

MATERIAL ACT OR FACT DISCLOSURE POLICY
QUEIROZ GALVÃO EXPLORAÇÃO E PRODUÇÃO S.A.

I. PURPOSE, COVERAGE AND SCOPE

The purpose of this Material Act or Fact Disclosure Policy of QGEP is to regulate the internal procedures to be adopted by the persons linked to the purpose of meeting the legal and regulatory provisions related to the disclosure of material acts or facts, as provided in CVM Instruction No. 358, of January 3rd, 2002, as amended.

The purpose of the disclosure of material information, by means of material acts or facts, is to assure to investors the availability, on a timely basis and in a clear and equitable manner, of information required for their decisions of investment, ensuring the best symmetry possible in the transmission of information and preventing the illegal use of privileged information in the securities market by any person having access to it, to their own benefit or to the benefit of third parties, to the detriment of investors in general, the market and the Company itself. However, the cases related to any material act or fact must have their materiality reviewed in the context of the usual activities and the dimension of QGEP, also taking into account information previously disclosed by the Company, so as to prevent the frivolous disclose of such material acts or fact to the detriment of the quality of the review by the market of the perspectives of QGEP.

The importance of the confidentiality of privileged information arises from the fact that it is not clear and certain that such information will become material, since it concerns a negotiation or transaction which has not been concluded yet.

II. DEFINITIONS

In this document, the following terms, when capitalized, in singular or plural form, shall mean as follows:

Material act or fact: as provided in article 155, § 1 of Act No. 6.404/76 and article 2 of CVM Instruction No. 358/02, it is any decision from a controlling shareholder, resolution taken at the Meeting of Shareholders or by the administrative agencies of the Company, or any other political, administrative, technical, commercial, economic or financial act or fact related to its businesses, which may reasonably influence in:

- 1) the quotation of the issue securities of the Company or related to them,
- 2) the decision of investors to purchase, sell or maintain such securities, and

- 3) The decision of investors to exercise any rights inherent to the capacity of holder of securities issued by the Company or related to them, including but not limited to acts or facts contained in Annex A of this document.

Company or QGEP: Queiroz Galvão Exploração e Produção S.A.

CVM: Securities and Exchange Commission.

Officer in charge: Investors Relations Officer responsible before the Company for the relation with investors and the execution and supervision of the Company's Material Act or Fact Disclosure Policy.

Market Entities: set of stock exchanges or organized over-the-counter market entities in which issue securities of the Company are admitted to negotiation, as well as equivalent entities in other countries.

III. PRINCIPLES AND GOALS

The Company's Material Act or Fact Disclosure Policy is based on the following principles and goals:

- (i) Provide full information to shareholders and investors;
- (ii) Ensure broad and immediate disclosure of material acts or facts;
- (iii) Allow impartial access to public information in the Company to each shareholder and investor;
- (iv) Ensure the confidentiality of non-disclosed material acts or facts;
- (v) Collaborate with the stability and development of the Brazilian stock market; and
- (vi) Consolidate good corporate governance practices in the Company.

IV. DISCLOSURE PROCEDURES

4.1 The Officer in charge shall be responsible for the disclosure and communication to CVM and the Market Entities of any material act or fact by the communication channels, as well as for the adoption of other procedures herein provided.

4.2 The material act or fact must be disclosed by means of (a) publication in the major newspapers usually used by the Company and (b) availability of the corresponding information, with the same content as the one submitted to CVM and the Market Entities, in the worldwide network of computers (Internet), on the website www.qgep.com.br.

4.2.1 At the discretion of the Officer in charge, the publication referred to in item 4.2(a) above may be made in summary form, indicating that the full information may be accessed on the website www.qgep.com.br.

4.2.2 Information must be submitted in a precise and clear manner, using an objective and accessible language to the investors. Whenever any technical concept deemed as complex by the Officer in charge is used, an explanation on its meaning shall be contained in the information disclosed.

4.3 In the event of broadcasting of any material acts or facts by any means of communication, including information to the company, or at meetings of trade associations, investors, analysts or with any

selected public, in Brazil or abroad, the Officer in charge shall simultaneously disclose the corresponding information to the market, as herein provided.

4.4 The controlling shareholder, officers, directors and the audit committee, when it is called, as well as any employee of the Company having access to information on material acts or facts, bound to the instrument contained in Annex B, as set forth in item 6.3 above, shall communicate the Officer in charge on any and all material acts or facts known by them and not by the Officer in charge and verify if the Officer in charge took the measures described in this document in relation to the disclosure of such information.

4.4.1 The communication to the Officer in charge provided in item 4.4 above must be made by electronic mail, to the address, ri@qgep.com.br.

4.4.2 In case any person referred to in item 4.4 verifies the omission of the Officer in charge in the performance of his obligation to communicate and disclose, and if the confidentiality of the material act or fact has not been resolved, under Section V of this Policy, such persons must immediately and directly communicate such material act or fact to CVM so as to be released from the liability imposed by any applicable regulation in the event of its non-disclosure.

4.5 Whenever CVM or the Market Entities demand from the Officer in charge any clarifications in addition to the communication and disclosure of material acts or facts, or in the event of uncommon oscillation in the quotation, price or amount of issue securities of the Company or related to them, the Officer in Charge must question the persons having access to such material acts or facts, in order to verify if they are aware of any information which must be disclosed to the market.

4.5.1 The managers and employees of the Company questioned according to item 4.5 must immediately answer to the request made by the Officer in Charge. In case they are not able to meet the Officer in charge in person or talk to him by telephone in the same day in which they become aware of the demand from CVM or the Market Entities, such managers and employees must send an electronic mail with the material information to the address ri@qgep.com.br.

4.6 The disclosure of material acts or facts must be regularly made to CVM and the Market Entities at the same time, before the commencement or after the conclusion of the transactions in the Market Entities. When the issue securities of the Company are simultaneously negotiated in Brazilian and foreign Market Entities, the disclosure shall be regularly made before the commencement or after the conclusion of the transactions in all countries, and in the event of incompatibility of business hours, the business hours of the Brazilian Market shall prevail.

4.6.1 In case the disclosure of material acts or facts is required to be exceptionally made during the business hours, the Officer in Charge may request, when communicating the material act or

fact, always simultaneously to the Market Entities of the Brazilian and foreign market, the suspension of the transaction of issue securities of the Company or related to them, for the time required for the proper transmission of such information. The Officer in Charge must evidence before the Brazilian Market Entities that the requested suspension of the transaction was also effective in the foreign Market Entities.

4.7 The Company may disclose to the market its expectations of future performance (guidance), whether long-term or short-term, especially concerning financial and operating aspects of its transactions, by decision of the board of directors; however, it is worth-mentioning that the disclosure of such expectations cause the transaction provided in paragraph 4 of article 13 of CVM Instruction No. 358/02 to be restricted.

4.7.1 In the event of disclosure of such expectations, the following provisions shall be observed:

- (i) The disclosure in advance of such results may be allowed in the event of preliminary information, not audited yet, presented in a clear manner, for each one of the items and scheduled periods, provisions and calculation log used;
- (ii) [The results or bulletins prepared according to foreign accounting standards must reconcile with the Brazilian accounting practices and the line items directly in the financial statements of the Company and thus obtained according to the accounting criteria adopted in Brazil];
- (iii) In case the information disclosed involves the preparation of projections, a comparison between them and the results actually obtained must be submitted at the time of disclosure of the ITR Form of the Company; and
- (iv) If the projections disclosed are interrupted, such fact must be informed, along with reasons for its lack of validity, in the form of Material Fact.

V. EXCEPTION TO DISCLOSURE

5.1 Material acts or facts may not be disclosed, as an exception, in case the controlling shareholder or the Board of Directors verifies that such disclosure will put at risk any interests of the Company, and the procedure herein provided with the purpose of ensuring the confidentiality of such information must be adopted.

5.2 In case the material act or fact is related to transactions directly involving the controlling shareholder, the latter may instruct the Officer in Charge not to disclose such material act or fact, giving justification for such decision.

5.3 The Officer in Charge must always be informed on any confidential material act or fact, and it is his responsibility, along with other persons being aware of such information, to ensure the adoption of proper procedures to perform the obligation of confidentiality.

5.4 In the event of any doubts regarding the legitimacy of the non-disclosure of information by those aware of the confidential material act or fact, the matter shall be submitted to CVM, as provided in the applicable rules.

VI. PROCEDURES FOR PERFORMANCE OF THE OBLIGATION OF CONFIDENTIALITY

6.1 The controlling shareholder, officers, directors and the audit committee, when it is called, in addition to the other employees and agents of the Company, must ensure the confidentiality of information related to material facts of acts to which they have privileged access due to their office or position, always complying with the procedures established in Section VI, until it is actually disclosed in the market, as well as cause their subordinates and third parties to comply with such procedures, being jointly and severally liable for any nonperformance.

6.2 In order to ensure the confidentiality referred to in item 6.1 above, any mentioned person must observe and cause the observance of the following procedures, without prejudice to the adoption of other measures deemed appropriate in each concrete situation:

- (i) Only disclose confidential information to those who necessarily have to be aware of it;
- (ii) Not discuss such confidential information in the presence of third parties which are not aware of it;
- (iii) Take measures in order to ensure that documents containing confidential information are not unintentionally disclosed to third parties at the time of its transmission, analysis or discussion; and
- (iv) Without prejudice to the liability of the person transmitting the confidential information, request third parties which are not part of the Company and need to have access to such information to sign a confidentiality instrument in which the nature of the information is provided, as well as a statement made by such third party acknowledging such confidentiality and undertaking not to disclose it to any other person and not to negotiate issue securities of the Company before the information is disclosed to the market.

6.3 In case any confidential information needs to be disclosed to employees of the Company or to any other person holding an office, function or position in the Company, as well as in its controlling,

controlled or affiliated companies, except if he/she is an officer, director or auditor of the Company, the person responsible for the transmission of information must ensure that the person receiving such information is aware of the Company's Material Act or Fact Disclosure Policy, and the latter must sign the instrument contained in Annex B before having access to such information.

VII. SUPERVISION OF THE DISCLOSURE POLICY

7.1 The Officer in Charge shall verify, concerning any material act or fact, the proper performance of the Company's Material Act or Fact Disclosure Policy, immediately informing any irregularity to the Board of Directors.

7.2 The precision and adjustment in the form of wording of the information disclosed to the market, as set forth in item 4.2.2 above shall be assessed by the Officer in Charge after the reasons based on the request for additional clarifications by CVM and the Market Entities are verified.

7.3 In any of the cases provided in item 5.3 above resulting in necessary disclosure of confidential material acts or facts or violation of the confidentiality of such material acts or facts before being disclosed to the market, the Officer in Charge must make investigations and internal inspections in the Company, questioning any person involved, who shall always answer to their request for information, in order to verify the reason which resulted in the violation of such confidentiality.

7.3.1 The conclusions of the Officer in Charge shall be submitted to the Board of Directors, so that the proper measures are taken, along with any recommendations and suggestions of amendment to the Company's Material Act or Fact Disclosure Policy which may further prevent the nonperformance of the obligation of confidentiality.

7.4 The Officer in Charge shall supervise the negotiation of issue securities of the Company or related to them, adopting certain procedures in order to be informed on the negotiations made before material acts or facts are disclosed to the market, with the purpose of identifying any negotiations prohibited by legislation in force made by any person being aware of such material act or fact, communicating any irregularities to the Board of Directors and CVM (Brazilian Exchange Commission).

VIII. AMENDMENT TO THE DISCLOSURE POLICY

8.1 By resolution of the Board of Directors, the Company's Material Act or Fact Disclosure Policy may be amended in the following cases:

- (i) Express determination by CVM on such respect;
- (ii) Amendments to legal and regulatory rules, so as to insert any adjustments deemed necessary; and
- (iii) When the Board of Directors, in the process of evaluation of the effectiveness of the procedures adopted, verifies the need of such amendments.

8.2 Any amendments to the Company's Material Act or Fact Disclosure Policy must be communicated to CVM and the Market Entities by the Officer in Charge, as provided in the applicable rules, as well as to any person contained in the list provided in 10.1.3 below.

IX. VIOLATIONS AND SANCTIONS

9.1 Without prejudice to the applicable sanctions under legislation in force, to be applied by the authorities of competent jurisdiction, in the event of violation of the terms and procedures set forth in the Company's Material Act or Fact Disclosure Policy, the Board of Directors shall take any applicable regulatory measures in the internal scope of the Company, including removal of office or dismissal of the offender in the event of serious violation.

9.2 In case the applicable measure is under the legal competence of the shareholders, the Board of Directors shall call the Meeting of Shareholders to resolve on the matter.

X. VALIDITY OF THE ADHESION CONTRACT

10.1 The Company shall formally communicate this Policy to the persons involved and obtain their corresponding formal adhesion to the Adhesion Contract, which shall be filed at the registered office of the Company during the period in which the referred persons involved are bound to the company plus at least five (5) years after their dismissal.

XI. MISCELLANEOUS

11.1 The Company must send by registered mail a copy of this Company's Material Act or Fact Disclosure Policy to the controlling shareholder, officers, directors and the Audit Committee, when it is

called, as well as to any person that, due to his office, function or position in the Company or in its controlling, controlled or affiliated companies, may have access to information related to material facts or acts, requesting the return of the adhesion contract duly signed according to Annex B of this document, which shall be filed at the registered office of the Company.

10.1.1 At the time of execution of the investiture instrument of the new managers, who must be aware of this Company's Material Act or Fact Disclosure Policy, the execution of the instrument contained in Annex B must be requested.

10.1.2 The communication of the Company's Material Act or Fact Disclosure Policy, as well as the requirement of execution of the instrument contained in Annex B, to the persons listed in item 10.1 above shall be made before such persons are aware of any material act or fact, as provided in item 6.3 above.

10.1.3 The Company shall maintain in its registered office, at the disposal of CVM (Brazilian Exchange Commission), the list of persons provided in item 10.1 and their corresponding capacities, indicating their office or function, address and registration number in the Brazilian Register of Corporate Taxpayers, immediately updating it in the event of any changes.

10.2 This Company's Material Act or Fact Disclosure Policy must be observed from the date of its approval by the Board of Directors.

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Rio de Janeiro, October 26th, 2010

Board:

Antônio Augusto de Queiroz Galvão
President

Paula Vasconcelos da Costa
Secretary

ANNEX A

1. Execution of agreement or contract for transfer of the controlling interest of the company, even if under suspensive or resolutive conditions.
2. Change in the control of the Company, including by means of execution, amendment or termination of the shareholders' agreement.
3. Execution, amendment or termination of the shareholders' agreement in which the Company is a party or intervening party, or whose registration is amended in the Company's proper book.
4. Admission or exit of any shareholder bound to an agreement or operating, financial, technological or administrative collaboration with the Company.
5. Authorization for negotiation of issue securities of the Company in any market, whether Brazilian or international.
6. Decision to cancel the registration of the company as a publicly held corporation.
7. purchase or sale of assets of relevant amount.
8. Consolidation, merger or spin-off involving the Company or sister companies.
9. Conversion or dissolution of the Company.
10. Change in the Company's assets.
11. Change of accounting criteria.
12. Renegotiation of debts.
13. Approval of the Stock Call Option Plan.
14. Change in the rights and advantages of issue securities of the Company.
15. Stock split or reserve stock split or bonus.
16. Stock brought back by the Company or cancelled, and disposition of shares so purchased.
17. Income or loss of the Company and attribution of income in cash.
18. Execution or Termination of any agreement, or failure in its execution, when the expectation to execute such agreement is publicly known.
19. Approval, change or renunciation of any project or delay in its implementation.
20. Commencement, return or shutdown of the manufacturing or marketing of products or the provision of services.
21. Discovery, change or development of technology or funds of the Company.

22. Change of projects disclosed by the Company.
23. Application for court-supervised reorganization, adjudication or admission of bankruptcy or filing of action which may affect the economical and financial status of the Company.
24. Approval, by the administrative agencies of the Company, of any public offering subject to registration with CVM (Brazilian Exchange Commission).
25. Purchase of the controlling interest of a publicly held corporation.

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ANNEX B

**ADHESION CONTRACT TO THE MATERIAL ACT OR FACT DISCLOSURE POLICY OF
QUEIROZ GALVÃO EXPLORAÇÃO E PRODUÇÃO S.A.**

By this instrument, [INSERT NAME OR TRADE NAME], [INSERT CAPACITY – NATIONALITY, MARITAL STATUS, PROFESSION, IDENTITY CARD NO.(I.D)/NATIONAL FOREIGNERS’ REGISTRY (RNE), IF IT IS A NATURAL PERSON; IDENTIFY CORPORATE TYPE, IF IT IS A LEGAL ENTITY], with address at [INSERT ADDRESS], registered in the [CPF/MF – CNPJ/MF] under No. [INSERT NUMBER], in the capacity of [INDICATE OFFICE HELD OR “CONTROLLING SHAREHOLDER”] of **QUEIROZ GALVÃO EXPLORAÇÃO E PRODUÇÃO S.A.**, a corporation with registered office at Av. Antônio Carlos, nº 51, 3º andar (parte), Centro, Municipality of Rio de Janeiro, State of Rio de Janeiro, CEP [x], registered in the Brazilian Register of Corporate Taxpayers of the Ministry of Finance (CNPJ) under No. 11.253.257/0001-71, hereinafter referred to as “Company”, hereby represents that it is aware of the Company’s Material Act or Fact Disclosure Policy, approved by the Board of Directors on [x], under CVM Instruction No. 358, of January 3rd, 2002, as amended by CVM Instruction No. 369, of June 11th, 2002 and CVM Instruction No. 449, of March 15th, 2007, undertaking to observe the rules and procedures provided in such document and cause its actions related to the Company to always comply with such provisions.

[•], [•] [•] of [•].

Name:

Office:

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