FOURTH QUARTER & FULL YEAR 2012

Earnings Release QGEP Participações S.A.

Conference Call

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EXPLORAÇÃO E PRODUÇÃO

QGEP Reports Fourth Quarter and Full Year 2012 Results

Rio de Janeiro, March 13, 2013 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), Brazilian largest independent oil and gas production company, today announced its results for the fourth quarter and full year ended December 31, 2012. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the accounting procedures adopted in Brazil, described in the financial section of this release.

- **Average gas production from the Manati Field was 6.1 MMm³/day in 4Q12 and for FY12.**

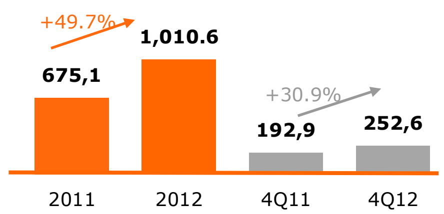
- **Net revenue was R$116.0 million in 4Q12, up 40% from 4Q11. For FY12, net revenue totaled R$462.3 million, 60% higher than FY11.**

- **EBITDAX in 4Q12 was R$62.2 million, up 210% from 4Q11; EBITDAX margin was 54%. For FY12, EBITDAX was R$285.1 million, a 175% increase over the R$103.6 million reported in FY11.**

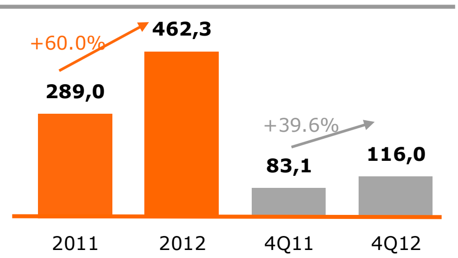
- **Net income was R$47.3 million compared to R$23.8 million in 4Q11; net margin was 41%. For FY12, net income was R$82.5 million.**

- **Cash flow from operating activities for FY12 was a record R$254.3 million, compared to R$194.2 million in FY11. Cash balance* was R$952.3 million at December 31, 2012.**

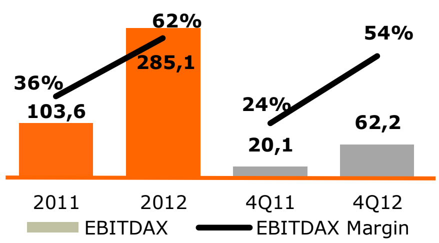
Gas Production (Millions of m^3)



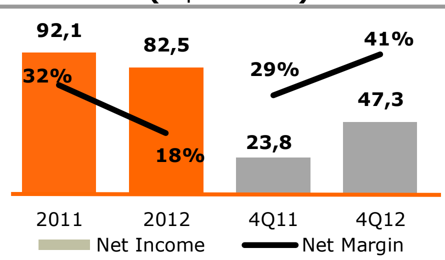
Net Revenue (R$ million)



EBITDAX (R$ million)



Net Income (R$ million)



* Includes cash, cash equivalents and investments

Management Comments

QGEP ended 2012 with significant positive momentum, posting double-digit increases across key financial metrics in the fourth quarter, including revenues, EBITDAX and net income. At the same time, we made important progress on a number of key operations that will drive future growth.

Throughout the year, we executed effectively on our strategy of building a diversified oil and gas exploration and production company that is known for its highly skilled technical team, its high quality asset portfolio and its strong balance sheet. As we review 2012 performance and our outlook for 2013 and beyond, we believe that our investment thesis as a well-balanced company positions us well for future growth. We derive significant operating cash flow from our 45% ownership in Manati Field, Brazil's largest producing natural gas field, and our operations at the Atlanta Field, where drilling will begin later this year, will support the continuity of our operational cash flow over the near-term. On the exploration side, we have several partnership interests, including two operatorships in blocks with both pre-salt and post-salt exposure. This diversification combined with our strong net cash position gives QGEP the flexibility required to effectively navigate evolving market conditions.

Our advancements in 2012 have laid the foundation for QGEP's continued progress in the periods ahead.

Specifically,

- Strong demand from Brazil's thermal power plants drove high production levels in our Manati gas field, where we produced an average of 6.1 MMm^3 of natural gas per day in 2012, after reaching 6.7 MMm^3 and 6.6 MMm^3, in the second and third quarter, respectively;

- We concluded the drilling at the Carcará well in Block BM-S-8 and data obtained thus far has been encouraging. These data obtained from drilling, along with the operator's experience in the area allow the Consortium to estimate a high potential flow rate from reservoirs in the Carcará well region. The Consortium has submitted a revised Evaluation Plan to the ANP and plans to drill an extension well during the 2H13, where it will perform a drill stem test;

- QGEP received ANP approval for the development of the Atlanta Field at Block BS-4, where we are the operator. This asset offers important production and cash flow potential to QGEP over the medium-term and provides the Company with both pre and post-salt potential;

- We successfully negotiated a farm-in agreement for the BM-C-27 Concession at Campos Basin, which already has one identified pre-salt prospect, Guanabara Profundo, in an area that will also provide us with valuable geological knowledge for potential future projects in the region; and

- As of this writing, we are in final discussions to secure a rig to finish drilling the Alto de Canavieiras prospect (JEQ#1) at Block BM-J-2 in the Jequitinhonha Basin, considered an emerging basin. We have 100% ownership interest here, where the main targets are pre-salt reservoirs that will be explored in the near term.

In 2012, QGEP retained its position as one of the financially strongest independent oil and gas companies in Brazil. We ended the year with record cash flow from operations of R$254 million and cash and liquid investments of R$952 million. This positions us well as we participate the in Eleventh ANP Bidding Round, which is scheduled to take place in May of this year. The round will offer 289 blocks, in eleven basins, totaling 155.8 thousand square kilometers, with the majority located in frontier exploration areas. Given the flexibility afforded by our balance sheet, we expect to participate in the event analyzing the opportunities in a diligent and prudent manner in order to further expand and diversify our asset portfolio.

The achievements of 2012 could not have been accomplished without the expertise and commitment of our management team, operating executives, employees and the support of our stakeholders. We appreciate your interest and recognition of the value and potential that QGEP represents in Brazil's oil and gas industry. 2013 looks to be a promising time for the Company, and we look forward to updating the market on our progress.

QGEP's Assets

Field/ Prospect	**Block**	**Basin**	**QGEP Interest**	**Reserve Resource Category**	**Fluid**	**Geological Chance of Success** [(1)]	**MMboe**[(2)]
Manati	B-CAM-40[(3)]	Camamu	45%	Reserve[(4)]	Gas	-	56.8[(5)]
Camarão Norte	B-CAM-40[(3)]	Camamu	45%	Contingent	Gas	-	4.5
Copaíba	BM-CAL-5	Camamu	27.5%	Contingent	Oil	-	21.9
CAM 01	BM-CAL-12	Camamu	20%	Prospective	Oil	31%	24.4
Alto de Canavieiras	BM-J-2	Jequitinhonha	100%	Prospective	Oil–Gas	29%	61.8[(6)]
Alto Externo	BM-J-2	Jequitinhonha	100%	Prospective	Oil–Gas	24%	32.3[(6)]
Guanabara Profundo	BM-C-27	Campos	30%	Prospective	Oil-Gas	N/A	N/A
Santos #1	BM-S-12	Santos	30%	Prospective/ Contingent	Gas	N/A	N/A
Santos #2	BM-S-12	Santos	30%	Prospective	Oil	N/A	N/A
Bem-Te-Vi	BM-S-8	Santos	10%	Contingent	Oil	N/A	N/A
Abaré Oeste	BM-S-8	Santos	10%	Contingent/ Prospective	Oil	N/A	N/A
Biguá	BM-S-8	Santos	10%	Contingent	Oil	N/A	N/A
Carcará	BM-S-8	Santos	10%	Contingent/ Prospective	Oil	N/A	N/A
Guanxuma	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Atlanta	BS-4	Santos	30%	Reserve/ Contingent	Oil	N/A	N/A
Oliva	BS-4	Santos	30%	Contingent	Oil	N/A	N/A
Piapara	BS-4	Santos	30%	Prospective	Oil	N/A	N/A

(1) Geological Chance of Success as per of GCA Report.

(2) The resources cited in barrels of oil equivalent (boe) were calculated by QGEP utilizing data from GCA reports as of 12/31/2011. The conversion rate for boe utilized was 1,000 m³ of gas equals 1 m³ of oil/condensate (equivalent energy), and 1 m³ of oil/condensate equals 6.29 barrels.

(3) Block B-CAM-40 was relinquished after the ring fence of the areas of Manati and Camarão Norte fields were defined.

(4) Reserves 3P: sum of proven, probable and possible reserves.

(5) Volume from Manati Field net to QGEP reflects volume in the GCA report dated 12/31/11 (63.2 million of boe) less the volume produced in FY12 (6.4 million boe).

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

Production and Development

MANATI

For both full year 2012 and the fourth quarter, the Manati Field had an average gas production of 6.1 MMm³ per day, increases of 49.7% and 30.9%, respectively, over the comparable periods last year. Increased demand from Brazil's thermal power plants drove higher production in both periods production and into the beginning of 2013, remaining intense during the period, when natural gas production for January and February averaged 6.6 MMm³ per day.

Due to scheduled maintenance at the Field, the Company expects average daily production of between 5.5 MMm³ and 6.0 MMm³ for full year 2013. This maintenance is expected to take place in the second quarter, when the production will be interupted for approximately 20 to 30 days. Additionally, the painting of the platform is planned to occur in the fourth quarter of this year and will not interfere in the field's production. These combined events will have a net cost to QGEP estimated at R$40 million.

ATLANTA AND OLIVA

As announced in January 2013, the Company received ANP approval for its development plan for the Atlanta Field in Block BS-4, where QGEP is the operator and owns a 30% participating interest.

QGEP's Atlanta Field Development Plan calls for drilling of the wells to begin in the second half of 2013, with first oil extracted by the end of 2014 or beginning of 2015. At the end of 2012, the negotiations for the securing of the drilling rig, for the acquisition of the wet Christmas Tree, among other equipments, were in an advanced stage. Capital expenditures at the Block for the Early Production System (EPS), net to QGEP, are expected to be US$45 million in 2013 and US$78 million in 2014. The recovery volume of Atlanta is projected at 260 mmboe, based on an estimated recovery factor of 17%.

Block BS-4 also includes the post-salt Oliva Field, for which the Company has submitted a development plan and is awaiting ANP approval.

Exploration

BM-S-8

As reported in January 2013, drilling was concluded at Block BM-S-8 after a final depth of 6,671 meters was reached at Carcará. Due to operational issues that occurred during the drilling phase the Consortium decided not to perform the drill stem test (DST) at that moment. Instead, it was decided to perform the DST at a nearby appraisal well, where it is expected to start drilling during 2H13. The Consortium is awaiting approval from ANP regarding the revised Bem-Te-Vi Evaluation Plan and also plans to drill a well at the Guanxuma prospect in 2014.

Data obtained from drilling combined with the experience from the Block's operator led to the evaluation that reservoirs at the Carcará discovery have a high potential flow rate per well. Productivity will be confirmed once the DST and additional exploratory activities are completed in the area.

The revisions to the Evaluation Plan and the postponement of the DST do not affect the development schedule for Carcará, which calls for the drilling of production wells in 2016-2017 and first oil by 2018, according to the Operator.

BS-4

At Block BS-4, the Company is preparing for drilling the Piapara pre-salt prospect in the first half 2014. Contracts are being negotiated with several suppliers and vendors for rigs and other necessary equipment for drilling. This important prospect is located near the giant discoveries of Libra and Franco and is close to the recent Petrobras discoveries of Dolomita Sul and Florim, in the Southwest section of the block. The expected capital expenditures net to QGEP for this pre-salt well are US$80 million in 2014.

BM-J-2

The Company is in final discussions to contract a jackup rig to resume drilling at the Alto de Canavieiras (JEQ#1) prospect in the second quarter of 2013. The Alto de Canavieiras well was previously drilled to a depth of 2,540 meters in 2011 and the final depth is expected at approximately 4,700 meters.

The Company has submitted to IBAMA the renewal of the environmental license for drilling in the block, which expires in June 2013. QGEP is the operator at Block BM-J-2 with a 100% ownership interest, and capital expenditures in 2013 are expected to be US$70 million.

BM-C-27 (C-M-122, C-M-145 and C-M-146)

In November 2012, QGEP entered into an agreement with Petrobras for the transfer of 30% of the exploration and production rights at the Evaluation Plan Area of the Guanabara Prospect. This transaction is subject to ANP approval. The BM-C-27 Concession has one pre-salt prospect identified, Guanabara Profundo, and encompasses Blocks C-M-122, C-M-145 and C-M-146, all of which are located offshore in the Campos Basin.

The Guanabara Profundo prospect, which presents a high probability of being wet gas, is set to be drilled in 2014 once the appropriate equipment has been secured.

As previously mentioned, the agreement in place with Petrobras will not require QGEP to make any upfront payment for participation in the block. Instead, the Company will carry a portion of the drilling costs at the Guanabara Profundo prospect. The exploration commitment, including the carry, is currently estimated to be US$55 million net to QGEP in 2014.

BM-S-12

The ANP has approved the Consortium's revised Evaluation Plan for the Ilha Bela well (1-SCS-13) at Block BM-S-12. The revised plans include a reentry into the discovery well that was previously drilled in 2008 to further evaluate the well. The operation is set for the first half of 2014 and the CAPEX is estimated to be approximately US$25 million net to QGEP.

BM-CAL-12 and BM-CAL-5

At Block BM-CAL-12, the Consortium is planning to drill one wildcat well targeting the CAM#01 prospect. The Operator is currently awaiting IBAMA's issuance of an environmental license to start drilling in the beginning of 2014. The exploratory costs are expected to be approximately US$40 million net to QGEP.

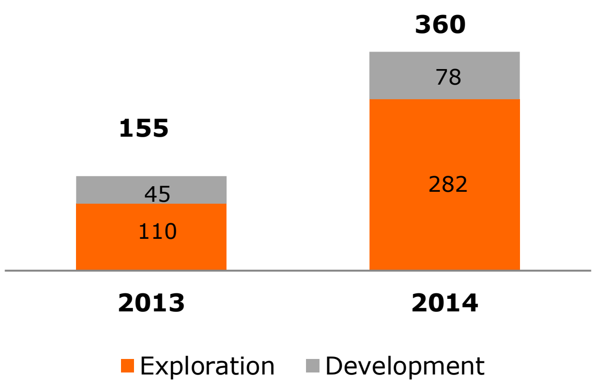
At Block BM-CAL-5, one additional well is set to be drilled in 2014 to evaluate the Copaíba discovery. The Consortium is providing the renewal of the environmental license to allow the drilling at the Block. Capital expenditures are expected to be approximately US$22 million net to QGEP.

Resources Certification

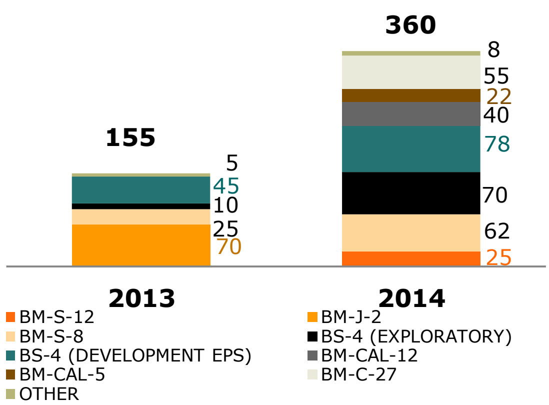
The Company plans to commission an updated Gaffney Cline & Associates (GCA) resources certification for its exploration portfolio to disclose in mid-2013.

CAPEX

CAPEX net to QGEP (US$ million)



CAPEX net to QGEP (US$ million)



Recent Corporate Developments

- QGEP created an offshore structure to support activities in the Atlanta Field, where QGEP is the operator. These activities relate to acquisitions, budgeting, construction, purchases, sales and the leasing of materials and equipment used for exploration and production in the area. In November 2012, Atlanta Field B.V. (AFBV) was established and QGEP Netherlands B.V. ("QGEP Netherlands") was created in January, 2013. QGEP Netherlands is a wholly owned subsidiary of Queiroz Galvão Exploração e Produção and has a 30% participating interest in AFBV.
- On November 30, 2012, Manati S.A. was incorporated into Queiroz Galvão Exploração e Produção S.A., its wholly owned controller.

Financial Performance

For 4Q12, 4Q11 and full years 2011 and 2012, the financial statements below represent consolidated financial information for the Company. Some percentages and other figures included in this performance report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R$ million)

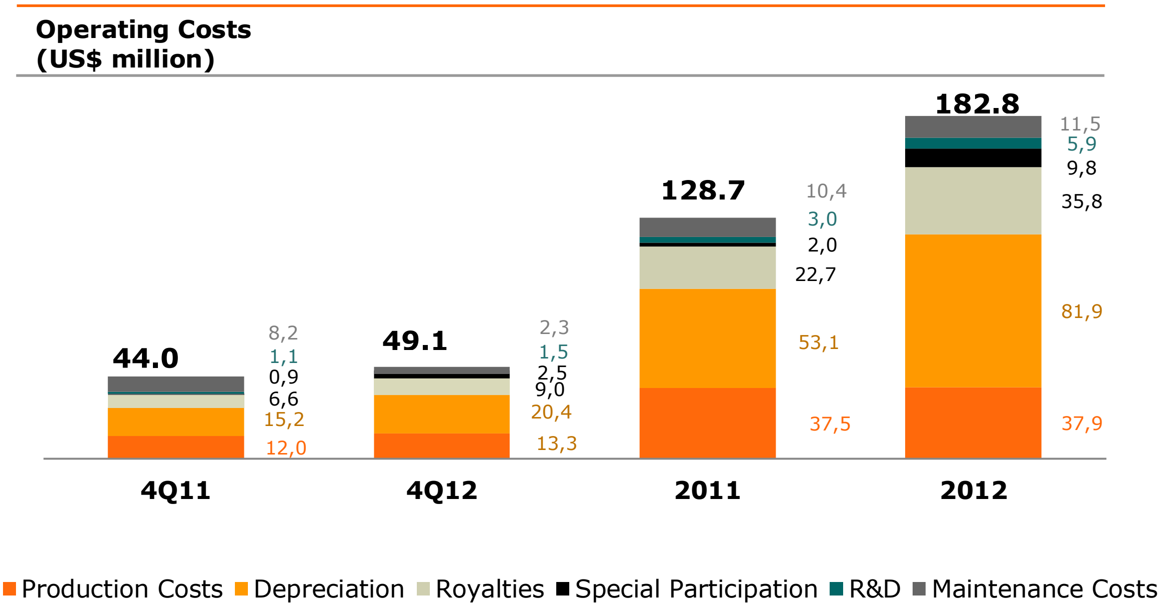
	4Q12	4Q11	Δ%	2012	2011	Δ%
Net Income (Loss)	47.3	23.8	98.8%	82.5	92.1	-10.5%
Amortization and Depreciation	20.8	15.5	33.5%	82.9	53.6	54.7%
Expenses Income/(Financial)	(16.0)	(25.3)	36.7%	(82.5)	(84.4)	2.2%
Income tax and social contribution	9.2	6.1	51.5%	40.0	29.1	37.7%
EBITDA[1]	**61.3**	**20.1**	**204.9%**	**123.0**	**90.5**	35.9%
Oil and gas exploration expenditures with sub comercial and dry wells	1.0	-	N/A	162.1	13.2	N/A
EBITDAX[2]	**62.2**	**20.1**	**209.9%**	**285.1**	**103.6**	175.1%
EBITDA Margin[3]	52.8%	24.2%	118.4%	26.6%	31.3%	-15.0%
EBITDAX Margin [4]	53.7%	24.2%	121.9%	61.7%	35.9%	72.0%
Net Debt[5]	(952.3)	(1,098.5)	13.3%	(952.3)	(1,098.5)	13.3%
Net Debt/EBITDAX	-3.34	-10.60	68.5%	-3.34	-10.60	68.5%

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

Operating Results

Net revenues for 4Q12 were R$116.0 million, a 39.6% increase over 4Q11, resulting from higher production at the Manati Field. For FY12, net revenues were R$462.3 million, a 60.0% increase over FY11, reflecting full production capacity at the Manati Field in 2012 and strong demand from Brazil's thermal power plants.

Operating costs were relatively stable in the 2012 fourth quarter at R$49.1 million compared to R$44.0 million for the same year-ago period when production levels were substantially lower. For FY12, operating costs were R$182.8 million, which included R$11.5 million in maintenance costs compared to R$128.7 million in 2011.



General and Administrative Expenses

G&A expenses were R$18.4 million in 4Q12, R$6.6 million higher than reported in 4Q11. For 2012, G&A expenses were R$63.3 million, above the R$59.5 million reported in 2011.

The reported amount for 2012 includes R$54.9 million in personnel expenses compared to R$43.9 million in 2011. The major part of this variation was related to the increase in personnel for operatorship at Block BS-4. On the other hand, part of these administrative expenses, R$13.1 million, was allocated to this project, where QGEP holds 30% of this amount and the remainder 70% is related to the partners of the block that reimburse expenses to the operator.

The remaining R$16.4 million in G&A expenses were linked to prior and current year profit sharing costs and change in management. 2011 expenses included R$23.1 million in incentive compensation linked to the successful completion of the Company's IPO.

Exploration expenditures

Total exploration expenditures in 4Q12 were R$8.0 million and pertain to the acquisition, processing and analysis of seismic data, drilling plans, licensing and environmental studies and write-off of costs associated with noncommercial wells and non-operating reserves, among others. These costs are mainly related to activities at Blocks BM-S-12, BM-C-27, BM-CAL-12 and BM-S-8. Total exploration expenditures for 2012 amounted to R$177.0 million, the bulk of which was a R$125.5 million write-off for Block BM-S-12 and R$36.6 million related to the return of the Jequitibá discovery to the ANP, both which were largely incurred in the second quarter of 2012.

Net Financial Income

In 4Q12, the Company generated net financial income of R$16.0 million compared to R$25.3 million in 4Q11 due to lower interest rates. Net financial income for the quarter included the net effect of R$18.0 million in financial income and R$2.0 million in financial expenses. For full year 2012, net financial income was R$82.5 million compared to net financial income of R$84.4 million in 2011.

Net Income

The Company's net income was R$47.3 million in 4Q12, a 98.8% increase over 4Q11 levels as a result of improved production volumes from the Manati Field and lower exploration expenditures. For full year 2012, QGEP reported net income of R$82.5 million, which included exploration expenditures of R$177.0 million related principally to unsuccessful exploration activities at Block BM-S-12 and the return of the Jequitibá discovery to the ANP. For 2011, the Company reported net income of R$92.1 million.

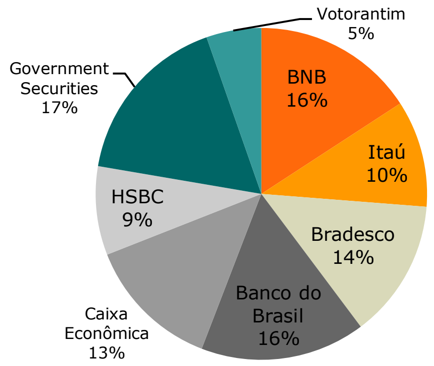
Balance Sheet /Cash Flow Highlights

Cash (Cash, Cash Equivalents and Investments)

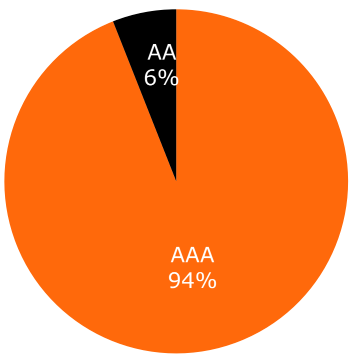
At the end of 4Q12, the Company had a cash balance and net cash position of R$952.3 million.

Cash is invested in dedicated funds and fixed income assets, all in reais. The cumulative average yield of the portfolio at December 31, 2012 was 101.3% of the CDI rate and approximately 96% of the funds have daily liquidity. The distribution is shown in the charts below.

Investment Distribution



Ratings



Accounts Receivable/Payable

Accounts receivable at the end of 2012 were R$92.8 million compared to R$99.1 million at the end of 3Q12, related to gas sales to Petrobras; Accounts payable were R$32.5 million at 2012 year end, up 6.1% from 3Q12. For full year 2011, accounts receivable and payable were R$76.1 million and R$292.5 million, respectively. In the end of 2011, accounts payable included R$243.1 million related to the acquisition of 30% stake at Block BS-4.

Debt

The Company had no debt at the end of 2012. As previously reported in the second quarter of 2012, the Company eliminated its debt, following the total repayment of the BNDES and BNB loans linked to Manati Field development.

Operating Cash Flow

The Company had operating cash flow of R$69.2 million in 4Q12, 73.9% higher than in 4Q11, resulting in record operating cash flow of R$254,3 million for the full year 2012 compared to R$194.2 million in FY11.

Investor Relations

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About QGEP

QGEP Participações S.A. is Brazil's largest producing company in the Brazilian Exploration and Production (E&P) private sector, and the first and only private Brazilian company to operate in the premium pre-salt area in Brazil. QGEP is qualified by the ANP in the last two auctions in 2007 and 2008 to act as "Operator A" in Deep and Ultra-Deep Waters. The Company has a diversified portfolio of high quality and high potential exploration and production assets. Furthermore, it owns 45% of the concession for the Manati Field located in the Camamu Basin, which is one of the largest non-associated natural gas fields under production in Brazil. Manati Field has been in operation since 2007, and has average production capacity of approximately 6 million of m^3 per day. For more information, access www.qgep.com.br/ri

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

The financial information of the Company for the quarter ended December 30, 2012 and December 30, 2011 has been prepared by us in accordance with IFRS as issued by IASB.

Annex I – INCOME STATEMENT

Income Statement (R$ million)

	4Q12	4Q11	Δ%	2012	2011	Δ%
Net Revenue	**116.0**	**83.1**	**39.6%**	**462.3**	**289.0**	**60.0%**
Operating costs	(49.1)	(44.0)	-11.5%	(182.8)	(128.7)	-42.0%
Gross profit	**66.9**	**39.1**	**71.3%**	**279.5**	**160.3**	**74.4%**
Operating income (expenses)						
General and administrative expenses	(18.4)	(11.8)	-56.0%	(63.3)	(59.5)	-6.3%
Oil and gas exploration expenditures	(8.0)	(17.9)	55.6%	(177.0)	(56.6)	-212.6%
Other net operational expenses	0.0	(4.8)	100.2%	0.8	(7.3)	110.7%
Operating income (loss)	40.5	4.6	N/A	40.0	36.9	8.6%
Financial income (expenses), net	16.0	25.3	-36.7%	82.5	84.4	-2.2%
Income (Loss) before income tax and social contribution	**56.5**	**29.9**	**89.2%**	**122.5**	**121.2**	**1.1%**
Income tax and social contribution	(9.2)	(6.1)	51.5%	(40.0)	(29.1)	-37.7%
Net Income (Loss)	**47.3**	**23.8**	**98.8%**	**82.5**	**92.1**	**-10.5%**

Annex II – BALANCE SHEET

Balance Sheet (R$ million)	4Q12	3Q12	Δ%
Assets			
Current Assets	**1,100.0**	**1,063.3**	**3.5%**
Cash and cash equivalents	871.3	875.4	-0.5%
Investments	80.9	50.1	61.6%
Trade accounts receivable	92.8	99.1	-6.4%
Recoverable taxes	35.7	26.8	33.3%
Other	19.3	12.0	61.4%
Non-current Assets	**1,334.0**	**1,341.5**	**-0.6%**
Restricted cash	24.2	20.5	18.0%
Recoverable taxes	0.4	3.9	-89.0%
Deferred income tax and social	-	9.0	N/A
Property, plant and equipment	773.2	771.9	0.2%
Intangible assets	536.1	536.0	-
Other	-	0.1	N/A
Total Assets	**2,434.0**	**2,404.8**	**1.2%**
Liabilities and Shareholders' Equity			
Current Liabilities	**89.8**	**99.0**	**-9.3%**
Trade accounts payable	32.5	30.6	6.1%
Taxes payable	23.8	37.8	-37.1%
Payroll and related taxes	11.7	7.4	57.9%
Due to related parties	0.1	0.2	-62.4%
Borrowings and financing	-	-	-
Provision for research and development	9.0	10.1	-10.7%
Other current liabilities	12.7	12.8	-1.1%
Non-current Liabilities	**116.5**	**115.7**	**0.6%**
Borrowings and financing	-	-	-
Provision for abandonment	116.5	115.7	0.6%
Shareholders' Equity	**2,227.7**	**2,190.0**	**1.7%**
Capital Stock	2,078.1	2,078.1	-
Investments Reserve	165.8	87.5	89.5%
Legal Reserve	10.5	6.4	64.6%
Stock Option Plan	12.2	10.3	18.2%
Net income for the period	0	35.1	N/A
Shares held in treasury	(38.9)	(27.4)	-41.8%
TOTAL Liabilities and Shareholders' Equity	**2,434.0**	**2,404.8**	**1.2%**

Annex III – CASH FLOWS

Cash Flows (R$ million)

	4Q12	4Q11	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	47.3	23.8	98.8%
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and Depreciation	20.7	15.5	33.5%
Deferred income tax and social contribution	9.0	(0.6)	N/A
Financial charges and exchange rate (gain) loss borrowings and financing	-	3.1	N/A
Fixed Assets write-off	0.3	-	N/A
Provision for stock option plan	1.9	1.4	34.5%
Provision for income tax and social contribution	0.2	6.7	-97.4%
Provision for research & development	(1.1)	(0.4)	-184.8%
Financial Derivative Instruments	-	1.2	N/A
Exchange rate (gain) loss on accounts payable for acquisition of exploratory blocks	-	3.0	N/A
Exchange rate (gain) loss on provision for abandonment	0.7	1.2	-39.9%
(Increase) decrease in operating assets:	(6.5)	(24.1)	73.2%
Increase (decrease) in operating liabilities:	(3.5)	9.0	-139.1%
Net cash inflows from operating activities	**69.2**	**39.8**	**73.9%**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflows from (used in) investing activities	**(61.8)**	**40.5**	**-252.8%**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash inflows from (used in) financing activities	**(11.5)**	**(83.2)**	**86.2%**
Increase in cash and cash equivalents	**(4.1)**	**(2.9)**	**-39.0%**
Cash and cash equivalents at beginning of the period	875.4	1.024.8	-14.6%
Cash and cash equivalents at end of the period	871.3	1.022.0	-14.7%
Increase in cash and cash equivalents	(4.1)	(2.9)	-41.3%

Annex IV – GLOSSARY

ANP	National Agency of Petroleum, Natural Gas and Fuel
Basin	A depression in the Earth's crust in which sediments have accumulated that could contain oil and/or gas, associated or not.
Block(s)	Part(s) of a sedimentary basin with a polygonal surface defined by the geographic coordinates of its vertices and undefined depth where oil and natural gas exploration or production activities are carried out.
"Boe" or Barrel of oil equivalent"	A measurement of gas volume converted to barrels of oil using a conversion factor whereby 1.000 m^3 of gas equals 1 m^3 of oil/condensate and 1 m^3 of oil/condensate equals 6.29 barrels and (energy equivalence).
Concession	A grant of access by a country to a company for a defined area and period of time that transfers certain rights to any hydrocarbons that may be discovered from the country in question to the concessionaire.
Contingent Resources	Represent quantities of oil, condensate and natural gas that are potentially recoverable from accumulations acknowledged during the development of projects, but that are not considered commercially recoverable as yet due to one or more contingencies.
Deep water	Water depth of 401 – 1.500 meters.
Discovery	In accordance with the Petroleum Law, a discovery is any occurrence of petroleum, natural gas or other hydrocarbons, minerals and, in general terms, mineral reserves located in a given concession, independently of quantity, quality or commercial viability that are confirmed by at least two detection or evaluation methods (defined in the ANP concession agreement). To be considered commercially feasible, a discovery must present positive returns on an investment under market conditions for development and production.
E&P	Exploration and Production
Exploratory Prospect(s)	A prospect is a potential accumulation mapped by geologists or geophysicists where there is a probability of a commercially viable accumulation of oil and/or natural gas that is ready to be drilled. The five necessary elements for the existence of an accumulation (generation, migration, Reservoir, seal and entrapment) must be present and the lack of any of the five means there is either no accumulation or accumulation that is not commercially viable.
Farm-in and Farm-out	Process of partial or complete acquisition of concession rights held by another company. The company acquiring the concession rights is said to be in the farm-in process and the company selling concession rights is in the farm-out process.
Field	An area covering a horizontal projection of one or more reservoirs containing oil and/or natural gas in commercial quantities.

GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Operator	A company legally appointed to conduct and execute all operations and activities in the concession area, in accordance with the terms of the concession agreement signed by the ANP and the concessionaire.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercial recoverable by applying development projects to known accumulations as of a given date and under defined conditions.
Possible Reserves	Quantities of petroleum which analysis of geoscience and engineering data indicate are less likely to be recovered than probable reserves.
Proven Reserves	Quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable as of a given date from known reservoirs and under defined economic conditions, operating methods and government regulations.
Probable Reserves	Quantities of petroleum that, according to geoscience and engineering data, are estimated to have the same chance (50%/50%) of being achieved or exceeded.
Shallow water	Water depth of 400 meters or less.
"Type A" Operator	Qualification of the ANP to operate onshore, offshore in shallow to ultra-deep waters
Ultra-deep water	Water depth of 1.501 meters or more.