

MATERIAL FACT

CONVERSION OF THE PRISMA FINANCING AND RIG ACQUISITION

Rio de Janeiro, December 21, 2020 – PetroRio S.A. (“Company” or “PetroRio”), in accordance with best corporate governance practices and transparency, and in order to maintain informational equity in view of the possible share offering disclosed in the Material Fact of December 15, 2020, informs its shareholders and the market in general about recent events of the Company.

Long-Term Financing - Prisma

The Company has signed an agreement with Prisma Capital for the conversion of the US\$ 100 million bridge loan into a Long-Term Financing Agreement, thus extending the dates of the debt amortizations. The purpose of the financing was to provide part of the funds for the OSX-3 FPSO and Tubarão Martelo Field acquisitions, and had already foreseen this term extension, pending guarantee suitability and maintaining the same interest rate.

The long-term financing agreement maintains the principal outstanding and sets the amortizations in 4 equal tranches of US\$ 25 million in July 2021, January 2022, July 2022 and January 2023.

The Tubarão Martelo Field incorporation, approved by ANP in August 2020, was another important step in the Company’s strategy of acquisitions, cost rationalization and asset redevelopment. The next step for the cluster will be the tieback between Polvo and Tubarão Martelo Fields, which will take place in mid-2021, and will result in significant improvements of PetroRio’s operational costs.

Rig Acquisition

The Company has signed an agreement with Ventura for the acquisition, for US\$ 1.00 (one US Dollar), of the Atlantic Zephyr rig, a semi-submersible anchored rig suitable for interventions and completions in wells with water depths up to 300m. This acquisition’s purpose is to reduce operational costs and increase the Tubarão Martelo Field’s efficiency through a significant reduction of the response time to eventual wells shutdowns. This strategy aims to replicate the Polvo Field’s successful model, which achieved efficiency and investments payback records, due to the rig attached to the platform.

The rig is expected to add annual operational and maintenance costs of around US\$ 3 million and will avoid the contracting of third-party rigs for Field interventions (the Field’s water depth requires anchored rigs, which have limited availability in Brazil, and can take several months to deploy). This acquisition will allow workovers to be carried out in 60 to 70 days, at a cost of approximately US\$ 9 million (more than 40% less than the cost of a workover carried out with a leased rig).



This move is in line with all of PetroRio's strategy aspects, improving response times, increasing operational efficiency, reducing operational costs, preserving production and increasing the reliability of its assets.

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 redevelopment 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.petroriosacom.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.