

Operator: Good morning ladies and gentlemen. At this time we would like to welcome everyone to QGEP's 4th Quarter and Full Year 2013 earnings conference call. Today with us, we have Mr. Lincoln Rumenos Guardado, CEO of the Company, Mrs. Paula Costa Côrte-Real, 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. Lincoln, you may begin the conference.

Mr. Guardado: Good morning everyone and thank you for taking part in the QGEP conference call. Joining me today are Paula Costa Côrte-Real, our CFO and IRO, Danilo Oliveira, Production Director, and Sergio Michelucci, Exploration Director.

We will begin by reviewing QGEP's operating and financial results for the fourth quarter and full year 2013 and then we will open the call to questions.

To sum up, 2013 was a year of continuing accomplishments for QGEP. We made significant progress on our operations and on implementing our strategy to build and diversify our portfolio to achieve sustainable and balanced growth.

The strong output at the Manati field and improved pricing resulted in very positive financial results for the year.

In development, we are very encouraged by the operational achievements and by the test results from our first well at the Atlanta Field.

In exploration, we expanded and diversified our exploratory portfolio and, while we announced some changes in schedule in some drilling activities, we believe that the results that will be obtained will create consistent value to our shareholders.

All in all, we're heading into the medium and long-term with a well-rounded exploration portfolio in partnership with highly regarded international partners with proven technical expertise; with promising results in our development activities, particularly in Atlanta; with a solid production outlook for Manati and with a robust balance sheet. These are key differentiators that will lead to value creation for all of our stakeholders.

Turning to slide four, here are some specific highlights for the year. Gas production at Manati - last year's largest gas producing field in Brazil - averaged 6 million m³

per day for the year, reaching the high-end of the guidance range we provided in the beginning of 2013.

We recently announced positive test results from the first horizontal well at the Atlanta Field that indicated that the production potential for the well will be at the high-end of our expected range of 6 to 12 thousand barrels per day.

Additionally, drilling and completion were carried out successfully, taking into account the quite challenging conditions of the project. This demonstrates and reaffirms our expertise as an operator, which allows us to participate in similar projects in the future.

In May we acquired eight blocks in ANP's 11th Bidding Round, after a consistent work of analyzing the available blocks. We have several new partners in these blocks, including major regional and oil gas companies. So, we have the opportunity to share different views and to expand our relationships in the sector for the evaluation of future opportunities, as well as broaden our activities as an operator.

Later in the year, we submitted an Evaluation Plan related to our discovery at the Alto de Canavieiras well in Block BM-J-2, at Jequitinhonha basin, where we are the operator and have an 100% ownership position. This followed a drilling campaign that took us to a final depth in the well of 4,800 meters and a notice of discovery released in August, given the shows observed during the drilling.

We were also pleased to receive a R\$266 million financing package, a credit facility, to support the EPS (the Early Production System) at Atlanta from Brazil's *Financiadora de Estudos e Projetos*, or FINEP. The FINEP funds recognize the technological innovation associated with the EPS project and also the strategic importance of the Atlanta Field.

Last but not least, the Board of Directors proposed a dividend payout of R\$0.15 per share on February 24. This decision was based on the Company's financial position, as well as on its strong cash flow generation in 2013, and it reaffirms our belief that our projects will continue to generate value to our shareholders in the mid to long-term, based on our growth strategy. It is also meant to reward the loyalty of our shareholders who have shown confidence in QGEP even in a challenging period for the market. This proposal will be submitted for approval at the shareholders' meeting to be held on April 16, 2014.

On that note, I will turn the call now to Paula Costa, our CFO and IRO, for a closer look at our financial performance in the year 2013.

Mrs. Costa: Thank you Lincoln.

Please turn to slide six. As Lincoln mentioned, our full year 2013 financial results compared very favorably to those of 2012, thanks to the production at Manati. As you look at our results in comparison with 2012, we can highlight our excellent operating performance. However, write-off charges of exploratory wells impacted our results.

Net revenue for the fourth quarter 2013 was R\$126 million, taking our net revenue for the year to R\$486 million. This was a 5% increase *vis-à-vis* 2012 as a result of the contractual gas price adjustment at Manati that always takes place in January.

For the full year, our total Ebitdax fell slightly in absolute numbers, but still represented a high margin of 56%, even after taking into account the scheduled maintenance costs at Manati in the second quarter.

Net financial income also fell to R\$62 million, largely due to currency movements with no impact on cash, which affected the provision for abandonment at Manati and Atlanta fields. Our net cash position, when we subtract FINEP debt, remained very strong at R\$838 million at year end.

Please now turn to slide seven. The average gas production at the Manati Field was 6.1 million m³ per day in the fourth quarter 2013. This brought full-year average production to 6 million m³ per day and these figures were similar year on year.

Gas production at Manati has remained strong in the first weeks of 2014 and for this reason we are now estimating an average daily production for the Field of 5.5 million m³ in 2014, which is at the high-end of the range we initially provided.

Another good piece of news is that the Consortium has completed the bidding process for the construction of a surface gas compression plant at Manati and the results are just awaiting the operators' internal approval.

Once this plant is up and running, we expect gas production at Manati to return to an average of 6 million m³ per day, starting in the middle of next year. Painting of the platform, which will be done in the second half of this year, will not disrupt our production.

Slide eight details our costs. Operating costs rose to R\$58 million in the fourth quarter, this was mainly due to increased costs related to amortization, following the abandonment of Manati's wildcat well. For full year 2013, operating costs were R\$210 million, an increase of 15%, primarily stemming from costs related to maintenance at Manati's gas plant in the second quarter of the year.

G&A costs increased 28% in the fourth quarter and 8% for the full year, reflecting the company's expanded scope of operations and, consequently, the number of employees. At year end, QGEP had 116 employees, compared to 78 at the end of 2012.

For the first quarter, exploration costs totaled R\$55 million, including a R\$42 million write-off charge related to the relinquishment of Block BM-S-12. For full-year, exploration expenses totaled R\$79 million.

Please turn to slide nine. QGEP's Capex for the year 2013 totaled US\$193 million, 80% of which was spent on exploration, including the work at BM-J-2 and the acquisition of blocks in ANP's 11th bidding round.

For 2014, our Capex budget is expected to be US\$155 million, of which US\$94 million will be spent on development activities at Block BS-4. We will also continue with exploratory Capex, including US\$23 million to acquire seismic data for the blocks acquired in the 11th round.

Our forecast for Capex budget for 2015 is US\$115 million, with the majority to be spent on work at blocks BM-S-8 and BM-CAL-12.

I'd now like to turn the call back to Lincoln, who will provide a closer look at some of our key assets.

Mr. Guardado: Thank you Paula. Please, turn to slide 11, where you can see more detail on recent developments at BS-4.

As we discussed, the results of the Drill Stem Test at the first horizontal well of the Early Production System at Atlanta were very encouraging. They showed a production capacity close to 12 thousand barrels per day and also confirmed the excellent reservoir characteristics, as well as 14° API oil, in line with our expectations.

The next step for this Field is the drilling of a second horizontal well, which is already underway. Parallel to that, QGEP has launched the bidding process for the FPSOs. We are working with two possible scenarios for the development of Atlanta. Either we develop the EPS or we go straight to full development. The bidding process takes both scenarios into account and the final decision should be made in the second half of 2014. Under both scenarios, regardless of the choice, we expect first oil at Atlanta Field by late 2015 or early 2016.

At the Oliva Field, also located in BS-4, our Development Plan includes the drilling of five producing wells and three injection wells, all horizontal wells, to be tied back to the Atlanta facilities.

Before we move on to the next slide, I would like to briefly talk about the situation in the BS-4 Consortium. As we have disclosed previously, one of our partners at BS-4 – OGX – has failed to meet certain cash calls, which were paid by QGEP and Barra Energia, on the basis of 50% each.

On December 31, 2013, these cash calls totaled R\$73 million, that were paid out in the beginning of 2014. OGX subsequently missed further cash calls, totaling R\$26 million. We are following the process and we are confident of a solution that will not affect the evolution of the project.

On slide 12, we find details on our activities at BM-S-8. In December, we began drilling the appraisal well at the Carcará discovery, but drilling was interrupted in the early phase, given problems that we had in the drilling rig. We are now assessing two possible scenarios to continue drilling. In the first scenario, we would carry out drilling in two phases, using two different rigs. The first phase would begin during the second quarter of this year and the second phase would begin in the first quarter of 2014.

Under the second scenario, we would drill in a single phases starting in the fourth quarter of 2014. Either way the final phase will use a rig with equipment suitable for drilling deep reservoirs with a high level of efficiency and safety, with positive impacts in the costs of the project, now and in the future.

Under both scenarios, we expect drilling and a Drill Stem Test to be completed by mid-2015, with first oil in the end of 2018, as reaffirmed in a recent report distributed by Petrobras in their business plan.

Elsewhere in BM-S-8, drilling at the Guaxuma prospect is scheduled to begin in the second half of 2015. The Consortium is also evaluating the economic viability of the Biguá discovery, and is considering also the possibility of relinquishing the area to the ANP, taking into account the recent relinquishment of Abaré Oeste to the ANP by the BM-S-9 Consortium. This would lead to charges net to QGEP amounting to

R\$28 million, referring to the Biguá discovery. A final decision is expected by the end of the first quarter of 2014.

Please turn to slide 13. As you can see, we are making progress at various other exploratory assets. At BM-J-2, we submitted a discovery evaluation plan to ANP in December 2013, after filing a notice of discovery in August of that year. This notice was based on the identification of gas detector anomalies, oil shows in cuttings and the interpretation of logs of the pre-salt section of the well that was drilled.

The company is currently in discussions with ANP regarding the next steps for the block and we expect to receive final approval for the proposed plan in the first half of the year of 2014.

At the blocks acquired in the 11th bidding round, QGEP is contracting the acquisition of 3D seismic data. In 2014, we expect to acquire seismic data for assets in Espírito Santo, Foz do Amazonas and Pará-Maranhão basins. Seismic data for assets in Ceará Basin will be acquired in 2015, next year, followed by assets in Pernambuco-Paraíba Basin in 2016.

Please, turn to slide 14. Here, you can see the timeline of key activities that comprise our growth trajectory. Importantly, we have the underlying means in the short and medium-term, including our strong balance sheet and cash generation, to support active exploratory, development and production programs.

As mentioned, first oil at Atlanta is expected in the end of 2015, beginning of 2016. This should provide additional cash flow as we work on other development and exploration projects, such as Carcará, where first oil is expected in the end of 2018.

Despite some changes in the schedule for certain projects, these do not affect substantially their intrinsic value. We believe that we are well-positioned in the following years thanks to a solid financial position and a portfolio of diverse high potential assets, and we have an experienced technical team in place, we have efficient risk management policies and we have a growing motivation to continue and to succeed in our activities.

To sum up, we believe that 2013 was a successful year in the Company's various activities and we believe that this value creation will be reflected in our market value.

I will now open the call for questions. Operator, please.

Q&A Session

Operator: Excuse me, ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please, press star one. If at any time you would like to remove yourself from the questioning queue, please, press star two.

Our first question comes from Mr. Caio Carvalhal, J.P. Morgan.

Mr. Carvalhal: Good morning Lincoln and Paula. I have two brief questions. One of them has to do with Atlanta. We've seen that you've been making comments on a possible reserves certification report from the second quarter of 2014. I would just like to understand, as this changed slightly my expectations; I thought you would

only ask for this report later on. What has changed in your mind to request the report now or was my previous understanding wrong?

And, regarding Atlanta again, but this time related to the bidding process for FPSO. What is the current status now? Could you give us some color about the next steps? I understand we expect to see more information over the third quarter, but I'd like to have a better understanding of the step-by-step process.

The second question has to do with the Piapara prospect. I expected to have a definition of the drilling date, but I guess you are still working on seismic. Do you already have a drilling decision? What you know is already enough to be comfortable with the drilling decision or all you're doing is actually setting timing, or is there any pending issue *vis-à-vis* the visibility of the well drilling? These are my two questions. Thank you.

Mr. Guardado: Caio, we are happy to have you with us. Your questions are very comprehensive. Actually, Caio, we do intend to anticipate the certification on Atlanta for the second quarter of 2014. Obviously, this is very much based on the results from the test. We were really satisfied with the results obtained and also the quality of the data.

We are drilling the second well already and we expect to have a fast test. Consequently, we decided to anticipate our announcement and all we need is to finish this quantitative reading and we need a test for the second well so that we can provide you with information. We believe it is of most importance in order to work on the liability that still surround this project in terms of efficacy and Opex and Capex, and for everything that will happen in the future. By doing so, we expect that we might even inform reserves rather than only recoverable volumes, which were the core of our discourse. We are being very cautious, but we've always been very confident in what we are doing and now we will submit the data to a Certification Agency.

We are still working on it, but this is our outlook and is very much based on the excellent results delivered up to now on the field, considering all our operational efforts related to drilling and completion. These were very keys steps - all things that we did were done jointly for the first time in Brazil in this type of low reservoir in deep waters, so we are very happy and obviously we want to include these good results for certification purposes.

As to your question about FPSO, Danilo will give you more details and Michelucci will answer your question about Piapara.

Mr. Oliveira: Good morning, Caio. The bid for the Atlanta FPSO began 16 days ago and our estimate is that it will take four months. So, in mid-June we expect to have the bid concluded and we expect to sign the agreement in July this year.

This FPSO is the only thing that is separating us from the first oil in Atlanta and we are very confident that we will manage to have the FPSO still in 2015, ok?

Mr. Carvalho: Perfect, thank you.

Mr. Michelucci: Caio, good morning, Michelucci speaking. Caio, the processing of the new seismic data was concluded in the first half of last year and they are still in the interpretation phase, but analysis up to now have already confirmed the pre-salt potential for Block BS-4.

The drilling project at Piapara is a project that will take a lot of investments, the pre-salt well for BS-4 shall cost around US\$200 million. So this decision, considering the problems that we are having in the Consortium, they do not allow us to come to a drilling schedule for this pre-salt session now. We still have to wait and see what will happen in the block first so we can make a decision afterwards. We have no doubt at QGEP that this is a good exploratory opportunity. We have to discuss possible interpretation with our partners to define the drilling schedule of the so-called Piapara prospect.

Mr. Carvalhal: Perfect, thank you for the answers.

Operator: Our next question comes from Mr. Frank McGann, Bank of America Merrill Lynch.

Mr. McGann: Hello, good afternoon. Just a couple of things. One, I was wondering if you could discuss the reasons that depreciation seemed to arise so much in the quarter, versus the prior quarters, and what is your expectation for depreciation expense in 2014?

And secondly, for the Capex, as you look in 2014, it seems to be lower than before. I was just wondering if you could explain the reasons for the decline, I just assume it's delays in projects, but maybe you could help us to understand that a little bit better. Those would be the two questions I have. Thank you.

Mrs. Costa: The first question regards the increase of depreciation in the last quarter of 2013 - the fourth quarter of 2013 - what actually happened was a revision of the number that we had for the abandonment of Manati field. In the second quarter of this year, we had the abandonment of Manati's wildcat well and then we incurred higher costs compared to what we had provisioned originally. With that we had to revisit the abandonment provision for all the wells in the field, so we increased the provision estimate.

It doesn't have an immediate cash effect because the fund for well abandonments is made up over Manati production, in order to have abandonment at the end of production. So it is assembled over time; there is a diluted cash effect. The impact on the result is that the provision is incorporated to the assets and is depreciated according to the project depreciation curve, and that's why we had this increase in depreciation for unit produced, and we will have the same next year. I guess that was your question, right, what we expect for next year. So we expect to see the same effect next year.

As to Capex in 2014, the main variations are related to the delay in Carcará, the alteration in BM-CAL-12 schedule and the exclusion of Piapara prospect.

Actually, as to Piapara, like Michelucci said, we are still waiting for the Consortium decision. We believe it will evolve well in future months, but up to now we don't have an exact date, that's why it's not in our Capex program.

We also have BM-S-12, which was relinquished to the agency, where we had US\$25 million earmarked for 2014, and that ended up by lowering our Capex expectations for next year.

Mr. McGann: Okay, thank you. If I could maybe perhaps follow-up with just one other question. In terms of the process with BS-4 within the Consortium, what are

your thoughts about, I guess, the potential options here and if in the end, it led to Queiroz Galvão having a higher stake in the field, is that something that you would be happy to see happen, or would you prefer to bring another partner if you got to that sort of situation?

Mr. Guardado: Ok Frank, as well I will try to answer in Portuguese for benefit of the others. Frank, we always stress our intention that the Company does not want to increase the stake in BS-4, not because we don't see value behind that. We see a lot of value in BS-4, but our strategy for growth today is very much based on diversifying our revenue sources.

With that we decided to seek other opportunities, including market opportunities that happened last year and probably will be back within this year so we could further diversify our portfolio.

However, and by the way, this is part of our day business as usual. We've been following up the process with one of our partners and there is no doubt that the Company will constantly be open to opportunities that are attractive in the market. If that ever happens, the Company will certainly assess opportunities. The project is getting stronger, it is becoming increasingly more important to the Consortium at large, but it's not our initial intention to seek or increase our stake in this block.

Anyway, we are following it up and there is no doubt that our intention is always to seek to add more value to our investors. If that is something that leads to gains that justify us changing the strategy, then we will take that into account, but that's not our priority on our radar right now.

Mr. McGann: Okay, thank you very much.

Operator: Our next question is from Ms. Luana Helsinger, GBM.

Ms. Helsinger: Good afternoon everyone. Thank you for this call. I have two brief questions. The first question is about BM-S-8. I would like to understand if the postponement of the drilling and test results for mid-2015 might change the schedule in terms of development *vis-à-vis* the need to be very cautious in the drilling of pre-salt reservoirs.

The second question is to Paula. I can see in the balance sheet that credit with partners was at around R\$41 million in the third quarter of 2013, and now it increased to R\$116 million. So what is behind this credit with partners? Thank you.

Mr. Michelucci: Luana, good afternoon, Michelucci speaking. This question about BM-S-8, regarding the delay in the drilling work, at first does not have any impact in the schedule of the first oil of Carcará. Petrobras has just emphasized that the first oil is expected to happen by 2018.

What we are seeking in the block is to try to lower drilling costs. I don't know if you remember, but Carcará was expected to be drilled in six months and it was drilled within one year. So, the cost of the well was doubled. That's what we are seeking with these technological changes that are being introduced to the project. We seek higher operating efficiency and also more operating safety and, at the same time, we are trying to lower the damage in reservoirs during drilling work.

Like Lincoln said, it has a huge impact in the project. We had some timing delays, but with the adoption of these technologies - MPD - we expect to speed up well

drilling. It has an impact both in the progress of the project and will also shorten the timeline, because massive investments are precisely related to well drilling.

Ms. Helsinger: Great.

Mrs. Costa: Answering your second question about credit with partners, well, what happens, these numbers involve basically two components: one has to do with the blocks where we are not the operator and then we have an advanced payment to the operator and then they do some accountability and report to us where the money was spent.

So, the time taken between the advanced payment and the report where exactly the money was spent, well, we post this advanced payment as credit with partners, so I have some amounts here related to blocks that are not operated by QGEP. We had the advanced payment, but is not allocated as Property, plant and equipment because I don't know where exactly the money was used by the operator. So that's the first component.

The second component are the blocks where I am the operator and then I have services provided, amounts already recognized in the process, but the supplier has not charged me yet and I post part that will be charged from my partners in that same account. Later on we will become a cash call to our partners and once they pay it, it will go to the Company's cash.

So, from one quarter to the next we will always have some amount in the account, regardless of what happens or not to OGX. The impact from one quarter to another, this increase we had, was partially explained by the amounts that were pending on December 31, with a cash call already issued, charged but not paid by OGX yet.

I don't know if you remember, but on October 31 we had 73 million in cash calls charged from OGX from the Consortium but not yet paid, but they paid now in 2014. Of the R\$73 million, 50% were by paid by QGEP and the other 50% by Barra Energia. This carry effect also has an impact on my credit with partners.

Ms. Helsinger: Perfect, Paula. Thank you very much.

Mrs. Costa: Thank you.

Operator: Mr. Luiz Carvalho, from HSBC, has a question.

Mr. Carvalho: Good afternoon everyone, Paula, Lincoln, Michelucci and Danilo. I have two questions. One has to do with BM-S-8. You mentioned that you are still deciding whether you're going to drill in one or two phases. I would like to understand why or what are the reasons for this change? Is it the availability of this new technology (MPD) or perhaps the rig without MPD to drill the first phase or perhaps you need equipment that supports more pressure? That's my first question.

My second question has to do with Atlanta. During the advisory you mentioned you were in the upper-end of the guidance and now you said it's close to 12 thousand. I would like to understand if, after the second well, you intend to give the investors the results of this well?

And follow-up question to my second question or perhaps on Frank's question. Do the Atlanta results make you more interested in a possible farm-in in OGX's stake, if OGX actually decides to sell their stake? Thank you.

Mr. Guardado: Hello Luiz, this is Lincoln. Each one of the two phases has a meaning. The goal was trying to drill the first part of the well until the base of the salt layer, as to speed up the drilling process. We would drill with a regular rig (obviously one prepared for drilling in deep water), but that first phase, which would be drilling all the way to the base of the salt doesn't really require MPD. MPD is a new tool that is being installed in many of the rigs by Petrobras so as to give more operating performance and safety in these drillings.

And then in the second phase we would use a rig with this kind of MPD tool to drill the well when the well gets to the reservoir, which is where we need this kind of tool to have a more effective drilling.

Now, obviously, the operator is working on this and the Consortium is working on this with the operator and we are considering possible solutions. If there is a rig with this kind of equipment and that can be delivered sooner, then we will drill in one single phase rather than in two phases, and that would also entail some gain.

The problem is installing the tool and building this into the rigs (we have a number of these rigs that are going through this kind of installment) and that entails a delivery deadline. The operator is working with this and so far the best solution would be to have the second phase in November. If this is confirmed perhaps we will choose to drill in one single phase in November. If we get the rig before then we will bring it forward.

So the idea of doing it in two phases would be just to speed up the process. If we drill the first phase until the base of the salt or perhaps the top of the salt (this is not sure yet), I mean, we would start the second phase at a considerable depth and the rest would be to drill through the reservoirs and run the test and perhaps we could speed up the result a little, but still it is to be expected in 2015. This is the situation we are working with.

Petrobras is dedicating a lot of time to this and working together with us so that we can find the best solution that will give us the most reliable result as soon as possible. So that's the answer as to why the two phases.

As for Atlanta and the test, I will turn the conference over to Danilo and then we can go back to your third question.

Mr. Oliveira: Good afternoon Luiz. What did the Atlanta test results mean to us? Well, confirming our simulations in terms of estimated production capacity of 12 thousand barrels a day and even a little more. Well, all of that translates into three major upsides for the field.

Number one: I have one higher volume for the FPSO that would allow me to get to a higher level of production than if I had wells with 6 or 7 thousand barrels, so with the 2 wells I can produce 24 thousand anticipating the production. With three wells, 36 thousand, and so on. It doesn't mean that I would increase the FPSO capacity, but it will improve my production curve.

Second: The use of submersible pumps pre-supposes a time between failures. When I have higher capacity wells, if I had to stop one or two wells, the other ones can fill in for these two wells maintaining the FPSO operation at its fullest.

And the third advantage is: The well that produces 12 thousand barrels with a submersible pump; if the pump is placed in the seabed instead of in the bottom of the well, the well would not produce 12 thousand, there might be a reduction of 20 to 30%, but it will provide me with great savings in my Opex because I won't need a rig to replace the pump. I don't need to go back in the well. I can replace the pump with vessels instead of rigs and vessels are easier to find and a lot more affordable.

So we have three major upsides for the Atlanta project.

Mr. Guardado: Very well. This is Lincoln again. You had a follow-up question on Atlanta again, I stress what was mentioned before; the Company has a strategy based on diversifying our sources of revenues. We have Manati gas, we will briefly be producing at Atlanta, then we have Carcará.

But we continue with our strategy of diversifying our sources of revenue. Now, that doesn't mean we're going to exploration. It means that we are going to be looking at other development opportunities and perhaps some discoveries, not production, reserves, but development opportunities that could be in the Company's radar, given the number of divestments that are happening in the country, by Petrobras and other companies.

We continue with our goal to diversify, however, we believe in the value that we confirm every day in Atlanta Field. It's a value that we and the Consortium see and this is undeniable to us. Every day this field has more value to us and we are now considering what's going to happen, if later on the situation of increasing the stake is on the table, if it is adequate in terms of creating value to our portfolio and to our shareholders we will work into it. But in principle, we have no agreement that would lead us to purchase OGX's stake, and more than that, if they are to sell, we would like to have another partner with resources and with availability, so that we can keep the project as it is unfolding.

So QGEP, Barra and OGX want to keep the project evolving in the best way possible, in a healthy manner, so that we can be producing in 2015 and 2016, but always we will be looking into opportunities which are adequate and that can bring value to our shareholders.

Mr. Carvalho: Thank you very much, Lincoln. Danilo, I would have a follow-up question on something you mentioned. Actually, your answer was very good giving us the three upsides about Atlanta, but I have one quick follow-up question.

When you say that the productivity of 12 thousand barrels a day or a little more or a little less would not really change or would not mean increasing the capacity of the FPSO, why's that? Because in my mind one thing would be linked to the other, these would be related.

Mr. Oliveira: This is Danilo. Well, previously, before the bidding round, we carried out a detailed study of the FPSO costs associated to the extraction of this oil and we verified that 80 thousand barrels would be an optimal value, for this FPSO to treat this kind of oil. Why? Because with every additional 10 thousand barrels this cost increases exponentially, not linearly. Because this FPSO has a big power to

heat the oil, it has boilers. Secondly, there is energy generation for the pumps. So when you go beyond 80 thousand the price increase is a lot and it's not justified by the time that you will maintain this kind of additional production.

Mr. Carvalho: Okay, very clear. Thank you very much.

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

Mr. Sobreira: Good afternoon, everyone. I have two questions. One perhaps addressed to Michelucci on the 11th bidding round. I would like to know if it is too early or how do you see the logistical challenges of the region, both in terms of the bidding for the seismic data, and the bidding for the rigs, and how do you want to deal with these challenges? Will you be sharing drilling rigs or will you be acquiring the seismic data with other operators of the block etc.?

My second question perhaps is addressed to Paula. How do you see the balance sheet of the Company, Paula now that the 2015 Capex is a little different? Perhaps you might need to go to the debt market only further on. Perhaps in 2015 you might resort to that.

And what is the level of minimum cash that you feel comfortable with for the project? Thank you.

Mr. Michelucci: André, good afternoon, this is Michelucci.

As for your question related to the 11th bidding round, things have advanced quite a lot. We have blocks with contracted seismic data, which is the case of the blocks in Espírito Santo Basin (where Statoil is the operator), we completed the bidding for the blocks that we operate in Pará-Maranhão Basin. We had the internal approval in our Company and we now await approval by our partner. And in Foz do Amazonas negotiations are advancing quite fast to contract acquisition of seismic data. We even have the vessel acquiring data over there.

Obviously all operators are now talking among themselves because they want to overcome the biggest challenge particularly in the equatorial margin, which is drilling. So we are discussing both logistics and the joint participation in rig clubs and perhaps we may have a pool for the acquisition of data related to environmental studies.

So the challenges are quite big, but they will not be difficult to overcome because companies realized that only by joining efforts, only with synergy among the operators, can we facilitate the process and enable our success.

So we are not expecting a lot of problems in terms of logistics and forming rig clubs. Perhaps the biggest problem will be to overcome the lack of environmental data that would support the environmental licensing.

But there are also initiatives by the Brazilian Institute of Oil and other companies including IBAMA, the Brazilian Environmental Agency, so that we can get to a solution where we are going to have a maximum synergy with the lowest risks possible in terms of obtaining these licenses.

Mr. Sobreira: Thank you.

Mrs. Costa: This is Paula. André, as for your second question, as you saw the balance sheet of the Company at this moment is quite strong; we ended the year with 1 billion in cash. We already have debt in our balance sheet, the FINEP debt, so we have R\$838 million net cash in our balance.

As for going to the market, to perhaps get another loan other than FINEP's, it will really depend on the development of Atlanta. We started a bidding process, we are looking at two possible scenarios: one scenario with a bigger FPSO and with that we will have a ramp up of production and the drilling of wells would be accelerated; and a second scenario with a smaller FPSO.

The amount that we mentioned in our presentation is still a scenario of an EPS, with a smaller FPSO and a less accelerated drilling of wells. If we decide for a bigger FPSO we are going to have more wells being drilled, with an increase in Capex and therefore we will bring forward our going to the market. I expect this to happen between 2015 and 2016, more perhaps in 2016. I think the decision factor here will be the pace of development in Atlanta.

As for minimum cash for the Company, I think it varies a little depending on the phase of growth of the Company. At this time, or when we have a higher Capex, we are going to have a minimum comfort cash so that we can ensure Capex in the following month. If the Company is generating more cash, naturally the level of cash will be higher and we will be more comfortable with the level of cash.

So it depends, our policy varies with the timing of the Company, the moment the Company is going through.

Mr. Sobreira: Thank you Paula. Can you give us the range of comfort in terms of minimum cash for the Company in the current scenario?

Mrs. Costa: I guess it is important to look at our Capex of 4 to 6 months ahead.

Mr. Sobreira: Thank you.

Operator: Our next question is from Mr. Pedro Medeiros, Citibank.

Mr. Medeiros: Good morning Lincoln, good morning Paula and Danilo. I have two questions. Actually, a series of very straightforward questions. If any of them has already been answered, I apologize.

My first question is about the Atlanta project. Do you have any forecast to conclude the Drill Stem Tests in the well?

And I'd like to understand, if the results of productivity by well is positive up to now, in terms of PI (Productivity Index), will they have an impact on the perception or objective rates of recovery for the field? According to your forecast, they ranged from 17 to 19%, if I am not mistaken. Are there any new rates that you could share, considering the result of the Drill Stem Test?

My second question has to do with the forecast for bidding processes and also the contracting of Carcará production equipment. Do you have any answer from the operator about when they expect to start the process?

Last question: Is there any update of the drilling schedule for Guanabara Profundo?

Mr. Danilo: Good afternoon, Pedro. Answering your question about Atlanta, this PI or productivity per well does not change our early prognosis of recovery rate. Theoretically this recovery rate will only be revisited after a couple of years of production and the real verification of the changes when it comes to the pressure in the field.

For the moment, the tests are not enough to give more data, but once again the recovery rate we use is very conservative and it is below the rates for similar fields for oil and sandstones. But, once again, I repeat, at first and there are no changes in our estimates for the recovery rate.

As to the second well, we are drilling and we believe that within 30 to 40 days we expect to see the results of the second test.

Mr. Guardado: Pedro, answering your question about Carcará's FPSO, Petrobras recently announced its program; Carcará is there with first oil in 2018.

What we've been doing so far – by the way I cannot speak on behalf of the operator – Petrobras is carrying it forward in a jointly manner and there are always studies from one area that supports another area, but what we know so far is that studies that allow us to qualify the kind of process or how the plan will be like – the so-called top sides – these studies when it comes to Carcará are at speed and we follow them up but with Petrobras. Petrobras is already carrying out the studies and obviously further data will come in the future, for instance, the test data will also be very important for several specifications required in the platform for this specific FPSO.

So the launch date for the bidding process, well, we don't have it yet. Maybe not even Petrobras has the precise date, but all prep studies that will be the ground for the bidding process are already underway. Obviously they take into account the characteristic of each and every field, as well as potential production and the kind of oil, the gas-to-oil ratio and you know that there is a higher ratio for pre-salt areas, as gas productivity is high. So the balance is not only regarding production units, they also especially have to deal with the outflow of the gas. Luckily, up to now Carcará does not have CO₂ in a concerning manner, so at first this gas will be transported.

So Petrobras is also being fast and it's hard for us to tell precisely when the bidding process will happen, but all the base studies and all the projects, designs, the conceptual design that will lead to the bidding of the unit are already underway. And it seems to us it won't take too long. Petrobras even reinforced the intention of having first oil by 2018, so certainly that leads us to this kind of analysis. We don't believe the decision will take so long. Maybe in 2014 or 2015 we will have the bidding process, but that is our feeling of the project and based on the meetings we have with Petrobras regarding Carcará, okay?

Well, about Guanabara Profundo, Michelucci is next to me, but I will allow myself to say that Petrobras keeps on working on this project and that it is a very important project, as well as deep. It has a high gas ratio in our opinion – not Petrobras. We believe it could have a strong driver for gas, we have estimated a 70% gas and 30% light oil chance. This is an area from Campos Basin that has the best oil discovered up to now in a sub-commercial well known as Rio de Janeiro 150, so it does have light oil.

It would be therefore one of the first wells to drill under the salt and that takes specific equipment. Petrobras is already analyzing how to buy this equipment and today we are awaiting, QGEP is waiting for the decision of ANP and CADE to be effectively participant in this project. We still wait for a statement and Petrobras has a whole pipeline of projects that are moving to these assessments, so that is purely an administrative matter. But actually, if we consider all the changes in the process to assign the block or several blocks, that's why we had this slight delay, probably being taken to 2015 or even 2016.

So this is our expectation, but that's purely an administration process and we are also very confident in this area because it's a shallow water project facing an area with high gas demand, increasing industrial production and we believe that's a very good strategy, and all we are doing is just waiting to see how the administrative matters will go over with ANP.

Operator: Our next question comes from Mr. Vicente Falanga, Bank of America Merrill Lynch.

Mr. Falanga: Good morning, everyone. My question is to Danilo. Actually, it's a follow-up question. You said that Atlanta well productivity was doing well, potentially higher than 12 thousand, and that maybe it would be 20 or 30% below. Why is that? Is that without the pump? Thank you.

Mr. Danilo: Good afternoon. Let me see if I can clarify. Atlanta wells will use a submersible electric pump. Our project considers that the pump be installed at the bottom of the well, at the exit of the reservoir, so that's what was tested and that pointed to a production of approximately 12 thousand barrels per day; a production capacity of 12 thousand barrels per day.

When I mentioned 20% less, that means that if we change the position of the pump, taking it from the bottom of well and having it 800 meters higher, or at the seabed, at a 1,550 meters depth, the well production will be reduced in 20%, approximately. In other words, productivity goes down to approximately 9,000 to 9,500 barrels per day. However, this brings extraordinary Opex savings because we will no longer be using a drilling rig to exchange pumps in case of failure, as we can exchange at the bottom of the sea using a vessel, which is 30% of the cost of a rig and it also has more availability.

With the rig I need some time for contract purposes and availability is not as flexible compared to the vessels, so it is not so idle and I can exchange the pump for a much lower cost. So this lower productivity happens if I decide to change the location of the pump.

Mr. Falanga: Okay, thank you.

Operator: As a reminder, if you want to ask questions, please, press start one.

Once again, if you want to ask questions, please, press star one.

This concludes our question-and-answer session. I would like to give the floor back to Mr. Lincoln Guardado for the closing remarks. Please, Mr. Guardado, go ahead.

Mr. Guardado: Once again, I would like to thank everyone for the time spent with us. I'd like to thank you for your questions and, as always, as is our habit, we want to renew our belief in a future that is brilliant for this Company. It is based on

serious work. We have people with a lot of initiative, with a lot of enthusiasm and we expect to be always bringing good news to you, but above all, we want to stress our transparency regarding our activities and our results.

I would like to stress that our Investor Relations team is always available and our management is always available to you so that we can have a very straightforward communication with all of you.

Thank you very much to all, good afternoon and enjoy Carnaval.

Operator: That concludes QGEP's audio conference for today. Thank you very much for your participation and have a good day.
