

NOTICE TO THE MARKET

PETRORIO ANNOUNCES SHARE CAPITAL INCREASE DUE TO DEBENTURES CONVERSION

Rio de Janeiro, September 20, 2017 – Petro Rio S.A. (“Company” or “PetroRio”) (BM&FBOVESPA: PRIO3), informs that its Board of Directors ratified the issuance of 1,122 common shares as result of the conversion of 1,853 Debentures issued within the 1st Private Issuance of Debentures Convertible into Common Shares, in a Single Series, of a Subordinated Type, of PetroRio (“Debentures”), and the consequent endorsement of the increase in the Company's share capital to R\$ 3,401,947,625.18, which is now composed of 13,191,869 common shares.

The Debentures conversion period into common shares, at the sole discretion of the debenture holders, began on October 24th, 2015 and shall extent up to the Debentures maturity date (exclusive).

Up to the present date, the sum of all Debenture conversion notifications already received by the Company represents approximately 64% of the total Debentures issued in October 2014.

All common shares converted from the 1st Private Issuance of Debentures Convertible into Common Shares have equal rights to those common shares originally issued by the Company and granted by the Company Bylaws.

Lastly, the Company emphasizes that the shareholders on October 24th, 2014 were granted the right of preference to subscribe the Debentures. Furthermore, according to the Indenture of Issuance, all shares created as a result of the Debentures conversion shall be subjected to trading and transfer restrictions for a period of 12 (twelve) months from the date of conversion, being the holders obliged not to offer, sell, agree to sell, lend, rent or grant put or call options on these shares, as well as refrain from entering into any swap, hedge, short sale or other operation that may transfer, in whole or in part, any economic or political benefits arising from the ownership of such shares.

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