(Forbes Resources Brazil Holding SA)

Financial Statements

as of March 31, 2024

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FORBES RESOURCES BRAZIL HOLDINGS S.A.

Balance Sheet

Fiscal years ended March 31 (In thousands of Brazilian Reais, unless otherwise indicated)

		FMRB	CON			FMRB	CON
Assets	**Note**	**Q1 - 2024**	**Q1 - 2024**	**Liabilities**	**Note**	**Q1 - 2024**	**Q1 - 2024**
Current Assets				**Current liabilities**			
Cash and cash equivalents	5	326	12.394	Suppliers	11	14.257	60.455
Accounts receivable (net)	7	-	11.777	Customer advances		-	28.070
Intercompany loan	12	-	74	Lease liabilities	13	-	2.776
Inventories	8	-	55.691	Income tax and social contribution		-	-
Leases	13	-	367	Taxes and contributions	15.2	20	53.604
Income tax and social contribution	15.1	186	4.450	Labor and social obligations		-	6.778
Taxes and contributions	15.2	-	3.247	Loan and financing		248.781	248.781
Other current assets		905	8.605	Mutual operation		-	-
		1.417	96.605	Other liabilities		-	6.472
Non-Current Assets						263.058	406.936
Long-term receivables				**Non-Current liabilities**			
Restricted deposit	6	-	18.427	Lease liabilities	13	-	1.058
Deferred income tax and social contribution		-	33.690	Provision for area dismantling	14	-	85.214
Taxes and contributions	15.2	-	11.412	Loans and borrowings		-	-
Loan operations	12	3.935	3.935	Taxes and contributions	15.2	-	27.071
Leases	13	-	2.393	Mutual operations		114.896	55.446
Other non-current assets		-	-	Other liabilities		-	168
		3.935	69.857			114.896	168.957
				Equity			
				Paid-in capital	16.1	1	1
				Capital to be paid in		(1)	(1)
				Capital reserve		-	-
Investments		214.458	-	Legal reserve		-	-
Property, plant and equipment	9	-	195.436	Retained earnings to be distributed		(129.496)	(129.496)
Intangible	10	-	55.851	Accumulated loss		(28.648)	(28.648)
		218.393	321.144			(158.144)	(158.144)
		219.810	417.749			219.810	417.749

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Income Statement

Period from January 1 to March 31, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

		FMRB	CON
	Note	Q1 - 2024	Q1 - 2024
Revenue	17	-	121.601
Cost of goods sold	18.1	-	(87.392)
Gross profit		-	34.209
Expenses			
Sales	18.2	-	(26.190)
General and administrative	18.3	(132)	(9.707)
Tax-related		(37)	(379)
Equity Method		(6.886)	-
Other operating expenses, net	19	-	262
		(7.055)	(36.014)
Profit (loss) before financial results and taxes		(7.055)	(1.805)
Net financial result	20	(21.593)	(29.475)
Financial expenses		(21.732)	(30.493)
Financial income		139	1.018
Profit (loss) before income taxes		(28.648)	(31.280)
Current income tax and social contribution		-	2.632
Net income (loss) for the period		(28.648)	(28.648)

	FMRB	CON
	Q1 - 2024	Q1 - 2024
Net income (loss) for the period	(28.648)	(28.648)
Total comprehensive income	(28.648)	(28.648)

	Subscribed and Paid-in Capital	Capital Reserve	Legal Reserve	Retained Earnings Reserve	Accumulated Losses
Balance as of July 15, 2022 (date of incorporation)	-	-	-	-	-
Paid-in capital	1	-	-	-	1
Capital to be paid-in	(1)	-	-	-	(1)
Net loss for the year	-	-	-	(13.344)	(13.344)
Balance as of December 31, 2022	-	-	-	(13.344)	(13.344)
Net loss for the year	-	-	-	(116.152)	(116.152)
Balance as of December 31, 2023	-	-	-	(129.496)	(129.496)
Net loss for the year	-	-	-	(28.648)	(28.648)
Balance as of March 31, 2024	-	-	-	(158.144)	(158.144)

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Statement of Cash Flows

Period from January 1 to March 31, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

	FMRB	CON
	Q1 - 2024	Q1 - 2024
Cash Flow from operating activities		
Net Income (Loss) for the Year	(28.648)	(28.648)
Equity in Earnings of Equity-Method Investments	6.886	-
(+) Depreciation and Amortization	-	14.081
Interest and Exchange Rate Variations on Loans	22.653	21.546
Deferred Income Tax and Social Contribution	-	(2.632)
	891	4.347
(Increase) Decrease in operating assets:		
Accounts Receivable from Customers	-	5.673
Inventories	-	(2.599)
Taxes Recoverable	-	(1.343)
Restricted Deposits	-	1.169
Leased Assets	-	(33)
Other Receivables	-	(4.701)
	-	(1.834)
Increase (Decrease) in operating liabilities		
Suppliers and accounts payable	(217)	6.841
Labor and social obligations	-	1.001
Tax obligations	(153)	8.642
Other obligations	-	(11.014)
	(370)	5.470
Net Cash Provided by operating activities	521	7.983
Cash Flow from Investing Activities		
Acquisitions of Property, Plant, and Equipment and Intangible Assets	-	(12.414)
Disposal of Property, Plant, and Equipment	-	293
Net Cash Used in Investing Activities	-	(12.121)
Cash Flow from Financing Activities		
Lease amortization	-	(822)
Loans receivable	(2.439)	(2.439)
Net Cash Provided by (Used in) Financing Activities	(2.439)	(3.261)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1.918)	(7.399)
Cash and Cash Equivalents at the Beginning of the Period	2.244	19.793
Cash and Cash Equivalents at the End of the Period	326	12.394

1. Company Overview

Forbes Resources Brazil Holding SA. ("Company"), a privately held corporation controlled by Forbes & Manhattan Resources Inc, incorporated on July 4, 2022, headquartered in Nova Lima, Minas Gerais, has as its purpose: participation in other corporations, business or non-business, as a shareholder, partner, or quota holder, in Brazil or abroad.

The Company holds control of Paraná Xisto S.A. ("PX"), a privately held corporation located in São Mateus do Sul, which has as its purpose: (i) extraction, refining, processing, marketing, distribution, import, export, transportation, and storage of oil from wells, shale, or other rocks, their derivatives, related products, and biofuels; (ii) production, distribution, and commercialization of utilities such as electricity, steam, water, compressed air, and industrial gases; and (iii) the conduct of any other activities related to or similar to the company's purpose, including service provision. With an installed capacity of 6 thousand barrels per day, the Company, through its activities in the PX venture, produces the following main products: fuel oils, LPG, fuel gas, naphtha, sulfur, and paving materials. In the fertilizer sector, it produces Shale Water.

1.1. ESG (Environmental, Social and Governance)

In the first quarter of 2024, there were no regulatory non-compliances reported. The period passed without accidents, completing 341 days without lost-time incidents and 108 days without any accidents.

The first quarter of 2024 saw the completion of the 1st Internal Audit of the SSMS (Operational Safety Management System), a significant milestone in regulatory compliance for the National Agency of Petroleum, Natural Gas and Biofuels, conducted without any critical non-conformities.

The quarter ended with 211 direct employees, including 26% women, 1% disabled persons, and 17% individuals of African descent or mixed race.

The Social Energy program was structured to select social projects to work with the local community. A total of 76,840 native trees were planted, reclaiming 6 hectares of land.

The first group of Trainee Operations Technicians was launched as part of the 5th group formation under a union agreement.

2. Basis of Preparation and Presentation of the Financial Statements

The financial statements for the period from January 1, 2024, to March 31, 2024, are presented in accordance with accounting practices adopted in Brazil, in compliance with the provisions of the Corporations Law, and incorporate changes introduced by Laws No. 11,638/2007 and 11,941/2009, supplemented by pronouncements, interpretations, and guidance issued by the Brazilian Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC).

All relevant information specific to the financial statements, and only such information, is being disclosed, which corresponds to that used by Management in its administration.

The financial statements have been prepared using the historical cost basis, except where otherwise indicated. The principal accounting policies applied in the preparation of the financial statements are presented in the respective explanatory notes.

In preparing these financial statements, Management has used judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The estimates are addressed in explanatory note 4.

The Management of the Company, at a meeting held on May 29, 2024, authorized the disclosure of these financial statements.

2.1. Functional Currency

The financial statements are presented in Brazilian Reais, the functional currency of the company, as it is the currency of its primary economic environment of operation.

3. Summary of Key Policies

For a better understanding of the recognition and measurement basis applied in the preparation of the financial statements, the policies are presented in the respective explanatory notes that address the topics of their applications.

3.1. Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

3.1.1. Financial assets

a) Recognition and Initial Measurement

A financial asset is recognized when the entity becomes a party to the contractual provisions of the instrument.

Except for accounts receivable from customers that do not contain a significant financing component and financial assets measured at fair value, financial assets are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance of such assets upon initial recognition.

b) Classification and Subsequent Measurement

Financial assets are classified for subsequent measurement as amortized cost, fair value through other comprehensive income, or fair value through profit or loss based on both: the entity's business model for managing financial assets; and the contractual cash flow characteristics of the financial asset, as follows:

Amortized cost: financial asset (debt instrument) whose contractual cash flows consist solely of principal and interest payments on the principal amount on specified dates, and whose business model is to keep the asset to collect contractual cash flows.

Fair value through other comprehensive income: financial asset (debt instrument) whose contractual cash flows consist solely of receipt of principal and interest payments on the principal amount on specified dates, and whose business model is both to collect contractual cash flows from the asset and to sell it, as well as investments in equity instruments not held for trading or contingent consideration, which upon initial recognition, the Company has irrevocably elected to present subsequent changes in fair value of the investment in other comprehensive income; and

Fair value through profit or loss: all other financial assets. This category generally includes derivative financial instruments.

3.1.2. Financial Liabilities

a) Recognition and Initial Measurement

A financial liability is recognized when the entity becomes a party to the contractual provisions of the instrument.

Except for financial liabilities measured at fair value, financial liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance of such liabilities upon initial recognition.

b) Classification and Subsequent Measurement

Financial liabilities are classified for subsequent measurement as amortized cost, except in certain circumstances, which include certain financial liabilities at fair value through profit or loss.

Financings are measured at amortized cost using the effective interest method.

When financial liabilities measured at amortized cost have their contractual terms modified and such modification is not substantial, their carrying amounts reflect the present value of their cash flows under the new terms, using the original effective interest rate. The difference between the carrying amount of the instrument remeasured upon non-substantial modification of its terms and its carrying amount immediately before such modification is recognized as gain or loss in the period's profit or loss.

The Company did not have any substantial modification that altered the cash flow of its financial liabilities measured at amortized cost; therefore, they reflect the present value of their cash flows.

3.2. Current versus Non-current Classification

The assets and liabilities are presented by the Company in the balance sheet and classified as current and non-current. An asset is classified as current when:

- It is expected to be realized, or intended to be sold or consumed in the normal operating cycle of the entity;
- It is held primarily for trading purposes;
- It is expected to be realized within 12 months after the balance sheet date; and
- It is cash or cash equivalent, unless its exchange or use to settle a liability is restricted for at least 12 months after the balance sheet date.

All other assets are classified as non-current.

A liability is classified as non-current when:

- It is expected to be settled during the entity's normal operating cycle;
- It is held primarily for trading purposes;
- It is due to be settled within 12 months after the balance sheet date; or
- The entity does not have an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

All other liabilities are classified as non-current.

3.3. Fair Value Determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured based on the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their best economic interest.

Fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described below, based on the lowest-level input that is significant to the fair value measurement as a whole:

• Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.

• Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchy, reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For fair value disclosures, the Company has determined asset and liability classes based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Relevant Estimates and Judgments

The preparation of financial statements requires the use of estimates and judgments for certain operations that affect the recognition and measurement of assets, liabilities, revenues, and expenses. The assumptions used are based on historical data and other relevant factors, and they are reviewed periodically by Management. Actual results may differ from these estimates.

The following information pertains to estimates that require a high level of judgment or complexity in their application and that may materially affect the company's financial position and results:

4.1. Estimates related to legal proceedings and contingencies

These estimates are made on an individual or grouped basis with similar legal claims and essentially consider factors such as the analysis of claims made by plaintiffs, strength of existing evidence, precedents from similar cases, and legal doctrine on the subject.

Arbitral, judicial, and administrative decisions in lawsuits against the company, new case law, and changes in the set of available evidence can result in changes in the probability of outflows of resources and their measurement upon analysis of their merits.

In connection with the Company's divestment process, legal disputes preceding the spin-off remained the responsibility of the former controller. Additionally, in accordance with the Share Purchase and Sale Agreement and other agreements, any disputes arising from events occurring before (including) the Closing Date will be the responsibility of the former controller.

4.2. Estimates of environmental remediation costs

Estimates of costs related to environmental remediation of mining areas are based on current cost information and expected recovery plans. Calculations of these estimates are complex and involve significant judgments. The provision reflects the present value of future cash flows required to settle the remediation obligation, based on current legal standards and available technology. Annually, at the end of the reporting period, future remediation costs are reviewed, and all changes are reflected in the present value of the remediation provision.

Further information on decommissioning of areas is presented in note 14.

4.3. Deferred taxes on profit

The company exercises judgment in determining the recognition and amount of deferred taxes in the financial statements. Deferred tax assets are recognized if it is probable that there will be future taxable profits.

Movements in deferred income tax and social contribution on net income are presented in note 15.1.

4.4. Expected credit losses

The provision for expected credit losses (ECL) on financial assets is based on assumptions of default risk, determination of whether there is a significant increase in credit risk, recovery factor, among others. The company uses judgments in these assumptions, as well as information on payment delays and evaluations of the financial instrument based on external risk ratings and internal assessment methodologies.

4.5. Leases

The company uses the incremental rate to discount the cash flows of lease payments, weighing the rate that the company would have to pay when borrowing, for a similar term and with similar security, the resources needed to obtain an asset with a value similar to the right-of-use asset in a similar economic environment.

5. Cash and cash equivalents

	Holding Q1-2024	Consolidated Q1-2024
Cash and Banks	-	11.950
Financial investments	326	444
Total	**326**	**12.394**

The balance as of March 31, 2024, includes cash in hand, available bank deposits, and short-term financial investments with high liquidity, which comply with the definition of cash and cash equivalents as outlined in accounting practices.

The Cash and Cash Equivalents account comprises financial resources for the entity's operations. We have the Cash and Banks group, which includes the amounts held in current accounts to meet the company's daily transactions, and the financial investments group, where resources are invested to generate financial income.

The investments are held in two investment products. One is the “BB Renda Fixa Longo Prazo Corporate Bancos”, an investment fund in investment fund shares, managed and administered by BB Gestão de Recursos DTVM S.A., which achieved an accumulated return of 2.7260% in the first quarter of 2024. Another part of the invested resources is with Banco Safra in a CDB product with a monthly return referenced at 100% of the CDI. In the first quarter of 2024, it achieved an accumulated return of 2.61%. The investment with Safra serves as a guarantee for the surety bond issued to comply with ANP Resolution No. 854/2021, which addresses financial decommissioning guarantees.

Accounting practice

They represent cash on hand, available bank deposits, and short-term financial investments with high liquidity, maturing within three months from the original contracting date, readily convertible to a known amount of cash, and with insignificant risk of changes in value.

6. Restricted deposit

	Holding Q1-2024	Consolidated Q1-2024
Restricted deposit	-	18.427
Total	-	18.427

7. Accounts receivable, net

	Holding Q1-2024	Consolidated Q1-2024
Third parties	-	11.777
Leases	-	2.760
Total	-	14.537
Current	-	12.144
Non-Current	-	2.393

Accounting practice

Regarding the Company's receivables, it is important to highlight that the receivables portfolio has specific characteristics related to the market in which we operate. About 58% of the receipts during the period come from credit sales, while the remaining 42% correspond to cash sales. As a result, delinquency in the Company's receivables portfolio is minimal or practically non-existent, given the nature of the operation.

Although we recognize the importance of provisions for credit losses, our analysis of the asset portfolio goes beyond mere delinquency. We also consider the potential financial difficulties of customers based on their financial statements, as well as market fluctuations.

Therefore, for the period ending March 31, 2024, no amount was agreed upon for losses, as all customers met the established deadlines.

8. Inventories

	Holding Q1-2024	Consolidated Q1-2024
Petroleum Derivatives (i)	-	23.659
Intermediates (ii)	-	4.741
Materials and Supplies	-	27.291
Total	-	55.691

(i) Includes shale oil and other derivatives.
(ii) Includes naphtha, intermediate oils, intermediate paraffins, and others.

Petroleum inventories may be traded in their crude state, as well as consumed in the process of producing their derivatives.

Intermediates consist of product streams that have already passed through at least one processing unit but still need further processing, treatment, or conversion before being made available for sale.

Materials and supplies primarily represent production inputs and operational materials to be used in the Company's activities and are shown at average cost when it does not exceed replacement cost.

The classification of losses due to obsolescence in the income statement is presented under other operating expenses. As of March 31, 2024, the consolidated balance of obsolete inventory is R$ 261 (No provision was made as of March 31, 2024), as shown below:

	Holding Q1-2024	Consolidated Q1-2024
Balance of Obsolescence Provision at the beginning of the period	-	-
Provision for the period	(1.861)	-
Reversal (Losses) for the period	-	-
Balance of Obsolescence Provision at the end of the period	(1.861)	-

Accounting practice

Inventory is measured at its weighted average cost of purchase or production and adjusted to its net realizable value when this is lower than the carrying amount.

Net realizable value comprises the estimated selling price in the ordinary course of business, less estimated costs of completion and the costs necessary to make the sale. Variations in selling prices after the financial statement date are considered in calculating net realizable value, to the extent that they confirm conditions existing at the financial statement date.

Materials and supplies are valued at the weighted average cost of purchase, provided that this does not exceed replacement cost.

Provisions for obsolescence of materials and supplies are determined by reference to specific inventory items, through periodic review to ascertain the extent of any provision requirement.

9. Property, plant and equipment

The property, plant, and equipment as of March 31, 2024, is represented as follows:

	Land, buildings, and improvements	Equipment and other assets	Assets under construction	Lease rights	Consolidated Q1-2024
Balance as of December 31, 2023	61.780	127.667	7.657	3.828	200.932
Contribution of assets and rights	-	-	-	-	-
Additions	-	736	7.399	-	8.135
Disposals	-	(293)	-	-	(293)
Impairment losses (i)	-	-	-	-	-
Transfers (i)	-	339	-	-	339
Depreciation	(478)	(12.324)	-	(875)	(13.677)
Balance as of December 31, 2023	61.302	116.125	15.056	2.953	195.436
Cost	64.349	157.719	15.056	7.663	244.789
Accumulated depreciation	(3.047)	(41.594)	-	(4.710)	(49.352)
Balance as of March 31, 2024	61.302	116.125	15.056	2.953	195.436

Accounting practice

Fixed assets are presented at acquisition or construction costs, which also include costs directly attributable to placing the asset into operation, and, when applicable, net of accumulated depreciation and impairment losses.

Expenditures on major planned maintenance undertaken to restore or maintain the original performance standards of industrial units are capitalized as fixed assets when the campaign period exceeds twelve months and there is predictability of campaigns. These expenditures are depreciated over the expected period until the next major maintenance. Expenditures on maintenance that do not meet these criteria are recognized as expenses in the income statement.

Spare parts and spare components with a useful life exceeding one year, which can only be used in connection with items of fixed assets, are recognized and depreciated together with the main asset.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Company reviews the estimated residual value and expected useful life of the assets at least annually. In particular, the Company considers the impact of health, safety, and environmental legislation on the assessment of the estimated residual value and expected useful life of the assets.

Lease assets are presented as fixed assets and, based on the useful lives of their underlying assets and the characteristics of the lease agreements (term, asset transfer, or exercise of purchase option), are depreciated using the straight-line method over the contractual terms.

The residual value and useful life of assets and depreciation methods are reviewed at the end of each financial year and adjusted prospectively as necessary.

10. Intangible

The intangible asset as of March 31, 2024, is represented as follows:

	Intangible	Intangible asset-In progress	Consolidated
Balance as of December 31, 2023	51.756	559	52.315
Contribution of assets and rights	-	-	-
Additions	-	3.939	3.939
Write-offs	-	-	-
Impairment losses (i)	-	-	-
Transfers (i)	119	(119)	-
Depreciation	(403)	-	(403)
Balance as of March 31, 2024	51.472	4.379	55.851
Cost	57.594	4.379	61.973
Accumulated depreciation	(6.122)	-	(6.122)
Balance as of March 31, 2024	51.472	4.379	55.851

These intangible assets are measured at historical cost of acquisition or fair value when acquired in a business combination, less accumulated amortization and, if applicable, accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Amortization is calculated using the straight-line method based on the estimated useful life of the items, reviewed at each balance sheet date, as follows for Consolidated purposes:

- Software: 1-25 years

Research expenditures are recognized in the income statement when incurred. Development expenditures are capitalized only if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company has the intention and sufficient resources to complete the development and use or sell the asset.

There were no indications that the carrying amount of these assets exceeds their recoverable amount as of March 31, 2024.

11. Suppliers

Suppliers	Holding Q1-2024	Consolidated Q1-2024
Oil, products for resale, materials and services.	14.257	60.455
Total	14.257	60.455

12. Related Parties

On March 31, 2024, the balances were composed as follows:

	Holding Q1-2024	Consolidated Q1-2024
Current Assets		
Loan operations (i)	-	74
Non-Current Assets		
Loan operations (ii)		3.935
Total	3.935	4.009

(i) Refers to the loan agreement entered into between the company and Samas Klub on December 20, 2023, in the amount of R$ 73,687.70. This loan matures on December 19, 2024, with an interest rate of 11.75% per year. The funds were disbursed in December 2023.
(ii) This refers to the loan agreement entered into between the company and its holding company, F&M Brazil, totaling the amount of R$3,935,495.88.

	Holding Q1-2024	Consolidated Q1-2024
Result		
Interest income on loans	43.261	45.379
Total	43.261	45.379

13. Leases

a) Finance lease asset

As of March 31, 2024, the movement of the contract, in which the Company is the lessor, is shown as follows:

	Balance as of 12.31.2023	Receipts	Interest income	Remeasurements	Transfers	Balances as of 03.31.2024
Short Term	350	(96)	-		113	367
Long Term	2.292	-	86	128	(113)	2.393
	2.642	(96)	86	128	-	2.760

The minimum lease receipts for financial leasing are detailed as follows:

Estimated Commitments	Future value	Annual interest	Present value
2024	293	(13)	280
2025	390	(58)	332
2026	390	(98)	292
2027	390	(133)	257
2028 and beyond	5.831	(4.232)	1.598
As of March 31, 2024	7.294	(4.534)	2.760

The finance lease is represented by the lease agreement for the research and development plants owned by Paraná Xisto, entered into with Petrobras for a term of 20 years, with monthly payable installments.

b) Finance lease liability

As of March 31, 2024, the movement of lease contracts where the Company is the lessee is detailed below:

	Balance as of 12.31.2023	New Contracts	Remeasurements	Principal and interest	Charges incurred in the period	Transfers	Final balance on 03.31.2024
Curto Prazo	3.535	-	-	(949)	127	63	2.776
Longo Prazo	1.121	-	-	-	-	(63)	1.058
	4.656	-	-	(949)	127	-	3.834

The nominal (undiscounted) cash flow, without considering future projected inflation in the lease payment streams, by maturity, is presented below:

Estimated Disbursements	Future value	Annual interest	Present Value
2024	2.766	- 98	2.668
2025	463	- 69	394
2026	463	- 115	348
2027	463	- 156	307
2028 and beyond	193	- 76	117
As of March 31, 2024	4.348	- 514	3.834

Financial leasing is represented by the company's industrial boiler lease agreement.

Accounting practice

Lease liabilities are measured at the present value of lease payments without reflecting projected future inflation, considering recoverable taxes, as well as non-cancelable terms and extension options when reasonably certain.

Payment flows are discounted by the Company's nominal incremental borrowing rate, as the implicit interest rates in leases with third parties typically cannot be readily determined.

Remeasurements of lease liabilities generally reflects changes arising from contractual indices or rates, as well as lease terms due to new expectations of extensions or terminations of leases.

Incurred interest updates the lease liability and is classified as financial expenses, while payments reduce its carrying amount.

Payments associated with short-term leases (12 months or less), or variable payments are recognized as expenses over the lease term.

14. Provision for decommissioning of areas and environmental expenses

The company has legal obligations to rehabilitate areas impacted by oil shale mining activities and ensure the safe future use of the project area. Rehabilitation of degraded areas is systematically conducted throughout the operational life of the mines. Therefore, damages incurred to prepare the mine for production commencement are largely rehabilitated in subsequent years.

As of March 31, 2024, the Company has provisioned an amount of R$ 69,475 for decommissioning of areas.

As of March 31, 2024, the provision balance of R$ 15,739 refers to amounts set aside for environmental compensation assumed by the Company during its operations, in compliance with Resolution 854/2021 of the National Agency of Petroleum, Natural Gas, and Biofuels (ANP), which aims to ensure environmental recovery of areas impacted by mining activities.

The variation in provisions as of March 31, 2024, reflects the reduction of provisions over time and has been recorded as expenses for the period under Other Operating Expenses - Environmental Provisions.

Updates are conducted annually in the last quarter.

Accounting practice

Recognition of legal obligations for environmental recovery of areas impacted by oil shale mining activities occurs as development and production activities of the mines proceed. Environmental damage primarily arises during the production phase of the mines, and since the overburden removal process occurs practically simultaneously with shale extraction, the recognition counterpart of the provision for respective environmental recoveries forms part of production costs.

Estimates are periodically reviewed based on current cost information and expected recovery plans.

The provision amount for rehabilitation and any changes in cost estimates to address it are capitalized and recognized as mineral properties, amortized over the life of the mine. The effects of discount rates used for updating the provision are recognized as financial results.

15. Tributes

15.1. Current tributes

	Current Assets		Current Liabilities	
Income Tax and Social Contribution	**Holding Q1-2024**	**Consolidated Q1-2024**	**Holding Q1-2024**	**Consolidated Q1-2024**
IR (Income Tax)	186	3.155	-	-
CSSL (Social Contribution on Net Income)	-	1.295	-	-
Total	186	4.450	-	-

Realization of deferred income tax and social contribution

Management believes that deferred tax liabilities will be realized in proportion to revenue recognition, expenses, and the final resolution of future events, based on projections made.

Accounting practice

Income tax and social contribution expenses for the fiscal year are recognized in the income statement unless related to items directly recognized in equity, comprising both current and deferred taxes.

These taxes are calculated based on tax rates of 15%, plus an additional 10% IRPJ (Corporate Income Tax) on taxable income (actual profit) for income tax and 9% on taxable income (actual profit) for social contribution on net income, considering the offsetting of tax losses and negative social contribution base, limited to 30% of taxable income (actual profit) for the fiscal year.

a) Current income tax and social contribution

These are calculated based on taxable income determined according to relevant legislation and applicable rates at the end of the reporting period. Uncertainties regarding tax treatment are assessed periodically, considering the probability of acceptance by the tax authority.

Current income tax and social contribution are presented net when there is a legally enforceable right to offset recognized amounts and when there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Deferred income tax and social contribution

These are generally recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts, measured at the rates expected to be applicable in the fiscal year when the asset is realized or the liability is settled, based on rates (and tax legislation) that are enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, including unused losses and tax credits, to the extent that it is probable there will be taxable profit against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction does not affect either accounting profit or taxable profit (tax loss).

Deferred income tax and social contribution are presented net when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to taxes on income levied by the same tax authority, in the same taxable entity or different taxable entities that intend to settle current tax assets and liabilities on a net basis, or realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

15.2. Other taxes and contributions

Other taxes and contributions	Current Assets Q1-2024		Non-Current Assets Q1-2024		Current Liabilities Q1-2024		Non-Current Liabilities Q1-2024	
	Holding	Consol.	Holding	Consol.	Holding	Consol.	Holding	Consol.
ICMS	-	605	-	817	-	28.001	-	-
CSLL	-	-	-	-	-	-	-	-
PIS/COFINS	-	-	-	-	-	-	-	-
Royalties	-	1.820	-	-	-	1.207	-	-
IRRF	-	-	-	-	8	555	-	-
IOF	-	-	-	-	-	-	-	-
Postponed ICMS	-	-	-	-	-	19.508	-	17.511
Postponed Income Tax	-	-	-	-	-	2.274	-	7.390
Postponed CSLL	-	822	-	-	-	668	-	2.170
Others	-	-	-	10.595	12	1.391	-	-
Total	-	3.247	-	11.412	20	53.604	0	27.071

Expenses and assets are recognized net of sales taxes, except:

• When sales taxes incurred on the purchase of goods or services are not recoverable from tax authorities, in which case the sales tax is recognized as part of the acquisition cost of the asset or expense item, as applicable;
• When receivable and payable amounts are presented together with the amount of sales taxes; and
• When the net amount of recoverable or payable sales taxes is included as a component of receivable or payable amounts in the balance sheet.

16. Equity

16.1. Paid-in Capital

As of December 31, 2022, the subscribed and paid-in capital, amounting to R$1,000.00, is represented by 1,000 registered common shares with no par value, as follows:

- Initial capital contribution on July 18, 2022 – R$1,000.00 – corresponding to 1,000 shares.

Accounting practice

The paid-in capital consists of ordinary shares. Incremental costs directly attributable to the issuance of shares are presented as deductions from equity, as capital transactions, net of tax effects.

16.2. Earnings and Dividends

The net profit for the year, adjusted in accordance with current legislation, will be allocated as follows, subject to approval by the General Assembly:

(i) 5% (five percent) of the net profit will be allocated to the legal reserve, which shall not exceed 20% (twenty percent) of the Company's paid-in capital;
(ii) Any remaining net profit may be allocated to contingency reserves, aiming to offset future decreases in profit due to probable loss determined by judgment made by the entity;
(iii) Net profit derived from government grants or subsidies for investments may be allocated to the reserve for tax incentives;

(iv) (iv) Portion of the contingency reserve constituted in previous periods and corresponding to losses actually incurred or unrealized, if any, should be reversed.
(v) From the remaining balance, after the deductions and reversals indicated and as provided by applicable law, 25% (twenty-five percent) shall be distributed to shareholders as mandatory dividends;
(vi) Part or all of the remaining balance, after deductions, reversals, and distribution of mandatory dividends, may be retained for capital budget execution, subject to approval by the management bodies; and
(vii) Any remaining balance, if applicable, shall be distributed to shareholders as additional dividends.

17. Revenue

	Holding	Consolidated
	Q1-2024	Q1-2024
Gross revenue	-	160.471
Energy revenue	-	123
Sales deductions (*)	-	(38.993)
Sales Revenue	-	121.601
Internal Market		
Shale Oil	-	119.073
Naphtha	-	19.045
(LPG)	-	9.983
Fuel Gas	-	7.758
Others	-	4.611
Sales Revenue	-	160.471

(*) Includes PIS, COFINS e ICMS.

Accounting practice

The Company evaluates contracts with customers that will be subject to revenue recognition and identifies the promised goods in each of them.

Performance obligations are considered promises to transfer to the customer a good (or group of goods) that is distinct, or a series of goods that are substantially the same and have the same pattern of transfer to the customer.

The Company measures revenue by the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods to the customer, excluding amounts collected on behalf of third parties, and when it is probable that the Company will collect the consideration from the sale. Transaction prices are based on prices stated in contracts, reflecting the Company's pricing methodologies and policies based on market parameters.

Upon transferring a good, that is, when the customer obtains control of it, the Company satisfies the performance obligation and recognizes the corresponding revenue, which generally occurs at specific points in time upon delivery of the product.

18. Cost of Goods Sold

18.1. Cost of Goods Sold

	Holding Q1-2024	Consolidated Q1-2024
Raw materials, materials, inputs	-	(41.528)
Contracted services, general expenses	-	(26.031)
Royalties	-	(2.483)
Personnel expenses	-	(7.461)
Depreciation and amortization	-	(9.891)
Total	-	(87.392)

18.2. Selling Expenses

	Holding Q1-2024	Consolidated Q1-2024
Freight expenses	-	(2.340)
Personnel expenses	-	(487)
Depreciation and amortization	-	(4)
Earn-out expenses	-	(20.584)
Contracted services, materials, and others	-	(2.775)
Total	-	(26.190)

18.3. General and administrative expenses

	Holding Q1-2024	Consolidated Q1-2024
Personnel expenses	-	(2.962)
Depreciation and amortization	-	(470)
Contracted services, materials, and others	(132)	(6.275)
Total	(132)	(9.707)

Accounting practice

The cost of goods and services sold for the goods sold comprises the recording of production costs - including direct materials and labor costs, and a proportional share of indirect manufacturing overhead based on the normal operational capacity of the respective products sold - and includes royalties costs arising from shale production.

19. Other (expenses) incomes, net

	Holding Q1-2024	Consolidated Q1-2024
Environmental provisions expense (explanatory note 14)	-	-
Rental income	-	(601)
Fines applied to customers	-	-
Provision for inventory losses	-	-
Commercial contractual fines	-	-
Gain on sale of assets	-	236
Others	-	103
Total	-	(262)

20. Net financial result

	Holding Q1-2024	Consolidated Q1-2024
Financial Income	**139**	**1.018**
Income from financial asset receivables	-	-
Income from active currency exchange variations	83	83
Income from financial investments	13	792
Commercial interest income	-	1
Lease interest income	-	86
Loan interest income	43	45
Other financial income	-	11
Financial Expenses	**(21.732)**	**(30.493)**
Lease-related financial expenses	-	(127)
Interest expenses	(13.185)	(14.354)
Passive currency exchange variation expenses	(8.475)	(8.677)
IOF (tax on financial transactions) expenses	(72)	(803)
Loss on financial investments	-	-
Discount expenses	-	(5.943)
Bank expenses	-	(579)
Others	-	(10)
Total	**(21.593)**	**(29.475)**

21. Legal Proceedings and Contingencies

The Company establishes provisions in an amount sufficient to cover losses deemed probable and for which a reliable estimate can be made.

Legal proceedings that constitute present obligations where the outflow of resources is not probable or for which a sufficiently reliable estimate of the amount of resources is not feasible are not recognized, but are disclosed unless the possibility of outflow is remote.

As of March 31, 2024, there are no ongoing legal proceedings in which the company is plaintiff or defendant that are classified as probable.

Accounting practice

The company recognizes provisions for losses from legal and administrative proceedings in cases where technical evaluations by its legal advisors and judgments by management consider future cash outflows probable and all other conditions for recognition of a provision are met.

Contingent liabilities with probable losses that cannot be measured and those with possible losses are disclosed in explanatory notes.

Contingent assets are not recognized but are disclosed in explanatory notes when the inflow of economic benefits is probable. If the inflow of economic benefits is virtually certain, the related asset is not a contingent asset, and its recognition is appropriate.

22. Risk Management and Financial Instruments

22.1. Financial Instruments

The Company engages in financial instrument transactions. Management of these instruments is conducted through operational strategies and internal controls to ensure liquidity and profitability. The control policy involves continuous monitoring of contracted conditions taking note of prevailing market conditions.

As of March 31, 2024, the company did not engage in speculative transactions. Results are consistent with the policies and strategies defined by the company's management.

No embedded derivatives were identified in the company's operations during the first quarter of 2024.

All transactions involving financial instruments are recognized in the Company's financial statements and are disclosed as of March 31, 2024:

	Holding Q1-2024	Consolidated Q1-2024
Assets		
Current Assets		
Caixa e equivalentes de caixa	326	12.394
Contas a receber, líquidas	-	11.777
Não circulante		
Restricted deposits	-	-
Accounts receivable, net	-	-
	-	-
Total	326	24.171
Liabilities		
Current Liabilities		
Suppliers	14.257	60.445
Leases	-	2.776
	14.257	63.221
Non-Current Liabilities		
Leases	-	1.058
	-	1.058
Total	14.257	64.279

22.2. Measurement of financial instruments

The Company's financial instruments are measured at amortized cost. The fair values of these financial instruments are equivalent to their carrying amounts.

22.3. Risk management

The Company's risk management is conducted by its directors, based on the corporate policy for risk management of its parent company. This policy aims to strike a balance between its growth and return objectives and its level of exposure to risks, whether inherent in its business activities or arising from its operating environment. Through effective allocation of its physical, financial, and human resources, the Company aims to achieve its strategic goals.

The Company's operations are subject to the risk factors described below:

22.3.1. Credit risk

The credit risk management policy aims to minimize the risk of non-receipt of sales proceeds and amounts invested, deposited, or guaranteed by financial institutions and counterparties, through analysis, granting, and management of credits using quantitative and qualitative parameters.

The Company is exposed to credit risk from financial institutions due to the management of its cash. Management assesses that the credit risks associated with cash and cash equivalents are mitigated due to operations with Brazilian financial institutions of recognized liquidity.

As of March 31, 2024, its main receivables are from Vibra Energia, Ravato, and its former parent company Petrobras, significantly reducing credit risk.

22.3.2. Liquidity risk

The Company primarily uses its resources for working capital expenses. Historically, these needs are met through internally generated resources, short-term debts, sales transactions, and contributions from the parent company when necessary. These resource streams, combined with the Company's financial position, are expected to continue to meet corporate capital requirements. All of the Company's financial liabilities mature within one year, except for operating leases with a maturity of up to 2 years.

22.3.3. Market risks

a) Interest rate risk

This arises from the possibility that the company may experience gains or losses due to fluctuations in interest rates affecting its financial assets and liabilities. As of March 31, 2024, the Company had no material exposure to interest rate risk.

b) Oil and derivatives price risk

The company is exposed to fluctuations in international oil prices. This commodity is subject to macroeconomic and geopolitical factors beyond the company's control.

22.4. Insurance

To protect its assets, the Company transfers risks through insurance contracts, covering potential losses that could significantly impact its assets, including risks subject to mandatory insurance requirements under legal or contractual provisions.

As of March 31, 2024, the Company had insurance coverage for its assets exposed to risks, with amounts considered sufficient to cover potential losses, considering the nature of its activities.

23. Commitments and guarantees

On July 27, 2023, an Extraordinary General Meeting of the Issuer was held to approve the third amendment to the private instrument of the 1st issuance of convertible debentures into shares, with real guarantee, in a single series, for private placement by F&M Brazil. The original document was executed on October 19, 2022, totaling R$ 266,225, between F&M Brazil and LCM 1-A Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, an investment fund registered under CNPJ/ME number 46.280.261/0001-03 ("LCM Fund" and, as amended from time to time, the "Issuance Deed").

By becoming the guarantor of the debentures issued by its parent company, the company provides guarantees over all receivables, credit rights, rights and titles related to shale oil and gas, among other assets.

24. Subsequent events

After the end of the first quarter of 2024, the Company established a credit line through bonds amounting to US$ 80,000,000.00, with an interest rate of 16% p.a. This amount will be used to settle the previous loan with Lumina Capital Management.

Total sales of fuel oil in April 2024 were 11,674 metric tons, with 14,246 metric tons sold by May 31st.