



# MATERIAL FACT

## CONCLUSION OF THE 2018 DRILLING CAMPAIGN

Rio de Janeiro, October 30, 2018 - Petro Rio S.A. ("Company" or "PetroRio") (B3 ticker: PRIO3), following best practices of corporate governance, announces to its shareholders that it has finalized the drilling of the third well (POL-M) and concluded this year's Drilling Campaign, while maintaining the highest levels of safety and respect for the environment.

The drilling of "POL-M" confirmed the presence of oil at the well's secondary target, a carbonate reservoir of Quissamã formation in the Macaé Group, with net pay of 21 meters, average porosity of 12%, and API gravity of 21 degrees. The Company chose to complete the well - which currently produces approximately 250 barrels per day - in order to obtain relevant information and outline targets for the 2019 Drilling Campaign.

The 2018 Drilling Campaign cost approximately US\$ 42 million. The Company estimates that its payback period is of less than six months, proving it to be profitable and a valuable use of Company resources.

In addition, PetroRio hired DeGolyer & MacNaughton ("D&M") to certify the updated reserves on **July 31, 2018**, as illustrated in the table below.

In millions of barrels of oil

Reserves	D&M Report Dated Dec-17	(-) Production Jan to Jul-18	D&M Report Dated Dec-17, Adjusted for Production	D&M Report Jul-18	Reserves added by 2018 Drilling Campaign	Reserves added in %
Proved (1P)	10.8	-1.6	9.2	12.9	+3.7	+40%
Proved+Probable (2P)	12.9		11.3	20.9	+9.6	+85%
Proved+Probable+Possible (3P)	17.1		15.5	32.0	+16.6	+107%

Regarding the useful life of the Field, there was an extension to 2024 when considering 1P reserves, 2027 when considered 2P, and 2031 for the 3P reserves. The full report can be found at [ri.petroriosa.com.br](http://ri.petroriosa.com.br).

The Company also informs that the results obtained in the recently concluded Drilling Campaign reinforce the remaining new prospects in the Polvo Field, that will substantiate future drilling campaigns.

### Sedar Profile # 00031536

#### About PetroRio

PetroRio is one of the largest independent companies in the oil and gas production in Brazil. The Company's corporate culture seeks to increase production through the acquisition of new production assets, the re-exploration of assets, increased operational efficiency and reduction of production costs and corporate expenses. PetroRio's main objective is to create value for its shareholders with growing financial discipline and preserving its liquidity, with full respect for safety and the environment. For further information, please visit the Company's website: [www.petroriosa.com.br](http://www.petroriosa.com.br).

#### Disclaimer

This news release contains forward-looking statements. All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisitions 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 news release 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.

## INVESTOR RELATIONS