



QGEP Participações S.A.
Corporate Taxpayer's ID (CNPJ/MF): 11.669.021/0001-10
Publicly-held Company

NOTICE TO THE MARKET

QGEP Provides Update on Block BM-S-12

Rio de Janeiro, February 1, 2012 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), today provided a drilling update on Block BM-S-12. Queiroz Galvão Exploração e Produção (QGEP), its wholly owned subsidiary, holds a 30% participating interest in this block, which is operated by Petrobras.

Drilling at the Ilha do Macuco well was restarted last week and has reached a depth of approximately 5,200 meters, having crossed the Santos #2 prospect. There were some hydrocarbon shows and preliminary results from logging while drilling (LWD) and ditch samples were inconclusive. Drilling and final logging of this current phase are expected to be completed within six to eight weeks from now, and results will be announced to the market at that time.

Some riser maintenance work is currently underway and drilling is expected to restart in February towards the Santos #3 prospect. The Ilha do Macuco well has also Santos #4 prospect as one of the main targets, which is located in the pre-salt layer.

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About QGEP Participações S.A.

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.