QGEP PARTICIPAÇÕES S.A.

CNPJ/MF N. 11.669.021/0001-10
NIRE: 33.300.292.896
Publicly Held Company

PROPOSAL OF THE ADMINISTRATION

Dear Shareholders,

In compliance with the provisions of Comissão de Valores Mobiliários (the Brazilian equivalent to the US Securities and Exchange Commission) ("CVM") No. 481, of December 17, 2009 ("ICVM 481/09"), the administration of **QGEP Participações S.A.** ("Company") submits its proposal for the items to resolved at the Annual Shareholders' Meeting, to be held on April 16, 2012.

1. Taking of accounts of the Administrators, Examination, Discussion and Voting of the Financial Statements in connection the Fiscal Year ended on December 31, 2011

The administration of the Company proposes the approval of the Financial Statements, the Administration Report and accounts of the administrators, all in connection with the fiscal year ended on December 31, 2011.

The Financial Statements of the Company, accompanied by the Administration's Report and by the opinion of the independent auditors for the fiscal year ended on December 31, 2011, were approved by the Board of Directors at the meeting held on March 12, 2012 and published in *Jornal do Commercio* and in the Official Gazette of the State of Rio de Janeiro on March 15, 2012.

The comments of the officers on the financial condition of the Company, in the terms of Section 10 of the reference form, are set forth in **Attachment A** which accompanies this proposal.

2. Destination of the income of the fiscal year ended on December 31, 2011 and distribution of dividends

The administration of the Company proposes that the net profit of the fiscal year ended on December 31, 2011 has the allocation indicated in the Financial Statements, according to the Proposal of Allocation of Net Profit detailed in **Attachment B** to this proposal, which was elaborated according to item II of §1 of Article 9 of ICVM 481/09.

As verified in **Attachment B**, the administration proposes that the portion of net profit remaining after allocation of the amount required for the legal reserve and the compulsory dividend be allocated to a new statutory reserve referred to as "Investments Reserve". The administration clarifies that it approved on October 24, 2011 the administration's proposal for reform of the Bylaws of the Company which will contemplated, among other matters, the appropriateness of the company's bylaws to the new rules of the Regulation of the *Novo Mercado* of BM&FBovespa and the creation of an "Investments Reserve", according to Article 194 of Law 6.404/76 ("LSA") (Brazilian Corporate Law). The purpose of the Investments Reserve shall be to ensure the maintenance, development and expansion of the corporate activities. The Special Shareholders' Meeting which will resolve on the reform of the bylaws will be called in the coming days and will be held before the Annual Shareholders' Meeting of April 16, 2012.

3. Election of the members of the Board of Directors for the period 2012 to 2014

The administration of the Company proposes the reelection, with term of office until the holding of the Annual Shareholders' Meeting, which approves the accounts of the fiscal year ended on December 31, 2013, of the current members of the Board of Directors, contemplating, therefore, the appointment of 2 (two) Independent Directors, Messrs. Luiz Carlos de Lemos Costamilan and José Luiz Alquéres, who meet the requirements of independence of the Listing Regulation of *Novo Mercado* of BM&FBOVESPA S.A.

The administration proposes that deputy members not be elected to the Board of Directors.

The administration clarifies that the information necessary for due analysis of the election proposal of the administrators, as established by Article 10 of ICVM 481/09, including their experience, are set forth in **Attachment C** to this proposal.

Attachment A

10.1 – General financial and equity conditions

a) General financial and equity conditions

Our subsidiary, Queiroz Galvão Exploração e Produção S.A., or QGEP, is the only company under Brazilian private control in the sector of exploration and production to be qualified “Operator A” by the National Oil, Natural Gas and Biofuels Agency, or ANP, which permits our performance as operator in shallow, deep and ultra deep waters. In terms of daily production of barrels of oil equivalent, or *boe*, we are the largest Brazilian company according to data published by ANP In December 2011. Our exploration and production activities of petroleum, natural gas and condensate are currently concentrated in the Basins of Santos, Jequitinhonha and Camamu, our main assets being holding 45% of Manati Field, in the state of Bahia, which is one of the largest fields of non-associated natural gas in production in Brazil, whose average daily capacity in the year is of approximately six million m3 of gas.

On December 31, 2011, date when our financial statements were drawn up, our net revenue totaled R$289.0 million. As detailed in Section 10 - Item 10.2 of this Reference Form, our revenues are preponderantly originated from the sale of gas to Petróleo Brasileiro S.A., or Petrobras. Although these resources afford us satisfactory levels of cash generation, loan agreements were effected, whose purpose constituted at the time, especially the development of Manati Field.

We believe that the Company experienced satisfactory liquidity on December 31, 2011, which is reflected in our net current capital of R$ 862.8 million, which corresponds to the difference between the current assets and the current liabilities, representing adequate conditions to comply with our short term operational obligations.

Our Officers believe that our financial health is sufficient to meet our obligations with third parties and our need for working capital, including the payment of the service of the debt, which may be observed in our current liquidity, which was in the proportion of 318% (Current Assets /Current Liabilities) on December 31, 2011.

Additionally, the capital structure of the Company on December 31, 2011 was comprised of 80% of net current assets and 20% of third parties capital, which we consider a healthy index of leverage. To the extent that the need arises for investments in the development of our reserved and in the increase of our portfolio, we will analyze the possibility of increasing the company’s leverage through the issuance of new debts, whenever the same prove to be efficient in structural and cost terms.

To develop our strategic planning and take advantage of opportunities of the industry, we held an initial public offering of shares in February 2011.

b) Capital structure and the possibility of redemption of shares or quotas, indicating: i. assumptions of redemption; ii. formula of calculation of redemption value

On December 31, 2011, we had a consolidated position in the Cash and Cash Equivalents account of R$1,022.0 million and current assets of R$1,258.1 million. On that date, we had consolidated current liabilities of R$395.3 million and consolidated non-current liabilities of R$158.6 million.

Finally, we highlight that there are no assumptions of redemption of shares issued by us, in addition to those legally provided.

c) Capacity of payment in relation to financial commitments assumed

We believe that we have the capacity to pay our financial commitments. Our consolidated net current capital, which corresponds to the subtraction of the consolidated current assets with the consolidated current liabilities, was R$862.8 million on December 31, 2011.

Considering our cash flow and liquidity position, we believe that we have liquidity and capital resources sufficient to meet eventual payments of obligations and other values to be paid in the short term and in the long term, although we cannot guarantee that such situation shall remain the same. If necessary, we shall contract loans to finance our commitments. Additionally, until the date of this Reference Form, we shall have complied with out obligations related to the financial commitments assumed.

10.1 – General financial and equity conditions

d) Sources of financing used for working capital and for investments in non-current assets

Our capacity of cash generation has allowed us to finance our working capital and a large part of the expansion of our activities, however, especially in the development phase, the company chose to contract loans and financing from financial institutions, the respective payment being made with resources from our own generation of resources.

e) Sources of financing for working capital and for investments in non-current assets which it intends to use to cover deficiencies of liquidity.

Given our capital structure, we believe that our generation of cash and that the resources from the initial public offering of shares shall be sufficient to meet our routine operating obligations as well as our schedule of exploratory investments. However, we plan to increase the company's leverage through new sources of financing, as new investments arise, especially in acquisitions and in the production development phase.

f) Levels of indebtedness and the characteristics of such debts, describing, moreover: i. relevant loan and financing agreements; ii. Other long term relations with financial institutions; iii. Degree of subordination among the debts; iv. Eventual restrictions imposed on the issuer, especially, in relation to levels of indebtedness and contracting of new debts, to the distribution of dividends, disposal of assets, issuance of new securities and disposal of corporate control.

i. Relevant loan and financing agreements

Our indebtedness is comprised by loan and financing agreements with financial institutions, whose objective was to guarantee resources to meet our investments in the development of Manati Field.

On December 31, 2011, our consolidated indebtedness totaled the amount of R$103.6 million, all in domestic currency. The table below shows our level of indebtedness and characteristics of our debts on December 31. 2011:

Mode	**Financial Charges**	**Consolidated Value (in million of R$) on December 31, 2011**
In domestic currency		
BNDES	(Long Term Interest Rate) TJLP + 3,5% p.a.	52,5
BNB	10% p.a. (1)	51,1
Total in domestic currency	**103,6**	
Loans and financing – current		**52,0**
Loans and financing – non-current		**51,6**
Total		**103,6**

(1) Not considering Payment Bonus, which reduces by 15% the effective interest rate, provided that it is paid by the respective maturity date

The maturities of the loans and financing portions are demonstrated below:

Maturities (in millions of R$)	On December 31, 2011
2012	52,0
2013	51,6

Below we describe briefly our financing agreements:

<u>Contract with the National Bank for Economic and Social Development - BNDES</u>

Manati S.A., or Manati, executed, on June 28, 2005, a financing agreement by extension of credit with BNDES and the BNDES Agreement, originally in the amount of R$245.0 million, however such fact was reduced to R$225.3 million in the terms of the second amendment to the BNDES Agreement BNDES. The credit of R$225,270,000.00 is divided into two

10.1 – General financial and equity conditions

sub-credits, namely: (i) sub-credit A, in the amount of R$105,042,738.80, intended for the financing of the installations of the onshore gas pipeline and of São Francisco Station; and (ii) sub-credit B, in the amount of R$120,227,261.20, intended for the financing of the installations of the offshore gas pipeline, of the production platform and other items subject to financing of Manati Field. Queiroz Galvão S.A., or QGSA, figures in the agreement as intervening party guarantor and QGEP as intervening party controller, in the capacity of holder of the shares of Manati. Said agreement was amended five times: On February 22, 2007, September 3, 2007; October 9, 2007; October 28, 2008; December 1, 2010, there being changed essentially the conditions of the loan, and, in relation to the last addendum, substitution of the original intervening party controller Queiroz Galvão Óleo e Gás S.A., or QGOG, by QGEP, given the transfer of the title of the shares of Manati from QGOG to QGEP. The interest covenanted in the agreement is that of the Long Term Interest Rate, or TJLP, plus *spread* of 3.5% per year, calculated, capitalized and due in the terms of the agreement.

The amortization of the principal is dividend into 108 monthly installments, which are equal and successive, each of them in the principal amount falling due of the debt, divided by the number of amortization installments not yet due. According to the initial schedule of amortizations, the maturity of the first installment was fixed for October 15, 2007 and that of the last for September 15, 2016. Considering the schedule of acceleration and payments already made, as contemplated in the Agreement, we estimate that the last installment shall be paid on October 15, 2013.

The financing agreement executed by BNDES and our indirect subsidiary Manati provides the following guarantees:

- Bail provided by QGSA, jointly liable until the final liquidation of the agreement, but which may be released early, if certain conditions of the agreement are complied with. This guarantee is shared by the BNDES Agreement and the financing agreement by extension of credit with Banco do Nordeste do Brasil S.A., or BNB and BNB Agreement.

- Pledge of Shares: QGEP, wholly owned holder of the shares of Manati and in the capacity of assignee of the rights and obligations of QGOG, executed with BNB and with BNDES a share pledge agreement, through which QGEP gives in pledge to BNB and to BNDES all the shares of Manati held by it.

In September 2007, Manati executed a revenue restriction and assignment agreement to: (i) restrict, to BNB and to BNDES, the entire revenue belonging to Manati from the purchase agreement of natural gas executed with Petrobras, as well as all and any other revenue from the commercialization of hydrocarbons from Manati Field; and (ii) assign, to BNB and to BNDES, for payment of the installments of the financing agreements signed with both, irrevocably and irreversibly, until the final liquidation of all the obligations assumed therein by Manati, a portion of said revenues in an amount corresponding to the total installments of amortization of the principal and accessories of the debt of such financing agreements.

By force of this revenue restriction and assignment agreement, whenever the production of natural gas of Manati Field exceeds certain monthly quantities, defined in the agreement, Manati is obliged to deposit in a restricted account the amount corresponding to 50% of the accretion in the portion of production intended for Manati, multiplied by the contractual sale price for the sale of natural gas. Whenever the balance of this restricted account reaches an amount equal to the value of an amortization installment, Manati shall effect an additional payment, deducting such amount from the outstanding balance and reducing the number of installments from back to forth.

<u>Agreement with Banco do Nordeste do Brasil S.A. – BNB</u>

Manati executed, on June 28, 2005, the BNB Agreement, in the amount of R$245.0 million, intended for the financing of the production and transport of natural gas and condensate from Manati Field (Block BCAM-40). Said credit is divided into two sub-credits, namely: (i) one sub-credit, in the amount of R$196.5 million; and (ii) the second sub-credit in the amount of R$48.5 million, corresponding to financing with resources from the Northeast Financing Constitutional Fund – "Fundo Constitucional de Financiamento do Nordeste", or FNE-PROINFRA. QGSA figures in the agreement as intervening party guarantor and QGEP as intervening party controller, in the capacity of holder of the shares of Manati The interest covenanted in the agreement, today at 10% per year, vary according to the resources restricted to "Fundo Constitucional de Financiamento do Nordeste" – FNE and are calculated, capitalized and due in the terms of the agreement. The agreement provides moreover a bonus of payment of 15% on the effective interest rate, provided that the installments of interest or of principal are paid by the dates of the respective maturities. On June 29, 2011, an addendum to this financing agreement was executed, transferring the obligations of this agreement from QGOG to our subsidiary QGEP, which becomes, with retroactive effects to December 1, 2010, intervening party controllers for purposes of the financing agreement.

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The amortization of the principal is divided into 108 monthly, equal and successive installments, each of the in the amount of the principal falling due of the debt, dividend by the number amortization installments not yet due. According to the schedule of amortizations, the maturity of the first installment was established for October 15, 2007 and that of the last for September 15, 2016. Considering the schedule of acceleration and payments already made, as contemplated in the Agreement, we estimate that the last installment shall be paid on October 15, 2013.

The financing agreement executed by BNB and our indirect subsidiary Manati provides the following guarantees:

- Bail provided by QGSA, jointly liable until the final liquidation of the BNB Agreement, but which may be released in advance, if certain conditions of the Agreement are complied with. This guarantee is shared by the BNDES Agreement e BNB Agreement.

- Pledge of Shares: QGEP, controller of the shares of Manati, executed with BNB and with BNDES all the shares of Manati held by it.

In September 2007, Manati executed a revenue restriction and assignment agreement to: (i) restrict to BNB and BNDES, all the revenue belonging to Manati from purchase agreement of natural gas executed with Petrobras, as well as all and any other revenue from the commercialization of hydrocarbons from Manati Field; and (ii) assign, to BNB and to BNDES, for payment of the installments of the financing agreements executed with both, and until the final liquidation of all the obligations assumed therein by Manati, portion of said revenues in value corresponding to the total of the amortization installments of the principal and accessories of the debt of such financing agreements.

By force of this revenue restriction and assignment agreement, whenever the production of natural gas of Manati Field exceeds certain monthly quantities, defined in the agreement, Manati is obliged to deposit in a restricted account the value corresponding to 50% of the accreti8on in the production portion intended for Manati multiplied by the contractual price of sale of the natural gas. When the balance of this restricted account reaches an amount equal to the value of an amortization installment, the bank is entitled to make an additional payment, deducting such amount from the outstanding balance and reducing the number of installments from back to forth. Although we have already achieved sufficient balance in the restricted account, BNB has chosen not to make the additional payments.

<u>Agreement with International Finance Corporation – IFC</u>

The financing agreement with International Finance Corporation, or IFC and IFC Agreement, was originally executed by this institution and QGOG. In May 2010, a term of consent (waiver) was executed, by which IFC consented, subject to certain conditions, that the obligations of this financing agreement were transferred to our subsidiary QGEP. On April 15, 2011 the consent for advancing the last tranche of the IF financing with maturity on November 15, 2011 in the amount of US$7,083 for May 16, 2011 was requested and granted. Thus, on this date the agreement with IF was fully liquidated.

ii. Other long term relations with financial institutions

On December 31, 2011, we did not have in our liabilities any other long term transaction with financial institutions, in addition to those mentioned in the previous item. However, we seek to maintain a commercial relationship with the principal financial agents in the market, aiming at ready access to credit lines for financing of new investments and eventual demands for working capital.

iii. Degree of subordination among the debts

There is no degree of contractual subordination among our common debts. Our debts which are guaranteed with in real guarantee have preferences and prerogatives contemplated by law.

iv. Eventual restrictions imposed on the issuer, especially, in relation to limits of indebtedness and contracting of new debts, distribution of dividends, disposal of assets, issuance of new securities and disposal of corporate control

The BNDES Agreement imposes on Manati certain contractual restrictions in relation to its capacity of indebtedness, obliging it to maintain the following indexes: (i) the debt service cover index shall be equal to or greater than 1.3, whereas such index shall be calculated by applying the following formula: (LAJIDA – IR (Income Tax) – CSLL (Social Contribution on Net Profit) – disbursement for abandonment + variation of the working capital)/debt service; and (ii) general

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indebtedness shall be always equal to or smaller than 80%, such index being calculated as follows: (current assets + long term liabilities– subordinated debt)/total assets. For purposes of this calculation, subordinated debt shall be the debt arising out of the subscription by the shareholders in the event of a new discovery of Field/Reserve in Block BCAM-40. The BNDES Agreement determine, moreover, that Manati cannot distribute to its shareholders dividends and/or interest on net current assets, which, added, reach a percentage greater than 25% per annum, without previous and express consent by BNDES. Historically, all the requests made to BNDES were duly met so as to release the cash generated by the subsidiary Manati to its controller.

The BNB Agreement imposes on Manati S.A. certain contractual restrictions in relation to its capacity of indebtedness, obliging it to maintain the following indexes: (i) the index of cover of the debt service shall be equal to or greater than 1.3, whereas such index shall be calculated by applying the following formula: (EBITDA – IR – CSLL – provision for abandonment +variation of the working capital)/debt service; and (ii) general indebtedness which shall always be equal to or smaller than 80%, such index being calculated as follows: (current liabilities +long term liabilities – subordinated debt)/total assets. For purposes of this calculation subordinated debt shall be the debt from the subscription by shareholders, in the case of any new discover of Field/Reserve in Block BCAM-40. The BNB Agreement determines, moreover, that Manati cannot distribute to its shareholders dividends and/or interest on net current assets, which, added, reach a percentage greater than 25% per annum, without previous and express consent by BNB. Historically, all the requests made to BNB were duly met so as to release the surplus of cash generated by the subsidiary Manati to its parent company.

The financing agreements with BNDES and BNB have clauses that restrict the effecting of any merger, split, consolidation or corporate reorganization by the companies financed without previous approval by the creditors.

g) Limits of use of the financings already contracted.

We have already used 100% of the financings that we contracted.

h) Significant alterations in each item of the financial statements

We have elaborated our individual financial statements according to the accounting practices adopted in Brazil (Brazil GAAP), in compliance with the provisions contained in Law No. 6.404 of December 15, 1976, as amended by Laws Nos. 11.638 of December 28, 2007 and 11.941 of May 27, 2009, or Brazilian Corporate Law, complemented by the new pronouncements, interpretations and orientations by the Committee of Accounting Pronouncements, or CPC, issued and approved by resolutions of the Federal Accounting Council, or CFC, and according to the rules of CVM.

We have elaborated consolidated financial statements according to the International Financial Reporting Standards, or IFRS, issued by the International Accounting Standards Board, or IASB, which are consistent with the accounting standards adopted in Brazil, in compliance with the provisions contained in the LSA, as amended by Laws Nos. 11.638 of December 28, 2007 and 11.941 of May 27, 2009, complemented by new pronouncements, interpretations and orientations of the CPC, issued and approved by resolutions of the CFC, and according to the rules of CVM.

The Company was organized in March 9, 2010, and became operational on September 2, 2010, when Queiroz Galvão Óleo e Gás S.A. (“QGOG”) subscribed to the company all of its investment in QGEP, the latter starting to be its wholly owned subsidiary. Thus, the income statement of the Company in 2010 represents the result of operations for the three-month period and 29 days ended on December 31, 2010, direct comparison between the results of years 2010 and 2011 not being possible. For purposes of analyzing comparatively, we are presenting financial information consolidated carve out in Section 10 – Item 10.11 of this Reference Form, considering criteria described in the same section.

As a company of participations in companies which are devoted to the exploration, production and commercialization of petroleum and natural gas, the result of the company reflects, basically, the result of its subsidiaries: Manati and QGEP. Thus, we present below the principal variations of the groups of the balance sheet, which represent the consolidated financial information of the Company for the fiscal year ended on December 31, 2011.

10.1 – General financial and equity conditions

Balance Sheet (in millions of R$)			
	2011	**2010**	**∆%**
Assets			
Current	**1.258,1**	**221,6**	**467,7%**
Cash and cash equivalents	1.022,0	137,2	644,9%
Financial applications	130,5	-	N/A
Accounts receivable	76,1	82,0	-7,2%
Taxes and contributions recoverable	20,7	1,2	1625,0%
Others	8,8	1,2	633,3%
Non-Current	**1.471,6**	**833,1**	**76,6%**
Restricted cash	61,0	110,6	-44,8%
Taxes recoverable	0,2	0,2	0,0%
Deferred income tax and social contribution	5,8	2,9	100,0%
Property, plant and equipment	869,4	713,7	21,8%
Intangible assets	535,2	5,8	9127,6%
Others	0,1	**-**	0,0%
TOTAL ASSETS	**2.729,7**	**1.054,7**	**158,8%**
	2011	**2010**	**∆%**
Liabilities and Shareholders' Equity			
Current	**395,3**	**148,7**	**165,8%**
Suppliers	26,6	19,0	**40,0%**
Accounts payable	265,9	-	**N/A**
Taxes and contribution to collect	24,4	22,6	**8,0%**
Remuneration and social obligations	1,5	0,3	**400,0%**
Accounts payable – Related Parties	0,5	1,2	**-58,3%**
Loans and financings	52,0	76,3	**-31,8%**
Provision for research and development	6,0	5,0	**20,0%**
Provision for guarantee return Blocks	-	10,6	**N/A**
Others	18,4	13,7	**34,3%**
Non-Current	**158,6**	**283,8**	**-44,1%**
Loans and financings	51,6	188,7	**-72,7%**
Provision for abandonment	107,0	95,1	**12,5%**
Shareholders' Equity	**2.175,8**	**622,3**	**249,6%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2.729,7**	**1.054,7**	**158,8%**

Cash (Cash Equivalents, Financial Applications and Restricted Cash)

The Company ended the fiscal year 2011 with a positive balance of R$1,213.4 million, representing a significant increase in relation to the levels recorded at the end of 2010. This expressive increase occurred basically in function of the success of the Initial Public Offering of Shares of the Company, which captured approximately R$1.5 billion to finance

10.1 – General financial and equity conditions

the existing exploration activities and the expansion of its portfolio of assets. Moreover, the restricted cash was reduced in the amount of R$60.0 million in function of the advance of 33 installments referring to the financing with BNB.

Taxes and contributions recoverable

The total taxes and contributions recoverable (current and non-current) reached R$20.9 million in 2011. This value refers basically to credits relating to the biannual collection system of income tax on the profitability of portfolios, referred to as "*come cotas*". The withholding of this tax is calculated based on smallest rate of each type of fund (rate of 20% for the short term funds and 15% for long term funds).

Property, plant and equipment

In 2011, the Property, Plant and Equipment totaled R$869.4 million, compared to a balance of R$713.7 million in 2010. This variation refers basically to (i) additions of exploratory block BM-J-2 in the amount of R$112.2 million and additions of exploratory block BM-S-12 in the amount of R$52.4 million, which includes expenses with services of drilling, logistics and materials, and (ii) write-offs in the amount of R$11.7 million in connection with block BMS-76 returned to ANP in the second quarter of 2011.

Intangible Assets

During 2011, the subsidiary QGEP executed a purchase agreement of concession rights for the acquisition of 10% participation in block BM-S-8 and of 30% participation in Block BS-4, located offshore Santos Basin, in the amounts of US$175.0 million and US$157.5 million, respectively. The transfer of the concession rights to QGEP occurred in relation to Block BM-S-8 d. In February 2012, ANP approved the transfer of the concession rights, as well as the operation of Block B-S-4, to QGEP.

Accounts Payable

The accounts payable added up to R$265.9 million at the end of 2011, in function of the provision for payment of the remaining balance (90% of the acquisition price) of the purchase and sale agreement for the acquisition of 30% participation in Block BS-4. This amount was liquidated on March 2, 2012.

Loans and Financings

The Company ended fiscal year 2011 with a total debt of R$103.6 million, 45% below the value presented at the close of fiscal year 2010, especially due to the amortization of all of the financing with IFC in the amount of R$23.9 million and the advance of 33 installments in connection with the financing with BNB in the total amount of R$60.0 million.

Provision for guarantee return Blocks

The balance of 2010 refers to the guarantee of the Minimum Exploratory Program (PEM) of exploratory block BMS-77. The amount of R$10.6 million was provisioned in December 2010 and liquidated in May 2011 when exercised by ANP.

DRE (R$ million) (*)			
	2011	**2010**	**∆%**
Net revenue	**289,0**	**142,2**	**103,2%**
Costs	(128,7)	(57,1)	125,2%
Gross profit	**160,3**	**85,1**	**88,5%**
Operating revenues (expenses)			
General and administrative	(64,1)	(10,1)	534,7%
Exploratory costs	(52,1)	(39,0)	33,8%
Other net operating expenses	(7,3)	-	N/A

10.1 – General financial and equity conditions

Operating profit	**36,8**	**36,0**	**2,5%**
Net financial income	84,4	9,8	761,2%
Profit before income tax and social contribution	**121,2**	**45,8**	**164,5%**
Income tax and social contribution	(29,1)	(10,1)	188,1%
Net profit (Loss) of the period	**92,1**	**35,6**	**158,7%**

(*) The income statement of the Company in 2010 represents the result of operations for the period of three months and 29 days ended on December 31, 2010; it is not possible to make a direct comparison between the results of 2010 and 2011.

<u>Net revenue</u>

In 2011, the net revenue totaled R$289.0 million, result of an average production of 4.1 MMm3/day of natural gas and 65 m3/day of condensate. The total production volumes in Manati Field reached 1.500 MMm3 in 2011, or 675 MMm3 net for QGEP.

<u>Operating costs</u>

The accrued costs in 2011 totaled R$128.7 million. In addition to the operation costs of the gas plant of R$37.5 million, the following items: R$53.1 million of depreciation; R$24.7 million of Royalties & Special Participation; R$3.0 million of Research & Development; and R$10.4 million of maintenance costs in Manati Field contributed to the costs in this period.

<u>General and Administrative Expenses</u>

During 2011, the Company expanded the number of professionals in its technical staff to prepare to comply with the activities as operator of Block BS-4 and with the strategy of increasing its presence as operator of other blocks.

The General and Administrative Expenses in 2011 also include the payment made to the officers, managers and collaborators of QGEP, in the amount of R$23.1 million, with an incentive related to successful conclusion of the Initial Public Offering of Shares ended on March 9, 2011, as disclosed in the prospectus.

<u>Exploratory Costs</u>

The total exploratory costs for extraction of petroleum and gas reached R$52.1 million in 2011. This value reflects principally (i) costs of well 1-SPS-80 (R$13.2 million) located in Block BM-S-76, which was drilled in the first quarter, where potentially productive zones were not identified and (ii) acquisition of seismic data in the amount of R$29.7 million which comprises the region of the blocks where QGEP recently acquired participation.

<u>Financial Income</u>

In 2011, the net financial revenue totaled R$84.4 million, compared to a net financial revenue of R$9.8 million in 2010. This amount refers basically to the financial revenue generated from the applications of resources captures in the Initial Public Offering of Shares, received by the Company in February 2011. Moreover, the financial income was also impacted by the expenses of foreign exchange variation of R$48.5 million in connection with the impact of the depreciation of foreign exchange on the portion of the remaining payment of the acquisition of Block BS-4, as well as to the balance provisioned for abandonment of Manati Field.

<u>Net Profit</u>

The Company reported net accrued profits of R$92.1 million, resulting from the combination of the operating and financial profits. The main facts which affected the result of the period were (i) reduction of the revenue from the sale of gas, due to the lower volume of production of Manati Field, (ii) exploratory costs of well 1-SPS-80, (iii) non-recurrent administrative expenses in connection with the Initial Public Offering of Shares, (iv) increase of the financial resulting from the capturing of the Initial Public Offering of Shares held by the Company in February 2011 and (v) foreign exchange variation of the depreciation of the Brazilian currency vis-à-vis the US dollar.

10.2 – Financial and operating result

a. Result of operations of the issuer, especially:

i. Description of any important components of revenue

Our revenues come basically from the production and commercialization of hydrocarbons, especially from the sale of natural gas and condensate of Manati Field. All the gas produced in Manati Field is sold to Petrobras, in the terms of a long term agreement, while the condensate produced in that field is sold to Dax Oil Refino S.A., or Dax Oil.

Occasionally, our revenues may come from the sale of participation in concessions of exploratory blocks or fields under production.

ii. Factors which affected materially the operating income

We did not identify factors that affected materially our operating income on December 31, 2011, base date of our financial statements.

b. Variations of revenues attributed to price changes, changes of volumes and introduction of new products and services

Changes in prices and volumes

Our operating revenue is preponderantly from the sale of natural gas from Manati Field to Petrobras, based on a long term agreement. The price of gas is denominated in Reais and restated on annual bases according to the contractual index tied to inflation. Our operating revenue is directly affected by changes of volumes sold.

Additionally, we have a contract with Dax Oil for the sale of condensate, whose revenue is indexed to the quotation of petroleum (Brent) in the international market.

Changes of exchange rates

The largest part of our revenues is denominated in Real, as well as the largest part of the costs of products sold.

Part of our investments in exploration is tied to the US dollar, and, consequently, an increase in exploratory activity tends to increase our exposure to foreign exchange variations.

We need to harmonize the currency of our financing with the revenue of our projects. To this effect, our investments in the development of Manati Field were paid for by financings in Reais, since the revenues from this field are denominated in domestic currency.

c. Impact of inflation, of the variation of prices of the principal inputs and products, of foreign exchange and of the interest rate in the operating and financial income of the Company.

The financial situation and the result of our operations are influenced by the Brazilian macroeconomic scenario and by the variation of the prices of the principal inputs and products, especially of the foreign exchange and interest rate.

Inflation and Interest Rates

Inflation and interest rates of reference may influence our results in a limited way, to the extent that they may generate greater or smaller availability of income, reduce or expand economic activity, or affect the volume of investments in the economy.

The variation of inflation indexes affects our revenues and expenses, having in view that the sale agreement of natural gas, as well as the agreements with our service providers are readjusted by indexes tied to inflation. The inputs may suffer also inflationary pressure.

Market interest rates

10.2 – Financial and operating result

Our loans and financings, listed in Section 10 - Item 10.1(f)(i) of this Reference Form, are tied to market interest rates, especially the Long Term Interest Rate, TJLP. The variation of market interest rates may increase, or reduce, the cost of our loans.

It should be stressed that, in general, we do not use derivatives, such as traditional swaps, to annul oscillations of the TJLP, in connection with this funding in Brazilian institutions.

The following sensitivity table, with information of December 31, 2011, concerns an eventual variation of revenues or expenses associated to estimated operations and scenarios, not considering their market values.

Sensitivity analysis for the interest rate

Transaction	Risk	Likely Scenario	Scenario I - deterioration of 25%	Scenario II - deterioration of 50%
Rate effective on December 2011		10,87%		
Cash equivalent	Write off of CDI	914.640	914.640	914.640
Financial applications	Write off of CDI	130.479	130.479	130.479
Estimated Rate of the CDI (Interbank Deposit Certificate)		9,69%	7,27%	4,85%
Annual effect on financial applications:				
Reduction		(10.496)	(32.376)	(54.718)

Transaction	Risk	Likely Scenario	Scenario I - deterioration of 25%	Scenario II - deterioration of 50%
Rate effective on December 31, 2011		10,87%		
Registration cash:				
Abandonment provision fund	Write off of CDI	11.379	11.379	11.379
BNB	Write off of CDI	2.142	2.142	2.142
Reserve account	Write off of CDI	47.447	47.447	47.447
Estimated CDI annual rate		9,69%	7,27%	4,85%
Annual effect on registration cash:				
Reduction		(315)	(971)	(1.640)

Transaction	Risk	Likely Scenario	Scenario I - 25% deterioration	Scenario II - 50% deterioration
Rate effective on December 31, 2011		6%		
Loans:				
BNDES A	High of TJLP	24.463	24.463	24.463
BNDES B	High of TJLP	28.011	28.011	28.011
BNB 001	High of TJLP	43.848	43.848	43.848
BNB 002	High of TJLP	7.235	7.235	7.235
Estimated annual rate of TJLP		6,00%	7,50%	9,00%
Annual effect on loans:				
Increase		-	571	1.136

10.2 – Financial and operating result

Exchange Rate

We identified foreign exchange exposure in the provision for abandonment of wells and in investments, especially exploratory ones, which are partially indexed to the US dollar.

As our Cash is applied in Reais, we benefit from the appreciation of the Real against the US dollar to the extent that the appreciation of the domestic currency generates a foreign exchange gain on our provision for abandonment indexed to the US dollar.

Thus, the expansion of our activities will result in an increase in our exposure to the foreign currency. This exposure may be mitigated by financial hedge instruments, and natural hedges, since the value of petroleum reserves is restricted to the US dollar, standard currency of the international petroleum and gas market.

On December 21, 2011, the Board of Directors approved the Market Risk Management Policy of the Company, whose purpose is to formalize the measures eligible for mitigation of exposure of QGEP Participações S.A. and its subsidiaries to market risks not inherent to the activity of exploration and production of oil and gas. The Policy determines conditions and limits for the use of derivative instruments, such as Future, NDF (*non-deliverable forward*) and Options, which may be contracted only with the objective of hedge.

The sensitivity table below concerns a depreciation of the US dollar in relation to the Real and the impact on the derivative financial instrument contracted by the Company.

Transaction	Risk	Likely Scenario	Scenario I - deterioration of 25%	Scenario II - deterioration of 50%
Contractual average weighted rate (R$/US$)		1,89		
NDF notional (US$ mil)	Fall of US$	70.000	70.000	70.000
Rate R$ / US$		1,89 (*)	1,42	0,95
Effect on foreign exchange variation:				
Reduction		-	(33.075)	(66.150)

(*) Based on future contracts of commercial dollar of BMF on 12/29/2011

The table below presents a sensitivity analysis in the case of appreciation of the dollar in relation to the Real and the impact on passive financial instruments of the Company.

	Likely Scenario in USD	Likely Scenario in R$	Risk	Possible scenario (25%)	Remote scenario (50%)
Dollar				2,3448	2,8137
Transaction					
Accounts payable – Shell	141.750	265.895	High of the US$	265.895	265.895
Provision for abandonment	57.067	107.047	High of the US$	107.047	107.047
Liabilities expressed in reais in the respective exchange rates	198.817	372.942		372.942	372.942
Effect on income and shareholder's equity of each increase in the appreciation of the USD in relation to the real	N/A	N/A		93.234	186.469

10.3 - Events with relevant effects, occurred and expected, in the financial statements

a) Introduction or disposal of operating segment

We act only in the segment of exploration and production, or E&P. Since our constitution, no operating segment was introduced or disposed of.

b) Constitution, acquisition or disposal of corporate participation

As detailed in Section 6, Item 6.3, of this Reference Form, on January 17, 2011, a Special Shareholders' Meeting was held in which our shareholders approved an increase in our capital stock, in the amount of R$ 62,219,085.82, by the issue of 6,202,196 common shares, all nominative, book shares, without par value. They also approved the split of the shares issued by the Company each 01 (one) common share starting to be represented by 03 (three) shares post-split, the shareholders receiving 02 (two) new shares for each common share held on the date of the respective AGE (Special Shareholders' Meeting). The shares issued by virtue of the split shall be entitled to the same rights conferred to the other shares, including with respect to the voting right and to the right to receive dividend and/or interest on net current assets which come to be declared by the Company. The subscribed capital stock became R$ 620,416,742.82, represented by 186,065,886 common shares, all nominative, book shares and without par value.

The Board of Directors of the Company, at meetings held on February 07 and 08, 2011 approved the increase of the Company's Capital Stock within the limit of authorized capital, by the issue of common shares to be distributed by primary public offering of shares in Brazil and with efforts of placement abroad. The capital stock became R$ 1,937,877,065, 82, divided into 255,405,903 common, nominate shares without par value.

At a meeting of the Board of Directors of the Company, held on March 02, 2011, within the limit of the authorized capital, an increase in the Capital Stock was approved in the amount of R$197,619,038.00, which became R$2,135,496,103.82 by the issue of 10,401,002 common, nominative shared without par value, purpose of public distribution in the same conditions and in the same price as the shares initially offered, as a result of the exercise of the distribution option of a supplementary lot of shares by Banco BTG Pactual S.A., according to the provisions of the Distribution Agreement, and according to the Final Prospectus of Public Offering of Primary Distribution of Shares Issued by the Company.

c) Unusual events or operations

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

On February 16, 2012, ANP approved the transfer of the rights in the concession of 30% of participation previously held by Shell Brasil Petróleo Ltda. to the subsidiary QGEP in Block BS-4. The transaction value was US$157.5 million and QGEP also assumed, in the capacity of successor of Shell, the operation of the Block.

10.4 – Significant changes in accounting practices – exception & emphasis in the auditor’s opinion

a) Significant changes in accounting practices

We elaborated our individual financial statements according to the accounting practices adopted in Brazil, in compliance with the provisions contained in the LSA, as amended by Laws Nos. 11.638 of December 28, 2007 and 11,941 of May 27, 2009, complemented by new pronouncements, interpretations and orientations of CPC, issued and approved by resolutions of the CFC, according to the rules of CVM.

We elaborated our consolidated financial statements according to the IFRS, issued by IASB, which are consisted with the accounting practices adopted in Brazil, in compliance with the provisions contained in the LSA, complemented by new pronouncements, interpretations and orientations of CPC, issued and approved by resolutions of CFC, and according to the rules of CVM. There were no significant changes in our accounting practices.

Our shareholders’ equity and the individual result reflect the same balance of shareholders’ equity and of the consolidated result.

b) significant effects of the alterations in accounting practices

Item not applicable.

c) qualifications and emphases present in the auditor’s opinion

Our individual financial statements, for the fiscal year ended on December 31, 2011, elaborated according to the accounting practices adopted in Brazil, for the fiscal year ended on December 31, 2011, elaborated according to the IFRS issued by IASB and the accounting practices adopted in Brazil, were audited by Deloitte Touche Tohmatsu Auditores Independentes, according to the Brazilian audit rules, whose audit opinion includes paragraphs of emphasis on the fact that:

- As described in explanatory note 2, the individual financial statements were elaborated according to the accounting practices adopted in Brazil. In the case of the Company, these practices differ from the IFRS, applicable to the separate financial statements, only where they refer to the evaluation of the investments in subsidiaries and associated companies jointly by the equity accounting method, while for IFRS purposes, it would be cost or fair value. Our opinion is not qualified in function of this matter.

- As mentioned in explanatory notice 29, on February 08, 2012, ANP approved the transfer of the concession rights of Field Coral of Company BS-3 S.A. to our subsidiary QGEP and on February 16, 2012, ANP approved the transfer of the concession exploration rights of the Company Shell Brasil Petróleo Ltda. in connection with block BS-4, to QGEP.

10.5 - Critical Accounting Policies

Our administration considers that it adopts accounting policies in line with the best market practices and with the industry of exploration and production of oil and gas. Our accounting policies are defined to provide the users of the financial statements with useful information in decision-making to represent our transactions neutrally, with prudence and integrity and consider the following qualitative characteristics: comprehensibility, relevance, reliability and comparability.

Moreover, the preparation of the financial statements is based on estimates and judgments for the registration of certain transactions which affect the assets and liabilities which are not easily obtained from other sources. The estimates and the respective premises are based on historical experience and on other factors considered relevant. The effective results may differ from these estimates, at the time of their effective realization in subsequent periods. The principal estimates used refer to the registration of the effect result from the provision for fiscal, civil and labor judicial proceedings, depreciation and amortization of the property, plant and equipment and intangible assets, premises for determination of the provision for abandonment of wells and dismantling of areas, expectation of the realization of tax credits and other assets, provision for income tax and social contribution, evaluation of financial instruments and determination of fair value of the derivative financial instruments, among them, the financial assets maintained until maturity.

The estimates and premises are continuously revised. The effects resulting from revisions made to accounting estimates are recognized prospectively.

Summary of the main accounting practices:

Cash and cash equivalents

They are maintained to meet short term cash commitments and are comprised of balance of cash, bank deposits and financial investments with immediate liquidity and insignificant risk of change of value.

Inventories

Represented by assets acquired from third parties, in the form of materials and supplies to be consumed or used in the campaign of exploratory drilling. The inventories are recorded by the lowest value between the value of cost and the net realizable value. The costs of inventories are determined by the average cost method.

Current and non-current assets and liabilities

The current and non-current assets and liabilities are demonstrated by the values of realization and/or enforceability, respectively, and contemplate the monetary or foreign exchange variations, as well as the earnings and charges earned or incurred, when applicable, recognized on a *pro rata temporis* basis until the date of the balance sheet.

Property, Plant and Equipment

The property, plant and equipment is recorded at the acquisition cost, including interest and other financial charges of loans used in the formation of assets which may be qualified deducted from accrued depreciation and amortization.

Expenses with exploration, development and production of petroleum and gas are recorded by the successful efforts method. This method determines that expenses of development of all the production wells and of the successful exploratory wells, linked to the economically viable reserves, are capitalized, while the costs of geology and geophysics, costs with dry wells and those linked to non-commercial reserved be recorded in the income, when incurred. Drilling costs where feasibility assessments were not concluded remain until their conclusion.

The property, plant and equipment represented by the assets from exploration, development and production of the natural gas in Manati Field are recorded for their cost value and amortized by the method of units produced which consists in the proportional relationship between annual volume and the total proved reserve of the producing field. The proved reserves used for calculation of amortization (in relation to the monthly production volume) are estimated by external geologists and petroleum engineers according to international standards and revised annually or when there is indication of significant alteration.

10.5 - Critical Accounting Policies

The interest and other financial charges calculated on these liabilities relative to acquisitions of property, plant and equipment were capitalized as costs of these assets until the beginning of their operations (production/operation phase).

The gain and loss arising out of write-off or disposal of an item of .property, plant and equipment are determined by the difference between the revenue earned, if applicable, and the respective residual value of the asset, and is recognized in the result of the fiscal year.

Intangible Assets

The Company presents substantially, in its intangible assets, the expenses with rights and concessions which include, basically, the subscription bonuses corresponding to offers to obtain a concession for exploration of petroleum or natural gas. The same are recorded by the acquisition costs, adjusted, when applicable, to their recovery value and shall be amortized by the produced unit method, in relation to proved reserves.

The Administration effects annually a quality assessment of its exploratory assets of oil and gas to identify facts and circumstances which indicate the need of *impairment*, presented below:

- Period of concession for exploration expired or to expire in the near future, without an expectation of renewal of the concession;
- Representative expenses for exploration and assessment of mineral resources in a certain area/block not budgeted by the Company or partners;
- Exploratory efforts and efforts of assessment of mineral resources which have not generated commercially viable discoveries and which the Administration has decided to discontinue in certain specific areas/blocks;
- Sufficient existing information which indicates that the capitalized costs shall probably not be realizable even with continuity of exploratory expenses in certain area/block which reflect future development or even with disposal thereof.

According to this assessment, made for the fiscal year ended on December 31, 2011, the Administration considered that there is no need to make a provision for realization in these exploratory assets on said date.

Assessment of recoverable value of the assets

According to CPC 01 (“Reduction of Recoverable Value of Assets”), the items of the property, plant and equipment, intangible assets and, when applicable, other non-financial assets are assessed annually to identify evidence of non-recoverable losses, or, also, whenever significant events or alterations in the circumstances indicate that the book value cannot be recovered. When applicable, when there is loss resulting from the situations in which the book value of the asset exceeds its recoverable value, defined by the greatest value between the value in use of the asset and the net value of sale of the asset, this is recognized in the income of the fiscal year.

The Administration of the Company did not identify changes in circumstances, as well as evidence that its assets used in its operations are not recoverable before their operating and financial performance, and concluded that, for December 31, 2011, there was no need to record any provision for loss in its assets.

Abandonment of wells and dismantling of areas

The future obligation with abandonment of wells and dismantling of production area is recorded based on information furnished by the operator of the fields and based on estimates of the Administration when the latter is the operator, and fully registered at the time of the declaration of commerciality of each field, as part of the costs of related assets (property, plant and equipment) in consideration for the provision for abandonment, recorded in the liabilities, which sustains such future expenses.

10.5 - Critical Accounting Policies

The provision for abandonment is revised annually by the Administration, adjusting the asset and liability values already accounted for. Revision in the tax basis of the estimates of expenses is recognized as cost of the property, plant and equipment and the foreign exchange variations are allocated directly in the result.

Financings

The loans and financings are recognized, initially, at the time of receipt of the resources, net of transaction costs in the applicable cases. Afterwards, they start to be measured by the amortized cost, that is, accreted of charges, interest incurred *pro rata temporis* and monetary and foreign exchange variations as contemplated contractually, incurred to the date of the balance sheet.

The financings in foreign currency were converted into reais by the exchange rates in force on the dates of the financial statements.

Provision for legal proceedings

The provision for fiscal, civil and labor legal proceedings is constituted for risks with expectation of "probable loss", based on the opinion of the Administrators and external legal advisers, the values being recorded based on the estimates of the costs of the closures of said proceedings. Risks with expectation of “possible loss” are disclose by the Administration, but not recorded.

Verification of the result

The result from operations is verified according to the accrual system. Sales revenues are recognized at the time of transfer of the property and of the risks to third parties.

Income Tax and Social Contribution

These taxes are calculated and recorded based on the rates effective on the date of elaboration of the financial statements. The deferred taxes are recognized in function of inter-temporal differences, fiscal loss and negative base of social contribution, when applicable.

The assets of deferred income tax and social contribution are recognized only to the amount which may be considered as of likely or probable realization.

Tax Incentives

Because it is located in the area of coverage of the Superintendence of Development of the Northeast, or SUDENE, its indirect subsidiary Manati, obtained a tax benefit of reduction of 75% of income tax and premiums calculated based on the profit of the exploration for the period of 10 years, the same starting to enjoy the benefit in 2008. The value corresponding to the incentive was accounted for in the income and subsequently shall be transferred to the profits reserve - tax incentives, in the shareholders' equity of the subsidiary Manati.

Payment agreements based on shares of the Company

The remuneration plan based on shares to employees, to be liquidated with equity instruments, is measured by the fair value on the date of the concession, as described in Explanatory Note No. 23 iii).

The fair value of the options granted determined on the concession date is recorded by the accelerated method as expense in the income of the fiscal year during the term in which the right is acquired, based on estimates of the Company, on which options granted shall be eventually acquired, with corresponding increase of the equity. At the end of each period, the Company revises its estimated on the quantity of equity instruments which shall be acquired. The impact of the revision in relation to the original estimates, if any, is recognized in the result of the period, so that the accrued expense reflect the revised estimated with the corresponding adjustment in the shareholders' equity in the account “Stock Options Plan” which recorded the benefit to the employees.

Financial instruments

Financial assets and liabilities are recognized when the Company is part of the contractual provisions of the instrument.

The financial assets and liabilities are initially measured by the fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities recognized at fair value in the income) are accreted or deducted of the fair value of financial assets or liabilities, if applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value by means of income are recognized immediately in the result.

Financial assets

Financial assets are classified in the following specific categories: (i) financial assets at fair value by means of income, (ii) investments maintained until 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 on the date of initial recognition. All normal acquisitions or disposals of financial assets are recognized or written-off based on the trading date. Normal acquisitions or disposals correspond to acquisitions or disposals of financial assets which require the delivery of assets within the period established, by rule or market practice.

- Financial assets at fair value by means of the income

  They include the financial assets maintained for trading (i.e., acquired principally to be sold in the short term), or designated by the fair value by means of the income. Interest, monetary indexation, foreign exchange variation and variations resulting from assessment at fair value are recognized in the income, as revenues or financial expenses, when incurred. The Company has cash equivalents and financial applications classified in this category.

- Investments maintained until maturity

  They include non-derivative financial assets with fixed or determinable payments and fixed due date which the Company has the contractual obligation, positive intention and capacity to maintain until maturity. After initial recognition, the investments maintained until maturity are measured at amortized cost using the effective interest method, less eventual loss due to reduction to recoverable value. The Company has restricted cash classified in this category.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. The loans and receivables are measured by the amortized cost value using the effective interest method, deducted of any loss due to reduction to recoverable value.

  The interest revenue is recognized through the application of the effective interest rate, except for short term credits when the recognition of the interest would be immaterial. The Company has accounts receivable and bank deposits (under the caption Cash Equivalents) classified in this category.

- Reduction to recoverable value of financial assets

10.5 - Critical Accounting Policies

Financial assets, except those designated by fair value through the income, are assessed by indicators of reduction to recoverable value at the end of each report period. Losses due to reduction to recoverable value are recognized if, and only if, there is objective evidence of the reduction to recoverable value of the financial asset as a result of one or more events, which have occurred after their initial recognition, with impact on future estimated cash flows of this asset.

For any other financial assets, objective evidence includes:

- ✓ Significant financial distress of issuer or the other party; or
- ✓ Contract breach, including nonperformance or late payment of interest or principal; or
- ✓ Probable bankruptcy, or reorganization of debtor; or
- ✓ Termination of market activities for that financial asset due to financial problems.

For financial assets recorded at amortized cost, the amount of reduction to the recoverable value recorded corresponds to the difference between the book value of the asset and the present value of estimated future cash flows, discounted by the original effective interest rate of the financial asset.

For financial assets recorded at cost, the amount of loss due to reduction to the recoverable value corresponds to the difference between asset book value and the present value of estimated future cash flows, deducted at current return rate for a similar financial asset. This loss by reduction to recoverable value will not be reverted in future periods.

The book value of financial asset is directly deducted from losses from deduction to recoverable value for all financial assets, except for accounts receivable, in which the book value is deducted from provision. Subsequent recovery of previously written off values are credited to provision. Changes to provision book value are recognized as result.

<u>Financial liability</u>

Financial liabilities are classified as "Financial liabilities at market value through income" or "Other financial liabilities".

- Other financial liabilities

  Other financial liabilities (including loans) are reported at amortized cost value.

  The effective interest method is used to calculate the amortized cost of a financial liability, and allocate the interest cost thereof for the period. The effective interest rate is the rate discounting exactly the estimated future cash flows (including paid or received fees that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) throughout the estimated useful life of the financial liability or, when appropriate, for a shorter period, for the initial recognition of the net book value.

- Financial liability write-off

  Company only writes off financial liabilities when obligations are terminated, cancelled, or matured.

<u>Functional currency</u>

The functional currency QGEPP, and its subsidiaries, use to prepare the financial statements is Brazilian currency (Real, R$), which best reflects the primary economic environment of Company's activities.

10.6 - Internal controls related to financial statement preparation - Efficiency/deficiency levels and auditors' report recommendations

a) Degree of efficiency of these controls, indicating any imperfection and actions taken to correct the same.

Our management evaluates the effectiveness of internal controls connected with financial statements, using procedures developed to provide a reasonable assurance with respect to the reliability of financial reports, and the preparation of financial statements, in order to ensure our capacity to start, authorize, record, process, and disclose relevant information in our financial statements. Material imperfections are not identified in control implementation. Control imperfections noticed during the accounting period are corrected with the implementation of action plans that ensure the effectiveness thereof at the end of the accounting period.

b) Deficiencies and recommendations on the internal controls present in independent audit's report.

Company's auditors did not audit our accounts intending to provide an opinion about our internal controls, as the purpose was to issue an opinion on our financial statements. However, within the context of their financial statement audits, our auditors issued a letter of recommendation. Company's auditors understand that improvement topics they identified are not relevant for preparing our financial statement, and are working to resolve this.

10.7 - Allocation of funds from public distribution offerings and occasional deviations

a) How offering proceeds was used.

Until the date of the present Reference Form, 46% of funds raised in our initial public offering of shares were used, considering the total amount involved in the acquisition of participation in Blocks BM-S-8 and BS-4.

b) Material deviations between actual allocation of funds and allocation proposals disclosed in the prospectus of the relevant distribution

As noted in section "Allocation of Funds" in our Prospectus of February 2011, funds raised in our initial offering of shares will be used as follows.

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

Until the date of the present Reference Form, 46% of funds originated from the offering were used, 88% of which were allocated to the acquisition of interests and investments in Blocks BM-S-8 and BS-4, and the remaining, 12%, to investments in the portfolio that existed before the Public Offering of Shares.

c) In case of deviations, indicate the reasons of the deviations

Until the date of the present Reference Form, there is no deviation in the allocation of funds.

10.7 - Allocation of funds from public distribution offerings and occasional deviations

a) Assets and liabilities directly/indirectly held by issuer, which are not apparent in its balance sheet (off-balance sheet items), including: i. Operating lease, as either party; ii. Written off receivable portfolios in which the entity keeps risks and responsibilities, indicating the relevant liabilities; iii. Contract for future purchase of products and services; iv. Construction contracts in progress; and, v. Contracts for future receipt of funding.

The company has no assets or liabilities other than those registered in the balance sheet.

b) Other item that is not evident in financial statements.

Not applicable because there is no item other than those reported in our financial statements.

10.9 - Comments on items that are not evident in financial statements

a) How these items change, or will change, issuer income, expenses, operating result, financial expenses, or other item of issuer's financial statements

Not applicable because there is no item other than those reported in our financial statements.

b) Nature and purpose of the operation

Not applicable because there is no item other than those reported in our financial statements.

c) Nature and amount of the assumed obligations and rights created on issuer's behalf due to the operation.

Not applicable because there is no item other than those reported in our financial statements.

10.10 - Business plan

a) Investments (including quantitative and qualitative description of substantial investments in progress and anticipated investments, investment funding sources, and anticipated divestments)

i) Quantitative and qualitative Description of investments in progress and anticipated investments.

Capital Expenses (R$ million)	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
BM-S-12	78.7				78.7
BM-J-2	121.3				121.3
BM-CAL-5	27.7	6.9			34.6
BM-CAL-12		28.8			28.8
BM-S-8	47.7				47.7
Total	**275.4**	**35.7**	**0.0**	**0.0**	**311.1**

The table above shows exploratory investments planned for the next years in the anticipated Minimum Exploratory Program (PEM) wells), and also wells in progress and non-contingent wells.

Investment in Campo de Atlanta e Oliva production development, connected to Block BS-4, are not considered in this item, as ANP is reviewing their Development Plans.

Investments in contingent exploratory wells, in addition to other block production development, are not described as such investments may be conditioned to the confirmation of new discoveries. These investments may include reservoir studies, geological and geophysical data acquisition, production and exploration well drilling, water injection, gas injection, production collection system, natural gas plants, field interconnection ducts and oil and condensate production storage systems.

ii) Investing financing sources

Our business plan and estimated use of resources are anticipated based on Mean Risked Prospective Resources, i.e., considering investments weighted by the chances of success of each Exploratory Prospect. Therefore, the allocation percentages of resources raised in our initial public offering of shares may be materially changed depending on the exploratory success that may result from our current portfolio, and become totally dedicated to the development or new projects.

Funds raised in the Initial Public Offering of Shares held in 2011, in addition to the cash flow available in Manati Field, will ensure the continuity of our exploratory campaign, and also the acquisition of new assets. We are firstly analyzing opportunities in Espírito Santo, Campos and Santos Basin, and we are particularly interested in current and future opportunities in the pre-salt. We may timely take part, preferably with minority interest, in emerging Basins where considerable premiums are verified and/or upsides that may offset the risks of these projects. We presently consider entering into new assets through farm-ins offered the Brazilian market, and selective participation in ANP new tender rounds. For these investment opportunities we will use, in addition to the funds raised from the IPO, the cash funds.

For new investments, we will pursue opportunities in line with our strategy for (i) increasing our exposition in southeast basins, (ii) holding a minority interest in pre-salt sites, (iii) increasing our participation as operator, (iv) diversifying our partnerships, (v) investing in selected projects in emerging basins holding a minority interest with high premium.

Additionally, we may 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.

10.11 – Other factors of relevant influence

iii) Substantial disinvestments in progress, and anticipated disinvestments.

There is no asset disinvestment process in progress. However, farm-in and farm-out agreements are common in the oil industry. We might, occasionally, enter into such agreements in the future, if they benefit our business and shareholders. The execution of such agreements, if any, might cause material investments and disinvestments.

b) If already disclosed, indicate the acquisition of plants, equipments, patents, or other assets that materially affect issuer's production capacity

We intend to make bids in future ANP auctions for acquiring concession rights on blocks our management defines as potentially favorable sites for exploration and production activities.

c) New products and services, listing: i. description of researches in progress already disclosed; ii. total amount incurred by issuer in researches for developing new products or services; iii. projects in progress already disclosed; iv. total amount incurred by issuer for developing new products or services.

This item is not applicable, as our business plan does not include new products and services.

We consider the following information also relevant for understanding our operational performance.

Therefore, the following information is included in this item:

- Information on our consolidated financial statements for the year ending December 31, 2011;
- Information on our carve out consolidated financial statements for the years ending December 31, 2010 and 2009;
- Major loan and financing contracts on December 31, 2011, 2010, and 2009; and
- Contract obligations.

This information is extracted from our carve out consolidated financial statements, and include:

- For the year ending December 31, 2009: *carve out* financial information from QGOG consolidated financial statements, using only historical results from transactions, assets, and liabilities attributable to the E&P segment, that include the investment in our indirect subsidiary Manati, and the operations in Campo de Coral, BS-3 S.A.

- For the year ending December 31, 2010: the combination of the carve out financial information from QGOG consolidated financial statements, for the period from January 1, 2010 to July 1, 2010, using only historical results from transactions, assets, and liabilities attributable to the E&P segment that include the investment in our indirect subsidiary Manati and the operations in Campo de Coral, BS-3 S.A., in addition to historical results from the operations, assets, and liabilities from July 2 to December 31, 2010. This financial information is combined considering that E&P operations, QGOG and us, were under a common control and management. These consolidated financial statements are prepared based on individual historical accounting records, and the transactions between QGOG and us were eliminated with the purpose of reporting the transactions as a single entity, as resulted from the transfer of assets on July 2, 2010. Therefore, the financial statements are being referred to as consolidated carve out.

10.11 – Other factors of relevant influence

Major Changes to the Carve Out Consolidated Financial Statements
Year ending December 31, 2011 compared to year ending December 31, 2010

The following table shows the amounts from carve out consolidated income statement for the year ending December 31, 2011, and 2010.

DRE (R$ million) *Carve Out*

	2011	AV1 (%)	2010	AV1 (%)	Variation (%) 2011/2010
Net earnings	**289.0**	**100.0**	**387.5**	**100.0**	**(25.4)**
Operating Costs	(128.7)	(44.5)	(141.3)	(36.5)	(8.9)
Gross income	**160.3**	**55.5**	**246.2**	**63.5**	**(34.9)**
Operating revenues (expenses)					
General and administrative	(64.1)	(22.1)	(21.6)	(5.6)	(196.3)
Exploratory costs for oil and gas extraction	(52.1)	(18.0)	(40.4)	(10.4)	29.0
Other net operating expenses	(7.3)	(2.5)	-	-	N/A
Operating profit	**36.8**	**12.8**	**184.2**	**47.6**	**(80.0)**
Net financial income	84.4	29.2	(3.6)	(0.9)	N/A
Earnings before income tax and social contribution	**121.2**	**41.9**	**180.7**	**46.6**	**(32.9)**
Income tax and social contribution	(29.1)	(10.1)	(32.7)	(8.4)	(11.1)
Net earnings for the period	**92.1**	**31.9**	**148.0**	**38.2**	**(37.7)**

(1) Percentage of total net income.

Operating Income

In 2011, the net revenue was R$289 million, a 25.4% drop compared to R$387.5 million reported in 2010. This drop occurred due to lower production volumes from Manati Field, resulting from the workaround closing during the year.

Total production volumes in Manati Field reached 1,500 MMm3 in 2011, or 675 MMm3 net for Company. Manati has a contract for selling the total gas production, with a take-or-pay clause with prices in reais annually adjusted based on contracted index.

The lower production from Manati Field also contributed to operating cost drop to R$129 million in 2011, a 9% reduction compared to 2010 levels.

General and Administrative Expenses

General and administrative expenses are reported as R$64.1 million in 2011, a substantial 196.3% increase from R$21.6 million, in 2010. The increase resulted mainly from: (i) additional technical team, required to attend BS-4 Block operating activities, and (ii) R$3.7 million stock option granted to employees. General and administrative expenses, other than non -recurrent effects of incentive for IPO, amounting to R$23.1 million, reached R$41 million in 2011, from R$21.6 million in 2010.

10.11 – Other factors of relevant influence

Exploration costs for oil and gas extraction

Total exploration costs for oil and gas extraction reached R$52,1 million in 2011, a 29.0% rise year on year. The cost increase resulted mainly from seismic data acquisition.

Other net operating expenses

Company registered R$7.3 million for other operating expenses in 2011, mainly related to the nonperformance fine provision under a delivery or pay agreement for gas sale in Manati Field in 2011.

Financial Result

In 2011, net financial income totalized R$84.4 million, compared to a net financial expense of R$3.6 million in 2010. The variation basically refers to the financial income provided from allocation of IPO funds Company received in February 2011, net of foreign exchange costs amounting to R$48,5 million due to the impact of foreign exchange on BS-4 Block acquisition price balance, in Accounts Payable, in addition to the provisioned balance for Manati Field abandonment.

Net Income

Company reported a net income of R$92.1 million in 2011, 38% drop, from R$148 million in 2010. This result is due to lower production volumes in Manati Field, higher general and administrative expenses, and financial result impacts.

Main Changes to the Carve Out Consolidated Financial Statements
Year ending December 31, 2010 compared to the year ending December 31, 2009

The following table shows the carve out consolidated income statement amounts for the years ending December 31, 2010 and 2009.

Income Statement (R$ million) *Carve Out*

	2010	AV (%)1	2009	AV (%)1	Variation (%) 2010/209
Net revenue	**387.5**	**100.0**	**330.2**	**100.0**	**17.4**
Operating costs	(141.3)	(36.5)	(89.7)	(27.2)	57.4
Gross income	**246.2**	**63.5**	**240.4**	**72.8**	**2.4**
Operating revenue (expense)					
General and administrative	(21.6)	(5.6)	(21.5)	(6.5)	0.1
Exploration costs for oil and gas extraction	(40.4)	(10.4)	(148.9)	(45.1)	(72.8)
Operating income	**184.3**	**47.6**	**70.0**	**21.2**	**163.1**
Net financial result	(3.6)	(0.9)	11.1	3.4	(131.8)
Earnings before income state and social contribution	**180.7**	**46.6**	**81.2**	**24.6**	**(122.6)**
Income state and social contribution	(32.7)	(8.4)	(15.3)	(4.6)	(113.4)
Total net income	**148.0**	**38.2**	**65.9**	**19.9**	**(124.7)**

(1) Percentage of total net revenue.

10.11 – Other factors of relevant influence

Operating Result

Net revenue was R$387.5 million in 2010, 17.4% higher than 2009 due to a 20.3% increase in total production volumes from Manati Field, as a consequence of Manati Field record production volumes, which totalized 614.5 MMm3, of which Company has 276.5 MMm3.

Manati has a long-term supply contract with Petrobras for the provision of minimum annual gas volumes (take-or-pay), for a price in reais annually adjusted at the contracted index.

Production increase in 2010 mostly explains the incremental operating costs totalizing R$141.3 million in 2010, a 57.4% rise from 2009. The variation reflects (i) initial payment of the Special Participation and Research and Development, totalizing R$11.3 million, (ii) higher expenditures with royalties arising from Manati Field production, (iii) higher amortization costs, and (iv) additional costs incurred with gas collection system programmed inspection.

General and Administrative Expenses

General and Administrative Expenses reached R$21.6 million in 2010, practically the same in 2009.

Exploration costs for oil and gas extraction

Exploration costs for oil and gas extraction in 2010 totalized R$40.4 million, a 72.8% drop from 2009. These costs are related to acquisition, processing, and interpreting seismic data, drilling campaign planning, licensing and environmental impact studies, dry well or non-commercial reserves write-off, among other.

Financial Result

In 2010, the net financial result negative in R$3.6 million (vs. positive R$11.1 million in 2009) results mainly from positive foreign exchange on foreign currency loans and lower proportion of abandonment provision compared to 2009. Financial expense variation was not significant.

Net Income

The net income totalized R$148 million in 2010 represented a 124.7% growth compared to 2009. This favorable result resulted from Manati Field record production and lower exploration costs.

Main Changes to the Carve Out Consolidated Financial Statements
Year ending December 31, 2011 compared to the year ending December 31, 2010

Statement of Cash Flows (R$ million) ***Carve Out***

	2011	2010	Variation (%) 2011/2010
Net cash provided by operating activities	**194.2**	**253.0**	**(58.8)**
Net cash provided by (allocated to) investing activities	**(607.1)**	**(89.1)**	**(518.0)**
Net cash provided by (allocated to) financing activities	**1,297.8**	**(114.2)**	**1,412.0**

Net Cash Provided by Operating Activities

The net cash provided by operating activities dropped R$58.8 million, from R$253.0 million in December 31, 2010 to R$194.2 million in December 31, 2011. This reduction is mainly justified by the R$55.9 million reduction in the net income, due to income variation in the years mentioned in Item –“Main Changes to Income Statement” above.

Net Cash Allocated to Investing Activities

10.11 – Other factors of relevant influence

The net cash allocated to investing activities raised 8.4%, or R$518,0 million, from R$89.1 million in December 31, 2010 to R$607.1 million in December 31, 2011. The increase is mainly due to the acquisition in 2011, of exploratory interest in two exploration blocks, and to higher exploratory drilling costs compared to 2010.

Net Cash Provided by (Allocated to) Financing Activities

The net cash provided by financing activities raised R$1,412.0 million, from an allocated net cash of R$114.2 million in December 31, 2010, to a net cash of R$1,297.8 million on December 31, 2011. This variation is mainly due to the capital increase, net of stock issuance costs of R$57.4, amounting to R$1,457.7 million.

Main Changes to Carve Out Consolidated Cash Flow
Year ended December 31, 2010 compared to the year ended December 31, 2009

Statement of Cash Flows (R$ million) Carve Out

	2010	2009	Variation (%) 2010/2009
Net cash from operating activities	**253.0**	**114.1**	**121.7**
Net cash from (allocated to) investment activities	**(89.1)**	**(97.3)**	**(8.4)**
Net cash from (allocated to) financing activities	**(114.2)**	**4.9**	**(119.1)**

Net Cash from Operating Activities

Net cash from operating activities rose R$138.9 million, from R$114.1 million on December 31, 2009, to R$253.0 million on December 31, 2010. The increase is mainly caused by an increase of R$82.1 million in net income, which is explained by variations to the result in the periods mentioned in item – “Main Changes to Income Statements” above.

Net Income Allocated to Investing Activities

The net income allocated to investing activities decreased 8.4%, or R$8.2 million, from R$97.3 million on December 31, 2009 to R$89.1 million on December 31, 2010. This drop results specifically from lower exploratory drilling amounts incurred in 2009.

Net Cash from (Allocated to) Financing Activities

The net cash allocated to financing activities rose R$119.1 million, from R$4.9 million net cash on December 31, 2009 to an allocated net cash of R$114.2 million on December 31, 2010. This variation is mainly due to an R$115.8 million financing payment increase in 2010 compared to 2009.

Major loan and financing contracts on December 31, 2010, 2009, and 2008
The following table shows carve out consolidated indebtedness levels and debt details for the relevant periods:

Modality	Financial charges	Consolidated Amount (R$ million) on December 31, 2011	Consolidated Amount (R$ million) on December 31, 2010	Consolidated Amount (R$ million) on December 31, 2009
Foreign currency				
IFC – A – US$	LIBOR + 1.75% p.a.	-	7.0	16.0
IFC – C – US$	10.29 p.a. and 11.48% p.a.	-	16.8	17.7
Banco do Brasil	LIBOR + 1.5% p.a.	-	-	88.2
Total foreign currency		**-**	**23.8**	**121.9**
National currency				

10.11 – Other factors of relevant influence

BNDES	TJLP + 3.5% p.a.	52,5	96.2	159.6
BNB	10% p.a.	51,1	145.0	170.5
Total national currency		**103,6**	**241.2**	**330.1**
Loans and financing - current		**52,0**	**76.3**	**152.2**
Loans and financings - non current		**51,6**	**188.7**	**299.8**
Total		**103,6**	**265.0**	**452.0**

Contract Obligations

The following table summarizes contract obligations on December 31, 2011:

Contract obligations on December 31, 2011				
R$ thousands	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Total**
Loans and Funding	**52.0**	**51.6**	**-**	**103.6**
Capital Expenses	**-**	**26.0**	**-**	**26.0**
Total Contract Obligations	**52.0**	**77.6**	**-**	**129.6**

(1) These values reflect principal and interest payments on December 31, 2010, with respect to obligations arising from financial loan agreements, according to the consolidated financial statements.
(2) The values reflect the guarantees assigned to ANP for performing the Minimum Exploratory Program (PEM), according to our concession contracts regulated by ANP, in addition to obligations before vendors already contracted.

Attachment B

PROPOSED NET INCOME ALLOCATION

1. Inform the net income for the year

Net income for the year R$92,137,360.70

2. Inform the total amount and the price per share of dividends, including interim dividends, and interest on shareholders' equity already declared

Company management proposes the allocation of R$875.30 as minimum mandatory dividends, representing 0.001% of the net income adjusted after Legal Reserve allocation corresponding to R$ 0.000003 per common share.

3. Inform the percentage of net income distributed for the year

Management proposal represents 0.00095% of the year net income.

4. Inform the total amount and the price per share of dividends distributed based on previous year income

		2010
Total dividends	R$	33,814,909.12
Dividends per share [1]	R$	0.545209

[1] Values are calculated based on outstanding shares on December 31, every year

Company started its activities in 2010, so the 2009 period is not reported.

5. Inform, net of interim dividends and interest on shareholders' equity already reported:

a. The gross amount of dividend and interest on shareholders' equity, aggregated per each series and class of shares.

The management proposes the payment of dividends in the amount of R$0.000003 per each common share. No interest on shareholders' equity will be paid.

b. The form and term of payment for dividends and interest on shareholders' equity.

Payment term on April 27, 2012, to be made available by custodian to shareholders registered in a separate book and with CBLC.

c. Eventual application of adjustment for inflation and interest on the dividends and interest on shareholders' equity.

N/A.

d. Date the payment of dividends and interest on shareholders' equity is declared, for purposes of identifying the shareholders entitled to receive the same.

April 16, 2012, according to Shareholders' Meeting resolution.

6. If dividends or interest on shareholders' equity are declared based on interim balance sheet income

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

N/A.

b. Inform the date of each payment

N/A.

7. Provide a comparative table indicating the following values per each series and class of share:

a. Net income for the year and for the last 3 years

		2011	2010 (1)
Net income from the period	R$	92,,137,360.70	35,594,641.18
Weighted common stock average		256,849,695	60,143,091
Net income per common share - basic	R$	0.358721	0.591833

(1) Company started its activities in September/2010, therefore the net income is reported only for 4 months of activities (September/2010 to December/2010)

The basic earnings per share are calculated dividing the net income by the weighted average of all classes of outstanding shares for the period.

b. Dividend and interest on shareholders' equity distributed for the previous 3 years

		2011	2010 (1)
Total dividend	R$	875.30	33,814,909.12
Dividends per common share	R$	0.000003	0.545209

(1) Values calculated for outstanding shares on December 31, every year

Company started its activities in 2010, so the 2009 period is not reported.

8. In case of earnings allocated to legal reserve

a. Identify the amount allocated to legal reserve

The amount allocated to legal reserve is R$4,606,867.89

b. Detail the legal reserve calculation

Net income for the period	92,137,360.70
(x) Percentage allocated to Legal Reserve	5%
Legal Reserve allocation	4,606,868.04

According to art.193 of Law 6.404/76, 5% of the net income for the period is applied, before any other allocation, for establishing a legal reserve, not to exceed 20% of shareholders' equity.

9. If the company has non-participating preferred shares

a. Describe the calculation of the minimum/fixed dividends

N/A

b. Inform if the income for the period is sufficient to fully pay the minimum/fixed dividends

N/A

c. Identify if unpaid amounts are cumulative

N/A

d. Identify the total minimum/fixed dividends paid to each class of preferred shares

N/A

e. Identify minimum/fixed dividends to be paid per each class of preferred shares

N/A

10. With respect to mandatory dividends

a. Describe the calculation provided in the articles

According to article 29 of our Articles of Incorporation, the mandatory dividend corresponds to 0.001% of the net income for the period.

b. Inform if the same is being paid in whole

Yes

c. Inform any amount withheld

N/A.

11. Retained mandatory dividend due to company's financial position

N/A.

12. Income allocation to contingency reserve

N/A.

13. Income allocation for unrealized profits

N/A.

14. Income allocation for reserves established under the articles of incorporation

a) Clause of the articles of incorporation establishing the reserve:

Management clarifies it has passed on October 24, 2011, management proposal for amending Company's articles of incorporation to include, among other matters, the conformity of company's articles of incorporation to the new rules provided by BM&FBovespa New Market Regulation, and the creation of an "Investing Reserve" as provided in article 194 of Law 6.404/76 (“LSA”). The Investing Reserve will ensure the development and expansion of company's activities. The Special Shareholders' Meeting will be convened on the next days to discuss the amendment to the articles of incorporation, before the Annual Shareholders' Meeting of April 16, 2012. The net income remaining after the allocation of the amount required as legal reserve and mandatory dividend will be allocated to the Investing Reserve. The reserve balance, added to the balance of the other income reserve, other than unrealized profit reserves, the contingency reserves, and the tax incentive reserves, will not exceed 100% of shareholders' capital.

b) Amount allocated to reserve

The amount allocated to Investing Reserve is R$87,529,617.36

c) Investing Reserve calculation

Net Income for the period	92,137,360.70
(-) Legal Reserve	(4,606,868.04)
(-) Mandatory dividends	(875,30)
Total Investing Reserve	87.529.617,36

15. Anticipated retained earnings in capital budgeting

N/A.

16. Allocation of income to tax incentive reserve

N/A.

Attachment C

12.6 / 8 - Management/audit committee structure and professional experience

Name CPF Other offices and functions filled by issuer	Age Occupancy	Management body Elective office	Election date Took office on	Term of office Elected by controller
Danilo Oliveira 061.753.845-04 Has no other office or function	60 Civil engineer	Executive Board Member only 19 - Officer	Oct/01/2010 Oct/01/2010	2 years Yes
José Augusto Fernades Filho 002.819.564-72 Has no other office or function	73 Geologist	Executive Board Member only 10 - CEO	Oct/01/2010 Oct/01/2010	2 years Yes
Lincoln Guardado 667.729.158-87 Has no other office or function	64 Geologist	Executive Board Member only 19 - Officer	Oct/01/2010 Oct/01/2010	2 years Yes
Paula Vasconcelos da Costa 054.005.287-67 Financial Officer	35 Production engineer	Executive Board Member only 12 - Investor Relations Officer	Oct/26/2010 Oct/26/2010	2 years Yes
Antônio Augusto de Queiroz Galvão 173.714.734-34 Has no other office or function	58 Civil engineer	Director only 20 - Chairman of the Board of Directors	Apr/16/2012 Sep/02/2010	2 years Yes
José Luiz Alquéres 027.190.707-00 Has no other office or function	68 Civil engineer	Director only 27 - Independent Board of Directors (Permanent)	Apr/16/2012 Dec/16/2010	2 years Yes
Leduvy de Pina Gouvêa Filho 295.618.500-44 Has no other office or function	57 Mining engineer	Director only 22 - Board of Directors (Permanent)	Apr/16/2012 Oct/26/2010	2 years Yes
Luiz Carlos de Lemos Costamilan 109.128.005-34 Has no other office or function	60 Mechanical engineer	Director only 27 - Independent Board of Directors (Permanent)	Apr/16/2012 Dec/16/2010	2 years Yes
Maurício José de Queiroz Galvão	56	Director only	Apr/16/2012	2 years

12.6 / 8 - Management/audit committee structure and professional experience

Name	Age	Management body	Election date	Term of office
CPF	Occupancy	Elective office	Took office on	Elected by controller
Other offices and functions filled by issuer				
233.110.534-00	Civil engineer	22 - Board of Directors (Permanent)	Sep/02/2010	Yes
Has no other office or function				
Ricardo de Queiroz Galvão	51	Director only	Apr/16/2012	2 years
784.917.977-34	Civil engineer	21 - Vice Chairman of the Board of Directors	Sep/02/2010	Yes
Has no other office or function				
Roberto de Queiroz Galvão	46	Director only	Apr/16/2012	2 years
497.104.944-49	Industrial	22 - Board of Directors (Permanent)	Sep/02/2010	Yes
Has no other office or function				

Professional experience/Statement of convictions

Danilo Oliveira - 061.753.845-04

Mr. Danilo Oliveira graduated from Universidade Federal da Bahia with a Bachelor Degree in Civil Engineering with experience in Petroleum Engineering. He has a Master of Business Administration from Fundação Getúlio Vargas. He has been with Queiroz Galvão Group for more than seven years, first as Engineering Manager, and since 2008, as the Production Manager. During his large professional experience, he worked with Petrobras for 29 years, including a 9-year experience with offshore well completion in Campos Basin; 3-year experience in Petrobras headquarters in Rio de Janeiro city, as a member of the team responsible for the planning and execution of offshore wells in giant fields; 10 years as Subsea Engineering Group Manager, whose activities included the specification, design, construction, and testing of equipments to be used in Deepwater and Ultra-deepwater fields; 3-year experience in the Material Servicing Department, as the Manager for development of offshore equipments for ultra-deepwater applications; 4-year experience as E&P Executive Board E&P advisor.

Mr. Oliveira is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

José Augusto Fernades Filho - 002.819.564-72

Mr. José Augusto graduated from Universidade Federal da Bahia with a Bachelor Degree in Geology and Post-graduate Degree in Geophysics. He served as Queiroz Galvão Group E&P Officer from 1996 until his appointment as the CEO of QGEP Participações, in 2010. With more than 45 years of experience, Mr. José Augusto worked as geophysicist in different Brazilian basins, with significant positions in Brazil and abroad. He has been superintendent for the Exploration District of Bahia for almost 9 years, revitalizing Recôncavo Basin exploration. He also acted as Petrobras General Manager in Colombia, where he faced different E&P scenarios. Mr. José Augusto joined Queiroz Galvão Group in 1996, taking part in Petrobras negotiations leading to Manati Field discovery. Presently he is a Director of Queiroz Galvão Óleo e Gás S.A., a company of Queiroz Galvão Group.

Mr. José Augusto is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Lincoln Rumenos Guardado - 667.729.158-87

Mr. Lincoln Guardado graduated from Universidade de São Paulo with a Bachelor Degree in Geology, and co-authored different internal technical reports, and published different articles in Petrobras. He is an active member of AAPG (USA), SBGF (Brazil), and SBG (Brazil). He has more than 36 years of experience in the Oil Industry, working with onshore and offshore basins. In his large professional experience - working with Petrobras since 1974 - he worked in the international area as General Exploration Manager, with main activities in more than 10 countries, including: United States (Mexican Gulf); Nigeria; Angola; Argentina; Turkey; India; and other. Additionally, he acted as the local General Exploration Manager in Colombia and Libya. In Brazil, from 1995 to 2000, he also acted as the General Exploration Manager, being responsible for annual exploration budgets from U$500 to U$750 million. Note that Petrobras probable reserves for the period reached 9 to 10 billion boe, 80% of which are concentrated in Campos basin, with a production of more than 1.4

12.6 / 8 - Management/audit committee structure and professional experience

million boe/day. In 1986, as the interpretation supervisor in Campos basin, Mr. Guardado took part in the team that discovered giant fields like Marlim; Albacora Leste; Barracuda; Marlim Sul; and other, and contributed to the growth in Petrobras reserves.
Mr. Lincoln Guardado is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Paula Vasconcelos da Costa - 054.005.287-67

Mrs. Paula Costa has been with Queiroz Galvão Group for more than 8 years. She graduated from Universidade Federal do Rio de Janeiro with a Bachelor Degree in Production Engineer, and has a Master of Business Administration, Finances, from IBMEC (*Instituto Brasileiro de Mercado de Capitais*), and a Master of Business Administration, Petroleum, from Coppe/UFRJ. She has worked in financial departments of major upstream companies, including Petróleo Ipiranga; San Antonio Internacional; and Queiroz Galvão Óleo e Gás S.A.
Mrs. Paula Costa is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore she is duly qualified to carry out her professional activities.

Antônio Augusto de Queiroz Galvão - 173.714.734-34

Mr. Antonio Augusto Galvão graduated from Universidade Federal de Pernambuco, with a Bachelor Degree in Civil Engineering. He has also completed a number of courses, including Petroleum Engineering, from Texas University, Petroleum Well Drilling Technology, from NL Industries, and Drilling Optimization, from the University of Louisiana. Presently, Antônio is a director in different companies, including Manati S.A., since 2005, as well as in other companies of Queiroz Galvão Group. He acted for more than 24 years as Queiroz Galvão Óleo e Gás S.A. Officer.
Mr. Antonio Augusto Galvão is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

José Luiz Alquéres - 027.190.707-00

Mr. Alquéres graduated with a Bachelor Degree in Civil Engineering. He has a vast experience in the electric power industry, as President of Alstom do Brasil, Executive Officer in Cia. Bozano Simonsen, President of Eletrobrás, Officer in BNDESPAR, National Secretary for Energy, President of CERJ, and Deputy-Officer, and subsequently President, of Light. Presently, he is the President of ACRJ (*Associação Comercial do Rio de Janeiro*), former President of CCFB (France-Brazil Chamber of Commerce), former Chairman of the Board of Directors of ADRIO, member of COINFRA-FIESP, and vice-president of ABDIB. He acts as Strategic Council member in different companies, including: ALSTOM, ALCOA, and MDU Brasil. He has performed, and still performs, several unpaid philanthropic or community activities, and awarded the following medals: Tiradentes, Pedro Ernesto, and National Order of Merit of the French Republic.
Mr. Alquéres is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Leduvy de Pina Gouvêa Filho - 295.618.500-44

Mr. Leduvy Filho graduated with a Bachelor Degree in Mining Engineering from Universidade Federal do Rio Grande do Sul, and has a Post-graduate degree in Petroleum Engineering from Petrobras Training Center. He completed the Executive Development Program from Columbia University. Mr. Leduvy worked in different positions in his professional experience with oil & gas companies like San Antonio, Petrobras, BG Group Plc, Tesco Corporation, and Schlumberger Serviços de Petróleo Ltda. Also, his vast international experience includes works in Libya, Venezuela, Dubai, France, Bolivia, US, and England. He worked with Petrobras for 17 years, as drilling and drillship officer, supervisor, and superintendent.
Mr. Leduvy Filho is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Luiz Carlos de Lemos Costamilan - 109.128.005-34

Mr. Luiz Costamilan graduated from Universidade Federal do Rio Grande do Sul with a Bachelor Degree in Mechanical Engineering, and has a Master Degree in Petroleum Engineering from Colorado School of Mines, Golden, CO. Mr. Luiz Costamilan is a member of Energia do Rio S/A, an advisory company in energy industry (oil and gas) developing client strategies, and identifying M&A opportunities connected with new investments in Brazil. Costamilan has worked with BG for 9 years, where he presided British Gas - Brazil and South America. Before joining BG, Costamilan worked in Petrobras for more than 23 years, in different senior positions, including General Corporate Manager for New Enterprises, E&P Executive Officer, and Executive Vice-President of Petrobras Internacional (Braspetro), and General Oil & Gas Production Manager in Espírito Santo and Sergipe/Alagoas. Costamilan took part in the Board of Directors of different companies in Brazil and abroad.
Mr. Luiz Carlos Costamilan is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

12.6 / 8 - Management/audit committee structure and professional experience

Maurício José de Queiroz Galvão - 233.110.534-00

Mr. Maurício Galvão graduated from Escola Politécnica da FESP, in Recife, Pernambuco, with a Bachelor degree in Civil Engineering. Also, he completed a number of courses, including: soil-cement, from ABCP; and compaction, from Muller. Mr. Maurício acts as director in different companies, including Queiroz Galvão Óleo e Gás S.A. and Construtora Queiroz Galvão S.A., since 2009. He has more than 33 years of professional experience working with Construtora Queiroz Galvão S.A., of which 13 years as the Executive Officer (1996-2009), and 6 years as Alternate Officer, responsible for the Work Management in Recife Department, taking part in the construction of a new passenger terminal and aircraft yard in Pinto Martins International Airport, Fortaleza. He took part in major projects, still as an engineering trainee, in Duque de Caxias Refinery, in Rio de Janeiro – UN REDUC, providing services in detailed engineering, equipment and material supply, civil construction, electromechanical assembly, instrumentation and automation, conditioning, testing, commissioning, and start-up of the Gasoline Portfolio, and in METROFOR – (Metro Fortaleza), in civil works and services, manufacturing, and delivery of rolling stock and fixed systems required for the implementation of the first stage of METROFOR project. Also as an engineering trainee, he took part in the Construction of the New Passenger Terminal, Aircraft Yard, Support Buildings, Networks and Systems of Pinto Martins International Airport, in Fortaleza, including the construction and supply of material and equipment, and in CHESF – 500 KV Transmission Lines.
Mr. Maurício Galvão is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Ricardo de Queiroz Galvão - 784.917.977-34

Mr. Ricardo Galvão graduated with a Bachelor Degree in Civil Engineering from the Escola de Engenharia da Associação Educacional Veiga de Almeida. Also, he completed a number of courses, including from the Business School of Florida International University, and Management, from Broadway and Pfister. Mr. Ricardo acts as director in different companies, including Manati S.A., since 2005, and Construtora Queiroz Galvão S.A., since 2009. He has been working for more than 27 years with Construtora Queiroz Galvão S.A., including 11 years as Executive Officer, taking part in major works, as the west stretch of Rodoanel Mario Covas between Rodovia Régis Bittencourt and Av. Raimundo Pereira de Magalhães, and the implementation of secondary treatment units in Pavuna and Sarapuí sewage treatment plants.
Mr. Ricardo Galvão is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

Roberto de Queiroz Galvão - 497.104.944-49

Mr. Roberto Galvão acts as director in different companies, including Siderúrgica do Maranhão S.A. – SIMASA, acting during 8 and 7 years as director and officer, respectively. He served for 11 years as Officer in Queiroz Galvão Participações – Indústria e Agropecuária S.A. and as director in Companhia Siderúrgica Vale do Pindaré, for the same period.
In 2005, Mr. Roberto Galvão became a party in the administrative proceeding CVM – TA/RJ/2005/2815. This refers to an Accusation Instrument presented by the Corporate Relations Superintendence (SEP) of Securities Commission (CVM), for the alleged violation of letter “a”, § 4, of article 161, of the Law of Corporations. He was sentenced to the payment of fine in the amount of R$20,000.00, which CRSFN held after appeal.

Despite this fine within the scope of TA/RJ/2005/2815, Mr. Roberto Galvão was not suspended or disqualified for professional practice.

Mr. Roberto Galvão is not bound to any criminal conviction, conviction, or sentence in administrative proceedings before CVM, or to a final judicial or administrative conviction, that would cause the suspension, or disqualification to the practice of professional or commercial activities; therefore he is duly qualified to carry out his professional activities.

12.7 - Structure of company committees, and audit, financial, and compensation committees

Justification for the failure to complete the staff:

We have no committee established until the date of this Reference Form.

12.7 - Structure of company committees, and audit, financial, and compensation committees

Managers' background is provided in item 12.6 above. With respect to the audit committee, we inform that no Audit Committee was established until the date of this Reference Form.

12.9 - Spouses, steady unions, or up to second degree relative of managers, subsidiaries, and controllers of issuer

Name Office	CPF	Name of issuer, subsidiary, or controller	CNPJ	Relationship with issuer or subsidiary managers
Issuer or subsidiary manager				
Antônio Augusto de Queiroz Galvão Director	173.714.734-34	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Related person				
Maurício José de Queiroz Galvão Director	233.110.534-00	QGEP Participações S.A.	11.669.021/0001-10	
Note				
Are also Directors and Officers of Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Antônio Augusto de Queiroz Galvão Director	173.714.734-34	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Related person				
Roberto de Queiroz Galvão Director	497.104.944-49	QGEP Participações S.A.	11.669.021/0001-10	
Note				
Are also Directors and Officers of Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Antônio Augusto de Queiroz Galvão Director	173.714.734-34	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Related person				
Fernando de Queiroz Galvão Director and Officer	165.109.684-87	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				
Mr. Antônio Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Antônio Augusto de Queiroz Galvão Director	173.714.734-34	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)

12.9 - Spouses, steady unions, or up to second degree relative of managers, subsidiaries, and controllers of issuer

Name	CPF	Name of issuer, subsidiary, or controller	CNPJ	Relationship with issuer or subsidiary managers
Office				
Related person				
Marcos de Queiroz Galvão	475.316.904-97	Queiroz Galvão S.A.	02.538.798/0001-55	
Director and Officer				
Note				
Mr. Antônio Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Antônio Augusto de Queiroz Galvão	173.714.734-34	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Carlos de Queiroz Galvão	485.512.604-72	Queiroz Galvão S.A.	02.538.798/0001-55	
Director				
Note				
Mr. Antônio Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Maurício José de Queiroz Galvão	233.110.534-00	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Roberto de Queiroz Galvão	497.104.944-49	QGEP Participações S.A.	11.669.021/0001-10	
Director				
Note				
Are also Directors and Officers of Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Maurício José de Queiroz Galvão	233.110.534-00	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Fernando de Queiroz Galvão	165.109.684-87	Queiroz Galvão S.A.	02.538.798/0001-55	
Director				

12.9 - Spouses, steady unions, or up to second degree relative of managers, subsidiaries, and controllers of issuer

Name	CPF	Name of issuer, subsidiary, or controller	CNPJ	Relationship with issuer or subsidiary managers
Office				
Note				
Mr. Maurício Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Maurício José de Queiroz Galvão	233.110.534-00	QGEG Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Marcos de Queiroz Galvão	475.316.904-97	Queiroz Galvão S.A.	02.538.798/0001-55	
Director and Officer				
Note				
Mr. Maurício Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Maurício José de Queiroz Galvão	233.110.534-00	QGEG Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Carlos de Queiroz Galvão	485.512.604-72	Queiroz Galvão S.A.	02.538.798/0001-55	
Director				
Note				
Mr. Maurício Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Roberto de Queiroz Galvão	497.104.944-49	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Fernando de Queiroz Galvão	165.109.684-87	Queiroz Galvão S.A.	02.538.798/0001-55	
Director and Officer				
Note				
Mr. Roberto Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				

12.9 - Spouses, steady unions, or up to second degree relative of managers, subsidiaries, and controllers of issuer

Name	CPF	Name of issuer, subsidiary, or controller	CNPJ	Relationship with issuer or subsidiary managers
Office				
Roberto de Queiroz Galvão	497.104.944-49	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Director				
Related person				
Marcos de Queiroz Galvão	475.316.904-97	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				
Mr. Roberto Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				

12.9 - Spouses, steady unions, or up to second degree relative of managers, subsidiaries, and controllers of issuer

Nome Office	CPF	Name of issuer, subsidiary, or controller	CNPJ	Relationship with issuer or subsidiary managers
Issuer or subsidiary manager				
Roberto de Queiroz Galvão Director	497.104.944-49	QGEP Participações S.A.	11.669.021/0001-10	Sibling (1st consanguineous degree)
Related person				
Carlos de Queiroz Galvão Director	485.512.604-72	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				
Mr. Roberto Galvão is also a Director and officer in Queiroz Galvão S.A., our controller.				
Issuer or subsidiary manager				
Fernando de Queiroz Galvão Director and Officer	165.109.684-87	Queiroz Galvão S.A.	02.538.798/0001-55	Sibling (1st consanguineous degree)
Related person				
Marcos de Queiroz Galvão Director and Officer	475.316.904-97	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				
Issuer or subsidiary manager				
Fernando de Queiroz Galvão Director and Officer	165.109.684-87	Queiroz Galvão S.A.	02.538.798/0001-55	Sibling (1st consanguineous degree)
Related person				
Carlos de Queiroz Galvão Director	485.512.604-72	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				
Issuer or subsidiary manager				
Marcos de Queiroz Galvão Director and Officer	475.316.904-97	Queiroz Galvão S.A.	02.538.798/0001-55	Sibling (1st consanguineous degree)
Related person				
Carlos de Queiroz Galvão Director	485.512.604-72	Queiroz Galvão S.A.	02.538.798/0001-55	
Note				

12.10- Subordination, service provision, or controlling relation between managers, subsidiaries, controllers, and other

a) Company directly or indirectly controlled by issuer, and b) Issuer direct or indirect controller.

ACCOUNTING YEAR December 31, 2010

ISSUER MANAGER IDENTIFICATION/OFFICE	RELATED PERSON	CNPJ	OFFICE
Antônio Augusto de Queiroz Galvão (CPF: 173.714.734-34) Chairman of the Board of Directors	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Chairman of the Board of Directors
	MANATI S.A.	07.063.991/0001-09	Director
	Queiroz Galvão S.A.	02.538.798/0001-55	Chairman of the Board of Directors and Officer
Ricardo de Queiroz Galvão (CPF: 784.917.977-34) Vice-Chairman of the Board of Directors	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Vice-Chairman of the Board of Directors
	MANATI S.A.	07.063.991/0001-09	Director
	Queiroz Galvão S.A.	02.538.798/0001-55	Vice-Chairman of the Board of Directors and Officer

12.10- Subordination, service provision, or controlling relation between managers, subsidiaries, controllers, and other

ISSUER MANAGER IDENTIFICATION/OFFICE	RELATED PERSON	CNPJ	OFFICE
Roberto de Queiroz Galvão (CPF: 497.104.944-49) Director	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Director
	Queiroz Galvão S.A.	02.538.798/0001-55	Director and Officer
Mauricio José de Queiroz Galvão (CPF: 233.110.534-00) Director	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Director
	Queiroz Galvão S.A.	02.538.798/0001-55	Director and Officer
José Augusto Fernandes Filho (CPF: 002.819.564-72) CEO	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	General Officer
	MANATI S.A.	07.063.991/0001-09	Director and Officer

12.10- Subordination, service provision, or controlling relation between managers, subsidiaries, controllers, and other

ISSUER MANAGER IDENTIFICATION/OFFICE	RELATED PERSON	CNPJ	OFFICE
Paula Vasconcelos da Costa (CPF: 054.005.287-67) Financial and Investor Relations Officer	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Officer
	MANATI S.A.	07.063.991/0001-09	Officer
Lincoln Rumenos Guardado (CPF: 667.729.158-87) Officer	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Officer
	MANATI S.A.	07.063.991/0001-09	Officer
Danilo Oliveira (CPF: 061.753.845-04) Officer	Queiroz Galvão Exploração e Produção S.A.	11.253.257/0001-71	Officer
	MANATI S.A.	07.063.991/0001-09	Officer

12.11 - Agreements, including insurance policies, for payment or reimbursement fo expenses incurred by managers

We have D&O insurance policies covering the entire national territory. Said insurance provides the payment or reimbursement of managers expenses if the personal assets of managers are affected as a consequence of facts connected with their functions in our company, including "A" (direct reimbursement of third parties on directors' and officers' behalf, and in this case they do not need to pay any amount), "B" (company is reimbursed if company makes any payments covered under the policy, other than US), and "C" coverage (company is reimbursed for CVM-related claims).

12.12 - Other relevant information

According to IBGC, corporate governance is the system whereby companies are directed, monitored, and encouraged, involving the relationship between shareholders, board of directors, executive board, independent auditors, and audit committee. The basic guidelines of this practice are: (i) transparency; (ii) equity; (iii) accountability; and (iv) corporate responsibility.

Among the corporate governance practices IBGC recommends in its Code of Best Practices in Corporate Governance and provided in the New Market Listing Regulations, we have implemented the following:

(i) Company capital is only divided into shares of common stock, affording voting rights to every shareholder;

(ii) In addition to the authority provided by the Law of Corporations, the Shareholders' Meeting has competence to: (a) elect or remove, at all times, directors and audit committee members; (b) fix the total annual compensation of directors, officers, and members of audit committee, when established; (c) amend the Articles of Incorporation; (d) convert, consolidate, merge, split, dissolve, and liquidate the company; (e) give bonus on shares; (f) grant stock purchase or subscription option plan to company managers and employees, and to managers and employees of other companies directly or indirectly controlled by the company; (g) present management proposals about allocation of period profits, and dividend distribution; (h) elect liquidators, and an Audit Committee to act during the liquidation period; (i) leave BM&FBOVESPA New Market; (j) cancel CVM public company registration, without prejudice of the provisions in the Articles of Incorporation; (l) engage an experienced company to prepare company's stock valuation report, in case the public company registration is cancelled or company leaves the New Market, as provided in the Articles of Incorporation, among the companies named by the Board of Directors; and (m) to resolve any matter submitted by the Board of Directors;

(iii) Maintenance and disclosure, according to law, of Company's stock register, including the number of shares held by each shareholder, and identifying shareholders by name;

(iv) If the controlling group is totally disposed of, then the acquiring company should address a public offering for buying stock from all shareholders upon the same conditions offered to controller (tag-along). Control transfer should be made at transparent price.

(v) A contract has been entered with an independent audit company for reviewing balance sheets and financial statements;

(vi) The constitution of an Audit Committee is provided in the Articles of Incorporation;

(vii) The Shareholders' Meeting will be held at places that facilitate the attendance of members, and member's representatives;

(viii) The Articles of Incorporation clearly defines (a) the procedures for convening Shareholders' Meetings, and (b) the procedures for the election, removal, and term of office of Directors and Officers; and

(ix) Deputy-directors are not eligible.