

NOTICE TO THE MARKET

UPDATE OF HEDGE OPERATIONS IN 4Q18

Rio de Janeiro, November 28, 2018 – Petro Rio S.A., (the “Company” or “PetroRio”) (B3 ticker: PRIO3), hereby updates its shareholders of its hedge positions for 2018, which are aimed at preserving the Company’s margins and strong operational cash flow for the current year in light of the recent drop in oil Brent prices - a key price index for the Company’s offtakes and revenue.

The Company took advantage of the increase in oil prices in May 2018 (then US\$ 80/barrel) and hedged the equivalent to 700,000 barrels for the 4Q18 using a collar structure. In early October 2018 prices reached US\$ 85/barrel and the Company’s treasury team added 150,000 barrels to this coverage.

Altogether, the company has hedged a total of 850,000 barrels for the 4Q18, with a floor of US\$ 70 per barrel. The collar hedge also allows the company to take advantage of rises in oil prices during the month of December 2018.

PetroRio reminds its shareholders that the hedge operations have historically added value to the Company’s operations and that the successful strategy will be continued in coming quarters. It also informs that it will keep the market updated especially when high volatility in oil prices is observed.

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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.

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