



Presentation of Third Quarter Results

November 10, 2011



Agenda

Subject	Speaker
Performance Overview <ul style="list-style-type: none">▶ Q3 Highlights▶ Asset Update	Jose Augusto Fernandes (CEO)
Financial Results	Paula Costa (CFO)
Strategic Growth Plans	Jose Augusto Fernandes (CEO)



2011 Third Quarter Highlights



- ▶ Acquired ⁽¹⁾ a 30% stake in Block BS-4 in the Santos Basin through a farm-in agreement
- ▶ Manati Field: Fourth and Fifth wells returned to production in early November
- ▶ Drilling activities are underway on two important exploratory wells in the Santos Basin: BM-S-12 and BM-S-8
- ▶ 9M 2011 cash flow from operating activities was R\$154.3 million
- ▶ Cash and cash equivalents were R\$1.35 billion at September 30, 2011

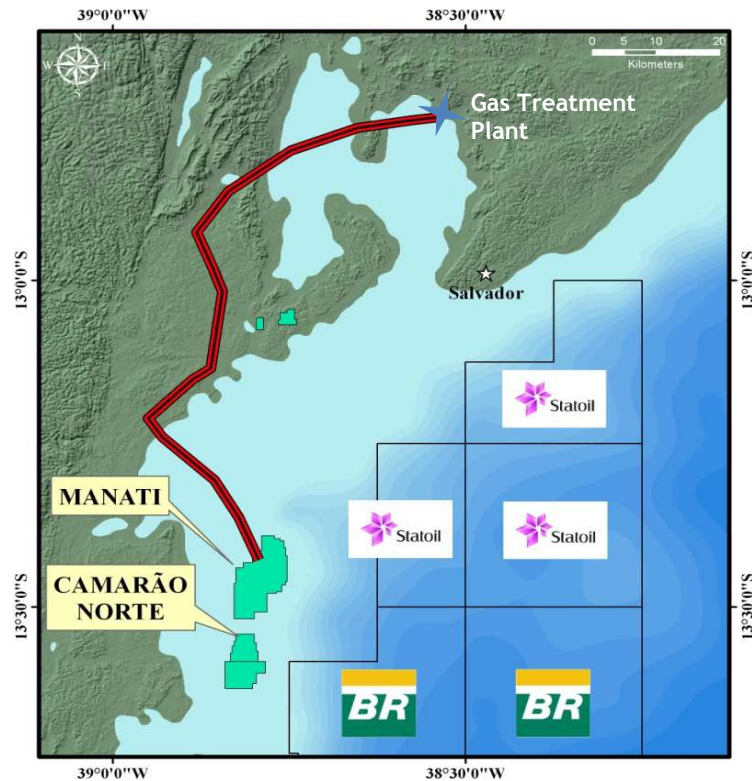


⁽¹⁾ Subject to ANP approval

Manati Field

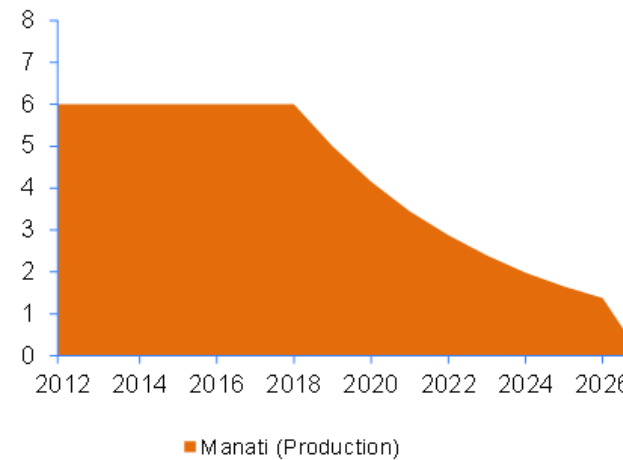
- Return to full capacity in the fourth quarter

Current: 5 Producing Wells in operation



Capacity: 6.5 MM m³/day

Manati Production Profile (MMm³/d)

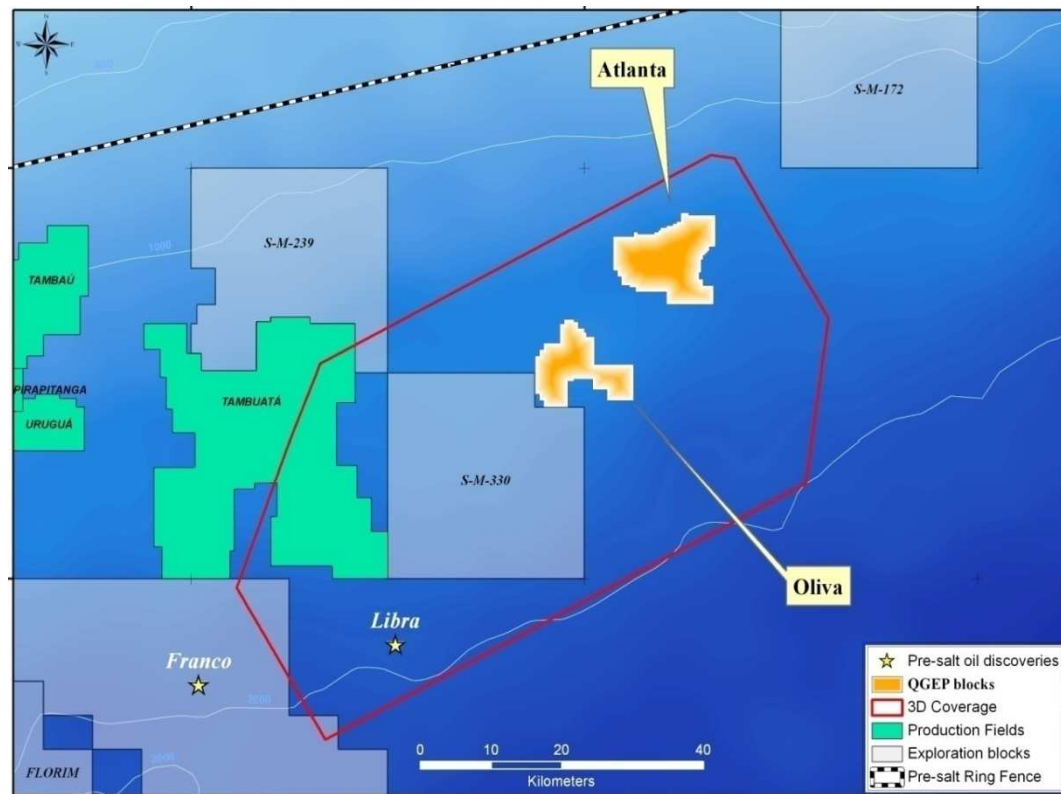


Promising Area with Several Discoveries Nearby

Santos Basin: BS-4

- ▶ Atlanta and Oliva fields
- ▶ Oil in Place: 2.1 billion bbl
- ▶ Exploratory potential in the pre-salt
- ▶ Partners:
 - QGEP (30%)*;
 - Petrobras (40%);
 - Barra Energia (30%)*
- ▶ QGEP Operator*
- ▶ Transaction Value: US\$ 157.5 MM
- ▶ Water depth: 1,550 m

Privileged Location

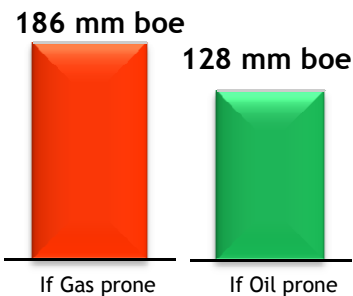


* Subject to ANP approval

BM-S-12: Low Risk Prospects with High Volume Potential

Santos Basin: BM-S -12

- ▶ 1 Discovery
- ▶ 4 Prospects
 - ▶ Santos #1: 30% of GCOS
 - ▶ Santos #2: 39% of GCOS
 - ▶ Santos #3: 19% of GCOS
 - ▶ Santos #4: 40% of GCOS
- ▶ Working Interest: 30%
- ▶ Petrobras Operator
- ▶ Risked Prospective Resources

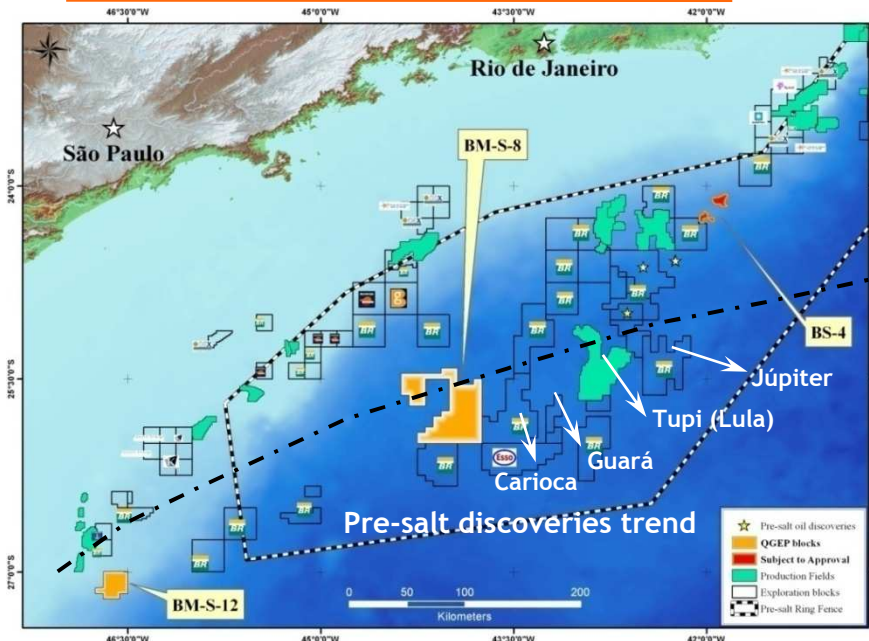


Short-Term Schedule



- ▶ Drilling began in July 2011
- ▶ First phase concluded at 2,200 meters by Lone Star rig
- ▶ Ocean Baroness rig began second phase of drilling at the end of October
- ▶ Final drilling phase in 1Q12

Location



Low Risk Prospect with High Volume Potential

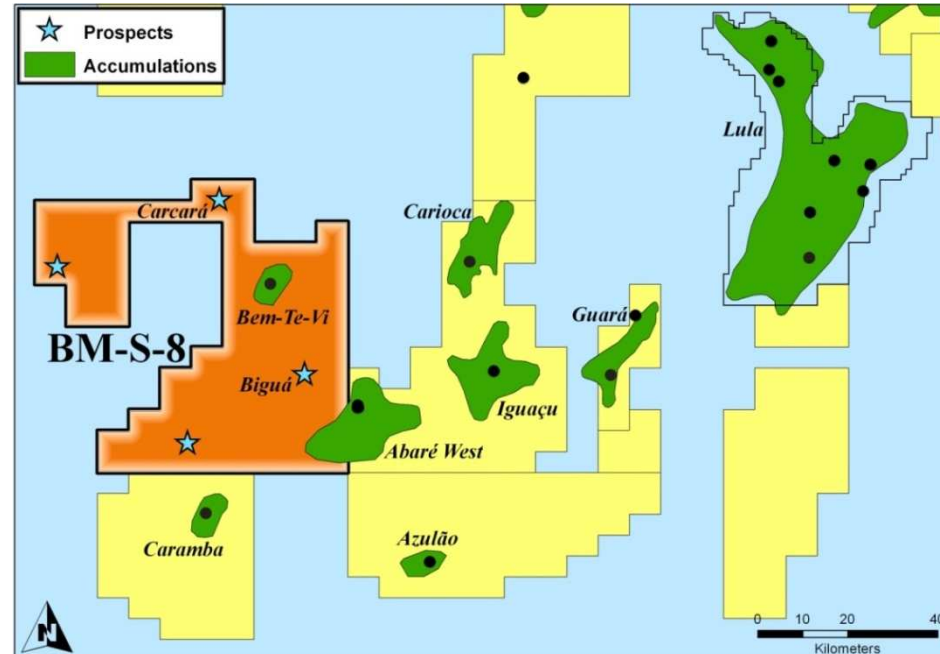
Santos Basin: BM-S-8

- ▶ Contingent and Prospective Resources
- ▶ Working Interest: 10%
- ▶ Petrobras Operator
- ▶ Partners: Petrobras (66%); Petrogal (14%); Barra Energia (10%) ⁽¹⁾; QGEP (10%) ⁽¹⁾
- ▶ Transaction Value: US\$ 175 MM

(1) Subject to ANP approval



Promising area with several discoveries nearby














Short-Term Schedule



- ▶ Drilling started in June at Biguá prospect (SPS-71A)
- ▶ Results expected by the end of 2011

High Quality Portfolio of Assets

Well-balanced portfolio of assets in different maturity stages

	Camamu Almada	Jequitinhonha	Santos	Total
Field / Resources	<ul style="list-style-type: none"> ▶ 1 Field ▶ 3 Discoveries ▶ 1 Prospect 	<ul style="list-style-type: none"> ▶ 2 Prospects 	<ul style="list-style-type: none"> ▶ 2 Fields ▶ 1 Discoveries ▶ 1 Potencial Discovery Extension ▶ 10 Prospects 	<ul style="list-style-type: none"> ▶ 3 Fields ▶ 4 Discoveries ▶ 1 Potencial Discoverey Extension ▶ 13 Prospects
Partners	   	NA	  	
Operators			 	

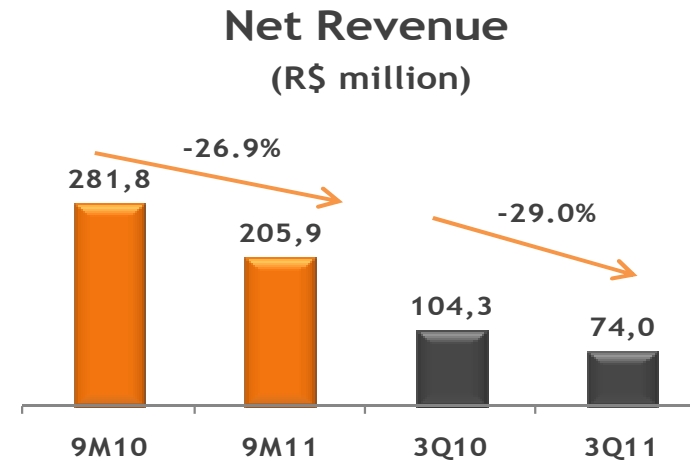
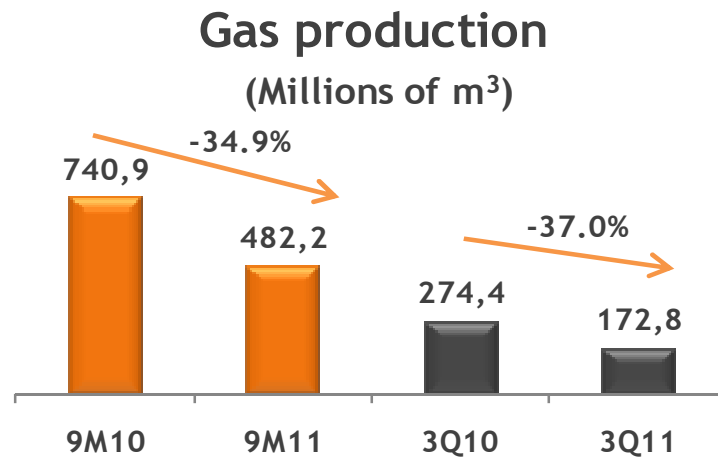




Financial Results



Manati Field Production in Q3 2011



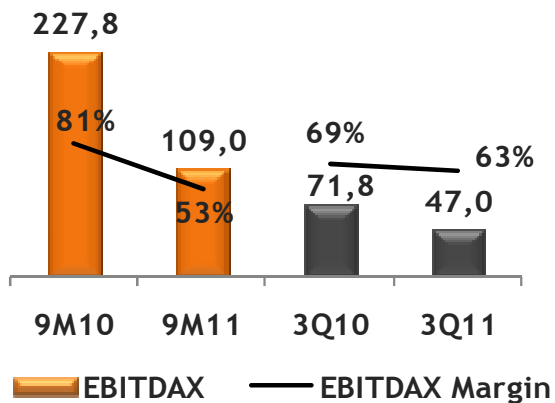
► Revenues:

- 3Q11 production was 4.2 MMm³/day in 3Q11, 22% increase over prior quarter but down from 2010 due to maintenance work in the Manati Field
- Production is expected to ramp-up in 4Q11; 5 out of 6 wells are now producing reaching a capacity of 6.5 MMm³ per day
- Full capacity is expected later in 4Q11

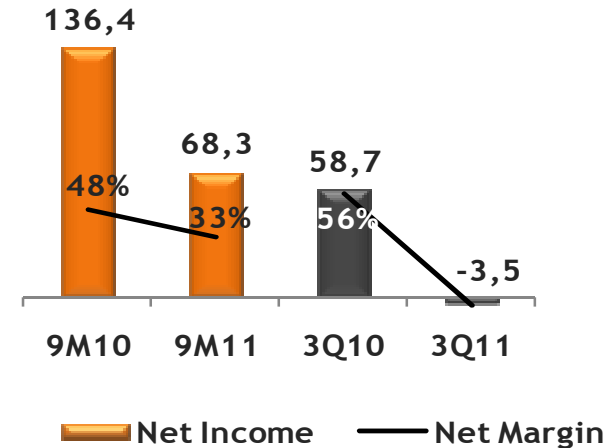


3Q2011 Operating Results & Net Income

EBITDAX
(R\$ million)



Net Income
(R\$ million)



- ▶ EBITDAX reached R\$47 million and EBITDAX Margin was 63.5%, impacted by the lower gas production and R\$2.2 million maintenance
- ▶ Net loss was R\$3.5 million including (i) Manati field maintenance; (ii) effect of exchange rate variation; (iii) acquisition of seismic data



Operating & Exploratory Costs



	3Q11	3Q10	Δ%	9M11	9M10	Δ%
Operating Costs	(32.3)	(35.8)	-9.8%	(84.7)	(94.7)	-10.6%
Other Operating Expenses:						
G&A	(7.9)	(5.2)	51.9%	(47.8)	(14.6)	NA
Oil & Gas Exploration Costs	(21.4)	(1.3)	NA	(38.7)	(2.6)	NA

▶ Operating Costs:

- Lower production resulted in a 9.8% y-o-y decrease in operating costs to R\$32.3 million

▶ G&A:

- G&A expenses were R\$7.9 million in 3Q11, R\$2.7 million higher than in 3Q10, resulted the impact of employee stock options plan , insurance related costs and the increase in technical personnel

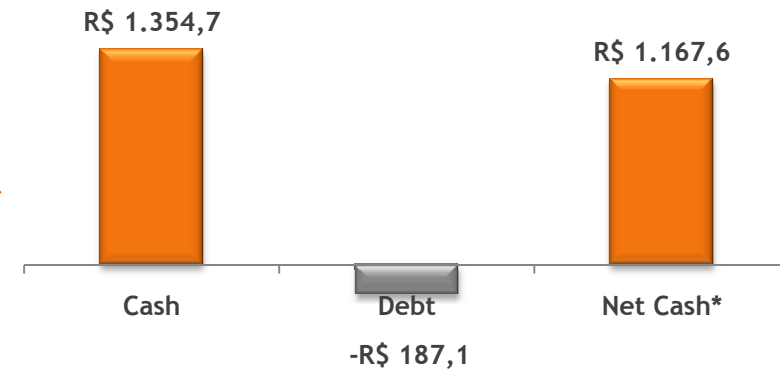
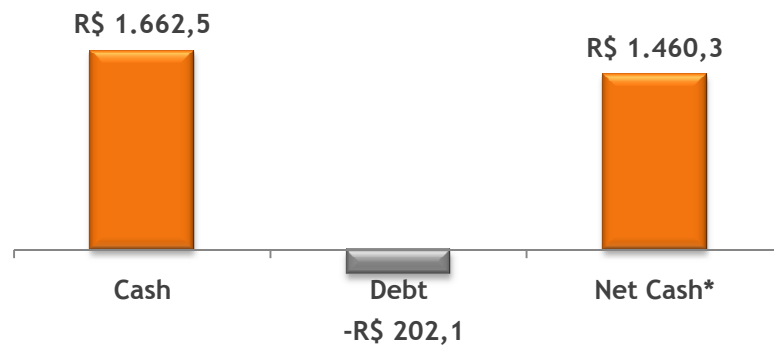
▶ Exploration Costs :

- Total exploration costs in 3Q11 were R\$21.4 million, compared to the R\$1.3 million in 3Q10. These costs relate to the Company's accelerated exploration activities and specifically include expenditures for the processing and analysis of seismic data of R\$19.1 million.

Net Cash Position (R\$ million)

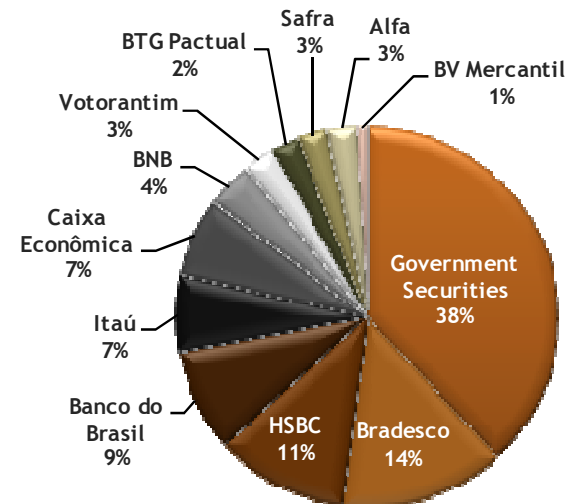
June 30, 2011

September 30, 2011



Investments

- ▶ Exclusive funds and fixed income assets
- ▶ Daily liquidity
- ▶ Average yield of the portfolio: 100.2% of the CDI rate in 3Q11



* Including marketable securities

QGEP's Strategic Strengths

Major Participation in Manati Field

Source of strong cash flow generation and solid profitability

Active Drilling Program

Significant exploration projects underway with strong potential

Expanded Asset Portfolio

Enhancing our strategic position and de-risking our asset portfolio through participation in:

- Farm-ins
- New ANP bidding rounds



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