Quarterly Financial Information (ITR)

HRT Participações em Petróleo S.A.

June 30, 2013
with Independent Auditor's Review Report on Quarterly Financial Information

HRT Participações em Petróleo S.A.

Quarterly financial information (ITR)

June 30, 2013

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A free translation from Portuguese into English of Independent Auditor's Review Report on Individual Quarterly Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and on Consolidated Quarterly Financial Information prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - IASB, and accounting practices adopted in Brazil

Independent auditor's review report on quarterly financial information

Report on the review of interim quarterly information

The Shareholders, Board of Directors and Officers
HRT Participações em Petróleo S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the interim condensed individual and consolidated financial statements of HRT Participações em Petróleo S.A. ("Company") contained in the Quarterly Financial Information (ITR) for the quarter as of June 30, 2013, comprising the balance sheet at June 30, 2013 and the related statements of income and comprehensive income for the periods of three and six months then ended, and the statements of equity and cash flows for the six-month period then ended, and other explanatory notes.

Management is responsible for the preparation of the interim condensed individual financial statements in accordance with CPC 21 - Interim Financial Reporting, and for the preparation of the interim condensed consolidated financial information in accordance with CPC 21 and with the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* - CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on these interim individual and consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim individual and condensed financial statements included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR), and is presented consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), and is presented consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 13 to the interim quarterly information which indicates that the Company and its subsidiaries spent significant amounts primarily related to exploration and evaluation costs, the recovery of these assets is subject to the success of its exploration campaigns, that have relevant development in the near future. Investment in significant amounts in the exploration and development of oil and gas reserves may not result in the discovery of economically viable reserves. These conditions indicate the existence of significant uncertainty which may cast significant doubt about the ability of the Company to continue operating. The interim quarterly information does not include any adjustment that would be required if any of the investments does not present the expected results, which depend on the success of its future operations. Management's plans in relation to the Company's consolidated operating activities are described in Note 1.

Report on the review of interim quarterly information -- Continued

Other matters

Interim statements of value added

We have also reviewed the condensed individual and consolidated statements of value added for the six-month period ended June 30, 2013, prepared under the responsibility of the Company's management, the presentation of which in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), and as supplementary information for IFRS, under which there is no requirement to present a statement of value added. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not presented, in all material respects, in relation to the overall interim condensed individual and interim financial information.

Rio de Janeiro, August 09, 2013

ERNST & YOUNG TERCO
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HRT Participações em Petróleo S.A.

Balance sheets (statements of financial position)
June 30, 2013 and December 31, 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
Assets				
Current assets				
Cash and cash equivalents (Note 5)	**41**	130	**40,527**	37,608
Marketable securities (Note 6)	**176,446**	318,197	**324,132**	870,650
Accounts receivable	**36**	36	**1,780**	3,377
Taxes recoverable (Note 7)	**14,513**	20,714	**60,481**	57,706
Advances to partners in oil and gas operations (Note 8)	**-**	-	**56,958**	-
Assets held for sale (Note 9)	**-**	-	**129,001**	-
Related parties	**2,478**	-	**-**	-
Advances to suppliers (Note 10)	**101**	151	**23,273**	10,190
Prepaid expenses	**560**	82	**5,589**	2,011
Other receivables	**234**	120	**6,799**	1,388
Total current assets	**194,409**	339,430	**648,540**	982,930
Non current assets				
Guarantees and commitments (Note 20)	**-**	-	**449,185**	143,559
Advances to suppliers (Note 10)	**-**	-	**8,618**	12,706
Investments (Note 11)	**3,263,066**	3,444,337	**-**	-
Property, plant and equipment (Note 12)	**816**	1,036	**280,288**	393,862
Intangible assets (Note 13)	**107**	99	**2,793,132**	2,723,411
Total non current assets	**3,263,989**	3,445,472	**3,531,223**	3,273,538
Total assets	**3,458,398**	3,784,902	**4,179,763**	4,256,468

HRT Participações em Petróleo S.A.

Balance sheets (statements of financial position)
June 30, 2013 and December 31, 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
Liabilities and equity				
Current liabilities				
Trade accounts payable	**2,247**	1,129	**193,143**	101,487
Labor liabilities	**5,380**	6,698	**22,531**	20,801
Taxes payable (Note 16)	**8,514**	3,017	**26,932**	35,248
Income tax and social contribution provisions (Note 17)	**-**	209	**1,056**	311
Loans (Note 14)	**-**	-	**86,884**	1,974
Derivative instruments (Note 22)	**-**	-	**20,834**	1,605
Other liabilities	**190**	219	**4,467**	2,580
Total current liabilities	**16,331**	11,272	**355,847**	164,006
Non current liabilities				
Loans (Note 14)	**-**	-	**64,017**	1,260
Accrual for contingencies (Note 25)	**-**	-	**200**	-
Deferred income tax and social contribution (Note 17)	**210,981**	114,253	**528,613**	431,825
Total non current liabilities	**210,981**	114,253	**592,830**	433,085
Equity (Note 18)				
Share capital	**3,821,205**	3,817,130	**3,821,205**	3,817,130
Capital reserve	**416,914**	416,914	**416,914**	416,914
Adjustments on equity valuation	**374,812**	161,939	**374,812**	161,939
Accumulated losses	**(1,381,845)**	(736,606)	**(1,381,845)**	(736,606)
Total equity	**3,231,086**	3,659,377	**3,231,086**	3,659,377
Total liabilities and equity	**3,458,398**	3,784,902	**4,179,763**	4,256,468

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of operations
Six-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	**06/30/2012**	**06/30/2013**	**06/30/2012**
Service revenue, net	**-**	-	**2,995**	3,138
Cost of services	**-**	-	**(1,101)**	(1,993)
Gross profit	**-**	-	**1,894**	1,145
Operating income (expenses)				
Geological and geophysical expenses	**-**	-	**(26,972)**	(66,838)
Personnel expenses	**(70,617)**	(31,504)	**(121,059)**	(87,628)
General and administrative expenses	**(3,434)**	(2,040)	**(13,324)**	(27,972)
Expenses with third-party services	**(3,356)**	(9,258)	**(35,952)**	(31,989)
Taxes and fees	**(739)**	(367)	**(8,314)**	(30,940)
Depreciation and amortization charges	**(101)**	(65)	**(14,482)**	(13,506)
Dry hole write-offs (Note 13)	**-**	-	**(450,238)**	-
Equity results (Note 11)	**(575,810)**	6,296	**-**	-
Financial expenses	**(36)**	(322)	**(41,075)**	(17,087)
Financial income	**8,854**	39,927	**71,898**	99,984
Other operating income, net	**-**	15	**(425)**	32
Property, plant and equipment disposals	**-**	-	**(6,134)**	-
Profit from divestiture of Solimões	**-**	-	**-**	186,515
Profit/(loss) before income tax and social contribution	**(645,239)**	2,682	**(644,183)**	11,716
Income tax and social contribution (Note 17)				
Current	**-**	-	**(1,514)**	(9,034)
Deferred	**-**	-	**458**	-
Profit/ (loss) for the period	**(645,239)**	2,682	**(645,239)**	2,682
Basic and diluted earnings/(loss) per share (Note 18)				
Basic	**(0.0022)**	0.0010	**(0.0022)**	0.0010
Diluted	**(0.0021)**	0.0010	**(0.0021)**	0.0010

HRT Participações em Petróleo S.A.

Statements of operations (Continued)
Three-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	**06/30/2012**	**06/30/2013**	**06/30/2012**
Service revenue, net	**-**	-	**852**	(12)
Costs of services	**-**	-	**(602)**	(1,286)
Gross profit	**-**	-	**250**	(1,298)
Operating income (expenses)				
Geological and geophysical expenses	**-**	-	**(15,742)**	(22,582)
Personnel expenses	**(36,019)**	(27,175)	**(57,932)**	(54,481)
General and administrative expenses	**(1,715)**	(1,133)	**(6,492)**	(9,953)
Expenses with third-party services	**(2,200)**	(5,902)	**(19,105)**	(19,018)
Taxes and fees	**(447)**	(190)	**(4,715)**	(8,971)
Depreciation and amortization charges	**(39)**	(32)	**(8,063)**	(5,916)
Dry hole write offs (Note 13)	**-**	-	**(450,238)**	-
Equity results (Note 11)	**(509,766)**	(35,200)	**-**	-
Financial expenses	**(33)**	(315)	**(28,184)**	(5,030)
Financial income	**4,161**	15,678	**54,180**	58,151
Other operating income, net	**-**	1	**(2,827)**	14
Property, plant and equipment disposals	**-**	-	**(6,134)**	-
Loss before income tax and social contribution	**(546,058)**	(54,268)	**(545,002)**	(69,084)
Income tax and social contribution (Note 17)				
Current	**-**	-	**(1,514)**	-
Deferred	**-**	3,666	**458**	18,482
Loss for the period	**(546,058)**	(50,602)	**(546,058)**	(50,602)
Basic and diluted loss per share (Note 18)				
Basic	**(0,0018)**	(0,0070)	**(0,0018)**	(0,0070)
Diluted	**(0,0018)**	(0,0070)	**(0,0018)**	(0,0070)

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of comprehensive income (loss)
Six-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	06/30/2013	06/30/2012
Profit/ (loss) for the period	**(645,239)**	2,682
Other comprehensive income (loss)		
Exchange variation on foreign investments, net of taxes	**187,757**	(33,444)
Loss on derivatives, net of taxes	**-**	(2,949)
Other comprehensive income/(loss) for the period, net of taxes	**187,757**	(36,393)
Total comprehensive income/(loss) for the period, net of taxes	**(457,482)**	(33,711)
Attributable to		
Company's shareholders	**(457,482)**	(33,711)

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of changes in equity
Six-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	Capital	Capital reserve	Adjustments on equity valuation	(Accumulated losses)	Total
Balances at January 1, 2013	**3,817,130**	**416,914**	**161,939**	**(736,606)**	**3,659,377**
Stock options exercised	**4,075**	**-**	**-**	**-**	**4,075**
Exchange variation on foreign investments, net of taxes	**-**	**-**	**187,757**	**-**	**187,757**
Share-based payment	**-**	**-**	**25,116**	**-**	**25,116**
Loss for the period	**-**	**-**	**-**	**(645,239)**	**(645,239)**
Balances at June 30, 2013	**3,821,205**	**416,914**	**374,812**	**(1,381,845)**	**3,231,086**
Balances at January 1, 2012	3,809,535	416,914	104,310	(459,040)	3,871,719
Capital contribution in cash	6,450	-	-	-	6,450
Stock options exercised	12	-	-	-	12
Exchange variation on foreign investments, net of taxes	-	-	(33,444)	-	(33,444)
Loss on derivatives	-	-	(2,949)	-	(2,949)
Share-based payment	-	-	24	-	24
Profit for the period	-	-	-	2,682	2,682
Balances at June 30, 2012	3,815,997	416,914	67,941	(456,358)	3,844,494

See accompanying notes.

HRT Participações em Petróleo S.A.

Cash flow statements
Six-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	06/30/2012	06/30/2013	06/30/2012
Cash flows from operating activities				
Pre-tax profit/ (loss) for the period	**(645,239)**	2,682	**(644,183)**	11,716
Adjustments for				
Depreciation and amortization	**101**	65	**14,482**	13,506
Financial income	**(8,854)**	(39,927)	**(71,898)**	(99,984)
Financial expenses	**36**	322	**41,075**	17,087
Share-based payment	**25,116**	23	**25,116**	24
Equity results	**575,810**	(6,297)	**-**	-
Accrual for contingencies	**-**	-	**200**	-
PP&E write-offs	**-**	-	**7,220**	-
Dry hole write-offs & acquisition bonus on relinquished blocks	**-**	-	**450,238**	-
	(53,030)	(43,132)	**(177,750)**	(57,651)
(Increase) decrease in assets				
Accounts receivable	**-**	(690)	**1,597**	-
Taxes recoverable	**6,201**	(7,996)	**(2,775)**	(13,182)
Prepaid expenses	**(478)**	(604)	**(3,578)**	938
Advances to suppliers	**50**	(32)	**(8,995)**	(3,807)
Advances to partners in oil and gas operations	**-**	-	**(56,958)**	-
Other receivables	**(114)**	(123)	**(5,411)**	(2,183)
(Increase) decrease in liabilities				
Trade accounts payable	**1,118**	266	**91,656**	(24,057)
Labor liabilities	**(1,318)**	3,018	**1,730**	906
Taxes and social contributions	**5,288**	(576)	**(7,571)**	(9,057)
Transactions with related parties	**(2,478)**	222	**-**	-
Income tax and social contribution paid	**-**	-	**(1,056)**	-
Other liabilities	**(25)**	20	**1,887**	(1,897)
Net cash used in operating activities	**(44,786)**	(49,627)	**(167,224)**	(109,990)
Cash flows from investing activities				
Redemption of marketable securities	**150,569**	602,893	**271,715**	173,083
Deposit given in guarantee	**-**	-	**-**	(60,644)
Disposal of asset held for sale (45% Solimoes)	**-**	-	**-**	300,958
Purchase of property, plant and equipment	**133**	(60)	**(16,358)**	(74,913)
Purchase of intangible assets	**(22)**	33,428	**(256,185)**	(202,864)
Capital contribution in subsidiary	**(110,058)**	(559,657)	**-**	-
Derivative transactions	**-**	-	**(1,605)**	(2,949)
Net cash used in investing activities	**40,622**	76,604	**(2,433)**	132,671
Cash flows from financing activities				
Loans	**-**	-	**168,501**	3,780
Capital contribution	**4,075**	6,462	**4,075**	6,462
Net cash provided by financing activities	**4,075**	6,462	**172,576**	10,242
Exchange variation	**-**	(33,444)	**-**	(33,444)
Net increase/(decrease) in cash and cash equivalent	**(89)**	(5)	**2,919**	(521)
Cash and cash equivalents at beginning of period	**130**	18	**37,608**	25,167
Cash and cash equivalents at end of period	**41**	13	**40,527**	24,646
Net increase in cash and cash equivalents	**(89)**	(5)	**2,919**	(521)

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of value added
Six-month periods ended June 30, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	06/30/2013	**06/30/2012**	**06/30/2013**	**06/30/2012**
Revenues				
Sale of services	**-**	-	**2,995**	3,138
Other revenues	**-**	-	**-**	1,821,700
	-	-	**2,995**	1,824,838
Inputs and services				
Third-party services and other	**(3,356)**	(9,243)	**(35,952)**	(31,956)
Geology and geophysics expenses	**-**	-	**(26,972)**	(66,838)
Costs of services	**-**	-	**(1,101)**	(1,993)
Dry hole write-off	**-**	-	**(450,238)**	-
PP&E write-off	**-**	-	**(6,134)**	-
Other costs - farm-out (Note 9)	**-**	-	**-**	(1,635,185)
Gross value added	**(3,356)**	(9,243)	**(517,402)**	88,866
Retentions				
Depreciation and amortization	**(101)**	(65)	**(14,482)**	(13,506)
Net value added	**(3,457)**	(9,308)	**(531,884)**	75,360
Value added received in transfer				
Net financial income	**8,818**	39,606	**30,823**	82,897
Equity results	**(575,810)**	6,297	**-**	-
Rent, royalties and other	**(3,433)**	(2,042)	**(13,548)**	(27,974)
Unpaid value added	**(573,882)**	34,553	**(514,609)**	130,283
Payment of value added				
Personnel	**70,618**	31,504	**121,059**	87,628
Taxes	**739**	367	**9,571**	39,973
Profit attributable to the Company's shareholders	**(645,239)**	2,682	**(645,239)**	2,682
Paid value added	**(573,882)**	34,553	**(514,609)**	130,283

See accompanying notes.

1. Operations

HRT Participações em Petroleo S.A. (Company or HRTP) was established on July 17, 2009 through the transformation of BN 16 Participações Ltda. into a corporation under that name. The Company is headquartered in the city of Rio de Janeiro - State of Rio de Janeiro, Brazil and it is engaged in: (1) holding interest in other companies as an owner, shareholder or member, regardless of its activities, whether domestic or foreign; and (2) (i) providing advisory and survey services in the following areas: environment, oil, natural gas, mining, as well as professional advisory services to companies in the following areas: collection, chemical analyses (both organic and inorganic) and interpretation of geological, geochemical and geophysical data as well as the remote sensing of such data, and foreign trade advisory services ;
(ii) exploration, development and production of oil and natural gas; (iii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; and
(iv) generation, sale and distribution of electric power.

The HRT Group activities are currently focused on the exploration and production of oil and natural gas, operating in the Solimões Sedimentary Basin, State of Amazonas and in Namibia, West coast of Africa.

In its portfolio, the Group holds 36 onshore and offshore blocks, 21 of which are onshore blocks in the Solimões Basin, in which the Group holds 55% interest in exploration rights. Also in Brazil, the Group holds 10% interest in exploration rights in 3 blocks in onshore basins, located in the Recôncavo (State of Bahia), Espírito Santo (State of Espírito Santo) and Rio do Peixe (State of Paraíba) basins. In Namibia, HRT's subsidiary, called HRT Africa, operates 10 offshore blocks in the Walvis and Orange basins. It also holds non-controlling interest in 2 blocks located in the Namibia Basin. Detailed information on the operations carried out by the Company and its subsidiaries are disclosed on Notes 13, 14 and 15.

Either directly or through its subsidiaries, the Company has been making the required investments to comply with its exploratory program and obtain access to reserves sufficient for the success of its future operations.

2. Basis of preparation and presentation of quarterly financial information

a) Statement of compliance with IFRS and BR GAAP

The individual and consolidated quarterly financial information for the quarter ended June 30, 2013 is presented as follows:

Consolidated quarterly financial information

The consolidated quarterly financial information was prepared and is presented in accordance with accounting practices adopted in Brazil, including the provisions of Corporation Law and accounting standards and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and Brazilian FASB (CPC), which are in compliance with the international accounting standards issued by International Accounting Standards Board (IASB).

The statements of value added are presented as supplementary information for IFRS purposes.

Individual quarterly financial information

The individual quarterly financial information was prepared and is presented in accordance with accounting practices adopted in Brazil, which include the provisions of Corporation Law and accounting standards and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and the Brazilian FSAB (CPC) and for the Company, differ from international accounting standards issued by the International Accounting Standards Board (IASB) with regard only to the valuation of investments in subsidiaries, affiliates and jointly-controlled subsidiaries by the equity method as required by ICPC 09, whereas for purposes of International Financial Reporting Standards (IFRS), this would be at cost or fair value.

b) Basis of measurement

The individual and consolidated quarterly financial information was prepared based on historical cost, except for financial instruments measured at fair value through profit or loss and derivative financial instruments, which were measured at fair value.

2. Basis of preparation and presentation of quarterly financial information (Continued)

c) Functional and reporting currency

The individual and consolidated quarterly financial information is presented in Brazilian Reais, which is the Company's functional currency. The Company established that its functional currency is the Brazilian Real, while the functional currency of its foreign subsidiaries is the US Dollar, due to their business plan and especially as a result of their operating costs. All financial information presented in Brazilian Reais was rounded to thousands of Brazilian Reais, unless otherwise stated.

d) Use of estimates and judgments

The preparation of individual and consolidated quarterly financial information in accordance with IFRS and CPC standards requires that management make judgments and estimates and adopt assumptions that affect the application of accounting policies and the amounts disclosed referring to assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews relating to accounting estimates are recognized in the period when performed and in any subsequent periods affected.

Information on assumptions and estimates which could result in adjustments in the following financial year is included in the following notes:

- Note 13 - Intangibles, principally as it refers to the write off and impairment of Oil & Gas properties.
- Note 17 - Deferred income and social contribution taxes.
- Note 18 - Stock option plan.
- Note 22 - Financial Instruments.
- Note 25 - Accrual for contingencies.

Management authorized conclusion of this quarterly financial information on August 9th, 2013.

2. Basis of preparation and presentation of quarterly financial information (Continued)

2.1. Accounting pronouncements issued by the IASB

IFRS pronouncements which are not effective at June 30, 2013

We list below standards issued that had not yet become effective as of the date of issue of Company's financial statements: This list of standards and interpretations issued includes those that the Company reasonably expects to have an impact on disclosures, financial position, or performance upon application thereof in the future. The Company intends to adopt such standards when they become effective.

- IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - These amendments explain the meaning of "currently have a legally enforceable right of set-off". The amendments also explain the adoption of the offset criteria of IAS 32 for the settlement systems (such as the clearing house systems), which apply gross mechanisms of settlement that are not simultaneous. These amendments shall not have an impact on the Company's financial position, performance or disclosures effective for annual periods beginning on or after January 1, 2014.

3. Summary of significant accounting practices

The accounting practices adopted in the preparation of the consolidated quarterly financial are consistent with those adopted by the Company for the year ended December 31, 2012. Therefore, the quarterly financial statement for the quarter ended June 30, 2013, shall be read along with the financial statement for the year ended December 31, 2012.

4. Consolidation procedures

The consolidated quarterly financial information for the six-month period ended June 30, 2013 includes the financial information of the Company and its subsidiaries HRT O&G Exploração e Produção de Petróleo Ltda. ("HRTOG"), Integrated Petroleum Expertise Company Ltda. ("IPEX"), HRT Africa S.A. ("HRTAF"), HRT Netherlands B.V. ("HRTN"), HRT America Inc. ("HRTA") and Air Amazônia ("AA").

4. Consolidation procedures (Continued)

The subsidiaries are fully consolidated from the date HRT has obtained the control until the date that this control no longer exists. The quarterly financial information of subsidiaries is prepared for the same reporting period of the parent company, using consistent accounting policies.

The consolidation process of balance sheet and P&L accounts of subsidiaries corresponds to the horizontal sum of balances of assets, liabilities, revenues and expenses, according to their nature, together with the following eliminations: (a) assets and/or liabilities balances between consolidated companies; (b) elimination of investments against the respective equity of the subsidiary; and (c) elimination of revenues and expenses from transactions between the consolidated companies.

5. Cash and cash equivalents

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
Cash	**1**	-	**48**	187
Banks	**40**	130	**40,479**	37,421
	41	130	**40,527**	37,608

6. Marketable securities

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
For trading	**176,446**	318,197	**324,132**	870,650
	176,446	318,197	**324,132**	870,650

Short-term investments mainly comprise Bank Deposit Certificates (CDBs) and repurchase agreements backed by debentures issued by first-tier banks. In Brazil, they are remunerated based on the Interbank Deposit Certificate (CDI) variation while abroad by reference to LIBOR.

In addition, as described in Note 20, the Company has the amount of US$202,737 (which is equivalent to R$449,185) recorded as guarantees in noncurrent assets.

6. Marketable securities (Continued)

Summarized below are the investments by type of financial instrument:

a) For trading

Bank	Maturity	Remuneration	Company		Consolidated	
			06/30/2013	12/31/2012	06/30/2013	12/31/2012
Bank Deposit Certificate (CDB)						
Banco do Brasil	May/2014	CDI	**-**	-	**-**	18,126
BTG Pactual	Apr/14 to May/14	CDI	**-**	-	**-**	210,290
Votorantim	Jan/14	CDI	**66,074**	74,668	**66.074**	128,636
			66,074	74,668	**66.074**	357,052
Bradesco	May/2013	CDI	**-**	-	**-**	102,563
Itaú BBA	May/2014	CDI	**-**	136,955	**-**	159,669
Santander	Nov/13 to Abr/15	CDI	**110,354**	106,574	**198.229**	193,568
Votorantim	Dec/2014	CDI	**-**	-	**2.809**	-
			110,354	243,529	**201.038**	455,800
Citibank	Apr/2013	Time Deposit	**-**	-	**-**	49,654
Other			**18**	-	**57.020**	8,144
Total investments for trading			**176.446**	318,197	**324,132**	870,650

7. Taxes recoverable

	Company		Consolidated	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Income tax and social contribution	**14,513**	20,714	**53,294**	38,453
Service Tax	**-**	-	**165**	329
Social Security Tax (INSS)	**-**	-	**-**	5,369
VAT	**-**	-	**6,955**	7,356
Other	**-**	-	**67**	6,199
	14,513	20,714	**60,481**	57,706

8. Advances to partners in Oil and Gas operations

Solimões

	30/06/2013
Account receivables	
Cash call 01- April	**6,692**
Cash call 02 - May	**30,160**
Cash call 03 - June	**25,602**
Total receivable	**62,454**
Account payables	**(62,454)**
Billing statements - April	**17,036**
Billing statements - May	**20,262**
Billing statements - June	**19,660**
Total payable	**(5,496)**
Net balance	**56,958**

In 2011, HRTOG entered into a FOA (Farm-out agreement) with Rosneft Brasil E&P Ltda., referring to 21 blocks of Solimões consortium, whereby HRTOG undertook to defray the investments in the exploration program of Solimões consortium without proportional interest of TNK-BP, corresponding to a total disbursement of US$175 million.

In March of 2013, the agreed total disbursement of US$ 175 million has ended and the Rosneft Brasil E&P Ltda. now has obligation to contribute with 45% of the expenditure incurred.

Until June 30, 2013, Rosneft Brasil E&P Ltda. did not make any payment of cash calls issued. On June 21, 2013, HRTOG sent a notice of default to the partner who had not reimbursed HRT for its share of the costs incurred. See note 26, subsequent events.

Namíbia

On November 26, 2012, through its Namibia-based subsidiaries, HRT entered into a FOA with Galp Energia, whereby it transferred 14% interest held in exploration rights regarding 3 Petroleum Exploration Licenses (PEL 23, 24 and 28). This transaction was approved by the Ministry of Mines and Energy (MME) on January 24, 2013.

8. Advances from joint venture partners (Continued)

Namíbia (Continued)

Under the terms of the contract, Galp Energia undertook to defray part of HRT's transaction costs up to an agreed limit. These charges start on the beginning of drilling services in the respective well.

Up to June 30, 2013 HRT had received two contributions from GALP in the amounts of US$50,848 (equivalent to R$105,791) related to the drilling of Wingat and Murombe wells. The amounts received have been allocated to the respective projects.

9. Assets held for sale

On June 30, 2013, the Company has the intention to divest the activities related to air logistics. For this reason, all of its aircraft and its subsidiary engaged in the respective segment are available for sale.

Aircraft cost	**151,639**
Accumulated depreciation of aircraft	**(33,931)**
Exchange variation	**11,293**
Net amount of aircraft	**129,001**

On March 6, 2013, the Company executed a binding term sheet with US-based company Erickson Air-Crane Inc. (Buyer) for the sale of its air logistics businesses.

This transaction involves the transfer of one of its subsidiaries (Air Amazonia) and 6 rotary-wing fleet (helicopters). It further establishes that the Buyer shall provide air services to HRT Group for a 1-year term. The Service Agreement was approved by the Steering Committee of the Joint Venture between HRT O&G Exploração e Produção de Petróleo Ltda. and Rosneft Brasil E&P Ltda., which holds exploration rights related to 19 blocks in Solimões Basin.

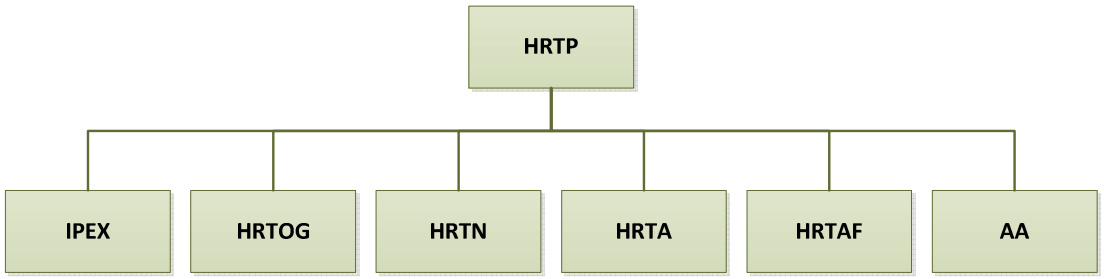
10. Advances to suppliers

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
Current				
Geoquasar	**-**	-	**11,542**	-
Queiroz Galvão Óleo & Gás	**-**	-	**6,231**	8,174
Other	**101**	151	**5,500**	2,016
	101	151	**23,273**	10,190
Noncurrent				
Queiroz Galvão Óleo & Gás	**-**	-	**8,618**	12,706
	-	-	**8,618**	12,706
	101	151	**31,891**	22,896

The amount paid in advance to Queiroz Galvão refers to clause 24.2 of the agreements of Rigs QG-VIII and QG-IX, which should be deducted from the monthly billing of the above-mentioned rigs as from May 2013. As a result of a negotiation in this regard, the advances relating to rig QG-IX started to be deducted from October 2012.

11. Investments

At June 30, 2013, the Company presented the following direct ownership structure in relation to its subsidiaries:



11. Investments (Continued)

- **IPEX - Integrated Petroleum Expertise Company Serviços em Petróleo Ltda. ("IPEX")**

  This subsidiary was set up on July 31, 2004 under the corporate name High Resolution Technology & Petroleum Ltda., to provide geological and geophysical research services within the oil exploration activity in Brazil. In 2009, the corporate name of the subsidiary was changed to Integrated Petroleum Expertise Company - Serviços em Petróleo Ltda.

- **HRT O&G Exploração e Produção de Petróleo Ltda. ("HRTOG")**

  This subsidiary was organized on July 20, 2009, with headquarters in Rio de Janeiro, and is engaged in: (i) the exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) holding interest in other companies.

  HRTOG currently holds 55% of the rights to explore two Consortia (BT-SOL 4 and BT-SOL 4A), encompassing a total of twenty-one blocks in the Solimões Basin.

  At June 30, 2013, HRTOG holds 7.91% interest in HRTAF's capital.

  Since 2011, the subsidiary was qualified by ANP as "Operator B", i.e., it is authorized to operate in both onshore and offshore blocks up to 400 meters deep, and as operator "A", in April this year, enabling OG to operate in deep-water and ultra-deep-water environments.

- **HRT Netherlands B.V. ("HRTN")**

  The subsidiary was incorporated in Amsterdam, Netherlands, on June 15, 2010, its corporate purpose involves oil and gas, export and import, lease and holding interests in entities, among others.

11. Investments (Continued)

- **HRT America Inc ("HRTA")**

  On March 4, 2011, HRT America Inc. (HRTA) was incorporated in Delaware, with head office in Houston, in the United States. The subsidiary was incorporated primarily to provide geological and geophysical services to the affiliates, mainly to HRTAF and its subsidiaries.

- **HRT Africa ("HRTAF")**

  The subsidiary initially named Labrea Petroleo S.A. had its new corporate name approved on March 30, 2011 by the Rio de Janeiro State Commercial Registry and its corporate purposes are: (i) the exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) holding interest in other companies.

  On June 17, 2011, a subsidiary of HRT Africa was organized in Namibia.

  In the course of 2012, HRTP carried out an ownership restructuring, streamlining the Group's ownership structure and centralizing assets located in the Republic of Namibia in Namibian subsidiaries incorporated for this purpose.

  As part of this restructuring, HRT Canada Inc (HRTC) was contributed to HRT Africa, and two more Namibian companies were incorporated: HRT Walvis and HRT Luderitz. Accordingly, the assets in which the Group holds an exploration license in the Republic of Namibia were consolidated under one single ownership structure, having Brazil-based HRTAF as the parent company.

  HRTAF holds interest in two Blocks in Recôncavo Basin, one block in Rio do Peixe Basin and one Block in Espírito Santo Basin.

- **Air Amazonia Serviços Aéreos Ltda. ("AA")**

  On March 18, 2011, the Rio de Janeiro State Commercial Registry approved the registration of Air Amazônia Serviços Aéreos Ltda. in order to provide air logistic services in the transportation of people and oil & gas equipment items related to the exploration campaign in Solimões Basin.

11. Investments (Continued)

- **Air Amazonia Serviços Aéreos Ltda. ("AA")** (Continued)

  On March 6, 2013, the Company executed a binding term sheet with US-based company Erickson Air-Crane Inc. (Buyer) for the sale of its air logistics businesses.

  This transaction involves the transfer of one of its subsidiaries (Air Amazonia) and 6 rotary-wing fleet (helicopters). It further establishes that the Buyer shall provide air services to HRT Group for a 1–year term. The Service Agreement was approved by the Steering Committee of the Joint Venture between HRT O&G Exploração e Produção de Petróleo Ltda. and Rosneft Brasil E&P Ltda., which holds exploration rights related to 19 blocks in Solimões Basin.

11. Investments (Continued)

Concession portfolio

At June 30, 2013, the Company's subsidiaries were part in the following concessions in Brazilian basins and had the following Petroleum Exploration Licenses (PEL) in Namibian basins:

Country	Basin	Block	Operator	HRT %
Brazil	Solimões	SOL-T-169	HRTOG	55%
Brazil	Solimões	SOL-T-168	HRTOG	55%
Brazil	Solimões	SOL-T-170	HRTOG	55%
Brazil	Solimões	SOL-T-191	HRTOG	55%
Brazil	Solimões	SOL-T-148	HRTOG	55%
Brazil	Solimões	SOL-T-149	HRTOG	55%
Brazil	Solimões	SOL-T-192	HRTOG	55%
Brazil	Solimões	SOL-T-214	HRTOG	55%
Brazil	Solimões	SOL-T-215	HRTOG	55%
Brazil	Solimões	SOL-T-216	HRTOG	55%
Brazil	Solimões	SOL-T-217	HRTOG	55%
Brazil	Solimões	SOL-T-172	HRTOG	55%
Brazil	Solimões	SOL-T-194	HRTOG	55%
Brazil	Solimões	SOL-T-195	HRTOG	55%
Brazil	Solimões	SOL-T-151	HRTOG	55%
Brazil	Solimões	SOL-T-174	HRTOG	55%
Brazil	Solimões	SOL-T-197	HRTOG	55%
Brazil	Solimões	SOL-T-196	HRTOG	55%
Brazil	Solimões	SOL-T-218	HRTOG	55%
Brazil	Espírito Santo	ES-T-400	HRTAF	10%
Brazil	Recôncavo	REC-T-158	HRTAF	10%
Brazil	Rio do Peixe	RIOP-T-75	HRTAF	10%
Namibia	Orange	PEL028	HRT Luderitz	77.2%
Namibia	Orange	PEL024	Kunene	86%
Namibia	Orange	PEL022	Orange	95%
Namibia	Walvis	PEL023	HRT Walvis	86%
Namibia	Namibe	PEL017	Sintezneftegaz	2.87%

(*) The expiration date of the exploratory period as well the activities provided are described in note 20

11. Investments (Continued)

a) Breakdown of investments

	Company	
	06/30/2013	**12/31/2012**
HRT O&G Exploração e Produção de Petróleo Ltda.	**1,598,096**	1,820,451
Integrated Petroleum Expertise Company Serviços em Petróleo Ltda. IPEX	**(8,644)**	(4,303)
HRT Netherlands B.V.	**208,568**	211,023
HRT Africa	**1,551,231**	1,468,334
HRT America	**5,313**	13,334
Air Amazonia	**(91,498)**	(64,502)
	3,263,066	3,444,337

b) Changes in investments

	HRTOG	IPEX	HRT BV	HRT AFRICA	HRT AMERICA	AIR AMAZONIA	Total
Balances at January 1, 2013	**1,820,451**	**(4,303)**	**211,023**	**1,468,334**	**13,334**	**(64,502)**	**3,444,337**
Capital increase	**-**	**-**	**-**	**110,058**	**-**	**-**	**110,058**
Equity results	**(252,669)**	**(4,341)**	**(24,318)**	**(258,323)**	**(9,163)**	**(26,996)**	**(575,810)**
Cumulative translation adjustment	**30,314**	**-**	**21,863**	**231,162**	**1,142**	**-**	**284,481**
Balances at June 30, 2013	**1,598,096**	**(8,644)**	**208,568**	**1,551,231**	**5,313**	**(91,498)**	**3,263,066**

	HRTOG	IPEX	HRT BV	HRT AFRICA	HRT AMERICA	HRT CANADA	AIR AMAZONIA	Total
Balances at January 1, 2012	1,375,143	5,350	175,007	52,671	3,545	1,660,099	(1,922)	3,269,893
Capital increase	484,360	-	61,870	106,034	1,836	-	1,015	655,115
Acquisition of UNX by HRT Africa (*)	-	-	-	1,253,569	-	(1,253,569)	-	-
Deferred income tax on the acquisition (**)	-	-	-	89,676	-	(406,530)	-	(316,854)
Derivative operations	(9,393)	-	-	-	-	-	-	(9,393)
Equity results	(31,645)	(1,924)	4,150	(84,029)	7,072	-	7,733	(98,643)
Result from transactions with related parties	-	(7,729)	(49,008)	-	-	-	(71,328)	(128,065)
Cumulative translation adjustment	1,986	-	19,004	50,413	881	-	-	72,284
Balances at December 31, 2012	1,820,451	(4,303)	211,023	1,468,334	13,334	-	(64,502)	3,444,337

(*) Goodwill determined on the acquisition of HRT Canada (former UNX) comprises two amounts: (i) R$1,195,677 referring to the difference between fair value and the Company's net book assets; and (ii) R$406,530 referring to deferred income tax on goodwill.

(**) Due to the restructuring carried out in the second quarter, the portion of goodwill and deferred tax liability originated from it upon acquisition of HRT Canada (old UNX), relating to the effect of the difference between accounting and tax bases of assets acquired applied to effective tax rate in Canada of 26.5% was pushed down to subsidiary HRT Africa. The 7.5% additional taxation to be levied in Brazil, arising from the difference in Brazilian and Canadian tax rates (34% vs. 26.5%) remains in the parent, as well as the corresponding goodwill based on future profitability.

11. Investments (Continued)

c) Significant information on investees

	HRTOG	IPEX	HRT BV	HRT AFRICA	HRT AMERICA	AIR AMAZONIA
Direct interest	99,99%	99,99%	100%	8%	100%	100%
Indirect interest	-	-	-	92%	-	-
Equity	1.827.268	(364)	283.807	1.818.568	14.524	10.978
Income (loss) for the year	(23.497)	(3.790)	1.913	(14.457)	48	3.443
Revenue between related parties (*)	-	550	20.097	-	9.221	30.429
Total assets	2.089,696	6.913	287.476	2.122.762	16.420	19.593

(*) Revenue between related parties of IPEX, HRT BV and AA was eliminated against intangible assets account for consolidation purposes.

12. Property, plant and equipment

a) Balance breakdown

		Consolidated				
	Depreciation rate (%)	Cost	Depreciation	Exchange variation	Balance 2013	Balance 2012
In operation						
Aircraft	10	-	-	-	-	133,838
Sculptures		26	-	-	26	26
Vessels	10	694	(116)	-	578	613
Machinery and equipment	10	12,280	(2,993)	-	9,287	9,788
Furniture and fixtures	10	6,254	(1,624)	37	4,667	4,826
Communication equipment	20	542	(226)	-	316	359
Vehicles	20	10,067	(3,728)	6	6,345	7,362
IT equipment	20	10,497	(5,342)	72	5,227	6,589
Leasehold improvements	4	68,336	(9,493)	68	58,911	60,394
Facilities	10	10,073	(1,172)	-	8,901	8,786
In progress						
Material for use and consumption (wells)		41,609	-	-	41,609	39,446
Advances for acquisition of cranes		-	-	-	-	5,641
Advances for acquisition of drill rigs		-	-	-	-	115,108
Cranes		5,641	-	475	6,116	-
Rigs		123,873	-	14,432	138,305	-
Other		-	-	-	-	1,086
		289,892	(24,694)	15,090	280,288	393,862

12. Property, plant and equipment (Continued)

b) Changes in balances

	Balance at 01/01/2013	Additions	Write off	Depreciation	Exchange variation	Transfers	Balance at 06/30/2013
In operation							
Aircraft	133,838	-	(6,134)	(7,559)	8,856	(129,001)	-
Sculptures	26	-	-	-	-	-	26
Vessels	613	-	-	(35)	-	-	578
Machinery and equipment	9,788	110	-	(611)	-	-	9,287
Furniture and fixtures	4,826	116	-	(312)	37	-	4,667
Communications equipment	359	-	-	(43)	-	-	316
Vehicles	7,362	31	-	(1,053)	5	-	6,345
IT equipment	6,589	-	-	(1,434)	72	-	5,227
Leasehold improvements	60,394	-	-	(1,551)	68	-	58,911
Facilities	8,786	435	-	(320)	-	-	8,901
In progress							
Material for use and consumption (wells)	39,446	2,163	-	-	-	-	41,609
Advances for acquisition of cranes	5,641	-	-	-	475	(6,116)	-
Advances for acquisition of drill rigs	115,108	13,503	-	-	9,694	(138,305)	-
Cranes	-	6,116	-	-	-	-	6,116
Rigs	-	138,305	-	-	-	-	138,305
Other	1,086	-	-	-		(1,086)	-
Total	393,862	160,779	(6,134)	(12,918)	19,207	(274,508)	280,288

	Balance at 01/01/2012	Additions	Depreciation	Exchange variation	Balance at 12/31/2012
In operation					
Aircraft	131,460	15,488	(22,884)	9,774	133,838
Sculptures	26	-	-	-	26
Vessels	682	26	(95)	-	613
Machinery and equipment	7,631	3,174	(1,017)	-	9,788
Furniture and fixtures	5,231	344	(845)	96	4,826
Communications equipment	460	24	(125)	-	359
Vehicles	9,254	1,013	(2,981)	76	7,362
IT equipment	6,002	3,580	(3,124)	131	6,589
Leasehold improvements	62,965	-	(2,687)	116	60,394
Facilities	7,888	1,198	(533)	233	8,786
In progress					
Material for use and consumption (wells)	36,534	2,912	-	-	39,446
Advances for acquisition of cranes	2,136	3,314	-	191	5,641
Advances for acquisition of drill rigs	52,986	57,385	-	4,737	115,108
Other	13	1,073	-	-	1,086
Total	323,268	89,531	(34,291)	15,354	393,862

13. Intangible assets

a) Balance breakdown

	Amortization rate (%)	Consolidated 06/30/2013	Consolidated 12/31/2012
Oil and gas assets			
Subscription bonus - Solimões Basin	**(*)**	**146,650**	167,095
Subscription bonus - acquisition of HRTAF	**(*)**	**53,854**	53,854
Subscription bonus - acquisition of HRTC	**(*)**	**1,222,485**	1,222,485
Subscription bonus - acquisition of interest of Vienna in companies (Limpet, Harmony and Acarus)	**(*)**	**56,218**	56,218
Exploration expenditures	**(*)**	**900,502**	810,270
Software and other	**20**	**10,279**	11,018
Goodwill	**(**)**	**406,530**	406,530
		2,796,518	2,727,470
Accumulated amortization		**(3,386)**	(4,059)
Total		**2,793,132**	2,723,411

b) Changes in balances

	01/01/2013	Additions	Licences not renewed/ returned to the regulator	Write-offs	Amortization	06/30/2013
Subscription bonus - Solimões Basin	167,095	**-**	**(20,445)**	**-**	**-**	**146,650**
Subscription bonus - acquisition of HRTAF	53,854	**-**	**-**	**-**	**-**	**53,854**
Subscription bonus - acquisition of HRTC	1,222,485	**-**	**-**	**-**	**-**	**1,222,485**
Subscription bonus - acquisition of interest of Vienna in companies	56,218	**-**	**-**	**-**	**-**	**56,218,**
Exploration expenses	810,270	**520,025**	**-**	**(429,793)**	**-**	**900,502**
Software and other	6,959	**1,498**	**-**	**-**	**(1,564)**	**6,893**
Goodwill	406,530	**-**	**-**	**-**	**-**	**406,530**
	2,723,411	**521,523**	**(20,445)**	**(429,793)**	**(1,564)**	**2,793,132**

	01/01/2012	Additions	Write-offs	Amortization	12/31/2012
Subscription bonus - Solimões Basin	167,095	-	-	-	167,095
Subscription bonus - acquisition of HRTAF	53,854	-	-	-	53,854
Subscription bonus - acquisition of HRTC	1,222,485	-	-	-	1,222,485
Subscription bonus - acquisition of interest of Vienna in companies	56,218	-	-	-	56,218
Exploration expenses	279,428	574,957	(44,115)	-	810,270
Software and other	5,232	3,043	-	(1,316)	6,959
Goodwill	406,530	-	-	-	406,530
	2,190,842	578,000	(44,115)	(1,316)	2,723,411

(*) Subscription bonus and exploration expenses will be amortized based on the units of production method, considering production of each concession and the volume of reserves. If hydrocarbon reserves that are economically feasible are not identified, these expenses will be posted to the income statement.

(**) This goodwill originated from the acquisition of HRT Canada.

13. Intangible assets (Continued)

b) Changes in balances (Continued)

Set out below is the subscription bonus referring to each block:

Blocks	06/30/2013	12/31/2012
Onshore		
SOL-T-148	**664**	664
SOL-T-149	**3,966**	3,966
SOL-T-168	**10,492**	10,492
SOL-T-169	**5,802**	5,802
SOL-T-170	**7,019**	7,019
SOL-T-191	**9,903**	9,903
SOL-T-192	**10,561**	10,561
SOL-T-214	**9,892**	9,892
SOL-T-215	**10,553**	10,553
SOL-T-216	**10,553**	10,553
SOL-T-217	**10,553**	10,553
SOL-T-151	**8,593**	8,593
SOL-T-172	**3,304**	3,304
SOL-T-174	**10,567**	10,567
SOL-T-194	**8,049**	8,049
SOL-T-195	**4,400**	4,400
SOL-T-196	**5,940**	5,940
SOL-T-197	**10,561**	10,561
SOL-T-218	**5,278**	5,278
SOL-T-219	**-**	9,892
SOL-T-220	**-**	10,553
Total Solimões	**146,650**	167,095
ES-BT-400	**100**	100
RIOP-T-75	**3**	3
REC-T-158	**51**	51
REC-T-240	**11**	11
Total other onshore in Brazil	**165**	165
Total onshore bonus	**146,815**	167,260
Offshore		
PEL 0023	**53,689**	53,689
PEL 0028	**47,312**	47,312
PEL 0024	**1,118,865**	1,118,865
PEL 0022	**109,968**	109,968
PEL 0017	**2,558**	2,558
Total offshore bonus	**1.332.392**	1.332.392
Total subscription bonus	**1,479,207**	1,499,652

13. Intangible assets (Continued)

b) Changes in balances (Continued)

In 2012 the Company began the process of divesting non-strategic assets. This process includes the subsidiary Air Amazonia and the fleet of helicopters as announced to the market on November 06, 2012 and currently in the final stages of completion. Also, the intention to sell the subsidiary IPEX and the helitransportable rigs, both announced on July 22, 2013 and currently in its initial phase.

Recently, the Company notified the ANP the intention of relinquished the block BT-SOL 219 and BT-SOL-220, mainly due to difficulties in conducting geophysical surveys and obtaining environmental permits. So, the bonus acquisition was reclassified to the Company result in the amount of R$ 20,445.

Additionally, the drilling costs of the wells Wingat and Muronbe, located in Namíbia and the well 1-HRT – 11 located in Solimões basin in the amount of R$ 429,793 were reclassified to Company results, since were not identified as economic viable resources.

For the other blocks in the Solimões Basin, the Company managed extension of deadlines for exploratory blocks SOL-T-151, SOL-T-174, SOL-T-192, SOL-T-196, SOL-T-197, SOL- T-214, SOL-T-215, SOL-T-216, SOL-T-217 and SOL-T-218 increasing the period in 4 years. The Company's strategy is to conduct a farm-out part in this project, as an alternative for the financing of investments. Furthermore, the study for monetization of gas discoveries in this area is ongoing in conjunction with our partner Rosneft and Petrobras, which also holds significant assets in the region.

For Namibia project, the costs of drilling wells Wingat and Murombe were transferred to the result in compliance with the best accounting practices. This reclassification reflects the company's vision of the structures tested by wells will not be exploited in the future. However, the information obtained from tests performed on these wells increase the perceived value of the company in relation to the blocks that have the Walvis Basin, and therefore the Company does not intend to return the Licence PEL 023, where these drilling campaign were performed. Thus, the bonus for purchasing this license will be retained in intangible assets, duet to the Company’s business plan to maintain the licenses and continue the exploration program.

14. Loans (consolidated)

	Balance on 30/06/2013	Balance on 31/12/2012
Current		
Credit Suisse	**86,844**	-
Banco Safra	**-**	1,890
Outros	**-**	84
	86,844	1,974
Non current		
Credit Suisse	**64,017**	-
Banco Safra	**-**	1,260
Total	**150,861**	3,234

HRT O&G signed with Credit Suisse a loan agreement in the amount of $75,000 for a period of 24 months. Repayment will be made in 6 installments and the contract will be paid at a fixed rate of 7.25% per year and the variable rate of 1.5% of the estimated production of the asset in the first 12 months and 1.25% of the estimated production between the 13th and 24th month.

This funding was contracted to guarantee the acquisition of Polvo, and the payment of the installments is conditioned upon the completion of the operation and acquisition of the assets by the Group HRT. There is a possibility of the operation not being approved, in which case the funding is returned to Credit Suisse. The due date are as follow:

Installments	Due date	Amount (%)
1	10/15/2013 (*)	53.33
2	04/15/2014	9.33
3	07/15/2014	9.33
4	10/15/2014	9.33
5	01/15/2015	9.34
6	04/15/2015	9.34

(*) Or ANP approval what happen first.

In January 2012, subsidiary HRTOG entered into a financing agreement with Banco Safra in the amount of R$3,011 and effective for 36 months for the acquisition of 1 (one) helicopter AS350. In second quarter, HRTOG prepaid this loan due to the deal with Erickson to sell their helicopters.

15. Operating lease (lessee)

Helitransportable rigs leased from Queiroz Galvão Óleo e Gás S.A.

Queiroz Galvão

Subsidiary HRTOG (lessee) entered into lease and service agreements involving two helitransportable rigs. The agreements were entered into on August 3, 2010, and shall be effective for 4 years as from April 15, 2011.

Minimum future payments discounted to present value are estimated as follows:

Minimum future payments (In US$ thousand)	
Year 1 (up to 06/2014)	11,687
Year 2 (07/2014 to 03/2015)	13,639
	25,326

16. Current taxes payable

	Company		Consolidated	
	06/30/2013	**12/31/2012**	**06/30/2013**	**12/31/2012**
PIS and COFINS on service imports	**-**	-	**3,019**	1,910
Service Tax (ISS)	**44**	45	**2,031**	3,025
Withholding Income Tax (IRRF) on services	**1,746**	1,322	**3,114**	5,206
Social contribution tax on services	**42**	60	**2,096**	7,698
Social Security Tax (INSS)	**6,677**	1,549	**15,072**	12,067
Unemployment Compensation Fund (FGTS)	**-**	32	**262**	906
Other	**5**	9	**1,338**	4,436
	8,514	3,017	**26,932**	35,248

17. Income and social contribution taxes

Company	Tax loss		Tax credit	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
HRTP	**44,711**	23,085	**15,202**	7,849
HRTOG	**582,032**	343,852	**197,891**	116,910
IPEX	**10,899**	7,136	**3,706**	2,426
HRTAF	**8,956**	8,546	**3,045**	2,906
AA	**7,448**	21,344	**2,532**	7,257
	654,046	403,963	**222,376**	137,348

Tax loss carryforwards generated in Brazil do not expire and are offset against future taxable profits, capped at 30% thereof for each year. Due to the absence of a history of profitability and uncertainties surrounding the Company's segment, management chose not to recognize deferred tax assets on these tax credits, which will be recognized when offset.

At June 30, 2013 and December 31, 2012, deferred Income and social contribution taxes were as follows:

	Company		Consolidated	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Deferred income and social contribution tax liabilities				
Temporary differences on fair value recognized assets on business combinations	**89,676**	89,676	**406,530**	406,530
Temporary differences on exchange variation	**121,305**	24,577	**122,083**	25,295
	210,981	114,253	**528,613**	431,825

At June 30, 2013, the Company had a balance of R$ 406,530, due to deferred income tax deriving from goodwill upon HRT Canada acquisition, since the related goodwill amount is nondeductible under Canadian legislation. The payment of this tax is conditioned to realization of intangible assets related to HRT Canada subsidiaries based in Namibia.

18. Equity

18.1. Capital

At June 30, 2013, the subscribed and paid-in capital in the amount of R$3,957,871 is divided into 297.462.579 common registered book-entry shares, with no par value. The Company's authorized capital is R$10,000,000,000.00 (ten billion reais).

Capital increases were made through issue of shares of the same type, as follows:

Date	Fair value (b)	Number of shares (a)
Total capital at January 1, 2013	**3,953,796**	**295,412,650**
Payment of stock options	**4,075**	**2,049,929**
Total capital at June 30, 2013	**3,957,871**	**297,462,579**

(a) The number of shares already considers share split on a 1/50 basis.

(b) The value of shares does not consider share issue expenses in the amount of R$ 136,666

As previously established, for those shareholders who took part in the Private Placement Memorandum (PPM) concerning the private offering of shares in October and November 2009, equity-type warrants were awarded. These warrants grant their holders the right to subscribe for additional common shares of the Company's issue for a period of up to four years after completion of the initial public offering, which took place in October 2010.

This subscription right, which is equivalent to half of the shares each investor subscribed for in their respective placements occurred in 2009, considering the share splits, is distributed as follows: (i) 21,774,500 shares of the Company's issue at a strike price of BRL 7.39 (seven reais and thirty nine cents) for the placement of October 8, 2009; and (ii) 27,098,000 shares at a subscription price of BRL 7.31 (seven reais and thirty one cents) for the placement of November 6, 2009, thus totaling 48,872,500 shares.

18. Equity (Continued)

18.1. Capital (Continued)

At June 30, 2013, 27,203,950 shares equivalent to R$199,571,189.14 (one hundred ninety-nine million five hundred seventy-one thousand one hundred eighty-nine reais and fourteen cents) had been subscribed for and paid up, and the remaining balance to subscribe and pay up for 21,668,550 shares represents an amount of R$159,561,592.57 (one hundred fifty-nine million five hundred sixty-one thousand five hundred ninety-two reais and fifty-seven cents).

18.2. Share-based payment

First program (SOP I)

On May 14, 2010, the Company approved its First Stock Option Program, totaling 10,342 stock options - 4,926,000 options after the share split in 2010 and 2012. Out of this total 4,364,250 options have already been issued and exercised, from a total of 4,769,940.350 exercisable (97%) and 437,300 cancelled options.

Up to June 30, 2013, management recorded the expense related to this stock option plan under “personnel expenses” in P&L for the period, matched against a specific account in equity (Equity adjustment - share-based payment) in the amount of R$29.

The Company’s Board of Directors proposed the creation of two new incentive plans to be managed and implemented by the Executive Board.

Second program (SOP II)

The General Meeting held on April 27, 2011 approved a long-term incentive plan in order to (i) attract and retain key employees of the Company and its subsidiaries; and (ii) grant bonus to employees based on their performance. These plans allow bonus payments in cash and/or shares.

Distribution of shares to employees under both plans may not exceed, at any time, the limit of 5% of total outstanding shares.

18. Equity (Continued)

18.2. Share-based payment (Continued)

Second program (SOP II) (Continued)

The programs were proposed by the Board of Directors, assisted by the Compensation Committee, and are managed and implemented by the Company's Executive Board.

On May 9, 2012, the Board of Directors approved the granting of subscription options for up to 6,667,950 shares of the Company to management and certain employees, intended to retention of these strategic employees. On September 3, 2012, 6,667,950 options were granted.

As provided for in Accounting Pronouncement CPC 10 (IFRS 2) - Share-based payments, the fair value of the financial instrument is measured at the grant date of options using the Black-Scholes Merton pricing model based on the following assumptions:

Total stock options granted	6,667,950
Exercise price per share (in reais)	R$ 2.22
Fair value of the option on the grant date (in reais)	R$ 5.55
Estimated average volatility of price per share	127.49%
Risk-free average rate of return	8.74%
Option duration	3 years

Up to June 30, 2013, management recorded an expense related to the stock option plan under "personnel expenses" in P&L for the period, matched against a specific account in Equity ("Equity adjustment - share-based payment") in the amount of R$4.369. This amount was calculated considering the difference between the fair value of shares and their price, calculated on a pro-rata basis between the period from the date of grant to the date of the quarterly financial information.

Up to June 30, 2013, considering the program assumptions, 1,478,524 options were exercised, representing 39% of a total of 3,829,439 exercisable options and 272,208 cancelled options.

18. Equity (Continued)

18.2. Share-based payment (Continued)

Third program (SOP III)

On December 17, 2012 the Board of Directors decided and on January 2, 2013 the Executive Board approved grant of options for subscription of up to 5,449,039 options of the Company to its officers and strategic employees in order to retain these important professionals and ensure the necessary stability for continuity of HRT Group activities.

As provided for in Accounting Pronouncement CPC 10 (IFRS 2) - Share-based payments, the fair value of the financial instrument is measured at the grant date of options using the Black-Scholes Merton pricing model based on the following assumptions:

Total share options granted	5,449,039
Price per share (in reais)	R$ 2.06
Fair value of the option on the grant date (in reais)	R$ 5.87
Estimated average volatility of price per share	74.22%
Risk free average rate of return	8.22%
Option duration	immediate

Up to June 30, 2013, management recorded an expense related to the stock option plan under “personnel expenses” in P&L for the year, matched against a specific account in Equity (“Equity adjustment - share-based payment”) in the amount of R$20,779. This amount was calculated considering the difference between the fair value of shares and their price.

Up to June 30, 2013, 980,872 options were exercised, which represent 18% of total exercisable options.

18. Equity (Continued)

18.2. Share-based payment (Continued)

Third program (SOP III) (Continued)

The effects of share-based payment for purchase of shares, covering all granted and outstanding options on equity and P&L for the year are as follows:

	1st program	2nd program	3rd program
2010	16,047	-	-
2011	9,589	-	-
2012	1,308	17,810	-
2013	31	7,243	20,779
2014	-	2,336	-
2015	-	31	-
	26,975	27.420	20,779

18.3. Earnings per share

In compliance with CPC 41 (IAS 33) (approved by CVM Rule No. 636 of August 6, 2010 - Earnings per Share), the Company presents the following information on earnings per share for the fiscal periods ended June 30, 2013 and 2012.

Basic earnings per share are calculated by dividing net income for the year attributed to the Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the period.

Diluted earnings per share are calculated by dividing income/loss attributable to Company's common shareholders by the weighted average number of common shares available for the period, plus the weighted average number of common shares that would be issued on conversion of all potential diluted common shares into common shares. Since the Company recorded loss at June 30, 2013 and 2012, the conversion of potential shares would have an anti-dilutive effect, reason why the non-conversion would be an assumption, as required by CPC 41. As such, the basic and diluted earnings/loss per share are equal.

18. Equity (Continued)

18.3. Earnings per share (Continued)

The table below shows P&L data and shares used to calculate basic and diluted earnings/loss per share:

Basic and diluted earnings (loss) per share	06/30/2013	06/30/2012
Numerator		
Income (loss) for the year attributed to the Company shareholders	**(621,389)**	2,682
Denominator (in thousands of shares)		
Weighted average number of common shares	**296,037**	58,640
Basic and diluted loss per share	**(2.099)**	0.046

19. Transactions with related parties

Intercompany agreements

Business transactions of HRTP with its subsidiaries are carried out at regular market prices and conditions:

Contracting related party	Contracted related party	Nature of agreement	Amount of agreement	Effect
IRT OG	Air Amazonia	Service Provision	R$500	January 2012 automatically renewable
IRT OG	IPEX	Service Provision	R$19,240	January 2012 to January 2014
IRT OG	IPEX	Software License	R$997	December 2010 to December 2013
IRT OG	HRT Netherlands	Lease of aircraft PR-HRS	$69.3/month	January 2011 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRX	$38.9/month	February 2011 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRZ	$38.5/month	February 2011 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRR	$71.6/month	February 2011 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRV	$71.6/month	March 2011 to March 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRW	$35.5/month	May 2011 to June 2013
IRT OG	HRT Netherlands	Lease of aircraft PR-HRY	$42.5/month	May 2011 to June 2013
IRT OG	HRT Netherlands	Lease of aircraft PR-HRU	$70.8/month	August 2011 to August 2013
IRT OG	HRT Netherlands	Lease of aircraft PR-HRH	$67.6/month	February 2011 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRL	$70.3/month	February 2012 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRK	$39.4/month	February 2012 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft PR-HRE	$16.4/month	February 2012 to February 2014
IRT OG	HRT Netherlands	Lease of aircraft GE	$4.4/month	June 2011 to June 2013
IRT Canada	IPEX	Service Provision	Price List	September 2012 to September 2013
IRT Canada	HRT America	Service Provision	Price List	October 2012 to December 2014
IRT Lux	HRT Africa	Service Provision	Payment of services until the limit of $50,000	September 2012 to September2013
IRT Lux	HRT Luderitz/HRT Walvis /HRT Orange/HRT Kunene	Service Provision	Payment of services until the limit of $50,000	September 2012 to September 2013
IRT Lux	IPEX	Service Provision	Price List	September 2012 to September 2013
IRT Lux	HRT America	Service Provision	Price List	October 2012 to December 2014
IRT Africa	HRT America	Service Provision	Price List	June 2011 to December 2014

Officers' personnel compensation

Officers' personnel compensation for the period ended June 30, 2013 totaled R$4.947 (R$5.719 in 2012).

Furthermore, pursuant to current legislation, the Company recognized expenses of R$7.324 (R$6.170 in 2012) referring to share-based compensation granted under the program mentioned in Note 18.2.

In the second quarter of 2013, three officers left the Company, incurring termination expenses (severance package), which represent a gross amount of R$ 21,961 (R$26,353 including social costs).

Management and the Audit Committee were informed on August 9th, 2013 that the calculations of the amounts of indemnities paid are being reviewed by the Compensation Committee for future recommendations to the Board of Directors, and in this way, the Company could recoup a residual amount. Such amount, on a gross basis, refers to R$ 9,720 plus social costs, due to potential overpayments for former executive officers, which the Company is pursuing.

20. Guarantees and commitments

At June 30, 2013, the Company and subsidiaries entered into various agreements with suppliers for exploration activities, most of which are "umbrella agreements" involving services, materials and equipment to be provided with different maturities, basically concerning lease and operation of rigs, drilling services, supply of fuel, acquisition of seismic data, among others.

On June 28, 2012, a commitment was executed with Transocean Group to use Marianas platform in the exploration campaign of assets in the Republic of Namibia, for 280 days as from February 2013. Accordingly, guarantees were required in the total amount of USD50 million.

On December 19, 2012, a commitment was entered into with Services Petroliers Schlumberger for the provision of services associated with the drilling of wells in Namibia. For such services, a guarantee was required in the total amount of USD20 million.

Accordingly, at June 30, 2013, Citibank NA (NY) had issued letters of credit in the total amount of USD70,000, maturing on December 31, 2013. The Company made a deposit at an equivalent amount in this financial institution and pledged as collateral, corresponding to R$155,092 at June 30, 2013.

On May 6, 2013 was signed a Purchase and Sale Agreement ("PSA") with BP Energy do Brazil Ltda. to acquire 60% share of the Polvo field, subject to certain conditions precedents, including the final approval by ANP. It required a guarantee amounting to USD94.6 million. On the same date, it was signed a loan agreement in the amount of USD75 MM as mentioned in Note 14, for the acquisition of the asset, and it was required a guarantee amounting to USD37,500, equivalent to R$83,085 as of June 30, 2013.

In order to ensure the above operation was set up an escrow account with the bank Citibank NA (NY), and its resources transferred and applied to an investment BlackRock fund totaling US$95 million R$210,482 on 30 June 2013.

Additionally, to meet the legal requirements in Republic of Namibia the subsidiary HRTOG has deposited as cash collateral to Standard Bank PLC in London, the amount of US$ 237 thousand, equivalent to BRL 526. The balance bears interest based on the London Interbank Offered Rate (LIBOR).

Eleven (11) exploration Wells were drilled in 7 blocks, respectively in Blocks SOL-T-168, SOL-T-169, SOL-T-170, SOL-T-191, SOL-T-192 and SOL-T-194, and SOL-T-172.

20. Guarantees and commitments (Continued)

Regarding the blocks SOL-T-219 and SOL-T-220 that were in the first period of the exploratory phase, HRTOG obtained a negative from ANP regarding the extension of their terms for another two years. For this reason these blocks were returned to ANP.

The table below sets out a summary of commitments of these 21 blocks:

Block	Exploration period	Conclusion	Minimum exploration program (PEM)	Activities performed	Note
SOL-T-169	2nd	Feb/2014	Drilling of 1 well until Fm. Juruá	Wells **1-HRT-2-AM** and **1-HRT-8-AM** (SOL-T-169)	PEM completed
SOL-T-168 SOL-T-170 SOL-T-191	2nd	March/2014	Drilling of 1 well until Fm. Juruá	Well **1-HRT-3-AM** (SOL-T-168) Wells **1-HRT-1-AM** and **1-HRT-6-AM** (SOL-T-170) Well **1-HRT-9-AM** (SOL-T-191)	PEM completed
SOL-T-148/ SOL-T-149/ SOL-T-172/ SOL-T-194/ SOL-T-195	2nd	May/2014	Drilling of 1 well until Fm. Juruá	Well **1-HRT-4-AM** and **4-HRT-7D-AM** (SOL-T-194)	PEM completed in Blocks SOL-T-172 and SOL-T-194
SOL-T-151/ SOL-T-174/ SOL-T-192/ SOL-T-197/ SOL-T-214/ SOL-T-215/ SOL-T-216/ SOL-T-217	2nd	March/2017	Drilling of 1 well until Fm. Juruá	Wells **1-HRT-5-AM** **1-HRT-10-AM** (SOL-T-192) Air-geophysical and geochemical survey, without well drilling and without acquisition of seismic data.	PEM completed in SOL-T-192
SOL-T-196/ SOL-T-218	2nd	March/2017	Application of Clause 5.15 and Drilling of 1 well until Fm. Juruá	Air-geophysical and geochemical survey, without well drilling and without acquisition of seismic data	Partial sismic acquisitionl in Blocks SOL-T-196 and 218
SOL-T-219/ SOL-T-220	1st	March/2013	Acquisition of 2D seismic and air-geophysical survey data	Air-geophysical and geochemical survey, without well drilling and without acquisition of seismic data	Not entered into Second Period of Exploration Phase resulting the return of Blocks

With regard to the minimum exploration program of the licenses in Namibia, the following commitments are assumed:

PEL	Exploration period	Conclusion	Minimum exploration program	Activities performed
022 (blocks 2815, 2816 and 2915)	2nd Period	2014	Completed	Acquisition of 1,137 sqm of 3D seismic
023 (blocks 2112B and 2212a)	2nd Period	2015	Completed	2 exploration wells (1 finished & 1 drilling); Acquired 5,359 km^2 of 3D seismic
024 (blocks 2713A and 2713B)	2nd Period	2014	USD 5.0MM 1 well at least 4,000m deep	Acquired 1424 km^2 of 3D seismic; Spud in August 2013
028 (blocks 2813A, 2814B and 2914A)	1st Period	2015	Completed	Acquisition of 1,237 sqm of 3D seismic

20. Guarantees and commitments (Continued)

Under the terms of the Participation Agreement that was entered into in 2010 with HRT Canada, a wholly-owned subsidiary of HRT, and Acarus, a 50% owned subsidiary of HRT group, the Company is committed to pay Acarus' share of exploration expenses in PEL 28, located in Namibia's offshore. Acarus is a 20% working interest holder.

21. Segment information

Information by business area (operating segment) is presented according to CPC 22 (IFRS 8) - Segment Information. The Company's operations are segmented as follows:

a) Exploration and production

Include activities of exploration and production of oil and by-products for sale in Brazil and abroad.

b) Geology and Geophysics

Include geological and geophysical services.

c) Management and others

Include basically the Company's headquarters.

Management monitors business units operating income/losses separately, which allows decision making regarding allocation of funds and performance assessment. Segments are assessed based on operating income or losses, which, in certain cases, as shown in the table below, are measured differently from operating income or expenses in the consolidated quarterly financial information.

21. Segment information (Continued)

	06/30/2013					06/30/2012				
	Exploration and production	**Geology and Geophysics**	**Management and other**	**Adjustments and eliminations**	**Consolidated**	**Exploration and production**	**Geology and Geophysics**	**Management and other**	**Adjustments and eliminations**	**Consolidated**
External net revenue	**-**	**2,995**	**-**	**-**	**2,995**	-	(3,138)	-	-	(3,138)
Intersegment net revenue	**47,073**	**9,761**	**-**	**(56,834)**	**-**	(33,642)	(10,609)	-	44,251	-
Net revenue	**47,073**	**12,756**	**-**	**(56,834)**	**2,995**	(33,642)	(13,747)	-	44,251	(3,138)
Selling costs	**(12,368)**	**(6,275)**	**-**	**17,542**	**(1,101)**	13,059	6,731	-	(17,797)	1,993
Gross profit	**34,705**	**6,481**	**-**	**(39292)**	**1,894**	(20,583)	(7,016)	-	26,454	(1,145)
Geology and geophysics expenses	**(26,972)**	**-**	**-**	**-**	**(26,972)**	81,403	46	-	(14,611)	66,838
Personnel expenses	**(39,634)**	**(5,633)**	**(70,617)**	**(5,175)**	**(121,059)**	65,782	6,242	31,504	(15,900)	87,628
General and administrative expenses	**(7,099)**	**(2,791)**	**(3,434)**	**-**	**(13,324)**	24,455	1,476	2,041	-	27,972
Expenses with third party services	**(26,116)**	**(466)**	**(3,355)**	**(6,015)**	**(35,952)**	23,932	248	9,258	(1,449)	31,989
Taxes and fees	**(3,969)**	**(152)**	**(739)**	**(3,454)**	**(8,314)**	30,049	279	366	246	30,940
Depreciation expense	**(6,846)**	**(1,183)**	**(100)**	**(6,353)**	**(14,482)**	12,687	699	66	54	13,506
Financial income (expenses)	**22,006**	**1**	**8,816**	**-**	**30,823**	(43,287)	(4)	(39,606)	-	(82,897)
Fixed asset write off	**(6,134)**	**-**	**-**	**-**	**(6,134)**	-	-	-	-	-
Dry hole	**(450,238)**	**-**	**-**	**-**	**(450,238)**	-	-	-	-	-
Other operating income, net	**(425)**	**-**	**-**	**-**	**(425)**	-	(18)	(14)	-	(32)
Net income before taxes	**(510,722)**	**(3,743)**	**(69,429)**	**(60,289)**	**(644,183)**	174,438	1,952	3,615	(5,206)	174,799
Operational assets	**3,870,585**	**6,667**	**192,854**	**115,154**	**4,185,260**	3,757,383	8,677	456,682	143,365	4,366,107
Operational liabilities	**724,215**	**2,827**	**105,828**	**-**	**832,870**	(422,168)	(2,983)	(96,462)	-	(521,613)
Investment in affiliates	**143,108**	**-**	**3,263,066**	**(3,406,174)**	**-**	75,156	-	3,482,599	(3,557,755)	-

1. Intersegment revenues are eliminated upon consolidation.
2. Segment information considers the income/loss before provision for IRPJ and CSLL.
3. The segment's operational assets and liabilities do not include intersegment balances.

21. Segment information (Continued)

Geographic Information

	06/30/2013			
	Exploration and production	**Geology and geophysics**	**Management and others**	**Consolidated**
Current assets				
Brazil	**231,340**	**2,869**	**191,932**	**426,141**
Abroad	**242,094**	**-**	**-**	**242,094**
Noncurrent assets				
Brazil	**1,054,102**	**3,798**	**922**	**1,058,822**
Abroad	**2,457,496**	**-**	**-**	**2,457,496**

	12/31/2012			
	Exploration and production	**Geology and geophysics**	**Management and others**	**Consolidated**
Current assets				
Brazil	586,977	3,946	339,420	930,343
Abroad	52,587	-	-	52,587
Noncurrent assets				
Brazil	1,198,782	4,669	1,134	1,204,585
Abroad	2,068,953	-	-	2,068,953

22. Financial risk management objectives and policies

The main financial liabilities of HRT refer to trade accounts payable for goods and services to be used in the Company's exploration campaign and the financial security agreements. The main financial assets are cash, cash equivalents and marketable securities, which are recorded in assets, as described in Notes 5 and 6.

The Company is exposed to market (interest and exchange rates), credit, liquidity and environmental risks. The Company's senior management manages these risks by means of appropriate policies and procedures. All activities involving derivatives are conducted for risk management purposes and are carried out by specialized teams with the adequate skills, experience and supervision. It is the Company's policy not to enter into derivatives transactions for speculative purposes.

22. Financial risk management objectives and policies (Continued)

It is incumbent upon the Board of Directors to review and set management policies for each of these risks, which are summarized as follows:

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation in market values of financial instruments. Since the Group is made up of nonfinancial companies, a conservative policy is adopted based on management of asset and liability positions, focusing on liquidity and risk mitigation.

Interest rate risk

Available funds are invested in securities issued by first-tier financial institutions, in local currency at variable rates, mostly with daily liquidity, in compliance with conservative concentration limits.

Sensitivity to interest rates

The table below shows the sensitivity to a possible change in interest rates, income and Group's equity before taxation, where all other variables are kept constant.

Consolidated	Increase/ decrease in percentage	Effect on P&L before taxation
June 30, 2013		
Reais	**12%**	**9,280**
US dollars	**12%**	**4,188**
Reais	**(12%)**	**(9,280)**
US dollars	**(12%)**	**(4,188)**
December 31, 2012		
Reais	12%	12,170
US dollars	12%	5,956
Reais	(12%)	(12,170)
US dollars	(12%)	(5,956)

22. Financial risk management objectives and policies (Continued)

Sensitivity to interest rates (Continued)

Company	Increase/ decrease in percentage	Effect on P&L before taxation
June 30, 2013		
Reais	**12%**	**2,117**
US dollars	**12%**	**956**
Reais	**(12%)**	**(2,117)**
US dollars	**(12%)**	**(956)**
December 31, 2012		
Reais	12%	3,818
US dollars	12%	1,869
Reais	(12%)	(3,818)
US dollars	(12%)	(1,869)

Presumed changes in base points for sensitivity analysis to changes in interest rates are based on rates currently adopted in the market and informed by BM&F BOVESPA.

Currency risk

Currency risk refers to the exposure to fluctuations in the levels of commodity price or service contracted (future cash flows) in foreign currency by HRT Group. The Group's exposure to currency risk primarily refers to the Company's operating activities and net investments in foreign subsidiaries.

In order to hedge obligations denominated in foreign currency in its investment plan, at June 30, 2013 the Company engages in derivative operations by means of forward purchase of US dollars (Non Deliverable Forward - NDF), with monthly maturities consistent with the cash requirements expected for the following twelve months. On June 30, 2013, the Company had a cash position overseas consistent with the projected obligations for the next twelve months, with no need for additional hedge contracts.

22. Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Along with the loan agreement signed with Credit Suisse to acquire the Polvo field and considering that the reference value of the deal being based on U.S. dollars, the Company entered into a cash flow swap transaction in the reference amount of $150,000,000.00 maturing on April 15, 2015. On June 30, 2013 the balance of this transaction was R$20,834.

Sensitivity to exchange rate

The table below shows the sensitivity to a variation that may occur in the exchange rate and the impact on the Company's income and equity, before taxation:

Consolidated	Changes in US$ rate	Effect on P&L before tax	Effect on equity
June 30, 2013			
Unfavorable	**15%**	**(3,748)**	**322,551**
Favorable	**(15%)**	**3,748**	**(322,551)**
Unfavorable	**25%**	**(6,247)**	**537,585**
Favorable	**(25%)**	**6,247**	**(537,585)**
December 31, 2012			
Unfavorable	15%	(12,574)	249,846
Favorable	(15%)	12,574	(249,846)
Unfavorable	25%	(20,956)	416,409
Favorable	(25%)	20,956	(416,409)

Company	Changes in US$ rate	Effect on P&L before tax	Effect on equity
June 30, 2013			
Unfavorable	**15%**	**(3,748)**	**322,551**
Favorable	**(15%)**	**3,748**	**(322,551)**
Unfavorable	**25%**	**(6,247)**	**537,585**
Favorable	**(25%)**	**6,247**	**(537,585)**
December 31, 2012			
Unfavorable	15%	(12,574)	249,846
Favorable	(15%)	12,574	(249,846)
Unfavorable	25%	(20,956)	416,409
Favorable	(25%)	20,956	(416,409)

22. Financial risk management objectives and policies (Continued)

Credit risk

This refers to the risk of a business counterparty not complying with an obligation under a financial instrument or agreement with the client, leading to a financial loss.

The Company is exposed to credit risk arising from its operating activities, including deposits in banks and/or financial institutions, exchange transactions and other financial instruments. To mitigate these risks, the Group adopts a conservative approach for investments, mostly having daily liquidity and variable rates, in first-tier banks, taking into consideration the ratings of major risk agencies and complying with prudential concentration limits.

22. Financial risk management objectives and policies (Continued)

Liquidity risk

Prudent management of risk implies maintaining cash consistent with the disbursement needs to cover obligations, in accordance with the Company's business plan.

Consolidated

	Immediate	Within 3 months	3 to 12 months	1 to 5 years	Total
At June 30, 2013					
Assets					
Cash and cash equivalents	**40,527**	**-**	**-**	**-**	**40,527**
Marketable securities	**324,132**	**-**	**449,185**	**-**	**773,317**
Trade accounts receivable	**-**	**-**	**1,780**	**-**	**1,780**
Taxes recoverable	**-**	**-**	**60,481**	**-**	**60,481**
Advances to partners	**-**	**-**	**56,958**	**-**	**56,958**
Assets held for sale	**-**	**-**	**129,001**	**-**	**129,001**
Advances to suppliers	**-**	**-**	**23,273**	**8,618**	**31,891**
Prepaid expenses	**-**	**-**	**5,589**	**-**	**5,589**
Other receivables	**-**	**-**	**6,798**	**-**	**6,798**
Liabilities					
Trade accounts payable and other	**-**	**(193,143)**	**-**	**-**	**(193,143)**
Labor liabilities	**-**	**-**	**(22,531)**	**-**	**(22,531)**
Taxes and social contributions	**-**	**-**	**(22,540)**	**(509,553)**	**(532,093)**
Loans	**-**	**-**	**(1,056)**	**-**	**(1,056)**
Advances from partners	**-**	**-**	**(107,718)**	**(64,017)**	**(171,735)**
Other liabilities	**-**	**-**	**(4,467)**	**-**	**(4,467)**
	364,659	**(193,143)**	**574,753**	**(564,952)**	**181,317**
At December 31, 2012					
Assets					
Cash and cash equivalents	37,608	-	-	-	37,608
Marketable securities	870,650	-	-	143,559	143,559
Trade accounts receivable	-	-	3,377	-	3,377
Taxes recoverable	-	-	57,706	-	57,706
Advances to suppliers	-	-	10,190	12,706	22,896
Prepaid expenses	-	-	2,011	-	2,011
Other receivables	-	-	1,354	-	1,354
Liabilities					
Trade accounts payable and other	-	(113,231)	-	-	(113,231)
Labor liabilities	-	(20,801)	-	-	(20,801)
Taxes and social contributions	-	(23,504)	-	-	(23,504)
Income and social contribution taxes	-	-	(311)	(157,248)	(157,559)
Loans	-	-	(1,974)	(1,260)	(3,234)
Derivative transactions	-	-	(1,605)	-	(1,605)
Other liabilities	-	-	(2,563)	-	(2,563)
	37,608	(157,536)	68,185	(2,243)	(53,986)

22. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Company

	Immediate	Within 3 months	3 to 12 months	1 to 5 years	Total
Quarter ended June 30, 2013					
Assets					
Cash and cash equivalents	**41**	**-**	**-**	**-**	**41**
Marketable securities	**176,446**	**-**	**-**	**-**	**176,446**
Taxes recoverable	**-**	**-**	**14,513**	**-**	**14,513**
Advances to suppliers	**-**	**-**	**101**	**-**	**101**
Prepaid expenses	**-**	**-**	**560**	**-**	**560**
Transactions with related parties	**-**	**-**	**2,478**	**-**	**2,478**
Other	**-**	**-**	**270**	**-**	**270**
Liabilities					
Trade accounts payable and other	**-**	**(2,247)**	**-**	**-**	**(2247)**
Labor liabilities	**-**	**(5,380)**	**-**	**-**	**(5,380)**
Taxes and social contributions	**-**	**(4,122)**	**-**	**-**	**(4,122)**
Other liabilities	**-**	**(190)**	**-**	**-**	**(190)**
	176,487	**(11,939)**	**17,922**	**-**	**182,470**
Year ended December 31, 2012					
Assets					
Cash and cash equivalents	130	-	-	-	130
Marketable securities	318,197	-	-	-	318,197
Taxes recoverable	-	-	20,714	-	20,714
Advances to suppliers	-	-	151	-	151
Prepaid expenses	-	-	82	-	82
Transactions with related parties	-	-	-	-	-
Other	-	-	156	-	156
Liabilities					
Trade accounts payable and other	-	-	(1,129)	-	(1,129)
Labor liabilities	-	-	(6,698)	-	(6,698)
Taxes and social contributions	-	-	(3,017)	-	(3,017)
Accounts payable - IPO	-	-	-	-	-
Income and social contribution taxes	-	-	-	-	-
Other liabilities	-	-	(219)	-	(219)
	318,327	-	10,040	-	328,367

Accounts receivable

As the Company is still in its pre-operational phase, accounts receivable at June 30, 2013, in the amount of R$1,780 (R$3,377 in 2012), refer substantially to provision of services by subsidiary IPEX.

22. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Fair value of financial assets and liabilities

The concept of "fair value" assumes the measurement of assets and liabilities based on market prices, in the case of assets with high liquidity, or other pricing mathematical methodologies otherwise. The level of fair value hierarchy gives priority to unadjusted quoted prices in an active market.

The table below presents an analysis of financial instruments recognized at fair value, after their initial recognition. These financial instruments are grouped in levels from 1 to 3, based on the degree that their fair value is quoted:

a) Level 1: fair value measurement is derived from prices quoted (not corrected) in active markets, based on equal assets and liabilities;

(b) Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices);

c) Level 3: fair value measurement is derived from valuation techniques that include an asset or liability that are not included in an active market.

Financial instruments	Level I	Level II	Level III
Company			
Marketable securities	-	176,446	-
Consolidated			
Marketable securities	-	773,317	-
Derivative instruments	-	-	-

23. Environmental risk

The Company has a comprehensive social environmental program, supported by the Health, Safety and Environment (HSE) management system, consistent with the sensitivity of the Solimões and Namibia Basins ecosystems, which includes areas of biodiversity and traditional cultures.

24. Insurance coverage

The Company policy consists of taking out insurance coverage for the items subject to risks.

In fact, it has, together with other Group companies, coverage against major risks such as property damage, PP&E items and D&O with coverage “A” (damages on behalf of Management), “B” (reimbursement to company) and “C” (coverage extension for claims directly related to the capital market).

The insurance policies in force at June 30, 2013 cover the amount of R$648,499 with total premium of R$5,998, according to the insurance contract duration. We set out below the main insurance types and insured amounts:

Insurance/insured peril	Insured amount
Civil liability (D&O)	**200,000**
Fire, lightning, explosion and implosion	**27,413**
Electronic Equipment	**706**
Aircraft	**149,750**
Transportation	**50**
Oil risks	**251,371**
General civil liability	**16,840**
Vehicles	**804**
Residential	**1,565**
Total amount insured	**648,499**

Coverage provided by Civil liability (D&O) comprises unavailability of assets and online pledge, fines and penalties, D&O’s liabilities, publicity expenses, liabilities due to errors and omissions in service provision, bodily injury, claims of insurer against insured and insured against insured.

Coverage also includes claims for environmental damages, liability of the spouse or partner in a common law marriage, cost of extradition, estate, heirs, successors and legal representatives, administrators of external entities, emergency expenses, defense costs for managers acting as trustees and guarantors, and disqualification of the exercise of the administrator function.

24. Insurance coverage (Continued)

At June 30, 2013, the Company has insurance policies amounting to R$134,000 (R$220,115 in 2012) referring to surety bonds provided to ANP, obtained from J. Maluccelli, to guarantee that the blocks located in Solimões Basin pass to the second period of exploration. The total amount of the premium for these surety bonds is R$3,500.

On 14th June, 2013, an accident happened with one of its helicopters, a Bell 212 with PR-HRZ registration mark, operated by HRT O&G in the Municipal District of Tefé, in the State of Amazonas. The company is discussing with the insurance company about the premium.

25. Contingencies

At June 30, 2013, the Company is party to the following legal proceedings:

1. HRT is party to eight civil proceedings, totaling R$1,000.

2. HRT O&G figures as defendant in 3 (three) administrative proceedings involving tax issues, totaling R$357;

3. Tuscany Perfurações Brasil Ltda. and Tuscany Rig Leasing S.A. filed a request for arbitration against HRT O&G, in the amount of US$33,000. HRT O&G filed a counterclaim in the amount US$25,000. Filling by applicant of initial arguments are handing.

4. HRT figures as co-defendant in 254 (two hundred and fifty-four) labor claims, totaling approximately R$11,000. HRT Group is part to 13 (thirteen) labor claims totaling R$900, eight (8) of these labor claims have probable loss. The Company recorded a provision for contingencies of R$200.

Except for the eight labor claims mentioned in item 4 of this note, according to the legal advisors of the Company, the risk of loss of these other causes are possible. Based on this assessment, management has decided not to make provision for contingencies, following the accounting practices adopted in Brazil and IFRS.

26. Subsequent events

Solimoes Basin

On July 18th, 2013 HRT O&G issued a new cash call to Rosneft in the amount of USD10,078, R$22,546. Up to that date none of the cash calls were received.

On August 3, 2013 the Company notified the ANP intention of relinquish blocks BT 219 and BT-SOL-SOL-220, mainly due to difficulties in conducting geophysical surveys and environmental licenses. Thus, the acquisition bonus was reclassified to the income statement.

Air Amazonia

On July 19th 2013, HRT sign an updated contract, with Erickson Air-Crane Inc. (the ‘‘Buyer’’) for the sale of HRT’s air logistics business, Air Amazonia. This event replaces the binding Term Sheet announced on March 7th, 2013. The new terms include a reduction of the number of aircraft sold exclusively to the Buyer and a one-year initial term with annual renewal options and structured incentives over an additional four years. Key components of the new agreement include: (a) the sale of 6 helicopters; (b) an aerial services agreement with an initial one-year.

IPEX

On July 22nd, HRT started the discussions with leading companies to evaluate the sale of HRT’s world class geochemistry services provider IPEXco.

It was decided to open a virtual data room to expedite access to information on IPEXco and its business for potentially interested companies.