

# **QGEP PARTICIPAÇÕES S.A.**

CNPJ/MF nº: 11.669.021/0001-10

NIRE: 33.300.292.896

Publicly-Held Corporation

## **MANAGEMENT PROPOSAL**

Messrs. Shareholders,

In compliance with the provisions of the Instruction of the Brazilian Securities Commission (“CVM”) No. 481 dated December 17, 2009 (“ICVM 481/09”), the management of **QGEP Participações S.A.** (“QGEPP” or the “Company”) presents its proposal for the items to be resolved upon in the **Shareholders Annual Meeting** to be held on April 17, 2015.

### **1. Rendering of accounts by Managers, Analysis, Discussion and Voting on the Financial Statements for the Fiscal Year Ended December 31, 2014.**

The Management of the Company proposes that the Financial Statements, the Management Report and the management accounts be approved, all of them concerning the fiscal year ended December 31, 2014.

The Financial Statements of the Company, accompanied with the Management Report and the opinion of independent auditors for the fiscal year ended December 31, 2014 were approved by the Board of Directors at the meeting held on February 12, 2015 and published, together with the opinion of the Fiscal Council, in the *Jornal do Comercio* and in the *Diário Oficial do Estado do Rio de Janeiro* on March 18, 2015.

The comments of the officers on the financial condition of the Company pursuant to Item 10 of the Reference Form are set out in Appendix A attached to this proposal.

Additionally, the Company’s management has provided through the EPI (Eventual Periodical Information) sector the following documents for your analysis:

- (i) Management's Report on the Company's business and the main management facts of the fiscal year ended December 31, 2014;
- (ii) Financial Statements and explanatory notes;
- (iii) Standardized Financial Statements Form - DPF;
- (iv) Independent Auditors' Opinion; and
- (v) Opinion of the Fiscal Council.

## **2. Allocation of income of the fiscal year ended December 31, 2014 and dividends distribution.**

The Company's management proposes that the net profit of the fiscal year ended December 31, 2014 be allocated as indicated in the Financial Statements. In compliance with Article 9, §1st, II of ICVM 481/09, Appendix B hereto presents information related to the proposed allocation of the net profit of the fiscal year in question.

## **3. Approval of the Managers' Remuneration**

The Management proposes that the global remuneration of the Company's Managers to be paid until the date of the Shareholders Annual Meeting approving the accounts for the fiscal year to end December 31, 2015 is approved in the aggregate amount of BRL 3.737.875,44 (three million, seven hundred and thirty-seven thousand, eight hundred and seventy-five reais, and forty-four cents). Such amount does not include expenses referring to the Stock Option Program granted on March 12, 2015 under the Stock Option Plan of the Company.

This amount, which will not necessarily be spent in its entirety, will be allocated by the Board of Directors among Officers, members of the Board of Directors of the Company and members of the Fiscal Council, these latter in case such council is installed again.

Finally, in compliance with the provisions of Article 12 of ICVM 481/09, Appendix C to this proposal contains the information specified in item 13 of the Reference Form.

It is also worth noting that item 13.2 of the Reference Form addresses the remuneration for the period corresponding to the fiscal year, while the limit of

the global remuneration of the managers, as established in the Shareholders Annual Meeting, refers to the period comprised between the date of such Meeting and the date of the Shareholders Annual Meeting to be held in the following year.

#### **4. Establishment and election of the members of the Fiscal Council and approval of members' compensation**

The Company received a correspondence from its controlling shareholders requesting the installation of the Fiscal Council. In such correspondence, the controlling shareholders informed the name of their designees to the position of acting and alternate members of the Fiscal Council. Appendix D to the present proposal includes information indicated in items 12.6 to 12.10 of the Reference Form, in compliance with the provisions of article 10 of ICVM 481/09.

In case minority shareholders do not exercise their right to designate one member to said council, the Fiscal Council shall be composed by the 3 members designated by the controlling shareholders. The Company will update this proposal if it receives from the minority shareholders any designation of candidates to the position of acting and alternate member of the Fiscal Council, including their résumé and other information required by the applicable regulation.

In case minority shareholders exercise their right to designate candidates for the position of acting and alternate members of the Fiscal Council, the controlling shareholders shall withdraw their designation of Messrs. Axel Ehrard Brod and William Bezerra Cavalcanti Filho for the offices of acting and alternate member, respectively.

The Management of the Company proposes to the General Meeting a global remuneration for the elected members of the Fiscal Council in an amount of up to BRL 561,600.00 (five hundred sixty-one thousand and six hundred reais).

# Appendix A

*(Management's comments on the financial condition of the Company pursuant to Item 10 of the Reference Form)*

## 10.1 - General financial and assets conditions

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### General financial and equity conditions

QGEP PARTICIPAÇÕES S.A. ("QGEP" or "Company") operates in the exploration and production industry and is the first Brazilian privately held company operating in the pre-salt polygon in Santos basin due to its classification as "A Operator" by the National Agency of Petroleum, Natural Gas and Biofuels (ANP), which allows our role as operator in shallow, deep and ultra-deep waters. Our activities of exploration and production of petroleum, natural gas and condensate oil focus currently on 8 different basins: Santos, Espírito Santo, Jequitinhonha, Camamu-Almada, Pernambuco-Paraíba, Ceará, Pará-Maranhão and Foz do Amazonas. Our main asset in production is the Manati Field, in the State of Bahia, in which we hold a 45% share. This is one of the largest fields of non-associated natural gas in production in Brazil, producing an average of 5.9 million m<sup>3</sup> of gas per day in 2014.

In the fiscal years ended December 31, 2014, 2013 and 2012, our net revenues totaled BRL 503.2, BRL 486.1 million and BRL 462.3 million, respectively. As detailed in item 10.2 of this document, our revenues are primarily derived from the sale of gas to Petróleo Brasileiro S.A. ("Petrobras").

The Company is a holding entity and the activities of exploration and production of oil and natural gas are conducted through subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP"). The financings required for the development of the activities are typically obtained by QGEP under collateral granted by QGEPP. QGEP has a credit facility approved by Finep - Financiadora de Estudos e Projetos ("FINEP") in the amount of BRL 266.1 million, of which BRL 250.9 million were disbursed in 2013 and 2014. Such credit facility was obtained to finance the Early Production System of the Atlanta Field.

In addition, QGEP executed a loan agreement with Banco do Nordeste do Brasil S.A. ("BNB") in the amount of BRL 232.7 million, to finance 3 exploration wells in the Brazilian Northeast Region. On March 6, 2015, the first disbursement was made, in the amount of BRL 117.8 million.

The Company maintains satisfactory liquidity throughout past years. Its net working capital (difference between current assets and current liabilities) was of BRL 1,229.1 million as of December 31, 2014, BRL 1,050.3 million as of December 31, 2013 and BRL 1,010.3 million as of December 31, 2012. Our current liquidity ratio (Current Assets/Current Liabilities) was of 1,211% as of December 31, 2014, 449% as of December 31, 2013 and 1,125% as of December 31, 2012.

Considering revenues and liquidity of QGEPP, we believe that the Company has sufficient financial and equity conditions to implement its business plan and to meet its short-term obligations.

#### a) Capital structure and possibility of redemption of shares or quotas

As of December 31, 2014, 2013 and 2012, QGEPP had a consolidated position in the Cash and Cash

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Equivalents account and financial applications of BRL 1,128.6 million, BRL 1,005.8 million and BRL 952.3 million, respectively, and current assets of BRL 1,354.4, BRL 1,284.2 million and BRL 1,100.1 million, respectively. In the above dates, the Company presented consolidated current liabilities of BRL 110.6, BRL 233.7 million and BRL 89.8 million, respectively, and consolidated noncurrent liabilities of BRL 531.6, BRL 396.6 million and BRL 116.5 million, respectively.

With respect to the financing standard of the Company's operations, we note a preponderance of own capital over third party's funds. As of December 31, 2014, 2013 and 2012, own capital accounted for 80%, 74% and 92% of the capital structure of QGEPP, respectively, while third parties' fund represented, as of the same dates, 20%, 26% and 8% of the Company's capital structure.

The Company will analyze the possibility of raising new funds, whether through debt or through own capital, always considering the most efficient options in terms of structure and cost, in case new investments become necessary for the development of its reserves and/or to increase its portfolio.

Finally, we stress that there is no event of redemption of shares issued by the Company, other than those provided for by the law.

### b) Ability to pay in relation to financial commitments assumed

Given its cash flow, liquidity position and capital structure, the Company believes to be able to meet its commitments and obligations in the short and long term, although we cannot guarantee that this situation will remain unchanged in this period.

Furthermore, the Company is complying with its obligations under assumed financial commitments. If necessary, QGEPP will analyze the possibility of obtaining new loans, always seeking the most efficient options in terms of structure and costs for the Company.

### c) Financing sources for working capital and investments in non-current assets

The Company has sought in its own cash generation the funds required to finance its working capital and investments.

In the fiscal years ended 2014, 2013 and 2012, QGEPP funded its working capital and much of the expansion of its activities with its own cash generation and proceeds from its IPO. During such period, especially in the development phase of the Company's business, the loans and financings were obtained with financial institutions, which were paid and/or settled with the proceeds of its own generation of funds.

On September 12, 2013, the Company executed a loan agreement with FINEP in the amount of BRL 266.1 million. This credit facility was obtained to finance the Early Production System in the Atlanta Field. Between 2013 and 2014, BRL 250.9 million were disbursed under this agreement.

In addition, on September 29, 2014 the Company executed a credit agreement with BNB in the amount of BRL 232.7 million to finance 3 exploratory wells in the Northeast Region of Brazil. On March 6, 2015, the first disbursement was made, in the amount of BRL 117.8 million.

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d) Financing sources for working capital and investments in non-current assets that the Company intends to use to cover liquidity shortfalls

The Company believes that its cash position of BRL 117.2 million as of December 31, 2014, plus its cash generation from operations and debt incurred in heretofore are sufficient to meet its routine operating obligations, as well as its firm investment schedule. However, QGEPP may increase its financial leverage through new financing sources, as opportunities arise for new investments, particularly in acquisitions, as well as for the development of the Company's production.

e) Levels of indebtedness and the characteristics of such debts, including: (i) Relevant loan and financing agreements (ii) Other long-term relationships with financial institutions (iii) level of subordination among debts; (iv) any restrictions imposed on the issuer, in particular in relation to limits of indebtedness and incurrence in new debts, distribution of dividends, the disposition of assets, issuance of new securities and transfer of corporate control.

(i) Material borrowing and financing contracts

On September 12, 2013, subsidiary QGEP executed a loan agreement with FINEP in the amount of BRL 266.1 million in order to finance approximately 90% of the Early Production System in the Atlanta Field. This credit facility was approved for a total term of ten years, with three years of grace period, one line of which bearing interest at a fixed rate of 3.5% p.a. and another facility subject to inflation adjustment by reference to the Long Term Interest Rate ("TJLP"), reduced by a net equalization factor of 1.5% p.a. Between 2013 and 2014, BRL 250.9 million were disbursed under this agreement. This is the only credit facility recorded in the balance sheet of the Company as of December 31, 2014.

In addition, on September 29, 2014, QGEP executed a credit agreement with BNB in the amount of BRL 232.7 million to finance 3 exploratory wells in the Northeast Region of Brazil. On March 6, 2015, the first disbursement was made, in the amount of BRL 117.8 million.

For further information on loan and financing agreements and contractual obligations of the Company, see section 3.9 of this Reference Form

(ii) Other long term relations with financial institutions

With the exception of the loan with FINEP amounting BRL 266.1 million, as of December 31, 2014, the Company does not have any other long-term transaction with financial institutions.

However, QGEP seeks to maintain a business relationship with the leading players in the financial market, aiming at having ready access to credit facilities to finance new investments and possible demands for working capital.

(iii) Level of subordination among debts

There is no subordination among debts incurred in by the Company.

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- (iv) Any restrictions imposed on the issuer, in particular in relation to limits of indebtedness and hiring new debts, the distribution of dividends, the disposition of assets, issuance of new securities and transfer of corporate control.

The Company is not party to any agreement imposing onto it limits to indebtedness and incurrence in new debts, distribution of dividends, disposal of assets, issuance of new securities and transfer of corporate control.

The financing agreements executed by our subsidiary QGEP with FINEP and BNB require that QGEP request prior authorization for actions that, directly or indirectly, may result in a decrease in QGEP's payment ability vis-à-vis commitments existing under those financing agreements.

**f) Limits to the use of already contracted financing**

The funds contracted from FINEP have a limited term of use of 36 months from the execution of the agreement. Until December 31, 2014, BRL 250.9 million had already been disbursed.

Regarding funds contracted from BNB, the term within which to disburse the last installment is of 48 months counted from the execution of the agreement. As of December 31, 2014, there was no unpaid balance yet. On March 6, 2015, the first disbursement was made, in the amount of BRL 117.8 million.

**g) Changes in each line item of the financial statements**Operating income

The table below shows the figures relating to the consolidated income of the Company for the periods indicated:

(BRL million)	2014	ΔΔV(%)	2013	ΔΔV(%)	2012	ΔV (%)	ΔH 2014/3	ΔH 2013/2
<b>Net revenue</b>	503.2	100	486.1	100	462.3	100.0	3.5%	5.1%
Costs	(235.4)	(46.8)	(209.9)	(43.2)	(182.8)	(39.5)	12.1%	14.8%
<b>Gross profit</b>	267.8	53.2	276.2	56.8	279.5	60.5	(3.0%)	(1.2%)
<b>Operational Income (expense)</b>	(169.0)	(33.6)	(150.5)	(31.0)	(239.5)	(51.8)	12.2%	(37.1%)
General & Administrative	(58.5)	(11.6%)	(68.6)	(14.1)	(62.5)	(13.5)	(14.8%)	9.8%
Equity method	(0.2)	-	(0.5)	(0.1)	-	-	(63.1%)	-
Exploratory costs	(110.3)	(21.9)	(81.5)	(16.8)	(177.0)	(38.3)	35.4%	(53.9%)
<b>Operational profit</b>	98.8	19.6	125.5	25.8	40.0	8.7	(21.3%)	214.0%
Net financial	85.8	17.0	62.1	12.8	82.5	17.9	38.1%	(24.7%)



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income								
<b>Earnings before</b>	184.6	36.7	187.7	38.6	122.5	26.5	(1.6%)	53.2%
Income tax and social contribution	(18.6)	(3.7)	4.6	0.9	(40.0)	(8.7)	(507.3%)	(111.4%)
<b>Net Profit (Loss) of the period</b>	166.1	33.0	192.2	39.5	82.5	17.9	(13.6%)	133.1%

ΔV– Vertical Analysis– percentage compared to the total net revenue

ΔH - Horizontal Analysis - percentage resulting from comparison of periods

Net revenue

In the fiscal year ended December 31, 2014, net revenue totaled BRL 503.2 million compared to a net revenue of BRL 486.1 million in the fiscal year ended December 31, 2013, representing an increase of 3.5%. Increase in net revenue is a result of a production of 973 million m<sup>3</sup> of natural gas, similar to levels verified in 2013, and 77.5 thousand m<sup>3</sup> of condensate oil, and mainly due to the contractual readjustment in the price of natural gas.

In the fiscal year ended December 31, 2013, net revenue totaled BRL 486.1 million, compared to net income of BRL 462.3 million in fiscal year ended December 31, 2012, representing an increase of 5.1%, which is the result of a production of 982.3 million m<sup>3</sup> of natural gas and 15.9 thousand m<sup>3</sup> of condensate oil and mainly due to the contractual readjustment in the price of natural gas.

Costs

In the fiscal year ended December 31, 2014, costs totaled BRL 235.4 million compared to costs of BRL 209.9 million in the fiscal year ended on December 31, 2013, representing an increase of 12.1%, mainly due to the increase in amortization costs related to provisions for abandonment of the Manati Field. Besides the operation costs of the gas plant, the following items contributed to the increased costs in this period: (i) BRL 116.3 million of depreciation and amortization; (ii) BRL 50.1 million of Royalties & Special Share; (iii) BRL 40.7 million of productions costs; (iv) BRL 5.5 million of Research & Development; and (v) BRL 25.6 million of maintenance costs in the Manati Field.

In the fiscal year ended December 31, 2013, costs totaled BRL 209.9 million compared to costs of BRL 182.8 million in the fiscal year ended December 31, 2012, representing an increase of 14.8%. This occurred primarily because of the maintenance costs incurred in the 2Q13 related to the scheduled maintenance performed in the Manati Field in April. Besides the operation costs of the gas plant, the following items contributed to the increased costs in this period: (i) BRL 95.1 million of depreciation; (ii) BRL 47.7 million of Royalties & Special Share; (iii) BRL 1.5 million of Research & Development; and (iv) BRL 15.9 million of maintenance costs in the Manati Field.

General & Administrative Expenses

## 10.1 - General financial and assets conditions

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In the fiscal year ended December 31, 2014, general & administrative expenses totaled BRL 58.5 million, compared to general & administrative expenses of BRL 68.6 million in the fiscal year ended December 31, 2013, representing a reduction of 14.8%. This variation mainly reflects an increase of 78.7% in amounts allocated to partners in projects operated by QGEP. This amount also includes BRL 8.6 million related to costs associated with sharing of results of the fiscal year 2014.

In the fiscal year ended December 31, 2013, general & administrative expenses totaled BRL 68.6 million compared to general & administrative expenses of BRL 62.5 million in the fiscal year ended December 31, 2012, representing an increase of 9.8%. This variation was due to the increase of personnel in our subsidiary QGEP owing to the advance of works related to the operation of the BS-4 Block, as well as other operations of the Company. This amount also includes BRL 15,4 million related to costs associated with sharing of results of the fiscal year 2013.

### Exploratory costs

In the fiscal year ended December 31, 2014, total exploration costs totaled BRL 110.3 million compared to exploration costs of BRL 81.5 million in the fiscal year ended December 31, 2013, representing an increase of 35.4%. Of the amount of BRL 110.3 million spent in exploration costs in the fiscal year of 2014:

- (i) BRL 31.7 million were spent in the exploration of wells located in BM-S-8 Block, of which BRL 28.9 million refer to exploration expenditures in the Biguá well and BRL 2.8 million refer to exploration expenditures in the Carcará extension well. The area corresponding to the Biguá well was returned to the ANP and the write-off related to the extension well of the Carcará discovery, initiated in December, 2013, which was later interrupted, was due to operational issues during the first drilling stages;
- (ii) BRL 34.4 million refer to exploration expenditures in the BM-CAL-5 Block. Such Block, located in the Camamu-Almada Basin, is also being returned to the ANP, owing to lack of economic attractiveness of the project, combined with costs associated with issues related to the complexity of the process for obtaining the required environmental license;
- (iii) BRL 23.4 million refer to acquisition / processing of seismic data;
- (iv) The remaining amount reflects exploration expenditures in pulverized amounts.

In the fiscal year ended December 31, 2013, total exploration costs amounted to BRL 81.5 million, compared to exploration costs of BRL 177.0 million in the fiscal year ended December 31, 2012, representing a decrease of 53.9%. From the amount of BRL 81.5 million on December 31, 2013, BRL 42.3 million are related to the return of the BM-S-12 Block to ANP and BRL 18.7 million refer to seismic data related to new acquisitions.

### Net financial income

In the fiscal year ended December 31, 2014, the net financial income was of BRL 85.8 million, compared to the net financial income of BRL 62,1 million in the fiscal year ended

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December 31, 2013, representing an increase of 38.1%. The increase in the financial result of the fiscal year of 2014 is mainly due to the positive effect of foreign exchange rate variation.

In the fiscal year ended December 31, 2013, the net financial income was of BRL 62.1 million, compared to the net financial income of BRL 82.5 million in the fiscal year ended December 31, 2012, representing reduction of 24.7%. Reduction in the financial result is mainly due to the fact that, in 2012, the Company had a financial revenue of BRL 22.8 million related to foreign exchange rate variation on the balance payable for the participation in the BS-4 Block, acquired in 2012.

Net Profit

In the fiscal year ended December 31, 2014, net profit of the Company was of BRL 166.1 million, representing a reduction of 13.6% compared to net profit of BRL 192.2 million in the fiscal year ended December 31, 2013. Reduction of net profit is mainly due to the return of the BM-CAL-5 and Biguá Blocks.

In the fiscal year ended December 31, 2013, the accumulated net profit of the Company was of BRL 192.2 million, an increase of 133.1% compared with the net profit of BRL 82.5 million in the fiscal year ended December 31, 2012. Such increase is due to the fact in 2012, that the Company sustained higher costs related to exploration activities than those verified in 2013.

Equity Accounts

The table below shows the figures relating to the balance sheets of the Company as of the indicated dates:

(BRL million)	2014	2013	2012	$\Delta$ H 2014/201	$\Delta$ H 2013/201
<b>Current Assets</b>	1,339.7	1,284.2	1,100.1	4.3%	14.9%
Cash and Cash Equivalents	117.2	357.8	871.3	(67.2%)	(58.9%)
Financial Applications	1.011.4	648.0	80.9	56.1%	701.0%
Accounts receivable	101.6	99.4	92.8	2.2%	7.2%
Stocks	54.5	47.8	9.5	14.0%	402.7%
Taxes and contributions	33.7	10.4	35.7	224.6%	(70.9%)
Other	21.3	120.9	9.9	(82.4%)	1,117.5%
<b>Non-current liabilities</b>	1,831.3	1,755.1	1,333.9	4.3%	34.9%
Restricted Cash	27.9	4.2	24.2	569.9%	(82.8%)
Taxes recoverable	2.7	0.3	0.4	686.9%	(21.5%)
Deferred income tax and social contribution	19.4	22.5	-	(13.9%)	-

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Investments	22.8	10.4	-	119.6%	-
Fixed assets	1,121.4	1,083.5	773.2	3.5%	40.1%
Intangible assets	630.5	631.3	536.1	(0.1%)	17.8%
Other	6.7	2.9	-	132.2%	-
<b>Total assets</b>	<b>3,171.1</b>	<b>3,039.3</b>	<b>2,434.0</b>	<b>4.3%</b>	<b>24.9%</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>Current assets</b>	<b>110.6</b>	<b>233.7</b>	<b>89.8</b>	<b>(52.7%)</b>	<b>160.4%</b>
Suppliers	35.2	160.2	32.5	(78.0%)	392.8%
Taxes and contributions payable	26.3	30.1	23.8	(12.5%)	26.3%
Remuneration and Social	17.9	19.4	11.7	(7.5%)	65.4%
Accounts payable – Related Parties	0.3	-	0.1	4.233.9%	(90.8%)
Loans and Financings	0.4	0.2	-	62.6%	100%
Provision for research and development	12.8	8.6	9.0	48.8%	(4.9%)
Other	17.7	15.2	12.7	16.3%	21.0%
<b>Non-current liabilities</b>	<b>531.6</b>	<b>396.6</b>	<b>116.5</b>	<b>34.1%</b>	<b>240.5%</b>
Loans and Financings	250.5	167.7	-	49.4%	100%
Provision for abandonment	281.1	228.9	116.5	22.8%	96.5%
<b>Shareholders' equity</b>	<b>2,528.8</b>	<b>2,409.1</b>	<b>2,227.8</b>	<b>5.0%</b>	<b>8.1%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>3,171.1</b>	<b>3,039.3</b>	<b>2,434.0</b>	<b>4.3%</b>	<b>24.9%</b>

ΔH - Horizontal Analysis - percentage resulting from comparison of periods

Cash (Cash Equivalents, Financial Applications and Restrict Cash)

As of December 31, 2014, the cash balance (cash equivalents, financial applications and restrict cash) amounted to BRL 1,156.5 million, an increase compared to the levels recorded as of December 31, 2013 in the amount of BRL 146.6 million. This increase reflects the proceeds from FINEP financings, which went up from BRL 169.3 million to BRL 253.6 million, in order to finance the Early Production System in the Atlanta Field.

As of December 31, 2013, the cash balance (cash equivalents, financial applications and restrict cash) amounted to BRL 1,010.0 million, an increase compared to the levels recorded as of December 31, 2012 in the amount of BRL 33.5 million. This growth reflects the cash from the credits of FINEP in the amount of BRL 169.3 million, in order to finance especially the Early Production System in the Atlanta Field.

As of December 31, 2012, the cash balance (cash equivalents, financial applications and restricted cash) amounted BRL 976.4 million, a significant reduction compared to the levels recorded in December 31, 2011 of BRL 237.0 million. This decrease was mainly due to the prepayment of loans granted by BNDES and BNB, which occurred during the second quarter of 2012.

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### Taxes and contribution recoverable

Total recoverable taxes and contributions (current and non-current) reached BRL 36.3 million on December 31, 2014 against BRL 10.7 million on December 31, 2013, representing an increase of 239%. This amount refers basically to credits related to the semiannual collection of income tax on the profitability of portfolios, which is a system called "come-cotas" (mandatory withholding of income tax on investments). Withholding of this tax is calculated on the basis of the lowest rate of each type of fund (rate of 20% for short-term funds and 15% for long-term funds).

Total recoverable taxes and contributions (current and non-current) reached BRL 10.7 million on December 31, 2013 against BRL 20.8 million on December 31, 2012, representing a decrease of 48.6%. This amount refers basically to credits related to the semiannual collection of income tax on the profitability of portfolios, which is a system called "come-cotas" (mandatory withholding of income tax on investments). Withholding of this tax is calculated on the basis of the lowest rate of each type of fund (rate of 20% for short-term funds and 15% for long-term funds).

### Fixed assets

As of December 31, 2014, fixed assets totaled BRL 1,121.4 million, compared to a balance of BRL 1,083.5 million as of December 31, 2013, representing an increase of 3.5%. This variation primarily relates to: (i) additions to the BM-J-2 exploratory block in the amount of BRL 4.4 million and BM-S-8 block in the amount of BRL 27.2 million; (ii) additions to the BS-4 development block in the amount of BRL 162.5 million, including expenditures with drilling services; (iii) the Manati Field, in the amount of BRL 18.7 million; (iv) write-off of the Biguá wells and of the Carcará extension well, both located in the BM-S-8 Block, amounting BRL 29.4 million and BRL 2.3 million, respectively; (v) write-off of the CAL-M-312 block, part of the BM-CAL-12 concession, in the amount of BRL 824 thousand; and (vi) write-off of the BM-CAL-5 block, in the amount of BRL 33.2 million.

As of December 31, 2013, fixed assets totaled BRL 1,083.5 million, compared to a balance of BRL 773.2 million as of December 31, 2012, representing an increase of 40.1%. This variation primarily relates to: (i) additions to the BM-J-2 exploratory block in the amount of BRL 197.7 million; (ii) additions to the BS-4 development block in the amount of BRL 89,3 million; (iii) write-off in the amount of BRL 40.7 million related to the return of the BM-S-12 block to ANP in the first quarter of 2014; and (iv) write-off in the amount of BRL 0.3 million related to the return of the Bem-Te-Vi area located in the BM-S-8 Block to the ANP during the third quarter of 2013.

### Intangible assets

As of December 31, 2014, intangible assets totaled BRL 630.5 million, compared to BRL 631.3 million on December 31, 2013, having remained essentially unaltered.

As of December 31, 2013, intangible assets totaled BRL 631.3 million, compared to BRL 536.1 million on December 31, 2012, representing an increase of 17.8%. This variation is due to the participation of subsidiary Queiroz Galvão Exploração e Produção S.A. in the 11th Bidding Round of the National Agency of Petroleum, Natural Gas and Biofuels (ANP) on 13 May 2013, in which it acquired a share in eight exploratory blocks. QGEP disbursed BRL 94.9 million in signature bonuses for participating in

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## 10.1 - General financial and assets conditions

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eight exploratory blocks, acting as operator in 5 concessions.

### Suppliers

The Company had a balance of accounts payable as of December 31, 2014, 2013 and 2012, respectively, of BRL 35.2 million, BRL 160.2 million and BRL 32.5 million. The reduction resulted, primarily, from payments to suppliers made after the conclusion of drilling and completion activities in the Atlanta Field, as well as lower provisions for future payments related to the Field.

### Accounts Payable

The Company had no outstanding accounts payable as of December 31, 2014, 2013 and 2012.

### Loans and Financings

As of December 31, 2014, the balance of loans and financing was BRL 250.9 million. The debt refers mainly to funds borrowed by subsidiary QGEP from FINEP, to support the development of the Early Production System in the Atlanta Field. This is a loan agreement in the amount of BRL 266.1 million executed on September 12, 2013, of which BRL 169.4 were disbursed between 2013 and 2014. The financing approved by FINEP is formed by two credit facilities, one subject to a fixed interest rate and the other to a floating rate. Currently, both have interest rate equivalent to 3.5%, with a grace period of three years and payment term of seven years.

As of December 31, 2012, the balance of loans and financing was zero due to the amortization of all loans with the BNDES and BNB.

### Provision for warranty of return of blocks

As of December 31, 2014, 2013, 2012, the provision for warranty of return of blocks was zero.

### Major Changes in Consolidated Cash Flow

The table below shows the figures relating to major changes in the consolidated cash flow on the dates indicated:

<b>Statement of Cash Flow(BRL million)</b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>% Change 2014/2013</b>	<b>% Change 2013/2012</b>
Net cash generated by operating activities	348.5	376.4	254.3	(7.4%)	48.0%

**10.1 - General financial and assets conditions**

Net cash generated by (applied in) investing activities	(617.3)	(1.036.2)	(262.9)	(40.4%)	294.1%
Net cash generated by (applied in) financing activities	25.0	144.0	(142.0)	(82.6%)	(201.4)%

Net cash generated by operating activities

In 2014, net cash generated by our operating activities was reduced in BRL 28.0 million, equivalent to 7.4% compared to the previous year, going down from BRL 376.4 million on December 31, 2013 to BRL 348.5 million on December 31, 2014. Such reduction was mainly due to the reduction of BRL 26.2 million in the net profit of the Company during the fiscal year.

In 2013, net cash generated by our operating activities increased by BRL 122.10 million, equivalent to a positive variation of 48.0% compared to the previous year, going up from BRL 254.3 million on December 31, 2012 to BRL 376.4 million on December 31, 2013. Such increase was mainly due to the increase of BRL 109.8 million in the net profit of the Company during the fiscal year.

Net Cash Applied in Investing Activities

In the 2013/2014 biennium, our net cash applied in investments activities decreased by BRL 419.0 million, representing a reduction of 40.4% compared to the previous year, going down from BRL 1,036.2 million in December 31, 2013 to BRL 617.3 million in December 31, 2014. Such reduction occurred mainly as a result of lesser additions to fixed assets, as most of the additions related to operating activities of the Atlanta Field, located in the BS-4 Block, and to the Alto das Canavieiras well, located in the BM-J-2 Block, were concentrated in the year 2013.

In the 2012-2013 biennium, our net cash applied in investing activities increased by BRL 773.3 million, or 294.1% compared to the previous year, rising from BRL 262.9 million on December 31, 2012 to BRL 1,036.2 million on December 31, 2013. Such increase resulted mainly from the acquisitions of participation in eight exploratory block in the 11th bidding round of the ANP, in the amount of BRL 94.9 million, occurred in May, 2013 and additions of fixed assets to the BM-J-2 block.

Net Cash Generated by Financing Activities

In 2014, our net cash used in financing activities increased had a reduction of BRL 119.0 million, moving down from a credit of BRL 144.0 million on December 31, 2013 to a credit of BRL 25 million on December 31, 2014, which is equivalent to a 82.6% increase. Such reduction results mainly from a lower disbursement under the credit facility of the FINEP loan in the year 2014 compared to 2013.

## **10.1 - General financial and assets conditions**

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In 2013, our net cash generated by financing activities increased by BRL 286.0 million, growing from a debit of BRL 142 million on December 31, 2012 to a credit of BRL 144.0 million on December 31, 2013, which is equivalent to a 201.4% increase. This variation was mainly due to the raising of loans from FINEP in the amount of BRL 266.1 million.



## 10.2 - Operational and Financial Result

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**a) Result of the issuer's operations, particularly:**

(i) Description of any major component of the revenue

In 2014, our revenues originated from the production and marketing of hydrocarbons, with 95% from sales of gas and 5% from sales of condensate oil from the Manati Field. The natural gas produced from the Manati Field is entirely sold to Petrobras, under a long term agreement, while the condensate oil produced in this field is sold to Dax Oil Refino S.A. ("Dax Oil").

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We may eventually derive revenue from sale of interest in concessions of exploratory blocks or in production fields.

(ii) Factors that materially affected the operational results

We have not identified factors that materially affect our operational results on December 31, 2014, nor the operational results for the fiscal years of 2013 and 2012.

**b) Revenue variations attributable to changes in prices, exchange rates, inflation, alterations of volumes and the launch of new products and services**

Change in prices and volumes

Our operating revenue is primarily derived from the take-or-pay sale of natural gas produced in the Manati Field to Petrobras, based on a long-term agreement. The gas price is denominated in Brazilian currency and then adjusted on an annual basis in accordance with contractual index linked to inflation.

Additionally, we have an agreement with Dax Oil for the sale of condensate oil, whose price is indexed to petroleum prices (Brent) in the international market.

In addition to the variations arising from fixed prices described above, our operating revenue is also directly affected by changes in volumes of natural gas and condensate oil sold in the market.

Changes in exchange rates

Currently, most of our revenues are denominated in Reais, as well as most of the costs of products

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## 10.2 - Operational and Financial Result

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sold. However, part of our investment in exploration and development is linked to the U.S. dollar and, therefore, an increase of our exploratory activity or field development may increase our exposure to fluctuations in the exchange rate.

In the short term, so as to mitigate such foreign exchange mismatch between cash and investments, QGEP, pursuant its Market Risk Management Policy, protects part of its cash from exchange rate variations through natural hedges (offshore cash in dollars), investment in exclusive foreign exchange funds; and for hedging of spot agreements, execution of derivative instruments (Future, NDF or Option Contract).

In the medium and long term, with the commission of new projects, such as the Atlanta Field and the Carcará Field, oil production tends to create a natural foreign exchange hedge between operating generation and investments in U.S. dollars.

### **c) Impact of inflation, variations in prices of key inputs and products, exchange rate and interest rates on operating results and financial results of the Company**

The Company's financial situation and the results of our operations are influenced by the Brazilian macroeconomic scenario and the changes in prices of key inputs and products, especially oil prices, exchange rates and interest rates.

Inflation and benchmark interest rates may influence our results, as they can generate more or less disposable income, reduce or expand economic activity, or affect the volume of investment in the economy.

#### Inflation

The variation of inflation rates affect our revenues and expenses in view that the agreement of sale of natural gas from the Manati Field signed with Petrobras, as well as contracts with our service providers, are adjusted by inflation indexes. The inputs used may also suffer inflationary pressure.

#### Interest Rates

A portion of the sub credit from FINEP is prefixed and the other portion is linked to Long Term Interest Rate ("TJLP"), with the Company being exposed to variations in this rate. Additionally, changes in interest rates of local and international market may affect the liquidity and hence influence the future leverage of the Company and its ability to obtain funds with financial institutions.

It's worth noting that, in general, we do not use derivatives, such as traditional swaps, for the purpose of mitigating fluctuations in the TJLP vis-à-vis such borrowings from Brazilian financial institutions.

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## 10.2 - Operational and Financial Result

The sensitivity table below with information as of December 31, 2014 relates to a possible variation in revenues or expenses associated with estimated operations and scenarios, without considering their market values:

### Sensitivity Analysis for Interest Rates

<u>Transaction</u>	<u>Balance on 12.31.2013</u>	<u>Risk</u>	<u>Likely Scenario (a)</u>	<u>Scenario I -25% deteriora tion</u>	<u>Scenario II -50% deteriora tion</u>
Effective rate on December 31, 2014			11.51%	11.51%	11.51%
Cash Equivalent and Financial Applications	826,0	Reduction of the CDI	826.0	826.0	826.0
Annual estimated CDI rate on December 31, 2015			12.88%	9.66%	6.44%
Cash Equivalent and Financial Applications – sensitivity scenario		Reduction of the CDI	932.4	902.3	872.3
Effect on results and shareholders' equity on December 31, 2015					
Estimated financial revenue			106.4	76.4	46.3
Effect estimated on revenue of financial applications for the subsequent 12-month period (reduction)			-	(30.0)	(60.0)

(a) Likely scenario of the CDI interest rate for the period of one year on December 31, 2015, according to the Focus report of March 6, 2015, issued by the Central Bank of Brazil.

<u>Transaction</u>	<u>Balance on 12.31.2014</u>	<u>Risk</u>	<u>Likely Scenario (a)</u>	<u>Scenario I -25% deteriora tion</u>	<u>Scenario II -50% deteriora tion</u>
Effective rate on December 31, 2014			11.51%	11.51%	11.51%
Restricted Cash	27.9	Reduction of the CDI	27.9	27.9	27.9
Annual estimated CDI rate on December 31, 2015			12.88%	9.66%	6.44%

**10.2 - Operational and Financial Result**

Restricted Cash		Reduction of the CDI	31.5	30.5	29.5
Effect on results and shareholders' equity on December 31, 2015					
Estimated financial revenue			3.6	2.6	1.6
Effect estimated on the revenue of financial applications for the subsequent 12-month period (reduction)			-	(1.0)	(2.0)

<u>Transaction</u>	<u>Balance on 12.31.2014</u>	<u>Risk</u>	<u>Likely Scenario (a)</u>	<u>Scenario I -25% deterioration</u>	<u>Scenario II -50% deterioration</u>
Effective rate on December 31, 2014			5%	5%	5%
Loans and Financings					
FINEP	84.1	Increase of the TJLP	84.1	84.1	84.1
Loans and Financings					
Estimated TJLP for March 31, 2015		Increase of the TJLP	5.50%	6.88%	8.25%
Estimated revenue expense for the subsequent 12-month period					
Loans and financing – estimate			4.6	5.8	7.1
Estimated effect on expenses from loans and financings for the subsequent 12-month period			-	1.2	2.4

Exchange Rate

## 10.2 - Operational and Financial Result

Our exposure to foreign exchange risk is linked to the provision or abandonment of drilled wells, as well as investments, which are partially indexed to the U.S. Dollar.

Due to the fact that the functional currency of the Company is the Real, we benefit from the appreciation of the Real against the U.S. dollar to the extent that the appreciation of the domestic currency creates a foreign exchange gain on our provision for abandonment of wells linked to the U.S. dollar. In this sense, a depreciation of the Brazilian currency against the U.S. dollar generates an exchange loss on our provision for abandonment of wells. This is an impact with no cash effect, as the financial provision for abandonment of wells if applied in funds having Dollar exposure.

The expansion of our activities will result in an increase of our exposure to foreign currency, as the U.S. Dollar represents the standard currency in the international oil and gas market. This exposure may be mitigated by financial hedge instruments to be eventually executed by the Company, and by the natural hedge arising from the fact that the value of petroleum reserves is linked to the U.S. dollar.

On December 21, 2011, the Board of Directors approved the Market Risk Management Policy of the Company, the purpose of which is to formalize eligible actions to mitigate our exposure and our subsidiaries' exposure to market risks not inherent to oil and gas exploration and production activities. This policy establishes conditions and limits for the use of derivative instruments, such as Futures, NDF (non-deliverable forward), Options, and investments in foreign exchange funds and cash in U.S. dollars, which may be executed only for hedge (protection) purposes.

The sensitivity table below relates to an appreciation of the U.S. dollar against the Brazilian currency and the impact on the derivative financial instrument executed by the Company and transactions denominated in U.S. dollars.

	Consolidated as of 12/31/2014				
	Risk	Likely Scenario (a)		Scenario	
		Balance in USD	Balance in BRL	Possible (25%)	Remote (50%)
Effective dollar on December 31, 2014			2.66	2.66	2.66
Transaction					
Foreign exchange fund	Decline of US\$	107.2	285.2	285.2	285.2
Estimated annual rate of dollar for December 31, 2015			2.88	2.16	1.44
Foreign exchange fund			308.8	231.6	154.4
Effect in the result and shareholders'					

**10.2 - Operational and Financial Result**

equity of each increment in appreciation of USD vis-à-vis the Real:					
Estimated net result for the subsequent 12-month period			23.6	(53.6)	(130.8)
Estimated net effect in the financial result for the subsequent 12-month period			-	(77.2)	(154.4)

(a) Likely scenario of the CDI interest rate for the period of one year on December 31, 2015, according to the Focus report of March 6, 2015, issued by the Central Bank of Brazil.

	<b>Consolidated as of 12/31/2014</b>				
	<b>Risk</b>	<b>Likely Scenario (a)</b>		<b>Scenario</b>	
		<b>Balance in USD</b>	<b>Balance in BRL</b>	<b>Possible (25%)</b>	<b>Remote (50%)</b>
Effective dollar on December 31, 2014			2.66	2.66	2.66
Transaction					
Provision for abandonment	Increase of US\$	101.1	268.9	268.9	268.9
Estimated annual rate of dollar for December 31, 2015			2.88	3.60	4.32
Provision for abandonment			291.5	364.4	437.3
Effect in the result and shareholders' equity of each increment in appreciation of USD vis-à-vis the Real:					
Estimated net result for the subsequent 12-month period			22.7	95.5	168.4
Estimated net effect in the financial result for the subsequent 12-month period			-	72.9	145.8

(a) Likely scenario of the CDI interest rate for the period of one year on December 31, 2015, according to the Focus report of March 6, 2015, issued by the Central Bank of Brazil.

### **10.3 Events with relevant effects on the financial statements, both occurred and expected to occur**

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#### **a) Introduction or disposal of operating segment**

We operate only in the exploration and production of petroleum and natural gas, or E&P. Since our incorporation, there was no introduction or disposal of operating segment in our activities.

#### **b) Constitution, acquisition or disinvestment of equity interests**

On October 10, 2012, our wholly owned subsidiary, Queiroz Galvão Exploração e Produção S.A. ("QGEP") incorporated Manati S.A., which was consequently extinct.

Except for such event, we have not established, acquired or disposed of any other relevant equity interest during the fiscal years ended on December 31, 2012, 2013 and 2014, which caused or is expected to cause a relevant effect on the financial statements or results of our Company.

On November 2, 2012, QGEP incorporated Atlanta Field B.V. ("AFBV"), formed for the corporate purpose of acquisition and charter of part of the equipment required for the development of the Atlanta Field. On February 12, 2013, QGEP sold its entire equity interest in AFBV to QGEP Netherlands B.V. ("QGEP Netherlands").

QGEP Netherlands was incorporated on January 31, 2013, with headquarters in Rotterdam, Netherlands, as a wholly owned subsidiary of QGEP, with registered capital stock of US\$ 1. QGEP Netherlands is a Dutch company and its corporate purpose is to incorporate, manage and supervise companies; to undertake all types of industrial and commercial activities, as well as any and all things related to the activities described.

On February 21, 2013, OGX Netherlands Holding B.V., and FR Barra 1 S.à r.l., due to the partnership with QGEP in the concession of the BS-4 Block, joined the corporate structure of AFBV and now hold a 40% and 30% interest, respectively, in AFBV. As a result of the entrance of new shareholders, QGEP Netherlands now holds a 30% equity interest in AFBV.

On October 3, 2013, QGEP International GmbH ("QGEP International") was constituted, with registered offices in Vienna, Austria, a wholly owned subsidiary of QGEP, with paid-in stock capital stock of EUR 35.000. The corporate purpose of QGEP International is the acquisition of companies in Austria and abroad, the constitution and management of subsidiary companies in Austria and abroad and the management of their assets.

#### **c) Non-ordinary events or transactions**

On November 30, 2011, ANP approved the transfer of rights in the concession of a 10% interest previously owned by Shell Brasil Petróleo Ltda. in the BM-S-8 Block to our subsidiary QGEP. The transaction value was US\$ 175 million.

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### **10.3 Events with relevant effects on the financial statements, both occurred and expected to occur**

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On February 8, 2012, ANP approved the transfer of 15% of the concession rights of the Coral Field to QGEP. The other consortium members are Petrobras (35%), Rio das Contas Produtora de Petróleo Ltda. (owned by Panoro Energy Corp. ASA) (35%) and Brasoil Coral Exploração Petrolífera S.A. (15%).

On February 16, 2012, ANP approved the transfer of 30% of the concession rights previously owned by Shell Brasil Petróleo Ltda. in the BS-4 Block to our subsidiary QGEP. QGEP now holds 30% of that block and also assumed, as the successor of Shell Brasil Petróleo Ltda., the operation of the block. The transaction value was US\$ 157,5 million.

On October 10, 2012, QGEP signed an agreement with Petrobras to acquire 30% share in the concession of the BM-C-27 related to the portion of the Concession Agreement area No. 48610.009500/2003 corresponding to the area of the Plan of Discovery Evaluation in the 1-BRSA-921-RJS well, informally called Guanabara prospectus, originating from the C-M-122, C-M-145 and C-M-146 Blocks. At the beginning of 2015, after a technical and economic review of the asset vis-à-vis the Company's portfolio, QGEP elected not to renew the agreement involving the assignment of the Concession. The agreement did not require any initial disbursement for the participation in the blocks, and would involve the carrying of a portion of drilling costs associated with the Guanabara prospect by QGEP.

In addition, on May 14, 2013, the Company acquired a participation in 8 blocks in the 11th Bidding Round of the ANP and disbursed BRL 94.9 million in signature bonuses for participating in the exploratory blocks in question. As part of the commitment assumed with ANP, QGEP will pay for the acquisition of seismic data in order to evaluate the exploration potential of these blocks with net investment estimated at approximately US\$ 46 million over the next two years. In addition, four exploratory wells shall be drilled in the acquired blocks, which will cost US\$ 200 million to QGEP.

For further information, see items 3.3 and 6.5 of this Reference Form.

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#### **10.4 - Significant changes in Brazilian Accounting Standards (Brazilian GAAP) - Qualifications and Emphasis in the Auditor's report**

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**a) Relevant changes in accounting practices**

We prepare our consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which are consistent with the accounting practices adopted in Brazil, in compliance with the provisions of Law nº 6,404 dated December 15, 1976, as amended and complemented by new pronouncements, interpretations and guidelines of the CPC (Accounting Pronouncements Council), issued and approved by resolutions of the CFC (Federal Accounting Committee), and according to rules of the Brazilian Securities Commission (CVM).

There were no significant changes in our accounting practices.

**b) significant effects of changes in accounting practices**

There were no significant changes in our accounting practices.

**c) observations and emphasis present in the auditor's opinion**

Our individual and consolidated financial statements related to the fiscal years ended on December 31, 2014, 2013 and 2012, were audited by Deloitte Touche Tohmatsu Auditores Independentes, in accordance with Brazilian audit rules, whose audit reports made no qualification, presenting only paragraphs of emphasis as shown below.

2014

The Financial Statements of the Company for the fiscal year ended December 31, 2014 and the individual financial statements were prepared in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB.


The individual and consolidated statements of value added (DVA) referring to the fiscal year ended December 31, 2014 required by Brazilian corporate laws for publicly-held corporations and as supplemental information by the IFRS were subject to the same audit procedures and are fairly presented.

The opinion of the independent auditor was issued without qualifications.

2013

Differences in Accounting Practices between the Brazilian Legislation and the IFRS. The Financial Statements of the Company for the fiscal year ended December 31, 2013 and the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In our case, these practices differ from IFRS, applicable to the financial

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#### **10.4 - Significant changes in Brazilian Accounting Standards (Brazilian GAAP) - Qualifications and Emphasis in the Auditor's report**

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statements separately, only as regards the evaluation of investments in subsidiaries, associates and jointly controlled companies by the equity method, whereas under IFRS purposes, it would be cost or fair value. The opinion of the independent auditor was issued without qualification with respect to this matter.


The Company's management believes that the use of the equity method follows the accounting practices adopted in Brazil and is supported by the current corporate and accounting law.

#### 2012

Differences in Accounting Practices between the Brazilian Legislation and the IFRS. As described in Explanatory Note to the Financial Statements of the Company for the fiscal year ended December 31, 2012, the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In our case, these practices differ from IFRS, applicable to the financial statements separately, only as regards the evaluation of investments in subsidiaries, associates and jointly controlled companies by the equity method, whereas under IFRS purposes, it would be cost or fair value. The opinion of the independent auditor was issued without qualification with respect to this matter.

The Company's management believes that the use of the equity method follows the accounting practices adopted in Brazil and is supported by the current corporate and accounting law.

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## 10.5 - Critical Accounting Policies

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Our management believes that it adopts the accounting policies consistent with best market practices and with the oil and gas exploration and production industry. Our accounting policies are defined and adopted for the purpose of providing investors with useful information in making investment decisions in the Company. For this purpose, they aim at representing our transactions with neutrality, prudence and integrity and consider the following qualitative characteristics: understandability, relevance, reliability and comparability.

Moreover, the preparation of the financial statements is based on estimates and judgments for registry of certain transactions that affect assets and liabilities of the Company and that are not readily obtained from other sources. In these cases, estimates and associated assumptions are based on the historical experience and in other factors considered relevant. Actual results may differ from those estimates, when actually performed in subsequent periods.

Estimates and assumptions are continuously reviewed. The effects arising from the reviews made to accounting estimates are recognized prospectively.

The main estimates refer to the registry of the effects arising from the provision for tax, civil and labor lawsuits, depreciation and amortization of fixed and intangible assets, assumptions to determine the provision for abandonment of the wells and decommissioning of areas, expectation of fulfillment of tax claims and other assets, provision for income tax and social contribution, evaluation of financial instruments and determination of the fair value of derivative financial instruments, including financial assets held to maturity.

A summary of the main accounting policies of the Company, understood as those that, if changed, would cause relevant accounting changes, follows below:

### Cash and cash equivalents

Cash and Cash Equivalent are held for the purpose of meeting short-term commitments of cash and are composed by the cash balance, bank deposits and highly liquid investments with insignificant risk of change in value.

### Stocks

Represented by assets acquired from third parties in the form of materials and supplies to be used in the exploratory drilling and development campaign. Once used, these materials are reclassified from inventory to fixed assets. Inventories of materials are registered according to the acquisition cost and adjusted, where applicable, to realization value.

### Current and Non-current Assets and Liabilities



## 10.5 - Critical Accounting Policies

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Current and non-current assets and liabilities are recorded at their realization values and/or liability, respectively, and include monetary or exchange variations, as well as income and expenses earned or incurred in, when applicable, recognized on a pro rata basis up to balance sheet date.

### Expenses with exploration, development and production of petroleum and gas

For expenses with exploration, development and production of petroleum and gas, the Company and its subsidiary Queiroz Galvão Exploração e Produção S.A. QGEP, for purposes of accounting practices adopted in Brazil, use accounting criteria aligned with IFRS 6 international accounting standards - Exploration for and evaluation of mineral resources.

The relevant expenses for maintenance of production facilities, which include spare parts, assembly services, among others, are registered in fixed assets, if the recognition criteria from IAS 16 (CPC 27) are met. These maintenances occur on average every five years and their costs are depreciated until the beginning of the next stop and registered as cost of production.

IFRS 6 allows the Management to set its accounting policy for recognition of exploration assets in the exploration of mineral reserves. The Management has determined its accounting policy for exploration and evaluation of mineral reserves considering the criteria that, in their best judgment, represent the aspects of their business environment and reflect more adequately their financial and equity position. The principal accounting policies adopted are:

- Rights of exploration concession and signature bonuses are registered as intangible assets;
  - Expenses on drilling wells where assessments of viability were not yet completed remain capitalized in fixed assets until their completion. Expenses on drilling of successful exploratory wells, linked to economically viable reserves, are capitalized, while those determined as not viable (dry hole) are registered directly in the income statement on the account of exploration costs for petroleum and gas extraction.
  - Other exploration expenses not related to signature bonuses are registered in the income statement as exploration costs for the extraction of petroleum and gas (costs related to acquisition, processing and interpretation of seismic data, drilling campaign planning, licensing studies, accommodation expenses and retention area, environmental impact, etc.).
  - For farm-in transactions in which the Company has made contracts to financially support exploration expenses of the partner who proceeded to sell its share in exploratory blocks (Farmor) and/or "carrying" ("carrego"). These committed expenses are reflected in the financial statements according to respective progress of future exploration costs.
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## 10.5 - Critical Accounting Policies

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The fixed assets represented by exploration, development and production assets are registered at cost value and amortized using the method of unit's production, which consists in the proportional ratio between the annual volume produced and the total proven reserves of the producing field. Proved reserves used to calculate amortization (for the monthly production volume) are estimated by external geologists and oil engineers according to international standards and reviewed annually or when there are indications of significant changes. Currently, only the expenses related to the Manati field have been amortized, for being the only field in production at the time.

Fixed assets is registered according to the cost value, including interest rates and other financial charges on loans and financing used in the composition of qualifying assets extracted from accumulated depreciation and amortization.

The gain and loss arising from retirement or disposal of a fixed asset are determined by the difference between the income earned, if applicable, and the respective remaining value of the asset and is recognized in the income statement.

The Company substantially presents in its intangible asset the expenses on acquisition of exploratory concessions and signature bonus corresponding to offerings for the obtainment of a concession to explore petroleum or natural gas. They are registered at cost value, adjusted when applicable to their recoverable value and are amortized using the method of unit produced in relation to proved reserves.

Management annually performs a qualitative assessment of their exploratory oil and gas assets with the purpose of identifying facts and circumstances that indicate the need for impairment, as follows:

- Concession period for expired or expiring exploration in the near future, with no expectation of concession renewal;
- Representative expenses for exploration and evaluation of mineral resources in a particular area/block not budgeted or planned by the Company or its partners;
- Exploratory efforts and evaluation of mineral resources that have not generated discoveries commercially viable and which the Management has decided to discontinue in certain specific areas/blocks;
- Existing and sufficient information that indicate that the capitalized costs are unlikely to be achievable even with the continuation of exploration expenses in a given area/block that reflect future successful development or even with their sale.

The future liability for decommissioning of the production area is registered at the time of the drilling, after the declaration of commerciality of each field, and as soon as there is a legal or constructive obligation to dismantle the area and also where there is the possibility of measuring the costs with reasonable safety as part of the cost of related assets (fixed assets) with a corresponding provision for abandonment, registered in the liabilities, which supports such future expenses (Explanatory Note 16). The provision for abandonment is

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## 10.5 - Critical Accounting Policies

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reviewed annually by the Management by adjusting assets and liabilities already recorded. Revisions in the calculation of estimated expenses are recognized as cost of fixed assets and the calculated exchange differences are allocated directly in the income statement.

### Evaluation of Impairment

In accordance with CPC 01 ("Impairment"), fixed and intangible assets and, where applicable, other non-financial assets are assessed annually to identify evidences of impairment, and also whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. Where applicable, in case of any loss arising from situations in which the asset's carrying value exceeds its recoverable amount, defined as the higher value between the value in use of the asset and the asset's net sale value, such loss is acknowledged in the income statement.

The Company's management has not identified changes in circumstances, as well as evidence that their assets used in their operations are not recoverable against their operational and financial performance, and concluded that, on December 31, 2014, there was no need to register any provision for impairment of assets.

### Loans and Financings

Loans and financing are initially recognized at fair value on the moment of receipt of net funds of transaction costs where applicable. Then, they are measured at the amortized cost, i.e., plus charges, interest accrued pro rata temporis and monetary and exchange variations as contractually provided incurred through the balance sheet date.

### Provision for law suits

The provision for tax, civil and labor lawsuits are recognized for the risks with expectation of "probable loss", based on the opinion of the Directors and external legal counsel, in view that the values are registered based on the estimated cost of the outcomes of these law suits. Risks with the expectation of "possible loss" are disclosed by the Management, but not registered.

### *Determination of the result*

The results of operations is determined in accordance with the accrual basis of accounting. Sales revenues are recognized upon transfer of ownership and the risk to third parties.

### Income tax and social contribution

These taxes are calculated and registered based on the effective tax rates on the date of preparation of the financial statements. The deferred taxes are recognized on timing differences, tax losses and negative basis of social contribution, where applicable, only when and up to the amount that can be considered as probable realization by the Management.

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## 10.5 - Critical Accounting Policies

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### Tax incentive

As it was located in the area covered by SUDENE, our indirect subsidiary Manati was entitled to a 75% reduction in income tax and additional tax calculated based on exploration profit for 10 years, having enjoyed this benefit since 2008. The value corresponding to the incentive was registered in the outcome and subsequently transferred to the profit reserve - tax incentives in shareholders' equity of the indirect subsidiary Manati until the date of its incorporation by QGEP. The benefit transfer, due to the merger, is in pending at SUDENE. Pursuant to Decree No. 64.214/69, QGEP is eligible for the benefit for succession by virtue of the merger of its wholly owned subsidiary Manati.

### Share-based payment agreements

The share-based remuneration plan to employees, to be settled with equity instruments, is measured at fair value on the grant date.

The fair value of options granted is registered by the method accelerated as an expense in the income statement during the period in which the right is acquired, based on the Company's estimates about which options granted will be eventually vested, with a corresponding increase in equity. At the end of each fiscal year, the Company revises its estimates on the number of equity instruments expected to vest. The impact of the revision over the original estimates, if any, is recognized in the income statement, such that the cumulative expense reflects the revised estimates with the corresponding adjustment in shareholders' equity under the "Stock Option Plan" which registered the benefit to employees.

### Treasury shares

Own equity instruments which are revested (treasury shares) are recognized at cost and deducted from shareholders' equity. No gain or loss is acknowledged in the income statement on the purchase, sale, issue or cancellation of own equity instruments of the Company and its subsidiary QGEP. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

### Financial Instruments

Financial assets and liabilities are recognized when the Company and its subsidiary QGEP become part of the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in the income statement.

### Financial Assets

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## 10.5 - Critical Accounting Policies

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Financial assets are classified into the following specified categories: (i) Financial assets at fair value through profit or loss, (ii) investments held to maturity, (iii) financial assets “available for sale” and (iv) loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at initial recognition. All normal purchases or sales of financial assets are recognized or written-off on the trade date. Normal purchases or sales correspond to purchases or sales of financial assets that require delivery of assets within the period established by regulation or market practice.

### 1. Financial assets at fair value through the result

Include financial assets held for trading (i.e., acquired primarily for sale in the short term), or designated at fair value through profit or loss. Interest rates, monetary restatement, exchange variation and variations arising from the evaluation of fair value are recognized in income statement, as financial income or expenses, when incurred. The Company and its subsidiary QGEP have cash equivalents (BDC's and committed debentures and exclusive investment fund) and financial investments in this category.

### 2. Investments held to maturity

Include the non-derivative financial assets with fixed or determinable payments and fixed maturity date to which the Company has a contractual obligation, positive intention and ability to hold until maturity. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest rates method less any loss on impairment. The Company and its subsidiary QGEP have restrict cash classified in this category.

### 3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not priced in an active market. Loans and receivables are measured at amortized cost using the effective interest rates method less any loss on impairment. Interest income is recognized by applying the effective interest rate, except for short-term credit when the recognition of interest rates would be immaterial. The Company and its subsidiary QGEP have receivables, cash and bank deposits (cash equivalents) in this category.

### 4. Impairment of Financial assets

Financial assets, other than those designated at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Losses on impairment are recognized if, and only if, there is an objective evidence of impairment of financial assets as a result of one or more events occurred after the initial recognition, with impact on the estimated future cash flows of this asset.

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## 10.5 - Critical Accounting Policies

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For all other financial assets, objective evidence may include: Material financial distress of the issuer or counterparty; or Breach of contract, such as default or delay in the payment of interests or principal; or

Likelihood of the debtor adjudicating bankruptcy or financial reorganization; or Extinction of the active market of that financial asset due to financial problems.

For financial assets registered at amortized cost, the amount of impairment registered corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset.

For financial assets registered at cost, the amount of impairment corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current rate of return for a similar financial asset. This impairment will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by loss on impairment for all financial assets with the exception of accounts receivables, in which the carrying amount is reduced by a provision. Subsequent recoveries of amounts previously retired are credited to the provision. Changes in the provision's carrying amount are recognized in the income statement.

### Financial Liabilities

Financial liabilities are classified as "Financial liabilities at fair value through profit or loss" or "Other financial liabilities". The Company and its subsidiary QGEP have no financial liabilities at fair value.

### Other financial liabilities

Other financial liabilities (including loans) are subsequently measured at amortized cost.

The effective interest rate method is used to calculate the amortized cost of a financial liability and allocating its interest expense over the relevant period. The effective interest rate is the rate that discounts exactly the estimated future cash flows (including fees paid or received that constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, when appropriate, a shorter period for the initial recognition of net carrying value.

### Write-off of financial liabilities

The Company and its subsidiary QGEP write-off financial liabilities only when the obligations are discharged, canceled or expired.

### Functional Currency



## 10.5 - Critical Accounting Policies

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The functional currency of QGEPP, as well as of its Brazilian subsidiary QGEP, in operation, used in the preparation of the financial statements is the currency of Brazil - Brazilian Real (BRL), as it is the one that best reflects the economic environment in which the Group is inserted and how it is managed. The subsidiaries located in The Netherlands and Austria and the joint subsidiary, headquartered in the Netherlands, use the U.S. dollar (US\$) as its functional currency.

This definition of functional currency was based on the analysis of the following indicators, as described in the technical pronouncement CPC 02.

### Currency that mainly influences prices of goods and services

Currency in which funds from financial activities are substantially earned or invested; Currency in which the amounts from operating activities are normally received (sale of petroleum products).

### Conversion of Foreign Currency

The consolidated financial statements are presented in Brazilian Reals (BRL), which is the functional and presentation currency of the parent company. Assets and liabilities of foreign subsidiaries are translated into Reals by the exchange rate at the balance sheet date and the income statements are translated by the exchange rate at the date of transactions. Exchange differences arising from the conversion are recognized separately in shareholders' equity in the comprehensive income statement, in line with other comprehensive income statements.

### Added Value Financial Statement ("AVFS")

This statement aims at highlighting the wealth created by the Company and its subsidiary QGEP and its distribution during the period, which is presented as required by the Brazilian Corporate Law, as part of its annual financial statements and supplementary information to the consolidated financial statements, as it is not an expected or required statement by IFRSs.

The AVFS has been prepared based on information obtained from accounting records that are the basis for preparation of financial statements and follows the provisions of CPC 09 - Value Added Financial Statement. In its first part, it introduces the wealth created by the Company, represented by revenues (gross sales revenue, including taxes levied thereon, and other revenues and the effects of provision for doubtful liquidity credits), by inputs acquired from third parties (cost sales and purchases of materials, energy and services of third parties, including taxes levied at the time of acquisition, the effects of loss and recovery of assets, depreciation and amortization) and the amount received from third parties (equity income, financial revenues and other revenues). The second part of the AVFS presents the distribution of wealth among employees, taxes, fees and contributions, remuneration on third-parties capital and remuneration of own capital.

### Cash Flow Income Financial Statement (CFIS)

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## 10.5 - Critical Accounting Policies

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This statement is prepared in accordance with CPC03 (R2)//IAS7 through the indirect method. The Company classifies as cash and cash equivalents the balances of amounts immediately convertible into cash and highly liquid investments (typically with less than three months maturity) subject to an insignificant risk of change in value.

Cash flows are classified in the Statement of Cash Flows, depending on their nature, in: (i) operating activities; (ii) investing activities; and (iii) financing activities. Operating activities include primarily collections from clients and related parties, and payments to suppliers, employees, taxes and financial charges. Cash flows included in investing activities primarily comprise acquisitions and disinvestments, court deposits, and payments and receipts arising from the sale and purchase of fixed assets. The cash flows related to financing activities primarily include payments and receipts relating to loans and financing obtained, in addition to derivative financial instruments and payments of dividends and interest rates on the company's own capital.

### Net income per share

Net income per share is computed by dividing the net income by the weighted average of ordinary shares held by shareholders, excluding treasury shares during the year.



**10.6 - Internal controls relating to the elaboration of financial statements: efficiency and flaw degree and recommendations in the auditor's report**

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**a) Level of efficiency of such controls, indicating any defects and measures adopted to correct them**

Our Management evaluates the effectiveness of internal control over financial statements through a process designed to provide reasonable assurance regarding the reliability of financial reports and the preparation of financial statements, to ensure our ability to initiate, authorize, register, process and disseminate relevant information in the financial statements. No relevant flaws were identified in the implementation of controls. During the exercise, if any shortcomings in the implementation of controls are identified, they are corrected by the implementation of action plans that will ensure their effectiveness at the end of the fiscal year.

**b) Deficiencies and recommendations concerning the internal controls made in the report of the independent auditor**

Our auditors did not perform their audits in order to opine on internal controls, since the goal was to express an opinion on our financial statements. However, in the context of their audits regarding the financial statements, our auditors have issued a letter of recommendations. Our Management believes that the areas identified for improvement are not relevant to our process of preparation of financial statements and is acting in their implementation.

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## 10.7 - Use of Proceeds from public offers of distribution and eventual deviations

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### a) How the proceeds from the offer were used

As of December 31, 2014, 52% of the proceeds from the IPO had already been used. Such amount was mainly allocated to the acquisition and investment of installments of own capital in blocks BM-S-8, BS-4, FZA-M-90, ES-M-598, ES-M-673, PAMA-M-265, PAMA-M-237, CE-M-661, PEPB-M-894 and PEPB-M-896.

### b) If there were any relevant deviations between the effective use of the proceeds and the proposed uses disclosed in the prospectus of the distribution

As highlighted in section "Use of Proceeds" Section of the Final Prospectus of our IPO dated February 7, 2011, the proceeds from our IPO shall be used as shown below:

Allocation	Percentage
Investments in Exploration and development in the existing portfolio (not supported by cash generation of the Manati Field)	20 to 30%
Acquisition, exploration and development of new blocks and assets	70 to 80%

The transactions made over the years 2012, 2013 and 2014 reinforce the commitments made by the Company during the IPO process, since the acquisitions remain a key element of our strategic plan to build sustainable long-term value for our shareholders. We have demonstrated our ability to expand the portfolio of high quality assets through acquisitions in very promising and emergent areas for the exploration of oil and gas in Brazil. Additionally, given that a substantial portion of the proceeds from the offering was used in the acquisition, exploration and development of new assets, the Company believes that there were no significant differences between the effective implementation of projects and the proposals disclosed in the prospectus of the offering.

### c) If there were any deviations, the reasons for such deviations

There were no deviations in the proceeds.

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## **10.8 - Relevant items not reflected in the financial statements**

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- a) **Assets and liabilities held by the issuer, directly or indirectly, that do not appear in its balance sheet (off-balance sheet items), such as: (i) Operating lease-purchase arrangements, assets and liabilities; (ii) Portfolio of written-off receivables over which the entity maintains risks and liabilities, indicating the respective liabilities; (iii) Agreements for future purchase and sale of products or services; (iv) Construction Agreements not concluded; and (v) Agreements for future loans**

The Company has no assets and liabilities that are not recorded in the financial statements of fiscal years 2012, 2013 and 2014.

- b) **Other items not included in financial statements**

There were no other items not included in financial statements of the Company for fiscal years 2012, 2013 and 2014.

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## 10.9 - Comments on other off-balance sheet items

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- a) **How such items change or may change revenues, expenses, the result of operations, financial expenses or other items in the financial statements of the issuer**

There are no items not included in the financial statements of the Company for fiscal years 2012, 2013 and 2014.

- b) **(b) the nature and purpose of the operation**

There are no items not included in the financial statements of the Company for fiscal years 2012, 2013 and 2014.

- c) **Nature and amount of obligations assumed and rights created in favor of the Issuer as a result of the transaction**

There are no items not included in the financial statements of the Company for fiscal years 2012, 2013 and 2014.

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**10.10 Business plan****a) Investments (including quantitative and qualitative description of ongoing and planned investments, investment financing sources, and disinvestments in progress and planned)**

i) Quantitative and qualitative description of ongoing and planned investments

<b>Capital Expenditures</b>	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>More than 5 years</b>	<b>TOTAL</b>
EXPLORATION	173	550	362	0	1,085
DEVELOPMENT	225	293	3	0	521
TOTAL	398	843	365	0	1,606

The table above includes exploratory investments planned for the coming years in wells provided for in the Minimum Exploratory Program (PEM), investment in the development of the Early Production System of Atlanta approved by ANP (PAD), as well as exploratory wells in progress and non-contingent exploratory investment.

Investments in non-contingent exploration wells, as well as in the development of production of other blocks are not described, since these investments may be subject to confirmation of new discoveries. These investments may include reservoir studies, acquisition of geological and geophysical data, drilling of exploration and production wells, water injection, gas injection, production collection systems, natural gas plants, pipelines interconnecting fields and systems of storage of oil and condensate oil production.

ii) Investment financing sources

The proceeds from our IPO carried out in 2011, together with existing structured debt and cash generated by projects will allow the continuation of our investment plan, as well as acquisition of new assets. In due course, we may invest, preferably with minority interest, in emerging basins to demonstrate the existence of significant prizes and/or upsides that could offset the risks of these projects. We are continuously assessing opportunities to enter new assets through "farm-ins" offered in the Brazilian market and in the new selective participation in bidding rounds promoted by the ANP, whenever they are aligned with the Company's strategies and present the possibility of attractive return on our investments.

The credit facility obtained from FINEP will finance 90% of the investments in the development of the Early Production System in the Atlanta Field. The remaining 10% will be invested with the Company's own funds.

The credit facility obtained from Banco do Nordeste do Brasil S.A. will finance 70% of the exploratory investment in 3 wells in the Brazilian Northeast Region.

Additionally, we can continue to resort to third-party funding sources, according to credit availability and market conditions, available for fields in development and production or acquisition phase.



## 10.10 Business plan

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iii) Relevant disinvestments in progress and planned disinvestments

We do not own the asset disinvestment process in progress. It is worth highlighting, however, that it is a common practice in the oil industry to execute farm-in and farm-out agreements. We may eventually enter into such types of agreements in the future if it represents benefits for our business and shareholders. The execution of these agreements, if any, may represent relevant investments and disinvestments.

b) **If already disclosed, indicate the acquisition of plants, equipment, patents and other assets that may materially influence the productive capacity of the issuer**

We intend to submit bids in future auctions of ANP for the acquisition of concession rights of blocks that have been defined by our Management as potential areas favorable for exploration and production.

In this context, on May 14, 14 2013, the Company acquired an equity interest in 8 exploration blocks in the 11th Bidding Round of the ANP, being the operator in 5 concessions. The result of the bidding has been approved by the ANP on May 31, 2013, and the Company signed on August 30, 2013 the concession agreements of the following blocks: ES-M-598, ES-M-673, CE-661-M PAMA-M-265, M-337-PAMA and FZA-M-90. The concession agreements of PEPB-M-894 and M-896-PEPB blocks were signed on September 17, 2013.

c) **New products and services, indicating: (i) description of ongoing researches already disclosed; (ii) total amounts spent by the issuer in researches to develop new products or services; (iii) ongoing projects already disclosed, and (iv) total amounts spent by the issuer in the development of new products or services**

We do not have a new business plan relating to new products and services.

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### **10.11 - Other factors having a relevant effect**

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Other information we deemed relevant to the reading and understanding of our operating performance is presented herein below.

Therefore, the following information will be included in this item: Credit with Partners Reflect expenditures incurred in with oil and natural gas exploration and production (“E&P”) invoices (cash calls) or to be invoiced to partners that are not operators in their relevant consortia, or allocated by operator partners to the Company in blocks not operated by Queiroz Galvão Exploração e Produção S.A. (“QGEP”).

From the amount of BRL 19.23 million registered on December 31, 2014, BRL 6.7 million refer to the installment of consortium member OGX Petróleo e Gás S.A. - Em Recuperação Judicial (“OGX”) and the remainder to other consortium members and consortia (BRL 12.6 million). Outstanding amounts are not overdue.

In view of the current situation of partner OGX, currently undergoing a court-supervised reorganization, QGEP is monitoring such process with a view to mitigating any risks associated with compliance with payment and investment obligations of OGX.

# Appendix B

*(Proposal for the Allocation of the Net Profit of the Fiscal Year)*

## **PROPOSAL FOR THE ALLOCATION OF NET PROFIT**

(In accordance with article 9<sup>th</sup>, Paragraph 1<sup>st</sup>, item II, of CVM Instruction 481).

### **Exhibit 9-1-II**

#### **1. Information on net income from the fiscal year:**

The net profit of the Company for the fiscal year ended December 31, 2014, was of BRL 166,055,525.00 (one hundred sixty-six million, fifty-five thousand, five hundred and twenty-five reais).

#### **2. State the overall amount and the value per share of dividends, including the anticipated dividends, and interest on shareholders equity already declared:**

Company's management proposes the allocation of BRL 38,677,840.95 (thirty-eight million, six hundred, seventy-seven thousand, eight hundred and forty reais and ninety-five cents) as dividends, corresponding to BRL 0.15 per common share, in accordance with the dividend policy approved by the Board of Directors of the Company on March 12, 2015.

The amount proposed above for dividend distribution include the distribution of mandatory dividend amounting to BRL 1,577.53 (one thousand, five hundred seventy-seven reais and fifty-three cents) and the additional distribution of BRL 38,676,263.42 (thirty-eight million, six hundred, seventy-six thousand, two hundred and sixty-three reais and forty-two cents) in accordance with a resolution passed by the Board of Directors of the Company in a meeting held on March 12, 2015.

#### **3. Information on the percentage of net income from the fiscal year distributed:**

Management proposes the distribution of 23.29% of the net profit of the year.

#### **4. State the total amount and the amount per share of dividends distributed based on the income from previous fiscal years:**

Not applicable, as no dividend was distributed and no interest on shareholders' equity was declared based on the profit from previous fiscal years.

#### **5. State the following, net of interim dividends and interest on shareholders' equity already declared:**

##### **a. The gross amount of dividend and interest on shareholders equity, segregated per share of each type and class**

Management proposes the payment of dividends in the amount of BRL0.15

per each common share. No interest on shareholders' equity will be paid.

**b. The manner and term of payment of dividends and interest on shareholders' equity**

Dividends will be paid on May 5, 2015. No interest on shareholders' equity will be paid.

**c. Any incidence of updating and accrual of interest on dividends and interest on shareholders' equity**

Not applicable, as there is no incidence of updating and accrual of interest on dividends and interest on shareholders' equity.

**d. Date of declaration of payment of dividends and interest on shareholders' equity considered for identification of shareholders entitled to receiving them.**

The date of declaration of payment of dividends to be considered for the identification of the shareholders entitled to the receipt thereof is April 17, 2015, the date of Company's Shareholders Annual Meeting. No interest on shareholders' equity will be paid.

**6. In case there has been declaration of dividends or interest on shareholders' equity based on profits reported in semiannual or shorter-period balance sheets:**

**a. Inform the amount of the dividends or interest on shareholders' equity already declared.**

Not applicable, as the Company did not declare any dividend or interest on shareholders' equity based on profits reported in semiannual or shorter-period balance sheets.

**b. State the date of the respective payments**

Not applicable, as the Company did not declare any dividend or interest on shareholders' equity based on profits reported in semiannual or shorter-period balance sheets.

**7. Provide a comparative table indicating the following amounts per share of each type and class:**

**a. Net profit for the fiscal year and the three (3) previous fiscal years, in Reais.<sup>(1)</sup>**

2014

2013

2012

2011

Net profit of the fiscal year	166,055,525.00	192,242,446.89	82,468,112.40	92,137,357.70
Weighted average of common shares	259,325,090	261,110,437.01	264,550,722.25	256,849,694.68
Net profit per common share - basic	0,64	0,74	0,31	0,36

(1) Amounts calculated based on outstanding shares as of December 31 of each year.

The basic net profit per common share is computed by dividing the net profit by the weighted average of all classes of outstanding shares in the fiscal year.

**b. Dividends and interest on shareholders' equity distributed in the three (3) previous fiscal years(1), in Reais.**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total dividends	BRL 38,677,840.95 <sup>(2)</sup>	BRL 40,000,000.00	BRL 783.45	BRL 875.30
Dividends per common share	BRL 0.15	BRL 0.15	BRL 0.000003	BRL 0.000003

(1) Amounts calculated based on outstanding shares as of December 31 of each year.

(2) Amount submitted to shareholders' resolution at the Annual Meeting to be held on April 17, 2015.

**8. In case of allocation of profits to the legal reserve:**

**a. State the amount allocated to the legal reserve.**

The amount allocated to the legal reserve is of BRL8,302,776.25.

**b. Describe the manner of calculation of the legal reserve.**

Net profit of the fiscal year	166,055,525.00
(x) Percentage allocated to the Legal Reserve	5%
Legal Reserve allocation	<u>8,302,776.25</u>

Pursuant to the provisions of Law nº 6.404/76, 5% of the net profit of the fiscal year shall be applied, before any other allocation, to form a legal reserve, not to exceed 20% of Company's capital stock.

**9. If the Company has preferred shares entitling their holders to fixed or**

**minimum dividends:**

**a. Describe how the fixed or minimum dividends are calculated**

Not applicable, as the Company does not have preferred shares.

**b. State whether the profit of the fiscal year is sufficient for the full payment of fixed or minimum dividends.**

Not applicable, as the Company does not have preferred shares.

**c. Identify whether any unpaid portion is cumulative.**

Not applicable, as the Company does not have preferred shares.

**d. State the global amount of fixed or minimum dividends to be paid to each class of preferred shares.**

Not applicable, as the Company does not have preferred shares.

**e. State the fixed or minimum dividends to be paid to each class of preferred share**

Not applicable, as the Company does not have preferred shares.

**10. In relation to mandatory dividend:**

**a. Describe the calculation method provided for in Company's articles of incorporation**

Pursuant to article 29 of Company's Articles of Incorporation, the mandatory dividend corresponds to 0.001% of the net profit of the fiscal year.

**b. State whether it shall be paid in full.**

The Company will pay the mandatory dividend in full.

**c. State any amounts withheld.**

Not applicable, as Company pays the mandatory dividends in full.

**11. If any mandatory dividends are withheld due to the Company's financial condition:**

**a. State the amount retained.**

Not applicable, as Company does not withhold mandatory dividends.

- b. Describe the Company's financial condition in detail, also addressing aspects related to liquidity analysis, working capital, and positive cash flows.**

Not applicable, as the mandatory dividend will be paid in full

- c. Justify the withholding of dividends.**

Not applicable, as there will be no withholding of mandatory dividends.

**12. In case of allocation of income for contingencies reserve:**

- a. State the amount allocated to the reserve.**

Not applicable, as there will be no income allocation for contingency reserve.

- b. State any probable losses and their causes.**

Not applicable, as there will be no income allocation for contingency reserve.

- c. Explain why such losses are considered probable.**

Not applicable, as there will be no income allocation for contingency reserve.

- d. Justify the constitution of the reserve.**

Not applicable, as there will be no income allocation for contingency reserve.

**13. If profits are allocated to unrealized profits reserve:**

- a. State the amount allocated to the unrealized profits reserve.**

Not applicable, as there will be no profit allocated to unrealized profits reserve.

- b. State the nature of the unrealized profits that originated the reserve.**

Not applicable, as there will be no profit allocated to unrealized profits reserve.

**14. If profits are allocated to statutory reserves:**

- a. Describe the by-laws provisions providing for the reserve.**

Article 30 of the Company's Articles of Incorporation provides that a portion of the remaining net profit after allocating the amount required for legal reserve and the mandatory dividend may be allocated to the Investment Reserve. The balance of such reserve, added to the balances of the remaining profit reserves, other than the unrealized profit reserves, contingencies reserves,



and tax incentive reserves, will not exceed 100% of Company's capital stock.

**b. State the amount to be allocated to the reserve**

The amount to be allocated to the Investment Reserve is of BRL 119,074,907.80 (one hundred and nineteen million, seventy-four thousand, nine hundred and seven reais and eighty cents).

**c. Description on how such amount was calculated.**

Net profit of the fiscal year	166,055,525.00
(-) Legal Reserve	(8,302,776.25)
(-) Minimum Mandatory Dividends	(1,577.53)
(-) Proposed Additional Dividends	(38,676,263.42)
Total Investment Reserve	119,074,907.80

**15. If profits are withheld as provided for in capital budget:**

**a. State the withheld amount.**

Not applicable, as there is no withholding of profits provided for in the capital budget.

**b. Provide a copy of the capital budget.**

Not applicable, as there is no withholding of profits provided for in the capital budget.

**16. If profits are allocated to a tax incentives reserve**

**a. State the amount allocated to the reserve.**

Not applicable, as there is no profit allocation to tax incentives reserves.

**b. Explain the nature of the allocation.**

Not applicable, as there is no profit allocation to tax incentives reserves.

# Appendix C

*(Information with respect to item 13 of the Reference Form)*

**13.1 Describe the compensation policy or practice for the Board of Directors, Board of Statutory or Non-Statutory Officers, Fiscal Council, Statutory Committees, and Audit, Risk, Financial, and Compensation Committees**

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**a) Purposes of the compensation policy or practice**

The purpose of our compensation practices is to attract, retain, and motivate qualified professionals, pursuing the alignment of management interests with Company's short, medium, and long term objectives.

The Company's compensation policy is prepared based on market best practices; on a system of business goals and strategies, and on the duties and responsibilities of each office.

Accordingly, since 2012, the Company and its subsidiaries have implemented a career and salary plan reflecting the Company's profile and needs, in line with the best practices of our peers in the market.

Additionally to the compensation of managers, the Company developed in 2011 a Stock Option Plan ("Stock Option Plan"), in order to align management's interests and Company's medium- and long-term goals, and to strengthen an entrepreneurial and result-oriented culture.

Finally, remuneration of the Fiscal Council was prepared taking into account the experience of its members and market practice for publicly-held corporations. Such remuneration was initially approved by the Shareholders Annual Meeting on April 16, 2014, when the Fiscal Council was first installed.

**b) Breakdown of the compensation, indicating:**

**(i) Description of the compensation elements and the objectives of each one of them**

Board of Directors. The members of our Board of Directors receive a fixed compensation, with any variable compensation component. The fixed compensation of members appointed by our controlling shareholder holding offices in the management of our subsidiaries uses as parameter, on the dates of Annual Meetings, the current minimum salary value, being considerably lower than the amount paid to our independent directors. The independent members of our Board of Directors and/or members appointed by controlling shareholders that hold exclusive management function in our Company and receive a fixed compensation established based on the duties and responsibilities assumed, and aligned with the practice of the remaining companies in our group, in order to compensate them for the services they provide to the Company.

Some of our managers also receive compensation from other companies of the Queiroz Galvão group. Furthermore, one of our directors kept some benefits (health, dental, and life insurance) paid by our subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP"), remaining from the period he served as the Company's Chief Executive Officer.

Please refer to item 13.15 of the present Reference Form with further information on the compensation paid to directors by other companies of our group.

Statutory Executive Board. Our Officers receive fixed and variable compensation, this latter being paid through our subsidiary QGEP, as provided in items 13.15 and 13.16 below.

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**13.1 Describe the compensation policy or practice for the Board of Directors, Board of Statutory or Non-Statutory Officers, Fiscal Council, Statutory Committees, and Audit, Risk, Financial, and Compensation Committees**

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The fixed compensation corresponds to the monthly amount paid to Officers in consideration of their duties performed within the scope of the Company and of our subsidiaries, the purpose of which is to recognize and reflect the value of individual experience and responsibility in the office, and the duties assumed. The variable compensation is in turn intended as an award for performance and for achieving or exceeding targets, based on factors that conductive to Company's growth.

Our Officers and Company's remaining employees receive a number of benefits, including medical and dental assistance, life insurance, and supplementary retirement plan, aligned with market practice and mostly supported by the subsidiary QGEP. Such benefits supplement Company's member compensation package based on market practices.

Because we are a company whose purpose is to hold equity in other companies whose activities include the exploration, production, and marketing of petroleum, natural gas, and petroleum products (therefore, a holding company), we concentrate a large portion of the compensation of our Executive Board in our operating subsidiary QGEP.

Finally, our Officers benefit from Company's Stock Option Plan, the purpose of which is (i) to align management's interests to Company's medium- and long-term interests; and (ii) strengthen an entrepreneurial, result-oriented, operationally effective culture.

Fiscal Council. The proposed compensation for the fiscal council is a fixed compensation. Benefits and variable compensation will not be paid to the members of the fiscal council.

**(ii) What is the proportion of each element in total compensation**

As indicated above, compensation of our managers paid by the Company is solely a fixed compensation. The global compensation may be broken down in costs with salaries or management fees, charges referring to such compensation, and fringe benefits. The following table shows the percentages of each element of total compensation of our managers for the fiscal year ended December 31, 2014:



**13.1 Describe the compensation policy or practice for the Board of Directors, Board of Statutory or Non-Statutory Officers, Fiscal Council, Statutory Committees, and Audit, Risk, Financial, and Compensation Committees**

	Board of Directors	Statutory Executive Board (1)(2)	Fiscal Council
<b>Annual Fixed Compensation (QGEP Amounts)</b>			
Salary or management fees	82.13%	75.94%	83.33%
Direct and fringe benefits	1.44%	8.87%	0.00%
Participation in committees	0.00%	0.00%	0.00%
Other (Charges)	16.43%	15.19%	16.67%
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion		
<b>Variable Compensation</b>			
Bonus	0.00%	0.00%	0.00%
Profit sharing	0.00%	0.00%	0.00%
Participation in Meetings	0.00%	0.00%	0.00%
Commissions	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%
<b>Post-employment or termination of office benefits</b>			
Post-employment	0.00%	0.00%	0.00%
Termination of office	0.00%	0.00%	0.00%
<b>Stock-based compensation (3)</b>			
Stock-based	0.00%	0.00%	0.00%
<b>Total compensation</b>	100.00%	100.00%	100.00%

<sup>1</sup> Our Officers also receive a fixed compensation paid by our operating subsidiary QGEP. For further information, see item 13.15 of this Reference Form.

<sup>2</sup> Our Officers also receive a variable compensation paid by our operating subsidiary QGEP. For further information, see item 13.15 of this Reference Form.

<sup>3</sup> 3 The amount of the options granted within the scope of the 2014 Stock Purchase Plan is recognized for accounting purposes by our subsidiary QGEP. Please refer to item 13.15 of this Reference Form for further information on the proportion of each element of Company's total consolidated compensation.

**13.1 Describe the compensation policy or practice for the Board of Directors, Board of Statutory or Non-Statutory Officers, Fiscal Council, Statutory Committees, and Audit, Risk, Financial, and Compensation Committees**

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**(iii) Calculation and adjustment methodology for each element of compensation**

Board of Directors. The compensation of the directors appointed by our controlling shareholder holding offices in other companies of the Queiroz Galvão group is nominal and based on Brazilian minimum salary in force during the relevant year. Compensation of the independent directors and/or exclusive directors of our Company is determined in reliance upon analysis of market practices, particularly of other companies in our group, being periodically revised to reflect (i) the adequacy to the activities and responsibilities assumed, (ii) the recomposition of losses caused due to inflation, and (iii) competitiveness vis-à-vis market practices.

Executive Board. Compensation of our Officers is calculated and adjusted (i) based on market practices obtained through compensation surveys in which Company participates every year, (ii) to award good, consistently delivered individual performance, and (iii) to reflect the annual agreement between our subsidiary QGEP and the respective labor union to which it is bound.

Comparison of our compensation to market practiced compensation is made with companies whose activities are mainly performed in the same area of the Company, also considering, for sampling purposes, companies from different areas and of different sizes. Additionally, any adjustment agreed by the labor union and our subsidiary QGEP applies linearly, i.e., is applied to Company's Officers and other employees.

**(iv) Reasons that justify the composition of compensation**

With the compensation policy mentioned above, the Company aims at compensating Company's staff considering the responsibilities involved in their offices, and in line with market practices and Company's competitiveness levels. We understand that the composition of compensation is adequate to the strategies and purposes of the Company in the short-, medium-, and long-term.

**c) Main performance indicators that are taken into consideration in determining each element of compensation**

Board of Directors. None.

Executive Board. The set of compensation elements aims at recognizing professional experience, individual performance, and Company's achieved results. The performance indicators for determining the variable compensation elements take into consideration Company's financial and operational results, in addition to individual performance measured by the fulfillment of previously agreed goals.

Fiscal Council. None.

**d) How the compensation is structured to reflect the evolution of performance indicators**

Board of Directors. The Board of Directors' compensation paid by Company is entirely fixed.

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**13.1 Describe the compensation policy or practice for the Board of Directors, Board of Statutory or Non-Statutory Officers, Fiscal Council, Statutory Committees, and Audit, Risk, Financial, and Compensation Committees**

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Statutory Officers. Officers' compensation comprises fixed and variable components. Officers' variable compensation, which is entirely paid by our subsidiary QGEP, is based on their individual performance, operational and financial results. For further information on compensation paid by our subsidiaries to out executive officers, please see items 13.15 and 13.16 of this Reference Form.

Fiscal Council. Compensation of members of the Fiscal Council paid by Company is entirely fixed.

e) How the compensation policy or practice is aligned with the issuer's short-, medium-, and long-term interests

The compensation composition combining fixed and variable compensation paid by the Company and by Company's subsidiary QGEP, in addition to incentives allowing long-term gains align Company's short-, medium-, and long-term interests, permitting a sustainable and consistent generation of results, and securing the continuation of our business.

The variable compensation, based on previously defined operational, financial, and individual goals focused on projects and activities that can generate results for the Company, contributes to the development of a result-oriented culture focused on results and on operational efficiency.

The Stock Option Plan implemented by Company stimulates the generation of consistent medium- and long-term results for the Company and strengthen an entrepreneurial, result-oriented culture of operational efficiency.

f) The existence of compensation supported by direct or indirect subsidiaries, controlled companies or parent companies

Because we are a purely holding company, the sole purpose of which is to hold equity in companies whose activities substantially include the exploration, production, and marketing of oil, natural gas, and oil products, a large portion of the compensation paid to our Executive Board is concentrated in our operational subsidiary QGEP. The identification of the type of compensation received, segregated by management body, is described in items 13.15 and 13.16 of this Reference Form.

g) The existence of any compensation or benefit related to the occurrence of a certain corporate event, such as the disposal of the Company's shareholding control

Presently, there is no compensation or benefit related to the occurrence of a certain corporate event involving the Company or Company's subsidiaries.

### 13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council

Total compensation provided for the current fiscal year 12/31/2015 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
No. of members	7.00	4.00	3.00	14.00
<b>Annual fixed compensation</b>				
Salary or management fees	BRL 1,004,736.00	BRL 1,423,124.00	BRL 441,000.00	BRL 2,868,860.00
Direct and fringe benefits	BRL 21,553.62	BRL 172,712.13	0,00	BRL 194,265.75
Participation in	0,00	0,00	0,00	0,00
Other	BRL 200,947.20	BRL 284,624.80	BRL 88,200.00	BRL 573,772.00
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	-	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's
<b>Variable Compensation</b>				
Bonus	0.00	0.00	0.00	0.00
Profit sharing	0.00	0.00	0.00	0.00
Participation in Meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation	0.00	0.00	0.00	0.00
<b>Post-employment</b>	0.00	0.00	0.00	0.00
<b>Termination of office</b>	0.00	0.00	0.00	0.00
<b>Stock-based</b>	0.00	0.00	0.00	0.00



### 13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council

<b>Note</b>	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The number of members is calculated based on the annual average of the number of members, based upon the assumption that such Council will be installed again by the Annual Meeting of 2015	
Total compensation	BRL 1,227,236.82	BRL 1,880,460.93	BRL 529,200.00	BRL 3,636,897.75

Aggregate Remuneration for the Fiscal year ended 12/31/2014 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
No. of members	7.00	4.00	2.00	14.00
<b>Annual fixed</b>				
Salary or management fees	BRL 939.573,00	BRL 1,316,738.00	BRL 235,000.00	BRL 2,491,311.00
Direct and fringe benefits	BRL 16,502.00	BRL 153,888.00	0.00	BRL 170,390.00
Participation in	0,00	0,00	0,00	0,00
Other	BRL 187,915.00	BRL 263,348.00	BRL 47,000.00	BRL 498,263.00
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	-	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion
<b>Variable Compensation</b>				

### 13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council

Bonus	0.00	0.00	0.00	0.00
Profit sharing	0.00	0.00	0.00	0.00
Participation in Meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
<b>Post-employment</b>	0.00	0.00	0.00	0.00
<b>Termination of office</b>	0.00	0.00	0.00	0.00
<b>Stock-based</b>	0.00	0.00	0.00	0.00
<b>Note</b>			The number of members of the Fiscal Council in the 2014 year was calculated based on the annual average of the number of members, considering that such Council was installed again by the Annual Meeting of 2014	
Total compensation	BRL 1,143,990.00	BRL 1,733,974.00	BRL 282,000.00	BRL 3,159,964.00

Aggregate Remuneration for the Fiscal year ended 12/31/2013 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
No. of members	7.00	4.00	N/A	11,00
<b>Annual fixed</b>				
Salary or management fees	BRL 877,332.00	BRL 1,166,336.00	N/A	BRL 2,043,668.00
Direct and fringe benefits	BRL 11,118.00	BRL 87,063.00	N/A	BRL 98,181.00

### 13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council

Participation in	0.00	0.00	N/A	0.00
Other	BRL 175,466.00	BRL 233,267.00	N/A	BRL 408,733.00
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	N/A	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion
<b>Variable Compensation</b>				
Bonus	0.00	0.00	N/A	0.00
Profit sharing	0.00	0.00	N/A	0.00
Participation in Meetings	0.00	0.00	N/A	0.00
Commissions	0.00	0.00	N/A	0.00
Other	0.00	0.00	N/A	0.00
Description of other variable compensation	-	-	N/A	-
<b>Post-employment</b>	0.00	0.00	N/A	0.00
<b>Termination of office</b>	0.00	0.00	N/A	0.00
<b>Stock-based</b>	0.00	0.00	N/A	0.00
<b>Note</b>	-	-	N/A	-
Total compensation	BRL 1,063,916.00	BRL 1,486,666.00	N/A	BRL 2,550,582.00
<b>Aggregate Remuneration for the Fiscal year ended 12/31/2012 - Annual Amounts</b>				
	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
No. of members	7.00	3.50	N/A	10.50
<b>Annual fixed</b>				
Salary or management	701,811.00	998,967.00	N/A	1,700,778.00
Direct and fringe benefits	1,103.00	31,675.00	N/A	32,778.00
Participation in	0.00	0.00	N/A	0.00
Other	140,362.00	199,794.00	N/A	340,156.00

### 13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council

Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	N/A	-
<b>Variable Compensation</b>				
Bonus	0.00	0.00	N/A	0.00
Profit sharing	0.00	0.00	N/A	0.00
Participation in Meetings	0.00	0.00	N/A	0.00
Commissions	0.00	0.00	N/A	0.00
Other	0.00	0.00	N/A	0.00
Description of other variable compensation	-	-	-	-
<b>Post-employment</b>	0.00	0.00	N/A	0.00
<b>Termination of office</b>	0.00	0.00	N/A	0.00
<b>Stock-based</b>	0.00	0.00	N/A	0.00
<b>Note</b>	The number of members in each body for the fiscal year of 2012 is assessed based on the annual average of the number of members in each body assessed monthly, with 2 decimal places	The number of members in each body for the fiscal year of 2012 is assessed based on the annual average of the number of members in each body assessed monthly, with 2 decimal places	-	-
Total compensation	BRL 843,276.00	BRL 1,230,436.00	N/A	BRL 2,073,712.00

**13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council**

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**13.3 Variable compensation of the Board of Directors, Statutory Board and Fiscal Council for the past 3 fiscal years and foreseen for the current fiscal year.**

The Company did not pay any variable compensation to the Board of Directors, Executive Board or Fiscal Council, and no such payment is anticipated in 2015. The variable compensation of the Executive Board is received from subsidiary Queiroz Galvão Exploração e Produção S.A., as provided in items 13.15 and 13.16 of this Reference Form.

### **13.4 - Stock-Based Remuneration Plan of the Board of Directors and Board of Statutory Executive Officers**

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*With respect to the stock-based compensation plan for the Board of Directors and Statutory Executive Board, effective in the last year and provided for the current year, please describe:*

a) General terms and conditions

Administration of the Plan:

At the Shareholders Special Meeting held on April 29, 2011, our shareholders approved Company's Stock Option Plan ("Plan"), which is administrated by the Company's Board of Directors. Annually, the Board of Directors will create Stock Option Programs ("Programs"), defining beneficiaries, stock subscription or purchase price, vesting time for exercising the option, maximum period for exercising the option, rules on the transfer of options and any restrictions to the sanctions received for exercising any option. The Board of Directors may delay, but not advance, the final date to exercise the option under the Programs in force. Also, it may terminate the Plant, at any time, and establish the regulation applicable to omitted cases, without prejudice to stock options already granted. The Board of Directors will not change the provisions set out in the Plan, and no resolution may, without holder's consent, change or compromise any right or obligation under any stock option already granted.

The Program for the current fiscal year (2015) was approved at a Meeting of the Board of Directors held on March 12, 2015 (the "2015 Program") granted to the Officers 1,018,958 options to purchase common stock shares, representing 0.38% of Company's capital stock. The program for the fiscal year ended December 31, 2014 was approved at the Meeting of the Board of Directors held on February 24, 2014 ("2014 Program") granted to Officers 1,018,958 options to purchase common stock shares, representing 0.38% of Company's capital stock. Finally, the program for the fiscal year ended December 31, 2013 was approved at the Meeting of the Board of Directors held on March 11, 2013 ("2013 Program") granted to Officers 1,018,958 options to purchase common stock shares, representing 0.38% of Company's capital stock. The programs for the fiscal year ended December 31, 2012, approved at the Meetings of the Board of Directors held on March 23, 2012 and May 29, 2012 (both collectively called "2012 Program") granted to Officers, respectively, 1,018,958 and 550,000 options to purchase common stock shares, representing 0.38% and 0.21% of Company's capital stock. These figures do not include options granted to one of our current officers when still holding office as Company's manager.

Beneficiaries:

At Board of Directors' discretion, officers (employees or not) and certain employees of the Company and of its subsidiaries may benefit from stock options ("Beneficiaries").

Shares included in the Plan:

Once the Beneficiaries exercise their option, the Company may (a) issue the corresponding shares or (b) deliver treasury shares. The shareholders, as provided in article 171, paragraph 3, of the Corporation Law, are not entitled preemptive rights with respect to the grant and exercise of stock options to purchase shares originated from the Plan, respected the authorized capital limit passed at

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### **13.4 - Stock-Based Remuneration Plan of the Board of Directors and Board of Statutory Executive Officers**

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General Meeting, as provided in article 168, paragraph 3, of the Corporation Law.

#### Exercise of the Option:

The option may be exercised in whole or in part during the term and periods fixed in the invitation letter to join the Plano ("Invitation Letter"), in accordance with the Plan and the respective program. In case of partial exercise, the Beneficiary may enforce the remaining portion of the option under the terms and conditions provided in the Plan, in the respective Program and Invitation Letter, unless as otherwise provided in the Plan. The Beneficiaries are subject to restrictive rules on the use of privileged information generally applicable to public companies and those provided by the Company.

#### Term of office:

The Plan or option grant under the Plan will not entitle the Beneficiary, in any event, the right to a term of office and will not affect Company's right to terminate, at any time, Company's relationship with the Beneficiary.

#### Limitations to holders' option rights:

No Beneficiary of options granted under the Plan: (i) may dispose of the same to third parties, or, directly or indirectly encumber the same, or enter into any legal business undertaking the same; and (ii) will have any rights and obligations as Company's shareholders. No share will be delivered to the Beneficiary upon the exercise of an option until all legal and contractual requirements are fully complied with.

#### Adjustment:

If the number of outstanding shares of the Company is increased or reduced, or shares are replaced or exchanged with different types or classes of shares, as the result of share bonus, grouping, or splitting, then the appropriate adjustment will be made to the number of shares in relation to which the options have been granted but not yet exercised. Any adjustment to options will be made without changing the total purchase price applicable to the non-performed portion of the option, but with an adjustment corresponding to the exercise price per each share or unit of share under the option. The Board of Directors will set out the rules applicable to events of liquidation, transformation, merger, consolidation, split-off, or any other form of corporate reorganization of the Company.

#### Date and effectiveness:

The Plano became effective as of the date of its approval by the Company's Shareholders Special Meeting held on April 29, 2011, and may be terminated, at any time, upon decision of the Board of Directors, without prejudice to the prevalence of restrictions to the negotiability of shares and without prejudice to Beneficiaries' rights to stock options already granted.

#### Assignment:

The rights and obligations arising under the Plan, Programs, and Invitation Letter may not be assigned

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### **13.4 - Stock-Based Remuneration Plan of the Board of Directors and Board of Statutory Executive Officers**

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or transferred, in whole or in part, by any party, or offered as guarantee to any obligation, without the prior written consent of the other party.

**b) Main purposes of the plan**

The Plan aims at aligning management's interests with Company's medium- and long-term goals, and to strengthen Company's result-oriented, entrepreneurial culture.

**c) Manner in which the plan contributes to these purposes**

The Plan permits to align the interests of the Beneficiaries, the Company and Company's subsidiaries, which benefit from the performance of Company's outstanding shares, and the interests of our investors, which benefit directly from Company's results achieved.

**d) How the plan is inserted in the Issuer's compensation policy**

The Plan functions as an incentive to the performance of our managers, and may represent an additional equity gain, subject to the specific rules of such type of incentives, and conditioned to the valuation of our shares in the long-term.

**e) How the plan is aligned with the short-, medium- and long-term interests of management members and the issuer**

The Plan stimulates management improvement in the short-term, aligning the interests of Beneficiaries with Company's and its shareholders' interests. Additionally, the Plan is included in Company's policy of attracting, motivating, and retaining qualified professionals in our management, encouraging them to achieve and overpass the targets established, which we consider a good policy for the medium- and long-term in relation to Company's performance.

**f) Maximum number of included shares**

The shares included in the Plan will correspond to no more than 5% of Company's outstanding shares, which would represent a total of 13,290,495 common shares considering Company's total outstanding shares. Grants carried out under the 2011, 2012, 2013, 2014 and 2015 Programs totaled 9,829,106 common shares (3.7% of the aggregate shares issued by the Company), of which 5,340,787 were granted to officers of the Company.

**g) Maximum number of options to be granted**

Each option entitles the Beneficiary to subscribe or acquire one common share issued by Company. Therefore, the options covered by the Plan will represent no more than 5% of Company's outstanding shares.

**h) Conditions for the Acquisition of Shares**

Annually, the Board of Directors will appoint, in accordance with the Plan for each

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### **13.4 - Stock-Based Remuneration Plan of the Board of Directors and Board of Statutory Executive Officers**

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Program, their Beneficiaries, which will be dully invited in an Invitation Letter.

The terms and conditions of each option grant under the Plan are fixed in the annual Programs and in the respective Invitation Letters, defining, among other conditions: (i) the number of shares to be issued or sold upon option exercise; (ii) the exercise price provided in said Plan; (iii) the following vesting periods holder must observe before exercising holder's options: (a) 20% of options may be exercised 12 months after grant; (b) 30% of options may be exercised 24 months after grant; and (c) 50% of options may be exercised 36 months after grant; and (iv) the period of 7 years, counted from option grant, expired which any rights arising thereof will expire. The shares arising from option exercise will entitle holders to the rights provided under the Plan, the respective Programs, and the Invitation Letter, being always assured the right to receive dividends on shares to be distributed after the respective subscription or acquisition.

**i) Criteria for setting the purchase or exercise price**

The exercise price is fixed based on the average price of shares recorded in 60 trading sessions prior to the date of the option grant, in subsequent years. The exercise price is payable on demand and annually adjusted by the National Consumer Price Index (INPC), or, in case such index is discontinued, by another official index with similar characteristics. The option may only be exercised under the Plan and under each Program, during the term and vesting period set forth thereunder.

**j) Criteria for the fixing of the period of the exercise**

An option may only be exercised within the term and vesting periods set forth in the Plano and each Program. In accordance with the Plan, the Beneficiaries are subject to the following vesting periods: (a) 20% of options may be exercised 12 months after grant; (ii) 30% of options may be exercised 24 months after grant; and (iii) 50% of options may be exercised 36 months after grant.

**k) Manner of settlement**

Settlement occurs upon payment on demand.

**l) Restrictions on the transfer of the shares**

If the Beneficiary intends to dispose of, or otherwise to transfer, directly or indirectly, in whole or in part, the shares held by such Beneficiary, provided that such rights arise from shares under the Plano, then Company will be entitled to repurchase such shares at market price, in which case the Company is not bound by any price or condition offered by third parties.

**m) Criteria and events that, when ascertained, would result in the suspension, alteration or extinction of the Plan**

The Plan may be terminated, at any time, upon decision of Company's Board of Directors,

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#### **13.4 - Stock-Based Remuneration Plan of the Board of Directors and Board of Statutory Executive Officers**

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which has the authority to regulate any omitted cases.

n) Effects of the managers' departure from issuer's bodies on his/her rights provided for in the stock-based compensation plan

Upon the departure of the manager, as a Plan Beneficiary, either on his/her own or on the Company's initiative, including in case of retirement, any options (i) that have not been acquired until the estimated date will be cancelled; and any options (ii) that have been acquired until the departure date may be exercised within 90 days counted from the date of termination of the respective job agreement or tenure, and shall be cancelled if they are not exercised after that period. The Board of Directors may, extraordinarily, determine specific rules authorizing option exercise by management Beneficiaries whose vesting term for exercising an option has not been observed.

In case of death of management Beneficiaries, their successors, or, in case of permanent disability, management Beneficiaries themselves, are entitled to promptly exercise any pending options, regardless acquisition of any exercise right, during the period of 12 months counted from such event, being the same cancelled after such period.

### 13.5 - Interests in Shares, Quotas and other Convertible Securities held by Managers and Members of the Fiscal Council - Per Corporate Body

*State the number of shares or units of ownership directly or indirectly held in Brazil or abroad, and other securities convertible into shares or units of ownership issued by the issuer, by issuer's direct or indirect parent companies, subsidiaries, or companies under common control, by members of the Board of Directors, Statutory Executive Board, or Audit Committee, per each body, at the end of the previous fiscal year*

The following tables show the number of shares issued by the Company, by the Company's direct and indirect parent companies and by companies under common control, directly and indirectly held by members of Company's Board of Directors, Executive Board and Fiscal Council, as of December 31, 2014. We clarify that the number of shares held by the members of the Executive Board in the following tables includes the shares held by Related Persons, in accordance with CVM Instruction 358, article 11, Paragraph 3.

	Company's securities held on December 31, 2014 by:		
	Members of the Board of Directors	Members of the Executive Board	Members of the Fiscal Council
Directly	197,706 common shares	14,750 common shares*	1,052 common shares
Indirectly	49,995,902 common shares	0	0
<b>TOTAL</b>	<b>50,193,608 common shares</b>	<b>14,750 common shares</b>	<b>1,052 common shares</b>

\* Including 4,224 common shares held by related persons

Outstanding securities issued by:	Held as of December 31, 2014 by:		
	Members of the Board of Directors	Members of the Executive Board	Members of the Fiscal Council
<b>Direct and indirect controllers</b>			
Queiroz Galvão S.A.	283,758,941 common shares	0 common shares	0 common shares
Quantum–Fundo de Investimento em Participações	16,715.26461 units of ownership	0 units of ownership	0 units of ownership
<b>Companies under common control</b>			
-	0	0	0

**13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers*****Information on the stock-based compensation of the Board of Directors and Statutory Executive Board recognized in the statement of income for the past three fiscal years and determined for the current fiscal year***

The amount of options grants under the 2011, 2012, 2013, and 2014 Programs is recognized for accounting purposes in our subsidiary Queiroz Galvão Exploração e Produção S.A. QGEP (see further information on the compensation paid by our subsidiaries in item 13.15).

Additionally, we inform that on June 1, 2012, Mr. José Augusto Fernandes Filho resigned as Chief Executive Officer of the Company and became a Member of its Board of Directors, keeping his options acquired under the Programs for which he qualified as Beneficiary while holding that office.

The following table summarizes the Company's stock-based compensation estimated for the 2015 fiscal year:

<b>Stock-based compensation for the current year (2015)</b>		
	<b>Board of Directors</b>	<b>Executive Board</b>
<b>No. of members</b>	7	4
<b>Stock option grant</b>	-	
<b>Date of grant:</b>	-	March 12, 2015
<b>Number of option granted to officers:</b>	-	1,018,958
<b>Option vesting periods:</b>	-	20% 12 months after grant, 30% 24 months after grant and 50% 36 months after grant
<b>maximum term within which to exercise the options</b>	-	7 years after grant
<b>Restricted period for share transfer purposes</b>	-	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
<b>Average weighted exercise price</b>	-	BRL 6.36
<b>Outstanding options at the beginning of fiscal year:</b>	-	-

### 13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers

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<b>(a) Options lost during the fiscal year:</b>	-	N/A
<b>(b) Options exercised during the fiscal year:</b>	-	N/A
<b>(c) Options expired during the fiscal year:</b>	-	N/A
<b>Fair value of options at date of grant</b>	-	BRL 1.96
<b>Potential dilution if all option grants are exercised :</b>	-	-*

\*Value to be calculated based on the market price of Company's shares as of December 31, 2015. The options under the 2015 Program are, as of December 31, 2015, still within the vesting period and therefore cannot be converted into shares.

### 13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers

The following table summarizes the Company's stock-based compensation for the fiscal year ended December 31, 2014:

Stock-based compensation for the fiscal year ended December 31, 2014		
	Board of Directors	Executive Board
No. of members	N/A	4
Stock option grant		
Date of grant:	N/A	February 24, 2014
Number of option granted to officers:	N/A	1.018.958
Option vesting periods:	N/A	20% 12 months after grant, 30% 24 months after grant and 50% 36 months after grant
maximum term within which to exercise the options	N/A	7 years after grant
Restricted period for share transfer purposes	N/A	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
Average weighted exercise price	N/A	
Outstanding options at the beginning of fiscal year:	N/A	BRL 8.98
(a) Options lost during the fiscal year:	N/A	N/A
(b) Options exercised during the fiscal year:	N/A	N/A
(c) Options expired during the fiscal year:	N/A	N/A
Fair value of options at date of grant	N/A	BRL 2.65
Potential dilution if all option grants are exercised :	N/A	- *

\*Value to be calculated based on the market price of Company's shares as of December 31, 2014. The options under the 2014 Program are, as of December 31, 2014, still within the vesting period and therefore cannot be converted into shares.

### 13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers

The following table summarizes the Company's stock-based compensation for the fiscal year ended December 31, 2013:

Stock-based compensation for the fiscal year ended December 31, 2013		
	Board of Directors	Executive Board
No. of members	N/A	4
Stock option grant	-	-
Date of grant:	-	March 14, 2013
Number of option granted to officers:	-	1,018,958
Option vesting periods:	-	20% 12 months after grant, 30% 24 months after grant and 50% 36 months after grant
Maximum term within which to exercise the options	-	7 years after grant
Restricted period for share transfer purposes	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
Average weighted exercise price	-	-
Outstanding options at the beginning of fiscal year:	N/A	BRL 12.83
(a) Options lost during the fiscal year:	N/A	N/A
(b) Options exercised during the fiscal year:	N/A	N/A
(c) Options expired during the fiscal year:	N/A	N/A
Fair value of options at date of grant	N/A	BRL 4.11
Potential dilution if all option grants are exercised :	N/A	0 *

\* There is no dilution, as the market value of Company's shares was, as of December 31, 2013, lower than option exercise price. In addition, as of December 31, 2013, options under the 2013 Program were still within the vesting period and, therefore, could not be converted into shares.

### 13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers

The following table summarizes the Company's stock-based compensation for the fiscal year ended December 31, 2012:

Stock-based compensation for the fiscal year ended December 31, 2012		
	Board of Directors	Executive Board
<b>No. of members</b>	1	4
<b>Stock option grant</b>	-	-
<b>Date of grant:</b>	March 26, 2012 and May 29, 2012(1)	March 26, 2012 and May 29, 2012(1)
<b>Number of option granted to officers:</b>	822,630(2)	746,328(3)
<b>Option vesting periods:</b>	20% 12 months after grant, 30% 24 months after grant and 50% 36 months after grant	20% 12 months after grant, 30% 24 months after grant and 50% 36 months after grant
<b>Maximum term within which to exercise the options</b>	7 years after grant	7 years after grant
<b>Restricted period for share transfer purposes</b>	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
<b>Average weighted exercise price</b>		
<b>Outstanding options at the beginning of fiscal year:</b>	BRL 14.17 and BRL 12.81	BRL 14.17
<b>(a) Options lost during the fiscal year:</b>	N/A	N/A
<b>(b) Options exercised during the fiscal year:</b>	N/A	N/A
<b>(c) Options expired during the fiscal year:</b>	N/A	N/A
<b>Fair value of options at date of grant</b>	BRL 5.31 and BRL 3.87	BRL 5.31
<b>Potential dilution if all option grants are exercised :</b>	0(4) and 0.2%(5)	0(4)

(1) The 2012 Program was revised by the Board of Directors on May 28, 2012 for new option grants.

(2) The options informed in the Board of Directors were granted while the director held the position of officer.



### **13.6 - Share-Based Remuneration of the Board of Directors and of the Board of Statutory Executive Officers**

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(3) This item does not include option granted to one of our current officers when he still held office as manager in 2012.

(4) There is no dilution, as the market value of Company's shares was, as of December 31, 2012, lower than option exercise price. Also, as of December 31, 2012, options under the 2012 Program were still subject to the vesting period and, therefore, could not be converted into shares

(5) Dilution as the exercise price is lower than the market price of the share, quoted at BRL 13.12, on December 31, 2012.

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### 13.7 - Information on Outstanding Options Held by the Board of Directors and by the Board of Statutory Executive Officers

The following table summarizes the outstanding options of the Board of Directors and Executive Board as of December 31, 2014:

Outstanding options at the end of the fiscal year ended December 31, 2014		
	Board of Directors	Executive Board
<b>No. of members:</b>	1	4
<b>Options not yet exercisable:</b>		
<b>(a) Number:</b>	2011 Plan: 0* 2012 Plan: 411.315*	2011 Plan: 0** 2012 Plan: 408,930** 2013 Plan: 815,166** 2014 Plan: 1,018,958**
<b>(b) Date on which they become exercisable</b>	2012 Plan: 50% - 03/26/2015 50% - 05/29/2015	2012 Plan: 50% - 03/26/2015 2013 Plan: 30% - 03/14/2015 50% - 03/14/2016 2014 Plan: 20% - 02/24/2015 30% - 02/24/2016 50% - 02/24/2017
<b>(c) Maximum term within which to exercise an option:</b>	7 years after grant	7 years after grant
<b>(d) Share transfer restriction period:</b>	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
<b>(e) Average weighted exercise price</b>	2011 Plan – BRL 22.60  2012 Plan: BRL 16.05 and BRL 14.53	2011 Plan – BRL 22.60  2012 Plan – BRL 16.05  2013 Plan – BRL 13.55  2014 Plan – BRL 8.98
<b>(f) Fair value of the options as of the last day of the fiscal year:</b>	2011 Plan – BRL 0.12  2012 Plan: BRL 0.48 and BRL 0.62	2012 Plan – BRL 1.89  2013 Plan – BRL 2.26  2014 Plan:
<b>Exercisable options:</b>		

**13.7 - Information on Outstanding Options Held by the Board of Directors and by the Board of Statutory Executive Officers**

<b>(a) Number:</b>	2011 Plan: 180,451* 2012 Plan: 411,315*	2011 Plan: 519,877** 2012 Plan: 408,930** 2013 Plan – 203,792** 2014 Plan – 0**
<b>(b) Maximum term within which to exercise an option:</b>	7 years after grant	7 years after grant
<b>(c) Share transfer restriction period:</b>	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.	No restriction term after option exercise. Company may repurchase such shares at market price, not being bound to prices and conditions offered by third parties.
<b>(d) Exercise price weighted average:</b>	2011 Plan – BRL 22.60  2012 Plan: BRL 16.05 and BRL 14.53	2011 Plan – BRL 22.60  2012 Plan – BRL 16.05  2013 Plan – BRL 13.55  2014 Plan – BRL 8.98
<b>(e) Fair value of the options as of the last day of the fiscal year:</b>	2011 Plan – BRL 0.12  2012 Plan: BRL 0.48 and BRL 0.62	2011 Plan – BRL 0.12  2012 Plan – BRL 0.48  2013 Plan – BRL 0.85  2014 Plan – BRL 1.61
<b>(f) Fair value of all Options as of the last day of the fiscal year</b>	BRL 258,639.50	BRL 430,771.84

\* The options informed in the Board of Directors were granted when the director held the position as Officer in 2011 and 2012. No director has options under the 2013 Plan.

\*\* This item includes options granted to one of our current officers when he still held office as manager in 2011 and 2012 and, therefore, the information included in this item differs from that in item 13.6 of this Reference Form

**13.8 - Options Exercised and Shares Delivered in connection with the Share-Based remuneration of the Board of Directors and of the Board of Statutory Executive Officers**

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*Information on options exercised and shares delivered in relation to the stock-based compensation to the Board of Directors and Statutory Executive Board, for the past three fiscal years*

During the fiscal years ended December 31, 2012, 2013 and 2014 no options were exercised and no shares were delivered in connection with stock-based compensation to members of the Company's Board of Directors and Statutory Executive Board.

### 13.9 - Information Relevant to the Comprehension of the Data Disclosed in Item 13.6 a - Pricing Method of the Value of the Shares and of the Options

*Brief description of the information necessary for understanding the data disclosed in items 13.6 to 13.8, such as an explanation on the pricing model for share and option value*

Pursuant to the Company's Stock Option Plan ("Plan"), options may be exercised within up to 7 years after date of grant. The date of grant of stock options under each program was as follows:

- (i) 2001 Program: Options granted on May 2, 2011;
- (ii) 2002 Program: Options granted on March 26, 2012 and May 29, 2012;
- (iii) 2003 Program: Options granted on March 14, 2013;
- (iv) 2004 Program: Options granted on February 24, 2014; and
- (v) 2005 Program: Options granted on March 12, 2015.

#### a) pricing model

The fair value of stock option granted under the Plan was estimated based on the binomial pricing model as of the dates on which the grants were effected.

b) data and assumptions used in the pricing model, including average weighted price of shares, exercise price, expected volatility, option duration, expected dividends and risk-free interest rate

Our assumptions in the binomial pricing model are summarized in the following tables:

	Stock option plans – 2011 Program
Grant date	05/02/2011
Total options granted	653,182*
Option exercise price	BRL 19.00
Option fair value on date of grant	BRL 9.87
Estimated share price volatility	59.20%
Expected dividend	2.35%
Risk-free return rate	6.36%
Option term (in years)	7

\* This item does not include options granted to one of our officers while holding office as manager in 2011.

	Stock option plans – 2012 Program
Grant date	03/26/2012
Total options granted	1,018,958*
Option exercise price	BRL 14.17
Option fair value on date of grant	BRL 5.31
Estimated share price volatility	53.24%
Expected dividend	1.93%
Risk-free return rate	4.69%

### 13.9 - Information Relevant to the Comprehension of the Data Disclosed in Item 13.6 a - Pricing Method of the Value of the Shares and of the Options

<b>Option term (in years)</b>	7
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\* This item does not include options granted to one of our officers while holding office as manager in 2012.

	<b>Stock option plans – 2012 Program</b>
<b>Grant date</b>	05/29/2012
<b>Total options granted</b>	550,000*
<b>Option exercise price</b>	BRL 12.81
<b>Option fair value on date of grant</b>	BRL 3.87
<b>Estimated share price volatility</b>	49.88%
<b>Expected dividend</b>	1.93%
<b>Risk-free return rate</b>	4.06%
<b>Option term (in years)</b>	7

\* This item does not include options granted to one of our officers while holding office as manager in 2012.

	<b>Stock option plans – 2013 Program</b>
<b>Grant date</b>	03/14/2013
<b>Total options granted</b>	1,018,958
<b>Option exercise price</b>	BRL 12.83
<b>Option fair value on date of grant</b>	BRL 4.11
<b>Estimated share price volatility</b>	43.92%
<b>Expected dividend</b>	1.89%
<b>Risk-free return rate</b>	3.81%
<b>Option term (in years)</b>	7

	<b>Stock option plans – 2014 Program</b>
<b>Grant date</b>	02/24/2014
<b>Total options granted</b>	1,018,958
<b>Option exercise price</b>	BRL 8.98
<b>Option fair value on date of grant</b>	BRL 2.65
<b>Estimated share price volatility</b>	43.36%
<b>Expected dividend</b>	3.84%
<b>Risk-free return rate</b>	6.20%
<b>Option term (in years)</b>	7

	<b>Stock option plans – 2015 Program</b>
<b>Grant date</b>	03/12/2015
<b>Total options granted</b>	1,018,958
<b>Option exercise price</b>	BRL 6.36
<b>Option fair value on date of grant</b>	BRL 1.96

**13.9 - Information Relevant to the Comprehension of the Data Disclosed in Item 13.6 a - Pricing Method of the Value of the Shares and of the Options**

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<b>Estimated share price volatility</b>	36.96%
<b>Expected dividend</b>	2.47%
<b>Risk-free return rate</b>	6.39%
<b>Option term (in years)</b>	7

- c) method and assumptions used to incorporate the expected effects of early exercise

Early exercises are not applicable, as the model does not allow this option without authorization of the Board of Directors.

As provided in the Stock Option Plan the Board of Directors may extraordinarily pass specific rules authorizing the exercise of options by the beneficiaries.

- d) Manner of determination of the expected volatility

The expected volatility is estimated based on historical volatility for a sample compatible with the option term. Volatility was estimated from the series of monthly returns of QGEP3 (from March, 2011 to December, 2014) and Petrobras (PETR4 from January, 2008 to February, 2011).

- e) whether any other characteristic of the option was incorporated in the calculation of its fair value

No other characteristic of the option was used to measure its fair value other than those disclosed in item (b) above.

**13.10 Information on pension plans granted to directors and statutory officers**

There are no pension plans in force directly granted by the Company to members of its Board of Directors.

For members of our Executive Board, there is payment of a private pension plan funded by our subsidiary Queiroz Galvão Exploração e Produção S.A. (QGEP) and administrated by Bradesco Vida e Previdência S.A. through an agreement of Supplement Pension - Collective Plan. The plan adopted is a PGBL plan (Free Benefit Generating Plan), which aims at accumulating long-term funds in order to supplement the pension of its beneficiaries, whereby employees participate with variable percentages from 1% to 12% on their fixed compensation, and the Company participates with the same percentage chosen by the employee, limited to a 6.5% cap for our Officers. Redeemed values are directly taxed at the source, depending on the system chosen.

Information related to the fiscal year ended December 31, 2014	a. Body	
	Board of Directors	Statutory Executive Board
b. Number of Members	7	4
c. Name of the plan	-	PGBL – Free Benefit Generating Plan
d. Number of managers entitled to retirement	-	1*
e. conditions for early retirement	-*	No early retirement event is provided under Bradesco Vida e Previdência agreement
f. Updated aggregate value of contributions accumulated until the end of the last fiscal year, less the contributions made by management members directly	-	BRL 951,599.49
g. total accrued amount of contributions made during the last fiscal year, minus the portion related to contributions made directly by the managers	-	BRL 272,640.34
h. Possible early redemption and conditions thereto	-	In case of departure from the company, and consequently from the pension plan, before becoming eligible for retirement, the balance of Company's contributions will be released in accordance with the conditions provided in the following table

\* To become eligible for retirement, an officer must be at least 65 years and terminate the work relationship with the Company

Plan participation time	Percentage of QGEP participation the
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**13.10 Information on pension plans granted to directors and statutory officers**

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	<b>beneficiary may withdraw considered the participation time</b>
Up to 3 years	0%
3 to 5 years	25%
5 to 8 years	50%
8 to 10 years	75%
more than 10 years	100%

### 13.11 - Maximum, minimum, and average individual compensation of the Board of Directors, Statutory Executive Board, and Fiscal Council

#### Annual Amounts

	Statutory Executive Board			Board of Directors			Fiscal Council		
	31/12/2014	31/12/2013	31/12/2012	31/12/2014	31/12/2013	31/12/2012	31/12/2014	31/12/2013	31/12/2012
<b>No. of members</b>	4.00	4.00	3.50	7.00	7.00	7.00	2.00	N/A	N/A
<b>Highest compensation amount (Reais)</b>	1,655,925.00	1,457,981.00	747,450.00	BRL 378,652.00	349,302.00	309,600.00	BRL 94,000.00	N/A	N/A
<b>Lowest compensation amount (Reais)</b>	BRL 10,260.00	9,562.00	8,680.00	BRL 10,260.00	9,562.00	8,680.00	BRL 94,000.00	N/A	N/A
<b>Average compensation amount (Reais)</b>	BRL 421,676.00	371,667.00	351,553.00	BRL 163,477.00	151,988.00	120,468.00	BRL 141,000.00	N/A	N/A

#### Note

Statutory Executive Board	
<b>12/31/2014</b>	The value of option granted under the 2014 Stock Option Program is recognized for accounting purposes in our subsidiary QGEP (see further information on the compensation paid by our subsidiaries in item 13.15)
<b>12/31/2013</b>	The value of option granted under the 2013 Stock Option Program is recognized for accounting purposes in our subsidiary QGEP (see further information on the compensation paid by our subsidiaries in item 13.15)
<b>12/31/2012</b>	The value of option granted under the 2012 Stock Option Program is recognized for accounting purposes in our subsidiary QGEP (see further information on the compensation paid by our subsidiaries in item 13.15) The member with highest compensation served as officer throughout 2012
Board of Directors	
<b>12/31/2014</b>	The member with highest compensation served as director throughout 2014
<b>12/31/2013</b>	The member with highest compensation served as director throughout 2014
<b>12/31/2012</b>	The member with highest compensation served as director throughout 2014
Fiscal Council	

**13.11 - Maximum, minimum, and average individual compensation of the Board of Directors, Statutory Executive Board, and Fiscal Council**

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12/31/2014	The Fiscal Council was first installed by the Annual Shareholders Annual Meeting held on April 12, 2014.
12/31/2013	N/A
12/31/2012	N/A

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### **13.12 - Mechanisms of Remuneration or Indemnification of Managers in case of Removal from Office or Retirement**

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*Describe contractual arrangements, insurance policies or other instruments structuring mechanisms for compensation or indemnification of managers in the event of removal from office or retirement, indicating the financial consequences to the issuer*

Presently, there are no contractual arrangements, insurance policies, or other instruments underlying mechanisms for compensating or indemnifying Company's management members in the event of removal from office or retirement.

Our Executive Board may elect the to pay a pension plan of Bradesco Vida e Previdência S.A. The contributions made by our officers vary from 1% to 12% on the fixed compensation and our subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP") contributes with the same percentage chosen by the Officer up to the limit of 6.5% of the Officer compensation. In the event of retirement, the Officer may withdraw a portion of QGEP contribution depending on the participation term in such pension plan. See item 13.10 of this Reference Form for further information on our pension plan.

The Company's Stock Option Plan ("Plan") establishes the conditions for enforcing any rights in connection with the plan at the time of retirement or removal of a management member. For further information on the conditions applicable in such event, please refer to item 13.4 of this Reference Form.

In 2012, our subsidiary QGEP, recognizing the important contribution to the development of Company's and Company subsidiaries' activities, specially the results achieved, paid to one member of management a leaving package comprising performance bonus and additional stock option grants, as he left the office of Chief Executive Office in our subsidiary QGEP. Please refer to items 13.15 and 13.16 for further information on fixed and variable compensation paid by our subsidiary QGEP.

**13.13 - Percentage of the Aggregate Remuneration of Managers and Members of the Fiscal Council that are Parties Related to the Controlling Shareholders**

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*With respect to the past three fiscal years, state the percentage of total compensation of each body recognized in the issuer's income or loss statement in relation to directors, statutory officers, or members of the fiscal council that are related parties to direct or indirect parent companies, as defined by the accounting rules addressing this subject*

The following table states the values for the year ended December 31, 2012:

<b>Body</b>	<b>Fiscal Year ended December 31, 2012</b>
<b>Board of Directors</b>	3.50%
<b>Executive Board</b>	0.00%

\* The Fiscal Council was not installed in 2012.

The following table states the values for the year ended December 31, 2013:

<b>Body</b>	<b>Fiscal Year ended December 31, 2013</b>
<b>Board of Directors</b>	2.70%
<b>Executive Board</b>	0.00%

\* The Fiscal Council was not installed in 2013.

The following table states the values for the year ended December 31, 2014:

<b>Body</b>	<b>Fiscal Year ended December 31, 2014</b>
<b>Board of Directors</b>	2,70%
<b>Executive Board</b>	0,00%
<b>Fiscal Council</b>	0,00%

**13.14 - Remuneration of Managers and Members of the Fiscal Council, grouped by Corporate Body, received for any reason other than due to the position held**

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With respect to the past three fiscal years, please state the amounts recognized in the issuer's income and loss statement as compensation of directors, statutory officers, or members of the fiscal council, per each body, for any reason other than the office they hold

Our managers do not receive compensation for any reason other than the office they hold.

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

**With respect to the past three fiscal years, please state the amounts recognized in the income or loss statement of issuer's direct or indirect parent companies, companies under common control, and subsidiaries as compensation to issuer's directors, statutory officers, or fiscal council members, per each body, specifying why such amounts are allocated to such individuals**

a) portions of the compensation supported by issuer's direct or indirect subsidiaries, parent companies, or companies under common control that are allocated to the directors, statutory officers, and members of the fiscal council due to the office held in the issuer (which has been stated in 13.1.f)

Our Officers also serve as officers in our subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP"). Considering that Company's sole purpose is to hold interest in companies whose activities substantially includes the exploration, production, and marketing of oil, natural gas, and oil products (therefore, we are a holding company), a large portion of the compensation paid to our Executive Board is concentrated in said subsidiary.

In November 2012, QGEP incorporated another subsidiary of the group, Manati S.A. Some payments to our managers in 2012 were also made through this incorporated company.

The following tables summarize the amounts paid by our direct or indirect subsidiaries, parent companies, or companies under common control to Company's Directors and Officers, in relation to fiscal years ended December 31, 2012, December 31, 2013, and December 31, 2014:

<b>Amounts recognized in the income and loss statement for 2012 (BRL)*</b>	<b>Board of Directors</b>	<b>Executive Board</b>	<b>TOTAL</b>
<b>Subsidiaries</b>	BRL 6,404.02	BRL 14,676,454.25**	BRL 14,682,858.27
<b>Direct or indirect parent companies</b>	N/A	N/A	N/A
<b>Companies under common control</b>	N/A	N/A	N/A

\*The amount of option grants under the 2012 Program is recognized for accounting purposes in our subsidiary QGEP, as BRL 2,394,124.87.

\*\* Including the amount paid under the transition package granted to Mr. José Augusto Fernandes Filho, as mentioned in Item 13.12.

### 13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer

#### Amounts paid by subsidiaries

Amounts paid by subsidiaries, total compensation recognized for the Fiscal Year ended December 31, 2012 – Annual Amounts			
	Board of Directors	Statutory Executive Board	TOTAL
No. of members	7.00	3.5	10.5
Annual fixed compensation			
Salary or management fees		BRL 2,174,975.00	BRL 2,174,975.00
Direct and fringe benefits	BRL 6,404.02	BRL 228,804.78	BRL 235,280.80
Participation in committees			
Other (Charges)		BRL 561,758.40	BRL 561,758.40
Note	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion		
Variable Compensation			
Bonus	BRL 0.00	BRL 6,196,791.20	BRL 6,196,791.20
Profit sharing	BRL 0.00	BRL 0.00	BRL 0.00
Compensation for attending meetings	BRL 0.00	BRL 0.00	BRL 0.00
Commissions	BRL 0.00	BRL 0.00	BRL 0.00
Other	BRL 0,00	BRL 0,00	BRL 0,00
Post-employment	BRL 0,00	BRL 3,724,706.70	BRL 3,724,706.70
Termination of office	BRL 0,00	BRL 0,00	BRL 0,00
Stock-based	BRL 0,00	BRL 1,789,418.17	BRL 1,789,418.17
Note	The number of members of each body in 2012 was determined based on the annual average number of members of each body determined on a monthly basis, with two decimal places	The number of members of each body in 2012 was determined based on the annual average number of members of each body determined on a monthly basis, with two decimal places	
<b>Total compensation</b>	BRL 6,404.02	BRL 14,676,454.25**	BRL 14,682,858.27

\*The amount of option grants under the 2012 Program is recognized for accounting purposes in our subsidiary QGEP, as BRL 2,394,124.87.

\*\* Including the amount paid under the transition package granted to Mr. José Augusto Fernandes Filho, as mentioned in Item 13.12.



**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

Amounts recognized in the income and loss statement for 2013 (BRL)*	Board of Directors	Executive Board	TOTAL
<b>Subsidiaries</b>	BRL 3,829.00	BRL 12,150,894.00	BRL 12,154,723.00
<b>Direct or indirect parent companies</b>	N/A	N/A	N/A
<b>Companies under common control</b>	N/A	N/A	N/A

**Amounts paid by subsidiaries**

Amounts paid by subsidiaries, total compensation recognized for the Fiscal Year ended December 31, 2013 – Annual Amounts			
	Board of Directors	Statutory Executive Board	TOTAL
No. of members	7.00	4.00	11.00
Annual fixed compensation			
Salary or management fees	BRL 0.00	BRL 2,911,824.00	BRL 2,911,824.00
Direct and fringe benefits	BRL 3,829.00	BRL 243,962.00	BRL 247,791.00
Participation in committees	BRL 0.00	BRL 0.00	BRL 0.00
Other (Charges)	BRL 0,00	860,047.00	BRL 860.047,00
Note	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion		
Variable Compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion		
Bonus	BRL 0.00	BRL 5,664,297.00	BRL 5,664,297.00
Profit sharing	BRL 0.00	BRL 0.00	BRL 0.00
Compensation for attending meetings	BRL 0.00	BRL 0.00	BRL 0.00
Commissions	BRL 0.00	BRL 0.00	BRL 0.00
Other	BRL 0.00	BRL 0.00	BRL 0.00
Post-employment	BRL 0.00	BRL 0.00	BRL 0.00
Termination of office	BRL 0.00	BRL 0.00	BRL 0.00
Stock-based	BRL 0.00	BRL 2,470,764.00	BRL 2,470,764.00
Note	N/A	N/A	N/A

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

<b>Total compensation</b>	BRL 3,829.00	BRL 12,150,894.00	12,154,723.00
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\* The amount of option grants under the 2013 Program is recognized for accounting purposes in our subsidiary QGEP, as BRL 5,875,533.00

Amounts recognized in the income and loss statement for 2014 (BRL)	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
Subsidiaries	0.00	BRL 10,274,443.00	0,00	BRL 10,274,443.00
Direct or indirect parent companies	N/A	N/A	N/A	N/A
Companies under common control	N/A	N/A	N/A	N/A

Amounts paid by subsidiaries

	Amounts paid by subsidiaries, total compensation recognized for the Fiscal Year ended December 31, 2014 – Annual Amounts			
	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
No. of members	7.00	4.00	2.00	14.00
Annual fixed			0,00	
Salary or management fees	0.00	BRL 3,141,681.00	0.00	BRL 3,141,681.00
Direct and fringe benefits	0,00	BRL 382,789.00	0.00	BRL 382,789.00
Participation in committees	0.00	0.00	0.00	0.00
Other (Charges)	0	BRL 927,816.00	0.00	BRL 927,816.00
Note	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion			
Variable				
Bonus	0.00	BRL 4,641,757.00	0.00	BRL 4,641,757.00
Profit sharing	0.00	0.00	0.00	0.00
Compensation for attending meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

Post-employment	0.00	0.00	0.00	0.00
Termination of office	0.00	0.00	0.00	0.00
Stock-based	0.00	BRL 1,180,400.00	0.00	BRL 1,180,400.00
Note	0.00	0.00	0.00	0.00
Total compensation	0.00	BRL 10,274,443.00	0.00	BRL 10,274,443.00

\* The amount of option grants under the 2014 Program is recognized for accounting purposes in our subsidiary QGEP, as BRL 4,547,595.90

### 13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer

The following table states the percentage of each element of Company's consolidated aggregate compensation for the fiscal years ended December 31, 2012, 2013, and 2014:

Year ended December 31, 2012		
Body	Board of Directors	Statutory Executive Board(*) (**)
<b>Annual fixed compensation</b>		
Salary or management fees	0.00%	14.00%
Direct and fringe benefits	100.00%	2.00%
Participation in committees	0.00%	0.00%
Other (Charges)	0.00%	4.00%
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20,00%) corresponding to the Company's portion	
<b>Variable Compensation</b>		
Bonus	0.00%	42.00%
Profit share	0.00%	0.00%
Compensation for attending meetings	0.00%	0.00%
Commissions	0.00%	0.00%
Other	0.00%	0.00%
<b>Post-employment or termination of office benefits</b>		
Post-employment	0.00%	26.00%
Termination of office	0.00%	0.00%
<b>Stock-based compensation</b>		
Stock-based	0.00%	12.00%
Total compensation	100.00%	100.00%

\* one of our directors kept some benefits (health, dental, and life insurance) paid by our subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP"), remaining from the period he served as the Company's Chief Executive Officer.

\*\* Transition package granted to a management member, as mentioned in Item 13.12

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

Year ended December 31, 2013		
Body	Board of Directors	Statutory Executive Board
<b>Annual fixed compensation</b>		
Salary or management fees	0.00%	24.00%
Direct and fringe benefits	100.00%	2.00%
Participation in committees	0.00%	0.00%
Other (Charges)	0.00%	7.10%
Description of other fixed compensation	The amount of "Other" account refers to INSS on management fees (20%) corresponding to the Company's portion	
<b>Variable Compensation</b>		
Bonus	0.00%	46.60%
Profit sharing	0.00%	0.00%
Compensation for attending	0.00%	0.00%
Commissions	0.00%	0.00%
Other	0.00%	0.00%
<b>Post-employment or termination of office benefits</b>		
Post-employment	0.00%	0.00%
Termination of office	0.00%	0.00%
<b>Stock-based compensation</b>		
Stock-based	0.00%	20.30%
<b>Total compensation</b>	<b>100.00%</b>	<b>100.00%</b>

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

Year ended December 31, 2014			
Body	Board of Directors	Statutory Executive Board	Fiscal Council
<b>Annual fixed compensation</b>			
Salary or management fees	0.00	30.60%	0.00
Direct and fringe benefits	0.00	3.70%	0.00
Participation in committees	0.00	0.00	0.00
Other (Charges)	0.00	9.00%	0.00
Description of other fixed compensation			
<b>Variable Compensation</b>			
Bonus	0.00	45.20%	0.00
Profit share	0.00	0.00	0.00
Compensation for attending meetings	0.00	0.00	0.00
Commissions	0.00	0.00	0.00
Other	0.00	0.00	0.00
<b>Post-employment or termination of office benefits</b>			
Post-employment	0.00	0.00	0.00
Termination of office	0.00	0.00	0.00
<b>Stock-based compensation</b>			
Stock-based	0.00	11.50%	0.00
<b>Total compensation</b>	0.00	100.00%	0.00

b) other compensation received by Company's management and audit committee members that is recognized in the income or loss statement of Company's subsidiaries, issuer's direct or indirect parent companies, or companies under common control, whether or not related to any office held in the issuer

The following table states the amounts attributed as compensation for offices held by certain managers of the Company in the management of our subsidiaries, direct or indirect parent companies, and companies under common control, with respect to the fiscal years ended December 31, 2012, 2013, and 2014:

**13.15 - Remuneration of Managers and Members of the Fiscal Council recognized in the results of direct or indirect controlling entities, of entities under common control and of entities controlled by the issuer**

Amounts recognized in the income and loss statement for 2012 (BRL)	Board of Directors	Statutory Executive Board	TOTAL
Subsidiaries	N/A	N/A	N/A
Direct or indirect parent companies	BRL 5,527,741.49	N/A	BRL 5,527,741.49
Companies under common control	BRL 1,506,840.79	N/A	BRL 1,506,804.79

Amounts recognized in the income and loss statement for 2013 (BRL)	Board of Directors	Statutory Executive Board	TOTAL
Subsidiaries	N/A	N/A	N/A
Direct or indirect parent companies	BRL 3,548,885.07	N/A	BRL 3,548,885.07
Companies under common control	BRL 3,625,728.78	N/A	BRL 3,625,728.78

Amounts recognized in the income and loss statement for 2014 (BRL)	Board of Directors	Statutory Executive Board	Fiscal Council	TOTAL
Subsidiaries	N/A	N/A	N/A	N/A
Direct or indirect parent companies	BRL 2,433,545.35	N/A	N/A	BRL 2,433,545.35
Companies under common control	BRL 5,060,992.80	N/A	N/A	BRL 5,060,992.80

The compensation paid by our subsidiary Queiroz Galvão Exploração e Produção S.A. (QGEP) to the Company's managers comprises fixed and variable elements. The fixed compensation reflects the parameters adopted by the oil industry, more specifically in the exploration and production chains. With respect to the variable compensation, QGEP implemented in 2012 a performance award model based on Company's financial earnings, on local result, and on individual performance, carried out through a Profit Sharing Plan (PLR).



# Appendix D

*(Information related to items 12.6 to 12.10 of the Reference Form)*

## 12.6 / 12.8. Composition and professional experience of members of the Fiscal Council

The candidates for the Fiscal Council, according to the designations received by the Company from its controlling shareholders, are:

Name	Age	Management Body	Date of Election	Term of office
CPF:	Profession	Position held	Date of Investiture	Elected by the controlling shareholder
Other offices and functions performed in the Company				
Sérgio Tuffy Sayeg	61	Fiscal Council	If elected, on 04/17/2015	1 year
935.221.858-20	Manager	Acting Member Elected by the Controlling Shareholder		Yes
Fiscal Council's member only				
Nelson Mitimasa Jinzenji	65	Fiscal Council	If elected, on 04/17/2015	1 year
208.457.588-53	Manager	Alternate Member Elected by the Controlling Shareholder		Yes
Fiscal Council's member only				
José Ribamar Lemos de Souza	61	Fiscal Council	If elected, on 04/17/2015	1 year
080.716.084-91	Accountant	Acting Member Elected by the Controlling Shareholder		Yes
Fiscal Council's member only				
Gil Marques Mendes	61	Fiscal Council	If elected, on 04/17/2015	1 year
329.729.897-91	Accountant	Alternate Member		Yes

Name	Age	Management Body	Date of Election	Term of office
CPF:	Profession	Position held	Date of Investiture	Elected by the controlling shareholder
Other offices and functions performed in the Company				
		Elected by the Controlling Shareholder		
Fiscal Council's member only				
Axel Ehrard Brod[*]	56	Fiscal Council	If elected, on 04/17/2015	1 year
787.729.907-91	Manager	Acting Member Elected by the Controlling Shareholder		Yes
Fiscal Council's member only				
William Bezerra Cavalcanti Filho[*]	57	Fiscal Council	If elected, on 04/17/2015	1 year
530.627.607-53	Economist	Alternate Member Elected by the Controlling Shareholder		Yes
Fiscal Council's member only				

\* In case minority shareholders exercise their right to designate candidates for the position of acting and alternate members of the Fiscal Council, the controlling shareholder shall withdraw its designation of Messrs. Axel Ehrard Brod and William Bezerra Cavalcanti Filho for the offices of acting and alternate member, respectively.

Candidates' résumés:

Sérgio Tuffy Sayeg

Mr. Sérgio Tuffy Sayeg holds a graduation degree in Business Administration and a postgraduate degree in Capital Markets from Faculdade de Economia, Administração e Contabilidade, Universidade de São Paulo. He works as a Professor in MBA, post-graduation and executive training courses in Fundação Instituto de Administração –

FIA, Ibmec, in INSPER and in other financial markets entities. Mr. Sérgio is qualified with a Certificate of Board Member by Experience and a Certificate of Fiscal Council Member by Experience from IBGC - Instituto Brasileiro de Governança Corporativa; with a National Certificate for the Investments Professional (“CNPI - Certificação Nacional do Profissional de Investimentos”) from APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and with a Professional ANBIMA Certification – series 20. Since 1976 he has been active in the financial, capital and corporate markets, having worked as executive and director at Unibanco, Banco London Multiplic, Banco Safra, Seller DTVM, Banco Fibra, Dresdner Asset Management, Bolsa de Valores de São Paulo, SABESP – Cia. de Saneamento Básico do Estado de São Paulo and FIRB – Financial Investor Relations. He is a specialized member of the Audit Committee at Banco GMAC S.A. since 2012. He is also a Member of the Fiscal Council of CSU CardSystem S.A since 2008, a Member of the Fiscal Council of Cia. Providência Indústria e Comércio since 2012 and was a Member of the Fiscal Council of Marfrig Alimentos S.A. from 2010 to 2012, all of these companies listed in BM&FBovespa’s Novo Mercado, and of CR Almeida S.A. Engenharia e Construções (since 2011). He was a Member of the Board of Directors of Lojas Salfer S.A. from 2007 to 2009 and also a Member of KPMG’s Audit Committee Institute, of the EY Board Members Program and of the Comissões de Comunicação e Certificação at IBGC. Member of the Board of Directors of IBRI – Instituto Brasileiro de Relações com Investidores from 2003 to 2008, where he is now vice-president.

Mr. Sérgio Tuffy Sayeg has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappealable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

#### Nelson Mitimasa Jinzenji

Mr. Nelson Mitimasa Jinzenji is consultant, business manager, independent auditor and lawyer. He graduated in Law School from Universidade Federal de Pernambuco and is registered with OAB-PE under number 14,448. He also holds a graduation degree in Accounting from Universidade Federal de Pernambuco, registered with CRC-SP under number 64,957-T-PE and is graduated in Business Administration from Universidade de São Paulo, registered with CRA-PE under number 0905. Partner at DIRECTIVOS, Vice-president of IBRACON – Instituto dos Auditores Independentes do Brasil – 2nd Regional – from 2001 to 2002 and from 2002 to 2003, President of Caxangá Golf and Country Club – from 07/01/2000 to 06/30/2001 and from 07/01/2001 to 06/30/2003, Vice-president of the Regional Accounting Council in Pernambuco –

management periods: 2002/2003, 2004/2005 and 2006/2007, Technical Vice-president of the Federal Accounting Council – management periods: 2008/2009 and 2010/2011, Effective Vogal and President of the 3rd Team of Vogals, from the Commercial Joint of Pernambuco State – JUCEPE – mandates from 01/01/2007 to 12/31/2010 and 01/01/2011 to 12/31/2014, Member of The Group of Studies for Auditing, from the Federal Accounting Council – CFC in 2003, 2004 and 2005, Member of the Advisory Committee on Accounting Standards of the Securities Commission – CVM, in 2004, 2005 and 2006, Member and Coordinator of Operations of the Accounting Pronouncements Committee – CPC, from 2008 to 2011, and a Member of Pernambuco Academy of Accounting Sciences. Awarded the Pernambuco Military Police Medal of Merit, in 06/06/2002, the Joaquim Monteiro de Carvalho Medal, by the Regional Accounting Council of the State of São Paulo – CRCSP in 05/30/2011, the Expression in Business Prize Certificate by the Home of the Business Manager in Pernambuco, integrated by the Regional Accounting Council in the State of Pernambuco and the Business Managers Syndicate in Pernambuco, in 09/09/2010. Co-author of a book in accounting and taxing.

Mr. Nelson Mitimasa Jinzenji has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappeasable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

#### José Ribamar Lemos de Souza

Mr. José Ribamar Lemos de Souza is graduated in Accounting from Universidade Federal de Pernambuco and is registered with CRC-PE under number 6,172 and enrolled at CPF/MF under number 080.716.084-91. Mr. José Ribamar holds a postgraduate degree in Economics and Business Law and in Tax Law from Fundação Getúlio Vargas. Professor at Universidade Federal de Pernambuco since 1995 in the following courses: Financial Administration, MBA in Business Management, MBA in Controllership and Costs Management, MBA in Planning and Organizational Management and MBA in Logistics. Instructor of several extension courses in accounting, tax and administrative areas by the National Commercial Training Service, with a special highlight to the following post-graduation courses: Managerial Accounting, Analysis and Financial Statements, Management and Control of Fixed Assets, Tax Management, and Costs and Formation of Prices. Mr. José Ribamar was the accountant responsible for all the accounting, fiscal and internal controls procedures of many companies, such as: Megaó Indústria e Comércio Ltda, from June/76 to July/78, and Formac (PE) S.A, from July/78 to September/87. Mr. José

Ribamar was the financial-administrative manager at Delta Construções S.A., being responsible for all the accounting, fiscal, administrative and financial procedures from Jan/88 to Nov/93. Partner and shareholder of the following companies: Dosoftware do Brasil Ltda. and Acta Microinformática Ltda. He has been a consultant in the organizational, accounting, taxing and administrative areas, having had the following companies as major clients since 1992: Fiori Veículo Ltda. and subsidiary / affiliated companies; Auto Nunes Ltda. and subsidiary / affiliated companies; and Auto Norte Ltda.; Pedragon Veiculos Ltda. and affiliates, RCR Locações Ltda., Frotamais Locações, Parvi Locadora, among others.

Mr. José Ribamar Lemos de Souza has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappeasable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

#### Gil Marques Mendes

Gil Marques Mendes has been an accountant and business executive of the auditing and accountability segment for 28 years, registered with CRC-RJ under number 339,363 and CPF/MF number 329.729.897-91. He holds a graduation degree in Accounting from Federação das Faculdades Celso Lisboa, and a post graduation degree in controllership, auditing, financial management and teaching in higher education from Fundação Getúlio Vargas. Qualified in IFRS – International Financial Reporting Standard, certified internationally by IACAFM – International Association of Certified Accountants and Financial Managers; Member of the Board of the Regional Accounting Council of the State of Rio de Janeiro - CRC-RJ as Vice-president of Registration; Member of the Committee on Continuing Professional Education in CRC-RJ; has acted as a Counselor in the Taxpayers Council of the Municipality of Rio de Janeiro – from 2008 to 2010; has acted as a Vogal at JUCERJA – Commercial Joint of the State of Rio de Janeiro – from 1998 to 2006. He is post graduated in Controllership (Fundação Getúlio Vargas), in Financial Management (Fundação Getúlio Vargas) and in Teaching in Higher Education. Mr. Marques was a managing partner at GWM Auditores Independentes from June/2011 to the present date; at GWM Auditores e Consultores from June/1986 to June/2011; at NASA Contadores Ltda. from June/1986 to the present date. Acted as chief auditor from May/1984 to June/1986 at Construtora Queiroz Galvão S.A.; as senior auditor from March/1982 to February/1983 at SUPERGASBRÁS – Distribuidoras de Gás S.A., and at SOTREQ S.A. de Tratores e

Equipamentos, from December/1979 to March/1982; as auditor at Zalcborg, Aizenman, Bendoraytes e Cia, from March /1978 to November/1979.

Mr. Gil Marques Mendes has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappeasable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

#### Axel Erhard Brod

Mr. Axel Erhard Brod is a business manager, with specialization in Finance, with Identity number RNE W432250Z, SE-DPMAF-DPF, registered under CPF/MF number 787.729.907-21. Graduated in Business Management from Universität des Saarlandes in Saarbrücken, Germany and from Pontifícia Universidade Católica do Rio de Janeiro (PUC-RJ), with a masters degree in Finance from PUC-RJ. Mr. Brod is currently Managing Director at ABZ Assessoria e Consultoria Empresarial. He is a Member of the Fiscal Council of the following companies: Mahle Metal Leve S.A., Marfrig Global Foods, Santos Brasil S.A. and A.W. Faber Castell S.A. From 1999 to 2010 he acted in MAHLE Group in many functions, such as in management teams in MAHLE Global Group; as a Member and President of a number of Board of Directors in joint ventures and companies of the Group; and in MAHLE Metal Leve S.A. as Administrative-Financial and Investor Relations Director from 1999 to 2010, and from 2004 to 2010 he also exercised the function of Vice-President Director of the Company. From 1990 to 1998 he exercised functions in Thyssen Group in the Division of Commerce and Services, having worked as the Administrative-Financial Director of the Group in South America. From 1984 to 1989 he acted in KPMG Auditores Independentes as auditing manager at German Desk of the Rio de Janeiro branch.

Mr. Axel Erhard Brod has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappeasable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

#### William Bezerra Cavalcanti Filho

William Bezerra Cavalcanti Filho is an economist, with specialization in Business and Finance, with Identity number 3.643.978-4 (SSP Detran/RJ), registered under CPF/MF number 530.627.607-53. Graduated in Economic Sciences from Instituto Metodista Bennett, in 1982, with an MBA in Finance from IBMEC, 1991 and post-graduation in Business – General Training for High Executives, from FGV-RJ, 1996; and is enrolled in Philosophy at PUC-Rio, besides the following courses: Commercial and Investment

Bank (Financial Engineering, Products and Services) Citybank – Florida – EUA, 1992; - Securities Representative Certificate, from FSA, London, England, 199; Amana Kay – International Executive MBA; - Financial Engineering – Derivative Securities; - Corporate Governance – USP/FIPECAFI, 2000; - Fiscal Council – Theory and Practice from IBGC, 2009; - IFRS Board Class, from ANEFAC and Ernst & Young, September 2009; - Media Training, 2012; Member of the Board of Directors from IBGC. Member of the Fiscal Council - IBGC; Mr. Filho worked at BANERJ S.A. - from May/1977 to November/1978; BANCO DO BRASIL S.A. from December/1978 to April/2009. Main offices since 1996: Third Party Assets Administration Executive Manager at BBDTVM; Executive Business Manager at Títulos e Valores Mobiliários – Capital Markets Division; - Financial Operations Executive Manager at GEROF – Finance Directory; Statutory Finance Directory from December/2003 to April/2009; BRASILCAP S.A. from September/2009 to February/2013, Office: Executive Manager at the Financial and Investments Department. Took part in the following committees: (representative of Banco do Brasil): Treasury Committee at FEBRABAN until April/2009; Monetary Policy Committee at ANDIMA until April/2009; Investments Committee at SUSEP from 2011 to February/2013 and took part in the following companies' Councils: PRONOR S.A. e NITROCARBONO S.A. – Vice-President of BOARD from April/1997 to April/2004 – Nomination: Banco do Brasil S.A. – BB ;GUARANIANA S.A. (current Neoenergia) – BOARD– Effective – from July 1997 to 1998 - Nomination: BB; GUARANIANA COM. and SERV. S.A. - BOARD– Effective – from October/2001 to May/2002 – Nomination: BB; BOLSA DE VALORES DO RJ – BOARD– Substitute from December/2000 to November/2001 - Nomination: BB;SADIA S.A. FISCAL COUNCIL– Effective – April/2009 to April/2010 – Nomination: Previ – ;BRASILCAP S.A. BOARD– Substitute from February/2001 to August/2009 (President of the Financial Committee) - Nomination: BB ;ALL S.A. FISCAL COUNCIL— Effective – April/2009 to April/2010 – Nomination: Previ ;FIAGO Participações S.A. May/2011 to April/2013 – Nomination: Previ; Nominated by Previ to be a Member of the Fiscal Council at CPFL – May/2013

Mr. William Bezerra Cavalcanti Filho has never been subject to the effects of a criminal conviction, any conviction or penalty enforcement under CVM administrative proceedings, or any final and unappeasable conviction, either judicially or administratively, causing the suspension or disqualification with respect to any professional or commercial practice, being therefore duly qualified for performing his professional activities.

**12.7. Composition of statutory committees and audit committee, financial risk committee and compensation committee, even if such committees or structures are not provided for in the articles of incorporation**

Justification for not completing this table:



Until March 16, 2015. The Company did not have statutory committees installed, nor audit committee, financial risk committee and compensation committee, even if such committees or structures are not provided for in the articles of incorporation.

**12.9. Existing marital, stable union, or family relationship to the second degree in relation to managers of the issuing, controlled, and controlling companies**

Justification for not completing this table:

Not applicable

**12.10. Subordination, service provision, or controlling relationship between managers, subsidiaries, controllers, and other**

Justification for not completing this table:

Not applicable