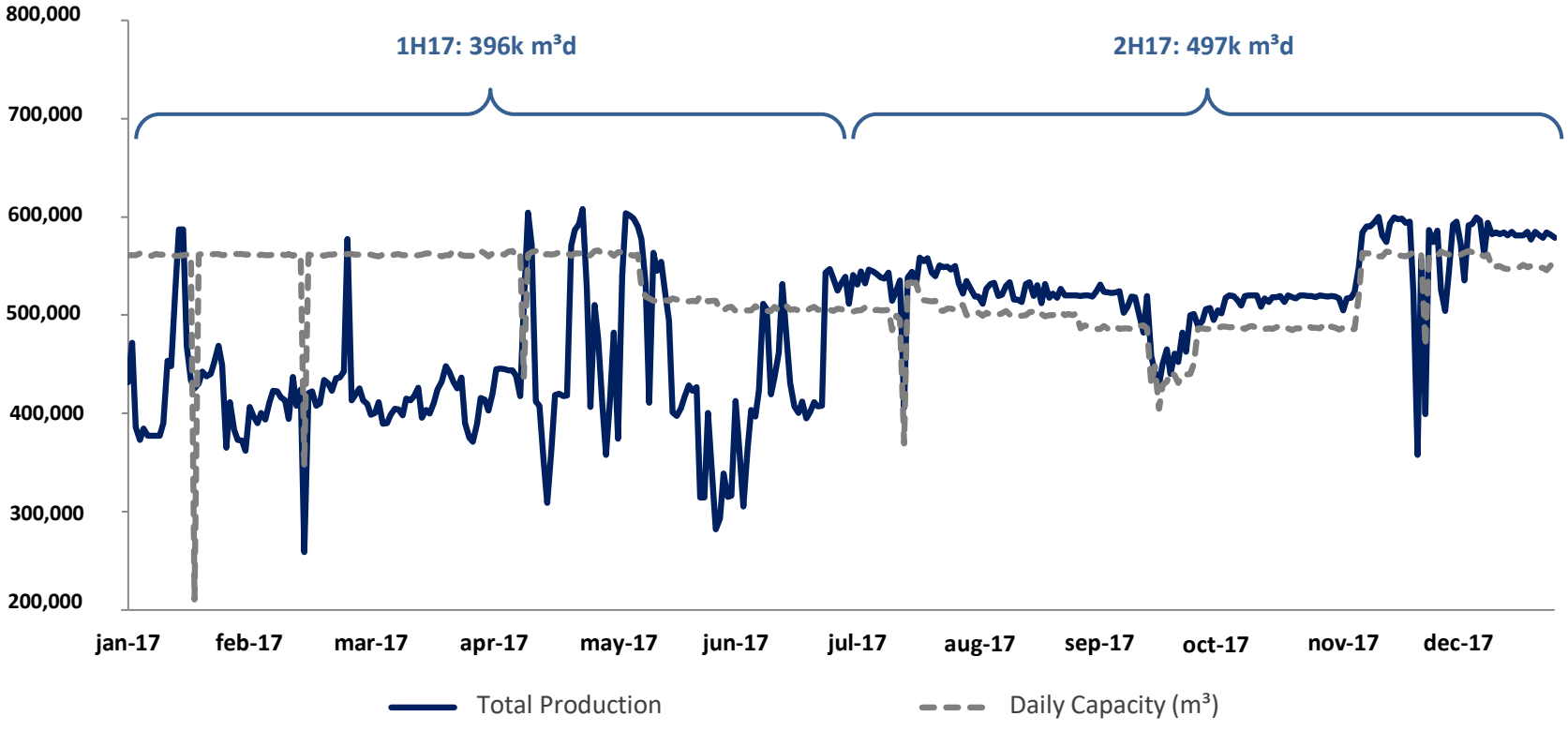


Brent x Lifting Cost* (US$/bbl)



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

MANATI: PRODUCTION



QUARTER RESULTS

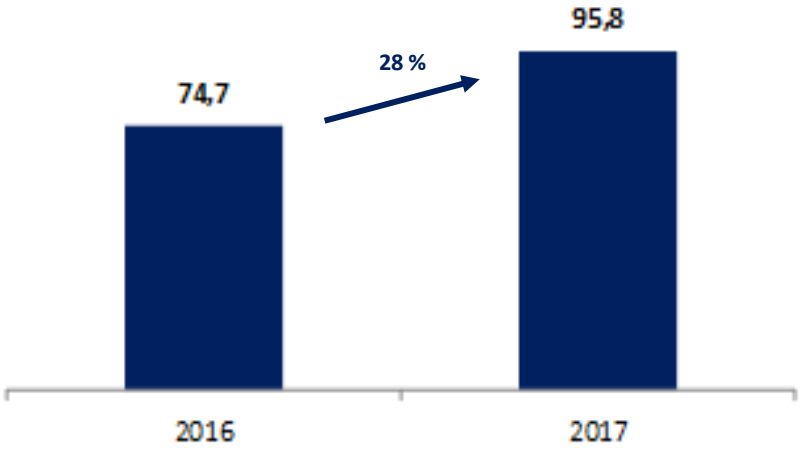
R$ thousand Proforma Income Statement	2016	2017	Δ
Sales Volume - Oil (thousand bbl)	**2,980**	**2,842**	**-4.6%**
Sales Volume - Gas (thousand m³/2017)*	**-**	**133,223**	**-**
Revenues	397,871	533,922	34%
Cost of products/services	(303,816)	(299,296)	-1%
Royalties	(35,451)	(48,589)	37%
Costs of products/services	**58,604**	**186,037**	**217%**
G&A, G&G and Project expenses	(74,661)	(95,840)	28%
Other revenues/expenses	344,710	41,467	-88%
EBITDA	**328,653**	**131,664**	**-60%**
EBITDA Margin	82.6%	24.7%	-58 p.p.
Depreciation and amortization	(69,569)	(89,455)	29%
Financial results	(6,133)	6,449	-205%
Income tax and social contribuition	(11,329)	2,193	-119%
Profit (loss) for the period	**241,622**	**50,851**	**-79%**

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

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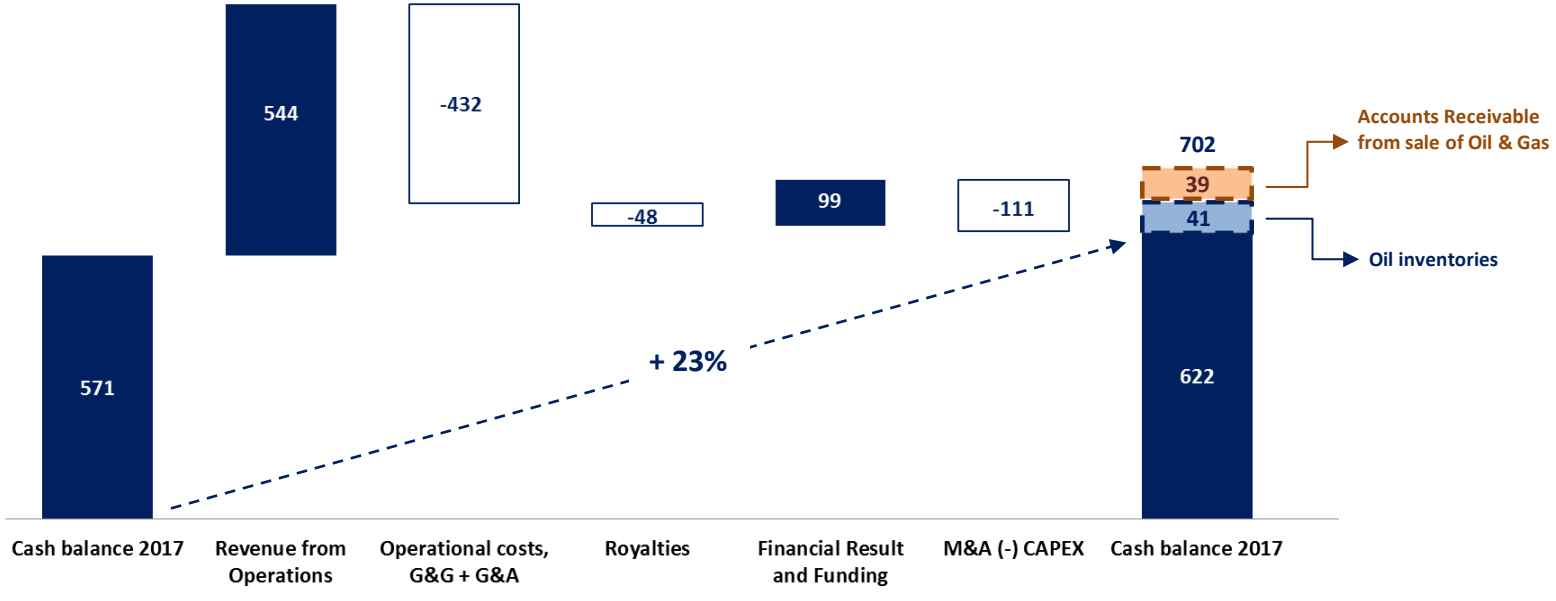
G&A EXPENSES

(R$ MILLION)



CASH FLOW 2017

(R$ MILLION)



OUTLOOK 2018

- Request for reduction in Royalties for Polvo, seeking to offset new investments in the field
- Oil prices to stabilize between the US$ 60 – 65 range, increasing profit margins substantially due to the large proportion of fixed costs relative to the asset's total costs.
- Improved Cash Generation with the increase in production in Manati
- Advancing in negotiatons for the aquisitions of mature producing fields
- Increase in interest in "PRIO3" with the continued expansion of the share's daily trading volumes

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Investor Relations

ri@petroriosa.com.br

www.petroriosa.com.br

+55 (21) 3721-3810

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