Individual and Consolidated Financial Statements

Forbes Resources Brazil Holding S.A.

December 31, 2023
with Independent Auditor's Report

FORBES RESOURCES BRAZIL HOLDING S.A.

Contents

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), currently referred to by the IFRS Foundation as "IFRS accounting standards"

Independent auditor's report on individual and consolidated financial statements

To the
Shareholders, Board of Directors and Officers of
Forbes Resources Brazil Holding S.A.
Nova Lima - MG

Opinion

We have audited the individual and consolidated financial statements of Forbes Resources Brazil Holding S.A. (the "Company"), identified as individual and consolidated, respectively, which comprise the statement of financial position as at December 31, 2023 and the related statements of profit or loss, of comprehensive income (loss), of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2023, its individual and consolidated financial performance, and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), currently referred to by the IFRS Foundation as "IFRS accounting standards".

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiary in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Restatement of financial statements

We draw attention to Note 6 to the financial statements, which states that the figures were altered and are being restated to reflect the correction of errors arising from deviations in certain accounting practices and the revision of the technical report by management's external specialist, which supported the business combination through which the Company acquired the totality of the shares of its subsidiary Paraná Xisto S.A. on November 4, 2022, as described in the aforementioned note.

We issued an audit report on June 14, 2024 and October 6, 2023 containing a qualified opinion on the Company's individual and consolidated financial statements for the years ended December 31, 2023 and 2022, which are now being restated. Consequently, the qualification related to the aforementioned matter contained in our previously issued reports is no longer necessary and, therefore, our new report, which replaces the previous one, does not contain modifications.

Significant uncertainty related to continuity of business operations

We draw attention to Note 2.1 to the individual and consolidated financial statements, which indicates that the Company incurred a loss of R$246,563 thousand, individual and consolidated, throughout the year ended December 31, 2023, and as per the statement of financial position as at that date, the Company's current liabilities exceeded total current assets by R$322,971 thousand and R$376,549 thousand, individual and consolidated, respectively. As mentioned in Note 2.1, these events or conditions, together with other matters described in Note 2.1, indicate the existence of significant uncertainty that may raise significant doubt as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), currently referred to by the IFRS Foundation as “IFRS accounting standards”, and for such internal control as the executive board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and its subsidiary’s financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiary's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including deficiencies in internal control that we identify during our audit.

Belo Horizonte, April 29, 2025.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-015199/O

Daniel Cruz Arantes Campos
Accountant CRC MG-091263/O

FORBES RESOURCES BRAZIL HOLDING S.A

Statement of financial position

December 31, 2023 and 2022

(In thousands of reais)

	Note	Consolidated 2023 Restated	Consolidated 2022 Restated	Individual 2023 Restated	Individual 2022 Restated
Assets					
Current Assets					
Cash and cash equivalents	7	19,793	31,558	2,244	6,922
Accounts receivable, net	9	17,450	20,924	-	-
Inventories	11	51,279	37,526	-	-
Leases	17	350	377	-	-
Income and social contribution taxes	19.1	3,929	-	-	-
Taxes and contributions	19.2	2,610	3,828	-	-
Intercompany loans	10.1	1,077	-	1,006	-
Other current assets		4,088	1,678	1,090	1,614
Prepaid expenses		2,003	-	-	-
		102,579	95,891	4,340	8,536
Noncurrent Assets					
Restricted deposits	8	19,596	31,877	-	-
Deferred tax assets	19.1	89,634	46,922	24,900	-
Taxes and contributions	19.2	10,706	3,476	-	-
Leases	17	2,291	2,322	-	-
Intercompany loans	10.1	490	28,190	490	28,190
Other noncurrent assets		-	539	-	-
Investments	12	-	-	210,320	278,754
Property, plant and equipment	13.1	165,516	201,411	-	-
Intangible assets	13.2	55,668	44,471	-	-
		343,901	359,208	235,710	306,944
		446,480	455,099	240,050	315,480

FORBES RESOURCES BRAZIL HOLDING S.A

Statement of financial position

December 31, 2023 and 2022

(In thousands of reais)

		Consolidated		Individual	
	Note	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Liabilities and equity					
Current Liabilities					
Trade accounts payable	14	36,039	47,063	218	-
Loans and financing	16	312,879	65,214	312,879	65,214
Advances from customers	15	39,028	-	-	-
Lease liability	17	3,535	3,041	-	-
Income and social contribution taxes	19.1	3,106	11,240	-	-
Taxes and contributions	19.2	41,935	11,009	173	1,269
Labor and social obligations		8,164	1,045	-	-
Contingent consideration for acquisition of subsidiary	14.1	14,041	3,609	14,041	3,609
Provision for decommissioning of areas	18	14,256	10,145	-	
Other liabilities		6,145	1,281	-	-
		479,128	153,647	327,311	70,092
Noncurrent liabilities					
Lease liability	17	1,121	2,178	-	-
Contingent consideration for acquisition of subsidiary	14.1	67,437	58,515	67,437	58,515
Provision for decommissioning of areas	18	75,543	94,203	-	-
Loans and financing	16	-	151,296	-	151,296
Income and social contribution taxes	19.1	10,042	-	-	-
Taxes and contributions	19.2	21,064	-	-	-
Intercompany loans	10.2	53,325	16,463	113,068	56,780
Provision for contingencies	25	6,418	-	-	-
Other liabilities		168	-	-	-
		235,118	322,655	180,505	266,591
Equity	20				
Subscribed capital		1	1	1	1
Unpaid capital		(1)	(1)	(1)	(1)
Accumulated loss		(267,766)	(21,203)	(267,766)	(21,203)
		(267,766)	(21,203)	(267,766)	(21,203)
		446,480	455,099	240,050	315,480

The explanatory notes are an integral part of the individual and consolidated financial statements.

Individual and consolidated statement of profit or loss

December 31, 2023 and 2022

(In thousands of reais)

		Consolidated		Individual	
	Note	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Revenue	21	421,017	87,426	-	-
Cost of goods sold	22.1	(479,607)	(79,402)	-	-
Gross profit		(58,590)	8,024	-	-
Expenses					
Selling	22.2	(5,530)	(900)	-	-
General and administrative	22.3	(58,912)	(17,828)	(5,324)	(11,255)
Equity method	12	-	-	(126,812)	2,235
Other operating income (expenses)	23	(21,377)	134	(20,667)	-
		(85,819)	(18,594)	(152,803)	(9,020)
Profit (loss) before finance income (costs) and taxes		(144,409)	(10,570)	(152,803)	(9,020)
Net finance income (costs)	24	(144,866)	(10,211)	(118,660)	(12,183)
Finance costs		(203,878)	(18,712)	(170,313)	(18,614)
Finance income		59,012	8,501	51,653	6,431
Losses before taxes		(289,275)	(20,781)	(271,463)	(21,203)
Income and social contribution taxes	19.1	42,712	(422)	24,900	-
Loss for the year		(246,563)	(21,203)	(246,563)	(21,203)

The explanatory notes are an integral part of the individual and consolidated financial statements.

FORBES RESOURCES BRAZIL HOLDING S.A

Individual and consolidated statement of comprehensive income (loss)

December 31, 2023 and 2022

(In thousands of reais)

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Loss for the year	(246,563)	(21,203)	(246,563)	(21,203)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	(246,563)	(21,203)	(246,563)	(21,203)

The explanatory notes are an integral part of the individual and consolidated financial statements.

FORBES RESOURCES BRAZIL HOLDING S.A

Individual and consolidated statement of changes in equity

December 31, 2023 and 2022

(In thousands of reais)

	Subscribed capital	Unpaid capital	Accumulated losses	Total equity
Balances as of July 15, 2022 (date of incorporation)	-		-	-
Subscribed capital	1	(1)	-	1
Unpaid capital	-	-	-	(1)
Loss for the year	-	-	(21,203)	(21,203)
Balances as of December 31, 2022 (restated)	1	(1)	(21,203)	(21,203)
Loss for the year	-	-	(246,563)	(246,563)
Balances as of December 31, 2023	1	(1)	(267,766)	(267,766)

The explanatory notes are an integral part of the individual and consolidated financial statements.

FORBES RESOURCES BRAZIL HOLDING S.A
Individual and consolidated statement of cash flows
December 31, 2023 and 2022
(In thousands of reais)

	Consolidated		Individual	
	2023	2022	2023	2022
	Restated	Restated	Restated	Restated
Cash flow from operating activities				
Net income (loss) for the year	(246,563)	(21,203)	(246,563)	(21,203)
Equity pickup	-	-	94,325	(5,431)
Provision for decommissioning of areas	(18,994)	1,421	-	-
Fair value adjustment of contingent consideration for the acquisition of subsidiary	20,667	-	20,667	-
Provision for obsolescence and net realizable value	3,838	-	-	-
Provision for contingencies	4,034	-	-	-
Depreciation and amortization	107,546	26,586	32,487	3,196
Finance income (costs)	146,780	2,838	114,694	2,748
Deferred income and social contribution taxes	(39,184)	(697)	(24,900)	-
Write-off of assets	15,064	-	-	-
	(10,310)	8,945	(9,290)	(20,690)
(Increase) reduction in operating assets and liabilities:				
Trade accounts receivable	3,560	11,519	-	-
Inventories	(17,591)	(4,085)	-	-
Taxes recoverable	(1,912)	(8,030)	-	-
Restricted deposits	12,281	(694)	-	-
Other assets	(3,025)	(4,858)	524	(1,614)
Prepaid expenses	(2,003)	-	-	-
Trade accounts payable	(12,094)	29,424	218	
Payment of environmental remediation costs	(10,145)	-	-	-
Labor and social obligations	7,119	1,045	-	-
Tax obligations	43,218	11,670	(1,096)	1,269
Other liabilities	43,678	(307)	-	-
	63,086	35,684	(354)	(345)
Income and social contribution taxes paid	(9,067)	-	-	-
Net cash (used in) from operating activities	43,709	44,629	(9,644)	(21,035)
Cash flow from investment activities				
Acquisitions of property, plant and equipment and intangible assets	(95,716)	(658)	-	-
Intercompany loans granted	(20,167)	(28,482)	(20,167)	(28,482)
Related parties loan proceeds	45,056	-	45,127	-
Receipt of lease principal and interest	399	-	-	-
Acquisition of subsidiary	-	(214,056)	-	(214,056)
Payment of contingent consideration for acquisition of subsidiary	(1,313)	-	(1,313)	-
Net cash used in investment activities	(71,741)	(243,196)	23,647	(242,538)
Cash flow from financing activities				
Loans and financing raised	70,314	265,197	70,314	265,197
Increase in share capital in subsidiary	-	-	(58,378)	-
Related-party loans	33,218	16,111	54,433	56,411
Amortization of loans and intercompany loans – principal	(45,054)	(44,905)	(46,211)	(44,905)
Payment of interest on loans and leases	(39,452)	(5,869)	(38,839)	(5,869)
Amortization of leases	(2,759)	(409)	-	-
Net cash from (used in) financing activities	16,267	230,125	(18,681)	270,834
Increase (decrease) in cash and cash equivalents	(11,765)	31,558	(4,678)	6,922
Cash and cash equivalents at beginning of year	31,558	-	6,922	-
Cash and cash equivalents at end of year	19,793	31,558	2,244	6,922
Increase (decrease) in cash and cash equivalents	(11,765)	31,558	(4,678)	6,922

The explanatory notes are an integral part of the individual and consolidated financial statements.

1. The Company and its operations

Forbes Resources Brasil Holding S.A. (the “Company”), a subsidiary of Forbes & Manhattan Resources Inc., is a closely-held corporation established on July 15, 2022, with main offices in Nova Lima, state of Minas Gerais (MG), primarily engaged in holding interests in other business companies or non-business companies, as a shareholder, partner or member, in Brazil or abroad.

The Company holds control over Paraná Xisto S.A. (“PX Energy”), a closely-held corporation located in the city of São Mateus do Sul, state of Paraná, which is primarily engaged in: (i) mining, refining, processing, selling, distributing, importing, exporting, transporting and storing oil from wells, shale or other rocks, their byproducts, related products and biofuels; (ii) producing, distributing and selling utilities such as electricity, steam, water, compressed air and industrial gases; and (iii) performing any other activities related to the Company’s corporate purpose, including the provision of services.

With an installed capacity of 6,000 barrels/day, the Company, through the activities of its investee PX Energy, has as its main products: fuel oils, LPG, fuel gas, naphtha, sulfur and paving inputs. In the fertilizer segment, it produces Shale Water.

1.1. Business combination context

SIX, named Paraná Xisto S.A. after the business combination, was part of the project to divest the refineries of Petróleo Brasileiro S.A. – Petrobras (“Petrobrás” or “seller”). The transaction is in line with Resolution No. 9/2019 of the National Energy Policy Council, which established guidelines for the promotion of free competition in the refining activity in the country, and is part of the commitment signed by Petrobras with the Administrative Council for Economic Defense (CADE) for the opening of the refining sector in Brazil.

On November 11, 2021, Petrobrás signed a contract with Forbes & Manhattan Resources Inc. (“F&M Resources” or “F&MR”) for the sale of SIX shares and their associated logistics assets.

On January 19, 2022, the decision by the Administrative Council for Economic Defense (CADE) that allowed the completion of the sale of Paraná Xisto became final.

Paraná Xisto S.A. was established on January 5, 2021, and on October 1, 2022, the spin-off and transfer of assets occurred (asset transfer date) and until November 4, 2022 (Sale Closing Date) it remained a wholly owned subsidiary of Petrobrás.

On November 4, 2022, the Company completed the acquisition of control, through the acquisition of 100% of SIX's shares, after fulfilling all precedent conditions, with the payment of R$214,397 in cash to the seller on the transaction date. As of November 4, 2022, the results of Paraná Xisto S.A.'s operations began to be consolidated by the Company.

The Company determined that, together, the inputs and processes acquired from SIX contribute significantly to the ability to generate revenue (outputs). The Company concluded that SIX is a business. The acquisition of control allowed the Company to begin the process of operating the SIX shale plant.

The fair value of the identifiable assets acquired and liabilities assumed of SIX at the date of acquisition is presented below:

(In thousands of reais, unless otherwise stated)

	Fair value recognized upon acquisition
Assets	
Cash and cash equivalents	339
Accounts receivable, net	32,443
Inventories	33,441
Taxes and contributions	3,379
Other assets	4
Deferred income and social contribution taxes	46,225
Restricted deposits	31,183
Property, plant and equipment	226,165
Intangible assets	45,645
Total assets	418,824
Liabilities	
Trade accounts payable	17,639
Leases	5,467
Taxes and contributions	14,684
Other liabilities	1,588
Provision for decommissioning of areas and environmental expenses	102,927
Total liabilities	142,305
Total net assets (liabilities), at fair value	276,519
Consideration transferred	214,395
Contingent consideration to be transferred upon acquisition of subsidiary	62,124

Disclosure of the purchase price for the purposes of presenting consolidated cash flows

	R$ thousand
Consideration transferred in cash	214,395
Cash and cash equivalents from acquisition	(339)
Acquisition of investments, net of cash and cash equivalents of the acquiree	214,056

The total amount of the consideration was transferred and paid in cash on the transaction date, except for the amount corresponding to the contingent consideration (“earn-out”), as disclosed in Note 14.1.

The fair value of the accounts receivable is R$32,443, which corresponds to the gross amount. Considering that the Company has no history of losses on accounts receivable, it is expected to receive the full amount.

The valuation techniques used to measure the fair value of separately identified intangible assets and property, plant and equipment were as follows:

Assets acquired	Valuation technique
Mining (intangible assets)	Multi-period excess earnings method (MPEEM) This methodology considers the present value of the expected net cash flows to be generated from the economic benefits arising from mineral exploration, excluding any cash flows related to contributing assets. The MPEEM aims to isolate the cash flow attributable to a specific intangible asset from the total cash flow. In this method, debits are made against the total net income, for the use of contributing assets, and the excess profit is allocated to the intangible asset.
Real properties (property, plant and equipment)	Evolutionary method - combines the direct comparative method (to determine the value of land) and the reproduction cost method (to define the value of buildings and improvements). This methodology defines the value of the property by comparing it with market data of similar properties through market research of properties with characteristics that are as similar as possible to those being assessed. The reproduction cost methodology for improvements and construction value considers the estimate to determine the current reproduction cost of the improvement, based on the original characteristics of the construction.
Personal properties (property, plant and equipment)	Cost quantification method This methodology consists of obtaining the value of the new asset, whether identical or similar, through market research with manufacturers, suppliers or representatives, plus, where applicable, assembly and transportation costs. When the value of the asset is determined based on the monetary restatement of the acquisition cost, the historical cost method is adopted, which includes the verification of accounting records and the application of specific indexes, generally used by competent official bodies. Additionally, physical inventories were carried out to identify and assess the physical conditions of the asset.

The technique for assessing property, plant and equipment consists of determining the fair value of an asset using methodologies such as replacement costs, market value, remaining useful life and physical depreciation.

Since the tax and accounting bases in the acquisition data are similar, as provided for in Law 12.973/14, no deferred tax liabilities were recognized due to the variation between the fair and accounting values of the assets acquired and liabilities assumed.

In connection with the aforementioned spin-off process, legal challenges prior to the spin-off were retained by the seller. However, as determined in the share purchase and sale agreement, any subsequent liabilities, including tax challenges, with a triggering event prior to the date of the acquisition of SIX by the Company will be the responsibility of the seller. As of December 31, 2023 and 2022, the Company had no assets or liabilities of an indemnity nature registered.

In order for SIX to begin operating, it was necessary to fully transfer the ANP Concession Agreement previously transferred to Petrobras to SIX, which came into effect on October 1, 2022, as published in the official gazette. The aforementioned agreement grants the right to conduct research and mining of oil shale in the municipality of São Mateus do Sul, Paraná, and provides for a term of 27 years from the date of its execution. In this way, SIX becomes responsible for complying with all clauses set forth in the contract, including compliance with environmental obligations and considerations arising from the shale mining operation, as well as related industrialization processes. Due to this event, the Company recognizes a provision for the decommissioning of explored areas and other provisions for environmental expenses, in compliance with legal obligations. Additional information can be found in Note 18.

From November 4, 2022 (acquisition date) to December 31, 2022, Paraná Xisto S.A. generated net revenue of R$87,426 and incurred a loss in the period of R$32,938. Such amounts were duly included and presented in the Company's consolidated financial statements as of December 31, 2022.

2. Basis for preparation and presentation of individual and consolidated financial statements

The individual and consolidated financial statements are presented in accordance with accounting practices adopted in Brazil, which include the pronouncements issued by the Accounting Pronouncements Committee (CPC), and in compliance with the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (IASB),currently referred to by the IFRS Foundation as IFRS accounting standards.

All relevant information specific to the individual and consolidated financial statements, and only this information, is being disclosed, and corresponds to that used by Management in its management.

The individual and consolidated financial statements were prepared using historical cost as the value basis, except when otherwise indicated. The main accounting practices applied in the preparation of the individual and consolidated financial statements are presented in the respective explanatory notes.

In preparing these individual and consolidated financial statements, Management 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. Relevant estimates and judgments that require a higher level of judgment and complexity are disclosed in Note 4.

The Company's Board of Directors authorized the disclosure of these individual and consolidated financial statements on April 29, 2025.

2.1. Financial position and going concern assumption as a basis of preparation

AS of December 31, 2023, the Company reported a loss for the year of R$246,563 in the consolidated and individual financial statements, working capital deficit of R$376,549 and R$322,971 in the consolidated and individual financial statements, respectively, as well as capital deficiency of R$267,766.

AS of December 31, 2022, the Company reported a loss for the year of R$21,203 in the consolidated and individual financial statements, working capital deficit of R$57,756 and R$61,556 in the consolidated and individual financial statements, respectively, as well as capital deficiency of R$21,203.

The Forbes & Manhattan group took control over the subsidiary's operations on November 4, 2022 and has been structuring the group's operations in Brazil so that it is efficient, has strong cash generation in the coming years and maintains leverage levels appropriate to the group's business and segment of activity.

In Management's assessment, the use of the going concern assumption in the preparation of the individual and consolidated financial statements is supported by the short- and long-term cash flow forecasts of the consolidated operations and sales contracts that are currently being negotiated in a favorable scenario, making the assumptions adopted by Management feasible.

Management believes that the assumptions used to estimate the Company's finance income (costs) are prudent, but any changes in the macroeconomic scenario may have an adverse impact on the Company's ability to meet its short-term obligations. If the Company's cash generation, together with its current cash reserves, are not sufficient to finance its short-term liabilities, Management will seek early financial support from its main shareholders or other forms of capital inflow.

In conclusion, although there is material uncertainty about the Company's ability to continue as a going concern, the financial statements do not include any adjustments that may result from the inability to continue operating for at least the next 12 months from the date of the financial statements.

The individual and consolidated financial statements were prepared on the assumption of normal continuity ("going concern") of the Company's businesses.

2.2. Consolidation

As of December 31, 2023 and 2022, the Company holds a 100% equity interest in the share capital of Paraná Xisto S.A., its sole subsidiary.

The Company consolidates the financial information of the entity it controls. Control is obtained when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company loses control of the subsidiary. The assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company obtains control until the date the Company ceases to control the subsidiary.

The accounting policies of the subsidiary are aligned with the policies adopted by the Company.

In the individual financial statements of the parent company, the profit or loss for the year earned by the subsidiary is recognized using the equity method.

Intragroup balances and transactions, and any unrealized income or expenses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements.

A change in the equity interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Company loses control of a subsidiary, it derecognizes the related assets (including intangibles identified and measured using the acquisition method), liabilities, noncontrolling interest and other components of equity, while any resulting gain or loss is recognized in the income statement.

Functional currency

The Company's functional currency is the real, which is the currency of its main economic operating environment.

3. Material accounting policy information

For better understanding the basis of recognition and measurement applied in the preparation of the financial statements, the accounting practices are presented in the respective explanatory notes.

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) Initial recognition and measurement

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

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

b) Classification and subsequent measurement

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

Amortized cost: a financial asset (debt financial instrument) whose contractual cash flow results only from the payment of principal and interest on the principal on specific dates and whose business model aims to hold the asset in order to receive its contractual cash flows; Fair value through other comprehensive income: financial asset (debt financial instrument) whose contractual cash flow results only from the receipt of principal and interest on principal on specific dates and whose business model aims at both the receipt of contractual cash flows from the asset and its sale, as well as investments in equity instruments not held for trading or contingent consideration, which upon initial recognition, the Company irrevocably elected to present subsequent changes in the 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) Initial recognition and 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, on initial recognition, financial liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance of such liabilities.

b) Classification and subsequent measurement

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

Financing is 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 accounting balances will reflect the present value of their cash flows under the new terms, using the original effective interest rate. The difference between the accounting balance of the instrument remeasured upon the non-substantial modification of its terms and its accounting balance immediately prior to such modification is recognized as a gain or loss in profit or loss for the period.

There was no substantial modification that has altered the Company’s cash flow from financial liabilities measured at amortized cost, therefore, they reflect the present value of their cash flows.

3.2 Current versus noncurrent classification

Assets and liabilities are presented by the Company in the statement of financial position and classified as current and noncurrent.
An asset is classified as current when:
• It is expected to be realized, or is intended to be sold or consumed, in the normal course of the entity's operating cycle;
• It is held primarily for the purpose of being traded;
• It is expected to be realized within 12 months after the statement of financial position date; and
• It is cash or cash equivalents, unless their exchange or use to settle a liability is prohibited for at least 12 months after the statement of financial position date.

All other assets are classified as noncurrent.

A liability is classified as noncurrent when:
• It is expected to be settled during the entity's normal operating cycle;
• It is held primarily for the purpose of being traded;
• It is expected to be settled within 12 months after the statement of financial position date; or
• The entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

All other liabilities are classified as noncurrent.

3.3 Determination of fair value

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. The fair value measurement is based on the assumption 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 or most advantageous market must be accessible to the Company.

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

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its best possible use or by selling it to another market participant that would use the asset in its best possible use.

The Company uses valuation techniques that are appropriate in the circumstances and for which there is sufficient data 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 of information that is significant to the measurement of fair value 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 of information that is significant to the measurement of fair value is directly or indirectly observable.

• Level 3 - Valuation techniques for which the lowest level of information significant to measuring fair value is not observable.

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 by reassessing the categorization (based on the lowest-level information that is significant for measuring fair value as a whole) at the end of each reporting period.

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

3.4 Business combination

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured based on the total consideration (transferred and to be transferred), which in turn is measured as the fair value at the transaction date, considering any noncontrolling interest. For each business combination, the Company evaluates whether to measure the noncontrolling interest at fair value or based on a proportion of the equity interest considering the fair value of the assets acquired and liabilities assumed. The costs incurred with the transactions are recorded in the income statement under general and administrative expenses.

When the Company acquires a business, the assets acquired and liabilities assumed are evaluated in order to assess their correct classification and designation based on the contractual terms and economic conditions preceding the acquisition date.

4. Relevant estimates and judgements

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

The following information is provided on 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. Identifying and measuring the fair value of assets acquired and liabilities assumed in a business combination

Business combinations are accounted for using the acquisition method. This method requires the recognition and measurement of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree. The Company, as acquirer, must classify or designate the identifiable assets acquired and liabilities assumed based on its own contractual terms, economic conditions, operating and accounting policies and other relevant conditions at the acquisition date. Such assessment requires the Company to make judgments about the methods used to determine the fair value of the assets acquired and liabilities assumed, including valuation techniques that may require inputs of prospective financial information.

4.2. Assumptions for asset impairment tests

The carrying amounts of the Company's non-financial assets other than inventories and deferred income and social contribution taxes are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication occurs, then the recoverable amount of the asset is determined.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use (VIU) and its fair value less selling expenses (FVLSE). Given the nature of the Company's activities, information on the fair value of an asset is generally difficult to obtain unless negotiations with potential buyers or similar transactions are available.

Projections related to key assumptions are derived from the business and management plan for the first five years and are consistent with the strategic plan for subsequent years. Such projections are based on estimated quantities of recoverable minerals, production levels, operating costs, capital requirements and market information, such as independent macroeconomic forecasts, industry and expert analyses.

The Company's price forecasting model is based on a non-linear relationship between variables that aim to represent the fundamentals of market supply and demand.

Changes in the economic environment may generate changes in assumptions and, consequently, the recognition of impairment losses in certain assets or CGUs.

Changes in the economic and political environment may also result in higher country risk projections, leading to an increase in the discount rates used in impairment tests.

The recoverable amount of certain assets may not substantially exceed their carrying amounts and, for this reason, it is reasonably possible that impairment losses will be recognized in these assets in the coming years due to the observation of a different reality in relation to the assumptions made.

No indicators of impairment were identified on December 31, 2023 and 2022.

4.3. Estimates related to legal proceedings and contingencies

These estimates are made individually or by grouping cases with similar arguments and essentially take into account factors such as the analysis of the requests made by the plaintiffs, the robustness of the existing evidence, case law precedents in similar cases and doctrine on the subject.

Arbitration, legal and administrative decisions in lawsuits against the Company, new case law and changes in the set of existing evidence may result in changes in the probability of an outflow of resources and their measurements through analysis of their grounds.

In connection with the divestment process to which the Company was subject, legal discussions prior to the spin-off remained under the responsibility of the former controlling shareholder. Additionally, in accordance with the Share Purchase and Sale Agreement and Other Covenants, any questions arising from events in which the triggering event occurred before (and including) the Closing Date will be the responsibility of the former controlling shareholder.

4.4. Cost estimates for environmental areas recovery obligations

Estimates of costs for environmental recovery obligations for mines are made based on current information on expected costs and 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 recovery obligation, based on current legal standards and available technology. Annually, at the end of the financial year, future recovery costs are reviewed and all changes are reflected in the present value of the recovery provision.

Further information on decommissioning areas is presented in Note 18.

4.5. Deferred taxes on profits

The Company makes judgments to determine the recognition and value of deferred taxes in the financial statements. Deferred tax assets are recognized if it is probable that future taxable income will exist. Determining the recognition of deferred tax assets requires the use of estimates contained in the Company's Strategic Plan, to be approved annually. This plan contains the main assumptions that support the measurement of future taxable income.

The changes in deferred income and social contribution taxes are presented in Note 19.1.

4.6. Expected credit losses

The provision for expected credit losses (ECL) for financial assets is based on default risk assumptions, determination of whether or not a significant increase in credit risk has occurred, recovery factor, among others. To this end, the company uses judgments in these assumptions, in addition to information on payment delays and assessments of the financial instrument based on external risk classifications and internal assessment methodologies.

(In thousands of reais, unless otherwise stated)

4.7. Leases

The Company uses the incremental interest rate to discount cash flows from lease payments, considering the rate that the Company would have to pay if financing, for a similar term and with similar collateral, the resources necessary to obtain the asset with a value similar to the right-of-use asset in a similar economic environment.

5. New standards and interpretations

5.1. International Accounting Standards Board (IASB)

Below are the main accounting regulations under analysis by the CPC, which came into force on January 1, 2022:

Standard	Description	Effective date
Amendments to CPC 37 (R1), CPC 48, CPC 29, CPC 27, CPC 25 and CPC 15 (R1)	The amendments to the above pronouncements are due to the annual changes related to the 2018-2020 improvement cycle, such as: • Onerous Contract – contract fulfillment costs; • Property, plant and equipment – sales before intended use; and • References to the Conceptual Framework.	These amendments did not have a significant impact on the Company's financial statements.
IFRS 9 Financial Instruments - Fees included in the '10 per cent' test for derecognition of financial liabilities (equivalent to CPC 48 - Financial Instruments)	The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the creditor, including fees paid or received by either the borrower or the creditor on behalf of the other.	These amendments did not have a significant impact on the Company's financial statements.

The main accounting standards issued by IASB/CPC that are not yet in effect and were not early adopted by the Company until December 31, 2023 are as follows:

(In thousands of reais, unless otherwise stated)

Standard	Description	Effective date
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16/ Review of Technical Pronouncements No. 23	*Adds requirements specifying that the seller-lessee must subsequently measure the lease liability arising from the transfer of an asset - which meets the requirements of IFRS 15 to be accounted for as a sale - and sale and leaseback so that no gain or loss is recognized relating to the right of use retained in the transaction.*	January 1, 2024, retrospective application.
Classification of Liabilities as Current or Noncurrent / Noncurrent Liabilities with Covenants- Amendments to IAS 1	*The amendments provide that a liability should be classified as current when the entity does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. Among other guidance, the amendments provide that the classification of a liability is not affected by the likelihood of exercising the right to defer settlement of the liability. In addition, under the amendments, only covenants whose compliance is mandatory before, or at, the end of the reporting period should affect the classification of a liability as current or noncurrent. Additional disclosures are also required by the amendments, including information about noncurrent liabilities with restrictive covenants and covenants whose compliance is mandatory within 12 months after the reporting date.*	January 1, 2024, retrospective application.
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 / Review of Technical Pronouncements No. 24	*The amendments establish the characteristics of financing agreements involving suppliers and that certain information related to such agreements must be disclosed in order to enable the assessment of their effects on liabilities, cash flows and exposure to liquidity risk.*	January 1, 2024 with specific transition rules.
Lack of Exchangeability - Amendments to IAS 21	*The amendments provide that when a currency is not exchangeable for another at the measurement date, the spot exchange rate should be estimated. In addition, the amendments provide guidance on how to assess the interchangeability between currencies and how to determine the spot exchange rate when there is no interchangeability. When the spot exchange rate is estimated because a currency is not exchangeable for another currency, information should be disclosed to understand how the non-exchangeable currency affects, or is expected to affect, the income statement, the statement of financial position and the statement of cash flows.*	January 1, 2025 with specific transition rules

(In thousands of reais, unless otherwise stated)

6. Restatement for error correction

In order to meet the requirements of CPC 15 (R1)/IFRS 3 – Business Combinations, the board of directors re-engaged its external consultants to reperform the appraisal report of the assets acquired and liabilities assumed under the conditions existing on the acquisition date. Based on the reperformed appraisal report and the identification of certain errors resulting from deviations from accounting practices adopted in Brazil and international accounting standards, the board of directors corrected such errors and restated the financial statements originally issued, for the years ended December 31, 2023 and 2022

The corresponding amounts are being restated in the individual and consolidated financial statements as follows:

6.1 Restatement – Individual

For the year ended December 31, 2022:

Statement of financial position

	Note	2022 Previously stated	Adjustments	2022 Restated
Assets				
Current assets				
Cash and cash equivalents		6,922	-	6,922
Income and social contribution taxes	K	115	(115)	-
Other assets	K	1,498	116	1,614
		8,535	1	8,536
Noncurrent assets				
Related parties		28,190	-	28,190
Investments	p	229,802	48,952	278,754
		257,992	48,952	306,944
		266,527	48,953	315,480

(In thousands of reais, unless otherwise stated)

Liabilities and equity	Note	2022 Previously stated	Adjustments	2022 Restated
Current liabilities				
Taxes and contributions		1,269	-	1,269
Loans and Financing		65,214	-	65,214
Related parties	K	40,317	(40,317)	-
Contingent consideration for the acquisition of subsidiary	r	-	3,609	3,609
		106,800	36,708	70,092
Noncurrent liabilities				
Loans and Financing		151,296	-	151,296
Contingent consideration for the acquisition of subsidiary	r	-	58,515	58,515
Related parties	k	16,463	40,317	56,780
		167,759	98,832	266,591
Equity				
Subscribed capital		1	-	1
Unpaid capital		(1)	-	(1)
Accumulated losses	j	(8,031)	(13,172)	(21,203)
		(8,032)	(13,172)	(21,203)
		266,527	48,953	315,480

Statement of profit or loss

	Note	2022 Previously stated	Adjustments	2022 Restated
Revenue		-	-	-
Cost of goods sold		-	-	-
Gross profit		-	-	-
Operating expenses by nature				
Selling		-	-	-
General and administrative	b	(13,551)	2,296	(11,255)
Tax-related expenses	k	(36)	36	-
Equity method	p	17,702	(15,467)	2,235
		4,115	(13,135)	(9,020)
Profit (loss) before finance income (costs) and taxes		4,115	(13,135)	(9,020)
Net finance income (costs)		(12,146)	(37)	(12,183)
Finance costs		(18,614)	-	(18,614)
Finance income		6,468	(37)	6,431
Losses before taxes	j	(8,031)	(13,172)	(21,203)
Income and social contribution taxes		-	-	-
Income (Loss) for the year	j	(8,031)	(13,172)	(21,203)

Statement of Comprehensive Income (Loss)

	Note	2022 Previously stated	Adjustments	2022 Restated
Loss for the year	j	(8,031)	(13,172)	(21,203)
Other comprehensive income (loss)		-	-	-
Total comprehensive income (loss)	j	(8,031)	(13,172)	(21,203)

(In thousands of reais, unless otherwise stated)

Statement of cash flows

	Note	2022 Originally stated	Adjustments	2022 Restated
Cash flows from operating activities				
Loss for the year	J	(8,031)	(13,172)	(21,203)
Adjustments to loss for the year				
Equity pickup	P	(17,702)	12,271	(5,431)
Depreciation and amortization	b/k	2,296	900	3,196
Finance income (costs)		2,396	352	2,748
		(21,042)	352	(20,690)
(Increase) decrease in operating assets and liabilities:				
Taxes recoverable	K	(115)	115	-
Other receivables	K	(1,498)	(116)	(1,614)
Tax obligations		1,269	-	1,269
		(344)	(1)	(345)
Net cash (used in) from operating activities		(21,386)	351	21,035
Cash flows from investing activities				
Acquisition of subsidiary	R	(214,396)	340	(214,056)
Intercompany loans granted		-	(28,482)	(28,482)
Net cash used in investing activities		(214,396)	(28,142)	(242,538)
Cash flows from financing activities				
Loans raised		265,197	-	265,197
Intercompany loans		56,763	(352)	56,411
Repayment of financing– principal		(44,905)	-	(44,905)
Repayment of financing– interest		(5,869)	-	(5,869)
Intercompany loans receivable		(28,482)	28,482	-
Net cash from (used in) financing activities		242,704	28,130	270,834
Increase (decrease) in cash and cash equivalents		6,922	-	6,922
Cash and cash equivalents at beginning of year		-	-	-
Cash and cash equivalents at end of year		6,922	-	6,922
Increase (decrease) in cash and cash equivalents		6,922	-	6,922

(In thousands of reais, unless otherwise stated)

For the year ended December 31, 2023:

Statement of financial position

Assets	Note	2023 Originally stated	Adjustments	2023 Restated
Current assets				
Cash and cash equivalents		2,244	-	2,244
Intercompany loan transactions	K	-	1,006	1,006
Income and social contribution taxes	K	185	(185)	-
Other assets	K	907	183	1,090
		3,336	1,004	4,340
Noncurrent assets				
Deferred tax assets	q	-	24,900	24,900
Intercompany loan transactions	K	1,496	(1,006)	490
Investments	P	221,345	(11,025)	210,320
		222,841	12,869	235,710
Total		226,177	13,873	240,050

Liabilities and equity	Note	2023 Originally stated	Adjustments	2023 Restated
Current liabilities				
Trade accounts payable	r	14,475	(14,257)	218
Taxes and contributions		173	-	173
Loans and Financing		229,267	83,612	312,879
Contingent consideration for the acquisition of subsidiary		-	14,041	14,041
	r	243,915	83,396	327,311
Noncurrent liabilities				
Related parties		111,756	1,312	113,068
Contingent consideration for the acquisition of subsidiary		-	67,437	67,437
		111,756	68,749	180,505
Equity				
Subscribed capital		1	-	1
Unpaid capital		(1)	-	(1)
Accumulated losses	j	(129,495)	(138,271)	(267,766)
		(129,495)	(138,271)	(267,766)
Total	j	226,177	13,873	240,050

(In thousands of reais, unless otherwise stated)

Statement of profit or loss

	Note	2023 Originally stated	Adjustments	2023 Restated
Revenue		-	-	-
Cost of goods sold		-	-	-
Gross profit		-	-	-
Operating expenses by nature				
Selling		-	-	-
General and administrative	d	(11,446)	6,122	(5,324)
Tax-related expenses		(45)	45	-
Equity method	a	(55,402)	(71,410)	(126,812)
Other operating expenses, net	c	(14,256)	(6,411)	(20,667)
		(81,149)	(71,654)	(152,803)
Profit (loss) before finance income (costs) and taxes		(81,149)	(71,654)	(152,803)
Net finance income (costs)		(35,003)	(83,657)	(118,660)
Finance costs		(84,385)	(85,928)	(170,313)
Finance income		49,382	2,271	51,653
Losses before taxes	j	(116,152)	(155,311)	(271,463)
Income and social contribution taxes		-	24,900	24,900
Loss for the year	j	(116,152)	(130,411)	(246,563)

(In thousands of reais, unless otherwise stated)

Statement of Comprehensive Income (Loss)

	Note	2023 Originally stated	Adjustments	2023 Restated
Loss for the year	j	(116,152)	(130,411)	(246,563)
Other comprehensive income (loss)		-	-	-
Total comprehensive income (loss)	j	(116,152)	(130,411)	(246,563)

Statement of cash flows

	Note	2023 Originally stated	Adjustments	2023 Restated
Cash flows from operating activities				
Loss for the year	j	(116,152)	(130,411)	(246,563)
Adjustments to loss for the year				
Equity pickup	p	55,402	38,923	94,325
Contingent consideration for the acquisition of subsidiary		-	20,667	20,667
Depreciation and amortization	c	6,123	26,364	32,487
Finance income (costs)		31,857	82,837	114,694
Deferred income and social contribution taxes		-	(24,900)	(24,900)
		(22,770)	13,480	(9,290)
(Increase) decrease in operating assets and liabilities:				
Taxes recoverable	K	(70)	70	-
Other receivables	K	591	(67)	524
Trade and other accounts payable	r	14,474	(14,256)	218
Tax obligations		(1,096)	-	(1,096)
		13,899	(14,253)	(354)
Net cash (used in) from operating activities		(8,871)	(773)	(9,644)
Cash flows from investing activities				
Intercompany loans granted		-	(20,167)	(20,167)
Intercompany loan proceeds		-	45,127	45,127
Payment of contingent consideration for the acquisition of subsidiary		-	(1,313)	(1,313)
Net cash used in investing activities		-	23,647	23,647
Cash flows from financing activities				
Loans raised		70,318	(4)	70,314
Capital increase in subsidiary		(58,378)	-	(58,378)
Intercompany loans		91,650	(37,217)	54,433
Repayment of financing and intercompany loans – principal		(85,354)	39,143	(46,211)
Intercompany loans		24,960	(24,690)	-
Repayment of financing and intercompany loans - interest		(39,002)	163	(38,839)
Net cash from (used in) financing activities		4,194	(22,875)	(18,681)
Increase (decrease) in cash and cash equivalents		(4,678)	-	(4,678)
Cash and cash equivalents at beginning of year		6,922	-	6,922
Cash and cash equivalents at end of year		2,244	-	2,244
Increase (decrease) in cash and cash equivalents		(4,678)	-	(4,678)

(In thousands of reais, unless otherwise stated)

6.2 Restatement – Consolidated

For the year ended December 31, 2022:

Statement of financial position

	Note	2022 Originally stated	Adjustments	2022 Restated
Assets				
Current assets				
Cash and cash equivalents		31,558	-	31,558
Accounts receivable, net		20,924	-	20,924
Inventories	a	37,083	443	37,526
Leases		377	-	377
Income and social contribution taxes	h	120	(120)	-
Taxes and contributions	k	3,823	5	3,828
Other assets	K	1,560	118	1,678
		95,445	446	95,891
Noncurrent assets				
Restricted deposits		31,877	-	31,877
Deferred income and social contribution taxes	h	37,678	9,244	46,922
Taxes and contributions	a/i	6,779	(3,303)	3,476
Related parties		28,190	-	28,190
Leases		2,322	-	2,322
Advance to third parties		539	-	539
Property, plant and equipment	r	169,237	32,174	201,411
Intangible assets	r	33,743	10,728	44,471
		310,365	48,843	359,208
	j	405,810	49,289	455,099

(In thousands of reais, unless otherwise stated)

	Note	2022 Originally stated	Adjustments	2022 Restated
Liabilities and equity				
Current liabilities				
Trade accounts payable	r	46,172	(891)	47,063
Leases		3,041	-	3,041
Income and social contribution taxes	h	10,905	335	11,240
Taxes and contributions		11,009	-	11,009
Salaries, vacation and charges		1,045	-	1,045
Loans and Financing		65,214	-	65,214
Contingent consideration for acquisition of subsidiary		-	3,609	3,609
Provision for decommissioning of areas and environmental expenses		-	10,145	10,145
Other liabilities	h	2,171	890	1,281
		139,557	14,090	153,647
Noncurrent liabilities				
Leases		2,178	-	2,178
Contingent consideration for acquisition of subsidiary		-	58,515	58,515
Provision for decommissioning of areas and environmental expenses		104,348	(10,145)	94,203
Loans and Financing		151,296	-	151,296
Intercompany loan transactions		16,463	-	16,463
		274,285	48,370	322,655
Equity				
Subscribed capital		1	-	1
Unpaid capital		(1)	-	(1)
Accumulated loss	j	(8,032)	(13,171)	(21,203)
		(8,032)	(13,171)	(21,203)
		405,810	49,289	455,099

(In thousands of reais, unless otherwise stated)

Statement of profit or loss

	Note	2022 Originally stated	Adjustments	2022 Restated
Revenue	g	87,485	(59)	87,426
Cost of goods sold	b/k	(52,997)	(26,405)	(79,402)
Gross profit		34,488	(26,464)	8,024
Operating expenses by nature				
Selling expenses	b/k	(2,800)	1,900	(900)
General and administrative expenses	a/i	(20,124)	2,296	(17,828)
Tax-related expenses	g	(165)	165	-
Other operating expenses, net	g	75	59	134
		(23,014)	4,420	(18,594)
Income (loss) before finance income (costs) and taxes		11,474	(22,044)	(10,570)
Net finance income (costs)		(10,175)	(36)	(10,211)
Finance costs		(18,713)	1	(18,712)
Finance income		8,538	(37)	8,501
Income (Loss) before taxes		1,299	(22,080)	(20,781)
Income and social contribution taxes	H	(9,331)	8,909	(422)
Income (Loss) for the year	j	(8,032)	(13,171)	(21,203)

Statement of Comprehensive Income (Loss)

	Note	2022 Originally stated	Adjustments	2022 Restated
Loss for the year	j	(8,032)	(13,171)	(21,203)
Other comprehensive income (loss)		-	-	-
Total comprehensive income (loss)	j	(8,032)	(13,171)	(21,203)

(In thousands of reais, unless otherwise stated)

Statement of cash flows

	Note	2022 Originally stated	Adjustments	2022 Restated
Cash flows from operating activities				
Loss for the year	J	(8,031)	(13,172)	(21,203)
Adjustments to loss for the year				
Provision for decommissioning of areas		1,421	-	1,421
Depreciation and amortization	B	7,363	19,223	26,586
Interest and foreign exchange differences on Loans	K	2,486	352	2,838
Deferred income and social contribution taxes	h	8,547	(9,244)	(697)
		11,786	(2,841)	8,945
(Increase) decrease in operating assets				
Trade accounts receivable		11,519	-	11,519
Inventories	F	(3,642)	(443)	(4,085)
Taxes recoverable	i	(7,344)	(686)	(8,030)
Restricted deposits		(694)	-	(694)
Other receivables	K	(4,401)	(457)	(4,858)
		(4,562)	(1,586)	(6,148)
Increase (decrease) in operating assets				
Trade and other accounts payable	r	28,534	890	29,424
Labor and social obligations		1,045	-	1,045
Tax obligations	I	7,230	4,440	11,670
Other obligations	k	583	(890)	(307)
		37,392	4,440	41,832
Net cash (used in) from operating activities		44,616	13	44,629
Cash flows from investing activities				
Acquisition of PP&E and intangible assets	h	(657)	(1)	(658)
Acquisition of subsidiary	r	(214,396)	340	(214,056)
Intercompany loans granted		-	(28,482)	(28,482)
Net cash used in investing activities		(215,053)	(28,143)	(243,196)
Cash flows from financing activities				
Loans raised		265,197	-	265,197
Intercompany loans		16,463	(352)	16,111
Repayment of financing and intercompany loans – principal		(44,905)	-	(44,905)
Repayment of financing – interest		(5,869)	-	(5,869)
Lease amortization		(409)	-	(409)
Intercompany loans received		(28,482)	28,482	-
Net cash from (used in) financing activities		201,995	28,130	230,125
Increase (decrease) in cash and cash equivalents		31,558	-	31,558
Cash and cash equivalents at beginning of year		-	-	-
Cash and cash equivalents at end of year		31,558	-	31,558
Increase (decrease) in cash and cash equivalents		31,558	-	31,558

For the year ended December 31, 2023:

(In thousands of reais, unless otherwise stated)

Statement of financial position

	Note	2023 Originally stated	Adjustments	2023 Restated
Assets				
Current assets				
Cash and cash equivalents		19,793	-	19,793
Accounts receivable, net		17,450	-	17,450
Related parties	K	72	1,005	1,077
Inventories	d/e	53,092	(1,813)	51,279
Leases		350	-	350
Income and social contribution taxes	H	4,449	(520)	3,929
Taxes and contributions		2,610	-	2,610
Prepaid expenses		-	2,003	2,003
Other assets	k	3,904	184	4,088
		101,720	859	102,579
Noncurrent assets				
Restricted deposits		19,596	-	19,596
Deferred tax assets	h/q	31,058	58,576	89,634
Taxes and contributions		10,706	-	10,706
Related parties	K	1,496	(1,006)	490
Leases		2,291	-	2,291
Property, plant and equipment	b/r	200,931	(35,415)	165,516
Intangible assets	b/r	52,316	3,352	55,668
		318,394	25,507	343,901
Total		420,114	26,366	446,840

(In thousands of reais, unless otherwise stated)

Liabilities and equity	Note	2023 Originally stated	Adjustments	2023 Restated
Current liabilities				
Trade accounts payable	R	53,614	(17,575)	36,039
Client advances		39,028	-	39,028
Lease liability		3,535	-	3,535
Income and social contribution taxes	H	-	3,106	3,106
Taxes and contributions	I	41,522	413	41,935
Labor and social obligations	K	5,777	2,387	8,164
Loans and financing	K	229,268	83,611	312,879
Other liabilities	K	6,527	(382)	6,145
Contingent consideration for the acquisition of subsidiary		-	14,041	14,041
Provision for decommissioning of areas		-	14,256	14,256
		379,271	99,857	479,128
Noncurrent liabilities				
Lease liabilities		1,121	-	1,121
Contingent consideration for the acquisition of subsidiary		-	67,437	67,437
Provision for decommissioning of areas		85,214	(9,671)	75,543
Income and social contribution taxes	O	-	10,042	10,042
Taxes and contributions	I	30,510	(9,446)	21,064
Related parties		53,325	-	53,325
Provision for contingencies	F	-	6,418	6,418
Other liabilities		168	-	168
		170,338	64,780	235,118
Equity				
Subscribed capital		1	-	1
Unpaid capital		(1)	-	(1)
Accumulated loss	J	(129,495)	(138,271)	(267,766)
		(129,495)	(138,271)	(267,766)
Total	j	420,114	26,366	446,480

(In thousands of reais, unless otherwise stated)

Statement of profit or loss

	Note	2023 Originally stated	Adjustments	2023 Restated
Revenue	G	422,952	(1,935)	421,017
Cost of goods sold	a/b/d/e/k	(379,817)	(99,790)	(479,607)
Gross profit		43,135	(101,725)	(58,590)
Operating expenses by nature				
Selling expenses	K	(22,629)	17,099	(5,530)
General and administrative expenses	B	(59,070)	158	(58,912)
Tax-related expenses	K	(1,433)	1,433	-
Other expenses, net	B	(15,303)	(6,074)	(21,377)
		(98,435)	12,616	(85,819)
Profit (loss) before finance income (costs) and taxes		(55,300)	(89,109)	(144,409)
Net finance income (costs)		(54,232)	(90,636)	(144,868)
Finance costs	g/o	(110,000)	(3,878)	(203,878)
Finance income	G	55,768	3,244	59,012
Losses before taxes		(109,532)	(179,743)	(289,275)
Income and social contribution taxes	H	(6,620)	49,332	42,712
Loss for the year		(116,152)	(130,411)	(246,563)

Statement of Comprehensive Income (loss)

		2023 Originally stated	Adjustments	2023 Restated
Loss for the year	J	(116,152)	(130,411)	(246,563)
Other comprehensive income (loss)		-	-	-
Total comprehensive income (loss)		(116,152)	(130,411)	(246,563)

(In thousands of reais, unless otherwise stated)

Statement of cash flows

	Note	2023 Originally stated	Adjustments	2023 Restated
Cash flows from operating activities				
Loss for the year	J	(116,152)	(130,411)	(246,563)
Adjustments to loss for the year				
Provision for decommissioning of areas		(19,134)	140	(18,994)
Contingent consideration for the acquisition of subsidiary	S	-	20,667	20,667
Provision for obsolescence and net realizable value	E	1,861	1,977	3,838
Provision for contingencies	F	-	4,034	4,034
Depreciation and amortization	a/b	49,534	58,012	107,546
Finance income (costs)		32,327	114,453	146,780
Deferred income and social contribution taxes	H	6,620	(45,804)	(39,184)
Write-off of assets	n/l	-	15,064	15,064
		(44,944)	34,634	(10,310)
(Increase) decrease in operating assets and liabilities:				
Trade accounts receivable		3,474	86	3,560
Inventories	d/e	(17,427)	(164)	(17,591)
Taxes recoverable	I	(6,017)	4,105	(1,912)
Restricted deposits		12,281	-	12,281
Lease assets		58	(58)	-
Other receivables	K	(1,804)	(1,221)	(3,025)
Prepaid expenses		-	(2,003)	(2,003)
Trade and other accounts payable	R	7,442	(19,536)	(12,094)
Provision for decommissioning of areas		-	(10,145)	(10,145)
Labor and social obligations	K	4,732	2,387	7,119
Tax obligations	K	54,926	(11,708)	43,218
Other obligations	K	43,551	127	43,678
		101,216	(38,130)	63,086
Paid income and social contribution taxes	K	(7,973)	(1,094)	(9,067)
Net cash (used in) from operating activities		48,299	(4,590)	43,709
Cash flows from investing activities				
Acquisition of PP&E and intangible assets		(100,057)	4,341	(95,716)
Intercompany loans granted		-	(20,167)	(20,167)
Related-party loans receivable		-	45,056	45,056
Lease receivables		-	399	399
Payment of contingent consideration for acquisition of subsidiary		-	(1,313)	(1,313)
Net cash used in investing activities		(100,057)	28,316	(71,741)
Cash flows from financing activities				
Loans raised		70,314	-	70,314
Intercompany loans		33,219	(1)	33,218
Repayment of financing – principal		(45,054)	-	(45,054)
Lease amortization		(2,759)	-	(2,759)
Related-party loans receivable		24,888	(24,888)	-
Repayment of financing – interest		(40,615)	1,163	(39,452)
Net cash from (used in) financing activities		39,993	(23,726)	16,267
Increase (decrease) in cash and cash equivalents		(11,765)	-	(11,765)
Cash and cash equivalents at beginning of year		31,558	-	31,558
Cash and cash equivalents at end of year		19,793	-	19,793
Increase (decrease) in cash and cash equivalents		(11,765)	-	(11,765)

(In thousands of reais, unless otherwise stated)

a) Adjustments to depreciation of property, plant and equipment related to capitalized costs arising from the scheduled plant maintenance shutdown and their respective tax effects (federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS));
b) Reassessment of the useful life of property, plant and equipment acquired, with effects on PX and Forbes Brazil, impacting depreciation in 2023 and 2022;
c) Inventory adjustments resulting from the indirect effects of depreciation of property, plant and equipment and their tax effects;
d) Adjustment of inventories held by third parties based on confirmation procedures performed by the audit team;
e) Adjustment due to the recognition of a provision for inventory obsolescence losses;
f) Recognition of a provision for contingencies arising from the failure to pay State VAT (ICMS) on sales made by the Company from the Terin (third-party warehouse). In the statement of profit or loss, the principal amount recognized as a provision for contingencies was presented as Other operating income (expenses), net, and the amount corresponding to fines and interest was presented as finance costs;
g) Reclassification of conditional discounts granted under sales contracts to revenue deductions as required by CPC 47. Previously, such discounts had been presented as finance costs;
h) Tax effects on direct taxes – current and deferred – arising from the aforementioned adjustments. These adjustments were tested by EY tax team;
i) Tax effects on indirect taxes arising from the aforementioned adjustments. These adjustments were tested by EY VAT team;
j) Effects on the income for the year arising from the aforementioned adjustments, which impacted net income and equity;
k) Reclassifications for improved presentation of originally reported balances;
l) Write-off of costs incurred and capitalized related to SAP implementation that do not meet the requirements of CPC 04 / IAS 38 – Intangible assets;
m) Write-off of overstated liabilities related to contractual withholdings;
n) Write-off of the residual value of property, plant and equipment due to the start of the 2023 maintenance shutdown;
o) Recognition of interest on ICMS installment payments previously unrecognized;
p) Restatement effects on investees that impacted equity pickup and the investment;
q) Recognition of compensatory interest on debentures.
r) Recognition of earn-out liability / fair value adjustment of property, plant and equipment and intangible assets arising from the revised business combination valuation report.
s) Measurement of the fair value of the contingent consideration.

7. Cash and cash equivalents

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Cash and Banks	1,015	434	-	69
Financial investments	18,778	31,124	2,244	6,853
Total	19,793	31,558	2,244	6,922

The cash and cash equivalents balance as of December 31, 2023 and 2022 includes cash on hand, available bank deposits, and highly liquid short-term investments that meet the definition of cash and cash equivalents as established by accounting practice.

The Company investes in BB Renda Fixa Longo Prazo Corporate Bancos, an investment fund that invests in investment fund shares, managed and administered by BB Gestão de Recursos DTVM S.A., in the amount of R$16,534 as of December 31, 2023 (R$24,271 as of December 31, 2022) on a consolidated basis. These funds are used to meet daily cash obligations. During the fiscal year 2023, this investment yielded a return of 13.23% per year (12.85% per year in 2022).

Accounting Practice

Cash and cash equivalents represent cash on hand, available bank deposits, and highly liquid short-term investments that are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

(In thousands of reais, unless otherwise stated)

8. Restricted deposits

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Restricted deposits	19,596	31,877	-	-
Total	19,596	31,877	-	-

Paraná Xisto S.A., a subsidiary of the Company, maintains deposits in financial institutions to comply with the requirements of ANP Resolution No. 854/2021. These investments characterize as restricted cash and are only moved annually, based on ANP's review of the subsidiary's environmental liability and determination of the amount to be maintained as a tied-up deposit.

To meet the requirements of ANP Resolution 854/2021, the Company obtained a surety bond from Banco Safra in the amount of R$35,648. Accordingly, as of December 31, 2023, management maintained a deposit as collateral for the bond in the amount of R$19,596. As of December 31, 2022, the Company recorded a restricted deposit with a financial institution in the same amount. In 2023 and 2022, the monthly return on these deposits was 100% of the CDI.

Accounting Practice

Restricted deposits represent a guarantee provided by the Company to ANP with the purpose of securing financial resources for the decommissioning of production facilities in oil fields and for environmental remediation, in accordance with current environmental legislation and ANP requirements.

9. Accounts receivable, net

	Consolidated	
	2023 Restated	2022 Restated
Accounts receivable	17,450	20,924
Total	17,450	20,924

As of December 31, 2023 and 2022, the Company and its subsidiary have no trade receivables pledged as collateral. The maturity schedule of trade receivables is presented below:

	Consolidated	
	2023 Restated	2022 Restated
Amounts not yet due	14,758	18,828
Past due		
Up to three months	2,692	2,096
Total	17,450	20,924

The Company and its subsidiary have no history of losses on trade receivables and, therefore, as of December 31, 2023 and 2022, no allowance for expected credit losses on trade receivables was recognized.

Accounting Practice

Accounts receivables are initially recognized at the fair value of the consideration to be received, which is unconditional from a customer (i.e., only the passage of time is required for the payment of the consideration to become due), and subsequently measured at amortized cost.

The Company recognizes an allowance for expected credit losses (ECL) for current accounts receivable using a provision matrix.

The Company bases this calculation on unadjusted historical credit loss experience when such information represents the best reasonable and supportable information, or adjusted based on currently observable data to reflect the effects of current and future conditions, provided such data is available without undue cost or effort.

In general, for other receivables, the Company recognizes an allowance equal to the 12-month ECL; however, when the credit risk of the financial instrument increases significantly from its initial recognition, the allowance is recognized at an amount equal to the lifetime ECL.

When assessing a significant increase in credit risk, the Company compares the risk of default on the financial instrument at the reporting date with the risk of default on the financial instrument at its initial recognition date.

Regardless of the assessment of a significant increase in credit risk, the Company presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except when reasonable and supportable information available demonstrates otherwise.

The Company assumes that the credit risk of accounts receivables has not increased significantly since initial recognition when they are considered to have low credit risk at the reporting date. Low credit risk is determined based on external credit ratings and internal assessment methodologies.

In the absence of a dispute or other issues that may result in suspension of collection, the Company considers default to have occurred when the counterparty fails to fulfill its legal obligation to pay its debts when due or, depending on the instrument, when the contractually due payment is delayed by 90 (ninety) days or more.

ECL is the weighted average between historical credit losses and respective default risks, as applicable to the weightings. Credit loss on a financial asset is measured as the difference between all contractual cash flows due to the Company and all cash flows the Company expects to receive, discounted at the original effective interest rate.

(In thousands of reais, unless otherwise stated)

10. Related parties

10.1 Related-party loan receivable transactions

Consolidated

As of December 31, 2023 and 2022, the breakdown of loan receivables on a consolidated basis is as follows:

					Consolidated
	Maturity	Currency	Rate p.a.	12/31/2023	12/31/2022
Samas Klub	12/19/2024	BRL	11.75%	72	-
Forbes & Manhattan Resources Inc	11/29/2024	USD	7.38%	602	17,724
Forbes & Manhattan Resources Inc	12/16/2024	USD	7.39%	403	10,466
Forbes & Manhattan Resources Inc	01/06/2025	USD	7.41%	180	-
Forbes & Manhattan Resources Inc	02/07/2025	USD	7.44%	147	-
Forbes & Manhattan Resources Inc	02/24/2025	USD	7.45%	140	-
Forbes & Manhattan Resources Inc	06/23/2025	USD	7.87%	23	-
Total				1,567	28,190
Current				1,077	-
Noncurrent				490	28,190

Changes in related-party loans receivable during the year are as follows:

		Consolidated
	12/31/2023	12/31/2022
Opening balance (*)	28,190	-
(+) Loans granted	20,167	28,482
(+) Accrued interest receivable	1,414	148
(+/-) Foreign exchange differences	(3,148)	(440)
(-) Receipt of principal	(45,056)	-
Closing balance	1,567	28,190

Individual

As of December 31, 2023 and 2022, the breakdown of intercompany loan receivable in the parent company is as follows:

					Individual
Counterparty	Maturity	Currency	Rate p.a.	12/31/2023	12/31/2022
Forbes & Manhattan Resources Inc	11/29/2024	USD	7.38%	602	17,724
Forbes & Manhattan Resources Inc	12/16/2024	USD	7.39%	403	10,466
Forbes & Manhattan Resources Inc	01/06/2025	USD	7.41%	181	-
Forbes & Manhattan Resources Inc	02/07/2025	USD	7.44%	147	-
Forbes & Manhattan Resources Inc	02/24/2025	USD	7.45%	140	-
Forbes & Manhattan Resources Inc	06/23/2025	USD	7.87%	23	-
Total				1,496	28,190
Current				1,006	-
Noncurrent				490	28,190

(In thousands of reais, unless otherwise stated)

Changes in intercompany loans receivable during the year are as follows:

		Individual
	12/31/2023	12/31/2022
Opening balance (*)	28,190	-
(+) Loans granted	20,167	28,482
(+) Accrued interest receivable	1,414	148
(+/-) Foreign exchange differences	(3,148)	(440)
(-) Receipt of principal	(45,127)	-
Closing balance	1,496	28,190

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

Intercompany loan payable transactions (consolidated)

As of December 31, 2023, the Company had six loan agreements with its parent company, Forbes Manhattan Resources Inc., in the amount of R$53,325 (R$16,643 as of December 31, 2022), presented as noncurrent liabilities, to be paid as follows:

					Consolidated
	Maturity	Currency	Rate p.a.	12/31/2023	12/31/2022
Forbes & Manhattan Resources Inc	07/14/2025	USD	8.01%	8,501	-
Forbes & Manhattan Resources Inc	07/26/2025	USD	8.06%	15,038	-
Forbes & Manhattan Resources Inc	08/14/2025	USD	8.39%	2,499	-
Forbes & Manhattan Resources Inc	12/20/2025	USD	7.49%	8,734	-
Forbes & Manhattan Resources Inc	11/04/2026	USD	7.58%	18,553	16,463
Total				53,325	16,463

Changes in intercompany loan payables with the parent company during the year are as follows:

		Consolidated
	12/31/2023	12/31/2022
Opening balance (*)	16,463	-
(+) Loans received	33,218	16,111
(+) Accrued interest payable	3,031	352
(+/-) Foreign exchange differences	613	-
Closing balance	53,325	16,463
Noncurrent	53,325	16,463

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

Intercompany loan payable transactions (Individual)

The Company has a loan agreement with its subsidiary in the amount of R$58,431 (R$40,317 in 2022) at an interest rate of 2.5% per year. The loan with its subsidiary does not have a contractual maturity date and is therefore presented as a noncurrent liability. As of December 31, 2023, the Company had five loan agreements with its parent company, Forbes Manhattan Resources Inc., in the amount of R$53,325 (R$16,643 as of December 31, 2022), as follows:

(In thousands of reais, unless otherwise stated)

					Individual
	Maturity	Currency	Rate p.a.	12/31/2023	12/31/2022
Paraná Xisto S.A.	03/23/2023	R$	2.5%	-	40,317
Forbes & Manhattan Resources Inc	07/14/2025	USD	8.01%	8,501	-
Forbes & Manhattan Resources Inc	07/26/2025	USD	8.06%	15,038	-
Forbes & Manhattan Resources Inc	08/14/2025	USD	8.39%	2,499	-
Forbes & Manhattan Resources Inc	12/20/2025	USD	7.49%	8,734	-
Forbes & Manhattan Resources Inc	11/04/2026	USD	7.58%	18,553	16,463
Paraná Xisto S.A.	09/28/2025	R$	-	29,906	-
Paraná Xisto S.A.	09/27/2025	R$	-	28,525	-
Paraná Xisto S.A. (i)	Current account	R$	-	1,312	-
Total				113,068	56,780

(i) During the fiscal year, the subsidiary made certain payments on behalf of the Company, which will be reimbursed at a date to be agreed upon between the parties.

		Individual
	12/31/2023	12/31/2022
Opening balance (*)	56,780	-
(+) Loans received	54,433	56,411
(+) Interest incurred	3,040	369
(-) Repayment of principal	(1,157)	-
(-) Repayment of interest	(28)	-
Closing balance	113,068	56,780
Noncurrent	113,068	56,780

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

The loan agreements entered into between the Company and other Group companies are executed under terms agreed between the parties, which may differ from the terms that would have been established had the same transactions been conducted with other market participants.

a) Key management personnel compensation

The compensation of the Statutory Executive Board consists of monthly salaries and benefits (life insurance, health care, pharmacy, meal voucher, food voucher, and fuel voucher), aiming to align with the average amounts of the selected market as well as with the practices adopted in the current market benefits package. The Company does not have a non-statutory executive board and does not compensate its board members. The statutory executive board of the Group is centralized in the subsidiary, Paraná Xisto, which is responsible for paying the compensation and benefits to the statutory executive officers. Key management personnel compensation by category is as follows:

	Consolidated	
	12/31/2023	12/31/2022
Fixed compensation and charges	3,336	430
Variable compensation	139	56
Total	3,475	486

(In thousands of reais, unless otherwise stated)

11. Inventories

	Consolidated	
	2023 Restated	2022 Restated
Finished goods (i)	14,937	9,015
Finished goods held by third parties (ii)	8,521	-
In-process products (iii)	5,312	9,610
Materials and supplies (iv)	26,347	18,901
Provision for Inventory Obsolescence	(2,238)	-
Provision for net realizable value adjustment	(1,600)	-
Total	51,279	37,526

(i) Includes fuel oil, LPG, sulfur, naphtha, shale water and fuel gas
(ii) Includes OTE fuel oil stored in third-party tanks. In 2023, the subsidiary Paraná Xisto entered into a lease agreement for storage tanks to store fuel oil at Terin, located at the Port of Paranaguá (PR).
(iii) Acid water, shale oil, and oily water
(iv) Includes operating materials and sludge acquired from third parties

The balance of the provision for inventory obsolescence at the end of the year is as follows:

	Consolidated	
	2023 Restated	2022 Restated
Opening balance of the provision for inventory obsolescence (*)	-	-
Recognition	(2,238)	-
Reversal	-	-
Closing balance of the provision for inventory obsolescence	(2,238)	-

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

The provision for obsolescence was recognized by Management due to the low market demand for acid water during the 2023 fiscal year and the uncertainties associated with future sales volumes of this product. As a result, Management conducted internal studies and decided to use and consume the existing acid water inventory in the production process, primarily for retort cooling purposes.

The balance of acid water as of December 31, 2023 was fully provisioned for obsolescence, and as it is consumed, the provision will be written off accordingly.

Any future changes in market behavior and product demand volume will be assessed prospectively by Management and duly reflected in the provision for obsolescence.

The balance of the provision for net realizable value adjustment of inventories is as follows:

	Consolidated	
	2023 Restated	2022 Restated
Opening balance of the provision for net realizable value adjustment (*)	-	-
Recognition	(1,600)	-
Reversal	-	-
Closing balance of the provision for net realizable value adjustment	(1,600)	-

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

(In thousands of reais, unless otherwise stated)

The provision for net realizable value adjustment is mainly related to sulfur and LPG, which, as of December 31, 2023, had inventory cost values higher than the market prices. Management recognized a provision for net realizable value adjustment for these items and will continuously reassess the provision based on market prices.

Crude oil inventories may be sold in their raw state or consumed in the production process of their derivatives.

In-process products consist of product streams that have passed through at least one processing unit but still require further processing, treatment, or conversion before being made available for sale.

Materials and supplies mainly represent production inputs and operating materials to be used in the Company's activities and are presented at average purchase cost.

Inventories are adjusted to realizable value with provisions for market value reductions and other necessary provisions.

The classification of obsolescence losses and provisions for net realizable value adjustment in the statement of profit or loss is presented under cost of goods sold.

Accounting Practice

Inventories are measured at their weighted average cost of purchase or production and are adjusted to their net realizable value when this is lower than their accounting value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the expenses necessary to make the sale. Changes in selling prices after the reporting date are considered in the calculation of net realizable value to the extent that they confirm the conditions existing at the reporting date.

Materials and supplies are measured at average purchase cost, provided that it does not exceed replacement cost.

Provisions for obsolescence of materials and supplies are determined with reference to specific inventory items, through periodic reviews to determine the extent of any need for a provision. The classification of obsolescence losses in the statement of profit or loss is presented under cost of goods sold.

12. Investments

The breakdown of the Company's investment balances at the end of the fiscal year is presented below.

	2023 Restated	2022 Restated
Investments measured using the equity method		
Paraná Xisto S.A.	119,914	155,861
Fair value adjustment of property, plant and equipment	51,789	78,425
Fair value adjustment of intangible assets	38,617	44,468
Total	210,320	278,754

(In thousands of reais, unless otherwise stated)

Changes in the investment in the subsidiary during the fiscal year are as follows:

	12/31/2022 Restated	Equity method	Capital contribution	Depreciation and amortization of fair value adjustment	12/31/2023
Paraná Xisto S.A.	278,754	(94,325)	58,378	(32,487)	210,320
	278,754	(94,325)	58,378	(32,487)	210,320

	07/15/2022	Business combination	Equity method (*)	Depreciation and amortization of fair value adjustment	12/31/2022 Restated
Paraná Xisto S.A.	-	276,519	5,431	(3,196)	278,754
	-	276,519	5,431	(3,196)	278,754

(*) Equity method calculated based on the operating results of the subsidiary Paraná Xisto from the date control was obtained on November 4, 2022.

The table below presents a summary of the financial information of the subsidiary measured using the equity method:

(In thousands of reais, unless otherwise stated)

Paraná Xisto S.A.	Stake %	Current assets	Noncurrent assets	Total assets	Current liabilities	Noncurrent liabilities	Total liabilities	Equity	Net revenue	Expenses	Income/loss for the year	Equity method
12/31/2023 (restated)	100%	99,130	287,847	386,977	152,706	114,356	267,062	119,915	421,017	(59,828)	(94,325)	(94,325)
12/31/2022 (restated)	100%	128,561	208,125	336,686	84,444	96,381	180,825	155,861	124,044	(14,271)	11,735	5,431

(In thousands of reais, unless otherwise stated)

13. Property, plant and equipment and intangible assets

13.1. Property, plant and equipment

The consolidated property, plant and equipment is presented as follows:

	Land	Buildings and improvements	Machinery and equipment	Assets under construction	Right-of-use assets	Total
Balance as of July, 15 2022 (incorporation date)	-	-	-	-	-	-
Business combination	30,923	59,658	127,089	4,616	3,879	226,165
Additions	-	-	-	680	-	680
Transfers	-	-	(2,645)	1,169	1,588	112
Depreciation	-	(435)	(24,436)	-	(675)	(25,546)
Balance as of December, 31 2022 (restated)	30,923	59,223	100,008	6,465	4,792	201,411
Cost	30,923	59,658	124,444	6,465	5,467	226,957
Accumulated depreciation	-	(435)	(24,436)	-	(675)	(25,546)
Balance as of December, 31 2022 (restated)	30,923	59,223	100,008	6,465	4,792	201,411
Additions	-	-	1,620	70,651	2,196	74,467
Write-offs	-	-	(9,059)		-	(9,059)
Transfers	-	(2,404)	76,202	(73,798)	-	-
Depreciation	-	(2,573)	(95,570)	-	(3,160)	(101,303)
Balance as of December, 31 2023 (restated)	30,923	54,246	73,201	3,318	3,828	165,516
Cost	30,923	57,254	193,207	3,318	7,663	292,365
Accumulated depreciation		(3,008)	(120,006)	-	(3,835)	(126,849)
Balance as of December, 31 2023 (restated)	30,923	54,246	73,201	3,318	3,828	165,516
Useful life in years	-	18-21	2	-	1-5	-

Accounting Practice

Assets are presented at acquisition or construction cost, which also includes directly attributable costs necessary to bring the asset to operational condition, and, when applicable, net of accumulated depreciation and impairment losses.

Expenses related to major planned maintenance performed to restore or maintain the original performance standards of industrial units are recognized under property, plant and equipment when the maintenance cycle exceeds twelve months and there is predictability of such cycles. These expenses are depreciated over the expected period until the next major maintenance. Maintenance costs that do not meet these requirements are recognized as expenses or cost of goods sold in the statement of profit or loss, depending on the allocation and use of the asset.

Spare parts and replacements with a useful life of more than one year and that can only be used in connection with items of property, plant and equipment are recognized and depreciated together with the principal asset.

Financial charges of loans directly attributable to the acquisition or construction of assets are capitalized as part of the cost of those assets.

(In thousands of reais, unless otherwise stated)

Development expenditures are capitalized only if the development costs can be measured reliably, 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. As of December 31, 2023 and 2022, the Company did not incur expenditures related to the development of new exploration areas.

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

Right-of-use assets are presented as part of property, plant and equipment and, based on the useful lives of their respective underlying assets and the characteristics of the lease agreements (term, asset transfer, or exercise of purchase option), are depreciated on a straight-line basis over the contractual terms.

The residual value, useful life, and depreciation methods of the assets are reviewed at the end of each fiscal year and adjusted prospectively, when applicable.

13.2. Intangible assets

Intangible assets are presented as follows:

	Mining Right	Software	Intangible assets under development	Total
Balance as of July, 15 2022 (incorporation date)	-	-	-	-
Business combination	45,641	4	-	45,645
Depreciation	(1,173)	(1)	-	(1,174)
Balance as of December, 31 2022	44,468	3	-	44,471
Additions	-	-	23,402	23,402
Write-offs	-	(6,005)	-	(6,005)
Transfers	-	22,847	(22,847)	-
Depreciation	(5,851)	(349)	-	(6,200)
Balance as of December, 31 2023	38,617	16,496	555	55,668
Cost	45,641	16,846	555	63,042
Accumulated depreciation	(7,024)	(350)	-	(7,374)
Balance as of December, 31 2023	38,617	16,496	555	55,668
Useful life in years	27	1-25	-	

Accounting Practice

Intangible assets are measured at historical acquisition cost or at fair value when acquired in a business combination, net of 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 assets, which is reviewed at each statement of financial position date.

There were no indicators that the carrying amount of intangible assets exceeded their recoverable amount as of December 31, 2023 and 2022.

(In thousands of reais, unless otherwise stated)

14. Trade accounts payable

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Domestic	34,036	47,063	218	-
Foreign	2,003	-	-	-
Total	36,039	47,063	218	-

14.1 Contingent consideration for the acquisition of a subsidiary

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Current	14,041	3,609	14,041	3,609
Noncurrent	67,437	58,515	67,437	58,515
Total	81,478	62,124	81,478	62,124

As part of the acquisition agreement of Paraná Xisto, an additional payment (contingent consideration) was agreed to be paid annually to the former owner of Paraná Xisto over a five-year period. This payment will be determined based on the additional volumes of oily sludge purchased by Paraná Xisto from the seller and is linked to the future price of fuel oil. This contingent consideration was classified as a financial liability and measured at fair value, taking into account the projected volume of oily sludge purchases for the remaining term of the contract and the future price of fuel oil.

Changes in the contingent consideration for the acquisition of the subsidiary during the fiscal year are as follows:

	Individual and consolidated	
	12/31/2023	12/31/2022
Opening balance	62,124	-
Liability arising from business combination	-	62,124
Payments	(1,313)	-
Fair value adjustment recognized in profit or loss	20,667	-
Closing balance	81,478	62,124

15. Advances from customers

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Advances from customers	39,028	-	-	-
Total	39,028	-	-	-

Amounts related to advance or upfront payments from third-party customers, linked to the sale of products or services.

(In thousands of reais, unless otherwise stated)

16. Loans and Financing

The Company carried out a private placement issuance of debentures, which are convertible into shares and guaranteed by security interest and additional personal guarantee. These debentures were issued in series and domestically, specifically for the private placement of Forbes Resources Brazil Holding S.A.

On July 14, 2023, the Company completed its 2nd issuance of debentures in the amount of R$19,400, with LCM Lumina as the counterparty. The 3rd issuance of debentures incorporated LCM Lumina's debenture holder credits from the 2nd issuance and consolidated the terms and conditions, which are summarized below.

The conversion of the debentures into shares will be mandatory and in full if, from the maturity date of the debentures, Forbes Resources Brazil Holding S.A. fails to make the necessary payments to fully settle the debentures within 30 days from such maturity date.

	Counterparty	Issuance	Nominal value (USD)	Nominal value (BRL)	Maturity	Currency	Rate p.a.	12/31/2023	12/31/2022
1st. debentures issuance	LCM – Lumina	10/19/2022	50,000	-	03/31/2025	USD	12.50%	236,002	216,510
3rd. debentures issuance	LCM – Lumina	07/25/2023	15,000	-	03/31/2025	USD	12.50%	76,877	-
								312,879	216,510
Current								312,879	65,214
Noncurrent								-	151,296

The subsidiary Paraná Xisto became a guarantor of the debentures issued by the Company, as all of its shares were pledged as collateral for the transaction by its parent company. Additionally, all receivables and credit rights, as well as shale oil and gas titles, among others, were provided as collateral.

The aforementioned guarantees were in effect as of December 31, 2023 and 2022.

Changes in loans and financing during the fiscal year are as follows:

	12/31/2023	12/31/2022
Opening Balance (*)	216,510	-
(+) Loans raised	70,314	265,197
(+) Interest incurred	124,913	5,874
(+/-) Foreign exchange differences	(14,993)	(3,787)
(-) Principal repayments	(45,054)	(44,905)
(-) Interest payments	(38,811)	(5,869)
Closing Balance	312,879	216,510

(*) The opening balance for the 2022 fiscal year is July 15, 2022, which corresponds to the date of the Company's incorporation.

Below are the main financial covenant clauses of the debentures:

- Net debt/EBITDA less than or equal to 2.25x ("financial ratio I");
- Available cash flow for debt service/conventional interest payment expenses greater than or equal to 2.0x ("financial ratio II");

As of December 31, 2023, the Company did not comply with certain financial ratios and, as a result, reclassified and is presenting the entire debt balance as a current liability, as required by applicable accounting standards.

(In thousands of reais, unless otherwise stated)

17. Leases (Consolidated)

17.1. Lease receivables (lessor)

As of December 31, 2023 and 2022, changes in the lease contract recognized as an asset by the subsidiary are presented as follows:

i) For the year ended December 31, 2023:

	Balances as of 12.31.2022	Receipts	Interest income	Transfers	Balances as of 12.31.2023
Current	377	(399)	-	372	350
Noncurrent	2,322	-	341	(372)	2,291
	2,699	(399)	341	-	2,641

The minimum lease payments from finance leases are detailed as follows:

	R$
2024	350
2025	307
2026	270
2027	237
2028 onwards	1,477
As of December 31, 2023	2,641

ii) For the year ended December 31, 2022:

	Balances as of 12.31.2021 (unaudited)	New contracts	Interest income	Transfers	Balances as of 12.31.2022
Current	-	-	-	377	377
Noncurrent	-	2,645	54	(377)	2,322
	-	2,645	54	-	2,699

The finance lease receipts as of December 31, 2022 are detailed as follows:

	R$
2023	377
2024	308
2025	271
2026	238
2027 onwards	1,505
As of December 31, 2022	2,699

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

(In thousands of reais, unless otherwise stated)

17.2. Lease liability (lessee)

As of December 31, 2023 and 2022, changes in lease contracts recognized as liabilities are presented as follows:

i) For the year ended December 31, 2023:

	Balance as of 12.31.2022	New contracts	Remeasurements	Principal repayment	Interest payment	Charges	Balance as of 12.31.2023
Leases	5,219	1,760	436	(2,759)	(641)	641	4,656
Current	3,041						3,535
Noncurrent	2,178						1,121

ii) For the year ended December 31, 2022:

	Balance as of 07.15.2022	New contracts	Principal repayment	Interest payment	Charges	Transfers	Balance as of 12.31.2022
Leases	-	5,467	(248)	(161)	161	-	5,219
Current	-						3,041
Noncurrent	-						2,178

The Company estimated the discount rates based on risk-free interest rates observed in the Brazilian market for the term of its lease contract. The rate used in the calculation was 13.25% per year as of December 31, 2023 (13.75% as of December 31, 2022).

As of December 31, 2023, the lease contract cash flows by maturity are as follows:

	R$
2024	3,535
2025	382
2026	337
2027	298
2028 onwards	104
As of December 31, 2023	4,656

As of December 31, 2022, the lease contract cash flows by maturity are as follows:

	R$
2023	3,041
2024	2,178
As of December 31, 2023	5,219

The lease is represented by the rental agreement for the Company’s industrial boiler.

(In thousands of reais, unless otherwise stated)

Accounting Practice

For contracts in which the Company is the lessee

Lease liabilities are measured at the present value of lease payments, excluding projected future inflation, and take into account taxes recoverable, non-cancelable terms, and extension options when reasonably certain.

The payment flows are discounted using the Company's nominal incremental financing rate, as the interest rates implicit in third-party lease contracts are typically not readily determinable.

Remeasurements of the lease liability generally reflect changes resulting from contractual indices or rates, as well as changes in lease terms due to new expectations concerning extensions or terminations.

Interest incurred adjusts the lease liability and is classified as a finance cost, while payments reduce the carrying amount of the liability.

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

For contracts in which the Company is the lessor

When the Company is the lessor under a contract classified as a finance lease, a receivable is recognized in an amount equal to the net investment in the lease, which consists of the lease payments receivable and any unguaranteed residual value for which the Company is responsible, discounted at the interest rate implicit in the lease.

Credit loss on a financial asset is measured as the difference between all contractual cash flows due to the Company and all cash flows the Company expects to receive, discounted at the original effective interest rate.

18. Provision for decommissioning of areas

The subsidiary Paraná Xisto has legal obligations related to the remediation of areas impacted by oil shale mining activities and to ensure the safe future use of the project area. The rehabilitation of degraded areas is systematically conducted throughout the operational life of the mines. As a result, the damage caused during mine preparation for the start of production is largely remediated in the subsequent years.

	2023 Restated	2022 Restated
Provision for decommissioning of areas	73,213	79,262
Provision for environmental expenses	16,586	25,086
Total	89,799	104,348
Current	14,256	10,145
Noncurrent	75,543	94,203

(In thousands of reais, unless otherwise stated)

As of December 31, 2023, the provisioned balance refers to amounts recognized by the subsidiary for environmental compensation obligations assumed by the Company in the course of its operations, in compliance with Resolution 854/2021 of the National Agency of Petroleum, Natural Gas and Biofuels (ANP), which aims to ensure the environmental remediation of areas impacted by mining activities.

	2023 Restated	2022 Restated
Opening Balance	104,348	-
Business combination	-	102,927
(+) Provision for decommissioning of areas	-	30,952
(-) Payments made for environmental remediation	(10,145)	-
(-) Reversal of provision for decommissioning of areas	(18,994)	-
Provision/Reversal of present value adjustment for decommissioning of areas, net	14,590	(29,531)
Closing Balance	89,799	104,348

Changes in the provision in the three-month period from October 1 to December 31, 2022, and in the fiscal year ended December 31, 2023, reflect the periodic reassessment process of future expected expenditures by Management and the best estimate of disbursements to be made by the Company for the remediation of decommissioned areas, as well as environmental remediation expenses incurred concurrently with the Company's production process. Changes in the provision due to the passage of time and revisions to estimated future expenditures are reviewed and adjusted by the Company at each year-end.

Accounting Practice

The recognition of legal obligations for the environmental remediation of areas impacted by oil shale mining activities occurs as mine development and production activities are carried out. The environmental damage is substantially derived from the production phase of the mines and, considering that overburden removal occurs almost simultaneously with shale extraction, the corresponding provision for environmental remediation is recognized as part of production costs.

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

As of December 31, 2023 and 2022, the asset corresponding to the environmental liability was fully depreciated and, consequently, changes in estimated environmental remediation costs incurred during 2023 and 2022 were recognized as an increase in the liability against profit or loss.

The effects of discount rates used to update the provision are recognized as finance income (costs).

(In thousands of reais, unless otherwise stated)

19. Taxes

19.1 Income and social contribution taxes

	Current Assets		Noncurrent Assets		Current Liabilities		Noncurrent Liabilities	
Consolidated	2023	2022	2023	2022	2023	2022	2023	2022
	(Restated)		(Restated)		(Restated)		(Restated)	
Income tax	2,723	-	65,908	34,501	-	8,580	-	-
Social contribution	1,206	-	23,726	12,421	-	2,660	-	-
	3,929	-	89,634	46,922	-	11,240	-	-
Installments								
Income tax paid in installments	-	-	-	-	2,401	-	7,762	-
Social contribution paid in installments	-	-	-	-	705	-	2,280	-
	-	-	-	-	3,106	-	10,042	-
	3,929	-	89,634	46,922	3,106	11,240	10,042	-

Reconciliation of income and social contribution taxes

The reconciliation of taxes calculated at nominal rates and the amount of taxes recognized is presented as follows:

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Loss before taxes	(289,275)	(20,781)	(271,463)	(21,203)
Income and social contribution tax (expense)/credit at nominal rates (34%)	98,353	7,066	92,297	(7,209)
Adjustments to determine the effective tax rate:				
Exclusions/(Additions), net				
Equity pickup	-	-	(32,070)	1,846
Permanent differences	(2,219)	(422)	-	-
Deferred tax assets not recognized on income and social contribution tax losses	(53,412)	(7,090)	(35,327)	(9,055)
Other	(10)	24	-	-
Adjusted income and social contribution taxes	42,712	(422)	24,900	-
Deferred	42,712	7,944	24,900	-
Current	-	(8,366)	-	-
Total	42,712	(422)	24,900	-
Effective income and social contribution taxes rate	(15%)	2%	(9.2%)	-

(In thousands of reais, unless otherwise stated)

Deferred income and social contribution taxes

The table below shows the breakdown of the consolidated deferred tax assets as of December 31:

Deferred taxes	2023 Restated	2022 Restated
Leases	70	-
Depreciation rate difference	21,260	6,891
Provision for decommissioning of areas	24,893	26,949
Environmental provision	5,639	8,529
Right of use	1,559	1,689
Provision for contingencies	2,182	-
Other provisions	3,061	2,637
Provision for inventory losses	1,305	-
Compensatory interest and foreign exchange differences	24,900	-
Other	4,765	227
Deferred tax assets	89,634	46,922

Realization of deferred income and social contribution taxes

Management considers that deferred tax assets will be realized in proportion to the realization of temporary differences—revenues, expenses—and the final resolution of future events, both based on projections.

As of December 31, 2023 and 2022, the Company did not recognize deferred tax assets on income and social contribution tax losses. The accumulated balance of income and social contribution tax losses as of December 31, 2023 was R$67,315 (R$29,980 as of December 31, 2022).

Accounting Practice

Income and social contribution tax expenses for the year are recognized in profit or loss unless they relate to items directly recognized in equity, and they comprise current and deferred taxes.

These taxes are calculated based on rates of 15%, plus a 10% surplus for income tax on taxable profit computed on the Company's accounting records ('lucro real'), and 9% on taxable profit computed on the Company's accounting records ('lucro real') for social contribution tax, considering the offsetting of income and social contribution tax losses, limited to 30% of taxable profit ('lucro real') for the year.

Current income and social contribution taxes

These are calculated based on taxable profit determined in accordance with applicable legislation and the tax rates in effect at the end of the reporting period. Uncertainties regarding income tax treatments are assessed periodically, taking into account the probability of acceptance by the tax authority.

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

Deferred income and social contribution taxes

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

Deferred tax assets are recognized for all deductible temporary differences, including unused tax losses and tax credits, to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be used, unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

(In thousands of reais, unless otherwise stated)

19.2 Other tax and contributions

	Consolidated			
	Current Assets		Noncurrent Assets	
	2023	2022	2023	2022
ICMS	604	556	662	524
PIS/COFINS	-	3,267	10,044	2,954
Other	2,006	5	-	-
Total	2,610	3,828	10,706	3,476

	Current Liabilities				Noncurrent Liabilities			
Other taxes and contributions	Consolidated		Individual		Consolidated		Individual	
	2023	2022	2023	2022	2023	2022	2023	2022
ICMS	15,123	4,163	-	-	-	-	-	-
PIS/COFINS	2,727	3,902	104	560	-	-	-	-
Royalties	1,225	1,258	-	-	-	-	-	-
Withholding Income Tax	9	410	9	-	-	-	-	-
ICMS paid in installments	18,999	-	-	-	21,064		-	-
Tax on Financial Transactions (IOF)	525	835	-	535	-	-	-	-
Other	3,327	441	60	174	-	-	-	-
Total	41,935	11,009	173	1,269	21,064	-	-	-

20. Equity

20.1. Subscribed capital

As of December 31, 2023 and 2022, the subscribed capital in the amount of R$1,000.00 is represented by 1,000 common registered no-par value shares, as follows:

Capital subscription on July 18, 2022 – R$1,000.00 – corresponding to 1,000 shares.

Accounting Practice

Capital is represented by common shares. Incremental costs directly attributable to the issuance of shares are presented as a deduction from equity, as capital transactions, net of tax effects.

20.2. Profits and dividends

Net income for the year, adjusted in accordance with applicable legislation, shall be allocated as follows, subject to approval by the General Meeting: (i) a portion corresponding to 5% (five percent) of net income shall be allocated to the legal reserve, which shall not exceed 20% (twenty percent) of the Company's capital; (ii) a portion of the remaining net income may be allocated to the contingency reserve, to offset in future years the decrease in income resulting from contingencies rated as probable loss; (iii) a portion of net income arising from donations or government grants for investments may be allocated to the tax incentive reserve; (iv) a portion of the contingency reserve recorded in prior years and corresponding to losses actually incurred or not materialized, if any, shall be reversed; (v) from the remaining balance, after the deductions and reversals indicated and as provided for in applicable legislation, a portion corresponding to 25% (twenty-five percent) shall be distributed to shareholders as mandatory dividend payment; (vi) a portion or all of the remaining balance, after deductions, reversals, and payment of mandatory dividends, may be retained to carry out the capital budget, if the proposal from management to that effect is approved; and (vii) the remaining balance, if any, shall be distributed to shareholders as additional dividend.

(In thousands of reais, unless otherwise stated)

No dividends were paid by the Company for the fiscal years ended December 31, 2023 and 2022, as the Company reported losses in both years.

21. Sales revenues

	Consolidated	
	2023 Restated	2022 Restated
Gross sales revenues	560,793	119,012
(-) Sales returns	(3,086)	(180)
(-) Commercial discounts	(745)	-
Sales taxes (*)	(135,945)	(31,406)
Net sales revenues	421,017	87,426

Net revenues by product	2023 Restated	2022 Restated
Shale oil	328,506	62,573
Shale gas	23,429	5,301
Naphtha	50,736	13,097
Liquefied petroleum gas (LPG)	8,369	3,698
Sulfur	9,857	2,726
Shale water	120	31
Net sales revenues – by product	421,017	87,426

(*) Includes PIS, COFINS and ICMS.

Accounting Practice

The Group evaluates contracts with customers that will be subject to revenue recognition and identifies the distinct goods and services promised in each contract.

Performance obligations are defined as promises to transfer a product or service (or a group of products or services) that is distinct, or a series of distinct products or services that are substantially the same and have the same pattern of transfer to the customer.

The Group measures revenue at the amount of consideration it expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties. Transaction prices are based on contractually stated prices, which reflect the Company's pricing methodologies and policies based on market parameters.

The Group grants rebates to customers based on contractual clauses when pre-determined volume thresholds are reached. These rebates are considered a form of variable consideration and are estimated and recognized as a reduction in revenue at the time the sale is recognized, taking into account the likelihood that customers will achieve the pre-determined volumes that entitle them to such rebates. The rebates granted are presented as deductions from gross revenue in the statement of profit or loss for the year.

(In thousands of reais, unless otherwise stated)

Revenue is recognized when a product is transferred—that is, when the customer obtains control over it—thus satisfying the performance obligation. This generally occurs at specific points in time upon delivery of the product.

22. Costs and expenses by nature

22.1. Cost of goods sold and services rendered

	Consolidated	
	2023 Restated	2022 Restated
Raw materials, supplies, contracted services, and other	(241,603)	(35,977)
Idle capacity costs (i)	(60,854)	-
Depreciation and amortization	(105,119)	(25,412)
Royalties	(11,589)	(3,656)
Freight	(10,967)	(1,899)
Storage	(6,132)	-
Provision for inventory losses	(3,838)	-
Personnel expenses	(29,012)	(9,026)
Asset write-offs	(9,059)	-
Other	(1,434)	(3,432)
Total	(479,607)	(79,402)

(i) Refers to the plant costs for the period during which the subsidiary was undergoing a scheduled shutdown.

22.2. Selling Expenses

	Consolidated	
	2023 Restated	2022 Restated
Personnel	(1,337)	(155)
Contracted services	(2,761)	(310)
Depreciation	(98)	(43)
Other	(1,334)	(392)
Total	(5,530)	(900)

22.3. General and administrative expenses

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Professional services	(23,528)	(5,025)	-	
Personnel expenses	(17,474)	(1,532)	-	-
Asset write-offs	(6,005)	-	-	-
Consulting services (i)	(5,323)	(11,255)	(5,324)	(11,255)
Rentals	(1,142)	-	-	-
Depreciation and amortization	(2,286)	-	-	-
Utilities and services	(794)	-	-	-
General expenses	(2,360)	(16)	-	-
Total	(58,912)	(17,828)	(5,324)	(11,255)

(i) Service agreement in effect with Petrobras as part of the purchase and sale contract.

(In thousands of reais, unless otherwise stated)

Accounting Practice

The cost of products sold and services rendered for goods includes the recording of production costs—which comprise the cost of direct materials and labor, as well as a proportionate share of indirect manufacturing overhead based on the normal operating capacity of the respective products sold—and includes royalty costs arising from shale production.

23. Other operating income (expenses), net

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Rental income	188	317	-	-
Fair value adjustment – contingent consideration for the acquisition of subsidiary	(20,667)	-	(20,667)	-
Commercial contractual fines	-	112	-	-
Provision for contingencies	(4,034)	-	-	-
Other	3,136	(295)	-	-
	(21,377)	134	(20,667)	-

24. Net finance income (costs)

	Consolidated			Individual
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Finance income				
Foreign exchange gains	49,988	5,679	49,988	5,679
Income from financial investments	6,133	2,231	227	641
Commercial interest income	110	394	24	-
Interest income from leases	341	54	-	-
Interest income from loans	1,414	111	1,414	111
Other finance income	1,026	32	-	-
	59,012	8,501	51,653	6,431
Finance costs				
Present value adjustment expenses – provision for decommissioning of areas	(14,590)	-	-	-
Lease finance costs	(641)	(119)	-	-
Interest expenses	(143,777)	(6,226)	(128,477)	(6,247)
Foreign exchange losses	(38,750)	(2,333)	(38,750)	(2,333)
IOF expenses	(2,745)	(1,000)	(2,745)	(1,000)
Other	(3,375)	(9,034)	(341)	(9,034)
	(203,878)	(18,712)	(170,313)	(18,614)
Net finance income (costs)	(144,866)	(10,211)	(118,660)	(12,183)

(In thousands of reais, unless otherwise stated)

25. Provision for contingencies

The Group recognizes provisions in amounts sufficient to cover losses considered probable and for which a reliable estimate can be made.

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

In connection with the acquisition of Paraná Xisto by the Company, legal claims arising prior to the transaction date were retained by the seller. Nevertheless, as established in the share purchase agreement, any subsequent liabilities, including tax claims, with a triggering event prior to the date of acquisition of the subsidiary by the Company, will be the seller's responsibility. As of December 31, 2023, there are no lawsuits in which the Company is either plaintiff or defendant classified as probable loss.

However, there are ongoing cases involving the subsidiary for which Management, based on assessments by its internal and external legal advisors, has not recognized provisions for contingencies. As of December 31, 2023, the lawsuits considered to represent a possible loss amount to R$1,941 on a consolidated basis.

As of December 31, 2023, the subsidiary recognized a provision for contingencies in the amount of R$6,418, related to the collection of ICMS in triangular sales transactions involving fuel oil stored in third-party inventories. Based on legal opinions and technical assessments from the Company’s legal advisors, in the event of legal disputes regarding this matter, the likelihood of loss and disbursement by the Company is considered probable; therefore, the corresponding amount was provisioned as a contingent tax liability.

The breakdown of the provision for contingencies at the end of the fiscal year is presented as follows:

	Individual and Consolidated
	Tax related
Balance as of December 31, 2022	-
Tax	6,418
Balance as of December 31, 2023	6,418

Changes in the provision for contingencies during the fiscal year are as follows:

	Individual and Consolidated	
	Tax related	Total provisioned liabilities
Balance as of December 31, 2022	-	-
Additions	4,034	4,034
Monetary adjustments	2,384	2,384
Balance as of December 31, 2023	6,418	6,418

The Company recorded no judicial deposits as of December 31, 2023 and 2022.

Accounting Practice

The Company recognizes provisions for losses referring to legal and administrative proceedings when technical assessments by its legal advisors and Management’s judgment consider a future cash outflow to be probable and the other conditions for recognizing a provision are met.

(In thousands of reais, unless otherwise stated)

Contingent liabilities with a probable likelihood of loss that cannot be measured reliably, and those with a possible likelihood of loss, are disclosed in the notes to the financial statements.

Contingent assets are not recognized but are disclosed in the notes when the inflow of economic benefits is probable. If the inflow of economic benefits is virtually certain, the related asset is no longer considered contingent and its recognition is appropriate.

26. Risk management and financial instruments

26.1. Financial instruments

The Group engages in operations involving financial instruments. The management of these instruments is carried out through operational strategies and internal controls aimed at ensuring their liquidity and profitability. The control policy consists of continuously monitoring the contracted conditions in light of current market conditions.

As of December 31, 2023 and 2022, the Group did not engage in investments for speculation purposes. The results are consistent with the policies and strategies established by the Group's Management.

During the 2023 and 2022 fiscal years, no embedded derivatives were identified in the Group's operations.

All operations involving financial instruments are recognized in the individual and consolidated financial statements and are presented below:

	Consolidated		Individual	
	2023 Restated	2022 Restated	2023 Restated	2022 Restated
Assets				
Cash and cash equivalents	19,793	31,558	2,244	6,922
Accounts receivable	17,450	20,924	-	-
Leases	2,641	2,699	-	-
Related parties	1,567	28,190	1,496	28,190
Other assets	4,088	2,217	1,090	1,614
Restricted deposits	19,596	31,877	-	-
Total	65,135	117,465	4,830	36,726
Liabilities				
Trade accounts payable	36,039	47,063	218	-
Loans and Financing	312,879	216,510	312,879	216,510
Lease liabilities	4,656	5,219	-	-
Contingent consideration for the acquisition of subsidiary	81,478	62,124	81,478	62,124
Related parties	53,325	16,463	113,068	56,780
Other liabilities	6,313	1,281	-	-
Total	494,690	348,660	507,643	335,414

26.2. Measurement of financial instruments

The Company's financial instruments are measured at amortized cost, except for the contingent consideration for the acquisition of a subsidiary, which is measured at fair value as disclosed in Note 14.1. The fair values of these financial instruments are equivalent to their carrying amounts.

26.3. Risk management

The Company's risk management is conducted by its executive officers, based on the corporate risk management policy of the parent company. This policy aims to contribute to an appropriate balance between the Company's growth and return objectives, and level of exposure to risks—whether inherent to the Company's business activities or arising from the context in which it operates—so that, through the effective allocation of physical, financial, and human resources, the Company can achieve its strategic goals.

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

26.3.1. Credit risk

The credit risk management policy aims to minimize the possibility of non-collection of sales made and of amounts invested, deposited, or secured with financial institutions and counterparties, through the analysis, granting, and management of credit using quantitative and qualitative parameters.

The Company is exposed to the credit risk of financial institutions arising from its cash management. Management assesses that the credit risks associated with cash and cash equivalent balances are low, given that its operations are conducted with Brazilian financial institutions with recognized liquidity.

26.3.2. Liquidity risk

The Company primarily uses its resources for working capital expenditures. Historically, its needs have been met through internally generated funds, short-term debt, sales transactions, and capital contributions from the parent company when necessary. These sources of funds, combined with the Company's financial position, are expected to continue supporting compliance with the capital requirements established at the corporate level. All of the Company's financial liabilities have maturities of less than one year, except for lease obligations, loans, and loan agreements.

26.3.3. Market risk

26.3.3.1. Interest rate risk

Arises from the possibility that the Company may incur gains or losses due to fluctuations in interest rates applicable to its financial assets and liabilities. As of December 31, 2023 and 2022, the Company did not have material exposure to interest rate risk, as its financing agreements carry fixed interest rates.

26.3.3.2. Oil and oil products price risk

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

26.3.3.3. Currency risk

The Company is exposed to currency risk from foreign operations due to differences in the currencies involved in loans, financing and intercompany loan transactions, primarily in USD – U.S. dollars.

Currency risk refers to changes in foreign currency exchange rates that could result in unexpected losses for the Company, leading to a decrease in assets or an increase in liabilities.
As of December 31, 2023 and 2022, the Company had the following net exposure to foreign exchange fluctuations in assets and liabilities related to transactions in foreign currencies (USD):

(In thousands of reais, unless otherwise stated)

Consolidated	12/31/2023	12/31/2022
Intercompany loan receivables	1,567	28,190
Trade accounts payable	(2,003)	-
Prepaid expenses	2,003	-
Loans and financing	(312,879)	(216,510)
Intercompany loan payables	(53,325)	(16,463)
Currency exposure, net	(364,637)	(204,783)

Sensitivity analysis

Based on the financial instruments denominated in U.S. dollars as of December 31, 2023, the Company performed a sensitivity analysis for a potential appreciation (depreciation) of the exchange rate (R$/US$) by 25% and 50%. The balances considering the exchange rate variations are presented in the table below.

		US$ appreciation		US$ depreciation	
	12/31/2023	25%	50%	-25%	-50%
Exchange rate fluctuation (US$)	4.8407	455,796	546,956	273,478	182,319

		US$ appreciation		US$ depreciation	
	12/31/2022	25%	50%	-25%	-50%
Exchange rate fluctuation (US$)	5.2171	255,979	307,175	153,587	102,392

27. Events after the reporting period

As disclosed in Note 16 – Loans and Financing, the Company reclassified the balance of noncurrent financing to current liabilities as a result of non-compliance with certain contractual covenants as of December 31, 2023. On June 7, 2024, the Company obtained confirmation from the lender that the debt maturity would not be accelerated through June 30, 2024.

On April 24, 2024, an agreement was entered into for the placement of an international debenture (bond) by Forbes Resources Brazil Holding S.A., the parent company of Paraná Xisto S.A. The original instrument, totaling US$80,000, was executed between Forbes Resources Brazil Holding S.A. and Nordic Trustee AS, a company based in Norway, making Paraná Xisto S.A. a guarantor of this instrument through its parent company. All shares of Paraná Xisto S.A. were pledged as collateral in the context of the aforementioned transaction.

As of December 31, 2024, the parent company Forbes Resources Brazil Holding S.A. failed to comply with certain financial covenants related to the above-mentioned agreement. As of the date of approval of these individual and consolidated financial statements, the Group’s Management had not obtained a waiver from the debenture holders regarding accelerated maturity of the debt, which is secured by 100% of the shares of Paraná Xisto.