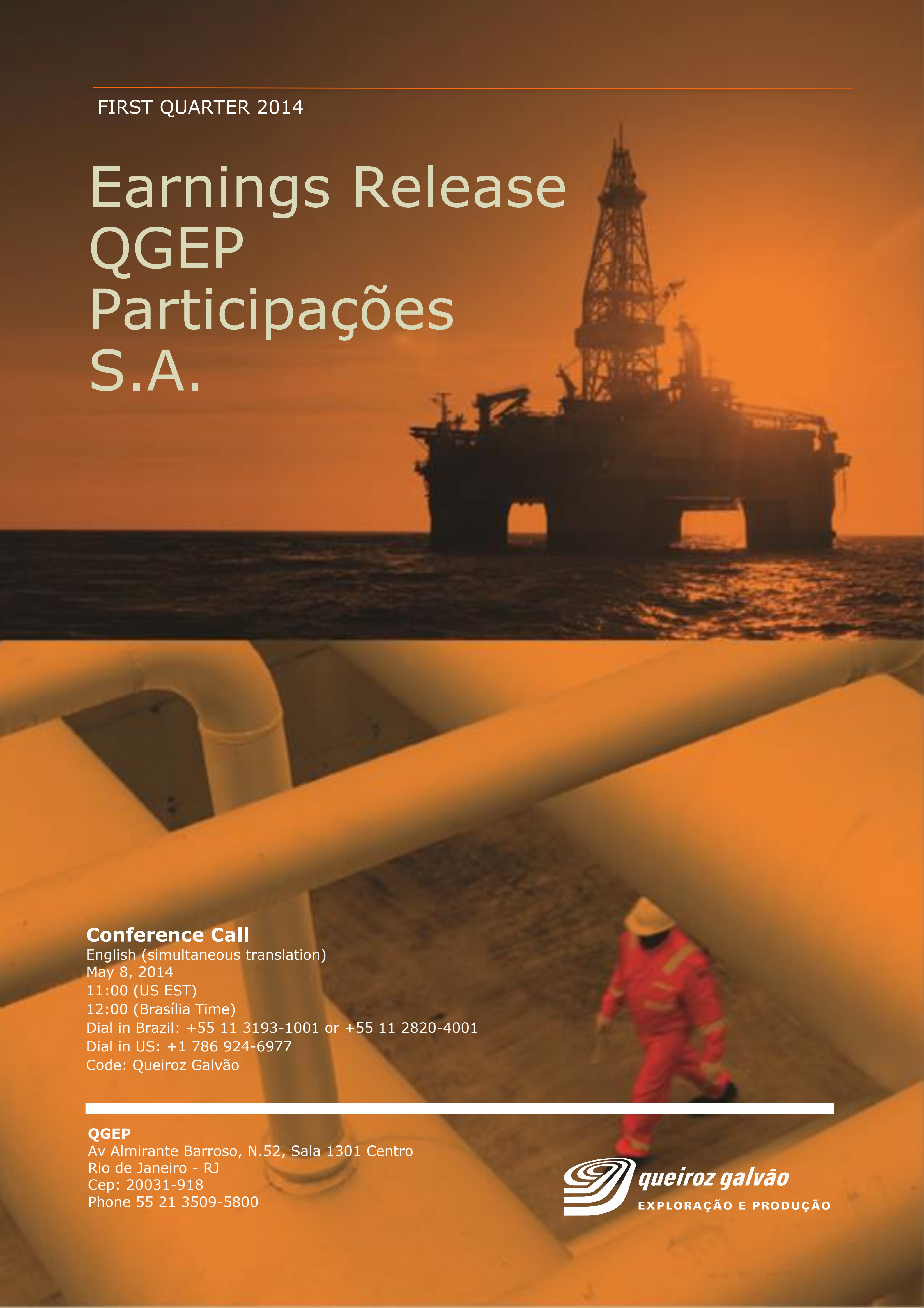


FIRST QUARTER 2014

Earnings Release QGEP Participações S.A.

Conference Call
English (simultaneous translation)
May 8, 2014
11:00 (US EST)
12:00 (Brasília Time)
Dial in Brazil: +55 11 3193-1001 or +55 11 2820-4001
Dial in US: +1 786 924-6977
Code: Queiroz Galvão

QGEP
Av Almirante Barroso, N.52, Sala 1301 Centro
Rio de Janeiro - RJ
Cep: 20031-918
Phone 55 21 3509-5800

queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

QGEP Reports First Quarter 2014 Results

Rio de Janeiro, May 7, 2014 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), the only Brazilian independent company to operate in the premium area of the Santos Basin pre-salt, today announced its results for the first quarter ended March 31, 2014. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in International Financial Reporting Standards (IFRS), described in the financial section of this release.

- **Average daily gas production from the Manati Field was 6.0MMm^3 in 1Q14; compression plant construction contract signed; 15.7 billion m^3 of 2P independent certified reserves dated 31st of December, 2013, 7.1 billion m^3 net to QGEP.**

- **Successful drilling, completion and testing of the second well at Atlanta with productivity rates slightly higher than the first well results.**

- **Independent reserve certification indicates 147 MMbbl of 1P, 191 MMbbl of 2P and 269 MMbbl of 3P; net to QGEP, these figures more than doubled the Company's 2P reserves.**

- **Net Revenue was R$127.3 million in 1Q14, compared with R$131.9 million in 1Q13 and R$125.7 million in 4Q13.**

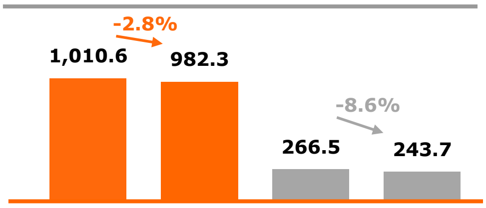
- **EBITDAX in 1Q14 was R$82.5 million compared with R$77.9 million in 1Q13 and R$65.6 million in 4Q13; 1Q14 EBITDAX margin was 64.8% compared to 59.1% in 1Q13 and 52.1% in 4Q13.**

- **Net income was R$25.1 million in 1Q14 compared to R$65.7 million in 1Q13 and R$ 21.2 million in 4Q13. 1Q14 results included R$28.1 million write off charge related to the relinquishment of the Biguá area in Block BM-S-8.**

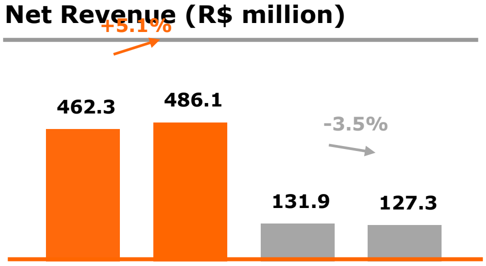
- **1Q14 Operating cash flow was R$40.6 million.**

- **Cash balance* was R$995.6 million at the end of 1Q14. Net Cash position was R$827.6 million.**

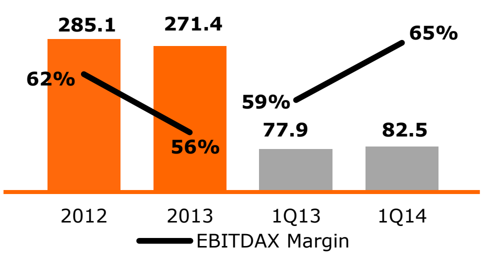
Gas Production (Millions of m³)



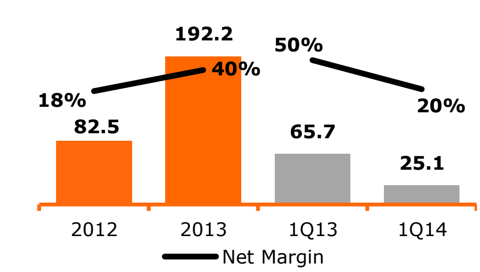
Net Revenue (R$ million)



EBITDAX (R$ million)



Net Income (R$ million)



*Includes cash, cash equivalents and marketable securities

Management Comments

First quarter results demonstrated QGEP's operational consistency as we worked toward creating significant value for the Company and its stakeholders. We moved ahead with projects across our asset portfolio, posted operating profits consistent with our business plan and received important independent certification of the reserves at two of our key fields, Manati and Atlanta.

Performance at Manati Field exceeded our expectations, thanks to the higher-than-expected reservoir pressure and the continued strong demand from Brazil's thermal power plants. Average daily gas production reached 6.0MMm³ for the first quarter, stable with full year 2013 levels. The contracting process for a compression plant at the Field has been completed, and construction is scheduled to begin by the end of the second quarter. Expected drawdowns for QGEP are US$30 million for the next 18 months, while operating costs are expected to increase 50% once the plant begins operation during the second half of 2015. Despite this increase in lifting costs, the Field's EBITDA margin is expected to be approximately 60% of net revenues, reflecting the profitability of the Company´s Manati operation. We are reaffirming our expectation that full year 2014 natural gas production at the Manati Field will be approximately 5.5MMm³ per day and that daily capacity will return to the 6.0MMm³ level once the compression plant is operational.

Included in today's earnings release are the key highlights of the reserve certification report for the Manati Field done by independent industry consultants, Gaffney, Cline & Associates (GCA). The report confirms that 1P and 2P reserve levels remained in line with the prior year's reserve assessment, after taking into account full year 2013's production.

Our development activities in the Atlanta Field in BS-4, where we are the operator, continue on schedule. In the first quarter, we successfully completed the drilling of a second well, and the drill stem test indicated production capacity slightly above the high end of the forecasted range of 6-12Kbbl/day. The success of these operations demonstrate the value of having a highly experienced management and operating team, which will be very important in future projects as both an operator and a partner.

The bidding process for an FPSO is underway, and we expect to finalize a contract early in this year's third quarter. We continue to evaluate the most effective option with respect to the most appropriate capacity of the FPSO to be contracted. First oil is expected in late 2015/early 2016,regardless of which FPSO option we select, and this will provide an additional source of revenues to fund our activities.

Key findings of the GCA reserve certification report for the Atlanta Field were 1P reserves of 147 million bbl, 2P reserves 191 million of bbl and 3P reserves of 269 million bbl. These numbers represent an increase in QGEP´s total 2P reserves of more than 100%.

We continue to work toward unlocking the value of our exploration portfolio. The drilling of the Carcará appraisal well will be completed in a single phase beginning at the end of 2014. Drilling will be followed by a drill stem test and results are expected to be obtained by the end of the first half of 2015. The operator has already started doing studies related to the installation of offshore facilities to support the development and production at this Block. First oil expected in late 2018. Additionally, we initiated the acquisition of seismic data related to the blocks that we won in last year's ANP bidding round.

From a financial perspective, we continued to post consistent, positive results. Revenues were comparable to fourth quarter 2013 numbers thanks to similar production at the Manati Field. EBITDAX was R$82.5 million and EBITDAX margin was 64.8%, reflecting the substantial profitability of this producing asset.

At the end of the first quarter, QGEP presented a very strong financial position, with a net cash position of R$828 million and steady operating cash flow to fund our near-term capital expenditures. Our balanced portfolio will provide QGEP a growing and increasingly diversified revenue base in the medium term. We keep working and look forward to a productive year ahead.

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40[1]	Manati	45%	Reserve	Gas
Camamu	BCAM-40[1]	Camarão Norte	45%	Contingent	Gas
Camamu	BM-CAL-5	Copaíba	27.5%	Contingent	Oil
Camamu	BM-CAL-12	CAM#01	20%	Prospective	Oil
Jequitinhonha	BM-J-2	Alto de Canavieiras	100%	Contingent/ Prospective	Oil–Gas
Jequitinhonha	BM-J-2	Alto Externo	100%	Prospective	Oil–Gas
Campos	BM-C-27A[2]	Guanabara Profundo	30%	Prospective	Oil-Gas
Santos	BM-S-8	Carcará	10%	Contingent/ Prospective	Oil
Santos	BM-S-8	Guanxuma	10%	Prospective	Oil
Santos	BS-4	Atlanta	30%	Reserve/Contingent	Oil
Santos	BS-4	Oliva	30%	Contingent	Oil
Santos	BS-4	Piapara	30%	Prospective	Oil
Espírito Santo	ES-M-598		20%	Prospective	Oil
Espírito Santo	ES-M-673		20%	Prospective	Oil
Foz do Amazonas	FZA-M-90		35%	Prospective	Oil
Pará-Maranhão	PAMA-M-265		30%	Prospective	Oil
Pará-Maranhão	PAMA-M-337		50%	Prospective	Oil
Ceará	CE-M-661		25%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-896		30%	Prospective	Oil

[1] Block BCAM-40 was relinquished after the ring fence of the areas of Manati and Camarão Norte fields were defined.
[2] Transaction subject to ANP and other regulatory entities approvals.

Producing and Development Assets

MANATI

The Manati Field continued its strong production in the first quarter of 2014, with average daily output of 6.0MMm^3, in line with the average daily production of 2013. For full year 2014 the Company reaffirms its forecast of average daily production of approximately 5.5MMm^3.

The contracting process for the construction and operation of a surface gas compression plant at the Manati Field has been concluded successfully, and construction is slated to begin late in the second quarter of 2014. The compression plant is expected to be operational in the second half of 2015, at which point average output capacity at the Manati Field should return to 6.0MMm^3 per day.

The construction of the compression plant will result in a downpayment, net to QGEP, of US$30 million during 2014 and 2015. Annual operating expenses, net to QGEP, will be approximately R$27 million, starting 2015. These costs are in addition to the current operating expenses at the Field. The Field will continue to post high margins, despite the increase in lifting costs.

As previously reported, painting of the platform will take place in the second half of 2014 with a cost, net to QGEP, of about R$20 million and no expected impact on production.

Key highlights of a new reserve certification report prepared by independent consulting firm Gaffney, Cline & Associates (GCA) dated 31st December 2013 were: 1P reserves at the Manati Field net to QGEP of 6.4 billion m^3 (41 million boe), 2P reserves of 7.1 billion m^3 (44 million boe) and 3P reserves of 7.7 billion m^3 (48 million boe).

ATLANTA AND OLIVA (Block BS-4)

The second horizontal well has been successfully drilled at the Atlanta Field, and the drill stem test indicated that the well's production capacity is slightly above the high end of the expected range of 6-12 Kbbl/d. Unlike the first well, the electrical submersible pump (ESP) for the second well was placed on the ocean floor, rather than at the reservoir level. Based on the productivity levels obtained using this technique, the Consortium expects to be able to place the ESP on the ocean floor during production. This will substantially reduce the operating costs of the field.

In the second well, a horizontal section of 835m was successfully drilled and then cased with screens and gravel packed, which will maximize oil productivity while preventing the movement of reservoir sand into the borehole and production equipment.

QGEP has launched the bidding process for an FPSO, which is expected to be completed in the third quarter of 2014. Two possible scenarios are under consideration: developing the Early Production System or proceeding directly to Full Development. The final decision on which FPSO will be hired will be based on the economics of the project, considering factors such as the availability and cost of the FPSOs. Under both scenarios, first oil at Atlanta is expected in late 2015 or early 2016, only depending on the arrival date of the FPSO.

Key highlights of the reserve certification report for the Atlanta Field prepared by GCA dated March 31st, 2014 were 1P reserves of 147 million bbl, 2P of 191 million bbl and 3P of 269 million bbl. The well results were essential for the company to report for the first time proved reserves for the Atlanta Field.

As previously announced to the market, first oil from the Oliva Field is expected in 2021. QGEP is the operator of Block BS-4, where the Atlanta and Oliva Fields are located, and holds a 30% participating interest.

Exploratory Assets

BM-J-2

The Company continues to negotiate its Evaluation Plan for Block BM-J-2 with the ANP. The Plan was submitted in December 2013, and QGEP expects a final decision by the end of June 2014.

In August 2013, the Company filed a Notice of Discovery with the ANP based on gas detector anomalies, oil shows in cuttings and the interpretation of pay zones in well logs in the pre-salt section of its 1-QG-5A-BAS well. Located 20 km off the coast of Bahia state, the well was drilled to a final depth of 4,800 meters, 750 meters below the salt layer, at the Alto de Canavieiras Prospect (JEQ #1).

Block BM-J-2 is situated in the shallow waters region of the Jequitinhonha Basin. It is 100% owned and operated by QGEP.

BS-4

The analysis of the new 3D seismic data from Block BS-4 is still underway. Preliminary results have confirmed the potential of the pre-salt section of the block. This data was acquired to improve imaging for pre and post salt targets in the Block. The consortium is still evaluating the timeline for exploration of the Piapara pre-salt prospect.

BM-S-8

In April 2014, the ANP approved a three year extension of the Evaluation Plan for Block BM-S-8, without any additional commitment, allowing a more careful evaluation of the Block. The Consortium decided to drill the appraisal well 5km away from the Carcará discovery in a single phase with a rig equipped with MPD (Measured Pressure Drilling), starting in the end of 2014. Drilling will be followed by a Drill Stem Test which should be concluded by mid-2015. An Extended Well Test (EWT) will be carried out in the second half of 2016. First oil at Carcará is still expected by the end of 2018. The Consortium is currently examining some alternatives for the development of the asset, including the possibility of contracting a dedicated rig.

Drilling at the Guanxuma prospect is scheduled to begin in the end of 2015. This prospect is located approximately 30km west of the Carcará Discovery in the pre-salt area of the Santos Basin.

In late March, the Consortium made the decision to return the Biguá area to the ANP. This decision was influenced by the relinquishment of the Abaré Oeste discovery by the Consortium of Block BM-S-9. QGEP booked a net charge of R$28.1 million related to the relinquishment in 1Q14.

BM-C-27A (Blocks C-M-122, C-M-145 and C-M-146)

The transfer of 30% of the concession rights related to the farm-in at the BM-C-27A Concession has not been completed yet. The timing for drilling is still being considered by the operator.

The BM-C-27A Concession includes Blocks C-M-122, C-M-145 and C-M-146 located approximately 70 km from the coast, in the shallow waters of the Campos Basin.

BM-CAL-12 (Blocks CAL-M-312 and CAL-M-372)

The Consortium has filed with IBAMA for an environmental license, following studies related to the environmental impact of the activities at the BM-CAL-12 Concession. The license is expected to be issued by year-end 2014, with drilling to commence shortly after. One wildcat well is set to be drilled to target the CAM#01 prospect, located at CAL-M-372 Block.

Net to QGEP, capital expenditures for this drilling at the BM-CAL-12 Concession are approximately US$40 million.

BM-CAL-5

At Block BM-CAL-5, the Consortium is currently waiting for IBAMA to issue the Terms of Reference. This precedes the scope for studies of the environmental impact to be made in the area. The license is expected to be received in 2015, with drilling to follow in 2016. Capital expenditures, net to QGEP, are expected to total approximately US$22 million.

BM-CAL-5 is located in the Camamu Basin and estimated 3C contingent resources, net to QGEP, of 17.9 million boe.

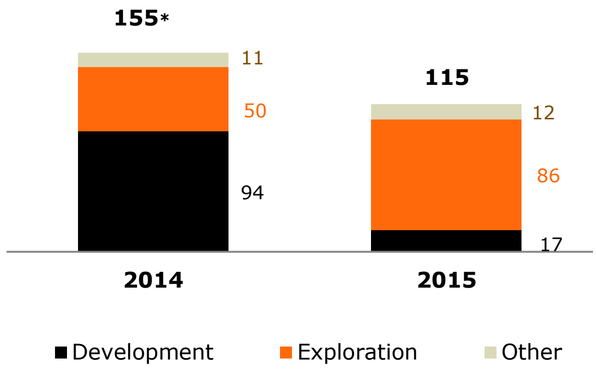
Blocks Acquired in the 11th ANP Bidding Round

QGEP is in the process of contracting the 3D seismic data for the blocks awarded in the ANP's 11th Bidding Round in 2013. The seismic data acquisition has already started in the Foz do Amazonas Basin and will begin in the Espírito Santo, Pará-Maranhão and Ceará Basins during this year. In 2016, the seismic data will be acquired for assets in the Pernambuco-Paraíba Basin.

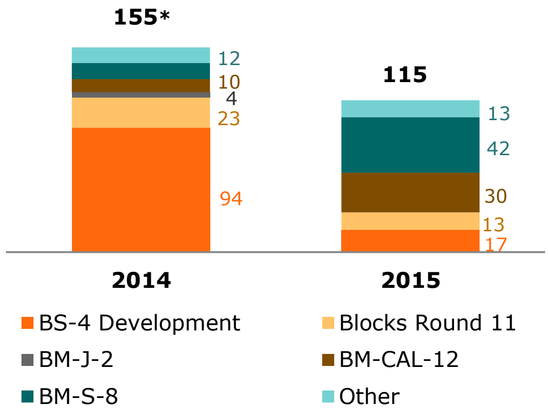
QGEP expects to spend US$46 million for the acquisition of the data over the next three years, as well as approximately US$200 million, net to QGEP, related to the drilling of at least four exploratory wells, starting in 2017.

CAPEX

CAPEX net to QGEP (US$ million)



CAPEX net to QGEP (US$ million)



* US$35 million had been spent as of March 31, 2014.

Recent Corporate Development

- On February 24, 2014, the Board of Directors authorized the repurchase of 2,245,357 shares to service the 2014 stock option plan. The Company has since purchased the maximum number of shares allowed under the plan, and currently holds 8.0 million shares in treasury.
- On April 16, 2014, as requested by the holders of shares representing more than 2% of voting shares, during the Annual Shareholders meeting, it has been established the constitution of the Fiscal Council, with the election of one member by the minority shareholders, Mr. AXEL ERHARD BORD and, as deputy, Mr. WILLIAM BEZERRA CAVALCANTI FILHO and two other members, Mr. JOSÉ RIBAMAR LEMOS DE SOUZA and Mr. SÉRGIO TUFFY SAYEG, and, as deputies, respectively, Mr. GIL MARQUES MENDES and NELSON MITIMASA JINZENJI.

Sustainability, Environment and Safety

QGEP's activities are guided by its mission to act safely, ethically and sustainably, in order to generate results and contribute to the development of the QGEP´s areas of influence. The Company is committed to act responsibly in order to minimize the environmental impact of its activities and to benefit local communities.

In 1Q14, the Company efficiently carried out the drill stem test of the first well at the Atlanta Field in Block BS-4. As operator of the Consortium, QGEP carried out an evaluation to identify and minimize potential risks related to this activity. Also in this period, QGEP continued implementing social and environmental projects as laid out in the operator's licenses, such as the Social Communication Project, the Environmental Monitoring Project, the Pollution Control Project and the Workers Environmental Education Project.

In addition to environmental and social projects, QGEP continues with its educational, sporting and cultural projects, such as Viva Volei, which has now been in place for four years, in Canavieiras and Campinhos, both in the State of Bahia. The project teaches volleyball and has been providing pedagogical monitoring since 2010. The Company also maintained its commitment to the Portinari Project. At the start of the second quarter, the "Portinari For All" project was taken through coastal cities in the state of São Paulo, where our BS-4 operation is located.

Maintaining its commitment to transparency and responsible management, the Company also initiated the process of writing its Annual Sustainability Report, referring to the 2013 fiscal year, widening the dialogue with diverse stakeholders. The document will be available by the end of June 2014.

Financial Performance

For 1Q14 and 1Q13 the financial statements below represent consolidated financial information for the Company. Some percentages and other figures included in this report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R$ million)

	1Q14	**1Q13**	**Δ%**
Net income	25.1	65.7	-61.8%
Amortization and depreciation	29.0	23.6	22.9%
Net financial income (expenses)	(20.1)	(18.3)	-9.6%
Income tax and social contribution	16.8	5.6	202.9%
EBITDA(1)	**50.8**	**76.5**	**-33.6%**
Oil and gas exploration expenditure with sub commercial and dry wells(2)	31.8	1.4	N/A
EBITDAX(3)	**82.5**	**77.9**	**5.9%**
EBITDA Margin(4)	39.9%	58.0%	-31.2%
EBITDAX Margin (5)	64.8%	59.1%	9.8%
Net Debt(6)	(827.6)	(1,034.3)	20.0%
Net Debt/EBITDAX	-4.05	-3.43	-18.0%

(1) We calculate EBITDA as profit before taxes and social contributions, net financial results and amortization expenses. EBITDA is not a financial measure according to Brazilian GAAP or IFRS. It should also not be considered in isolation or as a substitute for net income, as a measure of operating performance, or as an alternative to operating cash flow as a measure of liquidity. Other companies may calculate EBITDA differently than us. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of our profitability as it does not consider certain costs inherent in our business, which could significantly impact our net results, such as net financial income, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.
(2)Exploration expenses relating to subcommercial wells or to non operational volumes.

(3) EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with subcomercial and dry wells.

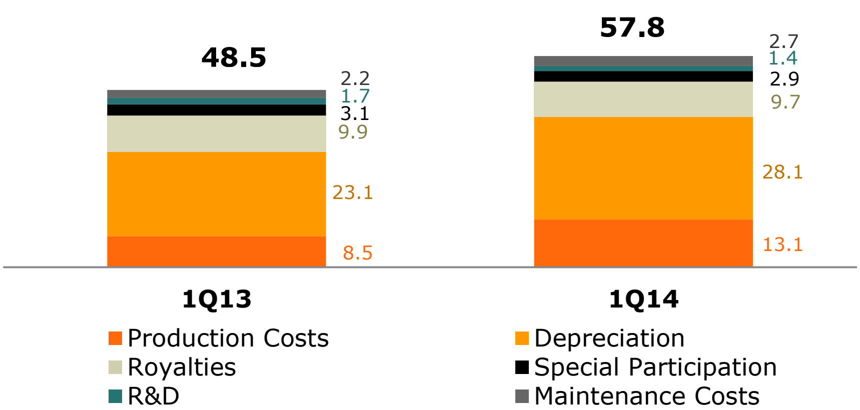
(4) EBITDA divided by net revenue.
(5) EBITDAX divided by net revenue.
(6) Net debt corresponds to total debt, comprising current and long-term loans and financing and derivative financial instruments, less cash and cash equivalents and marketable securities. Net debt is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt in a different manner.

Operating Results

Net revenues for 1Q14 were R$127.3 million, a decline of 3.5% from last year's comparable period but 1.2% above 4Q13 levels. The variations reflect the Manati Field production levels (average of 6,0MMm^3 in 1Q14 compared to 6,6MMm^3 in 1Q13) which were partially offset by the adjustment in natural gas price, as laid out in the relevant sales contract.

Operating costs in the first quarter were R$57.8 million up 19.2% from 1Q13 but slightly below the R$58.4 million of 4Q13. The year-over-year variation was mainly due to higher amortization costs related to an increase in the provision for abandonment of the Manati Field. Operating costs in the quarter consisted of R$13.1 million in production costs, R$28.1 million in depreciation and amortization, R$9.7 million in royalties, R$2.9 million in special participation, R$2.7 million in maintenance costs and R$1.4 million in R&D.

Operating Costs
(R$ million)



General and Administrative Expenses

First quarter 2014 general and administrative expenses were R$12.2 million, 27.1% lower than 1Q13. The year-over-year variation was mainly due to an increased proportion of the Company's costs being allocated to projects in a total amount of R$9.6 million, compared to R$3.5 million reported in 1Q13, in keeping with QGEP's increased activities as an operator. This was offset by a R$2.6 million increase in payroll due to the widening activities in the company.

Exploration Expenses

Total exploration expenses in 1Q14 were R$35.5 million, up from R$13.5 million in 1Q13 but below the R$55.1 million of 4Q13. The year-over-year increase was largely due to a charge of R$28.1 million, net to QGEP, related to the relinquishment of the Biguá area to the ANP and R$2.3 million related to the write off charge of the appraisal well at the Carcará discovery which began in December 2013 and was subsequently interrupted due to operational issues in the early phase of drilling.

Net Financial Income

In 1Q14, QGEP generated net financial income of R$20.1 million compared to R$18.3 million in 1Q13 and R$18.0 million in the fourth quarter of 2013, largely due to lower interest rates and currency movements which had a positive non-cash effect on the provision for abandonment at Manati and Atlanta Fields.

Net Income

Net income in 1Q14 was R$25.1 million, down from R$65.7 million in last year's first quarter but up from R$21.2 million in 4Q13. The year-over-year decline primarily reflected charges related to the return of Biguá area to the ANP. In 4Q13, the Company incurred special exploration write-off charges of R$42.3 million related to the relinquishment of Block BM-S-12 to the ANP.

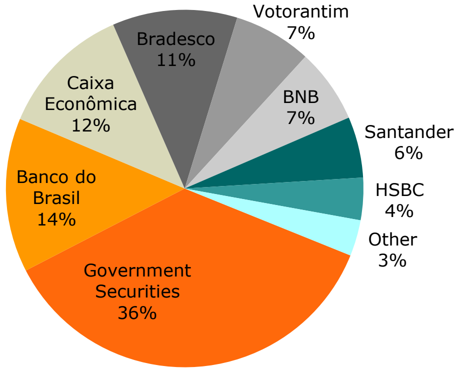
Balance Sheet/Cash Flow Highlights

Cash (Cash, Cash Equivalents and Marketable Securities)

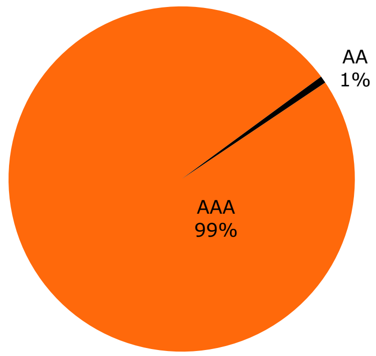
At the end of 1Q14, the Company had a consolidated cash balance of R$995.6 million, including R$168.0 million of cash drawn down on the Company's FINEP credits. On March 31st, 2014 QGEP had 20% of its investments in exchange funds, with the remaining balance in Brazilian real-denominated instruments.

The cumulative average yield of the cash in reais as of March 31, 2014 was 102.4% of the CDI rate and over 80% of the resources have daily liquidity. The breakdown of the investments in Brazilian reais is shown on the charts below:

Investment Distribution



Ratings*



*Does not include Government Securities

Accounts Receivable/Payable

Accounts receivable at the end of 1Q14 were R$100.4 million, compared with R$99.4 million at the end of 4Q13. Accounts payable were R$119.6 million at the end of 1Q14, 25.4% down from R$160.2 million at the end of 4Q13.

Credit to Partners

At the end of 1Q14, credit to partners was R$87.7 million compared to R$116.2 million at the end of 4Q13. This amount corresponds to the cash calls already issued through March, 31, 2014 as well as expenses incurred by the operator and not charged to partners.

Of the total amount of R$87.7 million, R$48.2 million corresponded to the amount related to OGX Petróleo e Gás S.A. (OGX), one of QGEP's partners at BS-4, and the remainder R$39.5 million was related to other partners and consortiums. As of March 31, 2014, R$81.8 million was charged to OGX through cash calls. Of this, a total of R$22.6 million was considered to be in default as of March 31, 2014 and was supported by the two remaining members of the BS-4 Consortium, 50% each. In April 2014, this amount was fully paid and reimbursed by OGX. Of the remaining amount of R$39.5 million registered in the credit to partners account, none is considered to be in default.

On March 27, 2014, a new cash call in the total amount of R$33.5 million was issued, related to expenses corresponding to OGX and to be incurred by the BS-4 Consortium, with a due date of April 11, 2014. This cash call was fully paid by OGX on April 17, 2014. As a result, the Consortium does not consider OGX to be in default.

Debt

Total indebtedness at the end of 1Q14 was R$168.0 million compared to R$167.9 million at the end of 4Q13.

These figures represent funds drawn down on a R$266.1 million financing package from Brazil's Financiadora de Estudos e Projetos (FINEP) to support the development of the Atlanta Field EPS. The package consists of two credit lines, one with a fixed rate and one with a floating rate. Currently, both lines have an interest rate equal to 3.5% per year and feature a 3-year grace period and amortization period of seven years.

FINEP is a State fund linked to the Ministry of Science Technology and Innovation that provides financing to the private and public sectors, with an emphasis on technological innovation in order to promote the sustainable development of Brazil.

Operating Cash Flow

The Company had operating cash flow of R$40.6 million in the first quarter of 2014, compared to R$98.7 million in last year's first quarter.

Investor Relations

QGEP Participações S.A.

Paula Costa Côrte-Real
CFO and Investor Relations Officer

Renata Amarante
Investor Relations Manager

Flávia Gorin
Investor Relations Coordinator

Gabriela Lima
Investor Relations Analyst

Av. Almirante Barroso, nº 52, sala 1301, Centro - Rio de Janeiro, RJ
CEP: 20031-918
Phone: 55 21 3509-5959
Fax: 55 21 3509-5958
E-mail: ri@qgep.com.br
www.qgep.com.br/ri

About QGEP

QGEP Participações S.A. is Brazil's only private Brazilian company to operate in the premium pre-salt area in Santos Basin. QGEP is qualified by the ANP to act as "Operator A" from shallow to 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 m^3 per day. For more information, access www.qgep.com.br/ri

This material may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The consolidated financial information of the Company for the quarter ended March 31 2014 and March 31, 2013 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I – INCOME STATEMENT

Income Statement (R$ million)

	1Q14	1Q13	Δ%
Net Revenue	**127.3**	**131.9**	**-3.5%**
Operating costs	(57.8)	(48.5)	-19.2%
Gross profit	**69.5**	**83.4**	**-16.7%**
Operating income (expenses)			
General and administrative expenses	(12.2)	(16.7)	27.1%
Equity Method	(0.0)	(0.2)	-87.6%
Oil and gas exploration expenses	(35.5)	(13.5)	-162.2%
Other operating expenses	-	-	N/A
Operating income (loss)	**21.8**	**52.9**	**-58.8%**
Financial income (expenses), net	20.1	18.3	9.6%
Income before tax and social contribution	**41.9**	**71.3**	**-41.2%**
Deferred income tax and social contribution expenses	(16.8)	(5.6)	-202.9%
Net Income	**25.1**	**65.7**	**-61.8%**

Annex II – BALANCE SHEET

Balance Sheet (R$ million)

	1Q14	4Q13	Δ%
Assets			
Current Assets	**1,243.7**	**1,284.2**	**-3.2%**
Cash and cash equivalents	275.2	357.8	-23.1%
Marketable Securities	720.5	648.0	11.2%
Trade accounts receivable	100.4	99.4	0.9%
Stocks	44.4	47.8	-7.0%
Recoverable taxes	10.3	10.4	-1.0%
Credit to Partners	87.7	116.2	-24.5%
Other	5.3	4.7	11.3%
Non-current Assets	**1,760.1**	**1,755.1**	**0.3%**
Restricted cash	9.9	4.2	136.8%
Recoverable taxes	0.4	0.3	5.0%
Deferred income tax and social	5.7	22.5	-74.8%
Investments	11.0	10.4	5.2%
Property, plant and equipment	1,098.7	1,083.5	1.4%
Intangible assets	631.4	631.4	0.0%
Other	3.2	2.9	9.7%
Total Assets	**3,003.8**	**3,039.3**	**-1.2%**
Liabilities and Shareholders' Equity			
Current Liabilities	**187.4**	**233.7**	**-19.8%**
Trade accounts payable	119.6	160.2	-25.4%
Taxes payable	31.4	30.1	4.3%
Payroll and related taxes	7.5	19.4	-61.0%
Due to related parties	0.0	0.0	87.5%
Borrowings and financing	0.3	0.2	8.8%
Provision for research and development	9.9	8.6	15.0%
Other current liabilities	18.8	15.2	23.3%
Non-current Liabilities	**398.8**	**396.6**	**0.6%**
Borrowings and financing	167.8	167.7	0.1%
Provision for abandonment	231.0	228.9	0.9%
Shareholders' Equity	**2,417.6**	**2,409.1**	**0.4%**
Integrated capital stock	2,078.1	2,078.1	0.0%
Other comprehensive income	1.4	2.2	-38.2%
Profits reserve	368.6	368.6	0.0%
Capital reserve	(55.6)	(39.9)	-39.5%
Net income for the period	25.1	-	N/A
TOTAL Liabilities and Shareholders' Equity	**3,003.8**	**3,039.3**	**-1.2%**

Annex III – CASH FLOWS

Cash Flows (R$ million)

	1Q14	1Q13	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period	25.1	65.7	-61.8%
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and Depreciation	29.0	23.6	22.9%
Equity Pick-up Method	0.0	0.2	-87.6%
Deferred income tax and social contribution	16.8	-	N/A
Financial charges and exchange rate variation borrowings and financing	1.5	-	N/A
Fixed Assets/Intangibles write-offs	32.5	-	N/A
Reductions of the period	-	-	N/A
Expenses with stock option plan	2.7	2.6	4.3%
Provision for income tax and social contribution	-	(5.6)	N/A
Provision for research and development	1.3	1.7	-22.8%
Financial derivative instruments	-	0.0	N/A
Exchange rate variation on accounts payable for acquisition of exploratory blocks	-	-	N/A
Exchange rate variation on provision for abandonment	2.2	(1.7)	-227.4%
Increase/decrease in operating assets:	30.2	1.3	N/A
Increase/decrease in operating liabilities:	(100.7)	10.9	N/A
Net cash inflows from operating activities	**40.6**	**98.7**	**-58.9%**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflows from/used in investing activities	(103.8)	(295.9)	64.9%
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash inflows from/used in financing activities	(18.5)	(0.0)	N/A
Total exchange rate variation on cash and cash equivalents	(0.8)	0.1	N/A
Increase (Decrease) in cash and cash equivalents	**(82.6)**	**(197.2)**	**58.1%**
Cash and cash equivalents at the beginning of the period	357.8	871.3	-58.9%
Cash and cash equivalents at the end of the period	275.2	674.1	-59.2%
Increase (Decrease) in cash and cash equivalents	(82.6)	(197.2)	58.1%

Annex IV – GLOSSARY

ANP	National Agency of Petroleum, Natural Gas and Fuel
Deep water	Water depth of 401 – 1,500 meters.
Shallow water	Water depth of 400 meters or less.
Ultra-deep water	Water depth of 1,501 meters or more.
Basin	A depression in the Earth's crust in which sediments have accumulated that could contain oil and/or gas, associated or not.
Block(s)	Part(s) of a sedimentary basin with a polygonal surface defined by the geographic coordinates of its vertices and undefined depth where oil and natural gas exploration or production activities are carried out.
"Boe" or Barrel of oil equivalent"	A measurement of gas volume converted to barrels of oil using a conversion factor whereby 1,000 m^3 of gas equals 1 m^3 of oil/condensate and 1 m^3 of oil/condensate equals 6.29 barrels and (energy equivalence).
Concession	A grant of access by a country to a company for a defined area and period of time that transfers certain rights to any hydrocarbons that may be discovered from the country in question to the concessionaire.
Discovery	In accordance with the Petroleum Law, a discovery is any occurrence of petroleum, natural gas or other hydrocarbons, minerals and, in general terms, mineral reserves located in a given concession, independently of quantity, quality or commercial viability that are confirmed by at least two detection or evaluation methods (defined in the ANP concession agreement). To be considered commercially feasible, a discovery must present positive returns on an investment under market conditions for development and production.
E&P	Exploration and Production
Farm-in and Farm-out	Process of partial or complete acquisition of concession rights held by another company. The company acquiring the concession rights is said to be in the farm-in process and the company selling concession rights is in the farm-out process.
Field	An area covering a horizontal projection of one or more reservoirs containing oil and/or natural gas in commercial quantities.
FPSO	A floating production, storage and offloading (FPSO) unit is a floating vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Kbbl/d	One thousand barrels per day

Operator	A company legally appointed to conduct and execute all operations and activities in the concession area, in accordance with the terms of the concession agreement signed by the ANP and the concessionaire.
"Type A" Operator	Qualification of the ANP to operate onshore, offshore in shallow to ultra-deep waters
Exploratory Prospect(s)	A prospect is a potential accumulation mapped by geologists or geophysicists where there is a probability of a commercially viable accumulation of oil and/or natural gas that is ready to be drilled. The five necessary elements for the existence of an accumulation (generation, migration, Reservoir, seal and entrapment) must be present and the lack of any of the five means there is either no accumulation or accumulation that is not commercially viable.
Contingent Resources	Represent quantities of oil, condensate and natural gas that are potentially recoverable from accumulations acknowledged during the development of projects, but that are not considered commercially recoverable as yet due to one or more contingencies.
3C Contingent Resources	High Contingent Resources estimates, which is typically assumed to have a 10% chance of being achieved or exceeded.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercial recoverable by applying development projects to known accumulations as of a given date and under defined conditions.
Reserves 1P	Sum of proven reserves.
Reserves 2P	Sum of proven and probable reserves.
Reserves 3P	Sum of proven, probable and possible reserves.
Possible Reserves	Quantities of petroleum which analysis of geoscience and engineering data indicate are less likely to be recovered than probable reserves.
Proven Reserves	Quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable as of a given date from known reservoirs and under defined economic conditions, operating methods and government regulations.
Probable Reserves	Quantities of petroleum that, according to geoscience and engineering data, are estimated to have the same chance (50%/50%) of being achieved or exceeded.