(Forbes Resources Brazil Holding SA)

Financial Statements

as of September 30, 2024

Summary

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Balance Sheet

Period ended (In thousands of Brazilian Reais, unless otherwise indicated)

		Consolidated		Holding	
Assets	**Note**	**September 30, 2024**	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Current Assets					
Cash and cash equivalents	5	58,291	18,617	37,301	59
Accounts receivable (net)	7	20,865	22,275	-	-
Intercompany loan	12	78	76	-	-
Inventories	8	43,901	59,122	-	-
Leases	13	367	367	-	-
Inc tax and social contribution	15.1	15,447	11,999	191	188
Taxes and contributions	15.2	3,119	2,327	-	-
Other current assets		12,794	11,249	905	905
		154,862	126,032	38,397	1,152
Non-Current Assets					
Long-term receivables					
Restricted deposit	6	18,756	18,266	-	-
Deferred income tax and social contribution		33,841	33,690	-	-
Taxes and contributions	15.2	12,329	11,938	-	-
Loan operations	12	27,116	12,863	18,323	12,863
Leases	13	2,375	2,383	-	-
Other non-current assets		-	-	-	-
		94,417	79,612	18,323	12,863
Investments		-	-	262,363	241,427
Property, plant and equipment	9	191,609	192,547	-	-
Intangible	10	58,319	56,666	-	-
		344,345	328,825	280,686	254,290
		499,207	454,857	319,083	255,442

		Consolidated		Holding	
Liabilities	**Note**	**September 30, 2024**	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Current liabilities					
Suppliers	11	65,371	63,486	14,380	14,473
Customer advances		18,763	28,188	-	-
Lease liabilities	13	1,085	1,936	-	-
Income tax and social contribution	15.1	-	5,342	-	-
Taxes and contributions	15.2	47,432	41,440	7,638	20
Labor and social obligations		10,172	7,763	-	-
Loans and financing		-	290,352	-	290,352
Mutual operation		-	-	-	-
Other liabilities		6,181	6,468	-	-
		149,003	444,975	22,017	304,845
Non-Current liabilities					
Lease liabilities	13	945	988	-	-
Provision for area dismantling	14	85,214	85,214	-	-
Loans and financing		453,257	-	453,257	-
Taxes and contributions	15.2	35,851	40,473	-	-
Mutual operations		60,911	60,654	130,302	128,212
Other liabilities		520	168	-	-
		636,698	187,497	583,559	128,212
Equity					
Paid-in capital	16.1	1	1	1	1
Capital to be paid in		(1)	(1)	(1)	(1)
Capital reserve		-	-	-	-
Legal reserve		-	-	-	-
Retained earnings to be distributed		(129,496)	(129,496)	(129,496)	(129,496)
Accumulated loss		(156,998)	(48,119)	(156,998)	(48,119)
		(286,493)	(177,615)	(286,4930	(177,615)
		499,207	454,857	319,083	255,442

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Income Statement

Period from January 1 to September 30, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

		Consolidated		Holding	
		Three Months Ended		Three Months Ended	
	Note	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2024
Revenue	18	156,337	150,256	-	-
Cost of goods sold	19.1	(111,918)	(88,011)	-	-
Gross profit		44,420	62,245	-	-
		-		-	
Expenses					
Sales	20	(9,460)	(15,031)	-	-
General and administrative	21	(12,313)	(11,384)	(22,797)	(488)
Tax-related		(888)	(357)	(493)	(7)
Equity Method		-	-	26,936	26,969
Other operating expenses, net	22	(21,034)	1,903	-	-
		(43,694)	(24,869)	(2,354)	26,474
Profit (loss) before financial results and taxes		726	37,376	(2,354)	26,474
Net financial result	23	(109,283)	(57,319)	(106,524)	(45,945)
Financial expenses		(161,009)	(62,610)	(156,966)	(47,107)
Financial income		51,726	5,291	50,441	1,162
Profit (loss) before income taxes		(108,557)	(19,943)	(108,879)	(19,471)
Current income tax and social contribution		(321)	472	-	-
Net income (loss) for the period		(108,879)	(19,471)	(108,879)	(19,471)

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Statement of Comprehensive Income

Period from January 1 to September 30, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2024
Net income (loss) for the period	(108,879)	(19,471)	(108,879)	(19,471)
Total comprehensive result	(108,879)	(19,471)	(108,879)	(19,471)

FORBES RESOURCES BRAZIL HOLDINGS S.A.

Statement of Changes in Equity

Period from January 1 to September 30, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

	Subscribed and Paid-in Capital	Capital Reserve	Legal Reserve	Accumulated Losses	Total Consolidated Equity
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	-	-	-	(156,998)	(156,998)
Balance as of September 30, 2024	-	-	-	(286,493)	(286,493)

Statement of Cash Flows

Period from January 1 to September 30, 2024

(In thousands of Brazilian Reais, unless otherwise indicated)

	Consolidated		Holding	
	September, 30 2024	**June 30, 2024**	**September, 30 2024**	**June 30, 2024**
Cash Flow from operating activities				
Net Income (Loss) for the Year	(156,998)	(48,119)	(156,998)	(48,119)
Equity in Earnings of Equity-Method Investments	-	-	(41,019)	(20,083)
Obsolescence provision	271	708	-	-
(+) Depreciation and Amortization	42,249	28,263	-	-
Interest and Exchange Rate Variations on Loans	118,884	67,037	118,275	67,127
Deferred Income Tax and Social Contribution	(2,783)	2,238	-	-
	1,623	50,127	(79,741)	(1,075)
(Increase) Decrease in operating assets:				
Accounts Receivable from Customers	(3,415)	(4,825)	-	-
Inventories	8,920	(6,738)	-	-
Taxes Recoverable	(2,132)	(949)	-	-
Restricted Deposits	840	1,330	-	-
Leased Assets	(101)	(23)	-	-
Other Receivables	(8,890)	(7,345)	(5)	(2)
	(4,778)	(18,550)	(5)	(2)
Increase (Decrease) in operating liabilities				
Suppliers and accounts payable	11,755	9,872	(95)	(1)
Labor and social obligations	4,395	1,986	-	-
Tax obligations	253	2,331	(7,465)	(153)
Other obligations	(20,260)	(10,900)	-	-
	(3,857)	3,289	(7,370)	(154)
Interest and fines paid	(21,599)	-	(21,599)	-
Net Cash Provided by operating activities	(28,611)	34,866	(93,975)	(1,231)
Cash Flow from Investing Activities				
Acquisitions of Property, Plant, and Equipment and Intangible Assets	(39,222)	(24,522)	-	-
Disposal of Property, Plant, and Equipment	293	293	-	-
Net Cash Used in Investing Activities	(38,929)	(24,229)	-	-
Cash Flow from Financing Activities				
Obtaining loans	424,128	-	424,128	-
Loans payable	-	-	9,127	9,127
Lease amortization	(293,280)	(1,732)	(293,280)	-
Loans receivable	(24,810)	(10,081)	(15,700)	(10,081)
Net Cash Provided by (Used in) Financing Activities	106,038	(11,813)	129,032	(954)
NET DECREASE IN CASH AND CASH EQUIVALENTS	38,498	(1,176)	35,057	(2,185)
Cash and Cash Equivalents at the Beginning of the Period	19,793	19,793	2,244	2,244
Cash and Cash Equivalents at the End of the Period	58,291	18,617	37,301	59

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 third quarter of 2024, no regulatory non-conformities were recorded. During this period, there was only one incident without lost time in July, involving an allergic reaction caused by a bee sting. As a result, the quarter ended with a total of 87 accident-free days.

Also, in the third quarter of 2024, the second Internal Audit of the Operational Safety Management System (SGSO) was conducted, marking a significant milestone in meeting the regulatory requirements of the National Agency for Petroleum, Natural Gas, and Biofuels. The audit was concluded without identifying any critical non-conformities. Practices 11, 12, 14, and 16 were assessed, covering critical elements of operational safety, risk identification and analysis, planning and management of major emergencies, and change management.

The quarter concluded with 239 direct employees, of which 26% are women, 1% are individuals with disabilities, and 10% are Black and mixed-race individuals. Additionally, the fifth class of Trainee Operations Technicians was hired to form the fifth group, in accordance with the union agreement.

The launch of the Social Energy program was structured and communicated to the community, aimed at selecting social projects to be developed in partnership with the local community. A total of 19,270 tree saplings and 30,000 seeds were planted, restoring 6 hectares of land.

2. Basis of Preparation and Presentation of the Financial Statements

The financial statements for the period from July 1, 2024 to September 30, 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.

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.

(In thousands of Brazilian reais, unless otherwise indicated)

5. Cash and cash equivalents

	Consolidated		Holding	
	September 30, 2024	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Cash and banks	26,965	1,933	19,123	-
Financial investments	31,326	16,684	18,178	59
Total	**58,291**	**18,617**	**37,301**	**59**

The balance as of September 30, 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 2.72% in the first quarter of 2024 and an accumulated return of 2.60% in the second quarter of 2024 and in the 3rd quarter of 2024 it obtained an accumulated return of 2.75%. 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% and an accumulated return of 2.57% in the second quarter in the 3rd quarter of 2024 it obtained an accumulated yield of 2.66%. The application with Safra is a guarantee for the surety bond issued to comply with ANP resolution nº 854/2021, which addresses financial decommissioning guarantees.

The investments of Forbes Resources Brazil Holding S.A. are held in fixed-income products at Banco BTG Pactual, divided into two instruments. One portion is in CDBs with monthly returns indexed at 105% of the CDI, yielding an accumulated return of 1.43% in the 3rd quarter of 2024. The other portion is in committed debentures with monthly returns indexed at 85% of the CDI, yielding an accumulated return of 1.21% in the 3rd quarter of 2024.

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

	Consolidated		Holding	
	September 30, 2024	**June 30, 2024**	**September 30, 2024**	**June 30, 2023**
Restricted deposit	18,756	18,266	-	-
Total	18,756	18,266	-	-

(In thousands of Brazilian reais, unless otherwise indicated)

7. Accounts receivable, net

	Consolidated		Holding	
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2023
Third parties	20,865	22,275	-	-
Leases	2,742	2,750	-	-
Total	**23,607**	**25,025**	**-**	**-**
Current	21,232	22,642	-	-
Non-Current	2,375	2,383	-	-

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 68% of the receipts during the period come from credit sales, while the remaining 32% 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 that. We also consider the potential financial difficulties of customers based on their financial statements, as well as market fluctuations.

Therefore, for the period ending September 30, 2024, no amount was agreed upon for losses, as all customers met the established criteria.

8. Inventories

	Consolidated		Holding	
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2023
Petroleum Derivatives (i)	7,971	25,212	-	-
Intermediates (ii)	5,246	5,469	-	-
Materials and Supplies	30,685	28,441	-	-
Total	43,901	59,122	-	-

(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 September 30, 2024, the consolidated balance of obsolete inventory is R$ 261 as shown below:

(In thousands of Brazilian reais, unless otherwise indicated)

	Consolidated		Holding	
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2023
Balance of Obsolescence Provision at the beginning of the period	(261)	(261)	-	-
Provision for the period	-	-	-	-
Reversal (Losses) for the period	-	-	-	-
Balance of Obsolescence Provision at the end of the period	(261)	(261)	-	

The classification of provisions for adjustment to net realizable value is presented in other operating expenses. As of September 30, 2024, the balance of the provision for adjustment to net realizable value is shown below:

	Consolidated			Holding
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2023
Balance of Provision for net realizable value adjustment	(447)	(1,600)	-	-
Period Provision	(10)	(447)	-	-
Reversal (Loss) of the period	447	1,600	-	-
Balance of Provision for net realizable value adjustment	(10)	(447)	-	-

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 September 30, 2024, is represented as follows:

	Land	Buildings and improvements	Equipment and other assets	Assets under construction	Lease rights	Consolidated
Balance as of December 31, 2023	30,923	30,857	127,667	7,657	3,828	200,931
Additions	-	-	1,861	31,670	45	33,577
Write-offs	-	-	(293)	-	-	(293)
Transfers (i)	-	-	4,827	(4,827)	-	-
Reclassification (iii)	-	-	-	(1,585)	-	(1,585)
Depreciation		(1,435)	(3,196)	-	(2,391)	(41,022)
Balance as of September 30, 2024	30,923	29,422	96,866	32,916	1,482	191,609
Cost	30,923	33,426	163,332	32,916	7,707	268,304
Accumulated depreciation	-	(4,004)	(66,465)	-	(6,226)	(76,695)
Balance as of September 30, 2024	30,923	29,422	96,866	32,916	1,482	191,609

(In thousands of Brazilian reais, unless otherwise indicated)

Accounting practice

Property, Plant and Equipment (PP&E) 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 September 30, 2024, is represented as follows:

	Mining Right	Intangible	Intangible in progress	Consolidated
Balance as of December 31, 2023	29,301	22,456	559	52,316
Additions	-	-	5,646	5,646
Write-offs	-	-	-	-
Reclassification	-	1,585	-	1,585
Transfers	-	6,110	(6,110)	-
Depreciation	-	(1,227)	-	(1,227)
Balance as of September 30, 2023	29,301	28,924	95	58,319
Costs	34,630	30,541	95	65,266
Accumulated depreciation	(5,329)	(1,617)	-	(6,946)
Balance as of September 30, 2023	29,301	28,924	95	58,319

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.

(In thousands of Brazilian reais, unless otherwise indicated)

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 September 30, 2024.

11. Suppliers

	Consolidated		Holding	
Suppliers	**September 30, 2024**	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Oil, products for resale, materials and services	65,371	63,486	14,380	14,473
Total	65,371	63,486	14,380	14,473

12. Related Parties

On September 30, 2024, the balances were composed as follows:

	Consolidated		Holding	
	September 30, 2024	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Current Assets				
Intercompany loan (i)	78	76	-	-
Non-Current Assets				
Intercompany loan (ii)	27,116	12,863	18,323	12,863
Total	27,194	12,939	18,323	12,863

(i) Refers to the loan agreement entered into between the company and Samas Klub on December 20, 2023, in the amount of R$ 77,947.20. This loan matures on December 19, 2024, with an interest rate of 11.75% per year. The funds were disbursed in December 2023.
(ii) Refers to loan agreements signed between the company and PX Energy Inc, totaling R$8,793,711.64. (ii) Refers to: loan agreements signed between F&M Brazil and its controlling company F&M Inc totaling the amount of R$ 18,322,658.65

	Consolidated		Holding	
	September 30, 2024	**June 30, 2024**	**September 30, 2024**	**June 30, 2024**
Income				
Interest income on Intercompany loan	545	190	460	185
Exchange rate variation	271		666	
Total	816	190	1,126	185

13. Leases

a) Finance lease asset

As of September 30, 2024, the movement of the contract, in which the Company is the lessor, is shown as follows:

(In thousands of Brazilian reais, unless otherwise indicated)

	Balance as of 31 Dec, 2023	Receipts	Interest income	Remeasurements	Transfers	Balance as of 30 Sep, 2024
Short Term	350	(291)	-		308	367
Long Term	2,291	-	263	128	(308)	2,375
	2,641	(291)	263	128	-	2.742

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

Estimated Commitments	Future value	Annual interest	Present value
2024	98	(1)	96
2025	390	(35)	355
2026	390	(78)	312
2027	390	(116)	274
2028 and beyond	5,829	(4,126)	1,703
As of September 30, 2024	7,098	(4,357)	2,742

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 20-year term, with monthly payable installments.

b) Finance lease liability

As of September 30, 2024, the movement of lease contracts where the Company is the lessee is detailed below:

	Balance as of 31 Dec, 2023	New Contracts	Remeasurements	Principal and interest payments	Charges incurred in the period	Transfers	Balance as of 30 Sep, 2024
Short Term	3,535	-	-	(2,968)	297	221	1,085
Long Term	1,121	-	45	-	-	(221)	945
	4,656	-	45	(2,968)	297	-	2,030

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	755	(3)	752
2025	478	(41)	437
2026	478	(92)	386
2027	478	(137)	341
2028 and beyond	198	(84)	114
Balance as of September 30, 2024	2,387	(357)	2,030

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

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 September 30, 2024, the Company has provisioned an amount of R$ 69,475 for decommissioning of areas.

As of September 30, 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 September 30, 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.

(In thousands of Brazilian reais, unless otherwise indicated)

15. Taxes

15.1. Current taxes

Income Tax and Social Contribution	Current Assets				Current Liabilities			
	Consolidated		Holding		Consolidated		Holding	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
IR (Income Tax)	11,258	8,668	191	188	-	3,945	-	-
CSSL (Social Contribution)	4,189	3,331	-	-	-	1,397	-	-
Total	15,447	11,999	191	188	-	5,342	-	-

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).

(In thousands of Brazilian reais, unless otherwise indicated)

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				Non-Current Assets				Current Liabilities				Non-Current Liabilities			
	Consolidated		Holding		Consolidated		Holding		Consolidated		Holding		Consolidated		Holding	
	3Q	2Q	3Q	2Q	3Q	2Q	3Q	2Q	3Q	2Q	3Q	2Q	3Q	2Q	3Q	2Q
ICMS	679	699	-	-	1,147	933	-	-	1,359	2,939	-	-	-	-	-	-
PIS/COFINS	-	-	-	-	11,182	11,005	-	-	2,659	3,227	2,394	-	-	-	-	-
Royalties	-	-	-	-	-	-	-	-	1,310	1,396	-	-	-	-	-	-
IRRF	1,776	1,111	-	-	-	-	-	-	3,291	500	2,710	15	-	-	-	-
ICMS installments	-	-	-	-	-	-	-	-	29,417	29,417	-	-	24,084	31,438	-	-
IR installments	-	-	-	-	-	-	-	-	4,327	2,328	-	-	8,982	6,983	-	-
CSLL installments	-	-	-	-	-	-	-	-	1,388	684	-	-	2,785	2,051	-	-
IOF	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
CIDE	-	-	-	-	-	-	-	-	1,805	-	1,805	-	-	-	-	-
ISSQN	-	-	-	-	-	-	-	-	722	-	722	-	-	-	-	-
Others	664	518	-	-	-	-	-	-	1,154	951	6	6	-	-	-	-
Total	3,119	2,327	-	-	12,329	11,938	-	-	47,432	41,440	7,638	20	35,851	40,473	-	-

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. Loans and Financing

On July 22, 2024, the Company completed the issuance of debt securities in the amount of USD 80,000,000.00 with Nordic Trustee. The resources were made available to the Company after meeting the requirements set out in the terms of the contract (ISIN code NO0013137802).
The bonds were issued in bullet format (payment of 100% of the principal upon maturity), with quarterly interest payments. Expiration will occur on April 26, 2028.
The interest rate on the debt is 16.00% p.a.
The debt securities are guaranteed by 100% of the shares of Paraná Xisto S.A. held by the Company.
The terms of the contract require compliance with the following covenants:
i. Liquidity (book value of cash and cash equivalents) minimum of USD10,000,000.00
ii. Minimum coverage ratio of 1.30x. The coverage ratio is calculated as the net financial result divided by EBITDA.

(In thousands of Brazilian reais, unless otherwise indicated)

	Due date	Currency	Interest p.a.	Sep 30, 2024	June 30, 2024
Bonds	04/30/2028	USD	16.00%	453,257	-
				453,257	-
Current				-	-
Non-Current				453,257	-

The movement of loans and financing during the year is as follows:

Opening Balance	-
(+) Loans Obtained	424.128
(+) Interest Incurred	34.919
(+/-) Exchange Rate	12.067
(-) Principal payment	-
(-) Interest payment	(17.857)
Saldo Final	453.257

17. Equity

17.1. 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.

17.2. 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.

(In thousands of Brazilian reais, unless otherwise indicated)

18. Revenue

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Gross revenue	201,870	196,044	-	-
Energy revenue	107	157	-	-
Sales deductions (*)	(45,640)	(45,945)	-	-
Sales Revenue	156,337	150,256	-	-
Internal Market				
Shale Oil	160,803	144,971	-	-
Naphtha	23,319	27,448	-	-
LPG	5,899	10,910	-	-
Fuel Gas	10,488	8,887	-	-
Others	1,468	4,264	-	-
Sales Revenue	201,977	196,481		

(*) Includes PIS, COFINS and 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.

19. Cost of Goods Sold

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Raw materials, materials, inputs	(41,389)	(19,467)	-	-
Contracted services, general expenses	(37,439)	(40,041)	-	-
Royalties	(4,275)	(4,083)	-	-
Personnel expenses	(15,338)	(10,738)	-	-
Depreciation and amortization	(13,476)	(13,682)	-	-
Total	(111,918)	(88,011)	-	-

(In thousands of Brazilian reais, unless otherwise indicated)

20. Selling Expenses

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Freight expenses	(1,622)	(2,119)	-	-
Personnel expenses	(984)	(525)	-	-
Depreciation and amortization	(7)	(7)	-	-
Earn-out expenses	(3,670)	(8,990)	-	-
Contracted services, materials, and others	(3,270)	(3,390)	-	-
Total	(9,460)	(15,031)	-	-

21. General and administrative expenses

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Personnel expenses	(5,100)	(3,608)	-	-
Depreciation and amortization	(502)	(494)	-	-
Contracted services, materials, and others	(6,711)	(7,281)	(302)	(488)
Total	(12,313)	(11,384)	(302)	(488)

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.

22. Other (expenses) incomes, net

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Rental income	1,100	813	-	-
Fines applied to customers	-	-	-	-
Provision for inventory losses	454	1,153	-	-
Commercial contractual fines	288	-	-	-
Gain on sale of assets	-	-	-	-
Advisory Services	(22,496)		(22,496)	-
Others	(381)	(63)	-	-
	(21,034)	1,903	(22,496)	-

(In thousands of Brazilian reais, unless otherwise indicated)

23. Net Financial Result

	Consolidated		Holding	
	Three Months Ended		Three Months Ended	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Financial Incomes	**51,726**	**5,291**	50,441	**1,162**
Income from financial asset receivables	2	3,260	-	-
Income from active currency exchange variations	39,829	1,017	39,829	1,017
Income from financial investments	4,338	775	3,235	2
Commercial interest income	7,105	-	7,103	-
Lease interest income	89	88	-	-
Loan interest income	81	(41)	-	(43)
Other financial income	281	192	275	185
Financial Expenses	**(161,009)**	**(62,613)**	(156,966)	**(47,107)**
Lease-related financial expenses	(71)	(99)	-	-
Interest expenses	(41,731)	(23,006)	(40,074)	(14,168)
Passive currency exchange variation expenses	(33,027)	(32,603)	(32,632)	(32,593)
IOF (tax on financial transactions) expenses	(393)	(360)	(160)	(325)
Loss on financial investments	-	-	-	-
Discount expenses	(1,636)	(6,202)	-	-
Bank expenses	(36)	(302)	(12)	-
Annuites	(83,706)	-	(83,706)	-
Others	(411)	(42)	(380)	(22)
Total	(109,283)	(57,319)	(106,524)	(45,945)

24. 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 September 30, 2024, there are no ongoing legal proceedings in which the company is plaintiff or defendant that are classified as probable.

	Labor Provision	Total provisioned liabilities
Balance on December 31, 2023	-	-
Additions and reversals, net (i)	352	352
Payments	-	-
Balance on September 30, 2024	352	352

(i) Labor proceedings – Actions in which individual and collective complaints from employees and service providers are discussed, mainly involving additional remuneration for overtime, moral damages, additional hazard pay and unhealthy conditions, among other requests, and in the case of PX, 100% of the actions refer to subsidiarity requests.

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.

(In thousands of Brazilian reais, unless otherwise indicated)

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.

25. Risk Management and Financial Instruments

25.1. 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 September 30, 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 third quarter of 2024.

All transactions involving financial instruments are recognized in the Company's financial statements and are disclosed as of September 30, 2024:

	Consolidated		**Holding**	
	Sep 30, 2024	June 30, 2024	Sep 30, 2024	June 30, 2024
Assets				
Current Assets				
Cash and cash equivalents	58,291	18,617	37,301	59
Accounts receivable, net	20,865	22,275	-	-
	79,156	40,892	37,301	59
Non-Current Assets				
Restricted Deposits	18,756	18,266	-	-
Accounts receivable, net	-	-	-	-
	18,756	18,266	-	-
Total	97,912	59,158	37,301	59
Liabilities				
Current Liabilities				
Suppliers	65,371	63,486	14,380	14,473
Leases	1,085	1,936	-	-
	66,456	65,422	14,380	14,473
Non-Current Liabilities				
Leases	945	988	-	-
	945	988	-	-
Total	67,401	66,410	14,380	14,473

25.2. 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.

25.3. 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:

25.3.1. 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 September 30, 2024, its main receivables are from Vibra Energia, Ravato and its former parent company Petrobras, significantly reducing credit risk.

25.3.2. 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.

25.3.3. 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 September 30, 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.

25.4. 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 September 30, 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.

26. Commitments and guarantees

On April 24, 2024, a contract was signed for the placement of an international debenture (bond) of Forbes Resources Brazil Holding S.A., controlling company of Paraná Xisto S.A. The original document with a total value of US$80,000,00.00 was signed between Forbes Resources Brazil Holding S.A. and Nordic Trustee AS, a company based in Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85, with Paraná Xisto S.A becoming the guarantor of this instrument. The entirety of the shares of Paraná Xisto S.A. were placed as collateral in the context of the operation.