

QGEP Participações S.A.
CNPJ/MF nº 11.669.021/0001-10
Publicly Held Company

NOTICE TO THE MARKET

QGEP Provides An Asset Portfolio Update

Rio de Janeiro, January 23, 2014 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”) today provided an update on certain producing and exploratory assets.

Manati Field

Fourth quarter production at Manati Field averaged 6.1 MMm³ per day, bringing full year 2013 production to an average of 6.0MMm³ per day, at the high end of the Company’s guidance range.

As previously announced, a surface gas compression plant will be installed at the Field in order to maintain production capacity. The bidding process for the construction of the compression plant has been completed, and the results have been submitted for the operator’s internal approvals. This approval is expected by the end of the first quarter of 2014, and the construction of the plant is expected to begin in mid-2014.

Queiroz Galvão Exploração e Produção S.A. holds a 45% participating interest in the Block, which is operated by Petrobras (35%).

BM-S-8

The first phase of drilling an appraisal well at the significant Carcará discovery in BM-S-8 began in December. Operational issues were faced during the drilling, and the well has been abandoned. Drilling will be carried out in two phases, due to the need for a rig with equipment suitable for drilling deep reservoirs with a high level of operational efficiency and safety.

The first phase of drilling in this prospect is expected to begin in the second quarter of this year. The second phase should begin in the fourth quarter of 2014. Both the drilling and the Drill Stem Test (DST) are expected to be concluded in mid-2015. The Consortium will also perform an Extended Well Test (EWT) at the Carcará appraisal well and first oil is expected by the end of 2018.

Additionally, drilling at the Guanxuma prospect is expected to begin in mid-2015. This prospect is located approximately 30 km off the Carcará Discovery in the pre-salt of the Santos Basin.

Queiroz Galvão Exploração e Produção S.A. holds a 10% participating interest in this block, which is operated by Petrobras (66%). Other consortium members include Petrogal Brasil (14%) and Barra Energia do Brasil Petróleo e Gás Ltda. (10%).

BM-J-2

In December 2013, QGEP submitted an Evaluation Plan for its 100%-owned Block BM-J-2 to the Agência Nacional de Petróleo, Gás Natural e Biocombustíveis (ANP). In August, the Company filed a Notice of Discovery with the ANP based on the identification of anomalies in the gas detector and oil shows in the cuttings, as well as the interpretation of pay zones in the Logging While Drilling (LWD) profiles in its 1-QG-5A-BAS well. The well was drilled to a final depth of 4,800 meters, 750 meters below the salt layer. Negotiations with the Agency regarding the next steps for the block are currently underway, and QGEP expects final approval for the Evaluation Plan during the first half of 2014.

"This report is part of our established practice of providing investors with periodic updates on developments in our asset portfolio. In keeping with this practice, we are pleased to report that operating activities are continuing apace at the first well of the Atlanta Field in Block BS-4, where QGEP is the operator with a 30% ownership interest", said Lincoln Guardado, CEO of QGEP.

For more information, please contact our Investor Relations team:

Phone: 55 21 3509-5959

E-mail: ri@qgep.com.br

www.qgep.com.br/ri

About Queiroz Galvão Exploração e Produção

QGEP Participações S.A. is Brazil's largest producing company in the Brazilian Exploration and Production (E&P) private sector, and the first and only private Brazilian company to operate in the premium pre-salt area in Brazil. QGEP is qualified by the ANP in the last two auctions in 2007 and 2008 to act as "Operator A" in Deep and Ultra-Deep Waters. The Company has a diversified portfolio of high quality and high potential exploration and production assets. Furthermore, it owns 45% of the concession for the Manati Field located in the Camamu Basin, which is one of the largest non-associated natural gas fields under production in Brazil. Manati Field has been in operation since 2007, and has average production capacity of approximately 6 million of m3 per day. For more information, access www.qgep.com.br/ri