QGEP
(BM&FBovespa: QGEP3)
Free Float: 30%

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Conference Call

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November 10, 2011
7:00 a.m. (US EDT)
Dial in: (55 11) 4688-6361
Code: Queiroz Galvão

English
November 10, 2011
9:00 a.m. (US EDT)
Dial in: (786) 924-6977
Code: Queiroz Galvão

Earnings Release
QGEP Participações S.A.
Third Quarter 2011

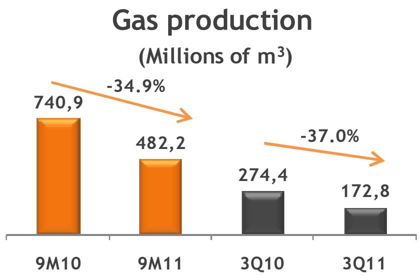
queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

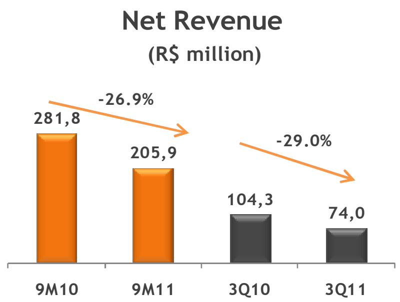
QGEP Reports Third Quarter 2011 Results

Rio de Janeiro, November 9, 2011 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), Brazil's largest private sector Exploration and Production (E&P) company based on production of barrels of oil equivalent (BOE), today announced its results for the third quarter ended September 30, 2011. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the Corporate Law format, described in the financial section of this release.

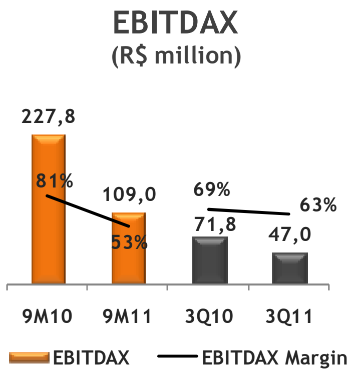
Highlights

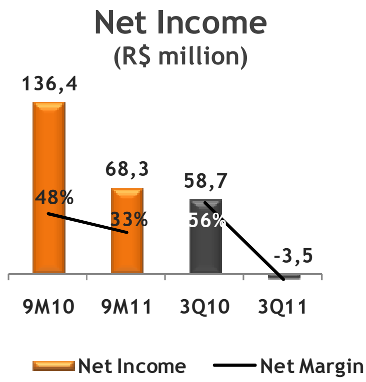
- Through a second farm-in agreement, QGEP acquired a 30% stake in Block BS-4 in the Santos Basin which encompasses two oil fields, Atlanta and Oliva, and presents high potential in the pre-salt. Consortium members unanimously appointed QGEP as operator of the block.
- Exploratory drilling activities continue at Block BM-S-12 and Block BM-S-8, both in the Santos Basin
- Cash flow from operating activities for the first nine months of 2011 was R$154.3 million. Cash balance was R$1.35 billion at September 30, 2011*
- Gas production net to QGEP's interest was 172.8 MMm³ in 3Q11, a year-over-year decline but up 21% sequentially. Production volume comparisons were impacted by temporary maintenance shutdowns in the Manati Field.
- Net revenue in 3Q11 was R$74.0 million, 29% below last year's third quarter, but a 22% increase over the prior quarter as a result of increased average production at Manati Field to 4.2 MMm³ per day in this year's third quarter
- Operating income was R$11.6 million, including R$19.1 million in expenditures related to seismic data acquisition





- EBITDAX in 3Q11 was R$47.0 million; EBITDAX margin was 63.5%
- Net loss was R$3.5 million in 3Q11, mainly due to the effect of a foreign exchange loss





* Including cash, cash equivalents, investments and restricted cash

Management Comments

In the third quarter, we made significant progress in building and diversifying our asset portfolio. Our achievements in the first nine months of this year have firmly positioned QGEP as an important player in the Brazilian oil and gas industry.

Key highlights included:

- Successful negotiation of a second farm-in agreement[1] for Block BS-4 and appointment as operator[2];
- Drilling activities are underway at two of our most promising exploratory blocks, BM-S-8 and BM-S-12, with results expected by late 2011/early 2012;
- Two wells returned to production in early November at the Manati Field increasing the capacity to 6.5 MMm^3 per day; Manati production is expected to return to full capacity in the fourth quarter of 2011

On August 24, 2011, we announced the successful negotiation of a purchase and sale agreement to acquire[1] a 30% participating interest in Block BS-4 located offshore in the Santos Basin for US$157.5 million. This is an excellent addition to our portfolio as it is in close proximity to important pre-salt discoveries, including the giant oil fields of Libra and Franco, and to future production infrastructure. Block BS-4 encompasses the two oil fields of Atlanta and Oliva with combined volumes of more than 2.1 billion barrels of oil in place, and it represents short & medium-term production potential. In early October, we were pleased to announce that QGEP was unanimously appointed operator[2] of Block BS-4 by the consortium members. The consortium is in the process of submitting revised development plans to the ANP for Block BS-4 for analysis and approval.

Regarding Block BM-S-12, one of our most promising assets located in the Santos Basin, we began the second stage of drilling with the Ocean Baroness Rig at the end of October. As of this writing, we have crossed through the Santos #1 prospect and are now making our way through Santos #2. A total depth of approximately 6,400 meters is expected to be reached in the first quarter of 2012. Comprehensive evaluation tests will be considered after the final logging.

In June, drilling began at Biguá, located in Block BM-S-8, and we anticipate having results from this prospect before the end of this year. At Carcará, another pre-salt prospect in the block, a pilot well was drilled in August and spud in is expected to start in early 2012.

As previously reported, drilling was temporarily suspended at the Alto de Canavieiras prospect (JEQ #1) at a depth of 2,540 meters. We expect to restart drilling in the second quarter of 2012, respecting the environmental authorities' restrictions on exploratory activities in the area between October and February. The environmental license already obtained will permit our exploration activities through June 2013.

We are pleased to report that two wells returned to production in early November in the Manati Field, and production capacity moved up to 6.5MMm^3 per day. The operator expects the remaining well to return to production in the fourth quarter, reestablishing full capacity. We have continued to post positive operating income and operating cash flow, despite temporary lower levels of natural gas production from Manati Field. For the first nine months of this year, operating profit was R$32.3 million and cash flow from operating activities was R$154.3 million.

In summary, we believe QGEP is very well-positioned in the buoyant Brazilian oil and gas industry. Our strong balance sheet and our 45% ownership in the Manati Field, which will yield increasingly positive results in the coming periods, give us the resources to successfully pursue additional growth opportunities. We look forward to keeping you updated on our progress.

[1] This transaction is subject to ANP approval.
[2] The operatorship is subject to ANP approval.

QGEP's Assets

Field/ Prospect	Block	Basin	QGEP Interest	Reserve Resource Category	Fluid	Geologic Chance of Success [1]	MMboe[2]
Manati	BCAM-40[3]	Camamu	45%	Reserve[4]	Gas	-	71.4[5]
Camarão Norte	BCAM-40[3]	Camamu	45%	Contingent	Oil-Gas	-	4.5
Copaíba	BM-CAL-5	Camamu	27.5%	Contingent	Oil	-	21.9
Jequitibá	BM-CAL-5	Camamu	27.5%	Contingent	Gas	-	17.2
CAM 01	BM-CAL-12	Camamu	20%	Prospective	Oil	31%	24.4
Alto de Canavieiras	BM-J-2	Jequitinhonha	100%	Prospective	Oil-Gas	29%	61.8[6]
Alto Externo	BM-J-2	Jequitinhonha	100%	Prospective	Oil-Gas	24%	32.3[6]
Santos #1	BM-S-12	Santos	30%	Contingent/ Prospective	Gas	30%	2.8 /7.5
Santos #2	BM-S-12	Santos	30%	Prospective	Oil	39%	52.4
Santos #3	BM-S-12	Santos	30%	Prospective	Oil	19%	9.1
Santos #4	BM-S-12	Santos	30%	Prospective	Oil-Gas	40%	87.9[6]
Bem te vi[7]	BM-S-8	Santos	10%	Contingent	Oil	N/A	N/A
Abaré West[7]	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Biguá[7]	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Carcará[7]	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Prospect 1[7]	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Prospect 2[7]	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Atlanta[7]	BS-4	Santos	30%	Contingent	Oil	N/A	N/A
Oliva[7]	BS-4	Santos	30%	Contingent	Oil	N/A	N/A
Piapara[7]	BS-4	Santos	30%	Prospective	Oil	N/A	N/A

[1] Geological Chance of Success as per of GCA Report.

[2] The resources cited in barrels of oil equivalent (boe) were calculated by QGEP utilizing data from GCA reports as of 12/31/2009. The conversion rate for boe utilized was 1,000 m^3 of gas equals 1 m^3 of oil/condensate (equivalent energy), and 1 m^3 of oil/condensate equals 6.29 barrels.

[3] The block BCAM-40 was relinquished after the ring fence of the areas of Manati and Camarão Norte fields were defined.

[4] Reserves 3P: sum of proven, probable and possible reserves.

[5] Volume from Manati Field net to QGEP reflects volume in the GCA report dated 12/31/10 (74.4 million of boe) less the volume produced in 9M11 (3.0 million).

[6] Volumes are weighted by the probability that 50% will be oil and 50% will be gas.

[7] Transaction is subject to ANP approval.

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EXPLORAÇÃO E PRODUÇÃO

MANATI

In operation since 2007, Manati Field is one of Brazil's largest producing non-associated gas fields where QGEP holds a 45% participating interest. Since December 2010, Manati Field has been undergoing temporary maintenance shutdowns and as a result, the Company produced from three to four of its six wells in 3Q11, reaching an average daily gas production of 4.2 MMm^3. With logistics and supply issues now resolved, Petrobras, the operator, expects Manati Field to return to full capacity later in the fourth quarter of 2011. In 2012, the Field will undergo programmed maintenance, which is not expected to materially affect the average forecasted production of 6MMm^3 per day.

At the end of 2010, the Company's 3P reserves, certified by GCA, were 11.8 billion cubic meters of natural gas and condensate, or, 74.4 million barrels of oil equivalent. The Report is available on the QGEP IR website.

BM-S-12

Considered a block with a high potential for post and pre-salt reservoirs, Block BM-S-12, is located in the Santos Basin approximately 230 km off the Southeast coast of Brazil. The Company holds a 30% participating interest in this block, which is operated by Petrobras.

Drilling activities at the 3-SCS-15 well began in July 2011 to test the Santos #1, Santos #2, Santos #3 and Santos #4 prospects. Known as Ilha do Macuco well, it is an appraisal well to prove the extension of the accumulation discovered by the Ilha Bela well (SCS-13) in Santos #1 and Santos #2. In its first phase, the Ilha do Macuco well was initially drilled to a depth of 2,200 meters by the Lone Star Rig and the second drilling phase began at the end of October with the Ocean Baroness Rig. Currently, the well is at a depth of approximately 3,800 meters and has already crossed the Santos#1 prospect. Final results are expected after the logging of this drilling phase. A total depth of approximately 6,400 meters is expected to be reached during the first quarter of 2012. After the final logging, tests will be considered to evaluate the promising prospects. Total drilling costs net to QGEP at BM-S-12 have been estimated at approximately US$54 million.

BM-S-8

In July 2011, the Company announced that it had entered into its first farm-in agreement for the acquisition[1] of a 10% participating interest in BM-S-8 for US$175 million. One of the largest blocks in the region, Block BM-S-8, covers more than 2,400 km^2 and is located inside a hot spot area of pre-salt in the Santos Basin. One discovery, Bem-te-vi, has already been made and there is a potential extension of a discovery, Abaré West, in an adjacent block (BM-S-9); at least four other promising prospects have been identified.

Drilling began at Biguá in June 2011 and results are expected to be available by the end of this year. At another pre-salt target in the block, Carcará, a pilot well was completed in August and drilling activities are expected to start in early 2012.

BS-4

QGEP's latest farm-in, Block BS-4, is located in the Santos Basin, 185 km off the coast of Brazil in an area which presents significant oil potential to QGEP as it is near a number of giant oil discoveries, including Libra and Franco. The block is located in a region which presents a geological chance of success of approximately 75%, based on the 23 discoveries made from the 30 wildcat wells that were previously drilled in this pre-salt area.

QGEP purchased[1] its 30% participating interest in Block BS-4 for US$157.5 million. In October 2011, the consortium members unanimously appointed QGEP as operator[2] of the block. This block encompasses the post-salt oil fields of Atlanta and Oliva at water depths between 1,500 and 1,800 meters and graded at 14 to 16 degrees API. According to Development Plans approved by the ANP, these two fields have a combined volume of more than 2.1 billion barrels of oil in place. The development plans are currently being revised by the

[1] This transaction is subject to ANP approval.
[2] The operatorship is subject to ANP approval.

consortium and will be presented to the ANP in the near future with one horizontal well set to be drilled by 2013.

BM-J-2

QGEP owns a 100% interest in and is the operator of the BM-J-2 exploration block, located in the Jequitinhonha Basin approximately 20 km off the coast of Brazil.

In June 2011, the Company began drilling the Alto de Canavieiras well to test the JEQ #1 pre-salt prospect. At the end of September, drilling reached a depth of 2,540 meters but was suspended due to regulatory restrictions from IBAMA (Brazilian Environmental Authority) that contain a short-term black out period on exploration activities between the months of October-February. This black out period is related to the protection of turtle reproduction areas. The Company plans to restart drilling in the second quarter of 2012 under an already-obtained environmental license that allows for drilling activities through June 2013. Once drilling is restarted, QGEP expects to reach the total depth of an estimated 4,700 meters approximately two months after restarting. Total costs associated with drilling at BM-J-2 were estimated at US$85 million, including US$60 million already incurred, with the remainder to be spent in the first half of 2012.

Other Projects

In Block BM-CAL-5, where QGEP holds a 27.5% stake, two wells have already been drilled resulting in two discoveries that are currently in the evaluation phase. The volumes of these two discoveries, Copaíba and Jequitibá, have been categorized by GCA as contingent resources. One additional well is forecasted to be drilled in Copaiba through second half 2012.

Outlook / Exploration Schedule

Operating results for the fourth quarter are expected to improve from third quarter levels, reflecting a return to full capacity at Manati Field during the fourth quarter, which has historically been a period of higher gas demand.

In the first nine months of 2011, QGEP focused its efforts on de-risking and expanding the Company's portfolio of exploratory prospects through the strategic acquistion of stakes in Blocks BM-S-8 and BS-4, both located in the pre-salt area of the Santos Basin. As a result, the Company expects to have additional news to report in the first half 2012.

Sustainability, Security and Environment

In the third quarter of 2011, QGEP continued to invest in the social and environmental programs that were implemented in conjunction with drilling activities at Block BM-J-2.

One particular initiative, the Beach Monitoring Project, is supported by local biologists, experienced veterinaries and supervisors, who monitor daily marine wildlife across a 100 km stretch of beach to evaluate the possible effects of drilling activities on local marine biota.

In addition to environmental programs, QGEP has also increased its contributions to educational and athletic advancements through programs that combine aspects of athleticism, citizenship and social involvement. An example is the VivaVolei Project that was fully financed through the fiscal benefit related to sports incentive Law.

Financial Performance

For 3Q11, the financial statements below represent consolidated financial information for the Company.

For 3Q10, the financial statements below represent a “carve out” of consolidated financial statements of QGOG for the period July 1, 2010 to September 30, 2010, utilizing exclusively historical operating results for the E&P segment.

This financial information was combined considering that the E&P operations were under common control and management. Thus, the financial statements are termed consolidated “carve out” as if these operations were already separate during the period in question.

Consolidated Financial Information (R$ million)

	3Q11	3Q10	Δ%	9M11	9M10	Δ%
Net Income	(3.5)	58.7	N/A	68.3	136.4	-50.0%
Amortization	14.0	8.5	64.2%	38.1	55.2	-31.1%
Financial Income/(Expenses)	13.4	(7.2)	N/A	(59.0)	6.9	N/A
Income tax and social contribution	1.6	10.5	-84.6%	23.0	26.6	-13.6%
EBITDA (1)	25.6	70.5	-63.7%	70.3	225.2	-68.8%
Exploration expenditure	21.4	1.3	1,557.2%	38.7	2.6	1,402.6%
EBITDAX (2)	47.0	71.8	-34.6%	109.0	227.8	-52.1%
EBITDA Margin (3)	34.6%	67.6%	N/A	34.1%	79.9%	N/A
EBITDAX Margin (4)	63.5%	68.9%	N/A	52.9%	80.8%	N/A
Net Debt(5)	(1,158.2)	97.6	N/A	(1,158.2)	99.1	N/A
Net Debt/EBITDAX(6)	-6.40	0.33	N/A	-6.40	0.34	N/A

(1) We calculate EBITDA as profit before taxes and social contributions, net financial results and amortization expenses. EBITDA is not a financial measure according to Brazilian GAAP; International Reporting Norms, IFRS or US GAAP. It should also not be considered in isolation or as a substitute for net income, as a measure of operating performance, or as an alternative to operating cash flow as a measure of liquidity. Other companies may calculate EBITDA differently than us. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of our profitability as it does not consider certain costs inherent in our business, which could significantly impact our profitability, such as financial expenses, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.
(2) EBITDAX= EBITDA - exploration costs
(3) EBITDA divided by net revenue.
(4) EBITDAX divided by net revenue.
(5) Net debt corresponds to total debt, comprising current and long-term loans and financing and derivative financial instruments, less cash and cash equivalents and restricted cash. Net debt is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt differently.
(6) EBITDAX annualized considering the previous 12 months

Third Quarter Operating Results

Net revenue for 3Q11 was R$74.0 million. This represented a decrease of 29% from last year’s third quarter but showed a 22% improvement over the prior quarter’s levels. The year-over-year decrease was attributable to a 37% decline in production volumes at Manati Field, resulting from maintenance shutdowns at Manati Field which began in December 2010.

During 3Q11, the Company had three to four wells producing in the Manati Field reaching an average daily production of 4.2 MMm^3. A return to full capacity is expected in the fourth quarter of 2011.

Manati has a gas sale contract with a take-or-pay clause at a price in Reais that is adjusted annually using indexes specified in the contract.

Operating expenses totaled R$32.3 million in 3Q11 and included: R$13.9 million in depreciation; R$5.9 million in Royalties; R$1.6million in Special Participation and Research & Development; R$2.2 million in maintenance costs at the Manati Field. This was a 9.8% decrease from last year's levels, but a 27% increase over the prior quarter.

General and Administrative Expenses

G&A expenses were R$7.9 million in 3Q11, R$2.7 million higher than in 3Q10. This increase resulted mainly from R$1.4 million related to employee stock options and R$0.3 million for insurance-related costs. In the third quarter, the Company increased its headcount of technical personnel in order to effectively staff for its future operatorship activities in Block BS-4 and to support the strategy to increase its presence as operator in other blocks. The Company anticipates it will continue to increase staffing levels in the coming quarters.

Exploration Costs

Total exploration costs in 3Q11 were R$21.4 million, compared to R$1.3 million in 3Q10. This increase is mainly related to the acquisition of seismic data of R$19.1 million in the region where QGEP has recently acquired participations. The Company plans to acquire additional seismic data, which is expected to result in approximately R$15.0 million higher exploration costs for the 2011 fourth quarter.

Net Financial Income / (Expenses)

In 3Q11, the Company incurred a net financial expense of R$13.4 million, which included a foreign exchange loss of R$35.6 million, reflecting the impact of volatile exchange rate markets over the outstanding payment related to QGEP's purchase of 30% interest in Block BS-4. The Company also recognized R$16.7 million in financial expenses related to a provision for abandonment at the Manati Field. In last year's third quarter, the Company reported a net financial expense of R$7.2 million and a net financial income of R$49.5 million in the 2Q11.

Net Income

The Company reported a net loss of R$3.5 million in 3Q11, inclusive of foreign exchange loss noted above.

Balance Sheet/Cash Flow Highlights

Cash (Cash Equivalents, Investments and Restricted Cash)

At the end of the 3Q11, the Company had a cash balance of R$1,354.7 million. The Company's net cash position at the end of the third quarter was R$1,167.6 million, after the payment of R$245.8 million related to remaining amount of the Block BM-S-8 acquisition and 10% of the BS-4 acquisition.

Accounts Receivable/Payable

Accounts receivable at the end of 3Q11 were R$56.3 million compared to R$57.1 million at 2Q11. Accounts payable were R$262.8 million at the end of 3Q11, as a result of the outstanding balance of the purchase and sale agreement to acquire a 30% participating interest in Block BS-4.

Debt

The Company ended 3Q11 with total debt of R$187.1 million, down 51% from 3Q10. Additionally, R$10.3 million in principal and interest were amortized with BNDES and R$9.1 million with BNB.

Operating Cash Flow

The Company had operating cash flow of R$52.6 million in the 2011 third quarter; R$154.3 million for the first nine months of 2011.

Investor Relations

QGEP Participações S.A.
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About QGEP

QGEP Participações S.A. is Brazil's largest private sector Exploration and Production (E&P) company based on annualized daily production of barrels of oil equivalent (BOE) according to data from the ANP, and the only private Brazilian company in this sector qualified by the ANP in the last two auctions in 2007 and 2008 to act as "Operator A" in Deep and Ultra-Deep Waters. The Company has a diversified portfolio of high quality and high potential exploration and production assets. Furthermore, it owns 45% of the concession for the Manati Field located in the Camamu Basin, which is the largest non-associated natural gas field under production in Brazil according to data by the ANP as of 2010. This field has been in operation since 2007, and has production capacity of approximately 50,300 boe per day. For more information, please go to www.qgep.com.br/ri.

This material may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The financial information of the Company has been prepared as follows:

- For the quarter ended in September 2010: our consolidated carve-out financial information has been derived from our carve-out consolidated financial statements of QGOG, utilizing exclusively the historical results of operations, assets and liabilities attributable to the E&P segment, which includes our investment in Manati and the operations of BS-3 S.A. The financial information was prepared by us in accordance with IFRS as issued by IASB.
- For the quarter ended September 30, 2011: consolidated financial information of the Company. The financial information was prepared by us in accordance with IFRS as issued by IASB.

Annex I - INCOME STATEMENT

Income Statement (R$ million)						
	3Q11	3Q10	Δ%	9M11	9M10	Δ%
Net Revenue	**74.0**	**104.3**	**-29.1%**	**205.9**	**281.8**	**-26.9%**
Costs	(32.3)	(35.8)	-9.8%	(84.7)	(94.7)	-10.6%
Gross profit	**41.7**	**68.5**	**-39.1%**	**121.2**	**187.2**	**-35.3%**
Operating income (expenses)						
General and administrative expenses	(7.9)	(5.2)	51.9%	(47.8)	(14.6)	N/A
Exploration expenditures	(21.4)	(1.3)	N/A	(38.7)	(2.6)	N/A
Other net operational expenses	(0.9)	-	N/A	(2.5)	-	N/A
Operating income	**11.6**	**62.0**	**-81.3%**	**32.3**	**170.0**	**-81.0%**
Financial income (expenses), net	(13.4)	7.2	N/A	59.0	(6.9)	N/A
Income before income tax and social contribution	**(1.8)**	**69.2**	N/A	**91.3**	**163.1**	-44.0%
Income tax and social contribution	**(1.6)**	**(10.5)**	**-84.8%**	**(23.0)**	**(26.6)**	**N/A**
Net income (Loss)	**(3.5)**	**58.7**	N/A	**68.3**	**136.4**	**49.9%**

Annex II - Balance Sheet

Balance Sheet (R$ million) Carve out			
	3Q11	2Q11	Δ%
Assets			
Current Assets	**1,299.8**	**1,619.3**	**-19.7%**
Cash and cash equivalents	1,024.8	1,215.7	-15.7%
Investments	193.0	326.0	-40.8%
Trade accounts receivable	56.3	57.1	-1.4%
Recoverable taxes	10.8	8.5	27.1%
Other	14.9	12.0	24.2%
Non-current Assets	**1,498.1**	**1,133.7**	**32.1%**
Restricted cash	136.9	128.1	6.9%
Recoverable taxes	0.1	0.2	-28.8%
Deferred income tax and social	5.2	2.4	116.7%
Property, plant and equipment	822.8	720.7	14.2%
Intangible assets	533.0	282.3	88.8%
TOTAL ASSETS	**2,797.9**	**2,753.0**	**1.6%**
Liabilities and Shareholders' Equity			
Current Liabilities	**406.8**	**361.5**	**12.5%**
Trade accounts payable	312.1	271.1	15.1%
Taxes payable	19.3	15.7	22.9%
Payroll and related taxes	1.2	2.0	-39.7%
Due to related parties	1.2	1.0	19.5%
Borrowings and financing	52.3	52.3	-
Provision for research and development	6.4	5.9	8.5%
Other current liabilities	14.4	13.7	5.1%
Non-current Liabilities	**240.6**	**238.9**	**0.7%**
Borrowings and financing	134.8	149.8	-10.0%
Provision for abandonment	105.8	89.1	18.8%
Shareholders' Equity	**2,150.5**	**2,152.6**	**-0.1%**
Capital Stock	2,078.1	2,078.1	-
Legal Reserve	1.8	1.8	-
Stock Option Plan	2.3	0.9	155.6%
Net income for the period	68.3	71.7	-4.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,797.9**	**2,753.0**	**1.6%**

Annex III - Cash Flows

Cash Flows (R$ million)		
	3Q11	**9M11**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	**(3.5)**	**68.3**
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and Depreciation	14.0	38.1
Deferred income tax and social contribution	(2.8)	(2.3)
Financial charges and exchange rate (gain) loss borrowings and financing	2.2	14.3
Provision for returned blocks	-	(10.6)
Decrease in fixed assets	-	14.1
Provision for stock option plan	1.4	2.3
Provision for income tax and social contribution	13.9	25.3
Provision for research and development	0.5	1.4
Financial Derivative Instruments	(1.5)	(1.5)
Exchange rate (gain) loss on accounts payable for acquisition of exploratory blocks	37.2	37.2
Exchange rate (gain) loss on provision for abandonment	16.7	10.7
(Increase) decrease in operating assets:	(3.0)	3.9
Increase (decrease) in operating liabilities:	(22.8)	(46.9)
Net cash inflows from operating activities	**52.6**	**154.3**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflows from (used in) investing activities	**(228.4)**	**(647.7)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash inflows from (used in) financing activities	**(15.1)**	**1,381.0**
Increase in cash and cash equivalents	**(190.9)**	**887.6**
Cash and cash equivalents at beginning of the period	1,215.7	137.2
Cash and cash equivalents at end of the period	1,024.8	1,024.8
Increase in cash and cash equivalents	(190.9)	887.6

Annex IV - Glossary

Glossary	
ANP	National Petroleum Agency
Deep water	Water depth of 401 – 1,500 meters.
Shallow water	Water depth of 400 meters or less.
Ultra-deep water	Water depth of 1,501 meters or more.
Basin	A depression in the Earth's crust in which sediments have accumulated that could contain oil and/or gas, associated or not.
Block(s)	Part(s) of a sedimentary basin with a polygonal surface defined by the geographic coordinates of its vertices and undefined depth where oil and natural gas exploration or production activities are carried out.
"Boe" or Barrel of oil equivalent"	A measurement of gas volume converted to barrels of oil using a conversion factor whereby 1.000 m^3 of gas equals 1 m^3 of oil/condensate and 1 m^3 of oil/condensate equals 6.29 barrels and (energy equivalence).
Field	An area covering a horizontal projection of one or more reservoirs containing oil and/or natural gas in commercial quantities.
Concession	A grant of access by a country to a company for a defined area and period of time that transfers certain rights to any hydrocarbons that may be discovered from the country in question to the concessionaire.
Discovery	In accordance with the Petroleum Law, a discovery is any occurrence of petroleum, natural gas or other hydrocarbons, minerals and, in general terms, mineral reserves located in a given concession, independently of quantity, quality or commercial viability that are confirmed by at least two detection or evaluation methods (defined in the ANP concession agreement). To be considered commercially feasible, a discovery must present positive returns on an investment under market conditions for development and production.
E&P	Exploration and Production
Farm-in and Farm-out	Process of partial or complete acquisition of concession rights held by another company. The company acquiring the concession rights is said to be in the farm-in process and the company selling concession rights is in the farm-out process.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Operator	A company legally appointed to conduct and execute all operations and activities in the concession area, in accordance with the terms of the concession agreement signed by the ANP and the concessionaire.

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EXPLORAÇÃO E PRODUÇÃO

Exploratory Prospect(s)	A prospect is a potential accumulation mapped by geologists or geophysicists where there is a probability of a commercially viable accumulation of oil and/or natural gas that is ready to be drilled. The five necessary elements for the existence of an accumulation (generation, migration, Reservoir, seal and entrapment) must be present and the lack of any of the five means there is either no accumulation or accumulation that is not commercially viable.
Contingent Resources	Represent quantities of oil, condensate and natural gas that are potentially recoverable from accumulations acknowledged during the development of projects, but that are not considered commercially recoverable as yet due to one or more contingencies.
3C Contingent Resources	High case estimate of contingent resources with only a 10% chance of being achieved or exceeded.
QGOG	Queiroz Galvão Óleo e Gás S.A.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercial recoverable by applying development projects to known accumulations as of a given date and under defined conditions.
Possible Reserves	Quantities of petroleum which analysis of geoscience and engineering data indicate are less likely to be recovered than probable reserves.
Proven Reserves	Quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable as of a given date from known reservoirs and under defined economic conditions, operating methods and government regulations.
Probable Reserves	Quantities of petroleum that, according to geoscience and engineering data, are estimated to have the same chance (50%/50%) of being achieved or exceeded.