PETRORIO

4Q14 Conference Call

March 31, 2015
Webcast: www.petroriosa.com.br/ri

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English
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The teleconference will be held in Portuguese, with simultaneous translation into English

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4Q14
Earnings Release

PetroRio – 2014 Earnings Results

Rio de Janeiro, March 31, 2015 – PetroRio (current brand of HRT Participações em Petróleo S.A. – "HRT", "HRTP" or "Company" (BM&FBovespa: HRTP3 and TSX-V: HRP.V) announces its results for the fourth quarter of 2014 ("4Q14"). The financial and operational information below, except if otherwise indicated, is presented on a consolidated basis and stated in thousands of Brazilian Reais (R$) according to the International Financial Reporting Standards (IFRS), including our direct subsidiaries: HRT O&G Exploração e Produção de Petróleo Ltda., HRT Africa Petróleo S.A., HRT America Inc. and their respective subsidiaries and branches.

MESSAGE FROM MANAGEMENT

PetroRio began a new chapter in its history. In 2014 we began producing oil and, for the first time, we registered income before interest, taxes, depreciation and amortization (adjusted EBITDA), totaling R$126.2 million. Our available cash position increased from R$155 million in December 2013 to R$449 million in December 2014.

2014 was a year of great challenges and even greater achievements for PetroRio, which has undergone an extensive transformation, even changing its corporate name and headquarters. These changes symbolize our new strategic focus on transparency, stability, efficient production and safety.

Among the many accomplishments that make us proud is the decision to invest in production assets, which led us to acquire the Polvo, Bijupirá and Salema (BJSA) fields. While waiting for the relevant approvals of the BJSA transaction, we achieved excellent results in the Polvo field, improving its production curve and significantly reducing production costs. Our operating rates are among the best in the entire Brazilian offshore.

Other important highlight is the end of costly corporate disputes, which allowed the introduction of this new meritocracy culture focused on results. The new headquarters, well located and less costly than the previous, contributed greatly to a harmonic integration of all company employees due to the open environment without closed spaces. People interact freely, allowing greater exchange of information and ideas, thus making the environment more productive.

The growing financial discipline combined with the wise decision to reduce costs, implemented since early 2014, allowed the company to be better positioned to face the decline in Brent prices, which is evidenced by an increase in cash position. We feel that the market understands PetroRio's vision focused on value creation and growth plans for the short and long term. Evidence of this analysis was the excellent demand to our bond issuance.

Finally, we believe that the renewal of our personnel, beginning with management, will help create the environment we need to successfully implement a solid growth platform and become a major oil-producing company in Brazil.

THE POLVO FIELD

The acquisition of 60% of the Polvo Field and the beginning of oil production in January 2014 is a proof of success and capacity to overcome challenges in PetroRio's history. During these 12 months of operations, we worked hard to optimize production, seeking to more efficiently drain the reservoir, as well as optimize the field's operating costs, always maintaining the focus on improving safety levels.

Due to this effort throughout 2014, the field's production totaled 3.529 million barrels of oil at an annual manageable operating cost of US$158 million, 7% down year-on-year. In the first quarter of 2015 we will conclude the renegotiation of the main operational agreements related to the Polvo Field, and we see potential for an additional operating cost reduction of between 15% and 20%.

In 2014, the Polvo Field's operational efficiency averaged 93.3% (record average of 99.9% registered in October), reflecting a great improvement, especially when compared to 2013. In addition, the workover operation time necessary to replace pumps fell from 14 to 7 days.

Finally, we are proud to have celebrated on March 03, 2015 the mark of 1,000 days without accidents resulting in sick leave in the Polvo Field.

Due to the facts mentioned above, we believe we are on the right track.

THE NEAR FUTURE

Based on PetroRio's new strategy to operate oil fields already in production phase, we seek to achieve operational excellence and, therefore, we focus on hiring highly motivated and qualified people, which we believe will allow us to extend the existing benefits in the Polvo field to the Bijupirá and Salema fields, recently acquired.

After obtaining the relevant approvals, we will begin the operational integration between the fields, which may contribute to PetroRio becoming the fifth largest oil producer in Brazil, operating an average of more than 30,000 barrels of oil per day. This means tripling its current production and positions PetroRio as one of the major emerging companies in the Brazilian oil industry. Located only 80 km away, the Polvo and BJSA fields offer important synergy gains' opportunities.

Our plans for the next fiscal year include divestments of assets such as the concessions in Namibia, and Solimões, and aircrafts.

We will continue to operate with great safety and we plan to increasingly strengthen the trust relationship with the various stakeholders of the company, including its business partners.

DEBENTURE ISSUE

Despite the adverse market conditions, on October 24, PetroRio raised R$87,192 on the capital market through the issue of 4,359,624 debentures. This result demonstrates investors' trust in the company's new business model, given that the proceeds ranged from R$60,000 to R$90,000.

These funds will be allocated to the development of already known oil reserves in the Polvo Field, or for the acquisition and development of new assets. With a low funding cost and a lock-up period, in case of conversion, these debentures represent an alignment between investors and the company, with their return associated with **PetroRio's long-term results**.

The debenture issue characteristics were disclosed in the notice to shareholders of October 24, 2014.

SAFETY, ENVIRONMENT, HEALTH AND SOCIAL RESPONSIBILITY

PetroRio's activities are based on fundamental values related to the safety of all employees, life and nature. PetroRio is committed to various environment, health and safety (EHS) initiatives and projects guided by transparency and good governance.

Formative action of PEA-Observation held with Project participants in Rio das Ostras (2014).

Through these projects, PetroRio plans to meet the legal requirements of Brazilian regulatory and labor authorities, as well as incorporate and refer to internationally recognized social and environmental standards.

To ensure environmental preservation in production sites, independent consultants audit PetroRio's plans and procedures, so that projects are developed with maximum environmental and social responsibility, in accordance with international standards.

The EHS projects developed by PetroRio include, but are not limited, to the following:

- Pollution Control Project (PCP)
- Environmental Monitoring Project (PMA)
- Workers' Environmental Education Project (PEAT)
- Environmental Education Program (PEA)
- Social Communication Project (PCS)
- Procedure for Environmental Impact Evaluation and Mitigating Measures
- Procedures for the Evaluation and Management of Subcontractors
- Occupational Health Program (PCMSO)

- Environmental Risk Prevention Program (PPRA)
- Individual Emergency Plan (PEI)

For example, in the Environmental Education Program (PEA-Observation) project, groups from the communities of ten municipalities in the area of influence of the Polvo Field participate in training programs for the creation of observatories. There are ten observatories whose main goal is the identification and monitoring of the impacts of the oil and gas production chain, with the use of audiovisual media.

Each person receives training and participates in an ongoing educational project. The project also provides accounting, administrative, legal and technical follow up by PetroRio's consultants.

HIGHLIGHTS

Operating income - (in MMR$)	2014	2013
Net revenue	487	4
EBITDA Adjusted	126	(303)
Average sales price per barrel (US$)	87	-
Free cash balance	449	155
Production Volume (MMBbl) 60%	2,061	-

- Consolidated net revenue totaled R$487 million, adjusted EBITDA stood at R$126 million (net of provisions for impairment) and cash position amounted to R$449 million.

- Total production came to 3.5 million barrels in the Polvo Field, with an average daily output of 9,700 barrels (100% of the field).

- Sales totaled 2.3 million barrels of oil (60% of the field)

- In 2014, operational efficiency, throughout the year, averaged **93.3%**, with record **99.9%** in October, a significant improvement compared to 2013.

- The workover operation time necessary to replace pumps fell from 14 to 7 days.

- Successful execution of simulated emergency response tests under the full deployment mode, monitored by Ibama.

- Revision of the Polvo Field's lifespan until the end of 2017, in view of the production seen, considering only current producing wells.

- Fulfillment of ANP's requirements in audit for compliance check of the Operational Security Management System.

OPERATING HIGHLIGHTS

POLVO

The Polvo Field's production was more stable in 2014, registering a weaker decline in production compared to historical levels.

In 2014, operational efficiency averaged 93.3%, with record efficiency of 99.9% in October, significantly improving compared to 2013 (in 2013, average efficiency came to 79.8%, with minimum of 71% in August, and maximum of 86% in March).

One of the main reasons for the strong increase in efficiency is the reduced need for well workovers, chiefly due to fewer failures in underwater centrifugal pumps (BCS). In addition to the fewer failures, the workover operation time necessary to replace pumps fell from 14 to 7 days.

It is worth mentioning that since it became a field operator, up to date, PetroRio was liable for the 22% reduction in Polvo's operating expenses, between the first and the fourth quarter of 2014, which reiterates the Company's commitment and efforts to pursue an extended economic lifespan of the field.

In 2014, 3,529 thousand barrels of oil were produced (100% of the field). Natural gas daily production averaged 11,159 thousand m^3. Currently, 97% of gas produced is used as fuel in the field's activities.

At the end of December, PetroRio sold its 5th cargo in the year, corresponding to approximately 473,000 barrels.

Oil sale	1st Offtake	2nd Offtake	3rd Offtake	Slops	4th Offtake	5th Offtake	TOTAL
Oil amount (Bbl)	233,333	395,061	594,963	42,637	577,323	472,836	2,316,154
Sale price (Dollar)	94	98	103	34	88	53	87
Ptax (Real x Dollar)	2.36	2.33	2.24	2.30	2.41	2.68	
Total value	51,524	90,071	136,821	3,310	121,814	67,693	471,233

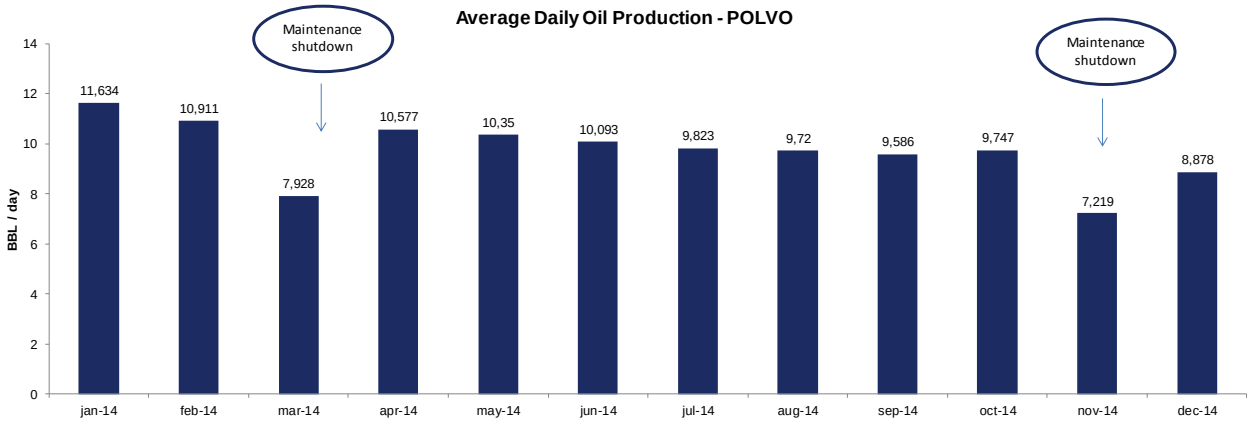
As a non-recurring event, in August, PetroRio sold 43,000 barrels of slops (liquid deriving from exploration period and stored for subsequent disposal), equivalent to revenue of R$3.3 million.

Currently, PetroRio is ranked the 7th largest company in oil production in Brazil, according to ANP.

In 3Q14, the Polvo Field Operations team implemented a relevant study on the field's production behavioral profile since 2012 up to date. The study's results reveal that production, since PetroRio became the operator, acquired a more stable profile and downtimes significantly lower than those recorded in previous years.

Even taking into account current oil barrel prices, given the increased operational efficiency and production cost reduction initiatives, we concluded, with minor adjustments, the economic lifespan of the field may last for at least one more year than originally expected, i.e., until the end of 2017, considering only existing producing wells.

The following chart shows the monthly daily average oil production in the last 12 months, considering 100% of the Polvo Field output:



MAERSK TRANSACTION

In early July, PetroRio entered into a purchase and sale agreement with Maersk to acquire 40% of the exploration, development and production rights in the Polvo Field area. In October, PetroRio received a letter from the ANP stating that it had denied the assignment request. This authorization depends on compliance with requirements whose deadline is still ongoing. The Company is negotiating with the ANP and Maersk in order to comply with the pending requirements.

UNITIZATION

In June 2013, the ANP approved the development plan of OGPar's Tubarão Martelo field and determined that a review of the plan should be submitted by December 31, 2014, including "the submission of formalization of the Production Individualization Agreement

(AIP) related to the extension of reservoir to the Polvo Field area".

Given there were no negotiations between PetroRio and OGX regarding making use of or dividing the operating results of the Tubarão Martelo field, on August 5, 2014 PetroRio requested from the ANP an integral copy of the administrative proceeding which approved said Development Plan.

Since then, the parties have been discussing the matter within the ambit of the ANP without reaching an understanding.

NEXT STEPS: As previously disclosed in the 2Q14 Earnings Release, PetroRio's technical staff has already prepared a Development Plan to be submitted to the ANP regarding the extension of Polvo Field's lifespan, which foresees, among other measures, increased production from producing wells.

SOLIMÕES

As disclosed in the 2Q14 Earnings Release, in July 2014, the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) approved the assignment of 6% of exploration, development, production and operation rights of the 19 blocks under HRT O&G's concession in the Solimões Basin ("Solimões") to Rosneft Brasil (a Brazilian subsidiary of Rosneft Oil Company) ("Rosneft Brasil").

After the transaction, HRT O&G now holds a 49% interest in the blocks while Rosneft is the operator of the blocks, with a 51% interest. The transaction totaled US$96 million, US$54 million of which were received in 4Q13 and US$18 million in 1Q14.

In September 2014, PetroRio, Rosneft Brasil and Petrobras entered into a new Memorandum of Understanding ("MoU") for the second phase of the Gas Monetization Project, regarding the cooperation in the review of development systems to monetize gas in areas under concession of Petrobras and HRT O&G/Rosneft Brasil in the Sedimentary Basin of Solimões.

In 3Q14, PetroRio and Rosneft carried on the negotiations to conclude the assignment of operations in the Sedimentary Basin of Solimões. Concurrently, the international sanctions Russia has undergone by OECD countries postponed few of Rosneft's initiatives, which implied the delay of procedures foreseen in the negotiation, especially referring to the guarantees required by concession agreements.

Despite these setbacks, we keep confident and endeavoring our best efforts to reach a solution, as soon as possible. The company adopted initiatives to control costs and preserve cash, reducing the recurring disbursements until the conclusion of the transaction.

NAMIBIA

PetroRio carried on the farm down process of licenses held in Namibia through meetings with interested companies and providing access to the data room of data stored at the Houston office, HRT America.

The company concluded the 3D modeling studies of oil systems at the Walvis and Orange Basins, Namibia onshore, by applying data collected at source rocks and reservoir from three drillings executed and we believe in the basins' oil potential.

The company estimates expenses of R$100,000 per month in Namibia until the conclusion of the farm down of this asset.

The reductions implemented in the Namibia and Solimões projects represent a cut by 75% to 90% in 2015 disbursements compared to 2014.

IPEX SALE

In September, PetroRio entered into the Purchase and Sale Agreement with Eurofins Scientific Group ("Eurofins") to sell its subsidiary Integrated Petroleum Expertise Company – Serviços em Petróleo Ltda ("IPEX").

The signature of this agreement was another important initiative of PetroRio to implement the corporate cost reduction measures totaling approximately R$9 million per year.

FINANCIAL PERFORMANCE

Operating income - (in MMR$)	2014	Variação	2013
Loss for the period	**(1,003)**	**1,235**	**(2,238)**
(-) Income from discontinued operations	(4)	(4)	-
(-) Income and social contribution taxes	53	(270)	323
(-) Financial income (loss), net	16	(28)	44
(-) Gain recognized in business combination	97	97	-
(-) Dry well and discontinued block write-off	(542)	49	(591)
(-) Provision for impairment	(487)	1,199	(1,685)
(-) Field amortization	(73)	(73)	-
(-) Asset retirement obligation amortizartion	(51)	(51)	-
(-) Depreciation	(52)	(27)	(25)
(-) Loss/write-off of fixed assets	(29)	(29)	(0)
(-) Provision for contingencies/losses	(57)	(57)	(0)
EBITDA Adjusted	***126***	***429***	***(303)***

Adjusted EBITDA amounted to R$126 million in 2014, R$429 million up on 2013. Operating result was positive by R$1,509 million compared to the previous year. The cost of products/services is divided into manageable costs and royalties (R$302 million), with a cash effect, and amortization and depreciation (R$166 million), with no cash effect, the second group being responsible for the gross result of R$19 million.

It is worth mentioning the non-cash expenses of R$1,029 million related to impairment/well write-offs in 2014 (R$2,276 million in 2013). Impairment and write-offs confirm the company's new philosophy and strategy, focusing on production assets and divestment of exploration assets.

STATEMENT OF OPERATIONS
(in thousands of R$)

	31-dec-2014	Variation	31-dec-2013	Variation
Net revenues	487	482	4	10977%
Cost of products/services	(468)	(466)	(2)	20547%
Gross profit	**19**	**17**	**2**	**782%**
Operating income (expenses)				
Geology and geophysics expenses	(5)	39	(44)	-89%
Personnel expenses	(39)	130	(168)	-77%
General and administrative expenses	(31)	16	(47)	-34%
Expenses with third party services	(55)	(15)	(41)	36%
Taxes and fees	(4)	6	(9)	-60%
Depreciation and amortization expenses	(10)	15	(25)	-60%
Other operating income (expenses), net	(11)	(15)	4	-403%
Provision for impairment	(487)	1,199	(1,685)	-71%
Dry well and discontinued block write-off	(542)	49	(591)	-8%
Gain recognized in business combination	97	97	-	
Financial income (loss), net	16	(28)	44	-64%
Income before income and social contribution taxes	**(1,052)**	**1,509**	**(2,561)**	**-59%**
Income and social contribution taxes				
Current	(13)	(9)	(4)	235%
Deferred	67	(261)	327	-80%
	53	**(270)**	**323**	**-84%**
Income from discontinued operations	(4)	(4)	-	
Loss for the year	**(1,003)**	**1,235**	**(2,238)**	**-55%**

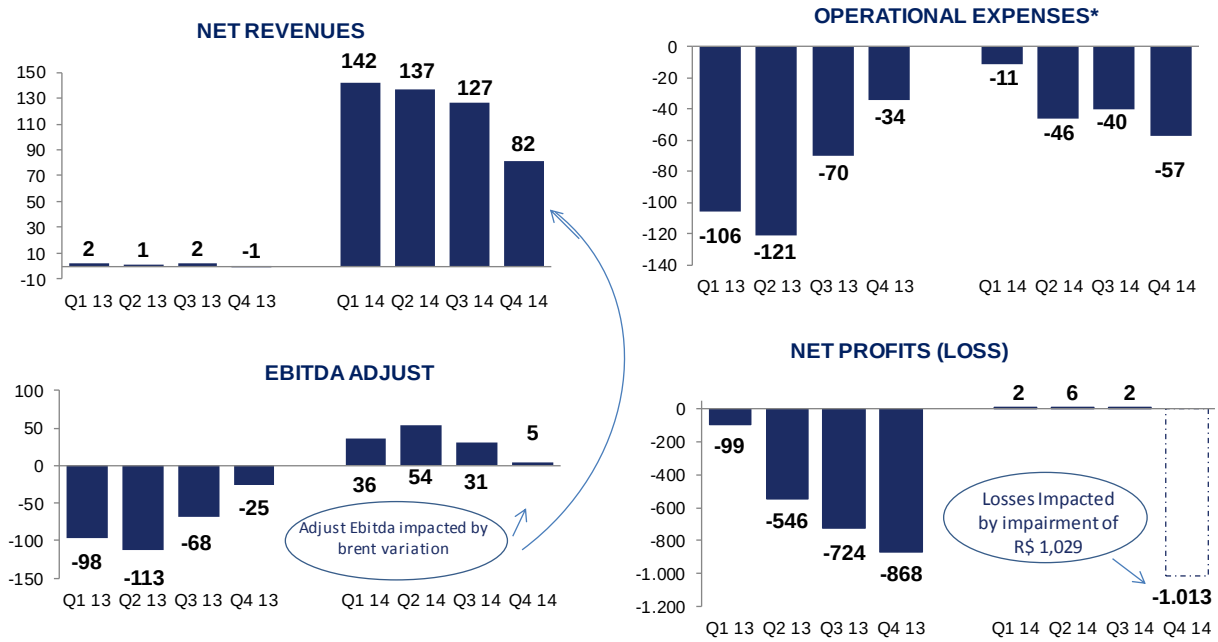
Personnel expenses dropped by 77%, from R$168 million to R$39 million, due to the 45% reduction in the company's workforce compared to 2013, from 203 to 111 employees. Personnel expenses are net of the amount allocated to the Polvo and Solimões projects, and offset by partners proportionally to their stake in these projects.

General and administrative expenses contracted by 34%, to R$16 million. It is worth mentioning that, different from 2013, when drilling exploratory campaigns were in progress and accordingly, exploratory expenses were allocated to the intangible assets, maintenance expenses and operating agreements of Namibia and especially Solimões are directly allocated to 2014 results.

The Depreciation/Amortization line was impacted by PetroRio's exploration works started in the Polvo Field. Out of the R$176 million in consolidated depreciation and amortization expenses, R$166 million refer to the amortization of amounts allocated to the Concession and Polvo Field's abandonment costs.

In addition, in 3Q14, the company sold its subsidiary Integrated Petroleum Expertise Company - Serviços em Petróleo Ltda ("IPEX"), impacting the operating income by approximately R$3 million, recorded as sale of interest. The results of this company, both in the current and previous quarters, were transferred to the Income from Discontinued Operations line, in accordance with CPC 31 – Non-Current Asset held for Sales and Discontinued Operations.

The charts below show, in millions of Reais, the quarterly variation of the main groups of accounts in PetroRio's Consolidated Income Statement.



(in millions of R$)

* Excluding expenses related to the write-off of dry wells and provision for impairment

TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS

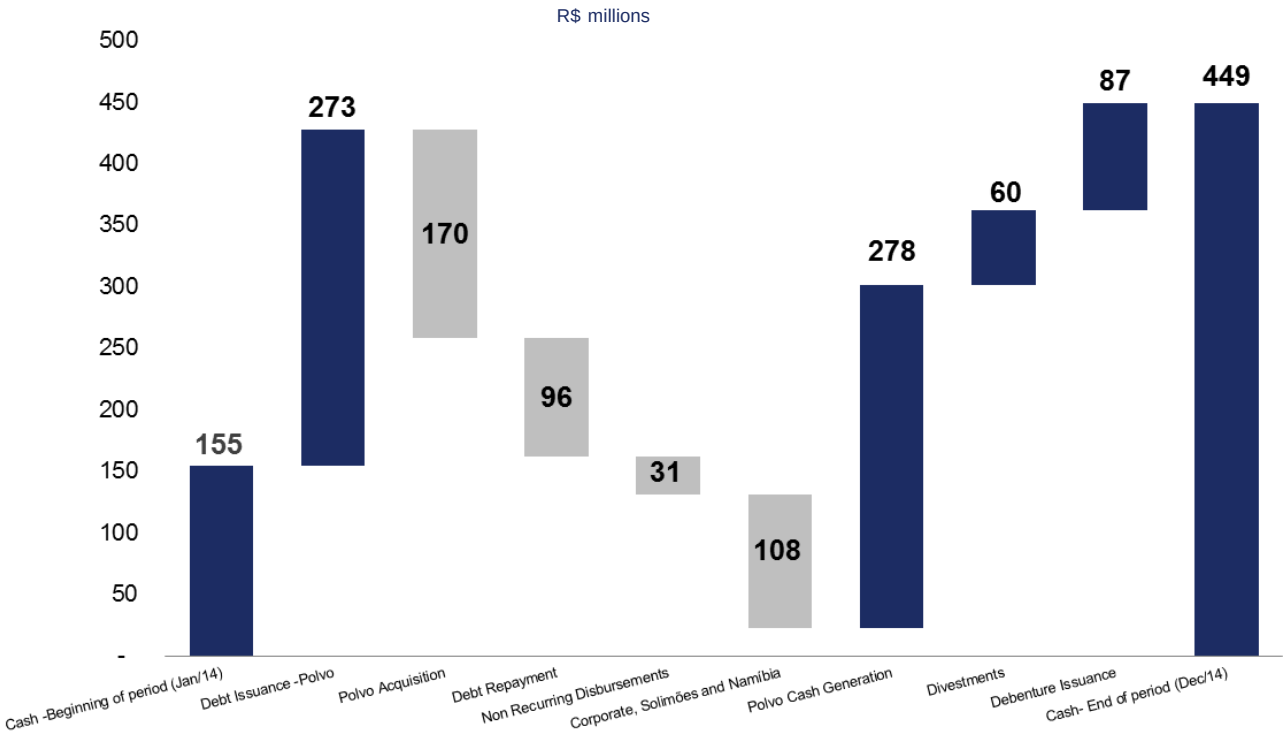
The company closed 2014 with a consolidated cash flow of R$449 million, 190% up on 2013 and 11% up on the previous quarter.

Amounts worth noting:

- Inflow of R$468 million from sales of oil produced in the Polvo Field;
- Inflow of R$6 million from Revenue from Financial Investments;
- R$4 million were received from outsourced personnel services by Integrated Petroleum Expertise Company - Serviços em Petróleo Ltda ("IPEX");
- Inflow of R$3 million from leasing of helicopters to third parties;
- Net disbursements of R$311 million related to the Oil Exploration and Production Campaigns (E&P). This amount includes the reception of Cash Calls from third parties in the Polvo, Solimões and Namibia projects, totaling R$216 million;
- R$164 million were disbursed related to the acquisition of BP's 60% interest in the Polvo Field;
- R$4 million were disbursed to Maersk related to the advance for acquisition of 40% interest in the Polvo Field;
- Disbursement of R$2 million related to the Solimões project;
- Early payment of the overdue balance (approximately R$96 million) of the loan taken out with Credit Suisse for the acquisition of interest in the Polvo Field;
- Disbursement of R$31 million related to the area retention rate of the Polvo Field Exploratory Campaign and return of the SOL-T-148 and SOL-T-149 blocks of the Solimões project;
- Inflow of R$60 million related to the divestment plan including (i) transactions for the sale of a 6% interest in the Solimões Blocks and 4 onshore drilling rigs to Rosneft Brasil, (ii) sale of one aircraft, and (ii) sale of the subsidiary IPEX;
- Inflow of R$87 million from the first issue of debentures convertible into shares;

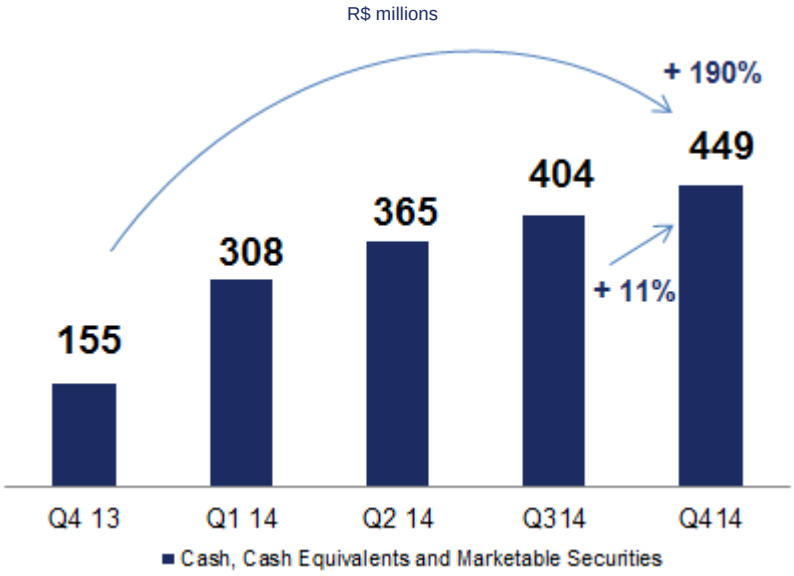
The graph below summarizes cash flow, stating main financial transactions in 2014, highlighting disbursements, revenue inflow and capital inflow deriving from financing.

CASH FLOW



The graph below shows the evolution of the Company's consolidated cash and cash equivalents as of 4Q13, and the collateralized amounts during such period. Currently, the Company has no obligations deriving from loans and/or financing, and no collaterals to restrict its liquidity.

EVOLUTION OF CASH, CASH EQUIVALENTS AND COLLATERALIZED AMOUNTS



The table below shows the breakdown of disbursements recorded in the periods ended December 31, 2014 and December 31, 2013, by project, grouped into recurring and non-recurring disbursements, highlighting the Cash Calls received from partners:

2014 CONSOLIDATED DISBURSEMENTS

Breakdown	Solimões	Namíbia	Polvo	Corporate	12M14	12M13	12M14 / 12M13
Recurring	**111**	**21**	**190**	**(11)**	**311**	**757**	**-58,9%**
E&P Operations	151	20	356	-	527	936	-43,7%
Seismic (G&G)	3	4	4	-	11	107	-89,7%
G&A, taxes & financial expenses	-	-	-	(11)	(11)	25	-144,0%
(-) Cash call from partners	(43)	(3)	(170)	-	(216)	(311)	-30,5%
Non recurring	**31**	**-**	**265**	**-**	**296**	**39**	**659,0%**
Fixed assets (equipments)	1	-	-	-	1	10	-90,0%
Exploration rights and acquisitions	30	-	169	-	199	29	586,2%
Loans	-	-	96	-	96	-	-
Total Net Disbursements	142	21	455	(11)	607	796	-23,7%

BALANCE SHEET

(in thousands of R$)

ASSETS			
Current assets	31-dec-2014	Variation	31-dec-2013
Cash and cash equivalents	350,634	317,052	33,582
Marketable securities	98,312	(22,645)	120,957
Accounts receivable	1,835	846	989
Taxes recoverable	39,341	(3,182)	42,523
Assets held for sale	258,158	102,618	155,540
Advances to suppliers	42,191	9,183	33,008
Prepaid expenses	3,486	429	3,057
Financial investments as collateral	-	(273,001)	273,001
Inventories	8,784	8,784	-
Other credits	3,495	(7,098)	10,593
Total Current assets	**806,236**	**132,986**	**673,250**
Noncurrent assets			
Deposits and guarantees	5,026	436	4,590
Total Noncurrent assets	**5,026**	**436**	**4,590**
Fixed assets			
Property, plant and equipment	72,925	(66,199)	139,124
Intangible assets	176,951	(811,364)	988,315
Total fixed assets	**249,876**	**(877,563)**	**1,127,439**
Total Noncurrent assets	**254,902**	**(877,127)**	**1,132,029**
Total assets	**1,061,138**	**(744,141)**	**1,805,279**

BALANCE SHEET

(in thousands of R$)

LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liability	31-dec-2014	Variation	31-dec-2013
Trade accounts payable	63,217	(145)	63,362
Labor charges	7,439	(10,230)	17,669
Taxes and social contribution	8,518	(17,783)	26,301
Income and social contribution	8,498	8,433	65
Loans and financing	-	(70,380)	70,380
Financial instruments	-	(11,163)	11,163
Advances from partners	32,837	6,941	25,896
Advances for sale of fixed assets	47,812	47,812	-
Other liabilities	-	(8,968)	8,968
	168,321	**(55,483)**	**223,804**
Debentures	87,568	87,568	-
Asset retirement obligation (ARO)	138,039	138,039	-
Contingencies	33,838	33,838	-
Deferred income tax and social contribution taxes	9,487	(117,390)	126,877
Other liabilities	2,152	2,152	-
	271,084	**144,207**	**126,877**
Equity			
Capital	3,821,206	1	3,821,205
Capital reserves	416,914	-	416,914
Equity valuation adjustment	361,162	170,207	190,955
Accumulated losses	(2,974,476)	(2,237,870)	(736,606)
Loss for the year	(1,003,073)	1,234,797	(2,237,870)
Total Equity	**621,733**	**(832,865)**	**1,454,598**
Total liabilities and equity	**1,061,138**	**(744,141)**	**1,805,279**

INCOME STATEMENT

(in thousands of R$)

	31-dec-2014	Variation	31-dec-2013
Net revenues	486,839	482,444	4,395
Cost of products/services	(468,078)	(465,811)	(2,267)
Gross profit	**18,761**	**16,633**	**2,128**
Operating income (expenses)			
Geology and geophysics expenses	(4,977)	39,139	(44,116)
Personnel expenses	(38,633)	129,692	(168,325)
General and administrative expenses	(30,857)	15,671	(46,528)
Expenses with third party services	(55,393)	(14,590)	(40,803)
Taxes and fees	(3,684)	5,562	(9,246)
Depreciation and amortization expenses	(10,090)	15,243	(25,333)
Other operating income (expenses), net	(11,041)	(14,687)	3,646
Provision for impairment	(486,875)	1,198,611	(1,685,486)
Dry well and discontinued block write-off	(541,791)	49,374	(591,165)
Gain recognized in business combination	96,705	96,705	-
Financial income (loss), net	15,872	(28,194)	44,066
Income before income and social contribution taxes	**(1,052,003)**	**1,509,159**	**(2,561,162)**
Income and social contribution taxes			
Current	(13,287)	(9,315)	(3,972)
Deferred	66,528	(260,736)	327,264
	53,241	**(270,051)**	**323,292**
Income from discontinued operations	(4,311)	(4,311)	-
Loss for the year	**(1,003,073)**	**1,234,797**	**(2,237,870)**

STATEMENT OF CASH FLOW

(in thousands of R$)

	31-dec-2014	31-dec-2013
Loss for the period (before tax)	**(1,052,003)**	**(2,561,162)**
Adjusts for		
Depreciation and amortization	176,338	25,333
Financial income	(81,445)	(134,233)
Financial expense	65,573	90,167
Share-based compensation	(884)	22,982
Loss/write-off of fixed assets	28,635	140
Provision for contingencies/losses	57,128	260
Provision for impairment	486,875	1,685,486
Gain recognized in business combination	(96,705)	-
Dry well and discontinued block write-off	541,791	591,165
Subtotal	**125,303**	**(279,862)**
(Increase) decrease in assets		
Accounts receivable	(846)	2,388
Taxes recoverable	3,182	15,183
Prepaid expenses	(429)	(1,046)
Advances to suppliers	(21,154)	(10,112)
Inventory	(5,646)	-
Other credits	7,097	(9,204)
Subtotal	**(17,796)**	**(2,791)**
Increase (decrease) in liabilities		
Suppliers	(145)	(38,125)
Labor charges	(10,230)	(3,132)
Income and social contribution charges	(9,350)	9,152
Advances to/from partners in oil & gas operation	6,941	25,896
Other liabilities	(6,555)	6,127
Subtotal	**(19,339)**	**(82)**
Net cash used in operating activities	**88,168**	**(282,735)**
Cash flows from investment activities		
(Investment in) Redemption of securities	75,122	825,658
Deposited in court/guarantees	272,565	(134,032)
Asset held for sale	7,937	-
Advance for sale of fixed assets	47,812	-
(Purchase) sale of fixed assets	*(48,934)*	*15,505*
(Purchase) sale of intangible assets	*986*	*(483,336)*
(Purchase) of Polvo assets	(132,630)	-
Net cash used in investing activities	**222,858**	**223,795**
Cash flows from financing activities		
Loans	(70,380)	62,060
Debentures	87,568	-
Derivative transactions	(11,163)	(17,255)
Capital paid-up	1	4,075
Net cash flow from financing activities	**6,026**	**48,880**
Exchange variation	**-**	**6,034**
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents - beginning of year	33,582	37,608
Cash and cash equivalents - end of year	350,634	33,582
Net increase in cash and cash equivalents	**317,052**	**(4,026)**

ABOUT PETRORIO

PetroRio is one of the largest independent oil and gas production companies in Brazil. PetroRio is the operator of the Polvo Field, which is located in the southern portion of the Campos Basin, Rio de Janeiro, holding a 60% participating interest in the field. The Polvo Field has Brazil's seventh largest daily production of barrels of oil equivalent (boe), with 20.3º API, deriving from three producing reservoirs. PetroRio is the owner, through its subsidiaries, of "Polvo A" fixed platform and a 3,000-HP drilling rig, currently in operation in the field, being the platform connected to the "Polvo FPSO" vessel, with capacity to segregate hydrocarbons and water treatment, oil storage and offloading. Polvo Field license covers an area of approximately 134,000,000 sqm, with several prospects with potential for further explorations.

In January 2015, PetroRio announced the acquisition of 80% of the Bijupirá and Salema Fields located at the same basin, the Campos Basin, at a distance of approximately 80 km from the Polvo Field, tripling its current daily production to more than 33,000 barrels of oil. Such acquisition is subject to the approval of Brazil's Council for Economic Defense (CADE) and the National Agency of Petroleum, Natural Gas and Biofuels (ANP). Furthermore, PetroRio is born of a new corporate culture focused on increasing production through the acquisition of production assets, the re-exploration and optimization of the Polvo, Bijupirá and Salema fields, increasing operational efficiency and reducing production costs and corporate expenses. The Company's main objective is to create value for its shareholders, protecting its liquidity and increasing revenue and profits, with full respect for safety and the environment. For more information please visit the Company's website: www.petroriosa.com.br.

Disclaimer

This document contains statements about future events. All statements other than those of historical fact contained herein are forward-looking statements, including but not limited to, statements regarding plans for drilling and seismic acquisition, operational costs, equipment acquisition, expected oil discoveries, the quality which we expect to produce oil and our other plans and objectives. Readers can identify these statements by reading several words such as "estimate," "believes," "expect" and "will" and similar words or their negative. Although management believes that the expectations represented in such statements are reasonable, it cannot ensure that such expectations will be confirmed. By their nature, statements about future events require us to make assumptions and, thus, such statements are subject to risks and uncertainties. We caution readers of this document not to place undue reliance on our forward-looking statements considering that certain factors may cause future circumstances, results, conditions, actions or events which may differ materially from the plans, expectations, estimates or intentions expressed in said statements regarding future events and assumptions that support them. The following risk factors may affect our operations: the contingent resource and prospective resource evaluation reports involving a significant degree of uncertainty and being based on projections that may not prove to be accurate; inherent risks to the exploration and production of oil and natural gas; inherent risks to the exploration and production of oil and natural gas; drilling and other operational problems; breaches or failures of equipment or processes; errors in contracts or operators; execution failure of contractors, labor disputes, interruption or decline in productivity; increase in material or personnel costs; downtime to attract sufficient personnel; requirements for intensive capital investment and maintenance costs that PetroRio may not be able to finance; delay costs; exposure to fluctuations in currency and commodity prices; political and economic conditions in Namibia and Brazil; complex laws that can affect the cost, manner or feasibility of doing business; environmental, safety and health regulation which may become stricter in the future and lead to an increase in liabilities and capital expenditures, including indemnity and penalties for environmental damage; early termination, non-renewal and other similar provisions in concession contracts; and competition. We caution that this list of factors is not exhaustive and that, when relying on forward-looking statements to make decisions, investors and others should also carefully consider other uncertainties and potential events. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Such declarations were made on the date hereof. We do not undertake to provide updates on statements regarding future events, except as required by applicable securities legislation.

As previously disclosed the Company's Management included in the Management Proposal submitted to the Annual and Extraordinary Meetings to be held on April 30, 2015, a proposal for changing the Company's corporate name HRT Participações em Petróleo S.A. to Petro Rio Participações S.A., as well as its tickers on the BM&FBOVESPA and TSX Venture Exchange. The corporate name and tickers remain the same until their changes are approved at said Meeting. HRP, on the TSX-V, until the new corporate name is approved and the requests for changing the tickers are authorized by the BM&FBOVESPA and the Brazilian Securities and Exchange Commission (CVM). The Company will keep its shareholders and the market in general informed about the process.