

Operator: Good morning ladies and gentlemen and thank you for waiting. At this time we would like to welcome everyone to the QGEP's 4Q12 and full year 2012 earnings conference call. Today with us, we have Mr. Lincoln Rumenos Guardado, CEO of the Company, Mrs. Paula Costa, CFO and IRO, Mr. Danilo Oliveira, Production Director and Mr. Sergio Michelucci, Exploration Director.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company's presentation. After QGEP's remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of QGEP management, and on information currently available to the company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of QGEP and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Lincoln Rumenos Guardado, QGEP's CEO, who will start the presentation. Mr. Guardado, you may begin the conference.

Mr. Guardado: Thank you. Good morning everyone and thank you for participating in today's conference call. As announced, joining me to review our fourth quarter and full year 2012 financial and operating performance are; Paula Costa, our Chief Financial Officer and Investor Relations Officer, Danilo Oliveira, Production Director and Sergio Michelucci, Exploration Director and they will be helping me during this presentation.

Moving to slide three we will provide an overview of our results, we will discuss our upcoming plans and then we will open this conference call to questions.

2012 was a year of significant accomplishment for QGEP and we are beginning 2013 with a strong positive momentum, in addition to posting year-over-year improvements across a number of financial and operating metrics, we continue to execute very well on our balance growth strategy. Today we enjoy a unique position as an independent oil and gas company in Brazil with an important balance between producing and exploration activities, between gas and oil plays and between partnerships and operatorships.

The major highlights of 2012 were: the strong production level at the Manati field, today the largest gas producing field in Brazil; the Carcará discovery, a transformational discovery for QGEP where we concluded the well and an extension well is expected to be drilled in the second half of this year, as it's been vastly informed; approval of the Atlanta Field Development Plan, where we are the operator; our privileged strong financial position reflected in the net cash balance and record operating cash flows generated by our operating activities and the announcements of the upcoming bidding rounds by the Brazilian petroleum agency (ANP) for May this year, generating opportunities for the sector, potential leverage and the diversification of our portfolio.

Let us now review our portfolio of both producing and exploratory assets. On slide five we have information on the Manati field, our largest gas field. We have a 45% ownership interest in this field, which is located in the Camamu Basin in Northeast of Brazil. In 2012 our average production increased by approximately 50% to 6.1 million m³ per day driven

by a return to full capacity of that Field and an increased demand for gas from Brazil's thermal power plants throughout the year.

In the second quarter of 2013 a scheduled maintenance will take place at the Manati Field and is expected to last from 20 to 30 days and production will be interrupted during this period. As a result, we forecast an average daily production between 5.5 million m³ to 6 million m³ per day for the full year of 2013. Maintenance costs net to QGEP are estimated to be approximately R\$ 40 million.

Moving to our exploratory assets, slide six shows an overview of where we are to date at Block BM-S-8 where we have a 10% stake.

In January of this year, drilling was concluded in Carcará at a final depth of 6,671 meters and the data recovered have been very encouraging, showing an oil column of at least 471 meters and reservoirs with a high potential flow rates. Although operational issues kept us from running a drill stem test at this pioneer, we will perform one at a nearby appraisal well that is expected to be drilled in the second half of this year.

We are awaiting approval from the ANP on the revised Evaluation Plan for the area. Due to the Carcará discovery, this revision also considers the extension of the period and new commitments, including the drilling of Guanxuma. The revisions do not include any changes to the previous development schedule planned for Carcará released by the Operator, which calls for the drilling of production wells in 2016-2017 and first oil by 2018.

We are not yet in a position to provide volume estimates for Carcará due to the future activities scheduled there. But, we remain optimistic with the results obtained thus far, and as a result the consortium is reviewing the exploratory potential in this Block.

Slide seven shows Block BS-4 where we are the operator and owner of a 30% stake. This block is an important asset for the company as it includes not only the post-salt fields of Atlanta and Oliva, but also the Piapara pre-salt prospect. Piapara is located in the same trend in geological framework of the giant discoveries of Libra, Franco and of the recent discoveries of Dolomita Sul and Florim.

In January of this year we announced that we have received ANP approval for our Development Plan of the Atlanta Field, which includes an Early Production System (EPS) covering the first three years. The EPS consists on the production of two horizontal wells to an FPSO.

Capital investments expected for the Early Production System are estimated at US\$ 126 million net to QGEP. According to the plan, full development of the Atlanta Field is expected to be completed by 2018 with a FPSO capable of producing 100,000 barrels per day, along with the integration of 10 additional wells, totaling 12 horizontal wells in the field.

We have been preparing for drilling at the Piapara pre-salt prospect, which is expected to begin in the first half of 2014, with estimated CAPEX of \$18 million net to QGEP.

On slide eight we see Block BM-J-2 located in the Jequitinhonha Basin where we are the operator and have a 100% ownership position. Drilling at the Alto de Canavieiras well initiated in 2011 and was interrupted at a depth of 2,540 meters due to environmental restrictions placed by IBAMA, which prohibited drilling and seismic activities from October to March.

Now, we are in final discussions to contract a jack up rig that will allow us to resume drilling at the Alto de Canavieiras prospect in June of this year. The expected final depth is of approximately 4,700 meters in the pre-salt. Perhaps this is the biggest investigated zone in the pre-salt in the Northeastern basins of Brazil.

The environmental license that we currently have for the well expires in June of 2013 and QGEP has submitted all the appropriate documentation to IBAMA for the renewal of this license. We expect to invest US\$ 70 million to complete this well.

On slide nine we have a summary of some other assets within our exploratory portfolio.

Starting from the South in the Santos Basin, the Consortium wants to reenter the Ilha Bela well at Block BM-S-12 in 2014 where we intend to run a Drill Stem Test at the Santos #2 reservoir. Moving north, in the Campos Basin, in 2014 we intend to test the pre-salt prospect at Guanabara Profundo, located in the BM-C-27 concession where we purchased a 30% stake last year from Petrobras. Further north, in the Camamu Basin, we plan to start drilling one well at BM-CAL-12 and another at BM-CAL-5, both in 2014.

Now I will turn the call over to our Chief Financial Officer and Investor Relations Officer Paula Costa Corte-Real. She will be discussing with you our financial performance.

Mrs. Costa: Thank you Lincoln. Now I will discuss the major financial highlights for the fourth quarter of 2012 and full year of 2012. As we can see on slide 11, we achieved a very positive result for the Manati Field for the fourth quarter and full year of 2012.

Our year-on-year revenue performance was driven by the reestablishment of full production capacity at the Manati field, as well as the strong demand for natural gas from Brazilian thermal power plants; two elements which benefitted production in the Manati Field for the greater part of this year.

Net revenues reached R\$116 million in the first quarter of 2012, a 40% increase over last year's fourth quarter. For the full year of 2012, total net revenues totaled R\$ 462 million, up 60% over the same period last year.

Moving to slide 12, we can see that the company's EBITDAX was R\$ 62 million for the fourth quarter and our EBITDAX margin was 54%. The substantial increase was due to improved operational performance at the Manati Field. Net income was R\$ 83 million for 2012, 10% below the R\$ 92 million earned in 2011, primarily due to exploration expenditures during the year related to activities in Block BM-S-12 and the relinquishment of the Jequitibá discovery to ANP.

For the fourth quarter, net income recovered to R\$ 47 million, more than double the level of the fourth quarter of 2011, when production volumes were affected by unscheduled maintenance at the Manati Field.

On slide 13 we give you a comparison of the fourth quarter operating expenses, as well as the full year comparison. Regarding the quarterly comparison, there were no significant changes on our operating costs. General and administrative expenses were R\$ 18 million in the quarter, 8% up than that reported in the fourth quarter of 2011. For the year, G&A expenses totaled R\$ 63 million, slightly above the R\$ 60 million reported in 2011.

2012 figures include an increase in headcount, especially related to production because of our operations at Block BS-4. In fact, of the total G&A expenses in 2012, R\$ 13 million, were allocated to this project.

Slide 14 provides an overview of our expected capital expenditure breakdown by block. 2013 CAPEX budget is expected to be US\$ 155 million for drilling at Blocks BM-J-2, BM-S-8 and BS-4.

In 2014, we have plans to ramp up our exploratory activities and as a result we have increased our budget to US\$ 282 million, which accounts for activities to be performed at Blocks BS-4, BM-S-8, BM-CAL-5, BM-CAL-12, BM-S-12 and for our latest farm-in in the BM-C-27 concession. The remaining US\$ 78 million are related to the Early Production System for the Atlanta Field where we plan to drill 2 horizontal wells.

Slide 15 shows our strong net cash position and the breakdown of our current financial investments. At the end of 2012, we had a cash balance of R\$ 952 million and no debt in an unleveraged balance sheet. Our cash, all in Real, is invested in dedicated funds.

QGEP is in a unique position of having its investments related to its current asset portfolio fully funded in its balance sheet, thanks to its cash position and projected operating cash flow from the Manati and Atlanta Field.

Well, with that I would now like to turn the call back to Lincoln to discuss the upcoming ANP bidding round that is getting close, as well as our near and long-term plans.

Mr. Guardado: Thank you, Paula. Before I discuss our plans for the remainder of 2013, I would like to talk about the upcoming ANP bidding round.

For 2012 QGEP had record cash flow from operations of R\$ 254 million and at year-end we had R\$ 952 million of cash and liquid investments or cash equivalents. It gives us a significant financial flexibility now as we are preparing to participate in the ANP 11th bidding round, which is scheduled to take place in just 2 months. The round will offer 289 blocks, most in frontier areas, across 11 basins totaling over 155,000 km² offshore and on the continental shelf.

As a Brazilian-based company focused on expanding our presence in Brazil, we look forward to participating in this event, as we determine the best way to further diversify and grow our exploration portfolio, in a diligent and selective way, always improving our portfolio.

In summary, 2013 promises to be a very active year for us. On the production side we expect that even with the maintenance downtime, Manati production will range from 5.5 to 6 million m³ a day for the year; and we will be drilling a horizontal well as part of phase 1 of the EPS (the Early Production System) at the Atlanta field. In addition, we will be certifying our resources, which is expected to be completed by the time of our second quarter results announcement in 2013 and we expect to be participating in this important ANP bidding rounds scheduled for May this year.

As you can see in this closing slide there are many more production and exploration projects scheduled for 2014 and a lot of development work on the calendar for the period between 2015 and 2017 time frame, based on our current portfolio of assets.

These projects are perfectly in line with our strategy of maintaining a balanced position between producing assets and high potential exploration prospects. Additionally we

reassure our focus on diversification and increase of our revenues in the mid and long-term, which enables the Company to continue on a consistent growth path.

We have a highly experienced team of operating executives which gives us confidence that the upcoming years will be periods of continued progress for QGEP considering the scenario for oil and gas in Brazil.

Operator, with that we would like to open the call for questions. Thank you.

Q&A Session

Operator: Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question, please press the star (*) key, followed by the one (1) key on your touch-tone phone now. If at any time you would like to remove yourself from the questioning queue, press star 2.

Our first question comes from Mr. Frank McGann, from Bank of America Merrill Lynch.

Mr. McGann: Hi, good day. Thank you very much for the call. Just on BS-4 there was some discussion of whether you would need to drill an additional vertical well to get certain information, and I know that decision is probably going to be made fairly sooner, I was wondering if you have any information on how much you would save from that.

And secondly, based on the presentation, it looks as if you're still keeping as the base case the lower level of production initially and only going to the full production system in 2017/18, and I was wondering what you are thinking now about the possibility of going to the full production system as the first option and then scaling production a little bit faster over the coming years.

Mr. Guardado: Ok, Frank, thank you for your question. Now, your question will be answered by Mr. Danilo because I believe he will be able to provide more details.

Mr. Oliveira: Hi Frank, good morning. I'm sorry, but I am going to answer in Portuguese, ok? Nothing has changed from January up until now in BS-4 plans or schedule. The vertical well is scheduled, but there are more probabilities that it may be removed from the plan. We are still looking at the analysis of samples that were taken by the previous operator and they are satisfactory, however, we have not yet reached a final conclusion.

So it is possible, it is very possible that the vertical well will be removed from our schedule, but this is not yet a final answer.

About speeding up production, we still maintain this possibility, however, the studies are still pointing for us to drill the two wells and keep the estimated production at the levels that have been announced – 12 to 13 thousand barrels a day at least – so that later on we will have a confirmation.

So, by the end of this year after drilling the first well and with the end of the first well and its DST, we will be able to speed up the development.

Mr. McGann: Okay, thank you very much. If I could just maybe do a follow-up, just in terms of the gas production at Manati: about the target you have for this year between 5.5 and 6 million m³ a day; if demand stays strong related to thermal plants and based on the production so far this year – the demand stayed very strong – is that possible that number could be a little bit higher or will the maintenance work plan almost assure that it stays lower?

Mr. Oliveira: Now, our estimates are based on current production. So, the first three months up until now the production is above 6.5 million m³ a day, and we are also tracking rainfall predictions and increase in the reservoirs that feed power plants, but we believe we will still have a very high demand up until the end of the year, so our estimates will be maintained between 5.5 and 6 million m³ a day during the whole year.

And let me add that this estimate considers between 20 and 30 days of zero production because of scheduled maintenance downtime.

Mr. McGann: Okay, thank you very much.

Operator: Our next question comes from Mr. Marcus Siqueira, from Deutsche Bank.

Mr. Siqueira: Good morning everyone. Thanks for the call. Two questions: one, going back to BS-4, I remember that in the event some time ago you still did not have a definition of the final platform, the question is whether you had conversations with OGX about using some platforms or using OGX platforms on this Field.

And second, about the bidding process; I know it's difficult for you to tell us which areas you would be more interested in, but I'd like to have your overview about the blocks, because as you said we have frontier blocks, there is nothing being offered in more traditional areas such as the Santos and Campos Basins, so what is your view in terms of your entrance on these blocks to be auctioned, and whether you already have an idea of the amount to be disbursed, and also whether you were talking to other companies to set up groups or Consortiums. These are my questions, thank you.

Mr. Oliveira: About your first question, we have not yet you started the bidding process of the FPSO, but we have talked with all companies that deliver this kind of service, including OSX and QGOG, which is part of our Group, in addition to all the traditional FPSO operators in the world and they all have shown interest, and as soon as the process starts we will tell you who will participate.

Mr. Guardado: Very well Marcus, there are quite a few blocks included in this bidding process – it's half a continent that is being offered – and the company, looking at its own DNA today, tracks what is going on throughout Brazil on the continental shelf or in the ocean. We look for opportunities at the short, mid and long-terms always, but regarding this bidding process specifically, we are focusing more on the offshore because of a few differentials QGEP already has today.

But it's very difficult to talk about amounts right now. We are conducting studies, we have been doing so for quite some time now and we must also continue to monitor the results that we will see. So it's very difficult to talk about numbers right now for this bidding process of May.

But I can tell you we have a big appetite. We want to be there, we will participate and we will compete. Now, how much we will invest and whether we will be the winners, this will depend on the final conclusion of these ongoing studies and everything else we are currently doing. Now, it's always important to say, as we've already mentioned, that cash is not a constraint for us, at the same time it is not an incentive to pay just any price for these concessions. We continue looking at the value, the return on the investment, we are looking at risk and price, and the value that will be added with further volumes, okay?

Mr. Siqueira: Okay, thank you. A follow-up question if I might, about the sale of existing assets, perhaps Petrobras would have an interest in selling assets or a few other companies as well, so do you view this option as something interesting and how do you view the Brazilian market at the moment regarding assets for sale?

Mr. Guardado: Well, yes, Petrobras has actually announced that not only areas abroad will be available for sale, this is an ongoing process, but also areas in Brazil. We are very interested in looking into these areas and obviously we will be waiting for further information from Petrobras. We don't know how they will provide this information, but yes, we do have an interest. These may be attractive areas and we are a Brazilian company who wants to increase its presence in Brazil, so we certainly have an interest.

No doubt the fact that we have a broad announced offer for this year, including bidding processes, this is always good. I mean, when you have a new bidding process, this is good for everyone; it's good for the market because it shows the government's interest in attracting more companies and boosting the oil and gas industry in Brazil, which is always good for us.

However, an oversupply may cause decreases in competitions, but because the government looks at the long-term and the government is actually a promoter, a market promoter, at least the government is right and the market is happy about this news.

Mrs. Siqueira: Thank you.

Operator: Our next question comes from Mrs. Paula Kovarsky, Itau BBA.

Mrs. Kovarsky: Good morning to all. I'd like to ask two questions. One has to do with BM-S-8; you were talking about a certification of the reserves and resources and that it is expected by the end of the second quarter. Is it at this time that you expect to have a more tangible estimate of volumes for the Carcará accumulation or are you still in conversation with the other Consortium partners to be able to give us some color about this volume before that?

And could you tell us anything about the unitization of Carcará and the surroundings in any discussions about Abaré Oeste that could have a part in BM-S-8?

And my second question has to do with the auctions, the bidding rounds. Do you think that this that has become a legal battle about the division of the royalties, do you think it can delay the bidding rounds?

Mr. Guardado: Well, it is a pleasure to have you here again in our conference call. Here is what I can tell you: we intend to continue with our certification regardless of this

process that remains up and running in the BM-S-8 Consortium. The data that we have collected about Carcará is very wide, the work is still being performed by the operator and we continue discussing.

But given, that we were not able to perform the DST, which is fundamental to give us an idea about productivity - despite our opinion that the reservoir is very high quality etc. - this kind of data from the DST is fundamental for us to be able to access productivity and to be able to do a recovery analysis and consequently be able to have a range of recoverable volumes.

Petrobras is working on it, but most likely in our certification we will not have solved the analysis issue that can only come with the drilling of the appraisal well. But given the importance of this discovery, we know there are limitations to classifying the number, and it's nothing that we can inform at this point. We are still talking with Petrobras and we are obviously respecting some of this limitation.

Mrs. Kovarsky: Let me rephrase the question: is Carcará going to be part of this independent assessment?

Mr. Guardado: We intend to have an evaluation, but the publication of this evaluation now depends on an agreement among the Consortium parties, just as it was in the beginning, because of all the private documentation involved such as the JOA, and why Paula?

Well that's very understandable; we have 4 companies and 4 companies with very accurate views about that - especially Petrobras - and we have to have some convergence, we need to have a rationale for a figure and that's what we are looking for; the more data we have the narrower the range will be and then the better we will be able to inform you, particularly the operator that knows these areas better.

But, undoubtedly, we remain as optimistic as we were before. We will do it and if we get to the end of the semester/beginning of the second half and we cannot inform anything if the conditions haven't changed (the DST), until then we won't be able to disclose anything. Figures, well we all have some Paula, but figures need convergence.

As for unitization, it's very difficult to say, there has been rumors. It is very difficult to comment, Paula, but if they put us with Libra figures, ANP is liking it very much. I don't know what can happen in the future. Why would we have a unitization now with the government? It wouldn't make sense to have a unitization now today for Carcará.

Mrs. Kovarsky: So this means that with your current information you don't have sufficient volumes outside the Block to start this process?

Mr. Guardado: What we know today is that the studies haven't been completed yet, so there might be volumes outside. But there is just no reason why we should start a unitization, but it is likely that the field would extrapolate the initial limits of BM-S-8.

Now, does it make sense to have a unitization at this point? We don't think so yet, but we are going to be drilling more wells. So we don't see why we should have a unitization at this point. It would be more adequate to wait for some more wells to be drilled, for some data to be generated so that we can be more confident, and then we would have a

unitization with the government, with Petrosal or whoever is involved. So, what I can tell you is that we don't have sufficient reasons for unitization at this point.

The case of Abaré Oeste is very much linked to the decisions of BM-S-9 and the Consortium continues to discuss what to do. We are waiting. Our vector here is always Petrobras, and what Petrobras is reporting to us is that the Consortium is deciding what to do with Abaré Oeste. It seems they need some kind of declaration of commercialization, but as soon as the decision is made we will be contacted to know what will be our participation and how we will deal with Abaré Oeste if we have a unitization or if it requires additional efforts in the Field.

Regarding the bidding rounds, well, I don't believe they're going to be delayed. There is a political issue at this point. The government is interested, however, in carrying out these bidding rounds. There has been a recent effort in the past few days of the government on being an arbiter on this dispute among the states, the Northeast states have made some decisions in terms of removing the proposals for the bidding fields.

So, we don't expect a delay. If a trial is able to be avoided at the STF, it will increase the chances of maintaining the ANP bidding rounds. If the issue escalates judiciously there might be a delay, but a small delay. We firmly believe that the bidding round will take place in the first half of the year.

Operator: Our next question comes from Mr. Vicente Falanga, from Santander.

Mr. Falanga: Good morning to all. My question is addressed to Paula. I believe that you are one of the favorites to potentially get some blocks on the 11th bidding round given the very healthy financial state that you are enjoying. Well, if you win some blocks do you intend to get some debt for the Company, to get some leverage or you don't intend to do it at the moment? Thank you.

Mrs. Costa: Thanks for your question, Vicente. I believe that leveraging the Company is in our radar for the mid-term, I would say, but not just because of the ANP bidding round. If you look at our CAPEX for the development of Atlanta, Carcará for the future, well, we have important developments coming up and it would be healthy to have some debt in the company's balance sheet.

Well, we are fully funded until 2014, and after that we can get some debt in our balance sheet, for that we have the cash flow of Manati, a long-term contract with Petrobras with a take-or-pay provision. So we have some alternatives, we even have the reserve that can be used as a guarantee for Atlanta and in the future for Carcará, so we have some alternatives for leveraging for this funding.

I wouldn't really link it to our participation in the bidding round. In the bidding round the commitments will be initially softer, if I may say so, and the big investments will all come later on. In the short-term we have some important investments, the most relevant being the EPS of Atlanta and in the future the development of Carcará, and for that I believe that we will be accessing some debt. Probably the next funding need will be supplied through the debt market; we have room in our balance sheet for that. We have reserves to use as collaterals and I believe that this will bring an additional value to the company and consolidate our capital structure.

Mr. Falanga: Thank you very much.

Operator: Our next question comes from Mr. Luiz Pinho, UBS.

Mr. Pinho: Hello, good afternoon everyone. My question is about the guidance for Manati production. Considering everything happening in the industry, it would be only natural for investors to be a bit more conservative now, using the 5.5 million m³. Now, this lower range seems a bit conservative to me considering that 5.5 million would be 8% below the 6 million standards, so it is approximately what a month represents in a year, right, 8%?

You also said that in the first three months the production is higher than 6, at 6.5 if I'm not wrong. So the question is: should I not estimate something like a midpoint of this guidance or possibly coming to the top of this range, because the scheduled maintenance would be at the time of the lower demand, I guess. This would be my first question.

Mr. Oliveira: Good afternoon, Luiz. Look, our calculations are based on the high demand we had in 2012. As you said, the scheduled downtime is about 30 days, or 8%, and if you look at our average of 2012, that was 6.1.

Now, if we deduct 8% it's approximately 5.6, so I say we may reach 6 precisely because of the higher demand in the first quarter, but it's very difficult to maintain this level the whole year selling 6.5 million m³ a day, so our calculation between 5 and 6 is not conservative, it's quite realistic based on the data recovered in the last 5 to 6 months.

Mr. Pinho: Okay, thank you. My next question: I don't know if you've seen, but I read in the press a comment by a Secretary of the Energy and Mining Ministry, saying Carcará can have up to 1 billion barrels. I know you cannot talk about figures, but perhaps you could make some qualitative comments and whether this person really has enough knowledge to speak about estimates, if this number makes any sense to you, so whatever you could say on this would be very important for us. Thank you.

Mr. Guardado: Yes Luiz, we also heard this statement and obviously we got happy, but it's only important to highlight that we don't know what was the context behind this Carcará statement by the Secretary. What we can tell you with confidence is that this is a potential number, but what is important is that this is not the only number associated to Carcará, there are other numbers.

We have a very wide range regarding volume as we've been saying and this is one of the numbers that are being discussed, but there are other numbers that we have and we also need to consider this context which was behind this statement by the Secretary. This is not an impossible number considering the range established by the Consortium.

Mr. Pinho: Okay, so above or below this level, right?

Mr. Guardado: Well, as I said, the range has room up and down, but we will now conduct a few more actions such as the appraisal well, the drill stem test, all of this is for us to gather more data and we to bring this number higher, but it depends on the results of the studies. We conducted quite a few tests on the well, we have a large volume of data, which is being considered by the operator and which will certainly impact the final definition of these numbers.

So we will certainly converge, the numbers will certainly converge, but this number you mentioned is not the only one being considered.

Mr. Pinho: Now, may I ask another question, please? When we have the certification document about Carcará what will we see there? Will the whole volume be classified as contingent and then perhaps eventually we may have a lower number than what you see initially, because there will be only one well, or can we have a combination of contingent and prospective, I mean, how should investors be prepared to look at this number that will be on the certification?

Mr. Guardado: Well, let me repeat that although we may have the certification of Carcará it does not necessarily mean it will be published. The number we would like to publish is the number that comes from the Consortium. We will do the certification because this is the right thing to do; we want to do the certification, however, the publication of this number depends on the approval by the Consortium.

If the consortium has a number before that or even after that, as it all indicates, then this number will be published after the certification and we will not be able to publish the number in the certification.

Technically you are right, we should have a contingent number and also a prospective number, which would be for that area that could be drained or where we have more certainty about the reservoir and another area which will depend on the continuity of studies.

It's not just one appraisal well that will determine the area, but this well is very important. Depending on the strategy that will be determined for its drilling there are several options. The operator and the Consortium have already analyzed some of these options and this decision will have a certain focus, which has not yet been defined.

So, although we will have the appraisal well it is probable that in the future we will have a contingent area and a prospective area, that would sum up the total volume of recoverable boe in the future, okay?

Mr. Pinho: Okay, thank you.

Operator: Our next question comes from Mr. Anish Kapadia, TPH Investment Bank.

Mr. Kapadia: I have a few questions, please. First, just going back to BM-S-8, I know you don't have enough information for recoverable resources estimates, but I assume you have a good number in terms of oil in place, so I was just wondering, is about 5 million barrels a reasonable number for oil in place number?

And also can you give us a pre-drill estimate on the Guanxuma prospect that you are going to drill on the BM-S-8 next year?

And the second question was: I was just wondering if you could just remind us and run through the details on the BM-J-2 prospects and I'm just wondering over here, you have got 100% in it, would it not make sense to farm-down that prospect before you drill it and have you got any offers on that?

The final question was on Manati; I was wondering if you would be interested in increasing your stake in Manati if any of your partners are looking to sell down? Thank you.

Mr. Guardado: Thank you, Anish. Well, about Guanxuma, no doubt we are reviewing volume estimates. The operator and the Consortium are reviewing, considering the new data we received from Carcará well. Guanxuma was already a prospect and now we are reviewing because we have to incorporate the results on petrography and all the results that we've obtained for quality of the reservoirs.

So the whole block is now being reassessed considering the results from Carcará and Guanxuma is too, which we expect to drill in 2014 initially. It is being reassessed and we expect it will be reviewed upwards when the review process is concluded.

About the volumes in place in Carcará, for you to calculate recoverable oil volumes you have to calculate the volume of oil in place and we have a large distribution of oil in place, it's a very open wide distribution for the recoverable volume. So, consequently, we have a large extension of oil in place, which is determined by the size of the area and the characteristics of these reservoirs in addition to other physiochemical properties of this oil.

Now, the only way for us to transform this will be with a recoverable factor analysis, which will be conducted with the test. So, this number you've mentioned of oil in place volume is within the range, but again, it's not the only number. As we mentioned before in regards to the previous question; the range is still very wide, too wide I'd say, from the cap and the floor because we still need more elements to converge towards the center of this distribution, which is the way we calculate.

Very well, about BM-J-2, I think you're right, it's quite reasonable. It's not the Company's goal to keep 100% of any block; this is the only block where we have a 100% ownership. It is not our plan, but 100% ownerships are sometimes tactic, they are needed at a certain time for us to have a presence in a certain basin, and this is what happened in the past. We had differentiated knowledge in the area, we've already produced in this area, we are very close to the Camamu basin where we have Manati, which, actually, Danilo can add more detail, so it was perfectly justifiable at that time to have this 100% ownership.

So, at that time it was part of our tactic to make this decision. Today no doubt it may make sense for the Company, but this decision the board will make, I mean, this is a decision that is already under our radar, but we can only make this decision looking at the market. The market has an oversupply today, so it's not an easy decision to come to the market and make an offer of farm-out when we will now have a new bidding round, the probable sale of Petrobras' assets on the market, so you have to look at it carefully.

But as you said, it makes a lot of sense because we never plan to have a 100% ownership, especially not in an exploratory asset.

Mrs. Costa: Now, in answer to your last question – as to increase our stake in Manati – yes, we are actually expanding our portfolio at this time, but our focus is more on

exploration assets or development assets or assets where we can actually view value addition that has an upside with future activities.

Manti is a very important asset for us, it generates cash, which is important for us, it provides a sound cash position and cash generation to feed our future investments, especially exploration investments. However, this asset has its production curve already known, that is, we do not have a lot of value creation and upsides for new investors in there. So we actually do look into all opportunities that come to the company, but we would have to see some value added in this acquisition and perhaps this is not so clear for assets with this degree of maturity as Manati: this asset is already developed, in full production and the variables are quite known.

So, for us to increase our stake, we would have to identify value creation, which is not very clear at first.

Mr. Kapadia: Thank you. Can I just ask one quick follow-up question? I was just wondering if you could give your current estimate for development CAPEX in 2015 also. Thank you.

Mrs. Costa: Well, we haven't disclosed the figures for 2015 yet. Most of the Atlanta EPS is included in the figures for 2013 and 2014. For 2015 the development CAPEX will be more guided towards Carcará. The complete disclosure will come when we have the final data about Carcará to inform the market.

Mr. Kapadia: Thank you.

Operator: Our next question comes from Mr. Gustavo Gattass, BTG Pactual.

Mr. Gattass: Good morning one and all. I have some follow-up questions. The initial question; if there is a lot of doubt regarding Carcará, I would like to understand from you why do you expect to wait so long to put together a report? Is it potentially to consider all of the assets that you can get in the bidding round?

Mr. Guardado: Well, not necessarily Gustavo. We expected to produce this report actually by the end of last year, already including the Carcará results. That was prolonged for a good reason; it is a deep well, a well that generates a lot of data that you already know about and we intended to drill it as deep as possible. It took about a year so we didn't see any advantage in writing the report as we imagined without Carcará that was being drilled.

If we had been able to perform the test we would have a higher likelihood of informing you about a volume range more accurately and that's why we transferred the certification for 2013.

The process is underway, but the fact that we didn't perform the DST and the lack of more substantial data regarding productivity for a field this big, with this potential, all of that led us to a delay this disclosure at a Consortium level.

We came to the conclusion that we needed more data so that we could rationally and responsibly make an announcement of a volume range which, by the way, remains our goal with the DST or not. We always talk about the volume range given that one single

well or possibly two would not be enough to give us a more accurate figure of what is recoverable and in place.

So that's what is delaying the report; we need more figures and will try to get a certification to prove other things that are in our portfolio: BS-4, Piapara, BM-C-27. So, in all of these certifications, we submit an authorization to the partners respecting our private contracts, our JOA.

We will be doing it with them. For Carcará, I can't say it 100% that it is not going to happen, but I don't believe it will be in the certification. I don't believe that we will disclose this certification without approval of all the partners and everyone agreed that we need a DST performed in the appraisal well.

Mr. Gattass: Another question: but Lincoln, if the decision has been to not include or it's likely not to include Carcará, why wait? In the press release you were saying that you're planning to contract; why don't you do it for the rest of the portfolio? Is there any other time limitation?

Mr. Guardado: No Gattass, it is the process itself that is kind of lengthy and time-consuming. We had few people. In the beginning of the year we were talking with Gaffney, even Gaffney has small availability in the first half because they do a lot of certification of reserves for companies. So they are also somewhat limited, and that limitation extended until the end of Carnival, but we are in conversation with them and we intend to start very soon a revision of our assets.

This is underway but, like I said, they had other commitments and we had some commitments connected with the bidding round, so both parties decided to delay the process a bit, but the process is underway, and we expect to sign the contract very soon.

Mr. Gattass: Thank you. I have two quick questions for you Lincoln and one addressed to Danilo. To Danilo: I'd like to understand about the maintenance; is it maintenance or is any type of upgrading with the compression that you have planned? Is there anything that you see as a risk, as the year before you had to stop for many months?

And my two questions addressed to you Lincoln: You are sending a message of drilling in Alto de Canavieiras yet this year when we have October as a hard deadline and you have the Guanxuma (as Anish mentioned) for 2014, but we don't know whether ANP will give you a green light, so how confident are you regarding these timelines?

Mr. Oliveira: Gattass, good morning, this is Danilo. Well, the Manati maintenance, the scheduled maintenance – I stress it as a scheduled maintenance – it is compulsory according to the rules. Every five years we need to have this kind of stoppage. It was scheduled for the end of last year and it was postponed until April due to high demand for gas from thermal power plants, but there is absolutely nothing linked to the maintenance we had in 2011. So, 2011 maintenance was the corrective one. This is a scheduled maintenance to be complied with the rules, okay?

As for BM-J-2, we are about to sign the contract to contract the rig that should get here in May and we are ready to start drilling in June. We expect to complete it within 45 to

60 days. All logistics support has been contracted so we have some peace of mind regarding completion within the deadline allowed by IBAMA.

Mr. Guardado: Gattass, as for Guanxuma, let me give you a brief history; the operator revised the evaluation plan that allowed us to drill two wells: Biguá and Carcará. That is the Bem-te-Vi evaluation plan, the first discovery in the area. Petrobras put together a new plan because that was completed in December with the drilling of Carcará, and obviously with this result I have a lot to do in that area. So, Petrobras has already released this plan to ANP, so that they can give their approval.

About the proposals, they were presented to expand the Bem-te-Vi evaluation plan, very much linked obviously to Carcará and to the upcoming drilling that we intend to do. So, our outlook for 2014 is one of getting started, I mean, that is our plan, we might start in 2015.

We are still awaiting a decision, but internally we are working to map and to then to review all of these possibilities. Drilling undoubtedly depends on the whole process that starts with the acquisition of material, slots for the rigs and all of that is being evaluated by Petrobras.

But the key point here is to wait for ANP's decision regarding a number of actions that were proposed and submitted to them. So we are waiting. So we say probably 2014, because we would move a rig in 2013 for the appraisal well and that would be a good opportunity, as long as this is approved in the plan and as long as it respects all the operating aspects involved being assessed by Petrobras.

So, it is wishful thinking, as it also depends on the ANP and the whole process.

Mr. Gattass: Thank you very much.

Operator: Our next question comes from Mr. André Sobreira, Credit Suisse.

Mr. Sobreira: Hello, good afternoon. I have two brief questions. The first is about the next bidding round; do you still want to have partnerships and not participate as the operator? I just wanted to confirm if this is the idea.

An the next question is about the same topic; you mentioned that there are quite a few assets for sale right now in Brazil, I would like to understand your focus a bit better. If you could choose, would you participate more in the 11th bidding round or are there any assets for sale that would be interesting, that have a nice fit with your portfolio, and what do you think about this? Thank you.

Mr. Guardado: Hello, good morning André, thank you for your question. As a corporate decision in the company, we are always trying to be part of a partnership. It is something adequate and it's not only for us, other companies do pursue the same strategy. We are pursuing this strategy considering the blocks, their risk, considering a financial logic, so all of this has to be considered, it depends on the companies and it depends on the blocks we are talking about.

So, at the end of the day the clear answer is: yes, we prefer partnerships. But we can be the operators; actually we do have the skills, this is a differential, a competitive edge for

us, and we would appreciate to be operators too, but it's not a requirement. I mean, these are difficult areas, the infrastructure is not yet highly developed, the logistics will not be easy, so all of this has to be considered, I mean, what would be the best way to be present as an operator. But we do have the capacity to be operators and this is also being considered, this is also on the table for discussion, that is why we would become operators for some blocks, but what is important to participate, to compete. Now, whether we will be the winners, it depends on how competitive it will be, because we always want to have the right logics in terms of returns.

About the other assets for sale, no doubt we are always open to looking into these offers and trying to understand how we can participate. So this goes in the way that Paula mentioned about Manati; we have to view the gains, the benefits for our portfolio. There has to be something attractive, considering the trade-off. If it is of a magnitude that our Company can participate or make a serious offer, if this is aligned to our growth logic that has to be approved by our board, then we will do our very best to participate and make the most of it.

However, this balance is not that simple because all of these processes that will take place at the same time, and perhaps we will be invited for future farm-outs, but all of these things are happening at the same time, so we have to be careful and follow our strategy, searching for an equilibrium. Blocks have a long-term horizon; they give we elasticity to our portfolio.

So we want to expand our portfolio, not only with frontier areas Blocks, although we do have space for frontier areas. The opportunities that come up, at least the opportunities that are being discussed on the market some of them are already at an advanced stage, so they have short-term elasticity and need to be evaluated and compared considering also the company's financial sufficiency.

But we will, with no doubt, evaluate all of these offers and invitations we receive.

Mr. Sobreira: Okay, thank you Lincoln.

Operator: Our next question comes from Mr. Luiz Otávio Broad, Ágora Corretora.

Mr. Broad: Good afternoon to all. I have a question relative to something that was discussed at length yesterday at the IBEF Oil and Gas Forum relative to two issues in the industry; first, the regulatory risk is higher now as of the new redistribution of royalties, with some states threatening to have an over taxation on their oil production. And secondly, regarding local content, which is always a concern for companies, I would like to know: in your view do you think on this and what would be the main issue for the industry today; local content on the higher political risk? Thank you.

Mr. Guardado: Luiz, it is a pleasure, thank you for joining us. Well, we have two different problems there: one is more financially driven, I mean, it's a financial problem that may become a legal problem. The local content is something that has come to stay. The government is keeping their eyes open regarding that and they're willing to negotiate and to adapt, to have companies operating in Brazil on the long run, thus facilitating, perhaps, some of the proposals for the bids.

So we will survive the local content requirement. It is a necessary discussion, it's coming up and the more players we have in it the better. Everyone will have to deal with the local content, although it is a topic that requires some pondering by all players, not regarding what to do, but regarding how to do it, and the pace in which this is going to happen. But we count on everyone's common sense so that the bidding rounds will be successful.

As for the regulatory risk, it's always a little bit scary, you are right. It is something that is not always good, but we believe that this is a short-term turbulence. That issue reached a pick, a very high temperature, but it's getting better, if you look at the reaction of some governors.

In Brazil or anywhere in the world for that matter any changes, any threats, any evidence of legal regulation instability causes some turbulence and that's not good. But we believe - not only because we are a Brazilian company located here, that sees this issue with a certain filter - we believe that common sense is starting to prevail. Discussions will take place; apparently the federal government will be the referee in these discussions trying to calm everyone down, so I think that it's starting to get better.

Is it a reason of concern? Yes. May there be a delay? Possibly, but we don't believe so. The news, especially during these last two days, have shown some initiatives on both sides so that this matter will not become a legal issue that will breed uncertainties. We hope that this will be a trend and that everything will be unfolding as expected.

Mr. Broad: Thank you very much.

Operator: Our next question comes from Mr. Felipe Santos, JP Morgan.

Mr. Santos: Good afternoon. A quick question about the bidding rounds and your participation in them; how do you see the possibility of you or other players not participating in the bidding rounds given the lack of structure in the equatorial margin, Amazonas river mouth? You might have a lack of ports or infrastructure that will restrict oil production, it could prevent the oil produced in that region to be transferred to the ports; how do you see this kind of situation?

Mr. Guardado: That is a characteristic Felipe, but we have to think about it in relative terms. When we talk about infrastructure, we are very used to the Northeast and the Southeast of Brazil. They have broad infrastructure. Petrobras and other companies operated there in those days of risk, with venture capital contracts. But it doesn't mean that elsewhere there is no infrastructure. These areas do have some difficulties, logistics have to be planned ahead given the great distances, but for the bulk of the activities - and here you are probably thinking about drilling, where infrastructure is an important fundamental considering ports, airports or helicopters, etc. - there will be at least a five-year period for that.

But the contracts are here to be signed. It is something simple to do. The ships have a higher capacity of remaining offshore and, if necessary, every two months they can come onshore. So it's important to think about that, but there is some infrastructure today. The bulk of the problem will only be solved 4 to 5 years from now, since what we've seen

so far is that the first period of these blocks will be a five-year period, that's when we will have theoretically the first of drilling activities.

So, we have some time to deal with that bottleneck and hopefully that region will continue to be developed, so that they will build the necessary infrastructure for deep water offshore activities. This took some time here in the Campos basin; we needed a fast track for that kind of infrastructure to be in place.

In terms of the future of production in these other regions; infrastructure will come. That's what we expect. If we didn't think that way we wouldn't even be participating in the bidding round.

Mr. Santos: Thank you very much.

Operator: Ladies and gentlemen, as a reminder if you would like to ask a question, please, press star one.

This concludes today's question and answer session. I would like to invite Mr. Lincoln Guardado for his closing statements. Please go ahead, sir.

Mr. Guardado: One more time then let me thank you all for participating in our conference call for the fourth quarter and year results of 2012. This was a year of great results, of confirmation and consolidation of our presence in this market and with great perspective for growth as we discussed with you.

I want to thank you all for your questions and let me restate that our Investor Relations Department is at your service for any further questions you may have, as well as all of us will be at your service to be able to provide information about the future of the company.

One more time, thank you all and have a great weekend.

Operator: That does conclude the QGEP audio conference for today. Thank you very much for your participation, have a good day.