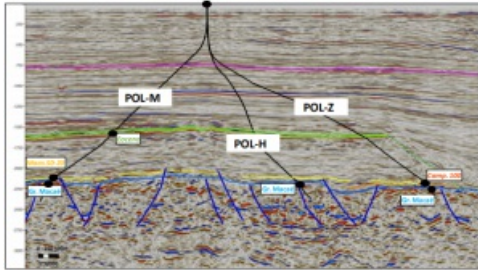


MATERIAL FACT – PETRORIO BEGINS ITS DRILLING CAMPAIGN

Rio de Janeiro, April 5, 2018 – Petro Rio S.A. (“Company” or “PetroRio”) (B3: PRIO3), informs its shareholders and the market in general that it has initiated the second phase of its Revitalization Plan for the Polvo Field. Having succeeded in Phase 1, which took place in 1Q2016, and which resulted in 20% increase in production and volumes of reserves of the field, the Company will now invest in Phase 2 of the Revitalization Plan. This phase involves drilling three new wells with initial Capex of USD 20MM and total Capex of approximately USD50MM, depending on the results obtained. The Company will keep the market informed over the period of the Campaign – which is estimated to last six months – and update the market in the case of commercial discoveries in the prospected wells.

The drilling campaign also considers secondary targets which will be used to examine reservoirs with high oil potential. The geological material will be collected, analyzed and after thoroughly studied by our technical team, be used for an eventual Phase 3 of the Revitalization Plan, to be carried out during 2019 depending on the results of the samples taken.



PetroRio is confident that this phase of the revitalization will yield good results and, depending on the results obtained, can potentially extend the useful life of Polvo for approximately 5 years (into 2026).

The Company will be using its drilling rig, which is part of the fixed platform in Polvo (Polvo-A). It is estimated that the costs of drilling in Polvo are 65% lower than those practiced by local peers, which in some cases must resort to leasing third party drilling rigs.

In light of the new investments in Polvo, PetroRio strengthens its position as an experienced player in Enhanced Oil Recovery, by seeking technical innovations, new technologies, increasing the recovery factor and consequently extending the useful life of mature fields.

In relation to the application for the reduction of royalties made to ANP, PetroRio is still waiting for definition over the reduction to a 5% rate. The Company has received positive signs from the ANP and the Energy and Mines Ministry of Brazil and understands that the ANP will pronounce itself soon. The claim is based on current legislation and will allow for new investments in mature fields or areas with greater geological risk, making these reserves economically viable. Consequently, incentives will be in place for the development of the oil industry in several regions of the country. The reduction in royalties will also promote the extension of the useful life of producing fields, increase the recovery factor of proven reserves, that would otherwise be left aside and will allow, in the long term, for substantial increases in the collection of royalties by States, municipalities and the Federal Union.