(Convenience Translation into English from the Original Previously Issued in Portuguese)

PetroRecôncavo S.A.

Report on Review of Interim Financial Information for the Six-month Period Ended June 30, 2021

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
PetroRecôncavo S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of PetroRecôncavo S.A. ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended June 30, 2021, which comprises the balance sheet as at June 30, 2021 and the related statements of profit and loss and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above has not been prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

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Emphasis of matter

Without modifying our conclusion, we draw attention to note 21.3 to the individual and consolidated interim financial information, which states that, as a result of the characteristics of the Company's and its subsidiaries' operations, they concentrate their sales on one single customer (Petróleo Brasileiro S.A. - Petrobras). Consequently, any interpretation or analysis of this individual and consolidated interim financial information must take these circumstances into consideration.

Other matters

Statement of value added

The interim financial information referred to above includes the individual and consolidated statements of value added ("DVA") for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information - ITR to reach a conclusion on whether they were reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this technical pronouncement and consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Salvador, August 13, 2021

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jônatas José Medeiros de Barcelos
Engagement Partner

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PETRORECÔNCAVO S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT JUNE 30, 2021
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Notes	06/30/2021	12/31/2020	06/30/2021	12/31/2020
CURRENT ASSETS					
Cash and cash equivalents	3	217,910	11,663	268,955	30,861
Short-term investments	3	894,672	9,993	941,890	66,414
Trade receivables	4	36,830	52,578	133,067	108,733
Inventories		-	127	869	1,211
Dividends receivable	16	304	304	-	-
Recoverable taxes	5	14,348	13,457	25,707	22,433
Derivative financial instruments	14	-	-	-	80,506
Other assets		5,126	11,161	6,331	12,826
Total current assets		1,169,190	99,283	1,376,819	322,984
NON-CURRENT ASSETS					
Short-term investments	3	-	-	63,669	68,597
Related parties	16	4,477	20,460	-	-
Recoverable taxes	5	493	14	7,686	562
Derivative financial instruments	14	-	-	-	56,576
Judicial deposits	6	2,514	2,237	2,588	2,311
Other assets		240	475	240	475
Deferred income tax and social contribution	11	32,767	2,482	187,162	3,070
Investments	7	433,571	560,003	-	-
Property, plant and equipment	8	378,297	386,092	1,610,695	1,599,890
Lease right-of-use assets	22	11,557	10,528	18,743	20,680
Intangible assets		4,262	4,607	4,666	5,028
Total non-current assets		868,178	986,898	1,895,449	1,757,189
TOTAL ASSETS		2,037,368	1,086,181	3,272,268	2,080,173

		Company		Consolidated	
LIABILITIES AND EQUITY	Notes	06/30/2021	12/31/2020	06/30/2021	12/31/2020
CURRENT LIABILITIES					
Trade payables	9	51,175	49,022	81,808	80,089
Payroll and related charges		17,579	12,002	23,028	16,065
Taxes payable		2,739	14,083	54,253	22,762
Loans and financing	10	45,253	1,355	261,795	212,931
Leases payable	22	9,272	5,995	17,098	15,241
Derivative financial instruments	14	-	-	151,685	-
Dividends payable	15 f	2	2	2	2
Provision for well abandonment	13	-	-	6,301	6,301
Other payables		51	1,168	76	1,170
Total current liabilities		126,071	83,627	596,046	354,561
NON-CURRENT LIABILITIES					
Loans and financing	10	904	1,379	543,188	681,109
Leases payable	22	2,786	5,100	3,263	7,646
Derivative financial instruments	14	-	-	196,645	17,886
Provision for tax, civil and labor contingency risks	12	5,180	4,965	5,180	4,965
Provision for well abandonment	13	11,729	10,914	37,248	33,810
Total non-current liabilities		20,599	22,358	785,524	745,416
NET EQUITY					
Share capital	15	1,812,336	674,941	1,812,336	674,941
Capital reserve		31,158	31,158	31,158	31,158
Profit reserve		160,945	160,945	160,945	160,945
Retained earnings		81,676	-	81,676	-
Equity variation adjustment		(229,898)	78,671	(229,898)	78,671
Capital transactions		34,481	34,481	34,481	34,481
Total net equity		1,890,698	980,196	1,890,698	980,196
TOTAL LIABILITIES AND NET EQUITY		2,037,368	1,086,181	3,272,268	2,080,173

The accompanying notes are an integral part of the interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

PETRORECÔNCAVO S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2021
(In thousands of Brazilian reais - R$, except for earnings per share)

	Notes	Company				Consolidated			
		04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
NET REVENUE	18	72,585	60,850	146,349	140,190	249,110	185,488	494,898	381,036
COSTS OF SERVICES AND SALES	19	(59,073)	(45,046)	(112,662)	(104,718)	(166,331)	(111,882)	(319,429)	(240,487)
GROSS PROFIT		13,512	15,804	33,687	35,472	82,779	73,606	175,469	140,549
REVENUE (EXPENSES)									
General and administrative	19	(16,166)	(6,667)	(25,732)	(19,200)	(18,188)	(8,311)	(29,471)	(23,193)
Other income (expenses), net	19	637	1,638	1,327	2,236	(1,618)	565	(12,445)	563
Equity in investments	7, 19	105,928	(17,764)	79,237	(157,062)	-	-	-	-
Total		90,399	(22,793)	54,832	(174,026)	(19,806)	(7,746)	(41,916)	(22,630)
OPERATING INCOME (LOSS)		103,911	(6,989)	88,519	(138,554)	62,973	65,860	133,553	117,919
FINANCIAL INCOME									
Financial income	20	5,276	412	11,241	652	5,335	4,035	20,878	4,437
Financial expenses	20	(2,412)	(1,339)	(4,103)	(2,953)	(30,962)	(33,412)	(54,023)	(61,591)
Exchange variation, net	20	(14,462)	(1,856)	(17,414)	(6,154)	89,297	(56,077)	2,030	(285,191)
		(11,598)	(2,783)	(10,276)	(8,455)	63,670	(85,454)	(31,115)	(342,345)
NET INCOME (LOSS) BEFORE TAXES		92,313	(9,772)	78,243	(147,009)	126,643	(19,594)	102,438	(224,426)
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		788	(5,381)	(3,535)	(12,670)	(32,958)	(5,286)	(37,417)	(12,670)
Deferred		1,262	18	4,537	4,393	(14,091)	9,754	(613)	85,899
Reduction - tax incentive		203	-	2,431	-	14,972	(30)	17,268	-
	11	2,253	(5,363)	3,433	(8,277)	(32,077)	4,438	(20,762)	73,229
NET INCOME (LOSS) FOR THE PERIOD		94,566	(15,135)	81,676	(155,286)	94,566	(15,156)	81,676	(151,197)
Net earnings (loss) per common and preferred share - R$	15.e	0.4374	(0.0903)	0.4254	(0.9267)				
Diluted earnings (loss) per common and preferred share - R$	15.e	0.4350	(0.0897)	0.4227	(0.9202)				

The accompanying notes are an integral part of the interim financial statements.

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PETRORECÔNCAVO S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(In thousands of Brazilian reais - R$)

	Company				Consolidated			
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
NET INCOME (LOSS) FOR THE PERIOD	94,566	(15,135)	81,676	(155,286)	94,566	(15,156)	81,676	(151,197)
Hedging instruments	-	(21,000)	-	19,972	(226,002)	(150,343)	(467,526)	374,138
Deferred taxes on financial instruments	-	7,140	-	(6,790)	76,840	51,117	158,957	(127,207)
COMPREHENSIVE INCOME FOR THE PERIOD	94,566	(28,995)	81,676	(142,104)	(54,596)	(114,382)	(226,893)	95,734

The accompanying notes are an integral part of the interim financial statements.

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PETRORECÔNCAVO S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(In thousands of Brazilian reais - R$)

			Capital reserve		Profit reserve			Other comprehensive income						
	Notes	Share capital	Income tax relief incentive	Shares and share purchase options granted	Legal reserve	Tax incentives	Reserve for reinvestment	Cash flow hedge accounting	Capital transaction	Advance for future capital increase	Retained earnings (loss)	Total equity attributable to owner of the Company	Reconciliation	Total consolidated equity
													2.3	
BALANCE AS AT DECEMBER 31, 2019		669,295	18,501	12,657	23,187	36,423	169,480	(3,391)	34,481	304	-	960,937	860	961,797
Capital increase		3,679	-	-	-	-	-	-	-	(304)	-	3,375	-	3,375
Other comprensive income		-	-	-	-	-	-	13,181	-	-	-	13,181	-	13,181
Cancelation of dividends		-	-	-	-	-	12,894	-	-	-	-	12,894	-	12,894
Other comprehensive income of the subsidiary		-	-	-	-	-	-	233,750	-	-	-	233,750	-	233,750
Loss for the period		-	-	-	-	-	-	-	-	-	(155,286)	(155,286)	4,089	(151,197)
BALANCE AS AT JUNE 30, 2020		672,974	18,501	12,657	23,187	36,423	182,374	243,540	34,481	-	(155,286)	1,068,851	4,949	1,073,800
BALANCE AS AT DECEMBER 31, 2020		674,941	18,501	12,657	23,187	36,423	101,335	78,671	34,481	-	-	980,196	-	980,196
Capital increase	15	1,187,375	-	-	-	-	-	-	-	-	-	1,187,375	-	1,187,375
Share issue cost	15	(49,980)	-	-	-	-	-	-	-	-	-	(49,980)	-	(49,980)
Other comprehensive income of the subsidiary	7	-	-	-	-	-	-	(308,569)	-	-	-	(308,569)	-	(308,569)
Profit for the period		-	-	-	-	-	-	-	-	-	81,676	81,676	-	81,676
BALANCE AS AT JUNE 30, 2021		1,812,336	18,501	12,657	23,187	36,423	101,335	(229,898)	34,481	-	81,676	1,890,698	-	1,890,698

The accompanying notes are an integral part of the interim financial statements.

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PETRORECÔNCAVO S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before taxes on income		78,243	(147,009)	102,438	(224,426)
Adjustments to reconcile six-month profit (loss) to cash generated by operating activities:					
Interest and exchange differences, net		(4,777)	202	(1,920)	324,910
Exchange differences on translating cash and cash equivalents	3	-	-	355	(565)
Interest and foreign exchange differences on leases	22	999	7,209	2,437	1,925
Depreciation and depletion of property, plant and equipment	8	36,264	36,432	119,186	97,343
Amortization of intangible assets		438	355	488	398
Depreciation of right-of-use assets	22	3,345	5,463	9,759	8,636
Amortization of borrowing costs	10	41	-	6,796	9,266
Allowance for inventory loss		-	-	-	(63)
Equity in investments	7, 19	(79,237)	157,062	-	-
Provision for tax, civil, labor and regulatory contingency risks	12	215	989	215	989
Adjustment of provision for well abandonment	13	815	870	3,438	2,544
Derecognition of property, plant and equipment and leases		23,801	21,658	56,740	23,521
CHANGES IN ASSETS					
Trade receivables		15,748	(8,009)	(24,334)	(16,121)
Inventories		127	-	342	130
Recoverable taxes		(1,370)	2,964	(10,398)	(4,176)
Judicial deposits		(277)	(20)	(277)	(20)
Other assets		6,270	(23)	6,730	(5,531)
CHANGES IN LIABILITIES					
Trade payables		2,153	(9,383)	1,719	(10,009)
Payroll and related charges		5,577	5,598	6,963	8,214
Recoverable taxes		(12,180)	(7,966)	11,857	(4,095)
Other payables		(1,117)	(372)	(1,094)	(372)
Interest paid	10	(767)	(168)	(31,331)	(32,129)
Interest on leases paid	22	(421)	(1,080)	(1,348)	(1,525)
Income tax and social contribution paid		(268)	(135)	(515)	(1,424)
CASH GENERATED BY OPERATING ACTIVITIES		73,622	64,637	258,246	177,420
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans with related parties		(13,167)	2,642	-	-
Interest on loans with related parties		-	7	-	-
Advance for future capital increase in subsidiaries		(13,200)	-	-	-
Investment in short-term investments		(884,679)	(14,441)	(870,548)	(130,591)
Additions to property, plant and equipment	8	(52,271)	(35,818)	(186,952)	(60,810)
Additions to intangible assets		(93)	(513)	(126)	(260)
Capital increase in subsidiaries	7	(60,550)	-	-	-
CASH USED IN INVESTMENT ACTIVITIES		(1,023,960)	(48,123)	(1,057,626)	(191,661)
CASH FLOW FROM FINANCING ACTIVITIES					
Financing raised	10	60,479	-	60,479	-
Repayment of financing	10	(11,554)	(950)	(123,437)	(950)
Repayment of leases - principal	22	(3,988)	(9,266)	(11,216)	(9,835)
Capital increase	15	1,187,375	3,375	1,187,375	3,375
Share issue cost	15 a	(75,727)	-	(75,727)	-
Cash generated (used) in financing activities		1,156,585	(6,841)	1,037,474	(7,410)
Increase (decrease) in cash and cash equivalents		206,247	9,673	238,094	(21,651)
Cash and cash equivalents at the beginning of the period	3	11,663	19,977	30,861	56,265
Cash and cash equivalents at the end of the period	3	217,910	29,650	268,955	34,614
Increase (decrease) in cash and cash equivalents		206,247	9,673	238,094	(21,651)

The accompanying notes are an integral part of the interim financial statements.

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PETRORECÔNCAVO S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
	Notes	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Wealth creation					
Revenue					
Services	18	158,109	149,670	158,109	149,670
Products	18	-	-	465,997	286,562
Other		2,498	3,613	972	911
Total revenue		160,607	153,283	625,078	437,143
Inputs and services acquired from third parties					
Cost of sales and services		(12,995)	(15,703)	(27,764)	(30,648)
Materials, energy, outsourced services and other		(39,797)	(33,898)	(89,664)	(58,580)
Recovery (loss) of receivables		-	(989)	431	(926)
Total inputs acquired from third parties		(52,792)	(50,590)	(116,997)	(90,154)
Gross value added		107,815	102,693	508,081	346,989
Depreciation, amortization and depletion	19	(40,047)	(42,250)	(129,433)	(106,377)
Wealth created by the entity		67,768	60,443	378,648	240,612
Wealth received in transfer					
Financial income		11,754	920	22,526	5,469
Equity in investments	7, 19	79,237	(157,062)	-	-
Total wealth received in transfer		90,991	(156,142)	22,526	5,469
Wealth for distribution		158,759	(95,699)	401,174	246,081
Wealth distributed					
Personnel:					
Wages		27,098	21,822	37,379	29,267
Benefits		6,829	5,345	12,703	9,003
Governmental severance fund (FGTS)		1,167	1,392	1,920	1,940
Taxes, fees and contributions:					
Federal		8,672	16,952	80,183	(44,177)
State		-	73	72,576	27,038
Municipal		5,840	4,615	5,840	4,617
Third-party capital remuneration:					
Leases	19	5,447	1,737	10,494	4,730
Royalties	17, 19	-	-	44,763	18,770
Interest		22,030	9,375	53,641	347,814
Return on equity:					
Profit (loss) incurred		81,676	(157,010)	81,675	(152,921)
Wealth distributed		158,759	(95,699)	401,174	246,081

The accompanying notes are an integral part of the interim financial statements.

1. GENERAL INFORMATION

PetroRecôncavo S.A. (“Company”, “PetroRecôncavo” or “Parent Company”) is engaged in the operation and production of mature oil and natural gas fields in Brazil. The Company is headquartered in the city of Mata de São João, State of Bahia, and was organized on July 21, 1999, for the purpose of, together with Petróleo Brasileiro S.A. (Petrobras S.A.), restore, reactivate and rejuvenate 12 “mature” oil and gas fields in Brazil’s Recôncavo basin through a “risk production agreement”, dated February 1, 2000, effective for twenty-seven years counted from the execution date and renewable for a similar term, at the discretion of the Brazilian Oil Agency - ANP (“Agência de Petróleo, Gás Natural e Biocombustíveis”). This activity encompasses the planning and implementation of all phases in the production chain of an oil and gas field such as reservoir study, implementation of well intervention programs, production monitoring and control, including production measurement, transportation and handling.

In operation since February 2000, PetroRecôncavo is paid on a monthly basis for the production of oil and natural gas, exclusively by Petrobras S.A., in accordance with the second clause of the ”risk production agreement” signed by the parties, which sets forth that the hydrocarbons produced within the established areas, on the aforementioned agreement, are exclusively property of Petrobras. The exploration areas PetroRecôncavo operates refer to fields whose concessions belongs to Petrobras.

On December 23, 2020, the Company entered into an agreement to acquire the total interests held by Petrobras in the twelve onshore fields that are the subject matter of the “risk production agreement”, which are grouped in another set called the Remanso Cluster and include the fields Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçuçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, in the Recôncavo basin, State of Bahia. The acquisition price was of US$30.0 million. Of this amount: (i) US$4.0 million, equivalent to R$20.6 million, was paid on the signing date, December 23, 2020; (ii) US$21.0 million is due and will be paid when the deal is closed, less the cash generation of the asset, that will be presented by Petrobras, from July 2020 to the transaction closing date, plus other price adjustment terms; and (iii) US$5.0 million is payable in twelve months after the deal is closed, which is expected to take place during 2021. This acquisition is subject to compliance with precedent conditions, such as regulatory authorizations from CADE (Brazilian antitrust agency), ANP, environmental agencies, among others. The “risk production agreement” will be terminated with the closing of the transaction. On March 16, 2021, CADE approved the transaction, with the precedent conditions mentioned above being maintained.

The Company’s subsidiaries are Recôncavo E&P S.A. (“Recôncavo”), Reconcavo America LLC (“Reconcavo America”), Potiguar E&P S.A. (“Potiguar”) and SPE Miranga S.A. (“SPE Miranga”) (collectively with PetroRecôncavo referred to as the “Group”), whose activities are described below:

Recôncavo

Recôncavo was established on March 22, 2004 and is engaged in the development, prospection, exploration and drilling in oil basins, and the production and sale of oil, gas and other byproducts, including, but not limited to: (a) the purchase, sale, import and lease of oil and gas drilling and production equipment; (b) the engagement of oil and gas exploration services; (c) the sale, trade, import and export of oil and gas and other byproducts; (d) the processing, refine, purchase and sale of oil and natural gas; and (e) any other activity necessary or required for the exploitation, production and sale of oil, gas and byproducts. Recôncavo operates the concessions to exploit own fields and blocks, working in fields through the concession obtained from ANP.

The subsidiary Recôncavo E&P S.A. currently holds concessions to exploit the Lagoa do Paulo, Lagoa do Paulo Norte, Lagoa do Paulo Sul, Acajá-Burizinho, and Juriti fields, which were purchased in the 4th and 6th ANP bidding rounds.

Recôncavo America

Recôncavo America, established on May 15, 2006, based in the State of Delaware, United States of America, is engaged in purchasing oilfield equipment, especially workover and drilling rigs, and leasing them in Brazil, under the special customs regime for the export and import of goods intended to be used in oil and natural gas prospection and extraction activities, called REPETRO. This equipment is mainly used in the operations of the Company and its subsidiaries, however, during idle periods, the equipment may be leased to third parties. In December 2020, Recôncavo America sold its assets to its parent company PetroRecôncavo S.A. and its subsidiary Potiguar for R$18,156, at these assets' carrying amounts on the sale date.

Potiguar

Potiguar E&P S.A., headquartered in the city of Mossoró, State of Rio Grande do Norte, is a privately-held company, established on June 15, 2018 and is controlled by PetroRecôncavo S.A.

Potiguar is engaged in the development, research, exploration and drilling of oil basins, and the production and trading of oil, gas and other related products, including, but not limited to: (a) the acquisition, sale, importation and leasing of equipment related to the exploration and production of oil and gas; (b) contracting of services related to the exploration of oil and gas; (c) sale, trading, importation and exportation of oil and gas and other related products; (d) processing, refinery, purchase and sale of oil and natural gas; and (e) any other activity necessary or required in relation to the exploration, production and trading of oil and gas and other related products. Potiguar consolidates concessions for the exploration and production of its own fields, working in fields through concessions obtained from ANP.

Potiguar is the concessionaire for the exploration and production of the Acauã, Asa Branca, Baixa do Algodão, Baixa do Juazeiro, Boa Esperança, Brejinho, Cachoeirinha, Cardeal, Colibri, Fazenda Curral, Fazenda Junco, Fazenda Malaquias, Jaçanã, Jandui, Juazeiro, Leste de Poço Xavier, Livramento, Lorena, Maçarico, Pajeú, Pardal, Patativa, Paturi, Poço Xavier, Riacho da Forquilha, Rio Mossoró, Sabiá, Sabiá Bico de Osso, Sabiá da Mata, Sibite, Três Marias, Trinca Ferro, Upanema and Varginha fields, which were acquired from Petróleo Brasileiro S.A. – Petrobras and the operations of which began on December 10, 2019. Potiguar E&P is the operator of all the above-mentioned concessions, with exception of: (i) the Cardeal and Colibri fields, presently operated by Partex.

Potiguar signed, on June 28, 2021, in Rio de Janeiro, a concession contract for the exploration and production of oil and natural gas of the POT-T-702 block, acquired in the 2nd Cycle of the Permanent Offer carried out by ANP. The concession contract comprises an area of 17,178 km² and a Minimum Exploratory Program (PEM) composed of 1,000 work units, corresponding to R$6,000,000.00 (six million Brazilian reais), with a five-year term for its execution, in one single period. The PEM value was guaranteed, in compliance with the que tender document, through a performance bond issued in favor of ANP, valid for the total period of exploration, and which will be returned as soon as the exploratory commitment is fulfilled. The area acquired is adjacent to blocks already operated by Potiguar E&P, and its exploratory program will consist of the drilling of at least one well with the purpose of assessing the existence of accumulations in reserves similar to the existing ones in the neighboring concessions of the Block.

<u>SPE Miranga</u>

SPE Miranga, established in the Municipality of Salvador, state of Bahia, is a privately-held company, established on January 12, 2021, controlled by PetroRecôncavo S.A., engaged in the extraction of oil and natural gas, encompassing the development, research, exploration and drilling of oil basins and the production and trade of oil, gas and related products, including, but not limited to: (a) the acquisition, sale, importation and leasing of equipment related to the exploration and production of oil and gas; (b) contracting of services related to the exploration of oil and gas; (c) sale, trading, importation and exportation of oil and gas and related products; (d) processing, refinery, purchase and sale of oil and natural gas; and (e) any other activity necessary or required in relation to the exploration, production and trading of oil and gas and other related products.

On February 24, 2021 SPE Miranga signed a contract for the purchase of total equity interest of Petrobras in the nine onshore fields: Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana, which form the Miranda Cluster, in the Recôncavo basin, Bahia. This acquisition is subject to compliance with precedent conditions, such as regulatory authorizations from ANP, CADE and environmental agencies, as applicable. On April 8, 2021, CADE approved the transaction, with the precedent conditions mentioned above being maintained.

The acquisition price was of US$220.1 million, out of which (i) US$11.0 million was paid on the signing date, February 24, 2021; (ii) US$44.0 million to be paid on the closing date of the transaction, without any adjustment to the price; (iii) US$20.0 million payable in twelve months after the deal is closed; (iv) US$20.0 million payable in twenty-four months after the deal is closed; (v) US$40.1 million payable in thirty-six months after the deal is closed; and (vi) up to US$85.0 million in contingent payments, pegged to possible different reference price range of oil (Brent) during the period between the calendar-years 2022, 2023 and 2024.

Petrobras will have the right to withhold the deposit should the contract be terminated due to violation attributed to SPE Miranga, including events such as: (i) the Company's failure to pay the amounts due on the transaction closing date; (ii) in the case of CADE and/or ANP not approving the transaction, should such non-approval be caused by omission or non-compliance of a legal requirement attributed to SPE Miranga; and (iii) should ANP not grant its final approval of the transaction due to the fact that the Company is not qualified as an Operator, when the case requires, for onshore fields in accordance with any applicable Laws and Regulations.

Should the deal not be closed due to any violation on the part of Petrobras, SPE Miranga will have the right to receive reimbursement of the total value of the deposit, plus a fine-penalty in the amount of the deposit.

Presently, SPE Miranga in a pre-operational phase and its activities are being maintained through financial contributions from its shareholders. The start-up of operations depends on the conclusion of the operation for the transfer of the concessions of the fields presented above.

Considering that the operations of the Company and its subsidiaries Recôncavo and Potiguar are exclusively related to Petrobras S.A., the results of operations of the Company and its subsidiaries could be affected as a result of the dependency on one single customer.

1.1. Main actions and impacts resulting from COVID-19

The Company remains operating, following the rules defined by the committee established for the health crisis management. The main objectives of the committee are to preserve the health of its collaborators and contractors, maintain the activities of the Company without impact to operational safety and, at the same time, assess the developments of the crisis on the business plan.

The Company recommended to its collaborators and contractors non-essential for the operation to work remotely, as well as increasing distancing of people in the work environment and temporarily suspending non-essential travel, visits, in-person training and displacements. Presently, collaborators may voluntarily return to the corporate office, adapted to the protection measures recommended by the committee, among which are included frequent testing. Collaborators belonging to groups of risk remain working remotely.

The Company reviewed its operating revenue and cash flow projection for 2021 and did not ascertain the need to recognize any impairment loss of property, plant and equipment, deferred taxes and trade receivables. Considering the unpredictability of the evolution of the outbreak and its impacts, the current estimate of the financial impact of the outbreak on operating revenue and projected cash flows may be revised according to new developments related to this pandemic crisis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED IN PREPARING THE INTERIM FINANCIAL STATEMENTS

The accounting practices of the previous year were applied consistently in the preparation of these interim financial statements.

2.1. Basis of preparation and presentation of the interim financial statements

a) The individual and consolidated interim financial statements are prepared in accordance with technical pronouncement CPC 21 (R1) – issued by the Accounting Pronouncements Committee (“CPC”); and with the international standard IAS 34; and guidelines issued by Brazilian Securities and Exchange Commission (“CVM”).

   The individual and consolidated interim financial statements should be read in conjunction with the individual and consolidated financial statements of the Company as at December 31, 2020.

b) In preparing these interim financial statements Management is required to use certain critical accounting estimates and to make judgments in the process of applying its accounting practices.

c) There were no significant changes to the assumptions and judgments made by Management in the use of the estimates for the preparation of these interim financial statements in relation to those used for the financial statements as at December 31, 2020.

d) These interim financial statements were authorized for issue by Company Management on August 13, 2021.

2.2. Significant accounting policies

All relevant information specifically related to these interim financial statements, and only in relation to these, are being evidenced and correspond to the information used by the Company in its management. The significant accounting policies and estimates adopted by the Company and its subsidiaries are in accordance with CPC 21 and were disclosed in the individual and consolidated financial statements as at December 31, 2020. There were no alterations between the policies disclosed in the financial statements as at December 31, 2020 and these interim financial statements.

2.3. Basis of consolidation and investments in subsidiaries

The Company consolidates all investees over which it has control, i.e., when it is exposed or has rights to variable returns from its involvement with the investee, and has the ability to guide all relevant activities of the investee.

When necessary, the subsidiaries' interim financial statements are adjusted to conform their accounting policies to those adopted by the Company. All intragroup transactions, balances, income and expenses are fully eliminated in consolidation.

In the Company's interim financial statements, the financial information on the subsidiaries is recognized under the equity method. The same adjustments are made to the Company's interim financial statements.

<u>Reconciliation of net equity and net income (loss) between the parent company and consolidated</u>

As at December 31, 2019 the Company was a lessee of 21 assets of the subsidiary Recôncavo America which were considered within the scope of IFRS 16 and, consequently, the right-of-use assets and liabilities were recognized at the amounts payable for the lease.

For consolidation purposes, the Company reversed this recognition in order to eliminate the consolidated balances between PetroRecôncavo (lessee) and Recôncavo America (lessor). Accordingly, these were recorded under consolidated property, plant and equipment.

This change generated a difference in the year 2020 between net equity and net income(loss) for the year of the parent company and consolidated. As at June 30, 2020 this difference between the net equity of the parent company and the consolidated balance was of R$4,949 and the difference in net income (loss) for the six-month period ended June 30, 2020 was of R$4.089.

In December 2020, Recôncavo America sold its leased assets to the Company and to its subsidiary Potiguar, ending the differences between net income (loss) and net equity.

2.4. Functional currency and foreign currency translation

The Company's Management defined the Brazilian currency, the real (R$), as the "Functional Currency", for the Company and each of its subsidiaries, since this is the currency of the primary economic environment in which the Company and each subsidiary operate. The Brazilian real is also the presentation currency for these interim financial statements.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Banks - checking accounts	193	289	9,813	9,045
Short-term investments and Bank Deposit Certificates(CDB)	217,717	11,374	259,142	21,816
Total	217,910	11,663	268,955	30,861

Short-term investments and CDBs refer to fixed-income transaction (bank deposit certificates and marketable securities), indexed between 78.53% and 102.41% of the Interbank Deposit Certificate rates (CDI) (75% as at December 31, 2020) maintained by top tier banks, as per Note 22.3 to the interim financial statements, having ratings of between Aa1 (BR) and Ba3, based on the Moody rating and to investment funds with yields equivalent to 69.46% and 101% of the CDI rate(131.93% to 177.07% of the CDI as at December 31, 2020). The Company and its subsidiaries can immediately redeem these investments without any fee or restriction and their market values do not differ from the amounts recognized in books.

As at June 30, 2021, the subsidiary Recôncavo America LLC has R$8,235 (R$7,900 as at December 31, 2020) in cash and cash equivalents, held in U.S. dollars. In the six-month period ended June 30, 2021, this subsidiary recorded a loss of R$355 (2020, gain of R$565) relating to foreign exchange differences arising on translating foreign currency-denominated balances.

Short-term investments

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Short-term investments	894,672	9,993	1,005,559	135,011
Total	894,672	9,993	1,005,559	135,011
Current	894,672	9,993	941,980	66,414
Non-current	-	-	63,669	68,597

The short-term investments of the Company refer mainly to investments in Exchange Funds (56%) , once Management opted to invest part of the funds from its IPO, as evidenced in Note 15, in this type of investments as a manner of protection from exchange variations due to the fact that its bank debts (and those of the subsidiaries) and remaining payments to Petrobras for the acquisition of assets are in U.S. dollars. Other financial investments refer to fixed income operations (Bank Deposit Certificates “CDB” and repo operations), all top tier banks.

Subsidiary Potiguar must keep short-term investments of at least R$107,172 as loan collateral as at June 30, 2021. This amount is invested in an Exchange Fund (Itaú Cambial FICFI), recognized in line item ‘financial investments’ and with yield equivalent to 3,56% in the semester calculated at the amount invested, as follows:

- All funds of the Debt Service Reserve Account Exchange Fund represent a Long-term Restricted Investment, since they cannot be freely used and will remain restricted until the end of the financing, scheduled for April 2024, according to the agreement.

- All the funds of the Exchange Fund of other restricted accounts (Retention Account, Cash Reserve Account, and Centralizing Account) represent a Short-term Restricted Investment, since they cannot be freely used, but should be used within 12 months.

The goal of the Foreign Exchange Fund is to match the US dollar fluctuation against the Brazilian real. Since the subsidiary's debt is denominated in US dollars, the Company aims, therefore, to hedge against the foreign exchange fluctuation.

4. TRADE RECEIVABLES

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Petrobras S.A.	36,830	52,578	133,067	108,733
Total	36,830	52,578	133,067	108,733

As at June 30, 2021 and December 31, 2020, the Company and its subsidiaries had no past-due balances and no estimated loss on doubtful debts. Invoices are issued to the customer Petrobras S.A. with an average due date from 30 to 50 days. The Company and its subsidiaries have no history of material losses or delays of receivables, and expect no future loss on such receivables.

5. RECOVERABLE TAXES

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Withholding income tax (IRRF)	3,122	89	3,719	169
Corporate Income tax (IRPJ)	7,018	9,166	8,678	11,146
Social contribution (CSLL)	1,692	2,322	2,612	3,212
Tax on revenue (PIS)	344	207	584	776
Tax on revenue (COFINS)	1,519	824	2,910	3,717
State VAT (ICMS)	-	-	13,302	2,678
Other	1,146	863	1,588	1,297
Total	14,841	13,471	33,393	22,995
Total current	14,348	13,457	25,707	22,433
Total non-current	493	14	7,686	562

6. JUDICIAL DEPOSITS

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
PIS, COFINS, Economic Intervention Contribution (CIDE) and IRPJ (a)	1,287	1,287	1,303	1,303
IRPJ		-	17	17
Labor	1,103	826	1,103	826
Other	124	124	165	165
Total	2,514	2,237	2,588	2,311

(a) In 2007, the Company was notified by the tax authorities for alleged nonpayment of PIS and COFINS. The Company believes that this assessment is unfounded due to the existence of payments related to these tax debts. The Company filed an annulment action and deposited in escrow the amounts related to the aforementioned taxes. As at June 30,2021 and December 31, 2020 the Company recognizes the adjusted amount of R$1,287 as an escrow deposit for PIS and COFINS. The Company, based on the opinion of its legal counsel, who consider the Company's likelihood of a favorable outcome as probable, did not recognize any provision in these interim financial statements.

7. INVESTMENTS

Information on investees

Investees	Base-date	Common shares held (thousands)	Share in paid-in capital %	Capital social	Total assets	Total liabilities	Net equity	Gross revenue	Net income (loss)
Recôncavo E&P S.A.	06/30/21	6,561	100	6,561	17,765	4,772	12,993	6,772	1,331
Recôncavo America LLC	06/30/21	n/a	100	9,242	26,034	-	26,034	-	(870)
Potiguar E&P S.A.	06/30/21	525,183	100	525,183	1,599,532	1,255,160	343,372	459,225	88,154
SPE Miranga S.A.	06/30/21	60,550	100	60,550	60,549	-	60,549	-	-
Recôncavo E&P S.A.	12/31/20	6,561	100	6,561	15,145	3,483	11,662	7,050	(1,220)
Recôncavo America LLC	12/31/20	n/a	100	9,242	26,904	-	26,904	8,598	16,269
Potiguar E&P S.A.	12/31/20	525,183	100	525,183	1,554,911	1,033,474	521,437	626,549	(93,549)

Changes in investments

	Recôncavo E&P S.A.	Recôncavo America LLC (iii)	Potiguar E&P S.A.	SPE Miranga S.A.	Total
Balance as at December 31, 2019	12,882	10,635	530,280	-	553,797
Equity in investments	(1,220)	16,269	(93,549)	-	(78,500)
Cancelation of dividends (i)	-	-	2,644	-	2,644
Equity evaluation adjustment	-	-	82,062	-	82,062
Balance as at December 31, 2020	11,662	26,904	521,437	-	560,003
Equity in investments	1,331	(10,248)	88,154	-	79,237
Capital increase (ii)	-	-	-	60,550	60,550
Advance for future capital increase (iv)	-	-	42,350	-	42,350
Equity evaluation adjustment	-	-	(308,569)	-	(308,569)
Balance as at June 30, 2021	12,993	16,656	343,372	60,550	433,571

(i) As mentioned under Note 10 to the interim financial statements, the financing contract obtained with the purpose of financing part of the acquisition of the Riacho da Forquilha Cluster, forbids the payment of dividends by the Company and its subsidiaries resulting from the profit obtained or other cash balances obtained during the fiscal year 2020. Considering these restrictions, and in a similar manner as occurred in 2019, Management of the Company recommended to the shareholders to vote against the minimum mandatory dividends in the next General Shareholders' Meeting. As at December 31, 2019 PetroRecôncavo, Potiguar and Recôncavo established minimum mandatory dividends in the amounts of R$12,894, R$2,644 and R$304, respectively. Such dividends were cancelled in the respective General Shareholders' Meeting held on June 30, 2020, with the exception of Recôncavo, whose General Shareholders' Meeting has not yet occurred. Company Management will recommend to the shareholders of Recôncavo E&P S.A. to vote for the cancelation of the minimum mandatory dividends, mentioned above, in their next General Shareholders' Meeting.

(ii) During the six-month period ended June 30, 2021, there were 60,549,300 (sixty million, five hundred and forty-nine thousand, three hundred) common shares of the investee SPE Miranga issued at a subscription price of R$1 (one Brazilian real). All of the shares were subscribed and paid-in by the Company in cash.

(iii) The equity in investments of the subsidiary Reconcavo America in the six-month period ended June 30, 2021 includes the elimination of a balance related to unrealized profits between related parties.

(iv) Refers to advances for future capital increase in the subsidiary Potiguar. These contributions will be subscribed and paid in to the share capital in the next general Shareholders' Meeting of the subsidiary.

8. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

	Company								
	Balance as at 12/31/2019	Additions	Write-offs	Transfers (a)	Balance as at 12/31/2020	Additions	Write-offs (vii)	Transfers (a)	Balance as at 06/30/2021
Cost									
Land	80	-	-	-	80	-	-	-	80
Properties and constructions	7,799	8	(2)	-	7,805	-	-	-	7,805
Machinery and equipment	15,780	16,425	(47)	1,017	33,175	1,548	-	(22)	34,701
Furniture and fixtures	10,543	669	-	65	11,277	459	-	(2)	11,734
Vehicles	3,274	113	-	-	3,387	-	(434)	-	2,953
Computers and peripherals	2,103	128	(4)	126	2,353	233	-	-	2,586
Investment for increasing production and drilling (i)	846,512	33,361	(3,613)	7,419	883,679	11,831	-	4,241	899,751
Advance to acquire oil and gas production rights (vi)	-	20,629	-	-	20,629	-	-	-	20,629
Spare parts inventory (iii)	36,250	36,082	(36,628)	(3,911)	31,793	31,992	(23,657)	(4,196)	35,932
Advance to acquire fixed assets (v)	447	6,050	(979)	(3,530)	1,988	1,476	-	(45)	3,419
PP&E in progress (iv)	65	3,765	(3)	(1,591)	2,236	4,732	-	24	6,992
Total	922,853	117,230	(41,276)	(405)	998,402	52,271	(24,091)	-	1,026,582
Depreciation, amortization and depletion									
Properties and constructions	(3,919)	(541)	-	-	(4,460)	(268)	-	-	(4,728)
Machinery and equipment	(9,117)	(886)	8	-	(9,995)	(1,853)	6	-	(11,842)
Furniture and fixtures	(6,086)	(733)	-	-	(6,819)	(401)	-	-	(7,220)
Vehicles	(1,677)	(293)	-	-	(1,970)	(145)	283	-	(1,832)
Computers and peripherals	(941)	(220)	-	-	(1,161)	(137)	-	-	(1,298)
Investment for increasing production and drilling	(514,323)	(73,582)	-	-	(587,905)	(33,460)	-	-	(621,365)
Total	(536,063)	(76,255)	8	-	(612,310)	(36,264)	289	-	(648,285)
Impairment									
Estimated loss on the recovery of assets	(1,691)	-	1,691	-	-	-	-	-	-
Total	(1,691)		1,691	-	-	-	-	-	-
Net balance	385,099	40,975	(39,577)	(405)	386,092	16,007	(23,802)	-	378,297

	Consolidated								
	Balance as at 12/31/2019	Additions	Write-off	Transfer (a)	Balance as at 12/31/2020	Additions	Write-off (vii)	Transfers (a)	Balance as at 30/06/2021
Cost									
Land	105	-	-	-	105	-	-	-	105
Properties and constructions	12,808	315	(2)	-	13,121	16	-	-	13,137
Machinery and equipment	49,135	22,982	(27,822)	(792)	43,503	1,766	(10,420)	(22)	34,827
Furniture and fixtures	11,042	2,098	(100)	65	13,105	828	-	(2)	13,931
Vehicles	3,274	262	-	-	3,536	46	(434)	-	3,148
Computers and peripherals	2,218	720	(4)	126	3,060	329	-	-	3,389
Investment for increasing production and drilling (i)	882,562	72,843	(4,012)	22,907	974,300	41,189	-	9,799	1,025,288
Oil and gas production right (ii)	1,237,215	-	-	-	1,237,215	-	-	-	1,237,215
Advance to acquire oil and gas production rights (vi)	-	20,628	-	-	20,628	60,548	-	-	81,176
Spare parts inventory (iii)	45,320	92,229	(68,531)	(13,605)	55,413	71,949	(46,396)	(9,754)	71,212
Advance to acquire fixed assets (v)	749	13,646	(979)	(7,730)	5,686	1,504	-	(45)	7,145
PP&E in progress (iv)	1,705	6,897	(29)	(1,591)	6,982	8,777	-	24	15,783
Total	2,246,133	232,620	(101,479)	(620)	2,376,654	186,952	(57,250)	-	2,506,356
Depreciation, amortization and depletion									
Properties and constructions	(5,400)	(705)	-	-	(6,105)	(349)	-	-	(6,454)
Machinery and equipment	(29,089)	(2,486)	19,442	-	(12,133)	(1,165)	6	-	(13,292)
Furniture and fixtures	(6,125)	(803)	-	-	(6,928)	(485)	-	-	(7,413)
Vehicles	(1,677)	(293)	-	-	(1,970)	(145)	283	-	(1,832)
Computers and peripherals	(944)	(241)	-	-	(1,185)	(173)	-	-	(1,358)
Investment for increasing production and drilling	(526,470)	(86,782)	-	(10)	(613,262)	(45,333)	-	-	(658,595)
Oil and gas production right	(9,202)	(126,485)	-	506	(135,181)	(71,536)	-	-	(206,717)
Total	(578,907)	(217,795)	19,442	496	(776,764)	(119,186)	289	-	(895,661)
Impairment									
Estimated loss on the recovery of assets	(1,691)	-	1,691	-	-	-	-	-	-
Total	(1,691)	-	1,691	-	-	-	-	-	-
Net balance	1,665,535	14,825	(80,346)	(124)	1,599,890	67,766	(56,961)	-	1,610,695

(a) Part of the balance was transferred to intangible assets and another part that refers to finance leases, was transferred to line item “Right-of-use leases”.

Pursuant to the contractual provision, the Company uses in its operations equipment belonging to Petrobras, kept in the fields of the Recôncavo basin. These assets are not recognized in the Company's interim financial statements nor are the corresponding depreciation charges. The Company does not make any payment for the use of these assets.

(i) 'Investment to increase production' refers to motors, transformers, equipment, or sundry expenses used in the wells or over ground facilities aimed at increasing production or work in recoverable reserves. Well drilling refers to the capitalization of expenses incurred on the drilling of new wells in fields that have been proved commercially feasible. The depreciation of these assets and the depletion of expenses are made using the percentage of current production as a ratio of the developed proven reserve of each field, limited to the expiration date of the concession agreements for each field (most expire in 2025). The evaluation of the total reserve as at December 31, 2020 was performed by independent expert "Netherland Sewell & Associates, Inc".

(ii) The 'Oil and gas production rights' represent the concession cost for the: (a) exploitation of onshore blocks BT-REC-10 and BT-REC-14 acquired in the 4th, 6th and 9th ANP bidding rounds and (b) the concessions of 34 onshore oil and natural gas production fields, called "Riacho da Forquilha Cluster", described below. The amortization of this cost is calculated based on the units produced method, which consists of calculating the ratio of the annual volume produced to the total proven reserve of each field, limited to the expiration date of the concession agreements. Additions to this line item in the year represent the cost of acquiring the onshore fields from Petrobras.

On April 25, 2019, the subsidiary Potiguar entered into a Purchase and Sale Agreement for the acquisition of Petrobras' interests in a set of 34 onshore oil and natural gas producing fields, called "Riacho da Forquilha Cluster", located in the Potiguar Basin, State of Rio Grande do Norte. The acquisition was completed on December 9, 2019, after its approval by the relevant regulatory bodies. The adjusted acquisition price was of US$351,453, less the cash generation of the asset and other price adjustment conditions as from January 1, 2019 (effective date) of the transaction. In the year ended December 31, 2019, Potiguar paid an amount equivalent of US$295,221 (R$1,235,568), corresponding to 84% of the adjusted acquisition price. The table below shows the reconciliation of R$1,235,568 thousand paid to Petrobras at the closing of the transaction on December 9, 2019:

Adjustment items (01/01/2019 to 12/09/2019) pursuant to the Purchase and Sale agreement submitted by Petrobras	Amounts set in US dollars for final price adjustment purposes (US$'000)	Final adjustment (exchange rate of R$4.2136 for amounts calculated in US dollars) (In thousands of Reais - R$)
(+) Total acquisition price	384,200	1,618,865
(-) Advance	(28,815)	(121,415)
(+) LIBOR interest	18,579	78,284
(-) Revenue generated (*)	(109,655)	(462,043)
(+) Royalties (*)	11,837	49,876
(+) Environmental licensing (*)	2,772	11,682
(+) Operating Costs/Expenses (*)	25,016	105,406
(+) Taxes on assets (*)	16,932	71,343
(+) Investments in assets (*)	784	3,308
(+) Opening oil inventory(*)	988	4,161
(=) Closing Adjustment	322,638	1,359,468
Deposit paid to Petrobras on 04/25/2019 ("Signing")	28,815	113,041
Total adjusted acquisition price	351,453	1,472,509
Deposit paid to Petrobras on 04/25/2019 ("Signing")	28,815	113,041
Amount paid to Petrobras on12/09/2019 ("Closing")	266,406	1,122,527
Total amount paid to Petrobras up until 12/09/2019 (84% "Closing")	295,221	1,235,568

(*) Amounts stated as an integral part of the purchase and sale agreement and equally stated by the seller, Petrobras, as the "adjustment" to the acquisition price of the Riacho da Forquilha Cluster group of assets. The amounts are adjusted using the CDI from the date they were generated up until December 9, 2019.

The subsidiary must pay Petrobras a remaining balance corresponding to 16% of the adjusted acquisition value, or approximately US$56,000, contingent to the extension of the concessions of eleven of the 34 fields acquired, as shown below:

Field	Percentage
Baixa do Algodão	0.2%
Boa Esperança	0.5%
Brejinho	1.5%
Cachoeirinha	1.0%
Fazenda Curral	0.2%
Fazenda Malaquias	1.0%
Leste de Poço Xavier	0.3%
Livramento	1.8%
Lorena	2.8%
Pajeú	0.2%
Riacho da Forquilha	6.5%
Total	16.0%

The process for extending concessions involves filing Development Plans with ANP showing a viable investment and production plan beyond the current contractual period. On March 5, 2020, Potiguar filed with the ANP the Development Plans for the eleven fields listed above. The assessment process of the extension requests is managed by ANP's Development and Production Authority, which judges the development strategy presented, the physical and financial calendar of the production development projects, the increase in production capacity of the facilities, financial provisions for decommissioning and abandonment of facilities, among other issues. If approved, the extension of the concessions should add new volumes of proven reserves, with potential impacts on the estimates used to calculate the depletion and provision for abandonment of wells. At the time of issuing these interim financial statements, ANP had not ruled on the approval of the Development Plans submitted. No obligations and impact arising from the increase in proven reserves were recognized in these interim financial statements.

(iii) Motors, production equipment and sundry materials that will be used in production are recognized in line item 'capital asset inventories'. The depreciation of these assets is calculated using the units produced method, which calculating the ratio of the annual volume produced to the total proven reserve of each field, limited to the expiration date of the concession agreements, as from the time they are transferred to line item 'Investment to increase production'.

(iv) Constructions in progress represent items of property, plant and equipment that are in the process of construction or transportation, and are not yet ready for use.

(v) The advance for acquisition of capital assets refers to advances made to suppliers of production materials and equipment that will be used to increase production.

(vi) On December 23, 2020, the Company entered into an agreement to acquire the total interests held by Petrobras in the twelve onshore fields that are the subject matter of the "production agreement with risk clause", which are grouped in another set called the Remanso cluster, and include the fields Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçuçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, in the Recôncavo basin, State of Bahia. The acquisition price is US$30.0 million. Of this amount: (i) US$4.0 million, equivalent to R$20.6 million, was paid on the execution date, December 23, 2020; (ii) US$21.0 million is due and payable when the deal is closed, less the cash generation of the asset from July 2020 to the transaction closing date, to be submitted by Petrobras, plus other price adjustment terms; and (iii) US$5.0 million is payable in twelve months after the deal is closed, which is expected to take place in 2021.

This acquisition is subject to compliance with conditions precedent, such as regulatory authorizations from CADE (Brazilian antitrust agency), ANP, environmental agencies, among others. The “production agreement with risk clause” will be terminated with the closing of the transaction.

On February 24, 2021 SPE Miranga signed a contract for the purchase of total equity interest of Petrobras in the nine onshore fields: Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana which form the Miranda Cluster, in the Recôncavo basin, in Bahia. This acquisition is subject to compliance with precedent conditions, such as regulatory authorizations from ANP, CADE and environmental agencies, as applicable.

The acquisition price was of US$220.1 million, out of which (i) US$11.0 million was paid on the signing date, February 24, 2021; (ii) US$44.0 million to be paid on the closing date of the transaction, without any adjustment to the price; (iii) US$20.0 million payable in twelve months after the deal is closed; (iv) US$20.0 million payable in twenty-four months after the deal is closed; (v) US$40.1 million payable in thirty-six months after the deal is closed; and (vi) up to US$85.0 million in contingent payments, pegged to possible different reference price range of oil (Brent) during the period of calendar-years 2022, 2023 and 2024.

(vii) The write-offs recognized in line item ‘Spare parts inventories‘ refer basically to motors, production equipment, and sundry materials which were used in repair and maintenance activities and recognized in the cost of services and sales.

Impairment losses of property, plant and equipment

The Company and its subsidiaries annually review indications of possible impairment of their investments to increase production and well drilling, pursuant to the accounting policy shown in note 2.8. to the financial statements as at December 31, 2020. The recoverable values of the Cash-generating Units (CGUs) were determined based on value-in-use calculations, made based on estimates (see Note 3 of the financial statements as at December 31, 2020). As at June 30, and December 31, 2020, the Company did not identify any indications of impairment of its assets.

Assets pledged as collateral

The Company has a land drilling rig pledged as collateral in tax foreclosure lawsuit No. 0000566-44.2011,805.0164, filed against the parent company.

As part of the bank financing contractual obligations, Potiguar pledged as collateral (i) the rights arising from the concession contracts of the 34 fields belonging to the Riacho da Forquilha cluster; (ii) its position in oil and natural gas purchase and sale, and interests in well decommissioning contracts, all entered into with Petrobras; (iii) oil inventories; (iv) own equipment and machinery, (v) 100% of its shares; and (vi) receivables arising from: (a) oil and natural gas purchase and sale, and interests in well decommissioning contracts, (b) insurance policies, (c) swaps entered into with Banco ABC, Goldman Sachs, Itaú Unibanco and Morgan Stanley, and (d) the guarantees granted under the assigned contracts.

9. SUPPLIERS

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
In local currency	32,800	31,107	72,441	73,681
In foreign currency	3,226	1,702	8,276	5,030
Related parties (Note 16)	15,149	16,213	1,091	1,378
Total	51,175	49,022	81,808	80,089

10. LOANS AND FINANCING

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
FINEP	2,307	2,734	2,307	2,733
Bank loans	44,042	-	831,307	926,501
Unamortized cost	(192)	-	(28,631)	(35,194)
Total	46,157	2,734	804,983	894,040
Total current	45,253	1,355	261,795	212,931
Total non-current	904	1,379	543,188	681,109

	Company	Consolidated
Balance as at December 31, 2019	4,263	744,019
Payment of principal	(1,522)	(104,585)
Interest paid	(308)	(67,929)
Accrued interest	301	72,881
Amortization of borrowing cost	-	16,848
Foreign exchange variation	-	232,806
Balance as at December 31, 2020	2,734	894,040
Additions	60,479	60,479
Payment of principal	(11,554)	(123,437)
Interest paid	(767)	(31,331)
Accrued interest	844	29,716
Amortization of borrowing cost	41	6,796
Foreign exchange variation	(5,620)	(31,280)
Balance as at June 30, 2021	46,157	804,983

	Company		Consolidated	
	R$	US$	R$	US$
Loan review per currency				
December 31, 2020:				
FINEP	2,374	-	2,374	-
Bank loans	-	-	-	171,514
June 30, 2021:				
FINEP	2,115		2,115	
Bank loans		8,805		160,503

The maturities of noncurrent loans are presented below:

	Company	Consolidated
2022	603	130,613
2023	301	272,622
2024	-	139,953
Total	904	543,188

In the year ended December 31, 2016, the Company obtained a financing facility from Financiadora de Estudos e Projetos ("Finep" a government project financing agency), in order to finance activities related to PetroRecôncavo's innovation plan over the next 36 months. The total facility contracted was of R$10,691, at an interest rate equivalent to the TJLP (long-term benchmark rate) + 2.0% per year, a 24-month grace period, and total term of 84 months. The amount raised is to be released to the Company in three annual tranches, and the balance outstanding as at December 31, 2018, 2019 and 2020 refers to the release of two tranches. There are no restrictive covenants relating to this financing. In the year ended December 31, 2018, the Company elected not to receive the third tranche of the financing. The agreement does not provide for any penalties in case one of the tranches is not received.

On February 19, 2021 the Company, through its subsidiary SPE Miranga S.A., signed a contract for the purchase of 100% of the equity interest of Petrobras in nine onshore fields: Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana which form the Miranda Cluster. With the purpose of financing part of the payment, the Company signed an International Loan Contract, AGE1187904 with the financial institution Itaú Unibanco S.A. Nassau Branch, in the total amount of US$11,000,000.00 (eleven million U.S. dollars), at a fixed interest rate of 3.7225%. The loan is payable in 5 installments with the following maturities 06/24/2021, 07/26/2021, 08/25/2021, 09/22/2021 and 10/21/2021.

On April 25, 2019, the subsidiary Potiguar contracted a loan for the purpose of financing part of the payment arising from the acquisition of the 34 oil and natural gas producing fields, a transaction closed on December 9, 2019. The loan was contracted with financial institutions Itaú BBA, Morgan Stanley and Deutsche Bank. The total amount contracted was of US$232,000, at an interest rate of 6.3% above the three-month LIBOR, and the amount received by December 31, 2019 totaled US$195,428. Potiguar must maintain short-term investments as collateral for the loan with a carrying amount of at least R$126,603 and this amount is deposited with the financial institution and recognized in line item "Short-term investments". The loan will be repaid in quarterly installments until April 2024, and the grace period for the principal ended on July 25, 2020. As guarantee of this financing the subsidiary Potiguar must maintain balance in the linked financial investments and as at June 30, 2021 the amount of R$129,723 was registered in this heading (December 31, 2020, R$118,114).

Additionally, the agreement contains terms and conditions on dividend distribution, including:

- Distribution of dividends only after the grace period, which expired on July 25, 2020. No payment of dividends originating from profit for the year or other cash balances earned during the year 2019. Because of this covenant, the Company and its subsidiaries cancelled the mandatory minimum dividends accounted for in the year ended December 31, 2019, in accordance with the related General Shareholders' Meeting held on June 30, 2020, except for the subsidiary Recôncavo, whose Annual Shareholders' Meeting has not yet been held. The Company's Management will recommend that at the next Annual Shareholders' Meeting, the shareholders of Recôncavo E&P S.A. vote to cancel the mandatory minimum dividends mentioned above;

- Average price of Brent Oil in the previous year cannot be lower than US$45/bbl.

- Average price of Brent Oil at the end date of the last quarter cannot be lower than U$45/bbl. Potiguar must be compliant with all contractual obligations.

- The Company and its subsidiaries must agree to all maturity acceleration covenants.

As at December 31, 2019, PetroRecôncavo, Potiguar and Recôncavo recognized mandatory minimum dividends totaling R$12,894, R$2,644, and R$304, respectively, as referred to in Notes 7 and 15. These dividends were cancelled at the respective Annual Shareholders' Assemblies.

As at June 30, 2021, the Company has met all the covenants set forth in its debt agreements, including: (i) presentation of the financial statements of the subsidiary Potiguar within 90 days, audited by an independent auditor; (ii) the covenant whereby the Company and its subsidiaries undertake not to create liens on its assets to guarantee debt beyond those permitted; (iii) the covenants requiring compliance with laws, rules and regulations applicable to its business, including, but not limited to, environmental laws; and (iv) the covenants in financing agreements that require the Company and its subsidiaries to conduct their business in compliance with anticorruption laws and anti-money laundering laws, and to implement and maintain policies necessary for such compliance.

Additionally, the financing of the subsidiary Potiguar includes covenants requiring compliance with periodic performance indexes, under the penalty of accelerating debt maturity in case of noncompliance. As at December 31, 2020, the obligations are as follows:

- On the last day of each fiscal quarter (beginning December 31, 2020), the Leverage Ratio (Net Debt-to-EBITDA) of subsidiary Potiguar must not be greater than:
  - 2.5 by the end of 2020.
  - 2.25 during 2021.
  - 2.0 during 2022.
  - 1.5 during 2023 onward.
- On the last day of each fiscal quarter, the Group's consolidated Leverage Ratio (Net Debt-to-EBITDA) must not be greater than 2.5.
- On the last day of each fiscal year, the Asset Coverage Ratio (PV-10 of Proven Reserves-to-Gross Debt) of subsidiary Potiguar must not be lower than 1.5.
- At any time, Free Cash (Cash and cash equivalents, including Restricted accounts relating to loans) of subsidiary Potiguar must not be lower than R$20,000.

In the six-month period ended June 30, 2021 and in the year ended December 31, 2020, the Group complied with the applicable covenants.

The assets pledged as collateral for the agreement were disclosed in Note 8.

11. INCOME TAX AND SOCIAL CONTRIBUTION

The amounts of income tax and social contribution that affected profit or loss for the year are as follows:

	Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2021 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2021 to 06/30/2020
Net income (loss) before income tax and social contribution	92,313	(9,772)	102,438	(224,426)
Combine income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at rates according to the legislation	(31,387)	3,322	(34,829)	76,305
Equity in investments	36,016	(53,401)	-	-
Other	(2,579)	(4,859)	(3,202)	(3,076)
Reduction – tax incentive	203	-	17,268	-
Income tax and social contribution	2,253	(8,277)	4,985	73,229

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2020 to 06/30/2021	01/01/2020 to 06/30/2020
Net income (loss) before income tax and social contribution	78,243	(147,009)	102,438	(224,426)
Combine income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at rates according to the legislation	(26,603)	49,983	(34,829)	76,305
Equity in investments	26,941	(53,401)	-	-
Other	663	(4,859)	(3,202)	(3,076)
Reduction – tax incentive	2,431	-	17,268	-
Income tax and social contribution	29,180	(8,277)	4,985	73,229

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets				
Provision for well abandonment	3,988	3,711	5,321	5,243
Derivative financial instruments	-	-	118,432	-
Tax loss/tax loss carryforward	24,224	-	57,687	39,220
Deferred tax on provisions and others	9,826	4,812	11,113	5,575
Total	38,038	8,523	192,553	50,038
Liabilities				
CPC adoption (property, plant and equipment)	5,271	6,041	5,391	6,414
Derivative financial instruments	-	-	-	40,527
Unrealized foreign exchange variations	-	-	-	27
Total	5,271	6,041	5,391	46,968
Total deferred income tax and social contribution	32,767	2,482	187,162	3,070

The balance of deferred income tax and social contribution arises basically from the temporary difference of the provision for well abandonment, subsidiaries' tax loss carryforwards (tax assets), deferred taxes on the balance of the fair value of derivative financial instruments of subsidiary Potiguar and first-time adoption of CPC (IFRS) (tax liabilities).

Management considers that the tax assets arising from the temporary provisions will be realized in the proportion in which the wells are abandoned and the contingencies and other provisions are realized.

Management's expectations for the realization of the tax credits are presented below:

	Company	Consolidated
2021	8,156	52,460
2022	9,457	77,257
2023	7,887	44,156
2024	7,053	12,874
2025 onward	5,485	5,806
	38,038	192,553

12. PROVISION FOR TAX, CIVIL, LABOR AND REGULATORY CONTINGENCY RISKS

12.1. Probable loss – labor and tax

Based on the individual analysis of the legal claims filed against the Company and its subsidiaries, and supported by the opinion of its internal and external legal counsels, provisions for risks were recognized in noncurrent liabilities, for risks where the likelihood of loss is considered as probable, as shown below:

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Labor claims	4,179	3,594	4,179	3,594
Tax claims	1,001	1,371	1,001	1,371
Total	5,180	4,965	5,180	4,965

Changes in the provision

	Company	Consolidated
Balance as at December 31, 2019	2,777	2,777
Recognized provision	2,604	2,604
Reversed provisions	(416)	(416)
Balance as at December 31, 2020	4,965	4,965
Recognized provision	585	585
Reversed provisions	(370)	(370)
Balance as at June 30, 2021	5,180	5,180

The Company is a party to 46 labor claims (48 as at December 31, 2020), of which 21 (21 as at December 31, 2020) are assessed as of probable loss. Most of these labor claims are filed against companies outsourced by the Company, in which PetroRecôncavo appears as a jointly and severally liable party.

12.2. Possible loss – labor, civil and social security

As at June 30, 2021 and December 31, 2020, the Company was involved in litigation with possible likelihood of loss, based on the opinion of Management and its legal counsel, as follows:

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Tax claims	24,203	25,608	25,663	25,608
Labor claims	326	1,041	326	1,041
Regulatory claims	-	-	283	-
Civil claims	365	1,365	365	1,375

Tax claims consist of sundry claims involving federal taxes.

Labor claims consist of sundry claims filed by former employees and mainly related to joint and several liability, claiming the payment of severance pay, overtime, risk premiums, among other.

13. PROVISION FOR WELL ABANDONMENT

	Company	Consolidated
Balance as at December 31, 2019	10,582	29,982
Adjustments	1,740	5,480
Recognition of provision	-	6,624
Estimate review	(1,408)	(1,975)
Balance as at December 31, 2020	10,914	40,111
Adjustments	815	3,438
Balance as at June 30, 2021	11,729	43,549
Total current liabilities	-	6,301
Total non-current liabilities	11,729	37,248

The main assumptions for the recognitions/adjustments of the provision for well abandonment are as follows:

- Well abandonment and area decommissioning costs are recognized as part of the costs of these assets against the provision that will support such expenditure.
- The abandonment cost estimates are accounted for taking into account the present value of these obligations, discounted at a risk rate of 12% p.a.
- The estimated abandonment costs are reviewed annually, with the consequent revision of the present value calculation by adjusting the amounts of assets and liabilities already recognized. The annual reviews of the useful lives of the wells are made based on the reserves report issued annually by the Company's independent reserves certifiers. Estimates are revised within a given year whenever there is a revision of the useful lives and a reduction of the abandonment cost of each well.
- The estimated abandonment costs were calculated and accounted for taking into account the present value of these obligations for the wells whose useful lives do not exceed the end of the concession agreements for each field. The Company believes that it will not incur any abandonment costs in the case of wells whose estimated end of reserves exceeds the end of the concessions, since they will still have useful lives even after the end of the concessions.

Based on the foregoing, the Company's Management believes that the amounts provided for are sufficient to cover the expected well abandonment costs.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The subsidiary Potiguar entered into offset agreements with counterparties Itaú BBA, Morgan Stanley, Goldman Sachs and Banco ABC. The resulting derivatives are as follows:

	Consolidated	
	06/30/2021	12/31/2020
Derivative financial assets		
Commodity non-deliverable forwards, current assets	-	80,506
Commodity non-deliverable forwards, noncurrent assets	-	56,576
Total	-	137,082

	Consolidated	
	06/30/2021	12/31/2020
Derivative financial liabilities		
Commodity non-deliverable forwards, current liabilities	(151,685)	-
Commodity non-deliverable forwards, noncurrent liabilities	(196,645)	(17,886)
Total	(348,330)	(17,886)
Commodity non-deliverable forwards, net	(348,330)	119,196

a) Changes in derivative financial instruments:

	Company	Consolidated
Balance as at December 31, 2019	-	(5,140)
Fair value of financial instruments before settlement	43,025	153,969
Settlement of derivative contracts	(43,025)	(153,969)
Fair value of unrealized financial instruments	-	124,336
Balance as at December 31, 2020	-	119,196
Fair value of financial instruments before settlement	-	(17,204)
Settlement of derivative contracts	-	17,204
Fair value of unrealized financial instruments	-	(467,526)
Balance as at June 30, 2021	-	(348,330)

On April 25, 2019, the subsidiary Potiguar, having PetroRecôncavo as Sponsor, entered into a financing agreement with three different banks to pay part of the amount arising from the acquisition of a set of 34 oil and natural gas fields. In order to hedge future earnings and manage the risks of not being able to repay this loan, Potiguar entered into cash flow hedge transactions that fix the future prices of Brent oil, thus protecting itself against market fluctuations.

While it did not assume the operation of the Riacho da Forquilha cluster, said agreement required PetroRecôncavo to enter into hedging contracts that represented:

- 85% of the net volume of its proven, developed, producing (PDP) reserves hedged for the next 24 months.

- 57% of the net volume of its PDP reserves hedged for the other 12 months, totaling 36 months of hedging.

It should be observed that such volumes were measured as per the Reserves Report issued by expert Netherland Sewell & Associates Inc. ("NSAI"), mitigating the risk of speculation.

After the acquisition of the cluster and control of the operation by Potiguar, the outstanding contracts entered into by PetroRecôncavo were transferred to Potiguar and new derivatives were contracted to keep their net volumes hedged as follows

- For months 1 to 12, (i) at least 85% of its PDP reserves or (ii) 80% of its 1P reserves, limited to 95% of its 1P reserves.

- For months 13 to 24, (i) at least 60% of its 1P reserves, limited to 75% of its 1P reserves.

- For months 25 to 36, (i) at least 40% of its 1P reserves, limited to 55% of its 1P reserves.

At the time of the closing of the asset acquisition transaction on December 10, 2019, Potiguar entered into additional derivatives to be compliant with the financing agreement's covenants.

The contracting of derivatives to hedge part of the net production verified by an independent expert proved useful for the oil market since commodity price fluctuations have a strong impact on Company's profit or loss.

The Group applied hedge accounting for the highly probable cash flows from oil sales. The existence of an economic relationship was determined at the time of designation and prospectively by comparing the critical terms of the hedging instrument and the hedged item. The Group entered into derivatives for its hedging strategy to hedge a percentage of the estimated production volume, as mentioned above.

As regards the hedge effectiveness requirements, Management concluded that:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not significantly affect the fair value changes that result from such economic relationship of the hedging instruments.

The hedge ratio of the hedge relationship is 1:1 and is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge the quantity of the hedged item.

15. NET EQUITY

a) Share capital

As at June 30, 2021 and December 31, 2020, the subscribed and paid-in capital is of R$1,862,316 (R$674,941 as at December 31, 2020), represented by 248.323.532 (two hundred and forty-eight million, three hundred and twenty-three thousand, five hundred and thirty-two) common shares (82,962,761 as at December 31, 2020) and no preferred shares (949,005 as at December 31, 2020), all registered, book-entry and without par value.

Of the subscribed and paid-in capital, costs with the issue of the shares were deducted, relating to expenses with the preparation of prospectus and reports, remuneration of third-party professional services (lawyers, auditors, consultants, investment bank professionals, brokers, etc.), expenses with publicity, fees and commissions, transfer and registration costs. These costs totaled R$75,728 and were recorded net of tax effects (R$25,748) in the net amount of R$49,980. As at June 30, 2021 the share capital, net of the costs for issuing the shares, amount to R$1,812,336.

As at June 30, 2021 the shares were distributed as follows:

	06/30/2021		12/31/2020	
Shareholder	Common	Preferred	Common	Preferred
PetroSantander Luxembourg Holdings S.a.r.l.	82,536,716	-	41,268,358	-
Funds managed by Opportunity	63,930,089	-	29,303,769	-
Eduardo Cintra Santos	14,749,105	-	3,035,828	-
Perbras - Empresa Brasileira de Perfurações Ltda	12,523,304	-	6,261,652	-
Other shareholders	74,584,318	-	3,093,154	949,005
Total	248,323,532	-	82,962,761	949,005

On February 24, 2021, in a General Shareholders' Meeting, the shareholders of the Company effected certain deliberations, such as:

Approval of the conversion of the total amount of the 949,005 (nine hundred and forty-nine thousand and five) registered and non-par preferred shares, issued by the Company, into an equal amount of non-par, registered, book-entry common shares, at the rate of 1 (one) common share for every converted preferred share.

Approval of authorized capital increase, from R$300,000,000.00 (three hundred million Brazilian reais) to R$2,750,000,000.00 (two billion, seven hundred and fifty million Brazilian reais).

Approval of the initial public offer (IPO) of the Company and authorization for submission, by the Company, for the application for registering as a publicly-held company, as category "A", at the CVM, under the terms of CVM Instruction 480/2009, including conducting a public offering of primary distribution of common shares issued by the Company in Brazil and including placement efforts of common shares abroad, as well as adhesion to the New B3 Market for negotiating its shares

On April 1, 2021, in an Extraordinary Shareholders' Meeting, the shareholders of the Company made certain resolutions, among which are included the approval of the split of the total amount of the non-par, registered, book-entry common shares issued by the Company, at the reason of 1:2, without alteration to the share capital value of the Company, in such a manner that for each 1 (one) common share issued by the Company, a new one is created and attributed to the respective shareholder, with the same rights and advantages of the presently existing common shares. Accordingly, the share capital, previously divided into 83,911,766 (eighty-three million, nine hundred and eleven thousand, seven hundred and sixty) shares, is now divided into 167,823,532 (one hundred and sixty-seven million, eight hundred and twenty-three thousand, five hundred and thirty-two) common shares.

On May 3, 2021, in a meeting of the Executive Committee, the following was approved:

The fixation of the price of R$14.75 (fourteen Brazilian reais and seventy-five cents) per common share issued by the Company, object of the public offering for primary distribution of common shares issued by the Company in Brazil and with placement efforts of common shares abroad.

The capital increase of the Company, within the limits of its authorized capital, in the amount of R$1,032,500,000.00 (one billion, thirty-two million, five hundred Brazilian reais), from R$674,941,437.37 (six hundred and seventy-four million, nine hundred and forty-one thousand, four hundred and thirty-seven Brazilian reais and thirty-seven cents) to R$1,707,441,437.37 (one billion, seven hundred and seven million, four hundred and forty-one thousand, four hundred and thirty-seven Brazilian reais and thirty-seven cents), through the issue of 70,000,000 (seventy million) new common shares, with an issue price of R$14.75 (fourteen Brazilian reais and seventy-five cents) each, all non-par, registered, book-entry common shares, which will be the object of the above mentioned public offering, with the exclusion of the preference right of the present shareholders of the Company in the subscription, in compliance with the provision of art. 172, item I, of the Brazilian Corporate Law and with the Bylaws of the Company, with the share capital of the Company being divided into 237,823,532 (two hundred and thirty-seven million, eight hundred and twenty-three thousand, five hundred and thirty-two) common shares.

On June 2, 2021, in a meeting of the Executive Committee, the following was approved:

The capital increase of the Company, within the limits of its authorized capital, in the amount of R$154,875,000 (one hundred and fifty-four million, eight hundred and seventy-five thousand Brazilian reais), from R$1,707,441,437.37 (one billion, seven hundred and seven million, four hundred and thirty-seven thousand Brazilian reais and thirty-seven cents) to R$1,862,316,437.37 (one billion, eight hundred and sixty-two million, three hundred and sixteen thousand, four hundred and thirty-seven Brazilian reais and thirty-seven cents), through the issue of 10,500,000 (ten million, five hundred thousand) new common shares, with an issue price of R$14.75 (fourteen Brazilian reais and seventy-five cents) each, all non-par, registered, book-entry common shares, that will be the object of the Offer, with the exclusion of the right of preference to the present shareholders of the Company in the subscription, in compliance with the provision of art. 172, item I of the Brazilian Corporate Law, and with art. 6, paragraph four of the bylaws of the Company, with the share capital of the Company being represented by 248,323,532 (two hundred and forty-eight million, three hundred and twenty-three thousand, five hundred and thirty-two) common shares.

During the year ended December 31, 2020, the Company issued 271,320 (two hundred and seventy-one thousand) new nonvoting preferred shares, at an issue price of R$13.560498 totaling R$3,679, and 142,916 new nonvoting preferred shares, at an issue price of R$13.767723 totaling R$1,967. The new shares issued in this occasion were subscribed and paid in by the Company's officers and strategic employees and fully accounted for as share-based payment expenses within 2020, in line items ‘Share-based compensation’. The total effect in the year ended December 31, 2020, net of the amounts paid in by the executives as part of the program refers to the payment of an Advance for Future Capital Increase (AFAC), amounting to R$304 and the total amount paid-in by the executives was of R$5,342.

In 2020, the Company bought back 11,869 preferred shares at an average price of R$11.85, exercising its preemptive right in the case of severance of employees who are Company shareholders, as provided for by the share subscription agreement. The shares were bought back at their estimated fair value, which was calculated using market value multiples of comparable companies. All shares were cancelled by the Company upon repurchase.

b) Capital reserve and earnings reserve - Income Tax relief

The Company and its subsidiaries Recôncavo and Potiguar are entitled to a tax benefit consisting of a 75% relief of income tax on their profits from operations.

The corresponding tax incentive calculated in the period is recognized in profit or loss for the period and, after calculating profit for the period, it is transferred to the tax incentive reserve (earnings reserve). The legal reserve can only be used in capital increases or to offset losses. This capital reserve was used until 2007.

c) Reinvestment reserve

Recognizes the earnings retained for reinvestment; retained earnings are subject to the approval of shareholders at the Annual Shareholders’ Meeting. It will also be up to the Annual Shareholders’ Meeting to allocate the portion of earnings reserves that exceeds the amount of the share capital.

d) Legal reserve

The purpose of the legal reserve is to ensure the integrity of capital and can only be utilized to offset losses or capital increase. No legal reserve was recognized as at December 31, 2020.

e) Earnings per share

	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Profit (loss)	94,566	(15,135)
Weighted average number of common and preferred shares used to calculate basic and diluted earnings per share	216,201,310	167,561,438
Basic earnings per common and preferred share - R$	0.4374	(0.0903)
Weighted average number of common and preferred shares and common stock options issued	217,398,904	168,759,032
Diluted earnings (loss) per common and preferred share - R$	0.4350	(0.0897)

	01/01/2021 to 30/06/2021	01/01/2020 to 30/06/2020
Profit (loss)	81,676	(155,286)
Weighted average number of common and preferred shares used to calculate basic and diluted earnings per share	192,012,421	167,561,438
Basic earnings (loss) per common and preferred share - R$	0.4254	(0.9267)
Weighted average number of common shares and common stock options issued	193,210,015	168,759,032
Diluted earnings (loss) per common and preferred share - R$	0.4227	(0.9202)

In order to reflect the share split and options occurred on April 1, 2021, as detailed in Note 15 a), the denominator of the calculation of earnings per share for the six-month period ended June 30, 2020 was adjusted to reflect the effect of the share split.

f) Proposed dividends

According to the Company’s bylaws, the mandatory minimum dividends correspond to 25% of profit for the year, less any accumulated losses, adjusted by the legal, tax incentive, and contingency reserves, if any.

	Company and Consolidated
Balance as at December 31, 2020 and June 30, 2021	2

As mentioned in note 10, the financing agreement entered into to finance part of the acquisition of the Riacho da Forquilha cluster restricts the payment by the Company and its subsidiaries of dividends based on their profit for the year or other cash balances obtained during fiscal year 2020.

As at December 31, 2019, PetroRecôncavo, Potiguar and Recôncavo recognized minimum mandatory dividends totaling R$12,894, R$2,644, and R$304, respectively. These dividends were cancelled at the respective Annual Shareholders' Meetings held on June 30, 2020, except for Recôncavo, whose Annual Shareholders' Meeting has not yet been held. The Company's Management will recommend that at the next Annual Shareholders' Meeting, the shareholders of Recôncavo E&P S.A. vote to cancel the minimum mandatory dividends mentioned above.

g) Share-based compensation

On June 25, 2021, in a meeting of the Executive Committee, the concession of extraordinary benefits to the participants of the Consolidated Incentive Program was approved, due to the conclusion of the initial public offering of shares issued by the Company, in the total amount of R$16,395, of which: (a) 25% (twenty-five percent) were paid in cash in July 2021, and (b) the remaining 75% (seventy-five percent will be paid in shares or cash, at the criterion of the Company, based on the amount of R$14.75 (fourteen Brazilian reais and seventy-five cents), convertible into shares issued by the Company in 3 (three) equal lots, in respectively 12 (twelve), 24 (twenty-four) and 36 (thirty-six) months, as of the date of the meeting.

As mentioned under Note 15 a), in 2020 share-based compensations were made as part of the compensation of executives.

In the years ended December 31, 2013, 2014 and 2016, the Company granted employees holding strategic positions a stock option-based compensation plan. Each employee stock option may be converted into one Company common share upon exercise of the option. No amounts are paid or will be paid by the beneficiary upon receiving a stock option. The stock options have a vesting period, where one third the stock options become vested each year after the grant date. After the vesting period, the stock options can be exercised at any time up to their expiry date.

The following stock option agreements became effective during the year ended December 31, 2020 and the six-month period ended June 30, 2021:

Stock option series	Quantity	Grant date	Expiry date	Strike price – R$	Fair value on grant date – R$
Issued on October 10, 2013	188,054	10/10/2013	10/09/2023	20.73	15.84
Issued on August 20, 2014	215,743	08/20/2014	08/19/2024	21.41	16.99
Issued on May 13, 2016	195,000	05/13/2016	05/12/2026	14.81	11.93

On April 1, 2021, in a General Shareholders' Meeting, the shareholders of the Company made certain resolutions, among which emphasis is given to the number of shares related to the shareholders of the Company, already granted under the Stock Option Plan of the Company and not yet exercised to date, will be adjusted proportionally, in order to reflect the approved split of shares issued by the Company.

On June 25, 2021, in a meeting of the Executive Committee, the waiver of the share transfer restrictions ('Lock-up') presently prevailing on existing shares of the Company at this date, subscribed and/or acquired by beneficiaries of the Stock Option Plan, that are not statutory directors of the Company.

There is no remaining balance of estimated fair value to be recognized in profit or loss in the coming years as the vesting periods expired during the year ended December 31, 2019.

The Company engaged a specialized consultancy for reviewing the remuneration of executives, which is in progress and will be concluded up until the end of the year.

h) Equity valuation adjustment

In the six-month period ended June 30, 2021, the subsidiary Potiguar recognized the effective portion of the changes in the fair value of derivatives, net of taxes, which are designated and qualified as cash flow hedges, totaling R$308,569 (R$82,062 on December 31, 2020).

16. RELATED PARTIES

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Balance				
Other assets:				
Recôncavo E&P	586	256	-	-
Potiguar (e)	2,670	2,854	-	-
Total	3,256	3,110	-	-
Dividends receivable:				
Recôncavo E&P	304	304	-	-
Total dividends receivable	304	304	-	-
Related parties:				
Loan agreements - Potiguar E&P (d)	-	15,983	-	-
Other credits – Potiguar (e)	4,477	4,477	-	-
Total related parties	4,477	20,460	-	-
Suppliers:				
Potiguar S,A,	240	205	-	-
Recôncavo America LLC (a)	14,566	15,229	-	-
PERBRAS - Empresa Brasileira de Perfurações Ltda, (b)	343	527	926	1,126
PetroSantander USA	-	252	165	252
Total	15,149	16,213	1,091	1,378

	Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Transactions				
Income:				
PERBRAS -Empresa Brasileira de Perfurações Ltda.	-	6	-	6
Recôncavo E&P	896	536	-	-
Potiguar	1,685	3,037	-	-
Cost of services/materials:				
Recôncavo America LLC (f)		(4,062)		-
Recôncavo E&P	(96)	-	-	-
PERBRAS -Empresa Brasileira de Perfurações Ltda. (b).	(2,965)	(3,305)	(2,965)	(4,086)
PetroSantander Management Inc. (c)	-	(12)	-	(12)
Potiguar	(670)	(39)	-	-
PetroSantander Colombia (c)	-	(319)	-	(319)
General and administrative expenses:				
PetroSantander Holdings GMBH (c)	(24)	(464)	(24)	(464)
Total	(1,174)	(4,622)	(2,989)	(4,875)

(a) Refers to the amount that PetroRecôncavo owes Recôncavo America due to the acquisition of the equipment in December 2020. This transaction was carried out through REPETRO SPED, which is a special customs and tax regime for the Oil & Gas industry, which allows the production, purchase, and/or permanent or temporary import of goods used in the oil and natural gas exploration and production operations with total or partial tax exemption throughout the chain.

(b) The Company and its subsidiaries Recôncavo and Potiguar conduct transactions with shareholder PERBRAS - Empresa Brasileira de Perfuração Ltda., which performs services using onshore production rigs and other sundry production support services, under a unit price service agreement, annually adjusted using the General Market Price Index (IGP-M).

(c) The Company conducts transactions with PetroSantander Management Inc., PetroSantander Colombia, and PetroSantander Holdings GMBH which provide technical assistance and specialized consulting services on a "man-hour" basis related to the exploration and production of oil wells, under a service agreement that does not provide for finance charges.

(d) Refers to intragroup loan agreements with subsidiary Potiguar for working capital, bearing interest equivalent to the SELIC (Central Bank’s policy rate). During the six-month period ended June 30, 2021 the Company converted its loan agreement in the amount of R$29,150, comprised of the outstanding balance in 2020 plus loan agreements granted in 2021 as future capital increase (“AFAC”) in the subsidiary Potiguar.

(e) Refers to the sale of materials to subsidiary Potiguar and the payment of pre-operational expenses of the subsidiary Potiguar made by the Company.

(f) Refers to operating leases of rigs and other equipment as mentioned in note 22. These leases were in force throughout 2020, since the sale of the rigs and equipment was only made in December, as described in note (a).

Key Management Compensation

	Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Short-term benefits – Board of Directors(a)	1,940	1,526	1,953	1,539
Short-term benefits – Executive Committee(a)	847	180	847	180
Other benefits (b)	211	61	211	61
Profit sharing	1,445	-	1,445	-
Performance bonus (c)	2,357	1,510	2,357	2,373
Share-based compensation (d)	-	2,222	-	2,222
Total	6,800	5,499	6,813	6,375

(a) Refers to management fees paid to Company officers and directors.

(b) Refers to contributions made by the Company to a private pension plan.

(c) As described under Note 15 g), on June 25, 2021 an extraordinary bonus was approved in an Executive Committee Meeting, related to the successful outcome of the initial public offer of the shares of the Company.

(d) PetroRecôncavo granted to its officers shares issued by the Company, as part of the annual compensation to executives.

The compensation of the Board of Directors is determined by the Executive Committee considering the performance of the Company, as well as market trends. The compensation of the Executive Committee is determined by the shareholders and is comprised of a fixed share. The maximum compensation set up for 2021 by the shareholders in an Ordinary General Meeting was of R$23,000. On February 24, 2021, in an Extraordinary Shareholders' Meeting, the shareholders of the Company resolved to adjust the amount of the global remuneration paid to members of Executive Committee and Board of Directors in 2020 to R$11,235, from the amount of R$10,000 that was informed in the Minutes of the General Shareholders Meeting held on June 30, 2020.

17. RIGHTS AND COMMITMENTS WITH THE ANP

In 2002 the Company acquired the concession of the exploration and production rights for oil and natural gas in the BT-REC-10 block, with an original area of 312.9 km^2, which was transferred to subsidiary Recôncavo E&P S.A. in the form of a capital payment. In this block, the Company successfully reactivated the Lagoa do Paulo, Lagoa do Paulo Sul, Lagoa do Paulo Norte and Acajá-Burizinho fields, all in the Recôncavo basin. In 2004, the Company participated in the Sixth Bidding Round and acquired two blocks, BT-REC-14 and BT-REC-17, also located in the Recôncavo Basin. In BT-REC-14, the Company reactivated production from an abandoned well and declared the commercial feasibility of the Juriti field. BT-REC-17 was returned to the ANP after complying with the Minimum Exploratory Program.

In 2019, subsidiary Potiguar acquired Petrobras' interests in the Acauã, Asa Branca, Baixa do Algodão, Baixa do Juazeiro, Boa Esperança, Brejinho, Cachoeirinha, Cardeal, Colibri, Fazenda Curral, Fazenda Junco, Fazenda Malaquias, Jaçanã, Janduí, Juazeiro, Leste de Poço Xavier, Livramento, Lorena, Maçarico, Pajeú, Pardal, Patativa, Paturi, Poço Xavier, Riacho da Forquilha, Rio Mossoró, Sabiá, Sabiá Bico de Osso, Sabiá da Mata, Sibite, Três Marias, Trinca Ferro, Upanema and Varginha fields, whose operations began on December 10, 2019. Potiguar is the operator of all the concessions listed above, with the exception of the Cardeal and Colibri fields, which are currently operated by Partex.

Under the terms of the concession agreements referred to above, in the event of discovery and confirmation of a commercially viable field, the Company is guaranteed the rights to develop and produce, over 27-year period, oil and natural gas in the commercial fields that may be ringfenced within the boundaries of these blocks. There are no price restrictions on the sale of products resulting from the exploitation of these areas.

The following government and third-party participations are payable by the Company as a result of holding and conducting activities in these fields:

Participations	Details
Royalties	7.8% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (R$40,772 as at June 30, 2021; R$16,938 as at June 30, 2020).
Special participation	In the amount defined in the Participation Decree 2705/98 and ANP Administrative Rule 10/99
Payment to landowners	Equivalent to one percent (1%) of oil and natural gas production, in accordance with applicable Brazilian law (R$3,991 as at June 30, 2021; R$1,932 as at June 30, 2020).

18. SALES REVENUE, NET

	Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/06/2021	01/04/2020 a 30/06/2020
Gross revenue:				
Service revenue	78,341	64,596	78,341	64,596
Sales revenue	-	-	240,987	142,321
Total	78,341	64,596	319,328	206,917
Taxes on services and sales:				
Tax on revenue (PIS)	(506)	(335)	(4,857)	(1,635)
Tax on revenue (COFINS)	(2,336)	(1,539)	(22,369)	(7,531)
Service tax (ISS)	(2,914)	(1,872)	(2,914)	(1,872)
State VAT (ICMS)	-	-	(40,078)	(10,391)
Total	(5,756)	(3,746)	(70,218)	(21,429)
Net revenue	72,585	60,850	249,110	185,488

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Gross revenue:				
Service revenue	158,109	149,670	158,109	149,670
Sales revenue	-	-	465,997	286,562
Total	158,109	149,670	624,106	436,232
Taxes on services and sales:				
Tax on revenue (PIS)	(1,054)	(867)	(9,058)	(4,211)
Tax on revenue (COFINS)	(4,866)	(3,998)	(41,733)	(19,405)
Service tax (ISS)	(5,840)	(4,615)	(5,840)	(4,615)
State VAT (ICMS)	-	-	(72,577)	(26,965)
Total	(11,760)	(9,480)	(129,208)	(55,196)
Net revenue	146,349	140,190	494,898	381,036

Gross operating revenues are directly linked to the price of Brent oil, the quotations of which are freely negotiated in the foreign markets, and to the sale price of natural gas, a commodity to Petrobras.

As detailed under Note 14, part of the production of the subsidiary Potiguar is pegged to contracts hedged to the Brent oil price. The effect of the settled contracts is presented accompanying the protected line of net income (loss), sales revenue.

19. INFORMATION ON THE NATURE OF THE EXPENSES RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS

	Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Personnel	(20,426)	(12,219)	(30,937)	(18,386)
Services	(4,433)	(6,567)	(7,115)	(11,678)
Consultancy, audits and fees	(3,352)	(1,405)	(3,615)	(2,154)
Materials	(9,486)	(1,583)	(18,702)	(5,990)
Rent	(3,159)	(575)	(5,761)	(1,807)
Electricity	(8,197)	(7,065)	(12,689)	(10,402)
Other taxes	-	-	-	(317)
Depletion, depreciation and amortization	(18,881)	(16,911)	(63,390)	(49,067)
Depreciation of right-of-use assets	(1,768)	(2,683)	(4,991)	(4,040)
Costs of non-operated fields	-	-	(5,324)	(5,564)
Royalties	-	-	(24,184)	(7,880)
Share-based compensation and associated costs	(4,099)	(1,060)	(4,099)	(1,060)
Gain (loss) on equity interests	105,928	(17,764)	-	-
Environmental licenses	-	-	(3,573)	(2,184)
Other	(801)	(7)	(1,757)	901
Total	31,326	(67,839)	(186,137)	(119,628)
Cost of services rendered and products sold	(59,073)	(45,046)	(166,331)	(111,882)
General and administrative	(16,166)	(6,667)	(18,188)	(8,311)
Other income, net	637	1,638	(1,618)	565
Gain (loss) on equity interests	105,928	(17,764)	-	-
Total	31,326	(67,839)	(186,156)	(119,628)

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Personnel	(36,956)	(26,452)	(56,551)	(40,078)
Services	(8,719)	(13,465)	(15,795)	(25,344)
Consultancy, audits and fees	(6,497)	(2,891)	(7,356)	(3,833)
Materials	(20,976)	(12,096)	(38,865)	(18,817)
Rent	(5,447)	(1,737)	(10,494)	(4,730)
Electricity	(15,924)	(16,292)	(24,884)	(24,397)
Other taxes	-	(73)	-	(565)
Depletion, depreciation and amortization	(36,702)	(36,787)	(119,674)	(97,741)
Depreciation of right-of-use assets	(3,345)	(5,463)	(9,759)	(8,636)
Costs of non-operated fields	-	-	(10,701)	(10,979)
Royalties	-	-	(44,763)	(18,770)
Share-based compensation and associated costs	(4,099)	(4,734)	(4,099)	(4,734)
Gain (loss) on equity interests	79,237	(157,062)	-	-
Environmental licenses	-	-	(7,460)	(5,477)
Other	1,598	(1,692)	(10,944)	984
Total	(57,830)	(278,744)	(361,345)	(263,117)

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Cost of services rendered and products sold	(112,662)	(104,718)	(319,429)	(240,487)
General and administrative	(25,732)	(19,200)	(29,471)	(23,193)
Other income, net	1,327	2,236	(12,445)	563
Gain (loss) on equity interests	79,237	(157,062)	-	-
Total	(57,830)	(278,744)	(361,345)	(263,117)

20. FINANCIAL INCOME

	Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Financial income:				
Interest and yield, net	5,265	361	5,322	4,056
Interest on loan agreements	-	-	-	-
Other	11	51	13	(21)
Total	5,276	412	5,335	4,035
Financial expenses:				
Interest on well abandonment	(335)	(435)	(1,374)	(1,272)
Interest	-	(52)	-	229
Income tax on foreign transactions	(231)	(31)	(5,662)	(4,624)
Amortization of borrowing costs	(41)	-	(3,458)	(4,073)
Short-term investment loss, net	-	(214)	(4,135)	(2,117)
Interest on loans	(1,408)	(71)	(15,196)	(20,139)
Fines	(29)	(6)	(376)	(317)
Interest on leases	(156)	(517)	(508)	(781)
Other	(212)	(13)	(253)	(318)
Total	(2,412)	(1,339)	(30,962)	(33,412)
Foreign exchange variation, net:				
Net foreign exchange variation	(22,276)	(1,856)	(29,282)	707
Foreign exchange variation on financing	7,814)	-	118,579	(56,784)
Total	(14,462)	(1,856)	89,297	(56,077)
Total	(11,598)	(2,783)	63,670	(85,454)

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Financial income:				
Interest and yield, net	11,130	471	20,850	4,349
Interest on loan agreements	97	22	-	-
Other	14	159	28	88
Total	11,241	652	20,878	4,437

	Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Financial expenses:				
Interest on well abandonment	(815)	(870)	(3,439)	(2,544)
Interest	-	(53)	-	(53)
Income tax on foreign transactions	(231)	(60)	(5,662)	(5,964)
Amortization of borrowing costs	(41)	-	(6,796)	(9,266)
Short-term investment loss, net	(119)	(214)	(4,254)	(2,117)
Interest on loans	(1,743)	(147)	(30,894)	(38,902)
Fines	(29)	(6)	(376)	(317)
Interest on leases	(421)	(1,502)	(1,348)	(1,943)
Other	(704)	(101)	(1,254)	(485)
Total	(4,103)	(2,953)	(54,023)	(61,591)
Foreign exchange variation, net:				
Net foreign exchange variation	(23,035)	(6,154)	(29,250)	1,032
Foreign exchange variation on financing	5,621	-	31,280	(286,223)
Total	(17,414)	(6,154)	2,030	(285,191)
Total	(10,276)	(8,455)	(31,115)	(342,345)

21. FINANCIAL INSTRUMENTS

21.1. Capital risk management

The Company and its subsidiaries manage their capital to ensure that both the Company and its subsidiaries can continue as going concerns. It is the Management's policy to sustain a solid capital basis to ensure the confidence of investors, creditors and the market and to maintain the future development of the business.

Management monitors the return on capital employed taking into account the results of the economic activities of its industry. Historically the Company has financed its operations with its own capital and had low indebtedness to third parties, not related to the Company. In 2019, subsidiary Potiguar E&P S.A. contracted a loan for the purpose of financing part of the payment arising from the acquisition of 34 oil and natural gas producing fields, a transaction closed on December 9, 2019. The loan was contracted with financial institutions Itaú BBA, Morgan Stanley and Deutsche Bank. In the six-month period ended June 30, 2021, the Parent Company obtained a loan in the amount of US$11,000 with the purpose of financing the payment of the installment for the signing of the acquisition of 9 oil and gas production fields in the Recôncavo basin. The debt instruments currently in effect refer to a finance lease, a financing facility aimed at funding innovation with Finep, bank loans rained by subsidiary Potiguar.

The Company's capital structure consists of its equity (which includes capital, reserves, and earnings reserve, as disclosed in note 15) and the bank and Finep debts.

The Company is not subject to any external requirement on capital.

Management reviews its capital structure annually. As part of this review, Management assesses possible financing requirement (or not) for its operations and investment programs, as well as the cost of capital and the risks associated to each class of capital.

21.2. Category of financial instruments and fair value hierarchy

The fair value hierarchy awards greater weight to available market information (i.e., observable inputs) and less weight to information related to opaque data (i.e., unobservable inputs). Additionally, the relevant standard requires that the Company takes into consideration all aspects of the nonperformance risk, including the Company's own credit, when measuring the fair value of a liability.

CPC 40 /IFRS 7 establishes a three-level fair value hierarchy to measure and disclose the fair value. A categorization instrument in the fair value hierarchy is based on the lowest level of input significant to its measurement. A description of the three-level hierarchy is shown below:

- Level 1 - inputs are determined based on prices quoted in active markets for identical assets and liabilities on measurement date. Additionally, the Company should be authorized to conduct transactions in such active market and the price cannot be adjusted by the Company.
- Level 2 - inputs other than the quoted prices as determined in Level 1, which are observable for an asset or liability, either directly or indirectly. Level 2 inputs include prices quoted in an active market for similar assets or liabilities, prices quoted in an inactive market for identical assets or liabilities; or inputs that are observable or can corroborate a market data by means of correlation or other methods for substantially all the asset or liability.
- Level 3 - unobservable inputs are those arising from few or no market activity. These inputs correspond to the Company's Management best estimate of how market players can determine a value/price for these assets or liabilities. Level 3 assets and liabilities are usually measured using pricing models, discounted cash flows, or similar methodologies that require significant judgment or estimate. The Company has no financial instruments measured as Level 3 in these interim financial statements.

		Company		Consolidated	
	Notes	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial assets					
Amortized cost:					
Cash and cash equivalents	3	217,910	11,663	268,955	30,861
Trade receivables	4	36,830	52,578	133,067	108,733
Short-term investments	3	894,672	9,993	1,005,559	135,011
Related parties	16	4,477	20,460	-	-
Dividends receivable	16	304	304	-	-
Judicial deposits	6	2,514	2,237	2,588	2,311
Fair value through profit or loss, but in a cash flow hedge strategy, accounted for under 'Other comprehensive income':					
Derivative financial instruments (i)	14	-	-	-	137,082
Financial liabilities					
Amortized cost:					
Trade payables	9	51,175	49,022	81,808	80,089
Loans and financing	10	46,157	2,734	804,983	894,040
Dividends payable	15.f	2	2	2	2
Leases payable	22	12,058	11,095	20,361	22,887
Fair value through profit or loss, but in a cash flow hedge strategy, accounted for under 'Other comprehensive income':					
Derivative financial instruments (i)	14	-	-	348,330	17,886

(i) Level 2 - financial instruments that are not traded in active markets (e.g., over-the-counter derivatives) using valuation techniques that, in addition to the prices quoted in active markets for identical assets or liabilities, use other information adopted by the market for the asset or liability directly (such as prices) or indirectly (derived from prices).

21.3. Financial risk management

The Company and its subsidiaries are exposed to the following risks arising from the use of financial instruments: credit risk, liquidity risk, and market risk.

This Note provides information on the Company's exposure to each one of the risks above, including the Company's goals, policies and processes designed to measure and manage risks, and manage the Company's capital. Additional quantitative disclosures are included in these interim financial statements and also in this Note.

Risk management framework

The Company's risk management policies are set out to identify and analyze the risks faced by the Company, set limits and appropriate risk controls, and monitor risks and compliance with limits. Risk and system management policies are frequently reviewed in order to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims at developing a regulated and constructive control environment, where all employees understand their roles and obligations.

The Company does not operate derivative financial instruments for speculative purposes; all contracted derivatives are aimed at mitigating the risks arising from the Company's exposures arising in its operations.

The main market risks to which the Company is exposed in conducting its business are:

Credit risk

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, which would result in financial losses for the Company.

Cash and cash equivalents

Bank deposits and investments are made in top tier financial institutions.

The Company maintains bank accounts and short-term investments in financial institutions, according to strategies previously approved by Management. These transactions are carried out with Banco do Brasil S.A., Banco Itaú S.A., Banco Opportunity, Banco Santander S.A., Caixa Econômica Federal and Banco Bradesco S.A.

Trade receivables

The risk arises from the possibility of the Company and its subsidiaries incurring losses due to the difficulty of receiving the amounts invoiced to its customer, as detailed in Note 4.

Since the operations of the Company and its subsidiaries Recôncavo and Potiguar are exclusively linked to Petrobras S.A., the results of the operations of the Company and its subsidiary are exposed to the adverse position of being dependent on only a single customer.

Liquidity risk

The liquidity risk represents the possibility of a mismatch between maturities of assets and liabilities, which could result in an inability to meet obligations by the established due dates.

It is the Company's policy to maintain adequate liquidity levels that can ensure that present and future liabilities are met, while seizing any commercial opportunities that may arise.

Management believes that the Company has low liquidity risk, considering its cash generation capacity and its capital structure with moderate participation of third-party capital. The Company manages the liquidity risk by maintaining reserves it considers adequate, based on the continuous monitoring of projected and actual cash flows, and the combination of the maturity profiles of assets and liabilities.

The nominal (undiscounted) flow of principal and interest on financing and financial instruments, by maturity, is shown below:

Maturity	2021	2022	2023	2024	2025	Total
Loans and financing (a)	175,028	298,474	301,700	144,339	-	919,601
Derivative financial instruments	82,215	140,023	108,891	18,261	-	349,390
Leases payable	12,978	7,179	1,480	751	696	23,084

(a) Projected flow based on the contract's future benchmark rate according to the futures traded on B3.

Market risk

Foreign exchange risk

This risk is tied to a possible change in exchange rates that would affect the expense (or income) and the liability (or asset) balance of contracts indexed to a foreign currency.

The Company carries out foreign currency-denominated transactions, which generates exposure to the fluctuations of foreign exchange rates.

In the six-month period ended June 30, 2021, 97.65% (97% in 2020) of the gross operating revenues of the Company and its subsidiaries were indexed to the U.S. dollar exchange rate at the time of billing, as they refer to the sale of oil that is indexed to the price of Brent oil, which in turn is quoted in US dollars. On the other hand, most of the Company's costs were denominated in Brazilian reais. In addition, the Company's subsidiary located in the United States, Recôncavo America LLC, has some financial assets in US dollars (bank deposits and short-term investments) that are translated into Brazilian reais at the end of the reporting period. On April 25, 2019, subsidiary Potiguar contracted a loan in US dollars for the purpose of financing part of the payment arising from the acquisition of the 34 oil and natural gas producing fields, a transaction closed on December 9, 2019. The loan was contracted with financial institutions Itaú BBA, Morgan Stanley and Deutsche Bank. The total amount contracted was of US$232,000, at an interest rate of 6.3% above the three-month LIBOR, and the amount released up until December 31, 2019 totaled US$195,428.

Currently, the Company is not hedged against exchange rate fluctuations.

Sensitivity analysis – foreign currency

	Company					
Balance as at 06/30/2021	Risk	Rate (a)	Foreign currency exposure - R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Assets						
Short-term investments	US$ depreciation	5.5706	503,229	560,418	377,423	251,616
Impact on profit or loss				57,189	(125,806)	(251,613)
Liabilities						
Loans and financing	US$ appreciation	5.5706	44,042	49,047	55,055	66,067
Impact on profit or loss				(5,005)	(11,013)	(22,025)

Balance as at 06/30/2021	Risk	Rate (a)	Foreign currency exposure - R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
	Consolidated					
Assets						
Cash and cash equivalents	US$ depreciation	5.5706	8.235	9,169	6,175	4,117
Short-term investments	US$ depreciation	5.5706	614.115	683,903	460,586	307,058
Impact on profit or loss				70,722	(155,588)	(311,176)
Liabilities						
Loans and financing	US$ appreciation	5.5706	831.308	925,777	1,039,135	1,246,962
Impact on profit or loss				(94,469)	(207,827)	(415,654)

(a) The translation rate (R$5.5706 per US$1.00) used in the sensitivity tables as the probable scenario were obtained from the Central Bank of Brazil and correspond to the US dollar exchange rate for June 30, 2022. As at June 30, 2021 the exchange rate was R$5.0022.

(b) Scenario A considers a depreciation of the U.S. dollar against the Brazilian real at 25% and scenario B a depreciation of 50% of the US dollar effective as at June 30, 2021.

Interest rate risk

This risk arises from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in the interest rates that are applied to their assets (investments) or liabilities (loans) in the market.

In relation to assets, the Company has short-term investments exposed to floating interest rates, mostly linked to the CDI variance, as well as intragroup loans exposed to floating interest rates, mostly linked to the LIBOR variance. These intragroup loans, however, have no impact on the consolidated interim financial statements.

Regarding liabilities, interest is recognized at a spread of 6.3% plus 3-month LIBOR.

Sensitivity analysis - interest rates

On the closing date of the six-month period ended June 30, 2021, Management estimates a probable scenario for changes in DI rates based on rates implied in the closing quotations of the DI futures contract referring to March, 2022.

The LIBOR rate used was the latest release made by the ICE on April 14, 2021.

In addition to the probable scenario, the Company presented two additional scenarios, with stresses of 25% and 50% in the risk variable.

	Risk	Rate (a)	Probable	Scenario A 25% (b)	Scenario B 50% (b)
	Company				
Assets					
Short-term investments	CDI decrease	7,04%	8,495	2,059	1,372
Loan agreements	CDI decrease	7,04%	315	76	51
Impact on profit or loss			5,963	(712)	(1,423)

	Consolidated				
	Risk	Rate (a)	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Assets					
Cash and cash equivalents	CDI decrease	7.04%	876	212	142
Short-term investments	CDI decrease	7.04%	8,495	2,059	1,372
Impact on profit or loss			6,343	(757)	(1,514)
Liabilities					
Loans and financing	Libor increase	0.146%	976	1,472	1,766
Impact on profit or loss			201	(294)	(589)

(a) The rates used in the sensitivity table as the probable scenario were obtained from B3 and the ICE and refer to the estimated rates for 2021.

(b) Scenarios A and B consider a decrease of the indices by 25% and 50%, respectively, on the impact of CDI and Libor as at June 30, 2021.

Commodity price risk

During the six-month period ended June 30, 2021, 97.7% of the Company's gross operating revenue was directly linked to the price of Brent oil, the quotations of which are freely traded in foreign markets (95% in 2020).

During the period ended June 30, 2021, 2.3% of the Company's gross operating revenue was directly linked to the sales price of the commodity natural gas (2020, 3%).

In the first quarter of 2021, as a way of hedging against the volatilities of the oil market, the Company entered into several hedge contracts, and hedged, during this period, a volume of almost 966 thousand barrels (65% of net oil production for the period) at an average price of US$62.40/bbl (U$64.64/bbl in 2020). These volumes correspond to the "hedge" contracts settled during the mentioned periods.

Sensitivity analysis – commodity prices

	Price decrease risk	Price (a)	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Gross operating revenue	Brent	381.12	553,006	385,994	243,833
Financial instruments - hedge			(35,212)	85,809	188,823
Total			517,794	471,803	432,656
Probable impact on profit or loss			15,849	(30,142)	(69,289)

(a) The commodity prices used in the sensitivity table as the probable scenario, in US dollars, were obtained from the commodity pricing agency S&P Global Platts and translated into Brazilian reais.

(b) Scenarios A and B consider an index decrease of 25% and 50%, respectively over the Brent prices shown in the real scenario.

The policy of the Company and its subsidiaries is to contract commodity forwards to manage the commodity price risk associated with future transactions of up to 36 months. In the current year, subsidiary Potiguar designated certain commodity forwards as cash flow hedges for high probability sales. Since the critical terms (i.e. volume, maturity, and underlying factor) of the commodity forwards and their corresponding hedged items are the same, the Company conducts an effectiveness qualitative assessment and the fair value of the commodity forwards and the amount of the corresponding hedged items are expected to systematically change in the opposite direction in response to movements in the underlying commodity price.

The following table describes the commodity forwards outstanding for the six-month period ended June 30, 2021 as well as information related to their corresponding hedged items. The commodity forwards are stated in line item 'Derivative financial instruments' in the balance sheet (see note 14 for further information):

<u>Cash flow hedge</u>

	Consolidated		
Hedge instruments	Average strike price 06/30/2021	Quantity 30/06/2021	Fair values of the hedges instruments 30/06/2021
outstanding contracts	US$/barrel	Barrels	R$ thousand
Under 3 months	58.52	527,860	(41,914)
3-6 months	57.82	557,240	(40,252)
6 -12 months	56.10	993,200	(69,518)
1-2 years	51.85	1,784,567	(132,766)
2-3 years	53.13	1,281,000	(63,880)

	Consolidated		
Hedge instruments	Average strike price 06/30/2020	Quantity 30/06/2020	Fair values of the hedges instruments 30/06/2020
outstanding contracts	US$/barrel	Barrels	R$ thousand
Under 3 months	62.63	448,520	51,463
3-6 months	61.24	465,080	48,284
6 -12 months	59.10	965,750	85,345
1-2 years	57.94	1,894,300	140,873
2-3 years	51.96	1,367,567	48,167

22. LEASE CONTRACTS

Lease right-of-use assets

	Company				
Cost	Properties	Machinery and equipment	Computers and peripherals	Vehicles	Total
Assets and right-of-use					
As at December 31, 2019	847	29,285	292	7,408	37,832
(+) Additions for new contracts	111	18,495	207	3,213	22,026
(-) Write-off of contracts	(126)	(37,872)	-	(4,731)	(42,729)
As at December 31, 2020	832	9,908	499	5,890	17,129
(+)Additions for new contracts	3,630	458	303	247	4,638
(-) Write-off of contracts	(343)	(3)	-	(2,619)	(2,965)
As at June 30, 2021	4,119	10,363	802	3,518	18,802
Accumulated depreciation					
As at December 31, 2019	(224)	(8,276)	(33)	(2,410)	(10,943)
Depreciation	(231)	(9,035)	(143)	(1,871)	(11,280)
Write-off of contracts	87	14,182	-	1,353	15,622
As at December 31, 2020	(368)	(3,129)	(176)	(2,928)	(6,601)
Depreciation	(183)	(2,229)	(124)	(809)	(3,345)
Write-off of contracts	81	-	-	2,620	2,701
As at June 30, 2021	(470)	(5,358)	(300)	(1,117)	(7,245)
Balance as at June 30, 2021	3,649	5,005	502	2,401	11,557

	Consolidated				
Cost	Properties	Machinery and equipment	Computers and peripherals	Vehicles	Total
Assets and right-of-use					
As at December 31, 2019	1,015	25,139	292	7,408	33,854
(+) Additions for new contracts	111	27,704	710	5,499	34,024
(-) Write-off of contracts	(154)	(23,799)	(93)	(4,730)	(28,776)
As at December 31, 2020	972	29,044	909	8,177	39,102
(+) Additions for new contracts	3,634	1,099	611	2,646	7,990
(-) Write-off of contracts	(345)	(5,219)	-	(2,526)	(8,090)
As at June 30, 2021	4,261	24,924	1,520	8,297	39,002
Accumulated depreciation					
As at December 31, 2019	(233)	(3,581)	(33)	(2,411)	(6,258)
Depreciation	(309)	(19,633)	(231)	(3,864)	(24,037)
Write-off of contracts	193	10,327	-	1,353	11,873
As at December 31, 2020	(349)	(12,887)	(264)	(4,922)	(18,422)
Depreciation	(313)	(7,186)	(219)	(2,041)	(9,759)
Write-off of contracts	81	5,219	-	2,622	7,922
As at June 30, 2021	(581)	(14,854)	(483)	(4,341)	(20,259)
Balance as at June 30, 2021	3,680	10,070	1,037	3,956	18,743

The Company and its subsidiaries lease several assets, including properties, machinery and equipment, computers and peripherals, and vehicles. The average lease term is 5 years.

Leases payable

The variations in lease liabilities during the six-month period ended June 30, 2021 are demonstrated below:

	Company				
	Properties	Machinery and equipment	Computers and peripherals	Vehicles	Total
Balance as at December 31, 2019	597	19,498	274	5,011	25,380
Additions	111	18,542	207	3,166	22,026
Write-offs	(45)	(24,736)	(490)	(3,201)	(28,472)
Payment	(244)	(10,571)	(87)	(1,805)	(12,707)
Interest paid	(64)	(1,532)	(76)	(452)	(2,124)
Interest	64	1,532	76	452	2,124
Foreign exchange variation	-	4,868	-	-	4,868
Balance as at December 31, 2020	419	7,601	(96)	3,171	11,095
Additions	3,630	458	303	247	4,638
Write-offs	(265)	-	-	-	(265)
Payment	(163)	(2,764)	(86)	(975)	(3,988)
Interest paid	(37)	(288)	(21)	(75)	(421)
Interest	37	288	21	75	421
Foreign exchange variation	18	56	449	55	578
Balance as at June 30, 2021	3,639	5,351	570	2,498	12,058
Current					9,272
Non-current					2,786

	Consolidated				
	Properties	Machinery and equipment	Computers and peripherals	Vehicles	Total
Balance as at December 31, 2019	765	20,435	274	4,654	26,128
Additions	111	27,997	464	5,452	34,024
Write-offs	(202)	(14,626)	(328)	(2,507)	(17,663)
Payment	(182)	(20,221)	(165)	(3,826)	(24,394)
Interest paid	(213)	(3,192)	(89)	(585)	(4,079)
Interest	213	3,192	89	585	4,079
Foreign exchange variation	-	4,792	-	-	4,792
Balance as at December 31, 2020	492	18,377	245	3,773	22,887
Additions	3,635	1,099	611	2,645	7,990
Write-offs	(265)	-	-	(124)	(389)
Payment	(203)	(8,488)	(96)	(2,429)	(11,216)
Interest paid	(44)	(1,104)	(32)	(168)	(1,348)
Interest	44	1,104	32	168	1,348
Foreign exchange variation	24	489	456	120	1,089
Balance as at June 30, 2021	3,683	11,477	1,216	3,985	20,361
Current					17,098
Non-current					3,263

	Company	Consolidated
	12/31/2020	12/31/2020
Leases payable		
Up to 1 year	9,272	17,098
2-3 years	2,203	2,687
3-4 years	372	368
4-5 years	211	209
Total	12,058	20,362
Current liabilities	9,272	17,098
Non-current liabilities	2,786	3,264

Other information

Lease term	% rate p.a.
Up to 1 year	8.51
2-3 years	7.74
3-4 years	9.4
4-5 years	12.28
Over 5 years	10.55

23. INSURANCE

The company and its subsidiaries maintains a monitoring policy of the risks inherent to its business. As at June 30, 2021, the Company had insurance contracts in place to cover operational, environmental, civil liability, and other risks.

		Insured amounts		Maximum indemnifiable amount	
Category	Currency	Company	Consolidated	Company	Consolidated
(*)	(*)	(*)	(*)	(*)	(*)
Environmental risks	US$	6,050	12,100	6,050	12,100
Material damage	US$	55,793	99,820	25,100	50,200
Civil responsibility	US$	3,000	6,000	3,000	6,000
Corporate D&O	R$	80,000	80,000	80,000	80,000

(*) According to insurance policies.

24. SEGMENT REPORTING

The Group operates exclusively in the exploration and production (E&P) of Oil and Natural Gas, whether by providing services or selling products, which accounts for 100% of the Company’s net revenue.

The information reported to the Company's management (chief operating decision maker) for the purposes of resource allocation and assessment of segment performance is reviewed monthly using managerial results reports that present expenses by cost center. The Company's Management evaluates investments, expenses, production, and other operating indicators and makes its decisions based on the consolidated information from all the Group companies.

25. NON-CASH TRANSACTIONS

In the six-month period ended June 30, 2021 and 2020, the Company carried out the following transactions not involving cash; therefore, these are not reflected in the statements of cash flows.

	Company		Consolidated	
Description	06/30/2021	30/06/2020	06/30/2021	06/30/2020
Conversion of loan agreements to advance for future capital increase in subsidiaries	29,150	-	-	-
Proposed dividends not paid	-	-	-	12,894
Additions for new contracts IFRS 16	4,648	11,416	7,990	6,261
Total	33,798	11,416	7,990	19,155

26. SUBSEQUENT EVENTS

On July 22, 2021, in a meeting of the Executive Committee, the following was resolved:

Approval, under the terms of article 30, first paragraph, items “b” and “c” of Law 6404/1976, CVM Instruction 567/2015 and article 17 (q) of the Company’s Bylaws, the acquisition by the Company of non- par, registered, book-entry common shares, issued by the Company (“Shares”), respecting the legal limits, and based on available resources (“repurchase program”), for (i) holding in treasury and subsequent divestiture or cancelation, and (ii) to address commitments undertaken by the Company in the scope of the Consolidated Incentive Program approved by the Executive Committee and by the General Shareholders’ Meeting on April 1, 2021 (“Incentive Program”), through the divestiture and delivery of shares to the statutory directors and employees of the Company and its subsidiaries, participants of the Incentive Program.

As a result of the share purchase option plan, detailed under Note 15 g), approval of the capital increase of the Company within the limit of the authorized capital and with the exclusion of the subscription preference right, under the terms of art. 171, paragraph 3 of Law 6404/76 and article 6, paragraph 4 of the Company’s bylaws, through the issue of 105,000 (one hundred and five thousand) new non- par, registered, book-entry common shares, at an issue price of R$7.405 per share, stipulated in accordance with the Third Share Purchase Option Program of the Company, according to the subscription forms.

Register that the share capital of the Company goes from the present R$1,862,316,437.37 (one billion, eight hundred and sixty-two million, three hundred and sixteen thousand, four hundred and thirty-seven Brazilian reais and thirty-seven cents), represented by 248,323,532 (two hundred and forty-eight million, three hundred and twenty-three thousand, five hundred and thirty-two) non-par, registered, book-entry common, to R$1,863,093,962.37 (one billion, eight hundred and sixty-three million, ninety-tree thousand, nine hundred and sixty-two Brazilian reais and thirty-seven cents), represented by 248,428,532 (two hundred and forty-eight million, four hundred and twenty-eight thousand, five hundred and thirty-two) non- par, registered, book-entry common shares.

On July 31, 2021, the subsidiary Potiguar E&P S.A., was the winner in a Public Tender for the supply of natural gas – 2022/2023 POTIGÁS – Companhia Potiguar de Gás (“Potigás”) for having presented the most competitive proposal and best commercial conditions.

The next phase of the process will be the signing of the contract with POTIGÁS for the purchase and sale of natural gas, which should have a two-year validity for the delivery of 236 thousand m3/day of natural gas as of January 2022. Among the conditions precedent for closing the business emphasis is given to the signing of the following additional contracts by Potiguar E&P: (i) a contract for access to the outflow infrastructure of Petrobras interconnecting Potiguar E&P to Petrobras' Natural Gas Processing Unit in Guamaré ("UPGN Guamaré"); (ii) a Natural Gas Processing contract at UPGN Guamaré; and (iii) a contract for access to the transport network operated by TAG, permitting the transport of natural gas from UPGN Guamaré to the delivery points (city gates) determined by Potigás. Such contracts are in the negotiation phase. The Company will disclose additional communication to its shareholders and to the market in general, on the site of the Company and at the Brazilian Securities and Exchange Commission CVM, as soon as these contracts are signed.

EARNINGS RELEASE

Second Quarter 2021

2Q21 Results Conference Call
Tuesday, august 17th, 2021
11h00 (Brasilia Time)

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PetroReconcavo

Mata de São João, August 16, 2021 – PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the second quarter of 2021 (2Q21). The following information is presented in a consolidated manner in thousands of Reais (R$) in accordance with international standards of financial statements (IFRS) and in accordance with accounting practices adopted in Brazil, except where otherwise specified.

2Q21 Highlights

- Growth of 34.3% and 10.4%, respectively, in net revenues and EBITDA in the second quarter of 2021, when compared to the same period of 2020. Net income in the quarter of R$94.5 million;
- Growth of 11.3% in total production in the second quarter of 2021, when compared to the same period of 2020 and 4.0% when compared to 1Q21;
- On May 22, we reached a historic milestone of 1.000 days without lost time accidents in the Recôncavo District;
- Net cash position of more than R$450 million, after the completion of the Initial Public Offering of primary distribution of common shares issued by the Company;
- In May 2021, the ANP approved the assignment of the concession contracts of Remanso Cluster. For the closing of the transaction, the title of environmental licenses must still be transferred;
- In June 2021, the subsidiary Potiguar E&P took over the operations of the Sabiá da Mata and Sabiá Bico-de-Osso fields, located in the Potiguar District, which were previously operated by Sonangol Hidrocarbonetos do Brasil. The subsidiary participates in these fields under consortium with a 70% stake in these concessions;
- In June 2021, the concession contract for the POT-T-702 exploratory block in the Potiguar District was signed;
- As a subsequent event, the subsidiary Potiguar E&P was declared the winner of the Process of Public Call for Supply of Natural Gas - 2022/2023 of Potigás – Companhia Potiguar de Gás, for having presented a more competitive proposal and better commercial conditions; and
- Also, as a subsequent event, the Company began its 2021 Drilling Campaign in the Potiguar District, having drilled, until the date of this release, three wells, not yet completed.

Key Indicators (in thousands of R$, except as otherwise noted)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Net revenue	249,110	185,488	34.3%	494,898	381,036	29.9%
Net Income (Loss) for the period	94,566	(15,156)	n.m.	81,676	(151,197)	n.m.
Net margin[1]	37.96%	-8.17%	n.m.	16.50%	-39.68%	n.m.
EBITDA[2]	131,354	118,967	10.4%	262,986	224,296	17.2%
EBITDA Margin[3]	52.73%	64.14%	-17.8%	53.14%	58.86%	-9.7%
(Net Cash) Net Debt[4]	(469,531)	869,164	n.m.	(469,531)	869,164	n.m.
Net Debt/ EBITDA last 12 months[5]	-0.92 x	2.76 x	n.m.	-0.92 x	2.76 x	n.m.
Average gross production (boe per day)	12,059	10,832	11.3%	11,829	11,244	5.2%
Average production cost per boe in R$[6]	R$ 67.22	R$ 51.63	30.2%	R$ 67.83	R$ 56.36	20.3%
Gross production (in boe)	1,097,332	985,711	11.3%	2,141,060	2.046,333	4.6%
Average Brent Oil Spot Price[7]	$68,83	$29,20	135,7%	$64,86	$39,73	63,3%
Average exchange rate R$/US$ average[8]	R$ 5.29	R$ 5.39	-1.7%	R$ 5.38	R$ 4.92	9.4%
Average production cost per boe at US$[9]	$12.70	$9.58	32.5%	$12.60	$11.45	10.0%

Notes:

(1) Net margin corresponds to net income/(net loss) for the period divided by net income for the period.

(2) We calculate EBITDA in accordance with the Securities and Exchange Commission Instruction ("CVM") No. 527 of October 4, 2012, as amended ("CVM Instruction 527") and consists of adjusted net income (loss) (plus) for financial income, income tax and social contribution on income and depreciation, amortization and depletion ("EBITDA"). EBITDA is not an accounting measure recognized by the Accounting Practices Adopted in Brazil ("BRGAAP") or by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") are not audited or reviewed by the Company's independent auditors, and does not represent cash flow for the periods presented and should not be considered as substitutes for net profit (loss) as indicators of the Company's operating performance and, therefore, are not substitutes for cash flow, indicator of our liquidity or as a basis for the distribution of dividends. EBITDA has no standardized meaning, and our definition of EBITDA may not be comparable to those used by other companies.

(3) EBITDA margin corresponds to EBITDA for the period divided by net revenue for the period. The EBITDA Margin is not a measure of financial performance according to the Accounting Practices Adopted in Brazil or the International Financial Reporting Standards (IFRS) nor should it be considered in isolation, as a measure of operating performance, or an alternative to operating cash flows as a measure of liquidity or as an indicator of financial returns.

(4) Represents total bank indebtedness, represented by loan and financing balances in current and non-current liabilities, minus cash balances and cash equivalents and financial investments present in current and non-current assets.

(5) Represents the balance of the debt l atthe end of the period divided by the accumulated EBITDA of the last twelve months in each period. Net Debt/EBITDA is not an accounting measure recognized by accounting practices adopted in Brazil ("BR GAAP") or by the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") is not audited or reviewed by the Company's independent auditors. The netD ivida/EBITDA has no standardized meaning, the utras companies may calculate differently from the Company.

(6) Represents the total costs of the services provided and sales, excluding royalties to depreciation, amortization and depletion, divided by total gross production in boe in the period. In the second quarter of 2020, due to the Covid-19 pandemic, the Company reduced non-critical activities, resulting in cost reduction in that period. More detailed explanations of cost variations can be found in topic "5. Consolidated Financial Performance".

(7) Brent is quoted in dollar per barrel. Source: U.S. Energy Information Administration (EIA).

(8) The average exchange rate for the period corresponds to the average exchange rate on each business day in theperiods presented, disclosedby the Central Bank of Brazil.

(9) Represents the total costs of the services provided and sales, excluding royalties, depreciation, amortization and depletion, divided by the total gross production in boe in the period, divided by the average exchange rate of the period.

Message from the Administration

Index

In this second quarter of 2021 we continue to pursue with effort our vision of leading the transformation of the onshore industry in Brazil.

As of June 1st, 2021, we took over the operation of the Fields of Sabiá da Mata and Sabiá Bico de Osso, both in the Potiguar Basin, in which we hold a 70% (seventy percent) stake. Resulting from more recent discoveries than the other 30 fields already operated by the Company in this basin and still with good potential for primary development, these assets should receive a significant portion of our investment in the coming months, including drilling of new wells, workover interventions and facilities projects that will allow the proper processing and delivery of the expected additional volumes of oil and gas.

After the IPO implementation and with the proximity of the closing of the Remanso and Miranga Clusters, we have dedicated ourselves to creating the necessary capabilities and structures for an acceleration in the pace of development of the operated fields. In the coming months we will mobilize and put into operation two new workover rigs and a light rig, in addition to contracting two other workover rigs with service providers.

In July 2021, we started our drilling campaign in the Potiguar district, using our internalized equipment and teams. Also in July, we were declared winners in the process of Public Call for Supply of Natural Gas - 2022/2023 of Potigás - Companhia Potiguar de Gás, for having presented a more competitive proposal and better commercial conditions. With this contract, once again demonstrating the Company's pioneering role, we have the prospect of significantly expanding the monetized value of the gas molecule produced by the Company, validating our business model, and generating expectations of higher returns for our projects to expand the production, treatment, and commercialization of natural gas. This is a first step towards diversifying the Company's customer base.

We also continue to focus our attention on evaluating opportunities for acquisitions of new assets in mature onshore basins and expanding our operations in the natural gas chain. Externally, we see a more positive scenario with the expansion of vaccination against Covid-19 and forecasts of significant economic growth in the country and in the world that will boost demand for oil and gas in the coming months and years.

Once again, we thank the trust of investors and the dedication of our employees. Together we will continue to develop opportunities in the oil and gas industry, turning resources into value and dreams into reality.

01 Covid-19

The Company continues to operate following the rules defined by the committee set up to manage the health crisis. The main objectives of the committee are to maintain the health of employees and contractors, to maintain the Company's activities without impacts on operational safety or the environment, and, at the same time, to evaluate the consequences of the crisis in the business plan.

The Company recommended that its employees and contractors not essential to the operation work remotely, in addition to increasing the spacing of people in the work environment and temporarily suspending non-essential trips, visits, face-to-face training and commuting. At this time, employees may voluntarily return to the offices adapted to the protection measures recommended by the committee, among them the performance of frequent tests. Employees of the risk groups continue to work remotely.

The Company revised its projection for operating income and cash flows for 2021 and did not verify the need to recognize a loss on recoverable value in fixed assets, deferred taxes and accounts receivable. Considering the unpredictability of the evolution of the outbreak and its impacts, the current estimate of the financial effect of the outbreak on projected operating revenues and cash flows may be revised according to new events related to this pandemic.

02 Asset Portfolio

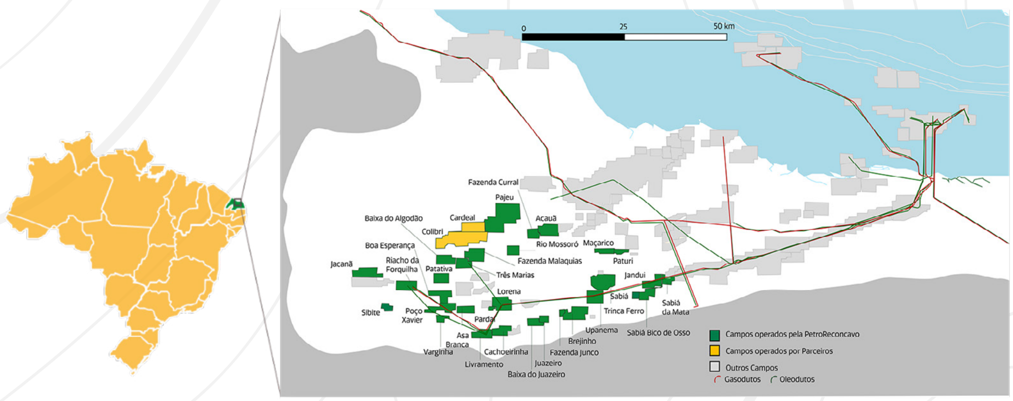
Oil and gas production assets operated or where the Company holds economic interests.

On June 30th, 2021, we operated or were concessionary of the following oil and gas producing assets:

Potiguar District

On December 9th, 2019, PetroReconcavo, through the subsidiary Potiguar E&P, carried out the acquisition of Petrobras' stake in the Riacho da Forquilha fields, the first transaction completed involving land fields in mature basins of Petrobras' diinvestment plan. The Cluster, located in the state of Rio Grande do Norte, is composed of 34 concessions, of which 30 are 100% owned by Potiguar E&P and operated by Potiguar E&P, two in partnership with Sonangol Hidrocarbonetos Brasil Ltda, which began to be operated by Potiguar E&P from June 2021, and two with Partex Brasil Ltda and operated by them.

The map below represents the location of the Potiguar Basin, with an emphasis on the fields operated by PetroReconcavo its subsidiary Potiguar E&P.



Of the 34 current concession agreements, 22 expire in 2025 and the other 12 between 2032 and 2039, all with the possibility of extension for an additional 27 years, as provided for in the concession contracts with the ANP. Potiguar E&P has already submitted to the ANP the extension request and the new development plans, including the proposal to reduce royalties on incremental production, to 12 fields from the round zero and awaits the statement of the Regulatory Agency.

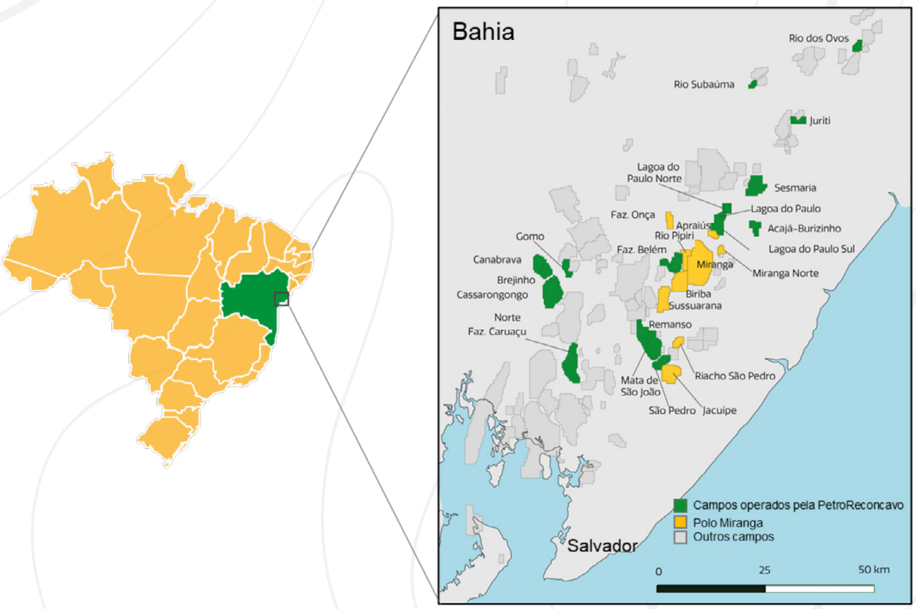
Potiguar E&P signed on June 28th, 2021, a concession contract for the exploration and production of oil and natural gas, related to the POT-T-702 exploratory block, leased in the 2nd Cycle of Permanent Offer held by the National Agency of Petroleum, Natural Gas and Biofuels. The concession contract comprises an area of 17,178 km², and a Minimum Exploratory Program ("MEP") composed of 1,000 Units of Work, corresponding to a value of R$ 6,000,000.00 (six million reais), which has a period of five years for its execution and will consist of a single period. The MEP value was guaranteed by means of Warranty Insurance issued in favor of the ANP effective during the exploratory period and will be returned as soon as the exploratory commitment is fulfilled. The acquired area is adjacent to blocks already operated by Potiguar E&P, and its exploratory program will consist of drilling at least one well in order to evaluate the existence of accumulations in reservoirs similar to those existing in the neighboring concessions of the Block.

Recôncavo District

On December 23rd, 2020, we signed a contract for the purchase of Petrobras' entire stake in the 12 onshore fields of Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, which constitute the Remanso Cluster, in the Recôncavo basin, Bahia state. The value of the acquisition is $30.0 million. Of this amount: (I) US$4.0 million, equivalent to R$20.6 million, were paid on the day of signature, on December 23rd, 2020; (II) US$21.0 million will be due and paid at the close of the transaction, adjusted by the cash generation of the asset and other conditions of price adjustment, to be presented by Petrobras, from July 2020 until the closing date; and (III) $5.0 million will be paid in twelve months after the closing of the transaction, which is expected to occur throughout 2021.

The National Agency of Petroleum, Natural Gas and Biofuels ("ANP") unanimously approved, at a Board Meeting No. 1050, held on May 27th, 2021, the assignment of concession contracts of Remanso Cluster from Petróleo Brasileiro S.A – Petrobras to the Company. For the closing of the transaction with Petrobras ("Closing"), ANP must still approve the proposal for the constitution of the instruments of the deactivation and abandonment guarantees presented by the Company and the transition schedule of the operation, and the title of the environmental licenses, must be transferred by the enviromental agency. The Company currently believes that the Closing of this transaction may take place by the end of September 2021.

The map below represents the location of the Recôncavo Basin, with emphasis on the Fields Operated by PetroReconcavo and the fields of the Miranga Cluster, which acquisition was signed by the Company on February 24th, 2021:



We operate the fields of this Cluster through a Risk Production Agreement signed with Petrobras, their concessionaire, since February 1st, 2000. Thus, this agreement, which is valid until August 2025, shall be terminated on the date of Closing the purchase transaction of Remanso Cluster, when these fields will be operated as own concessions. The concessions of this Cluster are the so-called "round zero" that currently expire in August 2025 and can be extended the period of the same for up to 27 additional years, upon specific request to the ANP and submission of a Development Plan, and this extension is subject to the approval of the regulatory agency.

In addition, between 2003 and 2007, Recôncavo E&P, a subsidiary of PetroReconcavo, acquired, through ANP Bidding Rounds, five areas in the northern part of the Recôncavo Basin, corresponding to the Fields of Lagoa do Paulo, Lagoa do Paulo Sul, Lagoa do Paulo Norte, Juriti and Acará-Burizinho. The concessions of these fields expire between the years 2029 and 2031 and may also be subject to the extension request.

Acquisition of Miranga Cluster

On February 24, the Company, through the subsidiary SPE Miranga, signed a contract for the purchase of all Petrobras' stake in the nine land fields of Apraiús, Biriba, Fazenda Onça, Jacuípe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana that constitute the Miranga Cluster, in the Recôncavo basin, in Bahia.

The value of the acquisition is up to US$220.1 million, of which: (i) US$11.0 million has already been paid on the signing day of subscription, on February 24, 2021; (ii) $44.0 million will be paid on the closing date of the transaction, without price adjustment; (iii) $20.0 million that will be paid in twelve months after the transaction closes; (iv) $20.0 million that will be paid in twenty-four months after the transaction closes; (v) $40.1 million to be paid in thirty-six months after the transaction closes; and (vi) up to US$85.0 million in contingent payments provided for in the contract, linked to different possible bands of the oil reference price (Brent) in the period between the calendar years 2022, 2023 and 2024.

The average production of the Miranga Cluster in 2020 was approximately 899 barrels of oil per day (bopd) and 377,000 m³ of gas per day. As in the other fields, there is the possibility of extending the term of the concessions, which currently expire in 2025, for 27 additional years, which will be requested through a protocol of a development plan before the ANP and will be subject to the approval of the regulatory agency.

Index

03 Operational Performance

Average daily production increased 11.3% in the second quarter of 2021 when compared to the same period of 2020, from 10,832 boe in 2Q20 to 12,059 boe in 2Q21, being: (i) the average daily production of the Potiguar District increased 24.8% from 6,704 boe in 2Q20 to 8,364 boe in 2Q21; and (ii) the average daily production in the Recôncavo District reduced 10.5%, from 4,128 boe in 2Q20 to 3,694 boe in 2Q21.

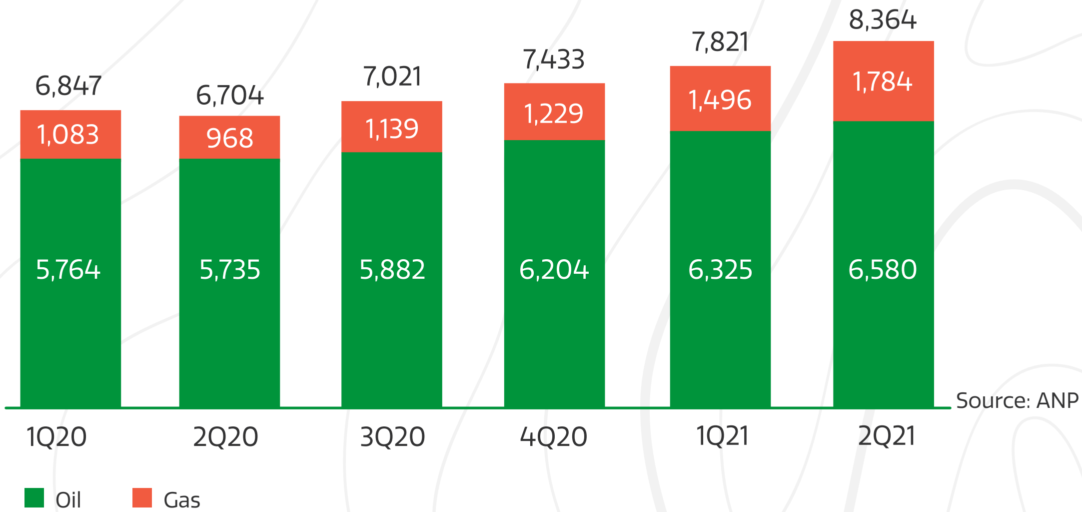
Average Daily Gross Production (in barrels of oil equivalent per day - BOED)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	3,694	4,128	-10.5%	3,735	4,468	-16.4%
Potiguar District	8,364	6,704	24.8%	8,094	6,776	19.5%
Average Daily Gross Production	**12,059**	**10,832**	**11.3%**	**11,829**	**11,244**	**5.2%**

Potiguar District

In the second quarter of 2021, the Production of the Potiguar District followed its upward trajectory, which has been observed since we took over operations in December 2019, having grown 24.8%, compared to the second quarter of 2020, 14.8% growth in oil production and 84.2% growth in natural gas production. The chart below shows the production history of the Potiguar District.

Potiguar District - Average production in barrels of oil equivalent per day (boed)



Index

The volumes shown in the table above represent the total production of the Potiguar District, including the 30 fields operated by the Company and PetroReconcavo's participation in the four fields operated by partners until May 2021. From June, the Company also started operating the fields of Sabiá da Mata and Sabiá Bico-de-Osso, previously operated by the partner Sonangol Hidrocarbonetos do Brasil.

The gradual increase in natural gas production is aligned with the improvement in the commercialization conditions reported in the 1Q21 Earnings Release and in the Company's strategy for monetization of the product. As a subsequent event, the Company through its subsidiary, Potiguar E&P, informed the market on July 31st, 2021, that it was declared the winner in the Public Call for Natural Gas Supply – 2022/2023 from Potigás - Companhia Potiguar de Gás. The contract for the sale of natural gas with POTIGÁS is expected to last two years for delivery of 236,000 m^3/day, starting January 2022.

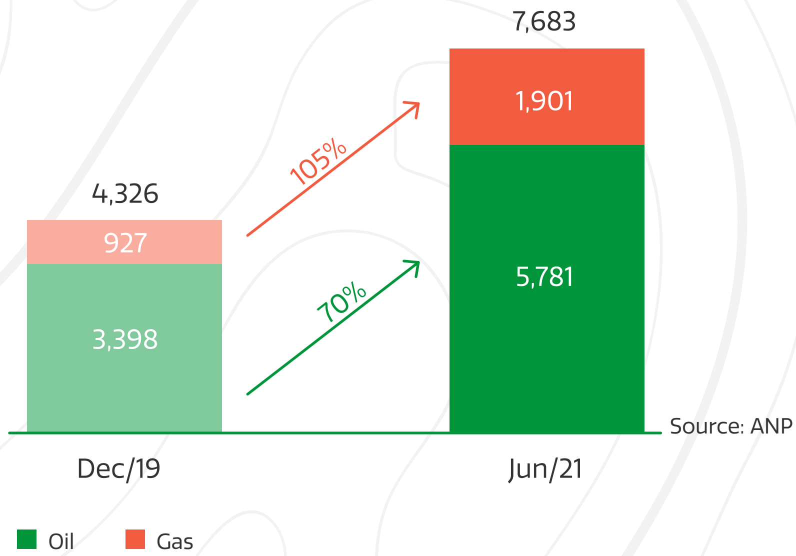
For Potiguar E&P, the contract represents an important step towards enabling its strategy of monetizing its gas production, with an increase of approximately 150% on the value of the gas molecule. The Company, which concludes its first contract with a state gas distributor, must also contract with Petrobras the flow and processing of its gas in UPGN Guamaré, as well as contract access to the transporting network operated by TAG, allowing the transportation of natural gas from UPGN Guamaré to the delivery points (city gates) determined by Potigás.

The indicated processing enables the specification of natural gas for sale according ANP regulations (dry gas). As a result of the processing, the Company will also be entitled to the natural gas liquids extracted at the plant, which are Liquefied Petroleum Gas (LPG) and C5+, also known as natural gasoline. The commercialization of these products will add even more value to the natural gas monetization strategy.

It should also be emphasized that the contract with Potigás is the first step taken by the Company in its strategy of maximizing the value of its commodity, but the Company is currently participating in other Public Call processes in progress, as well as following the movements associated with the creation of Free Consumer of Natural Gas figure realization in the states covered by the TAG transportion network.

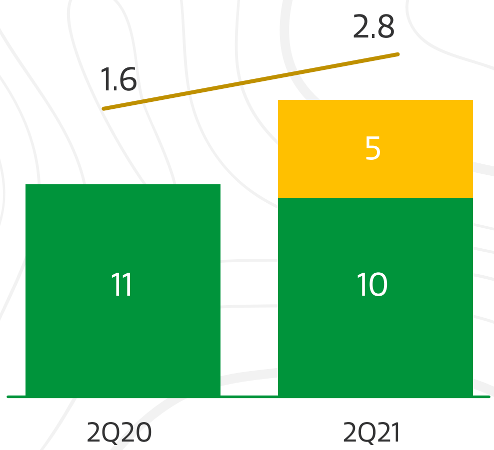
Making zoom in production only for the 30 fields operated by the Company since December 2019, the production increases are even more significant. The average daily production of oil and gas in boe in June 2021 was 78% higher than the volume that was produced when we assumed the operation of these fields, being 70% higher in oil and 105% in natural gas.

30 Fields Potiguar – Average daily production of oil and natural gas (boed)



The Company continues with its verticalization strategy with efforts to expand the amount of active assets of Rigs and other Oilfield, expanding its execution capacity. In the second quarter of 2021 we had a 76% increase in active rigs, compared to the same period a year earlier. In April, one of the rigs underwent scheduled for annual maintenance for about 15 days.

Potiguar District – Average number of active rigs, Workovers and Stimulations



In the second quarter of 2020, return-to-production work was carried out, which consists of reactivating wells with economic potential. In the second quarter of 2021, projects of greater complexity were carried out, which require higher capex and execution time, with emphasis on the campaign of conventional hydraulic fracturing in Riacho da Forquilha field (RFQ).

It is currently underway the evaluation of the production potential of deeper areas with low permeability of the Pendencia Formation in the RFQ field, which, despite presenting some historical tests, were never adequately developed in the region. In order to map and develop this accumulation, the initial potential of a well available in the RMU was evaluated, which we designated "deep RFQPD" which presented gas and condensate production. The next step in the evaluation of this RMU consists in conducting technical studies to design a conventional hydraulic fracturing work and replacement of lifting equipment.

Glossary

Reservoir Management Unit – RMU: Is an assigned reservoir management unit defined to centralize the studies of a group of wells in a field. The information generally considered for the grouping and definition of an RMU is the geographical location of the wells, the structural geology of the reservoirs, the production profile of the wells and the history of reservoir pressure, with the possibility of an RMU characterizing a hydraulically isolated block from the other ones in the field or being just a management tool.

It is from an initial visualization of all this information from the RMU that a preliminary diagnosis of the production behavior is made, the main events that affected production during the evaluation period are mapped and, consequently, the water injection guidelines for pressure revitalization in the reservoirs are defined and the need for adjustment of the production/injection mesh is identified to increase the reservoir drainage efficiency.

Stimulation: Increases the productivity of an oil and gas producing well or the efficiency of the injectors by changing the original permeability of the reservoir-rock. This allows the oil to reach the surface more easily by eliminating heavy particles of oil, sand, paraffin, calcifications etc.

Conventional fracturing: Stimulation technique that allows the rupture of low permeability rocks, increasing the productivity of the field. PetroReconcavo has its own hydraulic fracturing unit that injects fluid usually containing sand or bauxite at high pressures, thus breaking the rock.

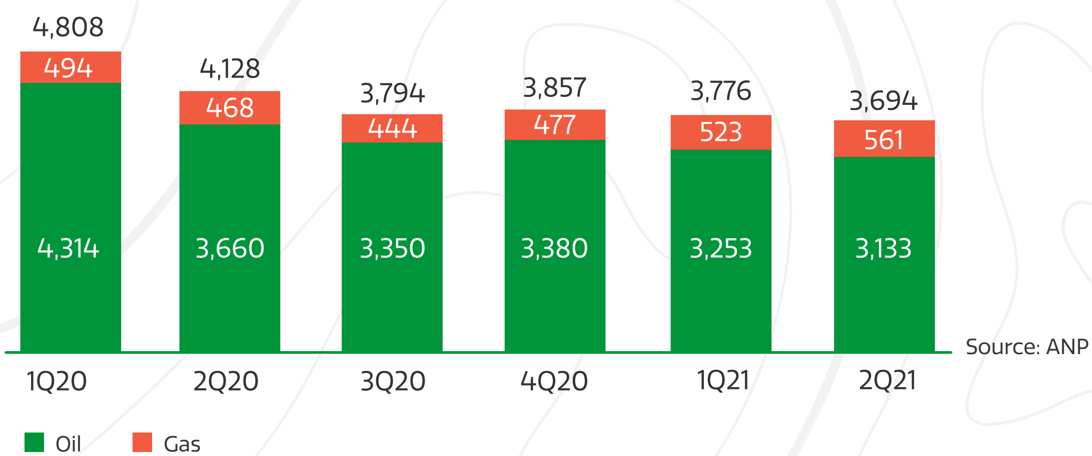
Recôncavo District
In the second quarter of 2021, production in the Recôncavo District decreased by 10.5% compared to the second quarter of 2020.

The investment strategy in 2Q21 focused on the realization of some projects aimed at increasing production by conventional hydraulic fractures in some wells in the Norte Fazenda Caruaçu field and some return-to-production projects totaling a CAPEX of about R$6.1 million and an estimated daily production increase from these projects of 156 boed.

In contrast, in the second quarter of 2021, the district's production was mainly impacted by the failure of some high-flow wells that totaled an average of 215 boed in production losses. These well failure and subsequent repairs, also affected the costs of the period.

The chart below shows the production history of the Recôncavo District.

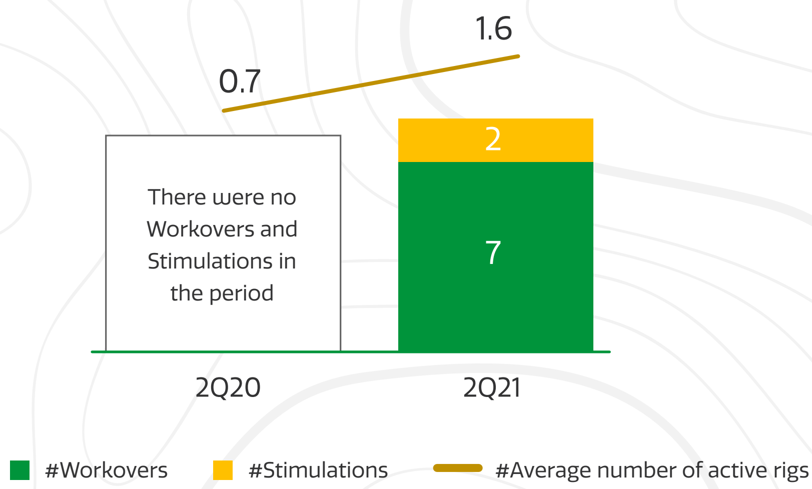
Recôncavo District – Average daily oil and natural gas production (boed)



Regarding equipment availability, in the second quarter of 2021 we had the average number of active rigs 129% higher than the same period of 2020, even with the stop of PR 02 for 36 days for annual maintenance between the months of April and May 2021.

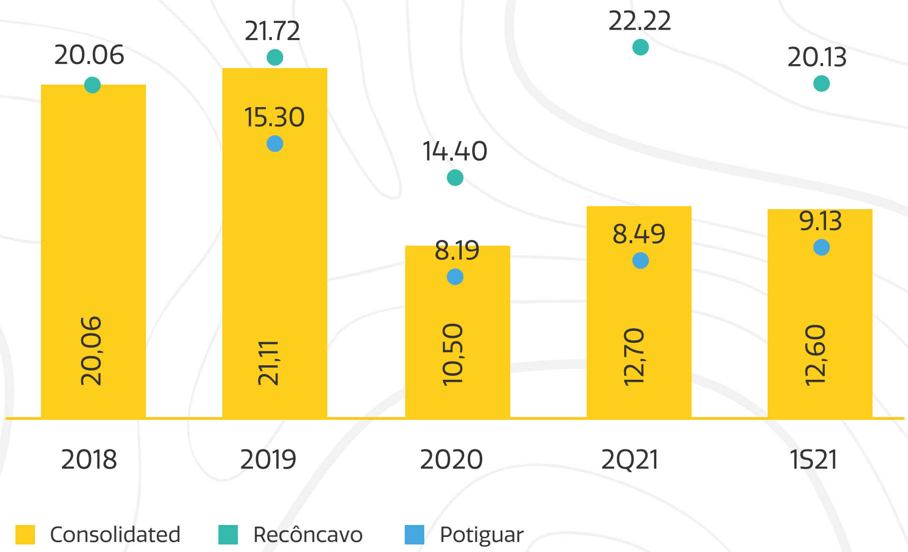
We are gradually resuming our investment program in the District, which in the second quarter of 2020 did not record workover interventions due to the low economic attractiveness of projects because of the low price of Brent in the period. During this period, the rig worked exclusively on well-service projects.

Recôncavo District – Average number of active rigs, Workovers and Stimulations



The average consolidated production cost in the quarter was$12.70/boe. Despite representing an increase, when compared to 2020, the costs are much lower than those observed in the years 2018 and 2019. It should be noted that, due to the Covid-19 pandemic, and its impacts on international Brent oil prices, the Company significantly reduced non-critical activities, especially in the second quarter of 2020, so that the comparison base is not very representative. More details on cost variations in the quarter can be obtained in the topic "Consolidated Financial Performance" below.

Average production cost of PetroReconcavo Consolidated (in US$/boe)



The large difference in average production costs between districts stems mainly from the differences in reservoir maturity between districts. For example, the Recôncavo District is already in a more advanced phase of secondary recovery from water injection, which can be verified by the differences in Water/Oil Ratio ("WOR") produced. In the Recôncavo, the WOR is approximately 30 while in Potiguar it is approximately 8. This means that for each barrel of oil produced in the Recôncavo District, approximately 30 barrels of water are produced, while Potiguar produces 8 barrels of water for each barrel of oil. The main costs impacted by this higher production of fluid (water + oil) are electricity and cost with chemical additives. In addition, the higher volume of oil production in Potiguar provides a greater dilution of fixed costs.

With the start of the Miranga Cluster operations in the Recôncavo Basin, which will be operated in an integrated manner with the Remanso Cluster, we aim to capture operational and financial synergies, with potential reduction of average production costs.

04 Consolidated Financial Performance

Consolidated DRE (in thousands of R$)	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Net revenue	249,110	185,488	34.3%	494,898	381,036	29.9%
Costs and expenses	(117,756)	(66,521)	77.0%	(231,912)	(156,740)	48.0%
EBITDA	**131,354**	**118,967**	**10.4%**	**262,986**	**224,296**	**17.2%**
Depreciation, amortization and depletion	(68,381)	(53,107)	28.8%	(129,433)	(106,377)	21.7%
Operating profit	**62,973**	**65,860**	**-4.4%**	**133,553**	**117,919**	**13.3%**
Net financial result	63.670	(85.454)	n.m.	(31.115)	(342.345)	n.m.
Current taxes	(17,986)	(5,316)	238.3%	(20,149)	(12,670)	59.0%
Deferred taxes	(14,091)	9,754	-244.5%	(613)	85,899	-100.7%
Net income	**94,566**	**(15,156)**	**n.m.**	**81,676**	**(151,197)**	**n.m.**

Net Revenue

The Company's net revenues grew 34.3%, from R$185.488k in the second quarter of 2020 to R$249,110k in the second quarter of 2021.

Net revenue (in thousands of R$)	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	**82,004**	**50,841**	**61.3%**	**164,881**	**127,500**	**29.3%**
Revenue from the provision of services in oil production	68,918	42,447	62.36%	141,451	110,166	28.40%
Revenue from the provision of services in the production of natural gas	8,588	5,591	53.60%	14,909	11,956	24.70%
Oil sales revenue	3,663	1,576	132.42%	6,772	3,092	119.02%
Other revenue stemming from the provision of services	835	1,227	-31.95%	1,749	2,286	-23.49%
Potiguar District	**258,066**	**77,248**	**234.1%**	**476,429**	**199,571**	**138.7%**
Oil sales revenue	243,459	77,109	215.73%	452,178	199,160	127.04%
Natural gas sales revenue	14,607	139	10408.63%	24,251	411	5800.49%
Derivative financial instruments	(20,744)	78,827	-126.3%	(17,204)	109,161	-115.8%
Gross income	**319,326**	**206,916**	**54.3%**	**624,106**	**436,232**	**43.1%**
Revenue taxes	(70,216)	(21,428)	227.7%	(129,208)	(55,196)	134.1%
Net Revenue	**249,110**	**185,488**	**34.3%**	**494,898**	**381,036**	**29.9%**

We highlight in net revenue the increase of 234.1% in sales from the Potiguar District, which went from R$77,248k in the second quarter of 2020, to R$258,066k in the second quarter of 2021. In addition to the 24.8% increase in production for the period, as seen in the topic "Operating Performance", the average value of a barrel of Brent oil was 135.7% higher in the second quarter of 2021, when compared to the same period of 2020. Additionally, although natural gas represents a lower percentage in the District's revenues, in 2021 we obtained a new sales contract, with an average price much higher than the values practiced in 2020.

It should be noted that in the second quarter of 2020, due to the Covid-19 pandemic, international oil prices reached the lowest point in the year, with the month with the lowest average price being April 2020, with an average price of US$18.55 per barrel.

On the other hand, the appreciation of the value of the Brent crude barrel resulted in a loss in derivative financial instruments settled in the period. In the second quarter of 2021, we recorded a loss of R$20,744k under this heading, while in the same period of 2020, the result was positive by R$78,827k. During this quarter, hedging contracts with a volume of 504k barrels of oil were settled, at an average price of$58.86/bbl. In the second quarter of 2020, the volume settled was 456k barrels, at an average price of US$63.75/bbl. The average price of a barrel of Brent oil in the second quarters of 2021 and 2020, respectively, was $68.83 and$29.20.

Operating costs and expenses

The table below presents some breakdown and comparisons of our costs and expenses in 2020 and 2021, which should be interpreted with caution, considering that, due to the Covid-19 pandemic and its impacts on international Brent oil prices, the Company significantly reduced non-critical activities as of the second quarter of 2020.

Costs and Expenses (in thousands of R$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	**36,685**	**23,061**	**59.1%**	**81,580**	**59,303**	**37.6%**
Personnel	10,267	7,223	42.14%	19,223	14,703	30.74%
Well repair costs	10,983	4,352	152.37%	23,194	15,778	47.00%
Electrical energy	8,407	7,308	15.04%	16,362	16,736	-2.23%
Royalties	323	132	144.70%	690	352	96.02%
Other costs and expenses	6,705	4,046	65.72%	22,111	11,734	88.44%
Potiguar District	**61,280**	**33,238**	**84.4%**	**120,097**	**74,531**	**61.1%**
Personnel	10,391	5,946	74.76%	19,355	13,306	45.46%
Well repair costs	6,444	5,579	15.52%	14,266	12,468	14.42%
Electrical energy	4,210	3,094	36.07%	8,522	7,661	11.24%
Environmental licensing	3,574	2,185	63.57%	7,460	5,478	36.18%
Royalties	23,861	7,748	207.96%	44,073	18,418	139.29%
Other costs and expenses	12,800	8,686	47.35%	26,421	17,200	53.61%
Corporate	**19,791**	**10,222**	**93.6%**	**30,235**	**22,906**	**32.0%**
Total	**117,756**	**66,521**	**77.0%**	**231,912**	**156,740**	**48.0%**

Costs and expenses grew 77.0%, or R$51,235k from R$ 66,521k in the second quarter of 2020 to R$117,756k in the second quarter of 2021. The cost increase is explained in the topics below:

Recôncavo District

Costs and expenses in the Recôncavo District grew 59.1%, from R$23,061k in the second quarter of 2020 to R$36,685k in the same period of 2021. The main points that explain these variations are:

(a) Personnel costs increased 42.14%, from R$7,223k in the second quarter of 2020 to R$10,267k in the same period of 2020. This increase stems from the reduction of non-critical activities in the second quarter of 2020, due to the Covid-19 pandemic. Among the measures taken by the Company, in order to preserve jobs, we temporarily suspended the employment contract of some employees in the period, reducing personnel costs. Additionally, the Company is preparing to become a concessionaire of the Remanso Cluster fields and for the takeover of the Miranga Cluster;

(b) Well repair costs grew 152.37%, from R$4,352k in the second quarter of 2020 to R$10,983k in the same period of 2021. With the Covid-19 pandemic, and the consequent fall in the price of a barrel of Brent-type oil seen in the second quarter of 2020, it became uneconomic to repair some wells that broke throughout the quarter. Thus, well repair costs were lower in the second quarter of 2020;

(c) Electricity costs increased 15.04%, from R$7,308k in the second quarter of 2020 to R$8,407k in the same period of 2021. In 2020, due to the impacts generated by the Covid-19 pandemic, tariff impacts on electricity were postponed. This postponement was compensated in 2021. In addition, in 2020 we stopped the production of some wells in the district that had high production costs. With the recovery of Brent-type oil prices on international markets, we resumed production of some of these wells throughout 2021. As a consequence of the above, energy costs were lower in 2020 and increased in 2021.

Potiguar District

Costs and expenses in the Potiguar District grew 84.4%, from R$33,238k in the second quarter of 2020 to R$61,280k in the same period of 2021. The main points that explain these variations are:

(a) Personnel costs increased 74.76%, from R$5,946k in the second quarter of 2020 to R$10,391k in the same period of 2021. At the beginning of 2020, the Potiguar District was still in the process of structuring and mobilizing personnel to start the asset maintenance program. With the Covid-19 pandemic, we ended up postponing the mobilization of personnel, reflecting lower costs in the first months of 2020. In addition, the Company chose to internalize some functions that were initially contracted as external services;

(b) Well repair costs grew 15.52%, from R$5,579k in the second quarter of 2020 to R$6,444k in the same period of 2021. With the Covid-19 pandemic, and the consequent fall in the price of a barrel of Brent-type oil seen in the second quarter of 2020, it became uneconomic to repair some wells that broke throughout the quarter. Thus, well repair costs were lower in the second quarter of 2020;

(c) Electricity costs increased 36.07%, from R$3,094k in the second quarter of 2020 to R$4,210k in the same period of 2021. In addition to the tariff impacts, explained in the variations of the Recôncavo District, and this variation follows the increase in the level of production and active wells in the Potiguar District in the second quarter of 2021;

(d) Environmental licensing costs increased 63.57%, from R$2,185k in the second quarter of 2020 to R$3,574k in the same period of 2021. With the Covid-19 pandemic, there was a postponement in the payment of environmental permits in the second quarter of 2020;

(e) Royalty costs jumped 207.96%, from R$7,748k in the second quarter of 2020 to R$23,861k in the same period of 2021, following the evolution in district revenues; and

(f) Finally, the other costs and expenses presented a variation of R$ 4,113k, from R$8,686k in the second quarter of 2020 to R$12,800k in the same period of 2021. With the improvement in the prices of the gas contract for Petrobras from January 2021, we started a process of revitalization of gas compression and flow systems in the district in order to allow a reduction in gas production, impacting the production cost of the period. In addition, the line was impacted by the extraordinary payment of R$ 3,000k to Sonangol Hidrocarbonetos do Brasil, as financial compensation for the transfer of operations in the Sabiá da Mata and Sabiá Bico-de-Osso fields.

Corporate

Corporate costs and expenses grew 93.6%, from R$10,222k in the second quarter of 2020 to R$19,791k in the same period of 2021. In the second quarter of 2021, the Company paid approximately R$4,919k, including social charges, referring to extraordinary bonuses to the Company's executives and strategic employees due to the opening of capital and approximately R$2,000k was paid in consultancies related to mergers and acquisitions processes. Additionally, the Drilling Rig did not operate in the quarter, which resulted in a cost of R$1,630k in the quarter. Finally, the increase in the corporate structure was expected and reflects the structure necessary to meet the new requirements that arise after the IPO.

Net financial result

Net financial results in the second quarter were positive at R$63,670k, compared to a negative net result of R$85,454k in the same period of 2020.

Financial result, net (in thousands of R$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Financial revenues	5,335	4,035	32.2%	20,878	4,437	370.5%
Financial expenses	(30,962)	(33,412)	-7.3%	(54,023)	(61,591)	-12.3%
Exchange variation on financing	118,579	(56,784)	-308.8%	31,280	(286,223)	-110.9%
Other exchange variations	(29,282)	707	-4241.7%	(29,250)	1,032	-2934.3%
Financial result, net	**63,670**	**(85,454)**	**n.m.**	**(31,115)**	**(342,345)**	**-90.9%**

The main reason for the observed changes in financial results is in the lines of exchange variation lines. The exchange rate on June 30, 2021, decreased 12.3% compared to March 31, 2021. In the same period of 2020, the exchange rate increased. The variations are shown in the table below.

R$/US$ exchange rate	30/06/2021	Δ%	31/03/2021	30/06/2020	Δ%	31/03/2020
	5.00	-12.3%	5.70	5.48	5.4%	5.20

Therefore, the Company showed a positive exchange rate variation of R$118,579k in financing balances in foreign currency, while in the second quarter of 2020 this change was negative by R$56,784k.

On the other hand, the Company maintains financial investments in foreign exchange funds in order to track the change in the dollar against the real, since much of the Company's liabilities are in dollars, thus aiming to protect itself from exchange variation.

Income tax and social contribution on net income

Income tax and social contribution (in thousands of R$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Currents	(17,986)	(5,316)	238.3%	(20,149)	(12,670)	59.0%
Deferred	(14,091)	9,754	-244.5%	(613)	85,899	-100.7%
Income tax and social contribution	**(32,077)**	**4,438**	**-822.8%**	**(20,762)**	**73,229**	**-128.4%**

Because of the higher result observed in the second quarter of 2021, current taxes were 238.3% higher than in the same period of 2020, from R$5,316k to R$17,986k.

In the deferred tax line, the main variation is observed in the line of accumulated tax losses. The subsidiary Potiguar E&P used part of its accumulated tax losses, resulting in a negative change of R$ 12,568k in deferred taxes for the period.

Consolidated cash flow statement (in thousands of R$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Profit (loss) before taxes	126,643	(19,594)	-746.3%	102,438	(224,426)	-145.6%
Depreciation, amortization and depletion	68,381	53,107	28.8%	129,433	106,377	21.7%
Interest and exchange variations, net	(102,997)	77,641	-232.7%	872	326,270	-99.7%
Asset and rental losses	24,470	3,044	703.9%	56,740	23,521	141.2%
Gold adjustments and variations	2,830	(813)	-448.1%	8,586	9,787	-12.3%
Change in assets and liabilities	16,825	2,877	484.8%	(8,492)	(31,980)	-73.4%
Interest paid	(15,564)	(22,144)	-29.7%	(31,331)	(32,129)	-2.5%
Cash generated by operating activities	**120,588**	**94,118**	**28.1%**	**258,246**	**177,420**	**45.6%**
Additions to property, plant and equipment	(61,073)	(10,352)	490.0%	(187,078)	(61,070)	206.3%
Financial investments	(872,773)	(73,957)	1080.1%	(870,548)	(130,591)	566.6%
Cash invested in investment activities	**(933,846)**	**(84,309)**	**1007.6%**	**(1,057,626)**	**(191,661)**	**451.8%**
Borrowings	-	-	n.a.	60,479	-	n.a.
Amortization of financing and market leases	(73,480)	(7,676)	857.3%	(134,653)	(10,785)	1148.5%
Increase in share capital, net of cost for issuance	1,111,648	1,015	109422.0%	1,111,648	3,375	32837.7%
Cash generated (applied) in financing activities	**1,038,168**	**(6,661)**	**-15685.8%**	**1.037,474**	**(7,410)**	**-14101.0%**
Increase (decrease) in cash balance and cash equivalents	**224,910**	**3,148**	**7044.5%**	**238,094**	**(21,651)**	**-1199.7%**

The cash generated from operating activities increased R$26,470,000, or 28.1%, in the second quarter of 2021, influenced not only by higher EBITDA, which was R$12,387k higher in the period, but also by the reduction in the balance of accounts receivable by R$12,055k in the period, because of receipts that were outstanding as of march 2021 and were received during current quarter.

The cash invested in investment activities increased by 1,007.6%, or R$849,538k, in the second quarter of 2021, as a combination of the following factors:

(I) The Company invested R$61,073k in additions to the fixed assets and intangible assets, generating an increase of R$50,721k, when compared to the second quarter of 2020, mainly due to the resumption of the Company's investment program, which was reduced in the second quarter of 2020 due to the Covid-19 pandemic;

(II) In the second quarter of 2021, we made financial investments of R$872,773k, a number of R$798,816k higher than that applied in the same period of 2020. This variation stems from the application of part of the resources obtained from the company's IPO, which occurred in May 2021.

The cash generated in the financing activities was R$1,044,829k in the second quarter of 2021, while in the same period of 2020 R$6,661k was invested. This variation is mainly due to the resources raised at the Company's IPO, which occurred in May 2021.

Because of the items listed above, the increase in cash balance and cash equivalents in the second quarter of 2021 was R$224,910 million, while in the second quarter of 2020 there was an increase of R$ 3,148k.

05 Other Highlights of the Balance Sheet

Cash position (cash and cash equivalents and financial investments)

On June 30th, 2021, the Company recorded a cash position, which represents the sum of cash and equivalent balances and financial investments, of R$1,274,514k, an increase of 668.4% when compared to the balances at December 31st, 2020.

Most of the Company's resources were invested in foreign exchange funds (56%), because the Administration chose to invest part of the funds raised in its Initial Public Offering in this type of investment as a way to protect itself from exchange variation, considering that its bank debts (and its Subsidiaries debts) and remaining payments to Petrobras related to asset acquisitions are denominated in U.S. dollars. The other financial investments refer to fixed income transactions (CDB - Bank Deposit Certificate), maintained with first-tier banks.

Net indebtedness (in thousands of R$)

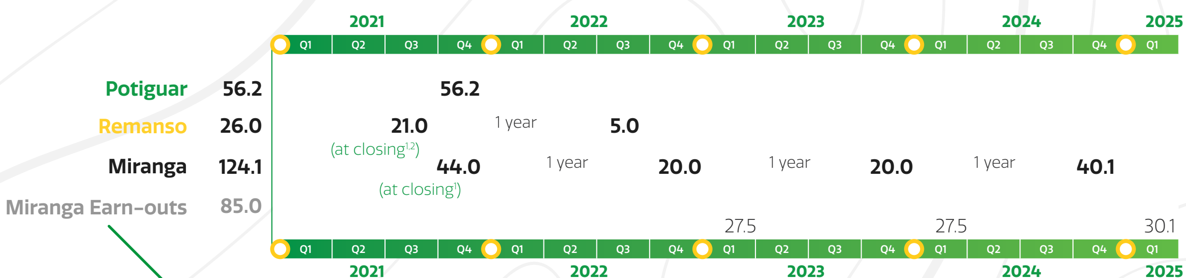
	2Q21	2Q20	Δ%
FINEP	2,307	3,320	-30.5%
Bank loans	831,307	1,084,034	-23.3
Costs to be amortized	(28,631)	(42,803)	-33.1%
Gross debt	**804,983**	**1,044,551**	**-22.9%**
Cash and cash equivalents	268,955	34,614	677.0%
Financial investments	1,005,559	140,773	614.3%
(Net cash) Net debt	**(469,531)**	**869,164**	**n.m.**
EBITDA of the last 12 months	**513,095**	**314,611**	**63.1%**
(Net cash) Net Debt/EBITDA last 12 months	**-0.92 x**	**2.76 x**	**-3.68 x**

The Company had net cash of R$469,531k in the second quarter of 2021, compared to a net debt of R$869,164k in the same period of 2020. This variation is basically due to the resources obtained from the IPO, explained in previous topics.

The movements of loans and financing balances in the semester are shown below:

Movement of loans and financing (in thousands of R$)	
Balance at December 31, 2020	**894,040**
Borrowing	60,479
Principal payments	(123,437)
Interest paid	(31,331)
Accrued interest	29,716
Amortization of acquisition cost	6,796
Exchange variation	(31,280)
Balance at June 30, 2021	**804,983**

Considering the outstanding payments to Petrobras related to the assets acquired and to the assets which are in the transition phase between signing and closing, excluding the effects of the purchase price adjustments, the Company has a balance of $291.3 million in payments to be made distributed over the next 4 years, of which US$ 85.0 million are contingents depending on the average value of Brent.



Notes: (1) Expected closing dates. To be confirmed. (2) Price adjustment at closing.

Earn-outs Miranga (US$ MM)

Average Brent	2022	2023	2024	Total
Below $50	–	–	–	–
Between $50 and $55	10.0	10.0	5.0	25.0
Between $55 and $60	15.0	15.0	10.0	40.0
Between $60 and $65	20.0	20.0	15.0	55.0
Above $65	27.5	27.5	30.0	85.0

Contingent payments according to the average value of Dated Brent ICE oil in each year as per table, payable in March of the following year.

Derivative financial instruments

The Company constantly evaluates the possibility of carrying out hedging operations of future oil production in order to increase predictability and protect future cash flow. The Company contracted commodity forward contracts to manage commodity price risk associated with future transactions of up to 36 months.

The following table describes the commodity forward contracts outstanding as of June 30th, 2021, as well as the information related to their corresponding hedged items:

Instruments of hedge open contracts	Average strike price 30/06/2021	Quantity 30/06/2021	Fair value of the hedging instruments 30/06/2021
	US$/barrel	**In barrels**	**R$ thousand**
Less than 3 months	58.52	527,860	(41,914)
From 3 to 6 months	57.82	557,240	(40,252)
From 6 to 12 months	56.10	993,200	(69,518)
From 1 to 2 years	51.85	1,784,567	(132,766)
From 2 to 3 years	53.13	1,281,000	(63,879)
Total	**54.32***	**5,143,867**	**(348,329)**

*Average strike of fixed-term contracts not yet settled as of June 30, 2021.

06 Reserves certification

This section contains a summary of the Reserve Reports prepared by independent expert Netherland, Sewell & Associates, Inc. (NSAI). The Reserve Reports were prepared based on an analysis of our concessions and of some Petrobras' fields located in the Recôncavo basin in the State of Bahia, and in the Potiguar basin in the State of Rio Grande do Norte, as of December 31st, 2020. The evaluation of the Company's Reserves and Resources was completed on January 20th, 2021, for the Company and its subsidiary, Potiguar E&P S.A. The Miranga contingent resources assessment was completed on February 22nd, 2021.

Below is a summary table of the Company's net reserves and contingent resources, as of December 31st, 2020, prepared according to the reports on reserves and contingent resources. The net reserves and contingent resources represent the portions of the reserves and contingent resources of referred concessions owned by or contractually attributed to the Company, discounted by the participations of any third parties and the Government's royalties.

	Petróleo e Liquidos de Gás Natural				Gás				Barris de Óleo Equivalentes[1]	(Petróleo como % do Total)	(Gás como % do Total)	Fluxo de Caixa Descontado - 10% (MUS$) [2]
	Reconcavo[3]	Potiguar[4]	Miranga[5]	sub-total	Reconcavo[3]	Potiguar[4]	Miranga[5]	sub-total	Total			
Reservas Líquidas	(em milhares de barris)				(em milhões de pés cúbicos)				(em milhares de boes)			
Reservas provadas em produção	2.739,1	7.626,1	n.a.	10.365,2	1.903,2	6.901,7	n.a.	8.804,9	11.832,7	87,6%	12,4%	153.131,9
Reservas provadas desenvolvidas, porém não em produção ("shut in" ou "behind pipe")	1.370,5	2.437,3	n.a.	3.807,8	590,0	6.725,3	n.a.	7.315,3	5.027,0	75,7%	24,3%	74.803,7
Reservas provadas não desenvolvidas	929,2	6.112,6	n.a.	7.041,8	266,7	2.328,7	n.a.	2.595,4	7.474,4	94,2%	5,8%	136.366,9
Total de reservas provadas (1P)	**5.038,9**	**16.176,0**	**n.a.**	**21.214,9**	**2.760,0**	**15.955,7**	**n.a.**	**18.715,7**	**24.334,1**	**87,2%**	**12,8%**	**364.302,5**
Total de reservas prováveis	438,1	5.468,1	n.a.	5.906,2	244,1	2.384,1	n.a.	2.628,2	6.344,2	93,1%	6,9%	99.947,6
Total de reservas provadas + prováveis (2P)	**5.477,0**	**21.644,1**	**n.a.**	**27.121,0**	**3.004,1**	**18.339,8**	**n.a.**	**21.343,8**	**30.678,3**	**88,4%**	**11,6%**	**464.250,1**
Total de reservas possíveis	391,2	2.139,5	n.a.	2.530,6	38,4	564,0	n.a.	602,4	2.631,0	96,2%	3,8%	34.946,3
Total de reservas provadas + prováveis + possiveis (3P)	**5.868,1**	**23.783,5**	**n.a.**	**29.651,6**	**3.042,4**	**18.903,8**	**n.a.**	**21.946,2**	**33.309,3**	**89,0%**	**11,0%**	**499.196,5**
Recusrsos Contingentes												
Menor Estimativa (1C)	9.041,7	19.181,2	18.639,9	46.862,8	4.029,0	28.963,0	175.918,7	208.910,7	81.681,2	57,4%	42,6%	438.136,1
Melhor Estimativa (2C)	13.918,9	26.097,3	22.309,6	62.325,8	5.694,1	37.304,8	217.971,7	260.970,7	105.821,0	58,9%	41,1%	531.636,2
Maior Estimativa (3C)	17.010,3	30.227,6	23.193,3	70.431,2	7.175,7	40.482,7	222.590,9	270.249,3	115.472,8	61,0%	39,0%	587.980,8
Total (1P + 1C)	**14.080,5**	**35.357,2**	**18.639,9**	**68.077,6**	**6.789,0**	**44.918,7**	**175.918,7**	**227.626,4**	**106.015,4**	**64,2%**	**35,8%**	**802.438,7**
Total (2P + 2C)	**19.395,9**	**47.741,4**	**22.309,6**	**89.446,9**	**8.698,2**	**55.644,6**	**217.971,7**	**282.314,5**	**136.499,3**	**65,5%**	**34,5%**	**995.886,4**
Total (3P + 3C)	**22.878,4**	**54.011,2**	**23.193,3**	**100.082,9**	**10.218,1**	**59.386,4**	**222.590,9**	**292.195,5**	**148.782,1**	**67,3%**	**32,7%**	**1.087.177,2**

Notes:

(1) Gas volumes were converted into boe at the ratio of 6k cubic feet of gas to 1 boe.

(2) Cash flow before financial expenses and income tax and social contribution discounted at an annual rate of 10%p.a.

(3) Reconcavo's reserves include: (I) holdings (approximately 85%) company's company through the Risk Clause Production Agreement (CPCR) in the 12 fields of Remanso Cluster; and (II) 100% participation in the fields of Lagoa do Paulo, Lagoa do Paulo Sul, Lagoa do Paulo Norte, Juriti and Acará-Burizinho. All these fields located in the state of Bahia. Contingent resources refer to: (I) residual participation (approximately 15%) currently held by Petrobras in the CPCR; and (II) the volumes of oil and gas to be produced after the deadlines of the concessions currently in force. Such resources are contingent only on regulatory approvals of the acquisition of Remanso Cluster and its subsequent closure, and the extension of concessions.

(4) Potiguar's reserves are composed of the 34 fields of The Riacho da Forquilha, of which 30 are 100% owned by Potiguar E&P and operated by Potiguar, 2 in partnership with Sonangol Hidrocarbonetos Brasil Ltda (approximately 70% Potiguar E&P and 30% Sonangol) and 2 with Partex Brasil Ltda (50% Poti Eguar E&P and 50% Partex) , all located in the state of Rio Grande do Norte. Contingent resources refer to the volumes of oil and gas to be produced after the concession deadlines currently in force. Such resources are contingent only on the extent of concessions. The values presented in the tables reflect only the participation (working interest) of the Company in these concessions.

(5) Miranga's contingent resources include a 100% stake in the 9 fields of the Miranga Cluster, all located in the state of Bahia. Such resources are contingent only on regulatory approvals of the acquisition of the Miranga Cluster and its subsequent closure, and the extension of concessions.

(6) The total values may not reflect the exact account due to possible rounding of numbers.

(7) The different classifications of oil accumulations have varying degrees of technical and commercial risk that are difficult to quantify; reserves, contingent resources and prospective resources should not be aggregated without a broad consideration of these factors. This table shows the sum of the reserves and contingent resources shown in the NSAI reports without adjustments to these factors; these somas are shown in this table for convenience purposes only.

07 Safety, Health, Environment and Sustainability (SSMS)

For PetroReconcavo, safety is a non-negotiable value and a commitment made in our Strategic Planning, which guide our daily operations and those who relate to us. We develop our activities in accordance with applicable laws and regulations in the places where we operate, in addition to complying with our own internal guidelines and procedures based on best market practices

Our business requires an excellent performance based on responsible management of the impacts that our activity generates on people, communities, and the environment. To mitigate these impacts, we apply tools to identify the risks associated with the activities and verify if the barriers we adopt are sufficient to keep them under control. In the second quarter of 2021, we had 661,314 hours worked with zero lost time incidents.

To strengthen our HS&E culture, throughout the second quarter, we continued the Safe Leader Program, training our high and medium leadership. Through this Program, the Company seeks to develop its leaders to be the protagonists of the Safety Culture, stimulating its perception of risks, in order to interrupt the chain that generates the accident.

In April, the Company launched the "ABRIL VERDE" campaign, promoting awareness of continuous improvement in occupational safety and occupational health issues.

On May 22, we reached a historic milestone of 1. 000 days without Lost Time Incidents in the Recôncavo District. On this date we celebrate and recognize the main leaders who stood out in the themes of Health and Safety. As os June 30th, 2021, we continued without lost time incidents in the Recôncavo District.

We also carried out the "MAIO AMARELO" Campaign for the prevention of traffic accidents, involving the entire Company. During the campaign, theoretical and practical training was carried out, in which 197 workers participated, corresponding to a total of 1,182 hours of training.

On the June 5th, at World Environment Day, the Company celebrated the date, by promoting environmental actions throughout the week with the participation of employees and surrounding communities.

Also in June, the project "Occupational Risk Control in The Dewaxing of Petroleum Pipes", carried out by PetroReconcavo Rigs&Service team, was chosen as one of the three winners in the Occupational Hygiene category of the Brazil Protection Award 2021, promoted by "REVISTA PROTEÇÃO", which highlights initiatives for the health and safety of workers.

Finally, we have recently begun studies and preparations for the Company to generate and issue in the first half of 2022 our first sustainability report according to the Global Reporting Initiative – "GRI" standard.

These actions demonstrate Company commitment to strengthening the culture of Safety, Health, Environment and Sustainability in alignment with the Company's values.

Annex 1 – Balance Sheet

PETRORECÔNCAVO S.A. AND CONTROLLED

Balance Sheet as at June 30, 2021

(in thousands of Brasilian reais – R$)

		Company		Consolidated	
ASSETS	Notes	06/30/2021	12/31/2020	06/30/2021	12/31/2020
CURRENT ASSETS					
Cash and cash equivalents	3	217.910	11.663	268.955	30.861
Short-term investments	3	894.672	9.993	941.890	66.414
Trade receivables	4	36.830	52.578	133.067	108.733
Inventories		-	127	869	1.211
Dividends receivable	16	304	304	-	-
Recoverable taxes	5	14.348	13.457	25.707	22.433
Derivative financial instruments	14	-	-	-	80.506
Other assets		5.126	11.161	6.331	12.826
Total current assets		1.169.190	99.283	1.376.819	322.984
NONCURRENT ASSETS					
Short-term investments	3	-	-	63.669	68.597
Related parties	16	4.477	20.460	-	-
Recoverable taxes	5	493	14	7.686	562
Derivative financial instruments	14	-	-	-	56.576
Judicial deposits	6	2.514	2.237	2.588	2.311
Other assets		240	475	240	475
Deferred income tax and social contribution	11	32.767	2.482	187.162	3.070
Investments	7	433.571	560.003	-	-
Property, plant and equipment	8	378.297	386.092	1.610.695	1.599.890
Lease right-of-use assets	22	11.557	10.528	18.743	20.680
Intangible assets		4.262	4.607	4.666	5.028
Total noncurrent assets		868.178	986.898	1.895.449	1.757.189
TOTAL ASSETS		2.037.368	1.086.181	3.272.268	2.080.173

		Company		Consolidated	
LIABILITIES AND EQUITY	Notes	06/30/2021	12/31/2020	06/30/2021	12/31/2020
CURRENT LIABILITIES					
Trade payables	9	51.175	49.022	81.808	80.089
Payroll and related charges		17.579	12.002	23.028	16.065
Taxes payable		2.739	14.083	54.253	22.762
Loans and financing	10	45.253	1.355	261.795	212.931
Leases payable	22	9.272	5.995	17.098	15.241
Derivative financial instruments	14	-	-	151.685	-
Dividends payable	15 f	2	2	2	2
Provision for well abandonment	13	-	-	6.301	6.301
Other payables		51	1.168	76	1.170
Total current liabilities		126.071	83.627	596.046	354.561
NONCURRENT LIABILITIES					
Loans and financing	10	904	1.379	543.188	681.109
Leases payable	22	2.786	5.100	3.263	7.646
Derivative financial instruments	14	-	-	196.645	17.886
Provision for tax, civil and labor contingency risks	12	5.180	4.965	5.180	4.965
Provision for well abandonment	13	11.729	10.914	37.248	33.810
Total noncurrent liabilities		20.599	22.358	785.524	745.416
NET EQUITY					
Share capital	15	1.812.336	674.941	1.812.336	674.941
Capital reserve		31.158	31.158	31.158	31.158
Profit reserve		160.945	160.945	160.945	160.945
Retained earnings		81.676	-	81.676	-
Equity variation adjustment		(229.898)	78.671	(229.898)	78.671
Capital transactions		34.481	34.481	34.481	34.481
Total net equity		1.890.698	980.196	1.890.698	980.196
TOTAL LIABILITIES AND NET EQUITY		2.037.368	1.086.181	3.272.268	2.080.173

The accompanying notes are an integral part of the interim financial statements.

Index

Annex 2 – Income Statement

PETRORECÔNCAVO S.A. AND CONTROLLED

Statements of profit and loss for the three and six-month period ended June 30, 2021

(in thousands of Brasilian reais - R$, except result per share)

	Notes	Company				Consolidated			
		04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
NET REVENUE	18	72.585	60.850	146.349	140.190	249.110	185.488	494.898	381.036
COSTS OF SERVICES AND SALES	19	(59.073)	(45.046)	(112.662)	(104.718)	(166.331)	(111.882)	(319.429)	(240.487)
GROSS PROFIT		13.512	15.804	33.687	35.472	82.779	73.606	175.469	140.549
REVENUE (EXPENSES)									
General and administrative	19	(16.166)	(6.667)	(25.732)	(19.200)	(18.188)	(8.311)	(29.471)	(23.193)
Other income (expenses), net	19	637	1.638	1.327	2.236	(1.618)	565	(12.445)	563
Equity in investments	7, 19	105.928	(17.764)	79.237	(157.062)	-	-	-	-
Total		90.399	(22.793)	54.832	(174.026)	(19.806)	(7.746)	(41.916)	(22.630)
OPERATING INCOME (LOSS)		103.911	(6.989)	88.519	(138.554)	62.973	65.860	133.553	117.919
FINANCIAL INCOME									
Financial income	20	5.276	412	11.241	652	5.335	4.035	20.878	4.437
Financial expenses	20	(2.412)	(1.339)	(4.103)	(2.953)	(30.962)	(33.412)	(54.023)	(61.591)
Exchange variation, net	20	(14.462)	(1.856)	(17.414)	(6.154)	89.297	(56.077)	2.030	(285.191)
		(11.598)	(2.783)	(10.276)	(8.455)	63.670	(85.454)	(31.115)	(342.345)
NET INCOME (LOSS) BEFORE TAXES		92.313	(9.772)	78.243	(147.009)	126.643	(19.594)	102.438	(224.426)
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		788	(5.381)	(3.535)	(12.670)	(32.958)	(5.286)	(37.417)	(12.670)
Deferred		1.262	18	4.537	4.393	(14.091)	9.754	(613)	85.899
Reduction -tax incentive		203	-	2.431	-	14.972	(30)	17.268	-
	11	2.253	(5.363)	3.433	(8.277)	(32.077)	4.438	(20.762)	73.229
NET INCOME (LOSS) FOR THE PERIOD		94.566	(15.135)	81.676	(155.286)	94.566	(15.156)	81.676	(151.197)
Net earnings (loss) per common and preferred share - R$	15.e	0,4374	(0,0903)	0,4254	(0,9267)				
Diluted earnings (loss) per common and preferred share - R$	15.e	0,4350	(0,0897)	0,4227	(0,9202)				

The accompanying notes are an integral part of the interim financial statements.

Index

Annex 3 – Cash Flow Statement

PETRORECÔNCAVO S.A. AND CONTROLLED

Statement of cash flows for the six-month period ended June 30, 2021

(in thousands of Brasilian reais – R$)

	Notes	Company 06/30/2021	Company 06/30/2020	Consolidated 06/30/2021	Consolidated 06/30/2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before taxes on income		78.243	(147.009)	102.438	(224.426)
Adjustments to reconcile profit (loss) for the year to cash generated by operating activities:					
Interest and exchange differences, net		(4.777)	202	(1.920)	324.910
Exchange differences on translating cash and cash equivalents	3	-	-	355	(565)
Interest and foreign exchange differences on leases	22	999	7.209	2.437	1.925
Depreciation and depletion of property, plant and equipment	8	36.264	36.432	119.186	97.343
Amortization of intangible assets		438	355	488	398
Depreciation of right-of-use assets	22	3.345	5.463	9.759	8.636
Amortization of borrowing costs	10	41	-	6.796	9.266
Allowance for inventory loss		-	-	-	(63)
Equity in investments	7, 19	(79.237)	157.062	-	-
Provision for tax, civil, labor and regulatory contingency risks	12	215	989	215	989
Adjustment of provision for well abandonment	13	815	870	3.438	2.544
Derecognition of property, plant and equipment and leases		23.801	21.658	56.740	23.521
CHANGES IN ASSETS					
Trade receivables		15.748	(8.009)	(24.334)	(16.121)
Inventories		127	-	342	130
Recoverable taxes		(1.370)	2.964	(10.398)	(4.176)
Judicial deposits		(277)	(20)	(277)	(20)
Other assets		6.270	(23)	6.730	(5.531)
CHANGES IN LIABILITIES					
Trade receivables		2.153	(9.383)	1.719	(10.009)
Payroll and related charges		5.577	5.598	6.963	8.214
Recoverable taxes		(12.180)	(7.966)	11.857	(4.095)
Other payables		(1.117)	(372)	(1.094)	(372)
Interest paid	10	(767)	(168)	(31.331)	(32.129)
Interest on leases paid	22	(421)	(1.080)	(1.348)	(1.525)
Income tax and social contribution paid		(268)	(135)	(515)	(1.424)
CASH GENERATED BY OPERATING ACTIVITIES		73.622	64.637	258.246	177.420
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans with related parties		(13.167)	2.642	-	-
Interest on loans with related parties		-	7	-	-
Advance for future capital increase in subsidiaries		(13.200)	-	-	-
Investment in short-term investments		(884.679)	(14.441)	(870.548)	(130.591)
Additions to property, plant and equipment	8	(52.271)	(35.818)	(186.952)	(60.810)
Additions to intangible assets		(93)	(513)	(126)	(260)
Capital increase in subsidiaries	7	(60.550)	-	-	-
CASH USED IN INVESTMENT ACTIVITIES		(1.023.960)	(48.123)	(1.057.626)	(191.661)
CASH FLOW FROM FINANCING ACTIVITIES					
Financing raised	10	60.479	-	60.479	-
Repayment of financing	10	(11.554)	(950)	(123.437)	(950)
Repayment of leases - principal	22	(3.988)	(9.266)	(11.216)	(9.835)
Capital increase	15	1.187.375	3.375	1.187.375	3.375
Share issue cost	15 a	(75.727)	-	(75.727)	-
Cash generated (used) in financing activities		1.156.585	(6.841)	1.037.474	(7.410)
Increase (decrease) in cash and cash equivalents		206.247	9.673	238.094	(21.651)
Cash and cash equivalents at the beginning of the period	3	11.663	19.977	30.861	56.265
Cash and cash equivalents at the end of the period	3	217.910	29.650	268.955	34.614
Increase (decrease) in cash and cash equivalents		206.247	9.673	238.094	(21.651)

The accompanying notes are an integral part of the interim financial statements.

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