Prio S.A.

Quarterly Information in US dollar
March 31, 2024

Legal Notice

This report uses the Company's functional currency, the US dollar, as the presentation currency, and was prepared to allow comparison with other companies in the oil sector. For the purpose of comparability, we have converted (i) all assets and liabilities on the Balance Sheet as of December 31, 2022 at the closing exchange rate on December 31, 2022; (ii) all accounts in the income statement, other comprehensive income and cash flows using the average exchange rate prevailing during the applicable period.

PRIO

PRIO

Balance sheet

March 31, 2024 and December 31, 2023
(In thousands of dollars—US$)

		Parent Company		Consolidated	
	Note	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Assets					
Current assets					
Cash and cash equivalents	3	3,060	3,769	806,633	482,392
Accounts receivable	4	-	-	286,563	360,129
Oil inventories	21	-	-	70,196	52,533
Inventory of consumables		-	-	87,323	82,069
Financial instruments	26	-	-	-	74
Recoverable taxes	5	402	404	73,124	71,811
Advances to suppliers		7	7	23,747	20,703
Advances to partners		-	-	-	19,248
Prepaid expenses		17	15	3,541	4,571
Other receivables		-	-	7,987	159
		3,486	4,195	1,359,114	1,093,689
Non-current assets					
Advances to suppliers		-	-	46	46
Mark-to-market of debenture swaps	13	-	-	-	18,643
Deposits and pledges	28	-	-	5,992	6,191
Recoverable taxes	5	-	-	480	873
Deferred taxes	15	2,524	2,105	45,414	106,703
Related parties	19	14,130	1,932	-	-
Right-of-use (Lease CPC 06.R2/IFRS 16)	14	-	-	410,947	422,275
Investments	6	3,197,033	2,975,110	-	-
Property, plant and equipment	7	40	46	2,133,904	1,946,816
Intangible assets	8	-	-	2,185,966	2,254,534
		3,213,727	2,979,193	4,801,392	4,754,107
Total assets		3,217,213	2,983,388	6,160,506	5,847,796

See the accompanying notes to the quarterly information.

Balance sheet
As of March 31, 2024 and December 31, 2023
(In thousands of dollars—US$)

	Note	Parent Company 03/31/2024	Parent Company 12/31/2023	Consolidated 03/31/2024	Consolidated 12/31/2023
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	9	104	133	127,453	172,429
Labor obligations	10	2,793	3,116	35,951	55,128
Taxes and social contributions	11	131	140	82,173	122,489
Loans and financing	12	-	-	266,343	250,477
Local debentures (includes conversion swaps)	13	-	-	1,503	8,144
Financial instruments	26	-	-	1,164	-
Advance from partners		-	-	905	-
Contractual charges (Leases - IFRS 16)	14	-	-	46,612	46,372
Accounts payable - earn out Albacora Leste	8	-	-	165,372	59,584
Other accounts payable		-	-	-	848
		3,028	3,389	727,476	715,471
Non-current liabilities					
Loans and financing	12	-	-	747,167	896,630
Local debentures (includes conversion swaps)	13	-	-	768,953	371,852
Provision for abandonment (ARO)	16	-	-	238,534	231,638
Provision for contingencies	28	80	83	198,977	195,423
Related parties	19	132,418	113,237	-	-
Contractual charges (Leases - IFRS 16)	14	-	-	390,060	400,045
Accounts payable - earn out Albacora Leste	8	-	-	-	162,502
Other liabilities		39	36	7,691	7,592
		132,537	113,356	2,351,382	2,265,682
Shareholders' equity					
Realized share capital	18	1,425,545	959,899	1,425,545	959,899
Capital reserves		(56,025)	(41,856)	(56,025)	(41,856)
Profit reserves		1,356,442	1,810,361	1,356,442	1,810,361
Accumulated translation adjustment		121,254	121,570	121,254	121,570
Equity valuation adjustments	13	16,717	16,669	16,717	16,669
Income (loss) for the period		217,715	-	217,715	-
		3,081,648	2,866,643	3,081,648	2,866,643
Total liabilities and shareholders’ equity		3,217,213	2,983,388	6,160,506	5,847,796

See the accompanying notes to the quarterly information.

Statements of income

Three-month period ended March 31, 2024 and 2023

(In thousands of dollars—US$, except earnings/losses per share)

	Note	Parent Company		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net revenue	20	-	-	642,154	524,599
Costs of products/services	21	-	-	(268,255)	(188,262)
Gross revenue		-	-	373,899	336,337
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	(89)	-
Personnel expenses		(4,538)	(188)	(8,231)	(5,837)
General and administrative expenses		(7)	(44)	(3,446)	(3,956)
Expenses with Outsourced Services		(304)	(164)	(4,352)	(1,341)
Taxes and rates		(173)	(96)	(2,904)	(899)
Depreciation and amortization expenses		(7)	(16)	(4,950)	(4,142)
Equity in net income of subsidiaries	6	222,191	223,878	-	-
Other operating revenues (expenses), net	22	(14)	(1,045)	4,431	(27,246)
Operating income (loss) before financial income (loss)		217,148	222,325	354,358	292,916
Financial revenues	23	42	84	10,264	5,065
Financial expenses	23	(1,544)	(335)	(59,005)	(44,087)
Net exchange-rate changes	23	1,592	61	8,191	(13,108)
Income before income tax and social contribution		217,238	222,135	313,808	240,786
Current income tax and social contribution	24	-	(351)	(36,250)	(25,022)
Deferred income tax and social contribution	24	477	-	(59,843)	6,020
Income for the period		217,715	221,784	217,715	221,784
Basic and diluted earnings per share					
Basic		0.260	0.262	0.260	0.262
Diluted		0.259	0.260	0.259	0.260

See the accompanying notes to the quarterly information.

PRIO

Statements of comprehensive income
Three-month period ended March 31, 2024 and 2023
(In thousands of dollars—US$)

	Consolidated	
	03/31/2024	03/31/2023
Income (loss) for the period	217,715	221,784
Mark-to-market of local debenture swaps	48	7,836
(-) Deferred taxes on mark-to-market of swaps	(16)	(2,664)
Translation adjustment on investment abroad, net of taxes	(316)	(5,234)
Other comprehensive income for the period, net of taxes	(284)	(62)
Total other comprehensive income for the period, net of taxes	217,431	221,722

See the accompanying notes to the quarterly information.

Statements of changes in shareholders' equity

Three-month period ended March 31, 2024 and 2023

(In thousands of dollars—US$)

		Capital reserve						
	Capital	Capital reserve	Treasury shares	Profit reserve	Accumulated translation adjustment	Equity valuation adjustment	Retained earnings	Consolidated
Balances at January 1, 2024	959,899	70,502	(112,358)	1,810,361	121,570	16,669	-	2,866,643
Paid-up capital	465,646	-	-	(453,919)	-	-	-	11,727
Stock options granted	-	2,163	-	-	-	-	-	2,163
Translation adjustment on investment abroad	-	-	-	-	(316)	-	-	(316)
Gain (loss) with financial instruments	-	-	-	-	-	48	-	48
Treasury shares	-	-	(16,332)	-	-	-	-	(16,332)
Net income for the period	-	-	-	-	-	-	217,715	217,715
Balances at March 31, 2024	1,425,545	72,665	(128,690)	1,356,442	121,254	16,717	217,715	3,081,648

See the accompanying notes to the quarterly information.

Statements of cash flows

Three-month period ended March 31, 2024 and 2023
(In thousands of dollars—US$)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cash flows from operating activities				
Income (loss) for the year (before taxes)	217,238	222,135	313,808	240,786
Depreciation and amortization	7	16	122,891	60,515
Financial revenue	(2,413)	(831)	(120,509)	(70,214)
Financial expenses	2,218	1,157	160,388	102,429
Share-based compensation	2,163	3,654	2,163	3,654
Equity in net income of subsidiaries	(222,191)	(223,878)	-	-
Provision for contingencies/losses/R&D	217,238	222,135	4,567	10,201
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	69	6,272
Negative goodwill on acquisition of Albacora Leste	-	-	-	(3,230)
	(2,978)	2,253	483,377	350,413
(Increase) decrease in assets				
Accounts receivable	-	-	73,600	(384,834)
Recoverable taxes	(164)	34	(7,098)	22,005
Prepaid expenses	(2)	90	1,032	1,380
Advances to suppliers	-	-	(3,044)	(6,658)
Oil inventories	-	-	(12,867)	43,436
Inventory of consumables	-	-	(5,254)	(2,741)
Related parties	(12,198)	(8,682)	-	-
Advance to partners in oil and gas operations	-	-	20,190	3,540
Deposits and pledges	-	1	239	(269)
Other receivables	(6)	1	(7,471)	(212)
Increase (decrease) in liabilities				
Suppliers	(715)	213	(35,565)	(428)
Labor obligations	(247)	(1,412)	(17,991)	8,437
Taxes and social contributions	(192)	11	(73,952)	(19,467)
Related parties	20,395	11,565	-	-
Other liabilities	2	110	(604)	3,115
Net cash (invested in) from operating activities	3,895	4,184	414,592	17,717
Cash flows from investment activities				
(Investment in) redemption of abandonment fund	-	-	(537)	(331)
Non-current assets held for sale	-	-	(1,271)	-
(Purchase) sale of property, plant and equipment	-	-	(237,852)	(140,658)
(Acquisition) of oil and gas assets	-	-	(59,940)	(1,839,470)
Net cash (invested in) from investment activities	-	-	(299,600)	(1,980,459)
Cash flows from financing activities				
Borrowings	-	-	-	278,000
Repayment of principal on loans	-	-	(136,000)	-
Interest paid on loans	-	-	(13,604)	(6,027)
Contractual charges - Leases IFRS 16 - Principal	-	-	(3,192)	(994)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(9,078)	(5,817)
Funding of debentures	-	-	388,035	-
Interest paid on debentures	-	-	(13,962)	(19,574)
Derivative transactions	-	-	1,238	(19,098)
(Decrease) Paid-up capital	11,728	6,519	11,728	6,519
Own Company's shares (held in treasury)	(16,332)	(9,490)	(16,332)	(9,490)
Net cash (invested in) from financing activities	(4,604)	(2,971)	208,833	223,519
Translation adjustment	-	-	416	615
Net increase (decrease) in cash and cash equivalents	(709)	1,213	324,241	(1,738,608)
Cash and cash equivalents at the beginning of the period	3,769	3,287	482,392	1,842,375
Cash and cash equivalents at the end of the period	3,060	4,500	806,633	103,767
Net increase (decrease) in cash and cash equivalents	(709)	1,213	324,241	(1,738,608)

See the accompanying notes to the quarterly information.

Notes to the quarterly information
March 31, 2024
(In thousands of dollars—US$, unless otherwise indicated)

1. Operations

Prio S.A. ("Prio" or "Company"), was established on July 17, 2009. Headquartered in the city of Rio de Janeiro, its main purpose is to hold interests in other companies as partner, shareholder or unitholder, in Brazil and abroad, with a focus on exploration, development and production of oil and natural gas.

For the purpose of this report, Petro Rio S.A and its subsidiaries are denominated, individually or jointly, as the "Company" or "Group", respectively.

Its relevant activities are carried out by means of subsidiaries Petro Rio Jaguar Petróleo SA. ("Jaguar"), Prio Bravo Ltda ("Bravo") and Prio Forte S.A. ("Forte"), and they are focused on the production of oil and natural gas, operating in Campos Basin on March 31, 2024:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase
Brazil	Campos	BM-C-8	Polvo	Bravo	100%	Operator	Production
Brazil	Campos	C-M-466	Tubarão Martelo	Bravo	100%	Operator	Production
Brazil	Campos	Frade	Frade	Jaguar	100%	Operator	Production
Brazil	Campos	Albacora Leste	Albacora Leste	Jaguar	90%	Operator	Production
Brazil	Campos	BM-C-30	Wahoo	Jaguar	64%	Operator	Exploration
Brazil	Campos	BM-C-32	Itaipu	Jaguar	100%	Operator	Exploration
Brazil	Foz do Amazonas	FZA-M-254		Coral	100%	Operator	Exploration
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	Operator	Exploration

Below we describe the activities in the main Fields where the Company operates:

Polvo Field

The Company is the operator and holds 100% of the Polvo Field concession contract, acquired from BP Energy do Brasil Ltda. ("BP") – 60% in 2014 and from Maersk Energia Ltda. ("Maersk") – 40% in 2015. On March 29, 2023, the Field concession was transferred from the subsidiary Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PrioOG") to the subsidiary Bravo, starting a process of restructuring/streamlining the group's corporate structure, with no impact on the quarterly information.

The Polvo Field is in the southern portion of the Campos Basin (offshore) some 100 km east of the city of Cabo Frio in the state of Rio de Janeiro. The license covers an area of approximately 134 km2 with several prospects for future exploration. Average daily output during the first quarter of 2024 was of roughly 6.1 thousand barrels (6.0 thousand barrels for the first quarter of 2023).

Tubarão Martelo ("TBMT") and Prio Forte S.A. ("Forte")

As of August 3, 2020, PrioOG completed the acquisition of 80% of the Tubarão Martelo Field operations and took over the Field's operation.

The Tubarão Martelo Field is located in the south of the Campos Basin, approximately 86 kilometers off the coast of the State of Rio de Janeiro. The license covers an area of approximately 32 km², with an average water depth of 110m. The Field produced approximately 9.8 thousand bbl of oil per day in the first quarter of 2024 (6.5 thousand bbl of oil per day in the first quarter of 2023).

On January 8, 2023, the subsidiary Petro Rio OPCO Exploração Petrolífera Ltda. ("OPCO") completed the acquisition of shares and control of Dommo. As of this date, all Dommo's shares were transferred to OPCO, in exchange for PNA shares that were redeemed on the same day for PRIO3 shares; and PNB, in turn redeemed in cash on January 13, 2023, as detailed in Note 8. Dommo Energia S.A. had its corporate name changed to Prio Forte S.A. ("Forte").

FPSO Bravo and connection between the Polvo and Tubarão Martelo fields

As of February 3, 2020, the Company entered into a contract for the acquisition of the FPSO Bravo vessel (Floating, Production, Storage and Offloading – FPSO), built in 2012 with a processing capacity of 100 thousand bbl of oil per day and storage capacity of 1.3 million bbl.

Currently, the FPSO operates in the Tubarão Martelo and Polvo Fields, through a tieback with the Polvo A Fixed Platform, concluded on July 14, 2021.

Frade Field

On March 25, 2019 and October 01, 2019, after complying with the precedent conditions and obtaining the necessary approvals, Jaguar completed the acquisition of 51.74% and 18.26%, respectively, of interest in the concession of Frade Field, in the operational assets of the Field, and assumed the operation of the Field.

Furthermore, on November 28, 2019, Jaguar signed a purchase and sale agreement with Petrobras for the acquisition of the remaining 30% interest in the Field, increasing interest in Frade Field to 100%. The completion of this transaction took place on February 5, 2021.

The Frade Field is in the northern region of the Campos Basin, about 120 kilometers from the coast of the State of Rio de Janeiro. The license covers an area of approximately 154 km², with an average water depth of 1,155 m. In the 1Q24, the Field produced approximately 45.2 thousand bbl of oil per day in the first quarter of 2024 (32.9 thousand bbl of oil per day in the first quarter of 2023).

Albacora Leste field

On April 28, 2022, Jaguar signed a Purchase and Sale Agreement with Petróleo Brasileiro S.A. ("Petrobras") for the acquisition of a 90% interest and operation of Albacora Leste Field, with Repsol Sinopec Brasil as the partner holding the remaining 10%.

On January 26, 2023, upon ANP's approval, the acquisition of operation and a 90% interest in Albacora Leste Field ("Field" or "Albacora Leste") with Petrobras was concluded. As of this date, PRIO becomes the operator of the asset, pursuant to Note 8.

Albacora Leste is located at a water depth of 1,200 meters, in the north of the Campos Basin, 23 km from the Frade Field. Discovered in 1986, the field had its first oil in 1998 through its 10 producing wells and 6 injection wells currently in operation. The field produced in the first quarter of 2024, approximately 25.6 thousand bbl of oil per day (24.3 thousand bbl of oil per day in the first quarter of 2023).

Wahoo and Itaipu Field

As of November 19, 2020, a contract was signed with BP Energy do Brasil Ltda. for the acquisition of shares regarding a 35.7% interest in Block BM-C-30 ("Wahoo Field" or "Wahoo"), and a 60% interest in Block BM-C-32 ("Itaipu Field" or "Itaipu"). On June 17, 2021, the ANP - Brazilian National Agency of Petroleum approved the transfer of assets, and on July 1, 2021, the certificate of completion of the acquisition operation was signed, with Prio becoming the operator of both pre-salt fields and increasing proven reserves by approximately 132 million barrels.

Additionally, on March 04, 2021, the Company signed an agreement with Total E&P do Brasil Ltda. for the acquisition of an additional 28.6% interest in Wahoo, approved by the ANP on July 08, 2021. Subsequently, as of September 26, 2022, the Company also signed with Total E&P do Brasil Ltda. the acquisition of the remaining 40% of the Itaipu field, approved by ANP on March 23, 2023. In addition to the Wahoo portion acquired from BP, Prio's interest the concession will increase to 64.3%.

With the development of Wahoo, estimated to be concluded in the second semester of 2024, the Company will form another production cluster and will share the full infrastructure with Frade Field (including the FPSO), thus enabling the capture of several synergies resulting in another strong and sustainable decrease in the lifting cost, striving to always maintain the highest standards of safety and efficiency.

As disclosed in the Note on Subsequent Events, on April 11, 2024, after the conclusion of the arbitration between the parties, 100% of the investment in the Field development campaign – and consequently 100% of the production of the wells included in this campaign – will be Prio's.

Itaipu is an exploratory block that is located close to the Parque das Baleias cluster and preliminary studies performed indicate that the accumulation is potentially shared with the southeast region of the cluster and before the development definition, a unitization process may be necessary. See further details of the acquisition in Note 8.

2. Accounting policies material to the quarterly information

2.1 Statement of conformity

The individual and consolidated quarterly information was prepared and are presented in accordance with accounting practices adopted in Brazil, which includes the provisions of Brazilian Corporation Law, Procedures, Guidance and Interpretations issued by Accounting Pronouncement Committee - CPC and approved by the Brazilian Securities Commission - CVM and by the Federal Accounting Council - CFC, which are in conformity with international accounting standards issued by *International Accounting Standards Board - IASB.*

(In thousands of dollars—US$, unless otherwise indicated)

2.2 Basis of preparation

The individual and consolidated quarterly information was prepared based on the historical cost, except for amounts and transactions measured at fair value, when indicated.

2.3 Basis of consolidation and investments in subsidiaries

The consolidated quarterly information includes quarterly information of the Company and its subsidiaries. Control is achieved when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

The income (loss) of the subsidiaries acquired, sold or merged during the year are included in the consolidated income and comprehensive income information from the effective date of acquisition, disposal or merger, as applicable.

In the individual quarterly information of the Company, the quarterly information of the direct and indirect subsidiaries is recognized under the equity method.

When necessary, subsidiaries' quarterly information accounting policies are adjusted to those of the Group. All transactions, balances, revenues and expenses among the Group's companies are fully eliminated in consolidated quarterly information.

The Company's consolidated quarterly information comprises:

			Interest			
			03/31/2024		12/31/2023	
Fully consolidated companies	Reference	Status	Direct	Indirect	Direct	Indirect
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	“PrioOG”	Inactive	100.00%	-	100.00%	-
Petro Rio Energia Ltda.	“PrioEnergia”	Inactive	-	100.00%	-	100.00%
Petro Rio Internacional Ltda.	“PrioIntl”	Holding	0.62%	99.38%	0.62%	99.38%
Petrorio Luxembourg Holding Sarl	“Lux Holding”	Trading	-	100.00%	-	100.00%
Walvis Petroleum (Pty) Ltd.	“Walvis”	Under settlement	-	100.00%	-	100.00%
Prio Bravo Ltda.	“Bravo”	Production	-	100.00%	-	100.00%
Petro Rio Jaguar Petróleo S.A.	“Jaguar”	Production	-	100.00%	-	100.00%
Petro Rio OPCO Exploração Petrolífera Ltda.	“Opco”	Holding	-	100.00%	-	100.00%
Petro Rio Coral Exploração Petrolífera Ltda.	“Coral”	Inactive	-	100.00%	-	100.00%
Brasoil Finco LLC	“Finco”	Under settlement	-	100.00%	-	100.00%
Dommo R-11 Petróleo e Gás S.A.	“R-11”	Inactive	-	100.00%	-	100.00%
Óleo e Gás Participações S.A.	“OGPar”	Inactive	-	100.00%	-	100.00%
Prio Forte S.A.	“Forte”	Production	-	100.00%	-	100.00%
PRIO O&G International GmbH	“PrioOGIntl”	Holding	-	100.00%	-	100.00%
PRIO O&G Trading & Shipping GmbH	“PrioAustria”	Trading	-	100.00%	-	100.00%
Dommo Netherlands Holding BV	“Ned Holding”	Inactive	-	100.00%	-	100.00%
Dommo Netherlands BV	“PrioNed”	Inactive	-	100.00%	-	100.00%
Petrorio Luxembourg Trading Sarl	“Lux Trading”	Trading	-	100.00%	-	100.00%
Kunene Energy (Pty) Ltd.	“Kunene”	Under settlement	-	100.00%	-	100.00%
Orange Petroleum Ltd.	“Orange”	Under settlement	-	100.00%	-	100.00%

2.4 Accounting policies adopted

We hereby declare that the accounting policies adopted in the preparation of this quarterly information are consistent with those used in the most recent annual financial statements (year ended December 31, 2023). Thus, this quarterly information should be read together with information disclosed in financial statements for the year ended December 31, 2023.

(In thousands of dollars—US$, unless otherwise indicated)

2.5 Functional currency and presentation currency

Presentation currency

In compliance with Brazilian legislation, the individual and consolidated quarterly information is presented in reais, translated from the consolidated information prepared in the Company's functional currency, which on January 1, 2022 was changed to the US dollar, as highlighted:

- Assets and liabilities are translated into reais at the exchange rate on the reporting date (closing rate);
- Statements of income, comprehensive income, cash flows and added value are translated at the exchange rate on the date of operations (daily rate); and
- Shareholders' equity is translated at the historical rate.

Foreign exchange differences resulting from said translation are accounted for separately in shareholders' equity, in comprehensive statement of income, in line of "Accumulated translation adjustments".

Functional currency

The Company's Management periodically monitors the primary and secondary indicators that define the functional currency to be used.

All of the Company's subsidiaries, except Coral, have the US Dollar as their functional currency.

2.6 Standards and new and reviewed interpretations already issued

In the preparation of quarterly information, the Company's Management considers, when applicable, new reviews and interpretations of IFRS and technical pronouncements, issued by IASB and CPC. No changes affecting the Company's quarterly information for the three-month accounting period ended March 31, 2024 were identified.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Cash	-	-	25	20
Banks	3,060	3,769	806,608	482,371
	3,060	3,769	806,633	482,391
National	2,697	1,711	388,318	96,546
Abroad	362	2,058	418,315	385,846

The balance of cash and cash equivalents consists of funds for the purpose of working capital, applied by period that range from one day to three months, depending on the Group's immediate cash needs in highly liquid instruments in Brazil (committed, Bank Deposit

(In thousands of dollars—US$, unless otherwise indicated)

Certificates and Investment fund) and abroad (remunerated current account deposits), without risk of significant change of the principal, and yields upon redemption.

4. Accounts receivable

	Consolidated	
	03/31/2024	12/31/2023
Petrobras (i)	955	6,176
Exxon Mobil (ii)	16,968	-
Valero (iii)	10,317	81,295
Shell (iv)	31,723	159,215
Phillips 66	-	80,387
Trafigura (v)	148,794	28,364
Saras SPA (vi)	77,705	4,351
Other	101	341
Total	286,563	360,129
Total local currency	1,057	6,517
Total foreign currency	285,506	353,612

(i) Balance receivable relating to sales of gas and condensate oil made by Jaguar and Bravo (being US$ 725 for Jaguar and US$ 230 for Bravo) and partially received in the amount of US$ 382 in April 2024.
(ii) Balance receivable relating to sales of oil from the Polvo, Tubarão Martelo, Frade, and Albacora Leste Fields, carried out in March 2024 and received in full in April 2024.
(iii) Balance receivable relating to sales of oil from the Frade Fields and repurchases from third parties, carried out in March 2024 and received in full in April 2024.
(iv) Balance receivable relating to sales of oil from the Polvo, Tubarão Martelo, Frade, and Albacora Leste Fields, carried out in March 2024 and received in the amount of US$ 31,705 in April 2024.
(v) Balance receivable relating to sales of oil from the Polvo, Tubarão Martelo, Frade, and Albacora Leste Fields, carried out in March 2024 and received in full in April 2024.
(vi) Balance receivable referring to the sale of oil from Frade Field, made in March 2024.

Historically, the Company's accounts receivable do not have credit risk. Thus, the Management does not identify the need to form the allowance for doubtful accounts.

5. Recoverable taxes

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Income tax and social contribution (i)	402	404	52,339	47,088
PIS and COFINS (ii)	-	-	12,418	19,615
ICMS (iii)	-	-	7,337	5,343
Tax abroad	-	-	1,418	517
Other	-	-	92	121
Total	402	404	73,604	72,684
Current assets	402	404	73,124	71,811
Non-current assets	-	-	480	873

(i) Primarily refers to withholding income tax on interest earning bank deposits, balance of IRPJ/CSLL (Corporate Income Tax / Social Contribution on Net Revenue) from advances in a greater amount, and advances of IRPJ/CSLL for the current year.

(ii) PIS/COFINS credits on inputs used in operation.
(iii) ICMS recoverable referring to oil loans between Frade Field partners and movement of materials upon acquisition of Polvo.

6. Investments

On March 31, 2024, the Company presented the following main interest held in direct subsidiaries:

- Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PrioOG")

The subsidiary was created on July 20, 2009, with headquarters in Rio de Janeiro, and engages in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

Since March 2011, PrioOG already operated as Operator B, in shallow waters and, beginning as of October 2015, PrioOG was qualified as Operator A by ANP, which permits conduction of activities in land areas, and shallow, deep and ultra-deep waters.

- Petro Rio Internacional S.A. ("PrioIntl")

The subsidiary, headquartered in Rio de Janeiro is engaged in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

All Group's companies located in and outside of Brazil, except for PrioOG and Prioenergia, are consolidated under a single corporate structure having PrioIntl as head office in Brazil.

Currently, the main companies controlled by PrioIntl are (i) Lux Holding, a company that sells the oil produced by the companies; (ii) Jaguar, owner of the Frade, Albacora Leste, Wahoo, and Itaipu Fields; and (iii) Bravo, owner of the Polvo and Tubarão Martelo Fields. Lux Trading, which sold oil produced in the fields of the Group's companies, was taken over by Lux Holding in October 2023. Lux Holding owns the fixed platform, "Polvo A". Also under this corporate structure are subsidiaries located in the Republic of Namibia and are under settlement and have no balances in their balance sheets.

Portfolio of concessions

On March 31, 2024 the Company's subsidiaries were participants in the following concessions in Brazilian basins:

(In thousands of dollars—US$, unless otherwise indicated)

Country	Basin	Block	Field	Concessionaire	%	JOA (**)	Status	Phase	PEM (*)
Brazil	Campos	BM-C-8	Polvo	Bravo	100%	No	Operator	Production	-
Brazil	Campos	Frade	Frade	Jaguar	100%	No	Operator	Production	-
Brazil	Campos	C-M-466	Tubarão Martelo	Bravo	100%	No	Operator	Production	-
Brazil	Campos	Albacora Leste	Albacora Leste	Jaguar	90%	Yes	Operator	Production	-
Brazil	Campos	BM-C-30	Wahoo	Jaguar	64%	Yes	Operator	Exploration	-
Brazil	Campos	BM-C-32	Itaipu	Jaguar	100%	No	Operator	Exploration	-
Brazil	Foz do Amazonas	FZA-M-254	-	Coral	100%	No	Operator	Exploration	US$ 117
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	No	Operator	Exploration	US$ 2,114

(*) Minimum exploratory program remaining.
(**) Joint Operating Agreement.

The acquisition of Forte shares, according to CPC 15 (R1) – Business Combination, during the first quarter of 2023, increased the interest in the Tubarão Martelo Field by 20%, and now is 100% of interest; thus, granting control of the Field to the Company.

Also in the first quarter of 2023, the acquisition of Albacora Leste, with a 90% interest of the Albacora Leste field (the remaining 10% being owned by Repsol Sinopec Brasil), and the acquisition of remaining 40% of the Itaipu Field took place, completing the 100% interest of the Field.

a) Relevant information on investees as of March 31, 2024

	PrioOG	PrioIntl
Direct interest	100.00%	0.62%
Indirect interest	-	99.38%
Shareholders' equity	3,178,293	3,042,830
Income (loss) for the period	220,897	225,735
Total assets	3,235,264	3,042,833

b) Breakdown of investments

	Parent Company	
	03/31/2024	12/31/2023
PrioOG	3,178,293	2,957,596
PrioIntl	18,740	17,514
	3,197,033	2,975,110

c) Changes in investment

	PrioOG	PTRIntl	Total
Balance at December 31, 2023	2,957,596	17,514	2,975,110
Equity in net income of subsidiaries	220,897	1,294	222,191
Conversion adjustments	(247)	(69)	(316)
Capital reserve - reflex	(2)	2	-
Equity evaluation adjustments	49	(1)	48
Balance at March 31, 2024	3,178,293	18,740	3,197,033

(In thousands of dollars—US$, unless otherwise indicated)

7. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Balance at 03/31/2024	Balance at 12/31/2023
In operation					
Platform and Drilling rig - Polvo A	UOP (i)	42,560	(39,538)	3,022	3,160
FPSO Valente - Frade	UOP (i)	335,284	(154,517)	180,767	188,202
FPSO Bravo - Tubarão Martelo	UOP (i)	144,310	(63,683)	80,627	84,417
FPSO Forte – Albacora Leste	UOP (i)	348,614	(49,019)	299,595	311,178
Sonda Hunter Queen	UOP (i)	116,868	(1,932)	114,936	112,370
Oil & gas assets - Frade	UOP (i)	509,940	(116,415)	393,525	318,172
Oil and Gas Assets - Polvo & TBMT	UOP (i)	177,718	(92,241)	85,477	89,256
Well workover	3	95,828	(46,998)	48,830	55,107
Machinery and equipment	10	1,435	(1,435)	-	-
Furniture and fixtures	10	399	(255)	144	151
Communication equipment	20	214	(118)	96	91
IT equipment	20	2,723	(1,550)	1,173	989
Leasehold improvements	4	1,254	(216)	1,038	1,051
In progress				-	
Construction in progress (ii)		5,688	-	5,688	4,907
Well workover (iii)		71	-	71	72
Development expenditure (iv)		615,571	-	615,571	572,066
Spare parts		2,478	-	2,478	2,478
Genesis I vessel (v)		38,443	-	38,443	-
Material for well revitalization/re-entry - Frade (vi)		262,423	-	262,423	203,149
Total		2,701,821	(567,917)	2,133,904	1,946,816

Cost and depreciation are presented translated at their respective historical rates.
(i) UOP – Units of Production (Unit-of-production depreciation method);
(ii) Construction in progress refers basically to expenditure with administrative facilities;
(iii) Well Workover for the resumption and/or improvement of wells;
(iv) Expenditure on development mainly in the Wahoo Field, which is currently awaiting a license to begin development.
(v) Vessel acquired to launch Wahoo lines and subsequent support in operating the fields. It is currently in the preparation phase for entry into activity.
(vi) Materials acquired as part of the Frade Field Revitalization Plan.

b) Changes in balance

	Balance at 01/01/2024	Additions	Depreciation	Transfers	Balance at 03/31/2024
In operation					
Platform and Drilling rig - Polvo A	3,160		(138)		3,022
FPSO Valente – Frade	188,202		(7,435)		180,767
FPSO Bravo - Tubarão Martelo	84,417		(3,790)		80,627
FPSO Forte – Albacora Leste	311,178		(11,583)		299,595
Sonda Hunter Queen	112,370	4,019	(1,453)		114,936
Oil & gas assets - Frade	318,172		(16,205)	91,558	393,525
Oil and Gas Assets - Polvo & TBMT	89,256		(3,779)		85,477
Well workover	55,107		(6,277)		48,830
Furniture and fixtures	151		(7)		144
Communication equipment	91	8	(3)		96
IT equipment	989	265	(81)		1,173
Leasehold improvements	1,051		(13)		1,038
In progress					
Property, plant and equipment in progress	4,907	781			5,688
Well workover	72	(1)			71
Development expenditure	572,066	131,463		(87,958)	615,571
Spare parts	2,478	-			2,478
Genesis I vessel	-	38,443			38,443
Material for well revitalization/re-entry – Frade	203,149	90,541		(31,267)	262,423
Total	1,946,816	265,519	(50,764)	(27,667)	2,133,904

(In thousands of dollars—US$, unless otherwise indicated)

The transfers did not come to zero because US$ 27,667 relating to property, plant and equipment was used in the operation.

The development expenditure added in the first quarter are related to activities in the Wahoo Field, amounting to US$ 62,156, Frade Field, US$ 32,868, Albacora Leste Field, US$ 30,860, and in the Polvo and TBMT Cluster, US$ 5,579.

Phase 2 of the Frade Field redevelopment was completed in 2023. At this stage, three production wells and one injection well have been drilled. The amounts transferred from development expenses in progress to those in operation this quarter refer to the closing of these wells.

Furthermore, the Company started production from the POL-Q well in the Polvo Field, with initial stabilized production of approximately 1,000 barrels of oil per day, representing a 15% increase in the Field's production. The new well is producing in the Eocene reservoir.

On July 22, 2022, the Company concluded the acquisition of the Hunter Queen drilling rig (former West Capricorn), with the definitive transfer of the equipment to Prio. Furthermore, US$ 1,886 thousand (R$ 9,971) were paid for the transfer of the drilling rig. The drilling rig, after some adaptations, began its operational activities starting in December 2023.

8. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated				
		Cost	Amortization	Translation adjustment	03/31/2024	12/31/2023
Oil & gas assets - Frade	(i)	164,274	(98,445)	-	65,829	68,538
Oil & gas assets - Albacora Leste	(i)	1,887,997	(265,471)	-	1,622,526	1,685,255
Oil and Gas Assets - Polvo & TBMT	(i)	149,276	(82,742)	-	66,534	69,571
Oil & gas assets - Wahoo	(i)	151,560	-	-	151,560	151,560
Oil & gas assets - Itaipu	(i)	78	-	-	78	78
Subscription bonus - FZA-M-254	(i)	1,261	-	(45)	1,216	1,261
Subscription bonus - FZA-Z-539	(i)	1,687	-	(48)	1,639	1,687
Software and others	20	49	-	-	49	49
Goodwill on the acquisition of equity control of Forte	(ii)	276,535	-	-	276,535	276,535
		2,632,717	(446,658)	(93)	2,185,966	2,254,534

(i) Acquisition costs/subscription bonuses and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of reserves when exploration/redevelopment processes will be completed.
(ii) Goodwill and surplus related to the acquisition of shares and control of Forte.

(In thousands of dollars—US$, unless otherwise indicated)

b) Changes in balance

	Balance at 01/01/2024	Amortization	Translation adjustment	Balance at 03/31/2024
Oil & gas assets - Frade	68,538	(2,709)	-	65,829
Oil & gas assets - Albacora Leste	1,685,255	(62,729)	-	1,622,526
Oil and Gas Assets - Polvo & TBMT	69,571	(3,037)	-	66,534
Oil & gas assets - Wahoo	151,560	-	-	151,560
Oil & gas assets - Itaipu	78	-	-	78
Subscription bonus - FZA-M-254	1,261	-	(45)	1,216
Subscription bonus - FZA-Z-539	1,687	-	(48)	1,639
Software and others	49	-	-	49
Goodwill on the acquisition of equity control of Forte	276,535	-	-	276,535
	2,254,534	(68,475)	(93)	2,185,966

*Value on the transaction date, referring to the acquisition of Forte, per Note 8.d.

c) Acquisition of assets

1. Itaipu Field (100%)

The Company completed the acquisition of the remaining 40% interest in the Itaipu Field from Total On March 23, 2023 for the amount of US$ 75 (R$ 395).

The field has already carried out the minimum exploratory programs and has no provision for abandonment, which is only formed during the development period.

2. Albacora Leste field

As described in the operational context, on January 26, 2023, Jaguar concluded the acquisition of a 90% stake in the Albacora Leste Field with Petrobras and became the operator of the field.

The transaction price was established in US Dollars and totaled US$ 1,935 million (R$ 9,860,204 translated on the operation date), of which US$ 293 million (R$ 1,491,081) were paid upon signing the agreement, on April 28, 2022, US$ 1,636 million (R$ 8,333,515) were paid on January 26, 2023 and the remaining portion of US$ 7 million (R$ 35,608) were paid in August 2023, considering the final price adjustment.

Additionally, according to oil price projections on the closing date, there is an expected payment of US$ 205 million of the total of US$ 250 million (R$ 1,044,496 and R$ 1,273,775, respectively) of contingent consideration (earn-out), and such amount likely payment was included in the total price against accounts payable to Petrobras. Any change between the provision and the realization of amounts will have an impact on the Company's income (loss).

The updated balance on March 31, 2024 based on Libor/SOFR is US$ 165,372 thousand (R$ 826,234). This amount is already net of the installment referring to 2023, of US$ 55 million (R$ 295,054), which was paid in January 2024, since the conditions for payment were met (Brent average above US$ 80).

(In thousands of dollars—US$, unless otherwise indicated)

The installment referring to 2024, once the conditions are met, is expected to be paid in January 2025.

The identified fair value assets and liabilities, on the transaction date, as well as the allocation to Jaguar, are presented below:

	US$'000
Downpayment (advance)	292,650
Payment - closing date	1,635,594
Final price adjustment	6,988
Earn-out provision	205,000
Total consideration	2,140,232
Allocation of price	
Property, plant and equipment – Concession	1,899,711
Property, plant and equipment - FPSO P-50 – Albacora Leste	348,614
Inventories	49,122
Inventory oil	7,625
Provision for abandonment	(164,840)

d) Business combination – Acquisition of shares and control of Forte

As disclosed in the operations session, on January 8, 2023, OPCO completed the acquisition of control of Dommo Energia S.A. (whose corporate name was changed to Prio Forte S.A. – identified as "Forte" in this financial statement), through the purchase of 100% of the shares.

On this date, the OPCO's capital was increased through the issue of Class A and B preferred shares (PNA and PNB, respectively), which were paid in with Dommo's shares of US$ 166,330 and subscription warrants of US$ 2,049, valued at the total of US$ 168,379.

In total, 64,618,788 PNA preferred shares and 481,643,405 PNB preferred shares were issued by choice of the holders of shares and subscription warrants, which were redeemed on the same day for PRIO3 shares, in the case of PNA, and in cash, in the case of the PNB, which together amounted to US$ 204,023 thousand (R$ 1,035,337), of which US$ 26,385 (R$ 133,895) was paid in excess to the market value of shares on the date and consequently, treated as transaction among partner and recorded in the shareholders' equity as the statement of changes in shareholders' equity.

The operation included the company Forte, holder of 20% interest in Tubarão Martelo field and all subsidiaries of this company, in which it has a 100% interest, which are Dommo R-11 Petróleo e Gás S.A., Óleo e Gás Participações S.A, Dommo Austria GmbH (changed to PRIO O&G Trading & Shipping GmbH), Dommo International GmbH (changed to PRIO O&G International GmbH), Dommo Netherlands BV and Dommo Netherlands Holding BV.

The Group, through its subsidiary PrioOG, held a JOA contract with Forte, through which it controlled 80% of the Tubarão Martelo field operations. Thus, in light of CPC 15, the acquisition of control of Forte by OPCO, through the remaining 20% of the JOA, was treated by Management as a business combination carried out in stages (step acquisition). The Company determined the fair values of the assets acquired and liabilities assumed, the fair value of the interest previously held by the Company of 80% of the Field, as well as the allocation of the purchase price; thus, determined the gain in the remeasurement of previous interest of R$ 117,070, which was fully realized upon the transfer of JOA and control of Forte's activities for the subsidiary, Bravo, on March 29, 2023. Therefore, there is no effect on the income (loss) for the year regarding the transaction.

(In thousands of dollars—US$, unless otherwise indicated)

On the control acquisition date, net assets and liabilities amounted to a liability of US$ 81,611 (R$ 431,355), mainly consisting of provision for probable contingencies recognized in the balance sheet int he amount of US$ 102,700 and amounts payable for the conclusion of the abandonment of Tubarão Azul Field in the amount of US$ 16,500, in the final stage, net of bank deposits in the amount of US$ 9,118 and judicial deposits in the amount of US$ 4,063.

On the date of these financial statements, as provided for by CPC 15, Management completed the fine adjustments of the transaction for the acquisition of interest and control, as well as identifying the fair value of the assets acquired and liabilities assumed. The assets and liabilities determined at fair value on the transaction date, as well as the definitive allocation, are as follows:

	US$'000
Consideration transferred (subscription of OPCO shares)	168,379
Allocation of price	
Shareholders' equity on acquisition	(81,611)
Capital gain of the concession	62,480
Deferred tax on surplus	13,675
Contingent liabilities assumed	(102,700)
Goodwill generated in business combination	276,535

The goodwill generated is based on the expected realization of tax loss credits from the acquiree, with the increase in production and the consequent increase in taxable income.

Moreover, for the purposes of defining fair value, the amounts of "possible" and "remote" contingencies were considered, which were not accounted for on Forte's balance sheet, on the date of acquisition of control, following the guidelines of CPC 25, and considering a probability percentage of 25% for "possible" contingencies and 5% for "remote" contingencies, thus adding an amount of US$ 102,700 in fair value to the contingent liability.

9. Suppliers

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Domestic suppliers	82	123	94,203	140,133
Foreign suppliers	22	10	33,250	32,296
	104	133	127,453	172,429
Total current liabilities	104	133	127,453	172,429

10. Labor obligations

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Salary	-	-	2,569	3,566
Provision for bonus	2,749	3,079	29,171	44,299
Charges	21	20	2,380	5,174
Vacation / 13th salary	23	17	1,831	2,089
	2,793	3,116	35,951	55,128

(In thousands of dollars—US$, unless otherwise indicated)

11. Taxes and social contributions payable

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
IRPJ and CSLL payable	-	-	36,227	69,346
Royalties	-	-	17,492	22,348
IRRF on interest on own capital	-	-	14,170	14,170
IRRF on services	130	134	11,355	12,580
PIS/COFINS/CSLL	1	2	748	1,150
ICMS	-	-	1,378	1,504
INSS	-	-	784	797
Other	-	4	19	594
	131	140	82,173	122,489

12. Loans and financing

			Additions		Payments			
		12/31/2023	Principal	Interest	Principal	Interest	Allocation	03/31/2024
Citibank	(i)	151,599	-	2,160	-	(3,352)	-	150,407
CCB	(ii)	30,161	-	247	(28,000)	(2,408)	-	-
ABC	(iii)	32,281	-	228	(30,000)	(2,509)	-	-
Itaú	(iv)	101,149	-	1,176	-	-	-	102,325
Safra (bank)	(v)	37,712	-	389	-	-	-	38,101
Santander	(vi)	101,170	-	1,239	-	(1,279)	-	101,130
Bank of China	(vii)	15,008	-	188	-	-	-	15,196
ICBC	(viii)	51,383	-	586	(50,000)	(1,969)	-	-
HSBC	(ix)	30,017	-	70	(28,000)	(2,087)	-	-
Subtotal		550,480	-	6,283	(136,000)	(13,604)	-	407,159
BOND	(x)	602,144	-	9,187	-	-	-	611,331
Fundraising expenses - Bond	*	(5,517)	-	-	-	-	537	(4,980)
Total		1,147,107	-	15,470	(136,000)	(13,604)	537	1,013,510
Current		250,477						266,343
Non-current		896,630						747,167

* Costs with banks, lawyers, and consultants for issuing the BOND, appropriated by the effective date of instruments.

(i) In March 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement ("PPE") with Banco Citibank in the amount of US$ 100 million, with full amortization at maturity, at the rate of 4.71% p.a., twice-yearly interest payments and final maturity in 36 months.

In January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement ("PPE") with Banco Citibank in the amount of US$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 2.90% p.a., monthly interest payments and final maturity in 36 months. This contract was settled in December 2023.

In December 2023, Petro Rio Jaguar contracted an "Export Credit Note" (NCE) from Banco Citibank in the amount of US$ 50 million, with a maturity of three years and annual amortization starting from the second year, TERM SOFR rate+2.30% p.a., with quarterly interest payments and final maturity in 36 months.

(ii) In March 2022, Petro Rio Jaguar contracted an Advance on Exchange Contract ("ACC") with China Construction Bank (CCB) in the amount of US$ 28 million, with total amortization and interest at maturity, rate of 4.30% p.a. and maturing in 24 months. This contract was settled in March 2024.

(iii) In April 2022, Petro Rio Jaguar contracted two Advances on Exchange Contract (“ACC”) with Banco ABC Brasil (ABC) in the total amount of US$ 30 million, with total amortization and interest at maturity, at a rate of 4.48% p.a. and maturing in 22 and 23 months. These contracts were settled in February 2024 and March 2024, respectively.

(iv) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Itaú in the amount of US$ 100 million, with full amortization at maturity, at the rate of 4.65% p.a., twice-yearly interest payments and final maturity in 24 months.

Additionally, in January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Itaú in the amount of US$ 100 million, with full amortization at maturity, at the TERM SOFR rate + 2.57% p.a., twice-yearly interest payments and final maturity in 12 months. This contract was settled in November 2023.

(v) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Safra in the amount of US$ 35 million, with total amortization and interest at maturity, at a rate of 4.4% p.a. and final maturity in 24 months.

(vi) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Santander in the amount of US$ 100 million, with full amortization at maturity, at the rate of 4.9% p.a., quarterly interest payments and final maturity in 36 months.

In February 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Santander in the amount of US$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 2.46% p.a., quarterly interest payments and final maturity in 12 months. This contract was settled in November 2023.

(vii) In July 2022, Petro Rio contracted an Advance on Exchange Contract (“ACC”) with Banco da China (Brazil) in the amount of US$ 15 million, with full amortization at maturity, at the rate of 4.95% p.a., twice-yearly interest payments and final maturity in 30 months.

(viii) In January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with ICBC in the amount of US$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 1.45% p.a., twice-yearly interest payments and final maturity in 24 months. This contract was settled in March 2024.

(ix) In January 2023, Petro Rio Jaguar contracted an Advance on Exchange Contract (“ACC”) with HSBC in the amount of US$ 28 million, with total amortization and interest at maturity, rate of 7.47% p.a. and maturing in 12 months. This contract was settled in January 2024.

(x) On June 09, 2021, the Company issued debt in the international capital market in the amount of US$ 600 million at a cost of 6.125% p.a. and a final term of 5 years, with a buyback option as of the 3rd year. The principal will be repaid on maturity, June 09, 2026, while interest will be repaid twice-yearly, and the first amortization took place in December 2021. Additionally, this contract has non-financial obligations disclosed in the prospect that are monitored quarterly and are fully met.

The contracts signed with Citibank (i), Santander (vi), and the debt issued in the international capital market (x) have financial covenants linked to the leverage ratio. The ratio is calculated by dividing the net debt for the period by the Adjusted EBITDA of the last 12 months (EBITDA minus other revenues and expenses). The maximum limit of the ratio is 2.5x and any non-compliance with this index results in a restriction on taking on new debts. The measurement of this ratio is carried out quarterly, and on March 31, 2024, the calculated indicator was below the established limit, complying with the contract clauses.

13. Local debentures (includes conversion swaps)

As of August 24, 2022, the first issue of simple, non-convertible debentures, in two series, of the unsecured type, with additional personal guarantee from Jaguar, in the total amount of R$ 2,000,000 in the date of its issue, which was the object of a public offering with restricted placement efforts, carried out under the terms of CVM Instruction 476, with 1,500,000 Debentures issued in the First Series, maturing as of August 15, 2032; and 500,000 Debentures issued in the Second Series, maturing on August 15, 2027.

The First Series Debentures will bear interest equivalent to IPCA+ 7.41% per annum, and the Second Series Debentures are restated at the interest of 100% of the DI Rate, plus a spread of 2.05% p.a. Both series have twice-yearly interest, with payment dates on February 15 and August 15.

On the same date, Jaguar entered into derivative instruments (swap contracts) to hedge the risks of foreign exchange exposures of debentures, issued in Brazil (in Reais), and the volatility of the debentures' indexes, IPCA and CDI.

These swap contracts, which were contracted with terms and interest rates identical to the 1st and 2nd series debentures, practically exchange the amounts in Reais and interest rates of IPCA+7.41% p.a. and CDI+ 2.05% p.a., respectively, on a debt denominated in US$ at a fixed rate of 6.79% p.a.

On February 29, 2024, the second issue of simple debentures, not convertible into shares, in two series, unsecured, with additional personal guarantee from Jaguar, in the total amount of R$ 2,000,000 on the issue date, was settled, with 800,0000 (eight hundred thousand) Debentures having been issued in the First Series, maturing on February 15, 2029; and 1,200,000 (one million, two hundred thousand) Debentures in the Second Series, maturing on February 15, 2034.

The First-Series Debentures will be remunerated based on fixed interest corresponding to 11.1155% p.a., and the Second-Series Debentures will be updated according to the change in the IPCA price index and remunerated based on fixed interest corresponding to 6.4662% p.a.

On the same date, Jaguar contracted derivative instruments (swap contracts) with the aim of dollarizing the issue of debentures. Therefore, the Issue together with derivative instruments will result in an average dollarized cost of 6.14% p.a.

According to Note 29.2, on April 15, 2024, the Company settled the third issue of simple debentures, not convertible into shares, in two series, unsecured, with an additional personal guarantee from Jaguar, in the total amount of R$ 1,300,000 on the issue date, with 520,000 (five hundred twenty thousand) Debentures being issued in the First Series, maturing on April 15, 2029 and remunerated based on fixed interest corresponding to 11.0121% p.a.; and 780,000 (seven hundred eighty thousand) Debentures in the Second Series, maturing on April 15, 2034, adjusted according to the change in the IPCA price index and remunerated based on fixed interest corresponding to 6.5102% p.a. The derivative instruments contracted to protect these debentures follow the same characteristics as the second issue.

(In thousands of dollars—US$, unless otherwise indicated)

The Company designated the debentures as hedged items, and the swap contracts as hedging instruments. Moreover, it decided to use hedge accounting, according to CPC 48, item 6.4.1, as cash flow hedge. As they were contracted with identical terms and rates, the operation is fully effective, with no risk of mismatching as to the amounts practiced in the settlement of each interest or principal installment.

The cash flow hedge must account for the adjustment to fair value (or mark-to-market) of the hedging instruments in shareholders' equity, under other comprehensive income. This represents the amount that would be paid and transferred to income (loss) in the event of early settlement of the swap contracts. Up to March 2024, the amount recorded in Shareholders' Equity totals US$ 18,643 thousand offsetting the mark-to-market asset.

Additionally, the expenses for issuing the debentures were capitalized, and will be allocated to income according to the maturity date of the debentures. The balance at March 31, 2024 is US$ 24,884 thousand.

Changes in linked debentures and swaps are presented below, including mark-to-market:

		Additions		Payment						
	12/31/2023	Principal	Interest	Interest	Allocation	Exchange rate changes	Translation adjustment	03/31/2024	Mark-to-market	03/31/2024
Debentures	443,979	401,340	17,104	(18,437)	-	(13,742)	-	830,244	-	830,244
Swap contracts - Assets	(443,979)	(403,576)	(17,104)	18,437	-	15,978	-	(830,244)	(73,793)	(904,037)
Swap contracts - Liabilities	392,585	403,576	9,008	(13,962)	-	-	4,133	795,340	55,150	850,490
Funding costs	(12,589)	(13,305)	-	-	593	417	-	(24,884)	-	(24,884)
Total	379,996	388,035	9,008	(13,962)	593	2,653	4,133	770,456	(18,643)	751,813
Current	8,144							1,503	-	
Non-current	371,852							768,953	(18,643)	

The debentures have financial covenants linked to the leverage ratio. The ratio is calculated by dividing the net debt for the period by the Adjusted EBITDA of the last 12 months (EBITDA minus other revenues and expenses). The maximum limit of the ratio is 2.5x. However, any non-compliance with this index results in a restriction on taking on new debts.

The measurement of this ratio will be carried out quarterly, and on March 31, 2024, the calculated indicator was below the established limit, complying with the contract clause. Additionally, these contracts have non-financial obligations disclosed in the prospect that are monitored quarterly and are fully met.

(In thousands of dollars—US$, unless otherwise indicated)

14. Lease operations

The right-of-use assets represent the following underlying assets:

Right-of-use assets	Cost	Amortization	Balance
Support Vessels	336,958	(28,814)	308,144
Helicopters	48,355	(9,273)	39,082
Buildings/Support Bases	43,408	(7,134)	36,274
Equipment	36,373	(8,926)	27,447
Total	465,094	(54,147)	410,947

To calculate the cost, the terms in which the assets will be needed for the operation, which ranges from 2031 and 2041, and the incremental rate on the loans in force at the time of contracting the equipment lease were considered. This rate is maintained until the end of the contracts unless there is a change in their duration.

As disclosed in Note 2 in the Financial Statements of December 31, 2023, accounting policies material to quarterly information, there was an extension of the useful life of the Frade, Polvo, and Tubarão Martelo Fields, and consequently the review of discount rates. On December 31, 2023, the rate of 12.44% p.a. is being considered for contracts in Reais. (CDI+2.05% p.a.) and for contracts in USD, 11.87% p.a. for Frade and 11.55% for the Cluster.

As Albacora Leste did not change its useful life, there was no update to the discount rates, remaining at 14% for contracts in Reais and 7.14% for contracts in USD.

As a result of the readjustment of one of the contracts in BRL and contracts terminated in the period, assets increased by US$ 2,885, liabilities increased by US$ 2,816 and the difference was recorded in the income (loss) in the “Other operating revenues and expenses” line.

The effects presented in the period were:

	Assets	Liabilities
Balance at December 31, 20223	422,275	(446,417)
Additions/Reversals	3,344	(3,344)
Reversals - contracts terminated early	(6,229)	6,160
Currency adjustment	-	3,737
Price-level restatement	-	(9,078)
Payments made	-	12,270
Amortization	(8,443)	-
Balance at March 31, 2024	410,947	(436,672)
Current	-	(46,612)
Non-current	410,947	(390,060)

(In thousands of dollars—US$, unless otherwise indicated)

Contract maturity Maturity of installments	Amount (R$)	PIS/COFINS Amount (R$)
2025	(87,092)	(8,057)
2026	(48,656)	(4,501)
2027	(48,656)	(4,501)
2028	(48,769)	(4,511)
2029	(48,656)	(4,501)
2030	(48,656)	(4,501)
2031	(48,656)	(4,501)
2032	(45,238)	(4,185)
2033–2041	(396,453)	(36,671)
Undiscounted amounts	(820,832)	(75,929)
Embedded interest	384,160	
Lease liability balance	(436,672)	

15. Current and deferred income tax and social contribution

We present below the bases of tax loss and credit, respectively:

	Tax loss		Tax credit	
Companies	03/31/2024	12/31/2023	03/31/2024	12/31/2023
PetroRio S.A.	44,165	43,319	15,016	14,728
PrioIntl	2,316	2,390	787	813
PetroRioOG	129,328	89,666	43,972	30,486
Jaguar	86,149	123,482	29,291	41,984
Bravo	91,747	106,895	31,194	36,344
Brasoil Group (Coral, OPCO and Energia)	11,931	12,313	4,057	4,186
Grupo Forte (*)	4,288,858	4,066,309	1,458,212	1,382,545
Subtotal in Brazil	4,654,493	4,444,374	1,582,528	1,511,087
Lux Holding	608,542	628,013	151,770	156,626
Subtotal in Luxembourg	608,542	628,013	151,770	156,626
PrioOGIntl	6,628	6,840	1,657	1,710
PrioAustria	67,426	69,583	16,857	17,396
Subtotal in Austria	74,054	76,423	18,513	19,106
Ned Holding	155,831	160,817	38,958	40,204
Subtotal in Netherlands	155,831	160,817	38,958	40,204
Total	5,492,920	5,309,626	1,791,769	1,727,023

(*) As of March 31, 2024, there is no tax loss or credit recognized in the accounts, due to the non-expectation of generating taxable income from operations over an average period of time.

The Company has tax loss carry forwards and negative social contribution tax generated in Brazil and abroad, which may be offset against future taxable profit, limited to 30% every year in Brazil, and without offset limit in Luxembourg. As detailed below, and based on the projected results of the companies, Management recognized and recorded the amounts proportional to future income, as well as the amount related to the negative goodwill recorded in the acquisitions of the Polvo and Albacora Leste Fields and the total amount of deferred liabilities recorded in Luxembourg, related to negative goodwill recorded in the acquisition of Frade Field. Other credits, which will be recognized as the future taxable income is being generated. Of the total available tax credits, only non-operating amounts were not recognized in the Company's balance sheet.

(In thousands of dollars—US$, unless otherwise indicated)

The Pillar 2 legislation issued by the Organization for Economic Cooperation and Development (OECD) was enacted or substantially enacted in several countries where there are companies controlled by Prio – in this case, Luxembourg, Austria and the Netherlands –, although Brazil is still uncertain if and when these standards will be internalized. The potential income tax exposure for the period ending March 31, 2024 is not reasonably estimable at this time. The Company is making every effort to complete this survey, and expects to be in a position to report potential exposure during FY 2024.

Following paragraph 88A of IAS 12, we affirm that all PRIO Group companies, in their respective jurisdictions, apply the exemption from deferred tax accounting in relation to the new Pillar Two tax legislation. It should also be noted that the PRIO Group is evaluating all the implications of Pillar Two in detail, so as to avoid inconsistent interpretations of IAS 12, which could result in inconsistent application of the standard.

The balance of deferred income tax and social contribution, net of provision for recovery is as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Negative goodwill/surplus in business combination	-	-	39,864	37,168
Temporary differences	(2,524)	(2,105)	72,078	77,274
Temporary differences - Translation adjustments *	-	-	(42,103)	(91,711)
Tax losses	-	-	(115,253)	(129,434)
Net balance of (Assets)/Liabilities	(2,524)	(2,105)	(45,414)	(106,703)

	Consolidated									
Realization estimate	2025	2026	2027	2028	2029	2030	2031	2032	2033–2041	Total
Negative goodwill/surplus in business combination	21,486	1,812	1,638	1,509	1,393	1,295	1,222	1,164	8,345	39,864
Temporary differences	72,078	-	-	-	-	-	-	-		72,078
Tax losses	(69,651)	(6,316)	(5,450)	(4,801)	(4,220)	(3,732)	(3,354)	(3,132)	(14,597)	(115,253)

* Changes in the exchange rate gave rise to temporary differences that resulted in a deferred tax asset, which was credited to income (loss) as per item 38 of CPC 32.

16. Provision for abandonment (ARO)

Changes in the balance of provision for abandonment of wells in the fields: Polvo Field, Manati Field, Tubarão Martelo Field, Albacora Leste Field, and Tubarão Azul Field is shown below:

	Polvo	Manati	Tubarão Martelo	Frade	Albacora Leste	Tubarão Azul	Total
Balance at December 31, 2022	(7,028)	8,416	28,889	30,196	-	-	60,473
Acquisition - Albacora Leste	-	-	-	-	164,840	-	164,840
Incorporation of Tubarão Azul	-	-	-	-	-	16,500	16,500
Increase / Decrease	(3,901)	-	(4,443)	(4,715)	(11,715)	-	(24,774)
Price-level restatement	1,360	557	3,123	3,994	15,980	-	25,014
Translation adjustment	-	(8,973)	-	-	-	-	(8,973)
Inflation adjustment of the Abandonment Fund	(1.442)	-	-	-	-	-	(1,442)
Balance at December 31, 2023	(11,011)	-	27,569	29,475	169,105	16,500	231,638
Price-level restatement	665	-	764	838	5,168	-	7,435
Inflation adjustment of the Abandonment Fund	(539)	-	-	-	-	-	(539)
Balance at March 31, 2024	(10,885)	-	28,333	30,313	174,273	16,500	238,534

With the acquisition of Albacora Leste Field, a provision for abandonment of the field of US$ 164,840 was recorded, as Note 8.2.c.

With the acquisition of Forte's shares, the Company started consolidating the values for the conclusion of the abandonment foreseen for Tubarão Azul Field, totaling US$ 16,500.

As highlighted in 1Q23, there was a non-relevant change in the present values of the provision for abandonment of the Frade Field, with a decrease in the useful life and restatement of discount and inflation rate, with an increase of US$ 6,272 that directly affected the income (loss).

Polvo and Tubarão Martelo fields, with abandonment forecast extended to 2033, discount the abandonment estimates, both in dollars, at the present value at the rate of 11.55% per annum. The Frade Field, with the abandonment forecast extended to 2041 and estimated in dollars, uses the rate of 11.87% per annum. And Albacora Leste, expected to be abandoned in 2031 (field concession deadline) and estimated in USD, uses a rate of 11.55%. The inflation rates used, when necessary, are an average of 2.0% per annum for amounts in dollars.

17. *Impairment*

The Company periodically monitors changes in economic and operating expectations that may indicate impairment loss of assets. If such evidence is identified, calculations are performed to verify whether the net book value exceeds the recoverable value and, in such case, a provision for devaluation is recorded adjusting the book value to the recoverable value.

Regardless of the current scenario in the oil market, and the increase in production in the Fields, the Company carries out calculations to verify the recoverable value of assets compared to the amounts recorded in the year. Additionally, starting in 2023, goodwill was recorded on the acquisition of Forte, which needs to be tested annually.

For this calculation, estimates of proven reserves (1P) of the fields in operation calculated by D&M were used, on an individual basis, i.e., one test for Frade, one for Albacora Leste, and one for the Polvo and Tubarão Martelo Cluster, as well as Brent futures prices in the discounted market at a rate of 10.8% p.a.

The calculations showed a present value much higher than the assets recorded on December 31, 2023, and there is no event in 1Q2024 that requires the need to review the tests, record a provision for impairment, or write-off the goodwill.

18. Shareholders' equity

18.1. Capital

As of March 31, 2024, the Company's subscribed and paid-in capital totaling US$ 1,465,576 is composed of 892,059,934 nominative, book-entry shares with no par value. The Company has a balance of US$ 40,031 referring to share issuance costs in a share capital reducing account and which comprise the balance shown of US$ 1,425,545.

(In thousands of dollars—US$, unless otherwise indicated)

Shareholder	Number of common shares *	% of Interest
Other shareholders	892,059,934	100%

*According to information disclosed in reference form.

The Company's Share Capital underwent changes in January 2024, with an increase of US$ 11,727 through the issue of shares upon the exercise of stock options granted to employees.

Moreover, on February 21, 2024 and March 15, 2024, the Company carried out an increase in share capital in the amount of US$ 412,653 and US$ 41,265, respectively, through the capitalization of resources allocated to the statutory profit reserve called "Investment Reserve."

On March 31, 2024, the Company maintains the balance of 54,575,365 common shares of Prio S.A. in Treasury Shares account, rectifying Shareholders' Equity, at the transaction cost of US$ 125,120 (52,700,738 shares at the cost of US$ 108,787 on December 31, 2023).

18.2. Share-based remuneration plan

The Board of Director, within the scope of its duties and in accordance with the stock option plan, approved the grant of preferred stock option to Company's employees. Stock options fair value was estimated on concession date, using the Black-Scholes pricing model. To define the expected volatility, past share prices were observed for the same period as the vesting periods of the subscription options granted.

The dates of Board of Directors' meetings and the assumptions used in the pricing model are listed below:

	Program VII	Program IX	Program X	Program XI	Program XII
Grant date by Board of Directors	02/28/2019	03/20/2020	04/30/2021	04/30/2021	08/03/2022
Total stock options granted	64,220	995,235	260,711	632,569	988,059
Share price on grant date	150.98	12.40	91.86	91.86	23.76
Strike Price	97.06	19.53	35.27	39.68	16.7
Weighted fair value on concession date	81.97	4.49	61.85	65.91	9.68
Estimated volatility of share price	69.46%	66.17%	92.13%	73.64%	52.67%
Risk-free rate of return	8.25%	7.65%	6.41%	7.86%	13.28%
Option validity (in years)	4	4	2	4	2

	Program XIII	Program XIV	Program XV	Program XVI
Grant date by Board of Directors	08/03/2022	02/07/2023	02/07/2023	02/07/2023
Total stock options granted	3,671,976	1,068,826	3,838,250	480,000
Share price on grant date	23.76	41.63	41.63	41.63
Strike Price	18.79	28.33	31.87	31.87
Weighted fair value on concession date	13.45	19.34	26.20	16.13
Estimated volatility of share price	74.19%	49.47%	68.93%	47.09%
Risk-free rate of return	12.40%	13.11%	13.17%	13.56%
Option validity (in years)	4	2	5	1

The Company has a balance recorded in shareholders' equity under "Capital reserve, share-based remuneration", the amount of US$ 77,523, and the counterparty is in the statement of income as personnel cost since the grant, out of this amount, the amount of US$ 2,163 is for the period ended March 31, 2024 (US$ 18,118 in 2023).

Out of the options granted, 4,830,787 options were exercised on January 02, 2024, with the full payment of US$ 11,727 in the Company's share capital.

18.3. Earnings per share

The tables below show data of income and shares used in calculating basic and diluted earnings per share during the periods:

Basic and diluted earnings per share	03/31/2024	03/31/2023
Numerator (R$)		
Income (loss) for the year attributable to Group's shareholders	217,715	221,784
Denominator (in thousands of shares)		
Weighted average of number of common shares for basic earnings per share *	838,042	847,544
Basic earnings per share	0,260	0,262
Diluted earnings per share	0,259	0,260
Potentially dilutive shares in future periods with profit	3,969	6,182

* Number of shares' weighted average considers the effect of treasury share changes' weighted average during the period.

19. Related party transactions (Parent company)

	Parent Company	
	03/31/2024	12/31/2023
Accounts receivable - Petrorio S.A x Petrorio O&G (i)	38,655	33,984
Accounts receivable Petrorio S.A. x Petrorio Jaguar (i)	12,947	7,019
Apportionment of Frade's administrative expenses (ii)	(25,431)	(24,833)
Apportionment of Bravo's administrative expenses (ii)	(13,408)	(14,978)
Loan payable Petrorio S.A. x Bravo (v)	(30,895)	(31,866)
Loan payable Petrorio Luxembourg Sarl x Petrorio S.A. (iii)	(42,499)	(41,941)
Loan payable - Petrorio S.A vs. Coral (iv)	(2,609)	(16,861)
Loan payable Petrorio S.A. x O&G (vi)	-	(21,829)
Passive intergroup loan Petrorio S.A. x Jaguar (vii)	(55,048)	-
	(118,288)	(111,305)
Total non-current assets	14,130	1,932
Total (non-current liabilities)	(132,418)	(113,237)

(i) Balance of share-based remuneration plan of the Company with Petro Rio O&G and Jaguar.
(ii) Balance referring to the sharing of expenses between the Company and Petro Rio Jaguar and Bravo.
(iii) Balance referring to loan contract executed into since the second semester of 2019 by Prio and Lux Trading, with indefinite period and Libor interest rate + 2.9% p.a., which will be settled upon distribution of dividends by Lux Trading itself.
(iv) Balance referring to a loan agreement of US$ 28,360 (R$ 150,000) signed in March 2023 between Prio and Petro Rio Coral, with an indefinite term and an interest rate of 3% pa

(In thousands of dollars—US$, unless otherwise indicated)

that will be used for the cash composition for the share buyback program. In February 2024, a new intergroup loan agreement was signed in the amount of up to US$ 30,118 (R$ 150,000), with the same conditions of duration and interest rate as the previous one.

(v) Balance referring to a loan agreement of US$ 29,345 (R$ 150,000) signed in April 2023 between Prio and Petro Rio Bravo, with an indefinite term and an interest rate of 3% pa that will be used for the cash composition for the share buyback program.

(vi) Balance referring to a loan agreement in the amount of US$ 31,125 (R$ 150,000) signed in June 2023 between Prio and Petro Rio O&G, with an indefinite term and no interest that will be used for the cash composition. This contract was settled in March 2024.

(vii) Balance referring to a loan agreement up to US$ 100,815 (R$ 500,000) signed in March 2024 between Prio and Petro Rio Jaguar, with an indefinite term and an interest rate of 6.125% p.a. that will be used for the cash composition.

Management remuneration

The Company's management remuneration in the period ended March 31, 2024 was US$ 1,734 (US$ 4,401 on March 31, 2023), as detailed below:

Management remuneration	03/31/2024	03/31/2023
Short-term employee benefits	212	202
Share-based payment	1,522	4,199
Total	1,734	4,401

20. Net revenue

Net revenue for the respective years is broken down as follows:

	03/31/2024				
	Sale of produced oil			Trading	Total
	Polvo/TBMT	Frade	Albacora Leste		
Gross revenue	85,680	357,387	196,306	41,910	681,283
Deductions	-	-	-	-	-
Subtotal	85,680	357,387	196,306	41,910	681,283
Sales expenses	(12,171)	(17,254)	(7,063)	(2,641)	(39,129)
Net revenue	73,509	340,133	189,243	39,269	642,154

	03/31/2023				
	Sale of produced oil				
	Polvo/TBMT	Manati	Frade	Albacora Leste	Total
Gross revenue	115,259	3,915	335,673	109,868	564,716
Deductions (*)	-	(657)	(12,686)	(8,207)	(21,550)
Subtotal	115,259	3,258	322,987	101,661	543,166
Sales expenses	(7,187)	-	(11,380)	-	(18,567)
Net revenue	108,072	3,258	311,607	101,661	524,599

(*) Includes the amount of US$ 21,550 referring to export tax on sales from January to March for Polvo/TBMT, Frade, and Albacora Leste, as well as taxes applicable to domestic market sales.

(In thousands of dollars—US$, unless otherwise indicated)

In 2023, the Company reinforced its trading area with the purpose of improving sales prices and reducing associated costs. Thus, it started making sales directly to refineries and contract sales-related services (freight, insurance, among others) directly. In the period ended March 31, 2024, the Company recorded the sales expense of US$ 39,129.

Additionally, in 1Q2024, the trading department carried out the first purchase and sale of oil from third parties, with the acquisition of roughly 500 thousand barrels of oil from Perenco Petróleo e Gas Brasil Ltda. and resale to Valero Marketing and Supply Company.

21. Costs of products sold

	Consolidated	
	03/31/2024	03/31/2023
Logistics	3,213	1,875
Consumables	25,623	22,027
Operation and maintenance	11,100	21,030
Personnel	11,502	12,499
Purchase of oil for resale	36,238	10,949
Other costs	5,774	10,845
Royalties and special interest	56,864	44,380
Amortization - CPC 06 (R2)	8,113	9,713
Depreciation and amortization	109,828	54,944
Total	268,255	188,262

Oil inventory

	03/31/2024		12/31/2023	
	Amount	Quantity	Amount	Quantity
Polvo	4,629	219	2,149	85
Tubarão Martelo	16,704	458	13,252	343
Forte	7,091	303	2,842,76	124,75
Frade	14,436	727	13,230	794
Albacora Leste	27,335	563	21,059,61	488,77
Total	70,196	2,269	52,533	1,835

22. Other revenues and expenses

	Parent Company	
	03/31/2024	03/31/2023
Expense supplement on employee/director bonuses	(11)	(1,022)
Other expenses	(3)	(23)
Total	(14)	(1,045)

(In thousands of dollars—US$, unless otherwise indicated)

	Consolidated	
	03/31/2024	03/31/2023
Increase/decrease in the provision for abandonment (rate/curve change)	-	(6,274)
Reversal (Provision) for labor contingencies	(184)	(1,213)
Reversal (Provision) for tax contingencies	(259)	(297)
Reversal (Provision) for civil contingencies	(316)	(4,445)
Acquisition of Albacora Leste	-	3,273
Expense supplement on employee/director bonuses	(99)	(14,647)
Credit for untimely taxes (PIS&COFINS/INSS/ICMS)	1,013	1,076
Indirect overhead - Partnerships	(1,481)	-
Acquisition of Hunter Queen drilling rig	-	(3,645)
IBV arbitration refund (*)	8,120	-
Other revenues (expenses)	(2,363)	(1,074)
Total	4,431	(27,246)

(*) For further details, see Note 29.2 – Subsequent events

23. Financial income (loss)

	Parent Company	
	03/31/2024	03/31/2023
Financial revenues	42	84
Revenue from realized financial investment	34	23
Other financial revenues	8	61
Financial expenses	(1,544)	(335)
Other financial expenses	(1,544)	(335)
Net exchange-rate changes	1,592	61
Revenue from exchange-rate change	2,360	916
Expense on foreign exchange rate (*)	(768)	(855)

	Consolidated	
	03/31/2024	03/31/2023
Financial revenues	10,264	5,065
Revenue from realized financial investment	10,069	(3,280)
Marked at fair value of derivatives	(38)	8,037
Other financial revenues	233	308
Financial expenses	(59,005)	(44,087)
Loss on realized financial investment	(685)	(2,600)
Interest on loans	(25,608)	(26,498)
Commission on bank guarantees	(31)	-
Loss in realization of derivatives	(10,929)	-
Expenses with interest on leases	(8,980)	(5,745)
Adjustment to present value – ARO	(7,435)	(7,136)
Restatement of liability - Earn-out (**)	(3,226)	-
Other financial expenses	(2,111)	(2,108)
Net exchange-rate changes	8,191	(13,108)
Revenue from exchange-rate change	67,417	51,434
Expense on foreign exchange rate (*)	(59,226)	(64,542)

(*) With the change in the functional currency to the US dollar, foreign exchange variation revenues and expenses refer to amounts recorded in currencies other than the US dollar, which vary with the change in the rate, such as, mainly bank balances, recoverable taxes, suppliers, leases, labor obligations and taxes payable.
(**) Per Note 8

(In thousands of dollars—US$, unless otherwise indicated)

24. Income tax and social contribution

Taxes on income of the Company differ from the theoretical value that would be obtained using the applicable tax rate, as shown below:

	Parent Company	
	03/31/2024	03/31/2023
Income before income tax and social contribution	217,238	222,135
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	73,861	75,526
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	998	373
Temporary differences	703	(351)
Equity in net income of subsidiaries	(75,545)	(76,118)
(Use of) tax loss	(1,240)	(258)
Difference in tax base – Functional Currency	746	1,179
Total	(477)	351
Income tax and social contribution	-	351
Deferred income tax	(477)	-
Expense (revenue) from income tax and social contribution in income (loss)	(477)	351
Effective rate on pre-tax profit	-0.22%	0.16%

	Consolidated	
	03/31/2024	03/31/2023
Income before income tax and social contribution	313,808	240,786
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	106,695	81,867
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	4,565	5,608
Temporary differences	9,663	(5,861)
Deduction / Tax benefits	(494)	(258)
(Use of) tax loss	(46,377)	(72,449)
Effect of reduced tax rates in Luxembourg	(20,453)	(16,869)
Difference in tax base – Functional Currency	42,494	26,964
Total	96,093	19,002
Income tax and social contribution	36,250	25,022
Deferred income tax	59,843	(6,020)
Income tax and social contribution on income	96,093	19,002
Effective rate on pre-tax profit	30.62%	7.89%

25. Segment reporting (Consolidated)

The technical pronouncement CPC 22 - Segment Reporting requires that operations by segment be identified based on internal reports, regularly reviewed by decision makers to allocate funds to segments and assess their performance. The Company, through its subsidiaries, operates only in the oil and gas exploration and production (E&P) segment in Brazil and abroad, therefore representing a single operating segment.

(In thousands of dollars—US$, unless otherwise indicated)

Segment reporting for continued operations:

	03/31/2024	12/31/2023
Current assets		
Brazil	611,703	1,409,669
Abroad	747,411	3,885,205
Non-current assets		
Brazil	4,700,469	22,701,561
Abroad	100,923	314,497

Revenue	03/31/2024	03/31/2023
Brazil	-	3,258
Abroad	642,154	539,908

26. Objectives and policies for financial risk management

The main financial liabilities of Prio refer to trade accounts payable to suppliers for goods and services to be used in its hydrocarbon exploration and production operations, debentures convertible into shares, and the financial security agreements. On the other hand, the Company maintains cash and cash equivalents are recorded in assets, as described in "Cash and cash equivalents" note.

The Company is exposed to market (interest and exchange rates), credit and liquidity risks, and its strategy is to make a portion of its investments in fixed and variable income assets, foreign exchange transactions, interest, swaps, derivatives, sundry commodities and other financial instruments for speculative purposes in various industries in Brazil and abroad in the short, medium and/or long term, to maximize the profitability and seek a higher return to its shareholder.

By adopting this strategy, the Company is exposed to the risks inherent to such investments, and to fluctuations in the prices of these assets, which may negatively impact the Company's cash position.

The Board of Directors regularly establishes and reviews policies for the management of each of these risks, which are summarized as follows.

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation of market values of financial instruments and commodities. The company constantly monitors the market and, when necessary, contracts derivative transactions to neutralize the impacts of these commodity price oscillations.

Derivative financial instruments – Hedge

The Company, through its subsidiaries, contracted derivatives aimed at hedging against the risk of volatility in oil prices for sales that were to be priced in March 2024 and that will be priced in April 2024. Basically, the transactions protect the Company, which obtained minimum price (floor) per barrel.

Notes to the quarterly information
March 31, 2024
(In thousands of dollars—US$, unless otherwise indicated)

Additionally, in 1Q2024, the Company, through its subsidiaries, agreed to sell a cargo of roughly 1,950,000 bbl (barrels of oil) referenced in dated Brent. With the aim of changing its exposure to the ice brent indicator, as it usually did in previous years, the Company, through its subsidiaries, contracted derivatives through which it will receive ice brent and pay dated brent, in order that it no longer has exposure to dated brent in this specific cargo.

Furthermore, in 1Q2024, the Company, through its subsidiaries responsible for selling oil on the international market, agreed to purchase another cargo of oil from third parties, with the purpose of taking advantage of its expertise and structure to obtain greater financial gains from the operations.

The purchase and sale of oil from third parties can be carried out in the same month or in different periods. To protect itself from oil price fluctuations, the Company contracted derivatives to hedge against possible fluctuations in the market that could generate significant losses and consequently impact the income.

On March 20, 2024, PRIO contracted a derivative for 500,000 bbl (barrels of oil) in which it will receive the average of the dated brent prices from May 01, 2024 to May 31, 2024, and will pay the average of dated brent from June 03, 2024 to June 28, 2024 plus USD 0.75. Accordingly, the Company will have a cost of USD 0.75 per bbl of oil and will not run the risk of the March 2024 dated brent price being lower than the January 2024 price.

Changes in hedge operations for the period are presented below:

Oil sales hedging operation:

Contract	Type	Maturity	Strike	Quantity	Price Engagement	Premium	Price	MTM	Position US$'000
Brent	PUT	03/31/2024	83.15	2,000	0,614	1,229	-	(1,229)	-
Brent	PUT	03/31/2024	84.28	2,000	0,604	1,209	-	(1,209)	-
Brent	PUT	04/30/2024	85.90	1,900	2,312	4,392	0,877	(2,726)	1,666
Brent	PUT	03/31/2024	83.20	2,000	1,450	2,900	-	(2,900)	-
				7,900		9,730		(8,064)	1,666

Hedging operation - DFL:

Institution	Contract	Operation	Type	Maturity	Quantity	Price Engagement	Price	Position US$'000
Citibank	DFL	Sale	Forward	06/30/2024	1,950	0.75	0.82	(134)
					1,950			(134)

Structured transaction hedge operation

Institution	Contract	Operation	Type	Maturity	Quantity	Price Assets	Price Liabilities	Discount	Position US$'000
Citibank	Brent-Ice	Purchase	Swap	01/31/2024	500	79.15	79.31	99.91%	(80)
Citibank	Brent-Ice	Sale	Swap	03/27/2024	(500)	79.21	84.52	99.91%	(2,651)
Citibank	Dated Brent	Purchase	Swap	05/31/2024	500	86.64	85.40	98.52%	609
Citibank	Dated Brent	Sale	Swap	06/30/2024	(500)	84.65	85.81	98.52%	(573)
					-				(2,695)

(In thousands of dollars—US$, unless otherwise indicated)

In the period ended March 31, 2024, the Company recorded a loss with the mark-to-market of hedge operations in the amount of US$ 10,967.

The Company designated the debentures issued in August 2022 and February 2024 (Note 13) as hedged items, and the swap contracts as hedging instruments. Moreover, it decided to use hedge accounting, according to CPC 48, item 6.4.1, as cash flow hedge.

As they were contracted with identical terms, the operation is fully effective, with no risk of mismatching as to the amounts practiced in the settlement of each interest or principal installment.

The contracts have the function of exchanging the debenture rates and the BRL currency in a debt in USD with a fixed rate of 6.79% p.a. for the first issue and 6.14 p.a. for the second one.

On March 31, 2024, the mark-to-market of swap contracts totaled US$ 18,643.

Interest rate risk

Available funds are invested in securities issued by first-tier financial institutions at variable rates, mostly with daily liquidity, in compliance with prudential concentration limits.

Interest rate sensitivity

The table below shows the sensitivity to a possible change in interest rates, income and Company's equity before taxation, where all other variables are kept constant.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on the securities	CDI decrease	(23)	(83)	(143)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the period ended March 31, 2024 were taken into account under the probable scenario (CDI 10.19%), a 25% reduction in the projected CDI was taken into account under scenario I and a 50% reduction was taken into account under scenario II, both in relation to the probable scenario.

Credit risk

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Group adopts a conservative management by investing short-term funds with day-to-day liquidity and post –fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

As for the credit risk of its sales transactions, the Company is analyzing the financial and equity position of its customers together with the service provider (trader), which also intermediates the oil sale transactions. During the period ended March 31, 2024, oil net sales were decentralized, with sales to clients that do not present an irrelevant credit risk, considering that its background does not show any delays or defaults.

(In thousands of dollars—US$, unless otherwise indicated)

Liquidity risk

Prudent management of risk implies maintaining cash consistent with the disbursement needs to cover its obligations, in accordance with the Company's business plan.

Consolidated

Period ended March 31, 2024	≤12 months	1–5 years	Total
Liabilities			
Loans and financing	(266,343)	(747,167)	(1,013,510)
Suppliers	(127,453)	-	(127,453)
Labor obligations	(35,951)	-	(35,951)
Taxes and social contributions	(82,173)	-	(82,173)
Local debentures (includes conversion swaps)	(1,503)	(768,953)	(770,456)
Provision for abandonment	-	(238,534)	(238,534)
Provision for contingencies	-	(198,977)	(198,977)
Financial instruments	(1,164)	-	(1,164)
Advance from partners	(905)	-	(905)
Other liabilities	(165,372)	(7,691)	(173,063)
	(680,864)	(1,961,322)	(2,642,186)

Year ended December 31, 2023	≤12 months	1–5 years	Total
Liabilities			
Loans and financing	(250,477)	(896,630)	(1,147,107)
Suppliers	(172,429)	-	(172,429)
Labor obligations	(55,128)	-	(55,128)
Taxes and social contributions	(122,489)	-	(122,489)
Local debentures (includes conversion swaps)	(8,144)	(371,852)	(379,996)
Provision for abandonment	-	(231,638)	(231,638)
Provision for contingencies	-	(195,423)	(195,423)
Other liabilities	(60,432)	(170,094)	(230,526)
	(669,099)	(1,865,637)	(2,534,736)

Parent Company

Period ended March 31, 2024	≤12 months	1–5 years	Total
Liabilities			
Suppliers and other	(104)	-	(104)
Labor obligations	(2,793)	-	(2,793)
Taxes and social contributions	(131)	-	(131)
Provision for contingencies	-	(80)	(80)
Other liabilities	-	(39)	(39)
	(3,028)	(119)	(3,147)

Year ended December 31, 2023	≤12 months	1–5 years	Total
Liabilities			
Suppliers and other	(133)	-	(133)
Labor obligations	(3,116)	-	(3,116)
Taxes and social contributions	(140)	-	(140)
Provision for contingencies	-	(83)	(83)
Other liabilities	-	(36)	(36)
	(3,389)	(119)	(3,508)

(In thousands of dollars—US$, unless otherwise indicated)

Fair value of financial assets and liabilities

The "fair value" concept provides for the valuation of assets and liabilities based on market prices in the case of liquid assets, or based on mathematical pricing models otherwise. The level in the fair value hierarchy gives priority to unadjusted quoted prices in an active market. These financial instruments are grouped in levels from 1 to 3, based on the grade that their fair value is quoted:

a) Level 1: fair value measurement uses prices quoted (not corrected) in active markets, based on equal assets and liabilities.
b) Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices).
c) Level 3: fair value measurement is derived from valuation techniques that include and asset or liability that are not included in an active market.

Market values ("fair value") estimated by management were determined by level 1 for those financial instruments below, and there were no transfers between measurement levels in the fair value hierarchy for the period ended March 31, 2024.

	03/31/2024				12/31/2023			
	Parent Company		Consolidated		Parent Company		Consolidated	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets								
Amortized cost:								
Accounts receivable (i)	-	-	286,563	286,563	-	-	360,129	360,129
Related parties	14,130	14,130	-	-	1,932	1,932	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	3,060	3,060	806,633	806,633	3,769	3,769	482,392	482,392
Financial liabilities								
Amortized cost:								
Suppliers (i)	104	104	127,453	127,453	133	133	172,429	172,429
Loans and financing	-	-	1,013,510	1,013,510	-	-	1,147,107	1,147,107
Debentures and Swap	-	-	770,456	751,813	-	-	379,996	363,327
Contractual charges (Leases - IFRS 16)	-	-	436,672	436,672	-	-	446,417	446,417
Accounts payable on obligations associated with assets held for sale	-	-	-	-	-	-	848	848
Accounts payable earn-out of Albacora Leste	-	-	165,372	165,372	-	-	222,086	222,086

(i) The amounts related to the balance of accounts receivable and suppliers does not have significant differences in the fair value since receivable/payment turnover of these balances is 60 days on average.
(ii) The fair value measurements are obtained by directly observable variables (as well as prices) or indirectly (derived from prices).

(In thousands of dollars—US$, unless otherwise indicated)

27. Insurance

The Company has a policy of taking out insurance plan for the items subject to risks.

The Company adopts insurance policies for assets under risk and, along with companies under the same group, is covered against major risks such as P&I to FPSO Valente, FPSO Bravo, Sonda King Maker and Hunter Queen, Energy Package, which includes: Physical damage over offshore assets, Operator's extra expenses (OEE), Offshore Liability (TPL) and Oil inventories, Cargo/equipment coverage related to the Polvo, Manati, Frade, Tubarão Martelo and Albacora Leste field operations and D&O (Directors & Officers Liability) policy for its administrators.

D&O, one of the main insurance policies hired by the company, is able to protect the company against losses due to third party complaints. Additionally, the Company hires insurance for Operator's Extras Expenses, which includes: Control over Well, Extra Expense/Re-drilling and Infiltration and Pollution, Cleaning and Contamination.

The insurance policies in force at March 31, 2024 cover the Insured Amount of US$ 7,288,355.

In addition, the Company also contracts insurance for Operator' Extra Expenses, whose main exposures covered are as follows:

Insurance/Modality	Amount insured
Physical damages (Oil inventories)	185,000
Fixed Platform	182,000
FPSO Frade	740,900
Subsea equipment	300,136
Offshore property (Pipeline)	28,300
OEE production (Well control)	87,000
OEE Production and Development	105,000
Offshore Civil Liability + Surplus	600,000
Transportation	536,078
D&O	8,006
P&I	2,800,000
General liability	1,001
Equity	3,443
Legal guarantee	49,433
Guarantee insurance	12,893
Travel Insurance Travel Guard	275
FPSO OSX-3 Hull and Machine	680,000
Drilling rig	120,000
FPSO Forte	848,890
Total insured	7,288,355

28. Contingencies

Management of the Company and its subsidiaries, based on the opinion of its legal advisors regarding the possibility of success in several lawsuits, believes that the provisions recorded in the balance sheet on March 31, 2024 and December 31, 2023 totaling US$ 198,977 and US$ 195,423, respectively, are sufficient to cover losses considered probable and reasonably estimated. The relevant change is mainly due to probable regulatory and tax provisions arising from the balance sheet of Prio Forte S.A., acquired in January 2023. The Company also has judicial deposits related to ongoing lawsuits recorded in non-current assets totaling US$ 5,992 (US$ 6,191 as of December 31, 2023), mainly related to tax and labor claims.

Nature of contingencies recorded

Currently, the Company is party to lawsuits with probable risk, which are basically labor claims that add up to US$ 3,668, tax claims of US$ 16,540, civil, regulatory claims in the amount of US$ 178,769 (as of December 31, 2023, US$ 3,596, US$ 16,805, and US$ 175,022, respectively). Among the probable causes, the most relevant are a regulatory one by Prio Forte totaling US$ 48,541, referring to fines on local content and a fiscal one, also by Prio Forte of US$ 16,334, referring to the requirement of collecting withholding income tax on remittances made in 2013 for settlement of financial intermediation contracts.

Additionally, the fair value of US$ 108,646 was recognized referring to the contingent liability assumed, measured on possible and remote provision in the acquisition of Forte.

Other lawsuits with possible loss

According to the Group's legal advisors, the risk of loss in other lawsuits is classified as "possible" totaling US$ 876,767 (US$ 983,340 as of December 31, 2023), of which US$ 425,537 refers to tax claims, US$ 444,750 is related to civil claims and US$ 6,480 to labor claims (US$ 534,359, US$ 445,176, and US$ 3,805, respectively, as of December 31, 2023). The lawsuits with the most relevant values are:

(1) Brazilian Federal Revenue Service totaling US$ 79,618, referring to the tax assessment notice requiring withholding income tax (IRRF) on remittances abroad as interest arising from the Export Prepayment Agreement ("PPE") of Forte;

(2) Federal Revenue Service in the amount of US$ 118,826, referring to the tax assessment notice with disallowance of expenses on non-deductible interest from the calculation of taxable income and the CSLL calculation basis arising from the Export Prepayment Agreement ("PPE") from Forte;

(3) National Treasury, totaling US$ 17,942, referring to the Ordinary Action filed with the objective of deconstituting Forte's IRRF tax credit;

(4) Federal Revenue Service totaling US$ 31,398, referring to the non-recognition of early reimbursement in the amount of 50% of the total PIS and COFINS credit;

(5) National Treasury, totaling US$ 19,340, referring to the advance payment requirement of the historic amount of R$ 76,223, arising from PIS and Cofins credits advanced by the Brazilian Federal Revenue Service;

(6) Federação dos Pescadores do Rio de Janeiro ("FEPERJ"), totaling US$ 86,325, requesting reparation for alleged losses suffered by fishermen as a result of the Oil Spills of Frade Field in 2011/2012, when operated by Chevron, which is currently in the knowledge phase;

(7) from the Attorney General's Office of the National Treasury totaling US$ 44,515,

charging IRPJ and CSLL due to the transfer pricing rules used in Jaguar in 2010, when operated by Chevron, and is awaiting the decision of an Appeal in the higher court. The Company awaits the receipt of the records to close the lawsuit, which has a favorable decision for Prio Jaguar;

(8) Brazilian Federal Revenue Service totaling US$ 17,950, referring to the collection of IRPJ and CSLL from Bravo related to taxable events that occurred in the calendar year 2012, related to the exchange rate change, non-deductible operating expenses and unsubstantiated deductions;

(9) Arbitration decision handed down by Tuscany, totaling US$ 18,329, referring to the reimbursement due to the early termination of the lease and operating agreements for helitransportable drilling rigs for O&G;

(10) National Agency of Petroleum, Natural Gas and Biofuels ("ANP") of US$ 11,596 charging a fine on Jaguar's special interest when it was still operated by Chevron; and

(11) National Confederation of Fishermen and Farmers, totaling US$ 245,654, requesting the payment of material and moral damages for losses caused to fishermen in municipalities in the states of Rio de Janeiro and Espírito Santo, due to the creation of a zone of fishing exclusion for the gas and oil exploration platform, in the Frade Field.

29. Subsequent events

29.1. Arbitral award

On April 11, 2024, the International Chamber of Commerce ("ICC") issued the final decision ("Arbitral Award") in the arbitration process related to the BM-C-30 concession ("Wahoo"). The ICC ruled in favor of PRIO, not recognizing any breaches of contract by the Company or its subsidiaries, as a result of Wahoo's declaration of exclusive operation.

Thus, the Company will continue to execute the Wahoo project individually and will be entitled to 100% of the oil produced.

The Arbitral Award rejected all of the claims made by the plaintiffs and determined that the plaintiffs reimburse the Company for all costs related to arbitration and fees.

On April 24, 2024, the Company received the amount of US$ 7,859 (R$ 40,567) as reimbursement of the IBV arbitration costs.

29.2 Issue of debentures

On April 15, 2024, the third issue of simple debentures, not convertible into shares, in two series, unsecured, with additional personal guarantee from Jaguar, in the total amount of R$ 1,300,000 on the issue date, was settled, with 520,0000 (five hundred twenty thousand) Debentures having been issued in the First Series, maturing on April 15, 2029; and 780,000 (seven hundred eighty thousand) Debentures in the Second Series, maturing on April 15, 2034, which will be subject to a public offering for distribution.

The First-Series Debentures will be remunerated based on fixed interest corresponding to 11.0121% p.a., based on 252 Business Days, while the Second Series Debentures will be adjusted according to the change in the IPCA price index and remunerated based on fixed interest corresponding to 6.5102% p.a., based on 252 Business Days.

On the same date, Jaguar contracted derivative instruments (swap contracts) with the aim of dollarizing the issue of debentures. Therefore, the Issue together with derivative instruments will result in an average dollarized cost of 6.14% p.a. and a duration of approximately 5.9 years.