QGEP PARTICIPAÇÕES S.A.

CNPJ/MF No. 11.669.021/0001-10
NIRE: 33.300.292.896
Publicly Held Company

PROPOSAL OF THE ADMINISTRATION

Dear Shareholders,

In compliance with the Instruction of the Securities Committee ("CVM") No. 481, December 17, 2009 ("ICVM 481/09"), the administration of QGEP Participações S.A. ("QGEPP" or the "Company") presents below its proposal for the items to be resolved at the Ordinary General Meeting to be held on April 19, 2013.

1. Taking the accounts of the Managers, Review, Discussion and Voting on Financial Statements Relating to Fiscal Year Ended on December 31, 2012.

The Administration of the Company propose that the Financial Statements be approved as well as the Administration's Report and the director's accounts, all for the fiscal year ended on December 31, 2012.

The Company's Financial Statements, together with the Administration's Report and the report of independent auditors for the fiscal year ended on December 31, 2012, were approved by the Board of Directors at a meeting held on March 11, 2013 and published in the Jornal do Comércio and the Official Gazette of the State of Rio de Janeiro on March 14, 2013.

The comments of the officers on the financial position of the Company pursuant to Item 10 of the Reference Form are in **Annex A** to this proposal that follows.

In addition, the Company's administration have made available for your analysis through the sector of the Periodic Information - IPE, the following documents:

(i) Administration's Report on the business and the main administrative facts of the fiscal year ended on December 31, 2012;
(ii) Financial Statements and accompanying notes;
(iii) Independent Auditors' opinion; and
(iv) form of standardized financial statements - DFP.

2. Allocation of income for the year ended on December 31, 2012 and dividend distribution.

The Administration of the Company propose that the profit for the year ended December 31, 2012 have the destination indicated in the Financial Statements pursuant to Proposed Allocation of Net Income detailed in **Annex B** to this proposal, which was drawn up in accordance with section II §1 of Art. 9 of ICVM 481/09.

As detailed in **Annex B,** the Administration proposes that the share of net income remaining after allocation of the required amount to the legal reserve and the mandatory dividend be destined to the Investment Reserve under Article 30 of the Articles of Association of the Company. The Investment Reserve aims to ensure future investment by the Company in operations aimed to maintain, develop and expand their social activities.

3. Approval of the value of the total compensation of Administration of the Company until the Ordinary General Meeting that approves the accounts for the year to end December 31, 2013.

The Administration proposes that the compensation of the Managers of the Company to be paid until the date of the Ordinary General Meeting that approves the accounts for the fiscal year to end December 31, 2013, be approved totaling BRL2,642,000.00. This amount does not include expenses accounted with the Purchase Option Program granted on March 11, 2013 under the Company's Option Plan.

This amount, which will not necessarily be spent in its entirety, will be allocated by the Board of Directors and members of the Board of Directors of the Company.

Additionally, the Administration of the Company announces that at the Ordinary General Meeting held on May 10, 2012, an overall limit of compensation of the Managers of the Company has been approved in the amount of BRL2,599,935.00 (two million, five hundred and ninety-nine thousand nine hundred and thirty-five Brazilian Reais), having been effectively paid in the fiscal year ended December 31, 2012 the total amount of BRL2,651,037.00 (two million, six hundred and fifty-one thousand and thirty-seven Brazilian Reais), a difference therefore of BRL51,102.00 (fifty-one thousand one hundred and four dollars) overpaid. This difference between the amount approved and paid effectively arises from the payment of approved benefits to Managers of the Company that had not been contemplated in QGEPP.

It's worth noting, though, that the item 13.2 of the Reference Form has a table with information of a different nature, in order that the limit of total compensation of the Managers, established by the General Meeting of the Company, refers to the period between the date of General Meeting held in the year in which it was performed and the date of the Ordinary General Meeting of the following year, as long as that item 13.2 addresses the compensation of the period related to the fiscal year.

Finally, in compliance with Article 12 of ICVM 481/09, **Annex C** to this proposal contains the information specified in item 13 of the Reference Form.

ANNEX A

1.10 - General financial and equity conditions

a) financial and equity conditions

QGEP is a privately held company that operates in the Brazilian exploration and production sector, and it is the first private Brazilian company of private control to act in the pre-salt and to be qualified as "Operator A" by the National Agency of Petroleum, Natural Gas and Biofuels (ANP), which allows our activities as operator in shallow, deep and ultra deep waters. In terms of daily production of barrels of oil equivalent, or BOE, during the year 2012, we were the largest Brazilian company according to data released by the ANP. Our exploration and production of oil, condensate and natural gas focus currently on the basins of Santos, Campos, and Jequitinhonha Camamu-Almada, and our main asset in production is the ownership of 45% of Manati Field, in the State of Bahia. It is one of the biggest natural gas fields not associated in production in Brazil, with daily average production capacity in a year of approximately 6.1 million m^3 of gas.

In the fiscal years ended December 31, 2012, 2011 and 2010, our net revenues totaled BRL462.3 million, BRL289.0 million and BRL142.2 million, respectively. As detailed in section 10.2 hereto, our revenues are primarily derived from the sale of gas to Petrobras. Although these revenues provide satisfactory levels of cash flow, the Company entered into loan agreements with financial institutions in order to expand its business primarily through investments in developing Manati Field, which has been prepaid by the Company as information contained in the item "f" below.

Regarding the Company's indebtedness, Company prepaid in full the outstanding balance of the loans in the amount of BRL103.6 million outstanding until May 15, 2012, namely: (i) financing contract through a credit facility entered into by Manati S.A., on June 28, 2005, with the National Bank for Economic and Social Development (BNDES), originally in the amount of BRL245.0 million, which was reduced under the second amendment to the contract of BRL225 3 million, and (ii) financing contract through a credit facility also celebrated by Manati S.A., on June 28, 2005, with Banco do Nordeste do Brasil S.A. (BNB), originally valued at BRL245.0 million.

The Company has satisfactory liquidity on December 31, 2012, pursuant to net working capital (difference between current assets and current liabilities) calculated on the same date, in BRL1,010.3 million. Our current liquidity was 1.2% in the ratio (Current Assets / Current Liabilities) on December 31, 2012, 318% on December 31, 2011 and 149% on December 31, 2010.

Considering our revenues and our liquidity, we believe that the Company has sufficient financial and equity conditions to implement its business plan and meet short-term obligations.

b) Capital structure and possibility of redemption of shares or membership interests

On 31 December 2012, 2011 and 2010, we had a consolidated position on the Cash and Cash Equivalents account of BRL871.3 million, BRL1,022.0 million and BRL137.2 million and assets of BRL1,100.1 BRL1,258.1 million and BRL221.6 million, respectively. On those dates, we presented consolidated current liabilities of BRL89.8 million, BRL395.3 million and BRL148.7 million, and consolidate non-current liabilities of BRL116.5 million, BRL158.6 million and BRL283.8 million, respectively.

Additionally, with respect to standard finance of our operations, the capital structure of the Company on December 31, 2012 consisted of 96% equity and 4% of debt, on December 31, 2011 consisted of 80% equity and 20% of debt, and on 31 December 2010 was 59% equity and 41% debt.

To the extent that the need to invest in the development of our reserves and in increasing our portfolio arises, we will examine the possibility of leveraging the Company, always considering more efficient options in terms of cost and structure.

Finally, we emphasize that there is no chance of redemption of our shares other than the ones provided by law.

c) Ability to pay in relation to financial commitments

Our consolidated net working capital, which is the difference between consolidated current assets and consolidated current liabilities, was BRL1,010.3 million on December 31, 2012, BRL862.8 million on December 31, 2011, and BRL72.9 million on December 31, 2010.

Given our cash flow, our liquidity position and our capital structure, we believe that we are able to fulfill our commitments and obligations in short and long term, although we cannot guarantee that this situation will remain unchanged in this period.

Additionally, we have complied with our obligations relating to financial commitments and, if necessary, we will examine the possibility of contracting new loans, always pondering the most efficient options in terms of cost and structure for the Company.

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

Our ability to generate cash flow allowed us to fund our working capital and much of the expansion of our activities. However, especially in the development phase of our business, we opted for contracting loans and financing from financial institutions, and the payment is made with the proceeds of our own generation of resources.

e) Financing Sources for working capital and for investments in non-current assets that Company intends to use for coverage of liquidity deficiencies

Given our capital structure, we believe that our cash generation and part of the proceeds from our initial public offering (IPO) still available in cash will be sufficient to meet our operating obligations as well as our routine schedule of exploratory investments. However, we can increase the financial leverage through new sources of funding, as opportunities arise for new investments, especially in acquisitions, as well as development of the Company's production.

f) Debt levels and the characteristics of such debts, also describing: (i) loan agreements and relevant financing, (ii) other long-term relationships with financial institutions, (iii) degree of subordination between debts, (iv) restrictions imposed on the issuer, in particular in relation to debt limits and incurring of new debts, distribution of dividends, sale of assets, issuance of new securities and the sale of corporate control

i. <u>Relevant loan and financing agreements</u>

On December 31, 2012, we had no loans and financing agreements. However, we seek to maintain a business relationship with the key players in the financial market, aiming to ready access to credit lines to finance new investments and possible demands for working capital.

Additionally, the Company announces that, on May 15, 2012, debit balances of the following financing so far outstanding were fully prepaid, totaling BRL103.6 million: (i) financing contract through a credit facility entered into by Manati S.A., on June 28, 2005, with BNDES, in the original amount of BRL245.0 million, later reduced to BRL225.3 million under the second amendment to the contract, and (ii) financing contract through credit facility also celebrated by Manati S.A. on June 28, 2005, with BNB, totaling BRL245.0 million.

For more information on loan and financing and contractual obligations of the Company, see sections 3.9 and 10.11 below.

ii. Other long-term relations with financial institutions

On December 31, 2012, we did not have any other liability on our long-term operation with financial institutions. However, we seek to maintain a business relationship with the key players in the financial market, aiming at the fast access to credit lines to finance new investments and possible demands for working capital.

iii. Level of subordination between debts

Not applicable, since on the date of this Reference Form we did not have any kind of debt comprised of financing and loan contracts.

iv. Periodic restrictions imposed to the issuer, especially in relation to the limits of indebtedness and acquisition of new debts, the distribution of dividends, the disposal of assets, the issuance of new securities and change of control.

Not applicable, since on the date of this Reference Form we did not have any significant debt consisting of loan and financing contracts.

g) Limits on use of funds already contracted

Not applicable, since on the date of this Reference Form we did not have any type of financing contract.

h) Significant changes in each item of financial statements

Operational results

The table below shows the figures for the consolidated income statement of the Company for the periods indicated. The consolidated results of the Company for the year ended on December 31, 2010 represent the results of operations for the period of three months and 29 days ended on December 31, 2010, not being possible to directly compare the results of the fiscal years of 2010 and 2011:

(BRL million)	2012	ΔV (%)	2011	ΔV (%)	2010	ΔV (%)	ΔH 2012/2011	ΔH 2011/2010
Net Revenue	**462,3**	**100.0**	**289.0**	**100**	**142.2**	**100**	**60.0%**	**103.2%**
Costs	(182.8)	(39.5)	(128.7)	(44.5)	(57.1)	(40.2)	42.0%	125.2%
Gross profit	**279.5**	**60.5**	**160.3**	**55.5**	**85.1**	**59.8**	**74.4%**	**88.5%**
Operational revenues (expenses)								
General and administrative	(63.3)	(13.7)	(59.5)	(20.6)	(10.1)	(7.1)	6.4%	489.1%
Exploration costs	(177.0)	(38.3)	(56.6)	(19.6)	(39.0)	(27.4)	212.7%	45.1%
Other net operating expenses	0.8	0.2	(7.3)	(2.5)	-	-	111.0%	N/A
Operational profit	**40.0**	**8.7**	**36.9**	**12.8**	**36.0**	**25.3**	**8.4%**	**2.5%**
Net financial result	82.5	17.9	84.4	29.2	9.8	6.9	(2.3%)	761.2%
Profit before income tax and social contribution	**122.5**	**26.5**	**121.2**	**41.9**	**458**	**32.2**	**1.1%**	**164.6%**
Income tax and social contribution	(40,0)	(8,7)	(29.1)	(10.1)	(10.1)	(7.1)	37.5%	188.1%
Net Profit (Loss) in the period	**82.5**	**17.9**	**92.1**	**31.9**	**35.6**	**25.0**	**(10.4%)**	**158.7%**

ΔV - Vertical Analysis - percentage in relation to the total of assets, liabilities and net equity.
ΔH - Horizontal Analysis - percentage resulting from the comparison between periods

Net Revenue

In the fiscal year ended December 31, 2012, net revenue totaled BRL462.3 million, compared with net income of BRL289.0 million in the year ended December 31, 2011, representing an increase of

60% of the result of a production of 1.010,6 million m3 ^{of} natural gas and 16.9 thousand m^3 of condensate.

In the fiscal year ended December 31, 2010, net revenue totaled BRL142.2 million.

Costs

In the fiscal year ended December 31, 2012, costs amounted to BRL182.8 million compared with costs of BRL128.7 million in the year ended December 31, 2011, representing an increase of 42%. The rising of costs of the Company in the period is due to increased production from the Manati Field. Besides the operation costs of the gas plant, the following items contributed to the increase in this period: (i) BRL81.8 million of depreciation; (ii) BRL45.6 million of royalties and special participation, (iii) BRL5,9 million in Research&Development; and (iv) BRL11.5 million in maintenance costs in the Manati Field.

In the fiscal year ended December 31, 2011, costs amounted to BRL128.7 million compared with costs of BRL57.1 million in the fiscal year ended December 31, 2010, representing an increase of 125.2%.In addition to the operating costs of the gas plant located in São Francisco do Conde, in the State of Bahia, in the amount of BRL37.5 million, the following items contributed to the increased costs of this period: (i) BRL53.1 million depreciation, (ii) BRL24.7 million of royalties and special participation, (iii) BRL3.0 million in Research & Development, and (iv) BRL10.4 million in maintenance costs Manati Field.

General and Administrative Expenses

In the fiscal year ended December 31, 2012, general and administrative expenses totaled BRL63.3 million compared to general and administrative expenses of BRL59.5 million in the fiscal year ended December 31, 2011, representing an increase of 6.4%. Much of this variation was due to increased staffing to operate the Block BS-4. Thus, part of administrative expenses, BRL12.8 million was allocated to this project, from which the QGEP retains in its assets 30% in this balance, and the remaining 70% to the partners in the block, which reimburse the costs to the operator.

This amount also includes BRL13.1 million associated with the cost share of the results of the years 2011 and 2012. The costs of 2011 comprise BRL23.1 million in bonus due to successful completion of the IPO.

As mentioned above, the fiscal year ended December 31, 2011, general and administrative expenses totaled BRL59.5 million compared to general and administrative expenses of BRL10.1 million in the fiscal year ended December 31, 2010, representing an increase of 489.1%. This variation was due to the growth in the number of professional staff in the Company in order to facilitate compliance with their activities as operator of Block BS-4, as well as a strategy to increase its presence as an operator of other blocks.

Exploration Costs

In the fiscal year ended December 31, 2012, the total exploration costs totaled BRL177.0 million compared with exploration costs of BRL56.6 million in the fiscal year ended December 31, 2011, representing an increase of 212.7%.

This mainly reflects the low value of BRL126.5 million for Block BM-S-12 and BRL37.2 million of the discovery of Jequitibá, which primarily impacted the second quarter of 2012.

As mentioned above, in the fiscal year ended December 31, 2011, the total exploration costs totaled BRL56.6 million compared with exploration costs of BRL39.0 million in the fiscal year ended December 31, 2010, representing an increase of 45.1%. This change primarily reflects: (i) the costs of well 1-SPS-80, totaling BRL13.2 million, located in Block BM-S-76, drilled in the first quarter of 2011, where no potentially producing areas were identified and (ii) the acquisition of seismic data in the amount of BRL29.6 million, comprising a region of block BM-S-8 and BS-4, in which QGEP acquired equity in 2011 through *farm-ins* agreements.

Net Financial Result

In the fiscal year ended December 31, 2012, net financial income totaled BRL82.5 million, compared to net financial income of BRL84.4 million in the fiscal year ended December 31, 2011, representing a decrease of 22%, due to lower interest rates.

As mentioned above, in the fiscal year ended December 31, 2011, net financial income was BRL84.4 million, compared to net financial income of BRL9,8 million in the fiscal year ended December 31, 2010, representing an increase of 761.2%. This amount relates primarily to the interest income generated by the applications of the IPO proceeds of the Company received in February 2011. Moreover, the financial result for the period was also impacted by the exchange variation expense in the amount of BRL48.5 million related to the depreciation of the exchange rate on the portion of the remaining payment of purchase of Block BS-4, as well as the accrued balance for eventual abandonment of the Manati Field.

Net Profit

In the fiscal year ended December 31, 2012, the Company's net profit was BRL82.5 million, compared with net income of BRL92.1 million in the fiscal year ended December 31, 2011, representing a reduction of 10.4%, due to the combination of operating and financial profits. The main events that affected the results of the period were the highest production of Manati Field, the exploration costs of BRL177.0 million relating to exploration activities that have not been successful in Block BM-S-12 and return to the prospect Jequitibá to ANP.

As mentioned above, in the fiscal year ended December 31, 2011, the Company's net profit was BRL92.1 million, compared with net income of BRL35,6 million in the year ended December 31, 2010, representing an increase of 158.7%, due to the combination of operating and financial profits. The main events that affected the results for the period were: (i) the decrease in revenue from gas sales due to lower production volume of the Manati Field, (ii) the exploration costs of well 1-SPS-80 (iii) non-recurring administrative expenses related to the IPO of the Company, (iv) the increase in interest income by raising the IPO in February 2011, and (v) exchange variation resulting from devaluation of the Brazilian currency against the U.S. dollar.

Equity Accounts

The table below presents the values related to the equity balance of the Company on the indicated dates:

(BRL million)	**2012**	**2011**	**2010**	**∆H 2012/2011**	**∆H 2011/2010**
Current					
Asset	**1,100.1**	**1,258.1**	**221.6**	**(12.6%)**	**467.7%**
Cash and cash equivalent	871.3	1,022.0	137.2	(14.7%)	644.9%
Financial Investments	80.9	130.5	-	(38.0%)	N/A
Accounts receivable	92.8	76.1	82.0	21.8%	(7.2)%
Taxes and contributions credits	35.7	20.7	1.2	72.5%	1625.0%
Other	19.3	8.8	1.2	119.3%	633.3%
Non-current	**1333.9**	**1.471.6**	**833, 1**	**(9.4%)**	**76, 6%**
Restrict cash	24.2	61.0	110.6	(60.3%)	(44.8)%
Tax credits	0.4	0.1	0.2	300.0%	0.0%
Deferred income tax and social contribution	-	5.8	2.9	100%	100.0%
Fixed assets	773.2	869.4	713, 7	11.1.	21.8%
Intangible assets	536.1	535.2	5.8	0.2%	9127.6%
Other	-	0.1	-	100%	0.0%
ASSET TOTAL	**2434.0**	**2729.7**	**1054.8**	**(10.8%)**	**158.8%**
Current					
Net equity and liability	**89.8**	**395, 3**	**148, 7**	(77.3%)	**165, 8%**
Suppliers	32.5	26, 6	19, 0	22.2%	**40, 0%**
Accounts payable	-	265, 9	-	N/A	**N/A**
Taxes and contributions collectable	23.8	24, 4	22, 6	2.5.	**8% 0**

Compensation and social obligations	11.7	1.5	0, 3	680.0%	**400 0%**
Accounts payable - Related Parts	0.1	0.5	1.2	(80.0%)	**(58 3)%**
Loans and financing	-	52, 0	76, 3	100,0	**(31, 8)%**
Fund for research and development	9.0	6.0	5, 0	50.0%	**20, 0%**
Fund for Block return guarantee	-	-	10,6	N/A	**N/A**
Other	12.7	18, 4	13.7	(31.5%)	**34, 3%**
Non-current	**116.5**	**158, 6**	**283, 8**	(26.5%)	**(44, 1)%**
Loans and financing	-	51, 6	188, 7	100,0	**(72, 7)%**
Fund for abandonment	116.5	107, 0	95.1	8.8.	**12.5%**
Net equity	**2227.8**	**2.175,8**	**622, 3**	**2.4%**	**249, 6%**
TOTAL LIABILITIES AND NET EQUITY	**2434.0**	**2.729,7**	**1.054,7**	**(10.8%)**	**158, 8%**

ΔH - Horizontal Analysis - percentage resulting from the comparison between periods

<u>Cash (Cash Equivalents, Financial Investments and Restricted Cash</u>

On December 31, 2012, the cash balance (cash equivalents, financial investments and restricted cash) was BRL976.4 million, representing a significant reduction from the levels recorded in December 31, 2011, in the amount of BRL1,213.5 million. This decrease occurred primarily due to the prepayment of loans granted by BNDES and BNB, which occurred during the second quarter of 2012, as reported in "f" above, acquired for the development of the Manati Field, amounting BRL103.6 million.

As mentioned above, on December 31, 2011, the Company's cash balance was BRL1,213.5 million, a significant increase of 389.7% compared to the levels recorded on December 31, 2010, which was BRL247.8 million. This significant increase occurred primarily due to the success of the Company's IPO, which raised approximately BRL1.5 billion to finance the exploration and expansion of its existing portfolio of assets. Also, restricted cash was reduced in the amount of BRL60.0 million, according to the anticipation of 33 installments for the financing with the BNB.

<u>Taxes and contributions credits</u>

Total taxes and contributions credits (current and noncurrent) reached BRL36.1 million on December 31, 2012, against BRL20.9 million on December 31, 2011, representing an increase of 74.8%. This value refers basically to credits related to semiannual billing system of income tax on the profitability of portfolios called "*come cotas*." The retention of this tax is calculated on the basis of the lowest rate of each type of fund (rate of 20% for short-term funds and 15% for long-term funds).

As mentioned above, total taxes and contributions credits reached BRL20.9 million on December 31, 2011, against BRL1.4 million on December 31, 2010, representing an increase of 1392.9%. This value refers basically to credits related to semiannual billing system of income tax on the profitability of portfolios called "come cotas." The retention of this tax is calculated on the basis of the lowest rate of each type of fund (rate of 20% for short-term funds and 15% for long-term funds).

<u>Fixed Assets</u>

On December 31, 2012, fixed assets totaled BRL773.2 million, compared with a balance of BRL869.4 million on December 31, 2011, representing a decrease of 10.7%. This variation is due primarily to additions related to the BM-S-8 and BM-S-12 in the amount of BRL53.4 million and $ 26.1 million, respectively, which include spending on drilling services, and low referring to the well Ilha do Macuco (Block BM-S-12) in the amount of BRL81.5 million, as well as the prospect Jequitibá (BM-CAL-5) in the amount of BRL36.6 million.

As mentioned above, on December 31, 2011, fixed assets totaled BRL869.4 million, compared with a balance of BRL713.7 million on December 31, 2010, representing an increase of 21.8%. This variation is due primarily to: (i) additions of the exploration block BM-J-2, totaling BRL112.2 million, and additions to exploration block BM-S-12 in the amount of BRL52.4 million, including spending on drilling services, logistics and materials; and (ii) losses on the amount of BRL11.7 million related to the block BMS-76 ANP returned to ANP in the second quarter of 2011.

<u>Intangible Assets</u>

On December 31, 2012, intangible assets totaled BRL536.1 million, compared to BRL535.0 million on December 31, 2011, representing an increase of 0.2%. This variation arises from the fact that during the year 2012, the Company has acquired new software for its operation.

As mentioned above, on December 31, 2011, intangible assets totaled BRL535.0 million, compared with $ 5.8 million on December 31, 2010, representing an increase of 9127.6%. This variation was due to the fact that during the year 2011, the contractor QGEP signed purchase and sale agreement of concession rights for the acquisition of 10% interest in Block BM-S-8 and a 30% interest in Block BS-4, located *offshore* in Santos Basin, in the amounts of $ 175.0 million and BRL157.5 million, respectively. The transfer of concession rights to QGEP compared to the BM-S-8 was approved by ANP in December 2011, while the transfer of concession rights and operation of Block BS-4 was approved in February 2012 .

Payables

The balance of accounts payable on December 31, 2012 was zero.

The payables amounted BRL265.9 million on December 31, 2011, because of the funds to the payment of remaining balance (90% of acquisition price) of the purchase and sale agreement for the acquisition of 30% of equity in the Block BS-4. This amount was paid on March 2, 2012. The payables balance on December 31, 2010 was zero.

Loans and Financing

On December 31, 2012, the balance of loans and financing was zero due to the amortization of the total financing from BNDES and BNB.

On December 31, 2011, the Company's total debt was BRL103.6 million (the sum of BRL52.0 million and current liabilities of BRL51.6 million of non-current liabilities), compared with BRL265.0 million on December 31, 2010, representing a decrease of 60.9%. This was mainly due to the repayment of the entire loan from the IFC in the amount of BRL23.9 million, and the anticipation of 33 installments for the financing with the BNB, totaling BRL60.0 million.

Fund for block return guarantee

On December 31, 2012 and December 31, 2011, the provision for block return guarantee was zero.

On December 31, 2010, the provision for blocks return guarantee was BRL10.6 million related to guarantees of the Minimum Exploration Program (PEM) in exploration block BM-S-77. This amount was accrued in December 2010 and settled in May 2011, when the blocks were returned to the ANP because potentially producing areas were not found.

Main Changes in Consolidated Cash Flows

The table below presents the values relate to the main changes in the consolidated cash flow on the indicated dates

Statement of Cash Flow (BRL million)					
	2012	**2011**	**2010**	**% Variation 2012/201 1**	**% Variation 2011/2010**
Net cash generated by the operational activities	254.3	194.2	90.1	30.9	115.5
Net cash generated by (applied to) investment activities	(262.9)	(607.3)	(79.4)	(56.7)	664.8
Net cash generated by (applied to) financing activities	(142.0)	1.297.8	126.5	(110.9)	925.9

Net Cash Generated by Operational Activities

Net cash provided by operational activities increased by BRL63.1 million, equivalent to 30.9%, from BRL194.2 million on December 31, 2011 to $ 254.3 million on December 31, 2012. This increase is justified mainly by the increase in exploration costs, explained by variations in the results of the two periods mentioned under "Key Changes in Income Statement" above

Regarding the biennium 2010/2011, net cash provided by operating activities increased by BRL104.1 million, from BRL90.1 million on December 31, 2010 to BRL194.2 million on December 31, 2011, as above mentioned, an increase of 115.54%. This increase is explained mainly by the increase of BRL56.5 million in net income during the referred period.

<u>Net Cash Applied to Investment Activities</u>

Net cash used in investment activities decreased by BRL344.4 million, or 56.7%, from BRL607.3 million on December 31, 2011 to BRL262.9 million on December 31, 2012. This reduction occurs mainly due to amortization of all loans with BNB and BNDES in the amount of BRL103.6 million and of exploration expenses of the drywell Ilha do Macuco (BRL81.513 sold from fixed assets and BRL44,045 accounted directly in the income) and the prospect Jequitibá (BRL36,557 sold from fixed assets and BRL619 accounted directly in the income), located in the BM-S-12 and BM-CAL-5, respectively, for not presenting any potentially producing areas.

Regarding the biennium 2010/2011, net cash used in investment activities increased by BRL527.9 million, from BRL79.4 million on December 31, 2010 to BRL607.3 million on December 31, 2011, as above mentioned, an increase of 664.86%. This increase was mainly due to the acquisitions of equity participation in two exploration blocks, occurred in 2011. In addition, the exploration costs in 2011 related to drilling were higher compared to 2010.

<u>Net Cash Generated by Financing Activities</u>

Net cash used in financing activities was reduced by BRL1,155.8 million, or 89.6%, from BRL1,297.8 million on December 31, 2011 to BRL142.0 million on December 31, 2012. This reduction occurs mainly due to amortization of total financing from BNDES and BNB.

Regarding the biennium 2010/2011, net cash provided by financing activities increased by BRL1,171.3 million, from net cash used of BRL126.5 million on December 31, 2010 to a net cash of BRL1,297.8 million on December 31, 2011, as noted above, an increase of 925.93%. This variation was caused mainly by the increase in net capital of share issuance costs of BRL57.4, totaling BRL1,457.7 million.

10.2 Financial and operational result

a) Results of issuer's operations, in particular:

i. Description of any components important to the revenue

In 2012, our revenues were originated from the production and trading of hydrocarbons, being 95% from gas sale and 5% from condensed sale from Manati Field. Every natural gas produced in the Manati Field is sold to Petrobras in the terms of a long-term contract, while the condensed produced in that field is sold to Dax Oil Refino S.A.(Dax Oil).

Possibly our revenues may come from the sale of equity participation in exploration block concessions or producing fields.

ii. Factors that affected materially the operational results

We have not identified factors that materially affected our results of operations on December 31, 2012, neither the operating results for the fiscal year 2011 and the period from September 2, 2010 and December 31, 2010, both included in the financial statements of Company on December 31, 2011.

a. Variations to the revenues attributable to changes in price, exchange rates, inflation, volume change and introduction of new products and services

Changes of prices and volume

Our operating revenue is primarily derived from the *take-or-pay* sale of natural gas produced in the Manati Field for Petrobras, based on a long-term contract. The gas price is denominated in dollars and adjusted on an annual basis in accordance with contractual index linked to inflation.

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

Besides the variations resulting from fixed prices described above, our operational revenue is also directly affected by changes in the condensed and natural gas volume sold.

Fluctuations in the exchange rates

Most of our revenues are showed in Brazilian Reais, as well as most of the costs of sold products.

However, part of our investments in exploration and development is tied to the U.S. dollar, and for this reason, an increase of our exploration activity or field development may increase our exposure to fluctuations in the exchange rate.

With respect to our loans and financing, we try to match the currency in which the resources are taken with the revenue of our projects. Accordingly, our investment in the development of the Manati Field was funded by loans in dollars, since the revenue from this field is denominated in domestic currency. On December 31, 2012, we had no debt in domestic and foreign currency.

b. Impact of inflation, fluctuation of the main inputs and products, exchange and interest rate in the operational result and the financial result of Company

The Company's financial condition and results of operations are influenced by Brazilian macroeconomic scenario and the changes in prices of key inputs and products, especially oil prices, exchange rates and interest rates.

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

Inflation

The change in rates of inflation affects our revenues and expenses in order that the contract of sale of natural gas from Manati Field entered into with Petrobras, as well as contracts with our service providers, are adjusted by rates linked to inflation. The inputs we use may also suffer inflationary pressure.

Interest Rates

Although the Company has no debt currently caused by loan or financing, change in market interest rates could affect the liquidity of the market itself and thus influence the future leverage of the Company and its ease of obtaining funds from financial institutions.

Note that, in general, we do not use derivatives, such as traditional *swaps* in order to cancel the oscillations of Long-Term Interest Rate (TJLP) before these borrowings in Brazilian financial institutions.

The sensitivity table below with information from December 31, 2012, relates to a possible change in income or expenses associated with the operations and scenarios estimated without considering their market values.

Analysis of sensibility for the interest rate

Operations	**Balance on 12.31.2012**	**Risk**	**Probable scenario (a)**	**Scenario I- 25% deterioration**	**Scenario II- 50% deterioration**
Effective rate on December 31, 2012			6.90%	6.90%	6.90%
Cash equivalents and investments	797,975	Reduction of CDI	797,975	797,975	797,975
Estimated annual rate of CDI for December 31, 2013			7.39%	5.54%	3. 70%
Cash equivalents and marketable securities-sensitivity scenario		Reduction of CDI	856,945	841,113	825,281
Effect on income and net equity on December 31, 2013:					
Estimated financial revenue			58,970	43,138	27,306

(a) Likely scenario of the CDI interest rate for the period of one year on December 31, 2013, according to the Focus report on March 8, 2013, issued by the Central Bank of Brazil.

Operations	Balance at 12/31/2012	Risk	Probable Scenario (a)	Scenario I - deterioration 25%	Scenario II - Deterioration 50%
Effective rate on December 31, 2012			6.90%	6.90%	6.90%
Restricted cash:	24,231	Reduction of CDI	24,231	24,231	24,231
Estimated annual rate of CDI for December 31, 2013			7.39%	5.54%	3. 70%
Restricted cash:	24,231	Reduction of CDI	26,022	25,541	25,060
Effect on income and shareholders' equity on December 31, 2013:					
Estimated financial revenue			1791	1310	829

Given the pre-payment of loans and financing mentioned above, on the date of this Reference Form, we do not have any significant debt consisting of loan and financing, including those mentioned above with BNDES and BNB.

Exchange Rate

We identify our exposure to foreign currency risk in the provision for abandonment of wells and investments, primarily exploratory, which are partially indexed to the U.S. dollar.

As our cash is invested in Brazilian Reais, we benefit from the appreciation of the Real against the U.S. dollar since the appreciation of the national currency creates a foreign exchange gain on our fund for abandonment of wells indexed to the U.S. dollar. However, a depreciation of the real against the U.S. dollar would generate a foreign exchange loss on our fund for abandonment.

Expansion of our activities shall result in an increase of our exposure to the foreign currency to the extent the U.S. dollar represents the standard currency in the international market of oil and gas. Such exposure can be mitigated by instruments of financial hedge to be eventually contracted by Company, and by natural hedge, resulting from the fact that the value of the oil reserves are indexed in U.S. dollar.

On December 21, 2011, the Board of Directors approved the Company's Market Risk Management Policy, whose goal is to formalize the eligible measures of mitigation of our and our subsidiaries' exposure to the market risks not inherent to the activity of exploration and production of oil and gas. Such policy determine conditions and limits to the use of derivative instruments, such as *Futuro*, NDF (non-deliverable forward) and *Opções*, which may be contracted only with the purpose of hedge (protection).

The sensitivity table below relates to an appreciation of the dollar against the Brazilian real and the impact on derivative financial instruments contracted by the Company and transactions indexed to U.S. dollar - U.S.

		Consolidated			
		31/12/2012			
		Probable scenario (a)		The scenario	
	Risk	Balance in USD	Balance in US$	Possible (25%)	Remote (50%)
Dollar effective on December 31, 2012			2.0435	2.0435	2.0435
Operation					
Fund for abandonment	High of US$	56,992	116,462	116,462	116,462
Call option	High of US$	601	1228	1228	1228
Estimated annual rate of dollar to December 31, 2013			2.00	2.50	3.00
Fund for abandonment	High of US$	56,992	113,983	142,479	170,974
Call option	High of US$	601	1202	1503	1803
Effect on income and net equity by increase in the appreciation of the USD against the real for the year ended December 31, 2012					
Increase			2505		
Reduction				(28.796)	(57.592)

(a) Likely scenario for the exchange rate (US$) for the period of one year on December 31, 2013, according to the report Focus on March 8, 2013, issued by the Central Bank of Brazil.

10.3 - Events with significant effects occurring and expected in the financial statements

a) Introduction or disposal of operational segment

We operate only in the segment of exploration and production of oil and natural gas, or E&P. From our establishment on, there was no introduction or transfer of operating segment in our activities.

b) Establishment, acquisition or disposal of equity participation

On September 2, 2010, our shareholders approved at the Ordinary General Meeting an increase in capital, paid by QGOG, through the establishment of all shares issued by QGEP, which thus became our wholly owned subsidiary.

On October 10, 2012, our wholly owned subsidiary QGEP incorporated Manati S.A., which consequently became extinct.

Except for those two events, we have not established, acquired or disposed of any other relevant equity participation during the years ended December 31, 2010, 2011 and 2012, which could have caused or was expected t cause material effect on the financial statements or results of our Company.

c) Events or non-usual operations

On November 30, 2011, the ANP approved the transfer of rights in the concession of 10% of equity participation previously owned by Shell Oil Brazil Ltda. in the Block BM-S-8 to our QGEP subsidiary. The value of the transaction was BRL175 million.

On February 8, 2012, the ANP approved the transfer of 15% of the concession rights for the Coral Field to QGEP. The other consortium members are Petrobras (35%), Rio das Contas Produtora de Petróleo Ltda. (Belonging to Panoro Energy Corp. ASA) (35%) and Brasoil Coral Exploração Petrolífera S.A. (15).

On February 16, 2012, ANP approved the transfer of rights in granting a 30% of equity participation previously owned by Shell Oil Brazil Ltda. in the Block BS-4 to our QGEP subsidiary. QGEP now holds 30% of the block and also assumed, as the successor of Shell Oil Brazil Ltda., the operation of the block. The value of the transaction was BRL157.5 million.

On October 10, 2012, the QGEP executed an agreement with Petrobras to acquire 30% of equity participation in the concession BM-C-27, for the portion of the area of the Concession Contract No. 48610.009500/2003 corresponding to the Discovery Evaluation Plan of the well 1-BRSA-921-RJS, informally called Guanabara prospect, originating Blocks CM-122, CM-145 and CM-146. The Company still awaits the approval of ANP for the transfer of the Concession.

On January 31, 2013, QGEP Netherlands BV was incorporated ("QGEP Netherlands"), headquartered in Rotterdam, the Netherlands, as entire subsidiary of (QGEP) with stock capital to be paid of BRL1.QGEP Netherlands has the purpose of incorporating, managing and supervising companies; performing all types of industrial and market activities; and other related activities.

Atlanta Field BV ("AFBV") was incorporated by QGEP, on November 22, 2012.On February 12, 2013, the QGEP sold its entire equity participation in AFBV to QGEP Netherlands BV, a wholly owned subsidiary of QGEP. On February 21, 2013, OGX Netherlands Holding B.V., and FR Barra 1 S.à rl, because of the partnership with QGEP in the concession of Block BS-4, entered the structure AFBV and now hold 40% and 30% respectively, of equity participation in AFBV. QGEP Netherlands BV on this date holds 30% equity participation in AFBV.

For more information, see items 3.3 and 6.5.e of this Reference Form.

10.4 - Significant changes in accounting practices - qualification with emphasis on auditor's report

a) Significant changes in the accounting practices

We elaborated our consolidated financial statements according to the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which are consistent with the accounting practices adopted in Brazil, noting the provisions contained in Business Corporation Act, complemented by the new pronouncements, interpretations and orientations of CPC, issued and approved by CVC's resolutions, and according to the standards of the Securities Exchange Commission.

There were no significant chances to our accounting practices.

b) significant effects of changes to accounting practices

There were no significant changes to our accounting practices.

c) qualification and emphasis present in the auditor's report

Our consolidated and individual financial statements related to the fiscal year ended December 31, 2012, were audited by Deloitte Touche Tohmatsu Auditores Independentes, according to the Brazilian auditing standards, whose auditing report include emphasis paragraphs about the fact that:

As described in Explanatory Note 2, the financial statements were prepared in accordance with accounting practices adopted in Brazil. Considering the Company QGEP Participações S.A., these practices differ from IFRS, applicable to separate financial statements, only in relation to the valuation of investments in subsidiaries, affiliates and jointly controlled by the equity equivalency method, whereas under IFRS would be cost or fair value. The independent auditor's report was issued unqualified with respect to this matter. The Management of the Company believes that the use of the equity equivalency method follows the accounting practices adopted in Brazil and is supported by the current accounting and corporate legislation.

As mentioned in Explanatory Note 1, to the present date, the transfer of the concession contract for exploration of oil and natural gas of Companhia Petroleo Brasileiro S.A. ("Petrobras") regarding the blocks CM-122, CM-145 and CM-146 (part of the concession of BM-C-27) for the Company still depends on the consent of the National Agency of Petroleum, Natural Gas and Biofuels ("ANP"). The independent auditor's report was issued unqualified with respect to this matter. The Management of the Company believes that all the necessary requirements for the approval of the ANP for the transfer of the blocks were fulfilled and is awaiting the Agency's decision on this matter.

10.5 - Critical accounting policies

Our administration understand that they adopt accounting policies that are consistent with the market best practices and with the industry of gas and oil production and exploration. Our accounting policies are defined and adopted with the purpose of providing the investors with useful information in the decision making of investment of the Company. Thus, they aim at presenting our transactions with neutrality, prudence and integrity and consider the following qualitative characteristics: comprehensibility relevance, reliability and comparability.

Moreover, the preparation of the financial statements relies on estimates and judgments for recording certain transactions that affect assets and liabilities of the Company and which are not obtained easily from other sources. In these cases, estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates, when effectively realized in subsequent periods.

The estimates and premises are revised continuously. The effects resulting from the reviews made to the accounting estimates are acknowledged in a prospective basis.

The main estimates used refer to the record of the effects of the provision for tax, civil and labor judicial proceedings, depreciation and amortization of fixed and intangible assets, assumptions to determine the fund for abandonment and decommissioning of areas, expectation of payment of tax credits and other assets, fund for income tax and social contribution taxes, valuation of financial instruments and determination of the fair value of derivative financial instruments, including financial assets held to maturity.

Below is a summary of the Company's critical accounting policies so understood as well as those that, if changed, would cause significant accounting change:

Cash and cash equivalents

They are kept in order to meet short term cash commitments and cash balance, bank deposits and financial investments with immediate liquidity and insignificant risk of changes in value.

Inventories

Represented by assets acquired from third parties, in the form of materials and supplies to be used in exploratory drilling campaign. Stocks are stated at the lower of acquisition cost and receivable net value. The costs of inventories are determined by the average cost method.

Current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at values of execution and/or enforceability, respectively, and include the monetary and exchange variations, as well as income and expenses earned or incurred, if any, recognized on a pro rata basis to the balance sheet date.

Exploration expenses, development and production of oil and gas (fixed, intangible and exploration costs for oil and gas)

For spending on exploration, development and production of oil and gas, the Company and its subsidiary QGEP, for purposes of accounting practices adopted in Brazil, using accounting standards aligned with international standards IFRS 6 - "Exploration for and evaluation of mineral resources" .

IFRS 6 allows administration to set its accounting policy for recognition of exploration assets in the exploration of mineral reserves. The Administration defined its accounting policy for exploration and evaluation of mineral reserves considering the criteria that represent their best judgment aspects of their business environment and reflect more adequately its financial and equity position. The main accounting criteria are:

Exploration concession rights and signing bonuses are recorded as intangible assets;

Expenditures for drilling wells where feasibility assessments were not completed, remain capitalized in construction until its completion. Costs of successful drilling exploration wells bound to economically viable reserves are capitalized, while the ones determined as non-viable ("dryhole") are recorded directly in income statement on account of exploration costs for the extraction of oil and gas.

Other exploration expenses that are not related to signing bonuses are recorded in the income statement in exploration costs for oil and gas extraction (costs related to acquisition, processing and interpretation of seismic data, drilling campaign planning, licensing studies, spending with occupancy and retention area, environmental impact, etc.).

For farm-in transactions in which the Company has made contracts to support financially exploration expenses of the partner that proceeded to sell equity participation in the exploration blocks ("Farmor") and/or "budget." These committed expenditures are reflected in the financial statements in their progress for future exploration costs.

The fixed assets represented by active exploration, development and production are recorded at cost and amortized on the produced-units method which is the proportional relationship between the annual volume produced and the total proven reserve of the producing field. Proved reserves used to calculate depreciation (compared to monthly volume of production) are estimated by geologists and external petroleum engineers according to international standards and reviewed annually or when there are indications of significant change. Currently, only the expenses related to the Manati field have been amortized because it is the only field in production at the time.

Fixed assets are recorded at cost, including interest and other charges on loans used in the formation of qualifying assets deducted from the accumulated depreciation and amortization.

The gain and loss resulting from the payment or disposal of a fixed asset is determined as the difference between the income earned, if applicable, and the corresponding residual value of the asset and is recognized in the income statement.

The Company and its subsidiary QGEP present substantially in its intangible assets, the acquisition costs of exploration concessions and signing bonuses corresponding to offers for obtaining concession for oil or natural gas. They are recorded at cost, adjusted when applicable, to its recoverable value and are amortized on a unit of production compared to proved reserves.

The administration performs annual qualitative evaluation of its oil and gas exploration assets with the aim of identifying facts and circumstances that indicate the need for impairment, presented below:

Period of concession for expired exploration or exploration expiring in the near future, with no expectation of renewal of the concession;

Representative expenses for exploration and evaluation of mineral resources in a particular area/block not budgeted or planned by the Company or partners;

Exploration and evaluation efforts of mineral resources that have not generated commercially viable discoveries and which the Administration have decided to discontinue in certain areas/specific blocks;

Existing and sufficient information to indicate that the capitalized costs are unlikely to be achievable even with the continuation of exploration expenses in a particular area/block development that reflect successful future, or even with its sale.

The future liability for decommissioning of the production area is recorded based on information provided by the operator of the fields and on the basis of revised estimates by the Administration when they are the operator, and fully registered at the time of declaration of commerciality for each field, as part of costs of related assets (fixed assets) and a corresponding fund for abandonment recorded in the liabilities, that supports such future expenditures. The fund for abandonment is reviewed annually by the Administration by adjusting the assets and liabilities values already accounted for. Revisions in the calculation basis of the estimates of expenditure are recognized as cost of assets and exchange differences found are allocated directly in the income statement.

Evaluation of impairment of assets

According to CPC 01 ("Impairment of Assets"), the property of fixed assets, intangible assets and, where applicable, other non-financial assets are assessed annually to identify evidence of impairment, or even whenever events or significant changes in circumstances indicate that the accounting value may not be impaired. Where applicable, if any loss arising from situations in which the asset's accounting value exceeds its impairment, set at the higher of the asset's value in use and net selling price, this is recognized in the income of the fiscal year.

The Company's Administration have not identified changes in circumstances, as well as evidence that its assets used in its operations are not recoverable before its operational and financial performance, and concluded that, to December 31, 2012, there was no need to record any provision for loss on its assets, except for the low spending on drilling wells that did not represent viability.

Financing

Loans and financing are initially recognized by fair value, at the moment of the receipt of funds, net of transaction costs where applicable. Then they are measured at amortized cost, that is, plus charges, interest incurred pro rata temporis and monetary and exchange variations as contractually set, incurred until the balance date.

Fund for judicial proceedings

The fund for tax, civil and labor judicial proceedings is recognized for the risks with the expectation of "probable loss", based on the opinion of the Managers and legal counsel, and values are recorded based on the estimated cost of the outcomes of these processes. Risks with the expectation of "possible loss" are disclosed by the Administration, but not registered.

Results assessment

The result of operations is calculated in accordance with the accounting basis of competence. Sales revenues are recognized upon the transfer of ownership and risk to others.

Income tax and social contribution

These taxes are calculated and recorded based on the effective rates prevailing at the date of preparing the financial statements. Deferred taxes are recognized for temporary differences, tax losses and negative basis of social contribution, only when and up to the amount that can be considered of probable realization by the Administration.

Tax Incentives

As it was located in the comprehensive area of SUDENE, our indirect subsidiary Manati had the right to a 75% reduction in additional and income tax calculated based on operating income for 10 years, beginning to enjoy this benefit since 2008. The value corresponding to the incentive was recorded in income and subsequently transferred to the revenue reserves - tax incentives, in the net equity of the indirect subsidiary Manati until the date of its incorporation by QGEP. The transfer of the benefit, due to the incorporation, is underway along SUDENE. Pursuant to Decree No. 64.214/69, QGEP is eligible for the benefit by succession pursuant to the merger of its wholly owned subsidiary Manati.

Agreements of stock-based payments

The plan of stock-based compensation to employees, to be liquidated with equity instruments, is measured at fair value on the grant date.

The fair value of options granted is recorded by accelerated method as expense in the income statement during the period in which the right is acquired, based on estimates of the Company on which granted options will be eventually acquired, with a corresponding increase in equity. At the end of each financial year, Company revises its estimates of the number of equity instruments that will be acquired. The impact of the revision on the original estimates, if any, is recognized in the income statement, so that the cumulative expense reflects the revised estimates with a corresponding adjustment to equity under "Stock Option Plan" which recorded the benefit to employees.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from net equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of equity instruments of the Company and its subsidiary QGEP. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiary QGEP are part of the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from 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 through profit or loss are recognized immediately in income.

Financial assets

Financial assets are classified into the following specified categories: (i) financial assets at fair value through profit or loss, (ii) investments held to 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 at the date of initial recognition. All acquisitions or normal divestitures of financial assets are recognized or lowered based on the trade date. Acquisitions or divestitures correspond to normal acquisitions or disposals of financial assets that require delivery of assets within the period established by regulation or market practice.

1. Financial assets at fair value through income

Include financial assets held for trading (i.e., purchased primarily for sale in the short term), or designated at fair value through profit or loss. Interest, monetary and exchange rate fluctuations arising from measurement at fair value are recognized in the income statement as financial income or expenses when incurred. The Company and its subsidiary have QGEP cash equivalents (CDB and committed debentures and exclusive investment fund) and financial investments in this class.

2. Investments held to maturity

Include non-derivative financial assets with fixed or determinable payments and fixed maturity that Company has a contractual obligation, the positive intent and ability to hold to maturity. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest method, less any loss due to impairment. The Company and its subsidiary QGEP have restricted cash classified under this category.

3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company and its subsidiary QGEP have receivable accounts, as well as cash and bank deposits (as income of cash equivalents) in this class.

4. Impairment of financial assets

Financial assets, except those designated at fair value through the results, are assessed for indicators of impairment at the end of each reporting period. Losses for impairment are recognized if, and only if, there is objective evidence of impairment of financial assets as a result of one or more events that occurred after its initial recognition, with an impact on the estimated future cash flows of such asset.

For all other financial assets, objective evidence may include:
Significant financial difficulty of the issuer or counterparty; or
Breach of contract, such as a default or delinquency in interest or principal; or
Probability that the debtor declares bankruptcy or financial reorganization; or
Extinction of active market of such financial asset because of financial problems.

For financial assets registered at amortized cost, the amount of impairment registered is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset.

For financial assets registered at cost, the amount of loss by the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current rate of return for a similar financial asset. This loss impairment shall not be not reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by the loss impairment for all financial assets with the exception of trade receivables, where the carrying amount is reduced by a fund. Subsequent recoveries of amounts previously paid are credited to the fund. Changes in the carrying amount of the fund are recognized in the income.

<u>Financial liabilities</u>

Financial liabilities are classified as "financial liabilities at fair value through profit and loss" or "other liabilities". The Company and its subsidiary QGEP have no financial liabilities at fair value.

<u>Other financial liabilities</u>

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

The effective interest method is used for calculating the amortized cost of a financial liability and for allocating interest expense for the period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, when appropriate, a shorter period, to the initial recognition of net carrying value.

Low financial liabilities

The Company and its subsidiary QGEP pay financial liabilities only when the obligations are extinguished and canceled or when they expire.

Functional currency

The functional currency of QGEPP as well as its Brazilian subsidiary QGEP in operation, used in the preparation of financial statements, is the currency of Brazil - Real (BRL), and the one that best reflects the economic environment in which the Company and its subsidiary QGEP are located and how they are managed.

This definition of functional currency was based on analysis of the following indicators, as described in the CPC 02:

Currency that mainly influences the prices of goods and services

Currency in which the resources of financial activities are substantially earned or invested;
Currency in which the amounts received from operating activities (sale of petroleum products) are normally accumulated.

Value Added Statement ("DVA")

This statement aims to highlight the wealth created by the Company and its subsidiary QGEP and its distribution during a certain period, and it is submitted as required by Brazilian Corporate Law, as part of its financial statements and as supplemental information to the consolidated financial statements as it is neither a demonstration provided nor is it mandatory statement under IFRSs.

The DVA has been prepared based on information obtained from accounting records that are the basis of preparation of the financial statements and following the provisions of CPC 09 - Statement of Value Added. The first part introduces the wealth created by the Company, represented by revenues (gross sales revenue, including taxes on the same, other revenues and the effects of fund for doubtful accounts), inputs acquired from third parties (sales cost and purchases of materials, energy and services of third parties, including taxes levied at the time of acquisition, the effects of loss and recovery of assets, depreciation and amortization) and value added received from third parties (equity equivalency income, financial revenues and other incomes). The second part of DVA shows the distribution of wealth between personal taxes and contributions, compensation of third party capital and compensation of own capital.

Cash Flow Statement (DFC)

This statement is prepared according to the CPC03 (R2) / IAS7 through the indirect method. The Company classifies as cash and cash equivalents balances of cash immediately convertible into cash and highly liquid investments (typically with maturities of less than three months) subject to an insignificant risk of changes in value.

Cash flows are classified in the statement of cash flows, depending on their nature: (i) operating activities, (ii) investing activities, and (iii) financing activities. Operating activities include primarily collections from customers and related parties, and payments to suppliers, staff, taxes and financial charges. The cash flows included in investing activities primarily include acquisitions and disposals of investments, deposits and withdrawals and judicial payments and receipts arising from the sale of fixed assets. Cash flows from financing activities covered primarily include payments and receipts relating to loans and financing obtained, derivative financial instruments and payments of dividends and interest on capital.

Net income per share

The basic earnings per share is computed by dividing net income by the weighted average of all classes of shares outstanding during the year.

10.6 - Internal control over financial statement: degree of efficiency and deficiency and recommendations in the auditor's report

a) Degree of efficiency of such controls, indicating possible imperfections and measures taken to correct them

Our administration evaluates the effectiveness of internal controls over financial statements, through a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements, to ensure our ability to initiate, authorize, record, process and disseminate relevant information in the financial statements. No flaws were identified in the implementation of relevant controls. During the exercise, if any identified shortcomings in the implementation of controls, these are corrected by implementing action plans that will ensure their effectiveness at the end of the fiscal year.

b) Deficiencies and recommendations about internal controls present in independent auditor's report

Our auditors did not perform its audits with the purpose of giving opinion on the internal controls, since the purpose was to issue a opinion about our financial statements. However in the context of its audits in the financial statements, our auditors issued recommendation letters. Our Administration believes that the points of improvement identified are not relevant to the process of preparing our financial statements and are acting on their implementation. {/0}

10.7 - Allocation of public bids resources and possible deviations

c) How the proceeds of the offering were used

Until the date of this Reference Form, 46,8% of the resources coming from the offer were used. This amount was mainly destined to the acquisition of equity participation and investment in the Blocks BM-S-8 and BS-4.

d) If there were relevant deviations between the effective application of resources and the applications proposals released in the prospects of said distribution

As highlighted in the section "Use of Proceeds" in the Prospect for our IPO, February 7, 2011, the funds raised in our IPO will be used according to the table below:

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

Until the date of this Reference Form, 46.8% of the proceeds from the offering were used. This amount was mainly destined to the acquisition of equity participation and investment in the Blocks BM-S-8 and BS-4.

Until the date of this Reference Form, the Company believes that the transactions made over the years of 2011 and 2012 reinforce our commitments during the IPO process, since the acquisitions remain a key element of our strategic plan to build long-term sustainable value for our shareholders. We believe we have demonstrated our ability to expand our portfolio of high quality assets in highly promising areas for exploration in Brazil. Additionally, given that a substantial part of the proceeds of the offering has not been used, the Company believes that no significant deviations between the actual and the same proposals disclosed in the prospects of the offer.

e) In the event of deviations, the reasons for such deviations

There were no deviations in the destination of resources.

10.8 - Relevant items not recorded in the financial statements

a) Assets and liabilities held by the issuer, directly or indirectly, that do not appear on its balance sheet *(off-balance sheet items),* such as: (i) Operating leases, assets and liabilities, (ii) portfolios of receivables written off on which the entity maintains risks and responsibilities, indicating the respective liabilities, (iii) contracts for future purchase and sale of products or services, (iv) Construction contracts not completed, and (v) contracts for future receipt of funding

The Company has no assets and liabilities that are not recorded in the financial statements for fiscal years 2010, 2011 and 2012.

b) Other items not disclosed in the financial statements

There are no other items not shown in the financial statements of the Company for fiscal years 2010, 2011 and 2012.

10.9 - Comments on Relevant items not disclosed in the financial statements

a) Since such items change or may change the revenues, expenses, operational result, financial expenses and other items in the financial statements of the issuer

There are no items that were not disclosed in the financial statements of the Company related to the fiscal years of 2010, 2011 and 2012.

b) Nature and purpose of operation

There are no items that were not disclosed in the financial statements of the Company related to the fiscal years of 2010, 2011 and 2012.

c) Nature and the amount of obligations assumed and of the rights generated in favor of the issuer because of the operation

There are no items that were not disclosed in the financial statements of the Company related to the fiscal years of 2010, 2011 and 2012.

10.10 - Business Plan

a) Investments (including the quantitative and qualitative description of the ongoing investments and of the expected investments, sources of financing of ongoing relevant investments and disinvestments and expected disinvestments)

i) Quantitative and qualitative description of ongoing investments and expected investments

Capital Expenses	Less than 1 year	1 to 3 years	3 to 5	Over 5	Total

BRL million			years	years	
EXPLORATION	175.3	452.0	-	-	627.3
DEVELOPMENT	109.7	156.0	-	-	265.7
Total	285.0	608.0	-	-	893.0

The table above contemplates exploration investments planned for the next years in wells provided in the Minimum Exploration Program (PEM), as well as in ongoing wells and non-contingent wells.

Investments in exploration contingent wells as well as the development of the production of other blocks are not described, since these investments may be subject to confirmation of new discoveries. This investments may include reservoir studies, geophysical and geological data acquisition, production and exploration well drilling, water injection, production collection system, natural gas plants, ducts for the interconnection of fields and condensed and oil production storage.

ii) Investments financing sources

Our business plan and use of resources were estimated based on planned volumes weighted by the chance of success of each project, ie considering investments weighted by the chance of success of each exploratory prospect. So the allocation percentage of the funds raised in our initial public offering of shares may change significantly depending on exploration success that can occur in our current portfolio and eventually be fully dedicated to the development of new projects.

The funds raised in our IPO in 2011, together with cash flow from existing Manati Field will allow the continuation of our exploration campaign, as well as acquisition of new assets. We are interested in participating in current and future opportunities in the pre-salt. In due course, we may participate, preferably with minority stakes in emerging basins to demonstrate the existence of significant prizes and/or *upsides* that can offset the risks of these projects. We are currently evaluating entering new assets through farm-ins that are being offered in the market and participation selectively in new bid rounds promoted by ANP.

To seek new investment opportunities aligned with our strategy of: (i) increasing our exposure in the southeastern basins, (ii) participating in the pre-salt areas in a minority basis, (iii) increasing our participation as operator, (iv) diversifying our partnerships, and (v) investment in selected projects in emerging basins with minority participation and that have high premium.

Additionally, we can continue using third party funding sources, according to availability and credit market conditions, available for fields in development and production or acquisitions.

iii) relevant ongoing and planned divestitures

We do not posses process of ongoing disinvestment of assets. We shall not that, however, the performance of farm-in and farm-out practices are oil industry practices. We may eventually enter into such kinds of agreements in the future if that would represent benefits to our business and shareholders. Entering into these agreements, if applicable, may represent relevant investment and disinvestments.

b) As long as already disclosed, indicate the acquisition of plants, equipment, patents or other assets that may influence materially the productive capacity of the issuer

We intend to present offers in future actions of ANP for the acquisition of concession rights of blocks that our Administration have defined as favorable potential areas for production and exploration activities.

c) Our products and services, indicating: (i) description of ongoing researches already disclosed; (ii) total amounts spent by issuer in researches for the development of new products and services; (iii) projects in development already disclosed; e (iv) total amounts spent by issuer in the development of new products and services

We have no business plan for new products and services.

10.11 - Other factors with significant influence

We present below other information that we consider relevant for the reading and understanding of our operational performance.

Thus, the following information will be included in this item:

- Information on our carve out consolidated financial statements for the years ended December 31, 2011 and 2010.

The information derived from our carve out consolidated financial statements include:

- For the year ended December 31, 2010: The combination of the carve out financial 3} extracted from the consolidated financial statements of QGOG, for the period of January 1st 2010 to July 1st 2010, exclusively using historical results of operations, assets and liabilities attributable to the segment of E&P, which include investing in our indirect subsidiary Manati and operations of Coral Field of BS-3 SA and the historical results of operations, assets and liabilities for the period of July 2 to December 31 2010. These were combined financial information whereas the E&P operations and QGOG and we were under common control and administration. These consolidated financial statements have been prepared from the historical accounting records of individual transactions and operations between QGOG and us should have been eliminated in order to demonstrate operations as if it were a single entity, as resulted from the transfer of assets held on July 2 2010. Therefore, the financial statements are denominated carve out consolidated.

Major Changes in Carve Out Consolidated Financial Statements

Year ended December 31, 2011 compared to the year ended December 31, 2010

The table below shows the figures for the carve out consolidated income statement for the years ended December 31, 2011 and 2010.

Income statement (in BRL million) ***Carve Out***					
	2011	**AV1%**	**2010**	**AV1%**	**% Change 2011/2010**
Net Revenue	**289.0**	**100.0**	**387.5**	**100,0**	**(25,4)**
Operating costs	(128.7)	(44.5)	(141.3)	(36.5)	(8,9)
Gross profit	**160.3**	**55.5**	**246.2**	**63.5**	**(34,9)**
Income (expenses)					
General and administrative	(59.5)	(22.1)	(21.6)	5.6.	196.3
Exploration costs for the extraction of oil and gas	(56.6)	(18.0)	(40.4)	(10.4)	29.0
Other net expenses	7.3.	2.5.	-	-	N/A
Operating profit	**36.8**	**12.8**	**184.2**	**47.6**	**(80,0)**
Net Financial result	84.4	29.2	3.6.	-0.9%	N/A
Income 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 income for the period	**92.1**	**31.9**	**148.0**	**38.2**	**(37.7)**

(1) Percentage of total net revenue.

Operating Results
In 2011, net revenue totaled BRL289 million, a decrease of 25.4% compared to BRL387.5 million recorded in 2010. This reduction was due to lower production volumes in the Manati Field, a result of the closures for maintenance performed throughout the year.

The total production volumes in the Manati Field reached 1500 MMm3 in 2011, or 675 MMm3 net to the Company. Manati has a contract to sell all the gas with a take-or-pay term to a real price adjusted annually using rates specified in the contract.

The lower production of Manati Field also contributed to the decline in operating costs, which totaled BRL129 million in 2011, a decrease of 9% compared to 2010 levels.

General and Administrative Expenses

The general and administrative expenses accounted for BRL64.1 million in 2011, a substantial increase of 196.3% from BRL21.6 million recorded in 2010. This increase resulted primarily from: (i) the increase in technical staff necessary to meet operational activities in Block BS-4 and (ii) BRL3.7 million related to stock options granted to employees. The general and administrative expenses, excluding non-recurring effects of the incentive for the IPO, totaling BRL23.1 million, totaled BRL41 million in 2011, compared to BRL21.6 million in 2010.

Exploration costs for the extraction of oil and gas

The total exploration costs for the extraction of oil and gas totaled BRL52.1 million in 2011, representing an increase of 29.0% YoY. The increase in these costs resulted primarily from the acquisition of seismic data.

Other net operating expenses

The Company recorded BRL7.3 million in other operating expenses in 2011, primarily related to the provision for the fine on the breach of the gas sale *delivery or pay* agreement in Manati Field during 2011.

Financial result

In 2011, net interest income totaled BRL84.4 million, compared to a net financial expense of BRL3.6 million in 2010. This variation is due primarily to interest income generated from applications of funds raised in the Initial Public Offering of Shares received by the Company in February 2011, the net foreign exchange expense of BRL48.5 million related to the impact of exchange rate changes on remaining portion of the payment of the acquisition of Block BS-4 in accounts payable and accrued balance for the abandonment of the Manati Field.

Net Profit
The Company recorded net income of BRL92.1 million in 2011, a decrease of 38% compared to BRL148 million recorded in 2010. This result was due to lower production volumes from the Manati Field, general and administrative expenses and higher impact of financial results.

Major Changes in Carve Out Consolidated Cash Flow
Year ended December 31, 2011 compared to year ended December 31, 2010

Statement of Cash Flows (BRL million) ***Carve Out***			
	2011	**2010**	**% Change 2011/2010**
Net cash provided by operating activities	**194.2**	**253.0**	**(58.8)**
Net cash provided by (used in) investment activities	**(607.1)**	**(89.1)**	**(518.0)**

Net cash provided by (used in) financing activities	**1297.8**	**(114.2)**	**1412.0**

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by BRL58.8 million, from BRL253.0 million on December 31, 2010 to $ 194.2 million on December 31, 2011. This reduction is mainly explained by the reduction of BRL55.9 million in net income, explained by variations in the results of the two periods mentioned in Item "Major Changes in Income Statement" above.

Net Cash in Investment Activities

Net cash used in investment activities increased 8.4%, or BRL518.0 million, from BRL89.1 million on December 31, 2010 to BRL607.1 million on December 31, 2011. This increase results mainly due to acquisitions in 2011 of direct exploration of two exploration blocks and to the fact that the amount spent on exploration drilling is higher than in 2010.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities increased by BRL1,412.0 million, from net cash used of BRL114.2 million on December 31, 2010 to a net cash of BRL1,297.8 million on December 31, 2011. This variation is mainly due to the increase in capital, net of share issues costs of BRL57.4, totaling BRL1,457.7 million.

ANNEX B

PROPOSAL FOR ALLOCATION OF NET INCOME

(Pursuant to Art. 9, §1, section II of CVM Instruction 481).

Annex 9-1-II

1. **Report net income for the year:**

The Company's net income for the year ended December 31, 2012 was BRL82,468,112.40.

2. **State the amount and amount per share of dividends, including interim dividends and interest on equity already declared:**

The Company's Administration propose the allocation of BRL783.45 in dividends required, representing 0.001% of adjusted net income after allocation on the Legal Reserve, corresponding to BRL0.000003 per common share.

3. **State the percentage of net income distributed:**

The Administration' proposal is the distribution of the equivalent to 0.001% of the net profit of the year.

4. **State the total amount and the amount of dividends paid per share based on earnings from previous years:** (1)

Non applicable, since in 2012 there wasn't any distribution of dividends based on earnings from previous years.

5. **Inform, deducing first the interim dividends and interest on equity already declared:**

a. The gross amount of dividends and interest on equity, separately, per each type and class.

The Administration proposes to pay dividends amounting to BRL0.000003 per common share. There will be no payment of interest on equity.

b. The form and time of payment of dividends and interest on equity.

The dividend payment will occur on April 30, 2013, after delivery, before the cost agent, to shareholders registered in own book and with the Brazilian Clearing and Depository Corporation - CBLC. There will be no payment of interest on equity.

c. Possible restatement and interest on dividends and interest on equity.

Not applicable, since there is no restatement and interest on dividends and interest on equity.

d. Date of declaration of payment of dividends and interest on equity used for identification of shareholders entitled to receive them.

The date of declaration of payment of dividends to be considered for identification of shareholders entitled to its receipt is April 19, 2013. There will be no payment of interest on equity.

6. **If dividends or interest on equity have been declared based on profits earned in semiannually or in shorter periods:**

a. State the amount of dividends or interest on equity declared.

Not applicable as there was no declaration of dividends or interest on equity by the Company based on profits earned in semiannual or shorter periods.

b. Inform the date of the respective payments.

Not applicable as there was no declaration of dividends or interest on equity by the Company based on profits earned in semiannually or in shorter periods.

7. **Provide comparative table with the following values per share of each type and class:**

a. Net income of the year and of three (3) previous years, in Brazilian Reais. (1)

	2012	2011	2010 [2]
Net income of the year	82,468,112.40	92,137,357.70	35,594,641.18
Weighted average number of common shares	264,550,722.25	256,849,694.68	186,065,886.00
Net income per common share - basic	0.31	0.36	0.59

(1) Amounts calculated based on outstanding shares as of December 31 of each year.
(2) Whereas the Company began operations in September 2010, the net income refers to only four (4) months of operation (September/10 to December/10)

Basic earnings per common share are computed by dividing net income by the weighted average of all classes of outstanding shares during the year.

b. Dividends and interest on equity paid in three (3) previous years [1], in Brazilian Reais.

	2012	2011	2010 [2] [3]
Total dividends	783.45	875.30	33,814,909.12
Dividends per common share	0.000003	0.000003	0.181736

(1) Amounts calculated based on outstanding shares as of December 31 of each year.
(2) The dividends were distributed in full.
(3) Whereas Company began operations in 2010, there is no data for the fiscal year 2009.

8. If profits are allocated to the legal reserve:

a. Identify amount allocated to the legal reserve.

The amount allocated to the legal reserve is BRL4,123,405.62.

b. Detail the calculation of the legal reserve.

Net income of the year	82,468,112.40
(x) Percentage for the Legal Reserve	5%
Allocation of Legal Reserve	4,123,405.62

According to article 193 of Law No. 6.404/76, 5% of net income will be applied before any other allocation, to the legal reserve, which shall not exceed 20% of the share capital.

9. If the company has preferred shares entitled to fixed or minimum dividends:

a. Describe the method for calculation of fixed or minimum dividends.

Not applicable.

b. State whether the income for the year is sufficient for full payment of fixed or minimum dividends.

Not applicable.

c. Identify whether any unpaid portion is cumulative.

Not applicable.

d. Identify the total amount of fixed or minimum dividends to be paid to each class of preferred shares.

Not applicable, as the Company has no preferred shares.

e. Identify the fixed or minimum dividends to be paid per preferred share for each class.

Not applicable, as the Company has no preferred shares.

10. In relation to the mandatory dividend:

a. Describe the calculation method set forth in the articles.

Under Article 29 of the Company's Articles of Incorporation, the mandatory dividend corresponds to 0.001% of annual net income.

b. Inform whether it has been fully paid.

The mandatory dividend will be paid in full by the Company.

c. Inform the amount to be withheld.

Not applicable, since the mandatory dividend will be paid in full by the Company.

11. Case of retention of mandatory dividend due to the financial situation of the company:

a. Report the withholding amount.

Not applicable, since there is no retention of the mandatory dividend by the Company.

b. Describe in detail the Company's financial condition, addressing also aspects related to the analysis of liquidity, working capital and positive cash flow.

Not applicable, since the mandatory dividend due will be paid in full.

c. Justify the withholding of dividends.

Not applicable, since there is no retention of the mandatory dividend by the Company.

12. In case of allocation of income to the reserve for contingencies:

a. Inform the amount allocated to the reserve.

Not applicable, since there will be no allocation of income to the reserve for contingencies.

b. Identify the probable loss and its cause.

Not applicable, since there will be no allocation of income to the reserve for contingencies.

c. Explain why the loss is considered probable.

Not applicable, since there will be no allocation of income to the reserve for contingencies.

d. Justify the establishment of the reserve.

Not applicable, since there will be no allocation of income to the reserve for contingencies.

13. Allocation of income to the reserve for unpaid profits:

a. Inform the amount allocated to the reserve for unpaid profits.

Not applicable, since no income is allocated to the unpaid profits reserve.

b. State the nature of unpaid profits that gave rise to the reserve.

Not applicable, since no income is allocated to the unpaid profits reserve.

14. If there is allocation of earnings to statutory reserves:

a. Describe the statutory provisions that establish the reserve.

Article 30 of the Articles of Incorporation provides that a portion of net income remaining after the allocation of the required amount to the legal reserve and the mandatory dividend may be allocated to the Investment Reserve. The balance of this reserve, added to the balances of the other profit reserves, except for unpaid profit reserves, reserves for contingencies and tax incentives reserve may not exceed 100% of the stock capital of the Company.

b. Identify the amount allocated to the reserve.

The amount to be allocated to the Investment Reserve will be BRL78,343,923.33.

c. Describe how the amount was calculated.

Net Profit of the Year	82,468,112.40
(-) Legal Reserve	[4123405.62]
(-) Mandatory dividends	[783.45]
Investment Reserve Value	78,343,923.33

15. In case of retention of earnings provided in the capital budget:

a. Identify the amount withheld.

Not applicable, since there was no retention of profits under the capital budget.

b. Provide a copy of the capital budget.

Not applicable, since there was no retention of profits under the capital budget.

16. In case of allocation of net income to the tax incentive reserve

a. Inform the amount allocated to the reserve.

Not applicable, since there was no allocation of income to the tax incentive reserve.

b. Explain the nature of the allocation.

Not applicable, since there was no allocation of income to the tax incentive reserve.

ANNEX C

13.1 Describe the policy or practice of compensation of the Board of Directors, Statutory or non-statutory Board of Directors, Supervisory Board, Statutory Committees and Statutory Audit, Risk, Finance and Compensation:

a. Purposes of the compensation policy or practice:

Our compensation practices aim to attract, withhold and motivate qualified professionals, seeking to align the interests of the managers with short, medium and long term goals of the Company.

The compensation policy of the Company is prepared based on best market practices, in a system of goals and business strategies and based on the duties and responsibilities of the position.

Accordingly, since 2012, the Company and its subsidiaries adopted a plan for jobs and wages that reflect the profile and needs of the Company, and is in line with the best practices of our peers in the market.

In addition to the compensation of managers, the Company has developed in 2011 a Plan for Company's Stock Purchase Option ("Option Plan"), with the objective of aligning the interests of managers with objectives in the medium and long term of the Company and strengthen an entrepreneurial and result-oriented culture.

b. Compensation composition, stating:

i. Description of the compensation elements and of the goals of each one of them

Board of Directors. Our Board of Directors receives a fixed compensation without any component of variable compensation. The fixed compensation of the board members nominated by our controlling shareholder and that occupy executive positions in other companies of our group adopts as a parameter, on the dates of the Ordinary General Meeting, the value of the minimum wage, being considerably less than the amounts paid to our independent board members. The independent members of our Board of Directors and/or board members nominated by controlling shareholders that have a exclusive direction function in our Company receive a fixed compensation established based on the duties and responsibilities assumed and aligned with the practices of other companies in our group in order to compensate them for the services provided to the Company.

Our managers also receive compensation from other companies of the group. Moreover, one of our board members kept some benefits (health insurance, dental and life insurance) funded by our subsidiary Queiroz Galvão Exploração e Produção S.A.("QGEP"), reminiscent of the period in which they held the position of CEO of the Company.

For more information about the compensation paid to board members by other companies of our group, see item 13.15 of this Reference Form.

Statutory Executive Board. Our Officers receive a fixed and variable compensation, the latter of which is paid through our subsidiary QGEP, as indicated in the items 13.15 and 13.16 below.

Fixed compensation is the amount paid monthly to the Officers for their exercised responsibilities within the Company and our subsidiaries, aiming to recognize and reflect the value of individual experience and responsibility of the position and its responsibilities. The variable remuneration, in turn, seeks to reward performance, reach and exceed of targets based on factors that contribute to the growth of the Company.

Our Officers and other employees of the Company receive certain benefits, such as medical and dental care, life insurance and pension funds, in line with market practice and supported overwhelmingly by the subsidiary QGEP. These benefits complement the compensation package of the members of the Company based on market practices.

Because we are a company whose purpose is to participate in other companies engaged in the exploration, production and marketing of oil, natural gas and their derivatives (thus, we are a *holding company),* we focus much of our compensation of our Executive Board on our operating subsidiary QGEP.

Finally, our Officers are benefited by the Company's Option Plan, which aims to (i) align the interests of managers with objectives in the medium and long term of the Company and (ii) strengthen an entrepreneurial, operational efficiency and result-oriented culture.

ii. What is the proportion of each element in the total compensation

According to the table below, the proportions of each element in total compensation for the fiscal year ended December 31, 2012 paid to its managers in the Company were:

Fiscal year ended on December 31 2012					
Sector	% in relation to total compensation of the amount paid to the title of				
	Fixed Compensation	Variable Compensation	Benefits post Employment or by termination of office	Stock-based compensation	Total
Board of Directors	100%	0%	0%	0%	100%
Executive Board	100%	0%**	0%	0	100%

* Our Officers also receive reimbursement paid by our operating subsidiary QGEP, for more information see item 13.15 of this Reference Form.

** Our Officers receive also variable compensation paid by our operational subsidiary QGEP, for more information see item 13.15 of this Reference Form.

**The value of the options granted under the Share Purchase Plan of 2012 is acknowledged in accounting in our subsidiary QGEP. For more information about the proportion of each element of total compensation of the Company see item 13.15 of this Reference Form.

iii. Methodology of calculation and readjustment of each of the compensation elements

Board of Directors. The compensation of the members of the Board of Directors appointed by our controlling shareholder and holding positions in other companies of our group is symbolic and uses as reference the value of the minimum wage in effect for the year in question, while the compensation of independent members and/or board members exclusive of our company is obtained through analysis of market practice, particularly from other companies in our group, and reviewed periodically to reflect (i) the adequacy to activities and responsibilities, (ii) the recovery of loss due to inflation and (iii) competitive with market practices.

Executive Board. The compensation of our Officers is calculated and adjusted (i) based on market practices obtained through compensation surveys in which the Company participates annually (ii) to reward individual performance presented in a consistent manner and (iii) annually to reflect the agreement between our subsidiary QGEP and the trade union to which it is bound.

The comparison of our compensation with the prevailing market is held with companies predominantly active in the same sector of the Company, also considering, for sampling purposes, companies in different industries and of varying size. Moreover, the adjustments agreed with the union and our subsidiary QGEP is applied linearly, i.e., applies to all Officers, as well as other employees of the Company.

iv. Reasons that justify the composition of the compensation

With the above compensation policy, the Company aims to reward its employees in accordance with the responsibilities inherent in their roles, aligned with market practices and levels of competitiveness of the Company. We believe that the composition of compensation is appropriate to the strategies and objectives in the short, medium and long term of the Company.

c. key performance indicators that are taken into account in determining each component of compensation:

Board of Directors.
None.

Executive Board. The set of elements of compensation seeks to recognize professional experience, individual performance and results achieved by the Company. Performance indicators for determining the variable compensation elements take into consideration financial and operating results of the Company, in addition to individual performance measured by the achievement of targets previously agreed.

d. How compensation is structures to reflect the evolution of the development indicators

Board of Directors. Compensation of the Board of Directors paid by the Company is integrally fixed.

Statutory Officers. Compensation to the Officers is composed by fixed and variable components. The variable compensation of the Officers is based on their individual performance, the operational and financial results.

e. How the policy or practice of compensation is lined up with the interests of the issuer of short, medium and long term

The composition of compensation merging fixed and variable compensation paid by the Company and its subsidiary QGEP, added to incentives that enable long-term gain align the interests of short, medium and long term of the Company and allow the generation of sustainable and consistent results, preserving the perpetuity of the businesses in which we operate.

The variable compensation based on operational, financial and individual goals previously established, focusing on projects and activities that generate results for the Company contributes to the development of a culture focused on results and operational efficiency.

The Option Plan established by the Company encourages the generation of consistent results of medium and long term for the Company and strengthen the entrepreneurial culture of results and operational efficiency.

f. Existence of compensation supported by subsidiaries, controlled companies or direct or indirect controllers

Because we are a company with the sole purpose of social participation in companies which are involved substantially with the exploration, production and marketing of oil, natural gas and their derivatives (thus, we are a pure *holding company)* much of the compensation of our executive officers focus on our operating subsidiary QGEP. The identification of the type of compensation received, segregated by the board, is described in items 13.15 and 13.16 of this document.

g. Existence of any compensation or benefit related to the occurrence of certain corporate event, such as the disposal of corporate control of the Company

Currently there is no compensation or benefit related to a corporate event involving the Company or its subsidiaries.

In 2011, the amount of approximately BRL23,1million (corresponding to 1.523% of the amount of the Primary Offer of Company's shares) to officers, managers, employees and collaborators of the Company and its subsidiary Queiroz Galvão Exploração e Produção S.A., as incentive gratification to the well-succeeded completion of the Initial Public Offer of Company's Shares.

13.2 – Total compensation of the Board of Directors, Statutory Board and Audit Committee

Total compensation estimated for current Fiscal Year - 12/31/2013 - Annual Values			
	Board of Directors	Statutory Executive	Total
N. of members	7	4	11
Annual fixed			
Salary or compensation for work	895,824.00	1,223,820.00	2,119,644.00
direct and indirect	16,997.00	88,899.00	105,896.00
Participation in	0.00	0.00	0.00
Others (Charges)	179,165.00	245,171.00	424,336.00
Description of other fixed compensations	The amount of the "Others" account refers to INSS contribution on pro-labore, with rate of 20% corresponding to part of the company	The amount of the "Others" account refers to INSS contribution on *pro-labore*, with rate of 20% corresponding to the part of the company.	
Variable			
Premium	0.00	0.00	0.00
Profit Sharing	0.00	0.00	0.00
Participation in	0.00	0.00	0.00
Commissions	0.00	0.00	0.00
Others	0.00	0.00	0.00
Description of other variable			
Post-employment	0.00	0.00	0.00
Termination of the	0.00	0.00	0.00
Stock based	0.00	0.00	0.00
Notes	The number of members of each agency for the fiscal year of 2010 was assessed based on the annual average of the number of members of each agency assessed monthly, with two decimal places.	The number of members of each agency for the fiscal year of 2010 was assessed based on the annual average of the number of members of each agency assessed monthly, with two decimal places.	
Compensation Total	1,091,986.00	1,557,890.00	2,649,876.00

Total compensation recognized in the fiscal year ended on 12/31/2012 - Annual Values			
	Board of Directors	Statutory Executive Board	Total
N. of members	7.00	3.5	11.00
Annual fixed compensation			
Salary or compensation for work	701,811.00	998,967.00	1,700,778.00
direct and indirect Benefits	1,103.00	31,675.00	32,778.00
Participation in committees	0.00	0.00	0.00
Others (Charges)	140,362.20	199,794.00	340,156.00
Description of other fixed compensations	The amount of the "Others" account refers to INSS contribution on pro-labore, with rate of 20% corresponding to the part of the company.		
Variable compensation			
Premium	0.00	0.00	0.00
Profit Sharing	0.00	0.00	0.00
Participation in meetings	0.00	0.00	0.00
Commissions	0.00	0.00	0.00
Others	0.00	0.00	0.00
Post-employment	0.00	0.00	0.00
Termination of the position	0.00	0.00	0.00
stock based	0.00	0.00	0.00
Notes	The number of members of each body for the fiscal year of 2012 was assessed based on the annual average of the number of members of each body assessed monthly, with two decimal places.	The number of members of each body for the fiscal year of 2012 was assessed based on the annual average of the number of members of each body assessed monthly, with two decimal places.	
Compensation Total	843,276.00	1,230,436.00	2,073,712.00

Total compensation recognized in the fiscal year ended on 12/31/2011 - Annual			
	Board of Directors	Statutory	Tota
N. of members	7	4	11
Annual fixed			
Salary or	512,600.00	893,160.00	1,405,760.00
direct and indirect	0.00	0.00	0.00
Participation in	0.00	0.00	0.00
Others (Charges)	102,520.00	178,632.00	281,152.00
Variable			
Premium	0.00	0.00	0.00
Profit Sharing	0.00	0.00	0.00
Participation in	0.00	0.00	0.00
Commissions	0.00	0.00	0.00
Others	0.00	0.00	0.00
Post-employment	0.00	0.00	0.00
Termination of the	0.00	0.00	0.00
stock based	0.00	0.00	0.00
Compensation Total	615,120.00	1,071,792.00	1,686,912.00

13.3 Variable compensation of the board of directors, statutory executive board and the audit committee, in relation to the last 3 fiscal years and the compensation provided for the current fiscal year

The Company did not make the payment of variable compensation to the Board of Directors and to the Executive Board and there is no forecast for payment of this nature related to the year of 2013. The variable compensation of the statutory board is received through one of its subsidiaries, according to the provision on items 13.15 and 13.16. Since its organization, the Company did not have the audit committee installed.

13.4 In relation to the stock-based compensation plan of the Board of Directors and the Statutory Board, in force in the last fiscal year and provided for the current fiscal year, describe:

a. general terms and conditions:

Plan Administration:

In Extraordinary General meeting held on April 29, 2011, our shareholders approved the Stock Option Plan of the Company ("Plan"), which is managed by the Board of Directors of the Company. Annually, the Board of Directors shall create Stock Option Grant Programs ("Programs"), defining the beneficiaries, the subscription or acquisition price, the grace period for the exercise of the option, the maximum term for the exercise of the option, rules on the transfer of options and any restrictions to the sanctions received for the exercise of the option. The Board of Directors shall extend, but not advance, the deadline for the exercise of the option of the Programs in force. It may also extinguish the Plan, at any time, and establish the applicable regulation to the cases not provided herein, without damage to the stock options already granted. The Board of Directors cannot change the provisions established in the Plan and no resolution may, without the consent of the bearer, modify or harm any rights or obligations of any stock option already granted.

The Program referring to the current fiscal year (2013), approved in meeting of the Board of Directors held on March 11, 2013 ("2013 Program"), granted to the Officers 1,018,958 common stock purchase options, representing 0.38% of the capital stock of the Company. The programs referring to the year ended on December 31, 2012, approved at the Board of Directors meeting held in March 23, 2012 and May 29, 2012 ("2012 Program"), granted to the Officers, respectively, 1,018,958 and 550,000 common stock purchase options, representing 0.38% and 0.21% of the capital stock of the company. The program referring to the fiscal year ended on December 31, 2011, approved at the Meeting of the Board of Directors held on May 2, 2011 ("2011 Program"), granted to the Officers 653,182 common stock purchase options, representing 0.25% of the capital stock of the company.

Beneficiaries:

At discretion of the Board of Directors, the Executives (employees or not) and certain employees of the Company and its subsidiaries (companies controlled directly or indirectly by, or the Company) can be benefited for the grant of option ("Beneficiaries").

Shares included in the Plan:

Once the option is exercised by the Beneficiaries, the corresponding shares will be issued by the Company, with the consequent increase of its capital stock. Stock purchase options existing in the treasury department can be offered, by means of previous approval of the Securities Exchange Commission - CVM. The shareholders, under the provisions in article 171, paragraph 3, of the Corporations Act, shall not have preemptive right in the grant and the exercise of the common stock purchase option of the Plan, observing the limit of the authorized capital approved by the General Meeting, under article 168, paragraph 3, of the Corporations Act.

Exercise of the option:

The option can be exercised, in whole or in part, during the term and periods established in the invitation letter for participation in the Plan ("Invitation Letter ") in compliance with the Plan and the relevant Program. In the case of partial exercise, the Beneficiary shall exercise the remaining option within the terms and conditions established in the Plan, in the relevant Program and the Invitation Letter, except for the events provided in the Plan. The Beneficiaries shall be subject to the restrictive rules for the use of privileged information applicable to publicly held company in general and those established by the Company.

Stay in office:

The Plan or option granted by the Plan shall not grant to the Beneficiary, in any hypothesis, rights to stay in the office, and shall not interfere with the right of the Company to terminate, at any time, its relation with the Beneficiary.

Limitations to the Owners' Rights to options:

No Beneficiary of option granted based on the Plan (i) may transfer it to any third party or encumber it, directly or indirectly, neither do legal business with the commitment to do so; and (ii) shall have any rights and obligations inherent to the shareholders of the Company. No share shall be delivered to the Beneficiary as a result of the exercise of the option, unless all legal and contractual requirements are integrally complied with.

Adjustment:

If the number of issued shares of the Company is increased or decreased, or if the shares are replaced or changed by different species or classes, as a result of stock based premiums, groupings or deployments, then appropriate adjustments to the number of shares in relation to which options were granted and not yet exercised, shall be made. Any adjustments in the options shall be made without change in the purchase value of the total applicable to the portion not exercised of the option, but with adjustment corresponding to the exercise price for each share or any unit of share enclosed by the option. The Board of Directors shall establish the applicable rules for cases of dissolution , transformation, acquisition, merger, split or reorganization of the Company.

Date and Duration:

The Plan was in force on the date of approval by the Extraordinary General Meeting of the Company, held on April 29, 2011, and may be extinct, at any time, upon decision of the Board of Directors of the Company, without damage to the validity of the restrictions to the negotiability of the Shares and without damage to the rights of the Beneficiaries of the purchase options already granted.

Assignment:

Rights and obligations arising from the Plan, Programs, and the Invitation Letter cannot be assigned or transferred, in whole or part, by any of the parties, nor given as pledge of obligations, without the previous written consent of the other party.

b. main purposes of the plan

The Plan aims at to line up the interests of the managers with medium and long term purposes of the Company and to strengthen an enterprising and results-oriented culture

c. contribution of the plan to these purposes

The Plan allows to line up the interests of the Beneficiaries, the Company and its subsidiaries, benefited in accordance with the performance of the issued shares of the Company, with the interests of our investors, directly benefited by the results achieved by the Company.

d. how the plan is inserted in the issuer compensation policy:

The plan has incentive function in the performance of our managers, and may represent an additional equity gain, subject to the rules regarding incentives of this nature and conditioned the appreciation of our shares in the long term.

e. how the plan aligns the interests of the managers and issuer in short, medium and long term:

The Plan stimulates the improvement of the short term administration, lining up the interests of the Beneficiaries with the interests of the Company and its shareholders. Moreover, the Plan is inserted in the Company's policy to attract, motivate and assure the stay of qualified professionals in our administration, stimulating them to reach it and overcome the goals established, what we consider as good policy for the medium and long term commitment in relation to the performance of the Company.

f. maximum number of shares enclosed:

The shares enclosed by the Plan shall be equivalent to, at a maximum, 5% of the total of shares issued of the Company. Currently, this amount corresponds to 13,290,495 common share. The grants of the 2011, 2012 and 2013 Programs totalize 5,896,053 stock purchase options of the Company.

g. maximum number of options to be granted:

Each option assures to the Beneficiary the right to subscribe or acquire a common issued share of the Company. Thus, the options enclosed by the Plan shall be equivalent to, at a maximum, 5% of the total of shares of the Company.

h. conditions of acquisition of shares:

Annually, the Board of Directors shall appoint, in compliance with the Plan and for each Program, the Beneficiaries, which shall be duly invited upon Invitation Letters.

The terms and conditions of each option granted according to the Plan, shall be established in the annual Programs and in the respective invitation letters, defining, among other conditions: a) the number of shares to be issued or sold with the exercise of the option; b) the exercise price as established in the referred Plan; c) the following grace periods for which the owner shall wait to exercise its options: (a) 20% of the options can be exercised after a period of 12 months from the grant; (b) 30% of the options can be exercised after the period of 24 months from the grant; and (c) 50% of the options can be exercised after a period of 36 months from the grant; and (iv) the term of 7 (seven) years, counted from the grant of the option, which at the end, the exercise of the option and all rights arising therefrom shall expire. The shares arising from the exercise of the options shall grant to its owners the rights established in the Plan, in the relevant Programs and in the Invitation Letter, and the right to receive the dividends on the shares which may be distributed from its relevant subscription or acquisition shall always be assured.

i. Criteria for establishment of the acquisition price or exercise price:

The exercise price is established based on the average price of the shares registered in the 60 previous trading on the date of the grant of the options for the subsequent years. The exercise price shall be paid in cash and shall be annually adjusted by the National Consumer Price Index - INPC, or in case of its extinction, by another official index that has the same characteristics. The option can only be exercised under the Plan and each Program, during the terms and in the periods provided herein.

j. criteria for the establishment of the exercise term:

The option can only be exercised during the terms and in the periods provided in the Plan and in each Program. In accordance with the Plan, the Beneficiaries shall be submitted to the following grace periods: (i) 20% of the options can be exercised after the period of 12 (twelve) months from the grant; (ii) 30% (thirty percent) of the options can be exercised after the period of 24 months from the grant; and (iii) 50% of the options can be exercised after the period of 36 months from the grant.

k. liquidation form

The liquidation occurs upon payment in cash.

l. restrictions to the transfer of shares

If the Beneficiary intends, directly or indirectly, to dispose of, or, in any other way, transfer the entirety or part of the shares held by him/her, provided that such rights have arisen from shares object of the Plan, the Company shall be entitled to opt to repurchase such shares at market value, and the Company shall not be bound to the price and conditions offered by any third parties.

m. criteria and events which, when verified, shall cause the suspension, alteration or extinction of the plan

The Plan can be extinct, at any time, upon decision of the Board of Directors of the Company and, the board is also competent to establish the applicable regulation to the cases not addressed herein.

n. effects of the resignation of the manager from the issuing bodies on its rights provided in the stock based compensation plan:

At the resignation of the manager, in the capacity of Beneficiary of the Plan, by his/her own initiative, or by the Company, including retirement cases, the options (i) not acquired until such date, shall be cancelled; and the options (ii) already acquired until the resignation date, can be exercised in up to 90 days, from the termination date of the relevant employment agreement or term of office, being that, after such term, if not exercised, shall be cancelled. The Board of Directors may, in extraordinary cases, determine specific rules authorizing the exercise of options by managing Beneficiaries, whose grace period for the acquisition of the right of exercise of option has not been fulfilled.

In case of death of the managing Beneficiary, its successors, or, in case of permanent disability, the managing Beneficiaries itself shall be entitled to immediately exercise any options not exercised, even if the right to exercise has not been acquired, for the term of 12 months counted from the event, being that, after such term, such options shall be cancelled.

13.5 Inform the number of shares or membership interests directly or indirectly held, in Brazil or abroad, and other securities convertible in shares or membership interests, issued by the issuer, its direct or indirect controllers, subsidiaries or under common control, by members of the board of directors, the statutory executive board or the audit committee, grouped per body, on the date of the ending of the last fiscal year.

The tables below indicate the number of issued shares of the Company, its indirect and direct controllers, and companies under the common control, held, directly and indirectly, by the members of the Board of Directors and the Executive Board of the Company, on December 31, 2012. We'd like to clarify that the number of shares owned by the members of the Board included in the tables below does not include shares owned by Related persons and this is the reason why the values shown in the tables below differ from the one informed in the Negotiation Consolidates Formo f Management and Related persons dated December 31, 2012.

We emphasize that on the date of the ending of the last fiscal year, the Company did not installed any audit committee.

Issued Securities of the Company directly held on December 31, 2012 by:	
Members of the Board of Directors	Members of the Executive Board
230,706 common shares	10,526 common shares

Issued Securities of the Company indirectly held on December 31, 2012 by:	
Members of the Board of Directors	Members of the Executive Board
49,995,902 common shares	0 common shares

Securities Issued of:	**Held on December 31, 2012 by:**	
	Member of the Board of Directors	**Members of the Executive Board**
Direct or Indirect controllers		
Queiroz Galvão S.A.	283,758,941 common shares	0 common shares
Quantum–Fundo de Investimento em Participações	16,715,26461 membership interests	0 membership interest
Common Control Corporations		
EBMA– Empresa Brasileira do Meio Ambiente S.A.	3 common shares	0 common shares

13.6 Information on stock based compensation recognized in the incomes of the 3 last fiscal years and to the compensation provided for the current fiscal year of the board of directors and the statutory executive board

The value of the options granted referring to 2011, 2012 and 2013 Programs is recorded in our controlled QGEP (see item 13.15 for more information on the compensation paid to our subsidiaries).

In addition, we inform that on June 1, 2012, Mr. José Augusto Fernandes Filho left the position of Chief Executive Officer of the Company and became a member of the Board of Directors of the Company, keeping his options acquired in the Programs which he was elect as Beneficiary in the exercise of the position.

The table below summarizes the stock based compensation practiced by the Company provided for the fiscal year of (2013):

Stock based compensation provided for the current fiscal year (2013)		
	Board of Directors	**Executive Board**
N. of members	N/A	4
Grant of purchase options		
Date of the grant:		March 14, 2013
Amount of options granted to the Officers:		1.018.958
Term for the options to be exercised:		20% after 12 months from the grant, 30% after 24 months from the grant and 50% after 36 months from the grant
Maximum term for the exercise of the options:		7 years counted from the grant
Term of restriction to the transfer of stock:		The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.
Weighted average price of year:		
(a) outstanding options at the beginning of the fiscal year:		BRL 12.83
(b) Options lost during the fiscal year:		N/A
(c) options exercised during the fiscal year:		N/A
(d) options expired during the fiscal year:		N/A
Fair value of the options on the date of the grant		BRL 4.11
Potential dilution in case of exercise of all options granted:		0

The table below summarizes the stock based compensation practiced by the Company in the fiscal year ended on December 31, 2012:

Stock based compensation provided for the fiscal year ended on December 31, 2012		
	Board of Directors	**Executive Board**
N. of members	1	4
Grant of purchase options		
Date of the grant:	03/26/2012 5/29/2012*	3/26/2012 and 5/29/2012*
Number of options granted to the Officers:	822,630 **	817,860 ***
Term for the options to be exercised:	20% after 12 months from the grant, 30% after 24 months from the grant 50% after 36 months from the grant	20% after 12 months from the grant, 30% after 24 months from the grant and 50% after 36 months from the grant
Maximum term for the exercise of the options:	7 years counted from the grant	7 years counted from the grant
Term of restriction to the transfer of stock:	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.
Weighted average price of year:		
(a) outstanding options at the beginning of the fiscal year:	BRL14.17 and BRL 12.81	BRL 14.17
(b) options lost during the fiscal year:	N/A	N/A
(c) options exercised during the fiscal year:	N/A	N/A
(d) options expired during the fiscal year:	N/A	N/A
Fair value of the options on the date of the grant	BRL5.31 and BRL 3.87	BRL5.31
Potential dilution in case of exercise of all options granted:	0	0

*The 2012 Program was reviewed by the Board of Directors on May 28, 2012 for concession of new options.

** The options informed in the Board of directors were granted when the Director held Officer position.

*** The options granted to one of the officers, when holding the position of manager in 2012, are included in this item.

The table below summarizes the stock based compensation practiced by the Company in the fiscal year ended on December 31, 2011:

Stock based compensation provided for the fiscal year ended on December 31, 2011		
	Board of Directors	**Executive Board**
N. of members	N/A	4
Grant of purchase options		
Date of the grant:	N/A	5/2/2011
Amount of options granted to the Officers:	N/A	653,182
Term for the options to be exercised:	N/A	20% after 12 months from the grant, 30% after 24 months from the grant and 50% after 36 months from the grant
Maximum term for the exercise of the options:	N/A	7 years counted from the grant
Term of restriction to the transfer of stock:	N/A	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.
Weighted average price of year:	N/A	
(a) outstanding options at the beginning of the fiscal year:	N/A	BRL19.00
(b) Options lost during the fiscal year:	N/A	N/A
(c) options exercised during the fiscal year:	N/A	N/A
(d) options expired during the fiscal year:	N/A	N/A
Fair value of the options on the date of the grant	N/A	BRL9.87
Potential dilution in case of exercise of all options granted:	N/A	0

13.7 Information on the outstanding options of the Board of Directors and the statutory Executive board at the end of the last fiscal year

The table below summarizes the outstanding options of the Board of Directors and the Executive board on December 31, 2012:

Outstanding Options at the end of the fiscal year ended on December 31, 2012		
	Board of Directors	**Executive Board**
N. of members	1	4
Options not yet exercised:		
(a) Quantity:	2011 Plan: 144.361* 2012 Plan: 822.630 *	2011 Plan: 415.902* 2012 Plan: 817.860 *
(b) Date where they become exercised:	2011 Plan: 30% - 5/2/2013 50%-5/2/2014 2012 Plan: 20% - 3/26/2013 30% - 3/26/2014 50% - 3/26/2015 20% - 5/29/2013 30% - 5/29/2014 50% - 5/29/2015	2011 Plan: 30% - 5/2/2013 50%-5/2/2014 2012 Plan: 20% - 3/26/2013 30% - 3/26/2014 50% - 3/26/2015
(c) Maximum term for the exercise of the options:	7 years counted from the grant	7 years counted from the grant
(d) Term of restriction to the transfer of stock:	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.
(e) Weighted average price of year:	2011 Plan - BRL 19.93 2012 Plan - BRL 14.17 and BRL 12.81	2011 Plan - BRL 19.93 2012 Plan - BRL 14.17
(f) Fair value of the options on the last day of the fiscal year:	2011 Plan – R$ 3,26 Plano 2012 – R$ 4,57 and R$ 4,91	2011 Plan – R$ 3,26 Plano 2012 – R$ 4,57 and R$ 4,91
Options to exercise:		
(a) Quantity:	36.090 *	103.975 **
(b) Maximum term for the exercise of the options:	7 years counted from the grant	7 years counted from the grant
(c) Term of restriction to the transfer of stock:	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.	The Company shall be entitled to opt for the repurchase of such stock at market value, and the Company shall not be bound to the price and conditions offered by any third parties.
(d) Weighted average price of year:	2011 Plan - BRL 19.93 2012 Plan - BRL 14.17 and BRL 12.81	2011 Plan - BRL 19.93 2012 Plan - BRL 14.17
(e) Fair value of the options on the last day of the fiscal year:	2011 Plan – R$ 3,26 2012 Plan – R$ 4,57 and R$ 4,91	2011 Plan – R$ 3,26 2012 Plan – R$ 4,57 and R$ 4,91
(f) Fair value of the options total on the last day of the fiscal year:	R$ 4,26	R$ 4,26

** The options informed in the Board of directors were granted when the Director held Officer position in 2011 and 2012.

*** The options granted to one of the officers, when holding the position of manager in 2011 and 2012, are included in this item.

13.8 Information on the options exercised and shares delivered related to the stock based compensation of the Board of Directors and the statutory Executive Board, in the last 3 fiscal years

In the fiscal years ended on December 31, 2010, December 31, 2011 and December 31, 2012, options were not exercised and shares related to stock based compensation of the Board of Directors and the statutory Executive board of the Company were not delivered.

13.9 Summary description of the information necessary for the understanding of the data disclosed in item 13.6 to 13.8, as explanation of the pricing method of the value of the shares and options

According to the Plan, the options can be exercised in up to 7 years after the grant date. The grant of stock options related to: (i) 2011 Program occurred on May 2, 2011; (ii) 2012 Program occurred on March 26, 2012 and May 29, 2012; and (iii) 2013 Program occurred on March 14, 2013.

(a) pricing model

The fair value of the stock options granted in the scope of the 2011 Program, 2012 Program and 2013 Program, on the date of its grant, was estimated based on the binomial pricing model.

(b) data and assumptions used in the pricing model, including weighted average price of the shares, price of exercise, expected volatility duration of the options, expected dividends and return tax free of risk

The assumptions used in the binomial pricing model are summarized in the table below:

	Stock Purchase Options Plans - 2011 Program
Date of the grant:	5/2/2011
Granted options Total	**700,328***
Price of exercise of the option	BRL19.00
Fair value of the option on the date of the grant	BRL9.87
Estimated volatility of the share price	59.20%
Expected Dividend	2.35%
Return Tax free of risk	6.36%
Duration of the option (in years)	7

* Options granted for one of the directors when he occupied the position of manager in 2012 are excluded of this item..

	Stock Purchase Options Plans - 2012 Program
Date of the grant:	03/26/2012
Granted options Total1	1,090,490*
Price of exercise of the option	BRL14.17
Fair value of the option on the date of the grant	BRL5.31
Estimated volatility of the share price	53.24%
Expected Dividend	1.93%
Return Tax free of risk	4.69%
Duration of the option (in years)	7
	Stock Purchase Options Plans - 2012 Program
Date of the grant:	5/29/2012
Granted options Total1	550,000
Price of exercise of the option	BRL 12.81
Fair value of the option on the date of the grant	BRL 3.87
Estimated volatility of the share price	49.88%
Expected Dividend	1.93%
Return Tax free of risk	4.06%
Duration of the option (in years)	7

* Options granted for one of the directors when he occupied the position of manager in 2012 are excluded of this item...

	Stock Purchase Options Plans - 2013 Program
Date of the grant:	3/14/2013
Granted options Total	1.018.958
Price of exercise of the option	BRL 12.83
Fair value of the option on the date of the grant	BRL 4.11
Estimated volatility of the share price	43.92%
Expected Dividend	1.89%
Return Tax free of risk	3.81%
Duration of the option (in years)	7

(c) method and assumptions to incorporate the exécted effects of the early exercise

The early exercise is not applicable, since the model does not allow this option without the authorization of the Board of Administration.

In accordance to the stock option plan, in excepcional cases, the Board of Administration can determine specific rules to authorize the early exercise by beneficiaries.

(d) method to determine the expected volatility

The expected volatility was estimated from the historical volatility for a sample compatible with the duration of the option. As QGEP3 is a recently listed stock with limited historical pricing until the date of the grant, volatility was estimated from a series of monthly of QGEP3 (from march/2011 through december/2012) and other two peer stocks (PETR4 e OGX3) in the period of 7 years.

(e) if any other characteristic of the option was incorporated to calculate its fair value

There wasn't any other characteristic of the option incorporated to calculate its fair value further than the ones already desclosed in item (b) above.

13.10 Information on retirement plans in force granted to the members of the Board of Directors and to the statutory Officers

There is no retirement plans in force granted by the Company to the members of its Board of Directors and Executive Board.

To our Executive, there is the payment of retirement plan financed by our subsidiary QGEP and managed by Bradesco Vida e Previdência S.A. through Supplementary Social Security immediate - Collective Plan. The plan adopted is PGBL - Free Benefit Generating Plan, and aims for the accumulation of resources with the purpose of supplementing its beneficiaries' retirement, which the employee contributes with the variable percentage from 1% to 12% on the fixed compensation, and the Company contributes with the same percentage chosen by the employee, being limited to 6.5% to our Officers. The redemption of the values is taxed directly in the source, according to the chosen regime.

	Information related to the fiscal year ended december 31, 2012	a. Organ	
		Board of Directors	**Executive Board**
b.	**Number of members**	7	**4**
c.	**Plan's name**	N/A	**PGBL – Plano Gerador de Benefício Livre**
d.	**Number of managers allowed to retire**	N/A	**1***
e.	**Conditions to na early retirement**	N/A	**The contract with Bradesco Vida e Previdência does not forecast conditions for na early retirement.**
f.	**Updated cumulative amount of the accumulated contributions until the end of the fiscal year, deducted of the portion related to the contributions made directly by the managers**	N/A	**R$ 480,568.83****
g.	**Total accumulated value of the contributions made during the last fiscal year, deducted by the portion related to the contributions made directly by the managers**	N/A	**R$ 213,404.09*****
h.	**Possibility of early redemption and conditions**	N/A	**In case of dismissal of the Company and consequently of the retirement plan, before the time of the retirement, the balance of the contributions made by the company will be released according to the conditions presented in the table below.**

*To be elected to retirement, the director must be, at least, 65 years old and end its bond with company.** In this item are included the updated accumulated value for one of the directors when he held the position of manager in 2011 and 2012.
***Value of the deposits made in 2012 without the remuneration of the investimento plan. In this item are included the updated accumulated value for one of the directors when he held the position of manager in 2011 and 2012.

Plan Contribution Time	% on the QGEP's contribution, that the beneficiary may draw, due to contribution time
up to 3 years	0%
More than 3 years up to 5 years	25%
More than 5 years up to 8 years	50%
More than 8 years up to 10 years	75%
Above 10 years	100%

13.11 - Maximum, minimum and average individual compensation of the board of directors, statutory executive board and audit committee

Annual Values

	Statutory Executive Board			Board of Directors		
	12/31/2012	12/31/2011	12/31/2010	12/31/2012	12/31/2011	12/31/2010
N. of members	3.5	4.00	2.60	7.00	7.00	2.10
Value of the highest compensation (Brazilian Reais)	747,450.00	1,048,320.00	1,836.00	310,703.00	288,000.00	12,799.99
Value of the lowest compensation (Brazilian Reais)	746.00	7,824.00	1,836.00	3,455.00	7,824.00	1,326.00
Average value of the compensation (Real)	351,553.00	267,948.00	1,836.00	120,468.00	87,874.29	11,350.66

Notes

Statutory Executive Board	
12/31/2012	The value of the options granted in the scope of the 2012 Purchase Options Grant Program is recorded in our controlled QGEP (see item 13.15 for more information on the compensation paid by our subsidiaries). For calculation purposes of the lowest compensation, we inform the value paid *pro-rata* to an officer elected at the end of 2012 was taken into consideration by the issuer.
12/31/2011	The value of the options granted in the scope of the 2011 Purchase Options Grant Program is recorded in our controlled QGEP (see item 13.15 for more information on the compensation paid by our subsidiaries).
12/31/2010	For calculation purposes of the minimum value, we inform that all members exercised the position for less than 12 months, then, the value of the lowest individual annual compensation was assessed considering the compensations effectively recognized in the income of the year.

Board of Directors	
12/31/2010	For calculation purposes of the minimum value, we inform that all members exercised the position for less than 12 months, then, the value of the lowest individual annual compensation was assessed considering the compensations effectively recognized in the income of the year.

13.12 Describe the contractual arrangements, insurance policies or other instruments structuring the compensation or indemnity mechanisms to the managers in case of destitution of position or retirement, appointing the financial consequences to the issuer

Currently, there is no contractual arrangements, insurance policies or other instruments structuring the compensation or indemnity mechanisms to the managers of the Company, in case of destitution of the position or retirement.

Our Executive Board may opt for the payment of a retirement plan with Bradesco Vida e Previdência S.A. The contributions made by our officers may vary from 1% to 12% on the fixed compensation and our subsidiary QGEP contributed with the same percentage chosen by the Officer up to the limit of 6.5% of the value of his compensation. In case of retirement, the Officer may draw part of QGEP's contribution depending on the contribution period to this retirement plan, for further details on our retirement plan, see item 13.10 of this Reference Form.

The Purchase Options Plan of the Company (“Plan”) establishes the conditions of the exercise of the right related to the plan at the time of retirement or dismissal of a manager. For further information on the conditions applicable to this situation check item 13.04 of this Reference Form.

In 2012, our subsidiary QGEP, in recognition for its important contribution to the development of the Company's activities and its subsidiaries, especially the results achieved, paid to a manager a dismissal package composed of performance premium and additional grant of shares purchase options, by reason of his dismissal from the position of Chief Executive Officer of our subsidiary QGEP. For further information on fixed and variable compensation paid by our subsidiary QGEP, see item 13.15 and 13.16.

13.13 In relation to the last 3 fiscal years, appoint the percentage of the total compensation of each body recognized in the result of the issuer referring to the members of the Board of Directors, the statutory Executive Board or the audit committee which are related to the controllers, direct or indirect, as defined by the accounting rules addressing this subject

The table below indicates the values referring to the fiscal year ended on December 31, 2010:

Body	Fiscal Year ended on 12/31/2010 [1]
Board of Directors	26,50%
Executive Board	0%

[1]In 2010 the audit committee was not installed

The table below indicates the values referring to the fiscal year ended on December 31, 2011:

Body	Fiscal Year ended on 12/31/2011 [2]
Board of Directors	5,09%
Executive Board	0%

[1]In 2011 the audit committee was not installed

The table below indicates the values referring to the fiscal year ended on December 31, 2012:

Body	Fiscal Year ended on 12/31/2012 [3]
Board of Directors	3,5%
Executive Board	0%

[1]In 2012 the audit committee was not installed

13.14 In relation to the last 3 fiscal years, indicate the values recognized in the result of the issuer as compensation of members of the Board of Directors, statutory Executive Board or the audit committee, grouped per body, for any reason other than the function they hold

Our managers did not received compensation for any another reason other than the function they hold.

13.15 In relation to the last 3 fiscal years, indicate the values recognized in the result of the controllers, direct or indirect, of companies under common control and the subsidiaries of the issuer, as compensation of members of the Board of directors, statutory Executive Board or the audit committee of the issuer, grouped per body, specifying what title such values were attributed to such individuals

a. compensation portions borne by subsidiaries of the issuer, direct or indirect parent controllers or and companies under common control, that were attributed to the members of the Board of Directors, the statutory Executive Board and the audit committee due to the exercise of the position in the issuer (whose existence was informed in item 13.1.f)

Our Officers are also officers of our subsidiary QGEP. Considering that the Company has exclusive corporate purpose of interest in companies substantially dedicated to the exploration, production and commercialization of oil, natural gas and its byproducts (therefore, we are a pure *holding* company), great part of the compensation paid to our Executive Board concentrates in such subsidiary.

In November 2012, QGEP acquired another subsidiary of the group, Manati S.A. Some payments to our managers in 2012 were also made by this acquired company.

The tables below summarize the values paid by our subsidiaries, direct and indirect controllers or and companies under common control to the members of the Board of Directors and the Executive Board of the Company, referring to the fiscal year ended on December 31, 2010, December 31, 2011 and December 31, 2012:

Values Recognized in the 2010 result (in BRL)	Board of Directors	Executive Board	Total
Subsidiaries	BRL 37.185,60	BRL 2.500.796,40	BRL 2.537.982,00
Direct or indirect controllers	N/A	N/A	N/A
Company under common control	N/A	N/A	N/A

Values Recognized in the 2011 result (in BRL)	Board of Directors	Executive Board	Total
Subsidiaries	BRL 14.739,20	BRL 19.586.535,65*	BRL 19.601.274,85
Direct or indirect controllers	N/A	N/A	N/A
Company under common control	N/A	N/A	N/A

*Including the value paid to the Officers of the Company, in 2011, by way of premium related to the well-succeeded conclusion of the Public Bid of Shares of the Company, ended on March 9, 2011.
** The value of the options granted in the scope of the 2011 Program is recorded in our controller QGEP, in the amount of BRL 2,220,601.08.

Values Recognized in the 2012 result (in BRL)*	Board of Directors	Executive Board	Total
Subsidiaries	6.404,02	14.676.454,25**	14.682.858,27
direct or indirect controllers	N/A	N/A	N/A
Company under common control	N/A	N/A	N/A

** The value of the options granted in the scope of the 2012 Program is recorded in our controller QGEP, in the amount of BRL 2,394.124.87.
** Including the value paid in the scope of the transition package granted to Mr. José Augusto Fernandes Filho and as mentioned in Item 13.12.

The table below indicates the ratio of each element in the consolidated total compensation of the Company for the fiscal year ended on December 31, 2010, December 31, 2011 and December 31, 2012:

Fiscal year ended on December 31, 2010					
Body	% in relation to the total compensation of the value paid by way of				
	Fixed compensation	Variable compensation	Benefits after employment or by resignation from the position	Stock based Compensation	Total
Board of Directors	100%	0	0	0	100%
Executive Board	100%	0	0	0	100%

Fiscal year ended on December 31, 2011					
Body	% in relation to the total compensation of the value paid by way of				
	Fixed compensation	Variable compensation	Benefits after employment or by resignation from the position	Stock based Compensation	Total
Board of Directors	100%	0%	0%	0%	100%
Executive Board	20,7%	68,5%	0%	10,8%	100%

Fiscal year ended on December 31, 2012					
Body	% in relation to the total compensation of the value paid by way of				
	Fixed Compensation	Variable compensation	Benefits after employment or by resignation from the position	Stock based Compensation	Total
Board of Directors	100%	0	0	0	100%
Executive Board	20%	42%	26%**	12%	100%

*One of our board members kept some benefits (health plan, dental plan and life insurance) financed by our subsidiary Queiroz Galvão Exploração e Produção S.A. ("QGEP"), remaining from the period where he exercised the position of Chief Executive Officer of the Company.

** Transition Package granted to Mr. José Augusto Fernandes Filho and as mentioned in Item 13.12.

b. **other compensations received by managers and members of the Audity committee of the Company recognized in the result of subsidiaries of the Company, direct or indirect controllers or companies under common control, even if not related to the exercise of position at the issuer**

The table below indicates the values attributed by way of compensation for positions held by certain managers of the Company in the administration of our subsidiaries, direct or indirect controllers and company under common control, referring to the fiscal years ended on December 1, 2010, December 31, 2011 and December 31, 2012:

Values Recognized in the 2010 result (in BRL)	Board of Directors	Statutory Executive Board	Total
Subsidiaries	N/A	N/A	N/A
direct or indirect controllers	N/A	N/A	N/A
Company under common control	BRL.6,404,892.61	BRL.33,062.40	BRL.6,437,955.01

Values Recognized in the 2011 result (in BRL)	Board of Directors	Statutory Executive Board	Total
Subsidiaries	N/A	N/A	N/A
direct or indirect controllers	BRL.3,174,438.41	N/A	BRL.3,174,438.41
Sociedade sob controle comum	BRL.3,453,431.67	N/A	BRL.3,453,431.67

Values Recognized in the 2012 result (in BRL)	Board of Directors	Statutory Executive Board	Total
Subsidiaries	N/A	N/A.	N/A.
direct or indirect controllers	N/A.	N/A.	N/A.
Company under common control	7,034,546.28	N/A	7,034,546.28

13.16 Supply other information the issuer deems relevant

The compensation paid by our subsidiary QGEP to the managers of the Company is composed by fixed and variable elements. The fixed compensation reflects parameters adopted in the oil industry, mainly in the exploration and production chains. In relation to the variable compensation, the QGEP implemented in 2012 a model of performance awarding based on the financial results of the Company, in the area result and individual performance, accomplished by means of Profit Sharing Plan - PLR.