

August 2013



Manati Annual Statement of Reserves

Dated as of December 31st, 2012

QGEP

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QGEP Provides Update on Manati Field Reserves

Rio de Janeiro, August 7th, 2013 - QGEP Participações S.A. (BM&FBovespa: QGEP3) today provided an update on natural gas reserves at the Manati Field, based on a reserve report prepared by independent consultant, Gaffney Cline & Associates (GCA).

The Manati Field, located in the Camamu Basin off the coast of northeast Brazil, is one of the largest non-associated producing gas fields in the country. QGEP is the largest owner, with 45% of the Field, which is operated by Petroleo Brasileiro S.A. (Petrobras).

The Field has six wells connected to the PMNT-1 platform via subsea flowlines. The PMNT-1 platform is a fixed production unit, located 10km off the coast and installed at a depth of 35 meters, and is operated remotely. From the platform, the gas flows to the Geofísico Vandemir Ferreira gas processing station, in the city of São Francisco do Conde, via a 125km offshore and onshore pipeline. After being processed, the gas from the Manati Field is purchased by Petrobras and the condensate by Dax Oil.

The GCA report confirms QGEP's view of Manati as a high quality, stable asset, with reserve levels broadly in line with previous certifications.

Below are the technical findings of the report:

"This reserve statement has been prepared by Gaffney, Cline & Associates (GCA) and issued on June 6, 2013 at the request of Queiroz Galvão Exploração e Produção S.A. (QGEP) non-operator and 45.0% interest participant in the Manati Field of the BCAM-40 Block, in the Camamu-Almada Basin offshore Bahia, Brazil. Relevant information was provided by QGEP. Petroleo Brasileiro S.A. (Petrobras) is the operator of the field.

GCA has conducted an independent audit examination as of December 31, 2012, of the hydrocarbon liquids and natural gas volumes expected to be produced in the mentioned field. On the basis of pertinent technical and other information made available to us concerning these property units, we hereby provide the reserve statement given in the tables below.

Statement of Remaining Hydrocarbon Volumes Manati Field, offshore Brazil as of December 31, 2012

	Gross (100%) Sales Volumes		Company Net (NRI) Reserves	
	Liquids (MMBbl)	Gas (Bm ³)	Liquids (MMBbl)	Gas (Bm ³)
1P	1.75	16.7	0.79	7.50
2P	1.87	17.9	0.84	8.04
3P	2.21	21.1	0.99	9.48

Gas reserves sales volumes are based on a firm, existing gas contract and on the reasonable expectation that the amendment to such gas sales contract on similar terms will be approved in the near future.

The original sales contract signed in 2007 specified a daily contract quantity (DCQ) rate of 6 MMm³/d through 2011 followed by a reduced DCQ of 4 MMm³/d through 2016. The total contractual sales volume was 23 Bm³. As of the end of 2010, the partners had negotiated an amendment to this contract that was anticipated to receive formal approval in 2011. This amendment specifies a rate of 6 MMm³/d through the end of 2016, which requires surface gas compression, and a total volume limited only by the estimated total recovery from the field.

At the “as of date” of this audit this amendment has not been signed by the operator although all partners are continuing with the necessary activity to incorporate surface gas compression. Although the main investments for late compression will be done in 2013, GCA considers that the final signatures and approvals are still reasonably certain to be obtained.

The Camamu-Almada Basin is located offshore from the state of Bahia, northeastern Brazil. The BCAM-40 block is in shallow waters, approximately 20-50 meters deep and 10-20 km from shore. The Manati dry gas field was discovered by Petrobras in 2000 by the 1-BAS128 well.

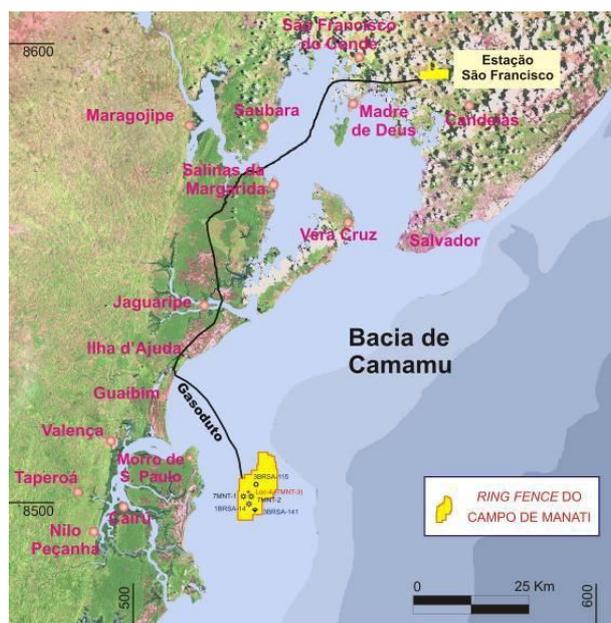


Figure 1 – Manati Field Location map

Manati started production in 2007 from the Sergi Formation sands and presently produces around 6 MMm³/d of gas and 630 bopd of condensate from six wells. Cumulative production is 11.1 Bm³ of gas and 1.17 MMBbl of condensate. Production and pressure performance available as of December 2012 was analyzed through material balance, which indicates, after a cumulative gas production of 8.9 Bm³, a contacted original gas in place volume (OGIP) of 32 Bm³.

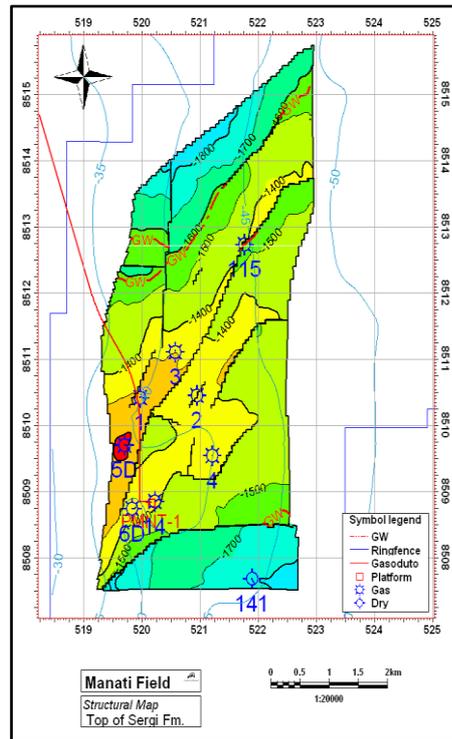


Figure 2 – Structure map of the Sergi Formation

In order to estimate recovery factors for those in place volumes, QGEP presented recent simulation runs that match the production and pressure histories and forecast an ultimate abandonment field pressure. This resulted in a recovery factor for the 1P case of 85% of the Proved OGIP. For the 2P and 3P cases, considering the volumetric OGIP, the recovery factors are 73% and 81% respectively. Proved Undeveloped reserves were attributed to the compression investment. The average calorific value of the gas is 8,850 Kcal/m³ while the condensate yield is 105 Bbl/MMm³ in 2012.

It is GCA’s opinion that the estimates of total remaining recoverable hydrocarbon liquid and natural gas volumes at December 31, 2012 are, in the aggregate, reasonable and the reserves and resources categorization is appropriate and consistent with the definitions for reserves set out in the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers in March 2007 (Appendix II). GCA concludes that the methodologies employed by QGEP in the derivation of the volume estimates are appropriate and that the quality of the data relied upon, the depth and thoroughness of the estimation process is adequate.

GCA is not aware of any potential changes in regulations applicable to these fields that could affect the ability of QGEP to produce the estimated reserves or resources.

This assessment has been conducted within the context of GCA’s understanding of QGEP’s petroleum property rights as represented by QGEP’s management. GCA is not in a position to attest to property title, financial interest relationships or encumbrances thereon for any part of the appraised properties or interests.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas reserves or resources prepared by other parties may differ, perhaps materially, from those contained within this report. The accuracy of any reserve or resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, reserve and resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

For this assignment, GCA served as independent reserve and resource auditors. The firm's officers and employees have no direct or indirect interest holdings in QGEP or in the property units evaluated. GCA's remuneration was not in any way contingent on reported reserve and resource estimates.

QGEP will obtain GCA's prior written or email approval for the use with third parties and context of the use with third parties of any results, statements or opinions expressed by GCA to QGEP, which are attributed to GCA. Such requirement of approval shall include, but not be confined to, statements or references in documents of a public or semi-public nature such as loan agreements, prospectuses, reserve or resource statements, press releases etc."

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