
November 7, 2013

Third Quarter 2013 Results



Agenda



Performance Overview

Financial Highlights

Assets Update

- ▶ Q3 results in line with our expectations
- ▶ Achieved solid financial and operating performance
- ▶ Production back to normalized levels; development and exploratory work continues apace
- ▶ Distinguished by a larger, diversified asset portfolio and robust balance sheet



- ▶ Average daily production of 6.2 MMm³ of natural gas from the Manati Field in 3Q13, returning to full production capacity after maintenance in the second quarter of 2013
- ▶ Drilling of the first horizontal well in the Atlanta Field in Block BS-4 after receiving the environmental permit from IBAMA in the end of October
- ▶ QGEP obtained approval for a R\$266 million financing package from Brazil's Financiadora de Estudos e Projetos (FINEP) to finance its portion of the Early Production System (EPS) for the Atlanta Field
- ▶ QGEP submitted a Notice of Discovery for the Alto de Canavieiras (JEQ#1) well at Block BM-J-2. The presence of hydrocarbons has been confirmed, but more testing and analysis are needed to determine the quality and size of the reservoir
- ▶ The appraisal well at our important Carcará discovery will begin in the 4Q13

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Performance Overview

Financial Highlights

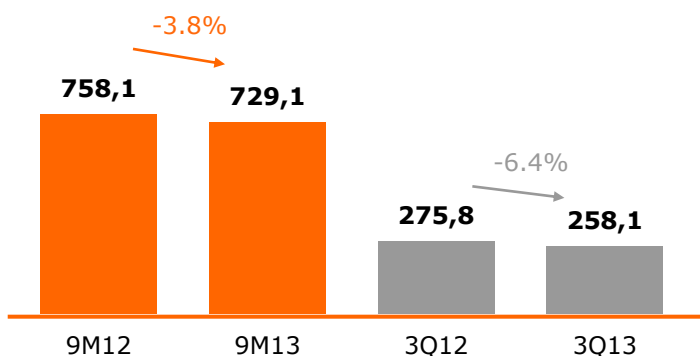
Assets Update

Consolidated Financial Information (R\$ million)

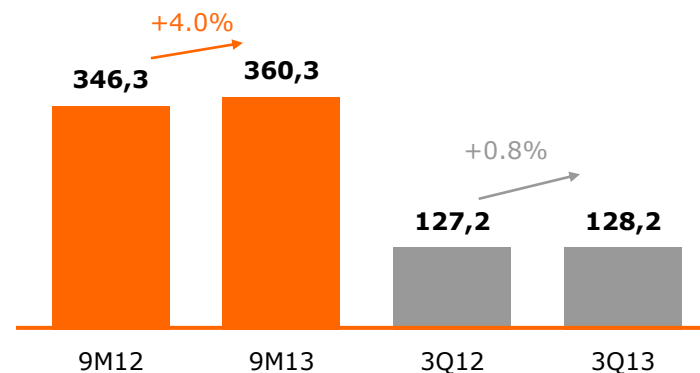
	3Q13	3Q12	Δ%	9M13	9M12	Δ%
Net income	75.2	61.9	21.4%	171.1	35.1	N/A
Amortization and depreciation	23.6	23.1	2.0%	65.9	62.2	5.9%
Net financial income (expenses)	(16.0)	(19.4)	17.5%	(44.0)	(66.4)	33.7%
Income tax and social contribution	3.0	12.8	-76.4%	10.1	30.8	-67.2%
EBITDA⁽¹⁾	85.8	78.5	9.4%	203.0	61.7	229.0%
Oil and gas exploration expenditure with subcommercial and dry wells ⁽²⁾	0.5	6.5	-92.2%	2.9	163.8	-98.2%
EBITDAX⁽³⁾	86.3	84.9	1.6%	205.9	225.5	-8.7%
EBITDA Margin ⁽⁴⁾	66.9%	61.7%	8.5%	56.3%	17.8%	216.2%
EBITDAX Margin ⁽⁵⁾	67.3%	66.8%	0.8%	57.1%	65.1%	-12.2%
Net Debt ⁽⁶⁾	(939.1)	(925.5)	-1.5%	(939.1)	(925.5)	-1.5%
Net Debt/EBITDAX	(3.5)	(3.8)	6.2%	(3.5)	(3.8)	6.2%

3Q13 MANATI FIELD PRODUCTION

Gas Production (Millions of m³)



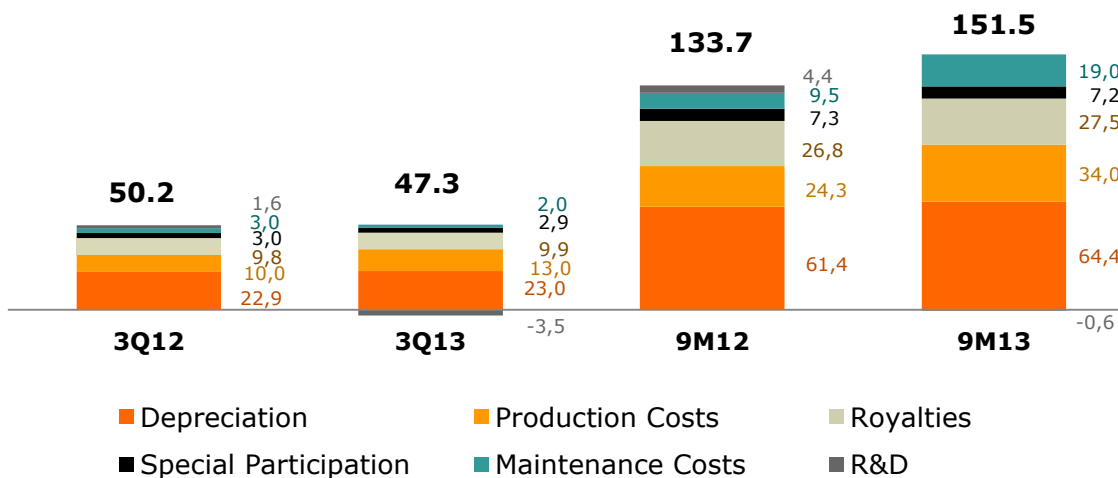
Net Revenue (R\$ million)



- ▶ Production at the Manati Field in 3Q13 averaged 6.2MM m³ per day, returning to full production capacity after maintenance in the second quarter of 2013.
- ▶ Based on this production figure, QGEP expects average daily production for the year to be at the high end of its full year 2013 guidance of 5.5MM m³ – 6.0MMm³.
- ▶ Net revenues for 3Q13 increased 0.8% from 3Q12 and 4.0% from 9M13 to 9M12 due to price readjustment.
- ▶ Average annual production estimated at 5.0MM m³-5.5MM m³ per day in 2014, returning to 6.0MM m³ per day once the compression plant is concluded.

OPERATING COSTS, EXPLORATORY AND G&A EXPENSES

Operating Costs (R\$ million)

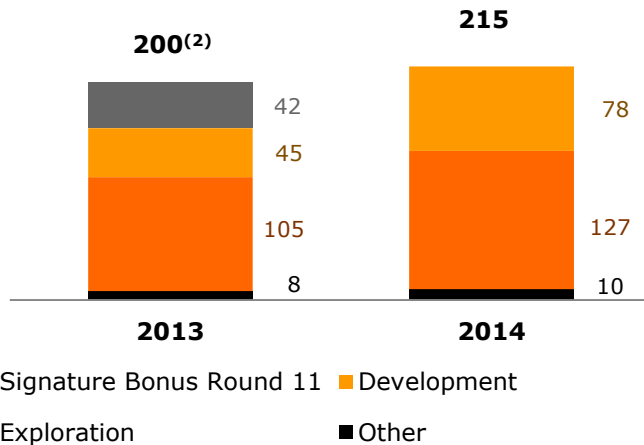


- ▶ Operating costs in 3Q13 were in line with 3Q12 figures. For 9M13, costs rose 13.3% compared with 9M12, mainly due to maintenance costs in 2Q13
- ▶ 3Q13 G&A expenses were R\$13.4 million, down 3.1% from 3Q12. Despite higher expenses related to the increased scope of the Company's operations and higher consulting services in the quarter, this effect was partially offset by the expenses of the operator allocated to projects at Blocks BS-4 and BM-J-2
- ▶ Total exploration expenses in 3Q13 were R\$5.9 million, down 31.2% from 3Q12, and are basically related to seismic data acquisition

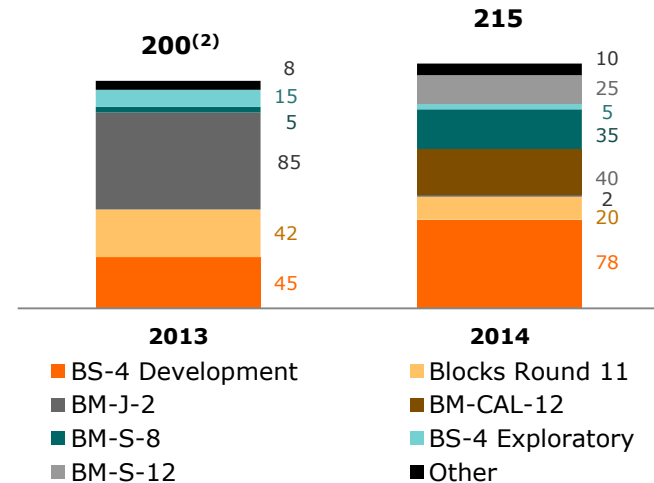
EXPECTED CAPEX

- ▶ **2013 capital expenditure: US\$200 million**
- 2013's budget to be spent at Blocks BS-4, BM-J-2, BM-S-8, and Blocks won in Round 11
- ▶ **2014 capital expenditure: US\$215 million**
- 2014's budget to be spent at Blocks BS-4, BM-CAL-12, BM-S-8, BM-S-12 and Blocks won in Round 11

**CAPEX net to QGEP⁽¹⁾
(US\$ million)**



**CAPEX net to QGEP⁽¹⁾
(US\$ million)**



(1) Does not include the compression plant at the Manati Field
 (2) US\$ 140 million was already spent up to September 30, 2013

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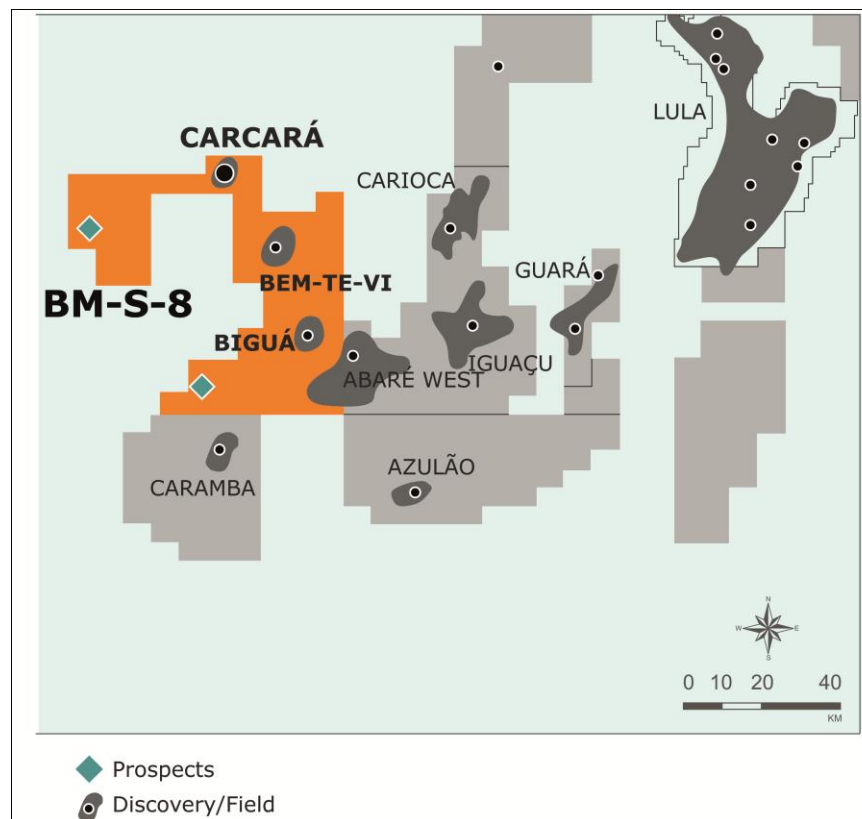


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- ▶ Drilling of the Carcará appraisal well will begin by the end of this year and will be performed in two phases. Drilling and testing are expected to be concluded in late 2014, followed by a Drill Stem Test (DST) to collect further data
- ▶ The Consortium will also perform an Extended Well Test (EWT) at the well in late 2015
- ▶ As laid out by the operator of the Block, the development schedule for the Carcará discovery calls for drilling of production wells in 2016-2017, with first oil expected by late 2018
- ▶ A well at the Guanxuma prospect is planned for 2014/2015



▶ **BS-4**

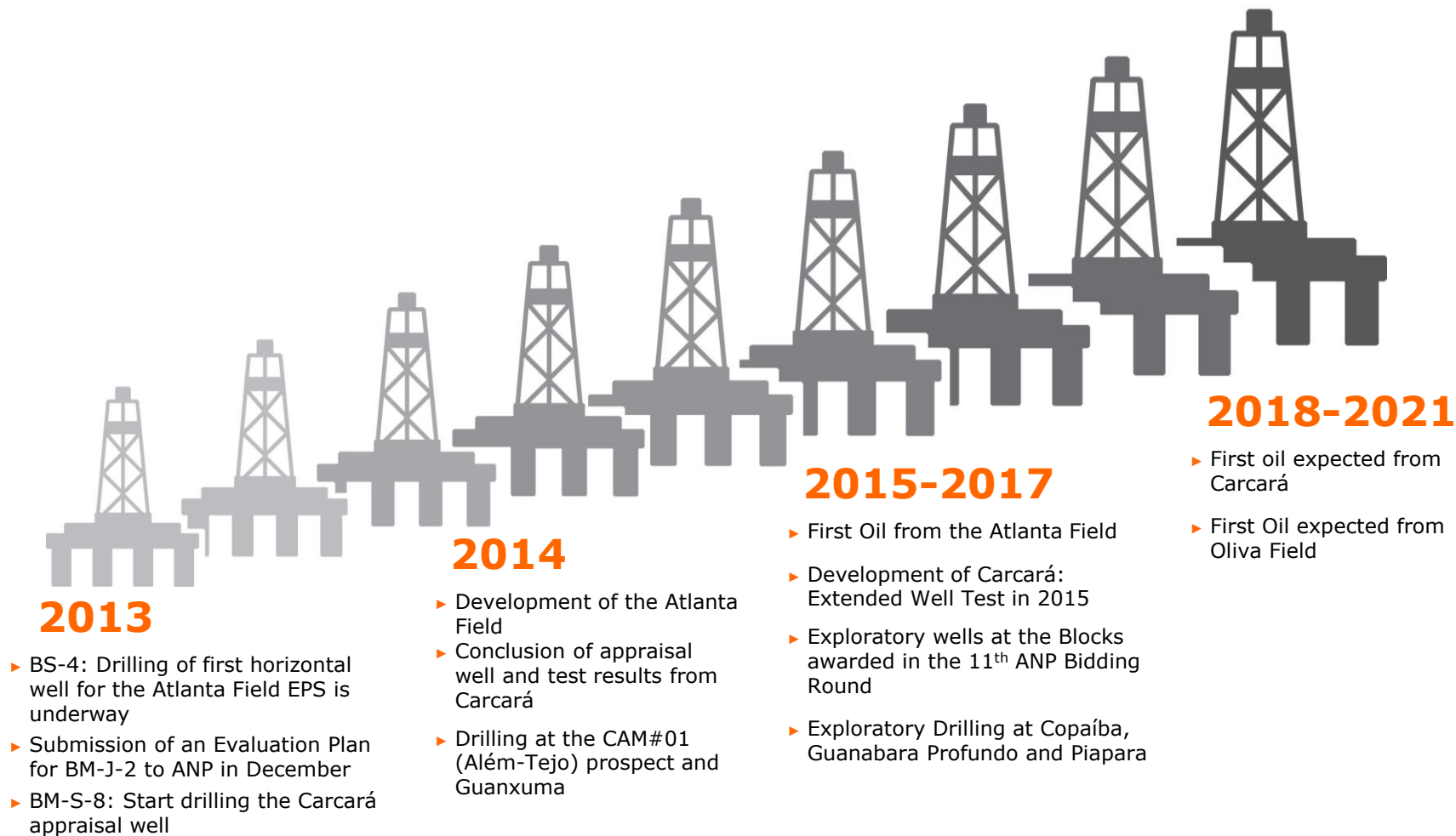
- The drilling of the first horizontal well of the Atlanta Early Production System is underway and is expected to be concluded by early 2014, at which time a second well will be started.
- The Company also plans to carry out production tests to define the well productivity. QGEP anticipates initial production capacity to be in the 6-12 kbb/d range per well, based on preliminary studies. First oil is expected in 2015, with full scale development in 2017/2018.

▶ **BM-J-2**

- QGEP has concluded drilling the 1-QG-5A-BAS well at a final depth of 4,800 meters, 750 meters below the salt layer.
- A Notice of Discovery was filed with the ANP, after the identification of anomalies in the gas detector and oil shows in the cuttings, as well as the interpretation of pay zones in the Logging While Drilling (LWD) profiles.
- The Company is currently preparing an Evaluation Plan for the Block to be submitted to the ANP in December, 2013.

▶ **BM-S-12**

- The Consortium is currently assessing its options related to BM-S-12. Potential options include reentering the Ilha Bela well in 2014, or relinquishing the block.
- If the Consortium decides to reenter the well, expected CAPEX, net to QGEP, are approximately US\$25 million. If the Consortium relinquishes the block, QGEP will incur a write-off charge of approximately R\$40 million.



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