Quarterly information - ITR

HRT Participações em Petróleo S.A.

March 31, 2015
with Independent Auditor´s Review Report on Quarterly Information

HRT Participações em Petróleo S.A.

Quarterly information - ITR

March 31, 2015

Contents

Independent auditor´s review report on quarterly information 1

Quarterly information

Balance sheets (financial position) 3
Statements of operations 5
Statement of comprehensive income 6
Statements of changes in equity 7
Statement of cash flows 8
Statements of value added (supplementary information for IFRS purposes) 9
Notes to financial statements 10

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 March 31, 2015, comprising the balance sheet at March 31, 2015 and the related statements of income and comprehensive income for the period of three months then ended, and the statements of equity and cash flows for the three-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 and consolidated 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 6, which indicates that the Company and its subsidiaries have significant amounts of assets held for sale, the recoverability of which depends on the success of future operations. These conditions indicate the existence of significant uncertainty that may cast significant doubt as to the realization of the investment. The financial statements do not include any adjustments that would be required if any of the investments is not realized at their expected values, which is contingent upon the success of the negotiations currently in progress. The Company's management plans with respect to these activities are described in Note 6.

Other matters

Interim statements of value added

We have also reviewed the condensed individual and consolidated statements of value added for the three-month period ended March 31, 2015, 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, May 08, 2015

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ



Roberto Cesar Andrade dos Santos
Accountant CRC - 1RJ 093.771/O-9

HRT Participações em Petróleo S.A.

Balance sheets (financial position)
March 31, 2015 and December 31, 2014
(In thousands of reais)

	Note	Parent Company		Consolidated	
		03/31/2015	12/31/2014	03/31/2015	12/31/2014
Assets					
Current assets					
Cash and cash equivalents	3	**11,773**	49	**309,187**	350,634
Marketable securities	4	**36,640**	87,924	**52,935**	98,312
Accounts receivable		**36**	36	**1,764**	1,835
Taxes recoverable	5	**10,206**	9,937	**39,225**	39,341
Asset held for sale	6	**-**	-	**263,530**	258,158
Advances to suppliers	7	**198**	194	**45,477**	42,191
Prepaid expenses		**120**	-	**7,642**	3,486
Inventories	20	**-**	-	**82,347**	8,784
Other credits		**57**	53	**11,668**	3,495
		59,030	98,193	**813,775**	806,236
Noncurrent assets					
Deposits and guarantees	27	**4,440**	4,440	**5,096**	5,026
Related parties	19	**5,920**	4,871	**-**	-
Investments	9	**667,874**	620,413	**-**	-
Property, plant and equipment	10	**576**	609	**75,155**	72,925
Intangible assets	11	**57**	65	**151,803**	176,951
Advance payment for acquisition of assets	11	**-**	-	**87,899**	-
		678,867	630,398	**319,953**	254,902
Total assets		**737,897**	728,591	**1,133,728**	1,061,138

	Note	Parent Company		Consolidated	
		03/31/2015	12/31/2014	03/31/2015	12/31/2014
Liabilities and shareholders´ equity					
Current liabilities					
Trade accounts payable	**12**	**4,212**	5,133	**68,683**	63,217
Labor charges		**2,313**	2,411	**7,231**	7,439
Income and social contribution taxes	**15**	**5,299**	4,890	**10,995**	8,518
Income and social contribution	**16**	**-**	-	**9,422**	8,498
Debentures	**13**	**2,550**	-	**2,550**	-
Related parties	**19**	**8,763**	6,856	**-**	-
Advance from partners	**8**	**-**	-	**43,781**	32,837
Advances for sale of fixed assets	**6**	**-**	-	**57,744**	47,812
Other liabilities		**-**	-	**527**	-
		23,137	19,290	**200,933**	168,321
Noncurrent liabilities					
Debentures	**13**	**87,192**	87,568	**87,192**	87,568
Asset retirement obligation	**17**	**-**	-	**166,563**	138,039
Provision for contingencies	**27**	**-**	-	**40,652**	33,838
Deferred income and social contribution taxes	**16**	**-**	-	**8,222**	9,487
Other liabilities		**-**	-	**2,598**	2,152
		87,192	87,568	**305,227**	271,084
Equity	**18**				
Capital		**3,821,206**	3,821,206	**3,821,206**	3,821,206
Capital reserves		**416,914**	416,914	**416,914**	416,914
Equity valuation adjustment		**420,536**	361,162	**420,536**	361,162
Accumulated losses		**(3,977,549)**	(2,974,476)	**(3,977,549)**	(2,974,476)
Loss for the period		**(53,539)**	(1,003,073)	**(53,539)**	(1,003,073)
		627,568	621,733	**627,568**	621,733
Total liabilities and equity		**737,897**	728,591	**1,133,728**	1,061,138

The accompanying notes are an integral part of these quarterly information.

HRT Participações em Petróleo S.A.

Statements of operations
Three-month periods ended March 30, 2015 and 2014
(In thousands of reais, except for profit/loss per share)

	Note	Parent Company		Consolidated	
		03/31/2015	03/31/2014	03/31/2015	03/31/2014
Net revenues		**-**	-	**4,853**	143,617
Deductions from gross revenue		**-**	-	**-**	(314)
Net revenues		**-**	-	**4,853**	143,303
Cost of products/services		**-**	-	**(4,037)**	(120,006)
Gross profit	**20**	**-**	-	**816**	23,297
Operating income (expenses)					
Geology and geophysics expenses		**-**	-	**(76)**	(5,012)
Personnel expenses		**(1,310)**	(1,346)	**(6,698)**	(10,773)
General and administrative expenses		**(1,210)**	(1,218)	**(6,445)**	(13,659)
Expenses with third party services		**(1,707)**	(2,775)	**(5,812)**	(2,793)
Taxes and fees		**(31)**	(4)	**(601)**	(638)
Depreciation and amortization expenses		**(41)**	(47)	**(814)**	(2,722)
Equity pick-up	**9**	**(48,483)**	6,705	**-**	-
Financial expenses	**21**	**(2,720)**	(11)	**(75,753)**	(17,820)
Financial income	**21**	**1,961**	395	**59,949**	10,710
Other operating income (expenses), net		**2**	-	**(18,568)**	22,654
Income before income and social contribution taxes		**(53,539)**	1,699	**(54,002)**	3,244
Income and social contribution taxes	**16**				
Current		**-**	-	**(882)**	(1,545)
Deferred		**-**	-	**1,345**	-
Profit (loss) from continuing operations		**(53,539)**	1,699	**(53,539)**	1,699
Profit (loss) for the period		**(53,539)**	1,699	**(53,539)**	1,699
Profit (loss) per share, basic and diluted	**18.3**				
Basic		**(1.800)**	0.006	**(1.800)**	0.006
Diluted		**(1.800)**	0.006	**(1.800)**	0.006

The accompanying notes are an integral part of these quarterly information.

HRT Participações em Petróleo S.A.

Statements of comprehensive income
Three-month periods ended March 31, 2015 and 2014
(In thousands of reais)

	Parent Company	
	03/31/2015	**03/31/2014**
Accumulated gains (losses)	**(53,539)**	1,699
Other comprehensive income		
Exchange variation on investments abroad, net of taxes	**59,374**	13,801
Other comprehensive income for the period, net of tax	**59,374**	13,801
Total comprehensive income for the period, net of tax	**5,835**	15,500
Attributable to controlling shareholders	**5,835**	15,500

The accompanying notes are an integral part of these quarterly information.

HRT Participações em Petróleo S.A

Statement of changes in shareholders' equity
Three-month periods ended March 31, 2015 and 2014
(In thousands of reais)

	Capital	Capital reserve	Equity valuation adjustment	Accumulated loss	Total
Balances at January 1, 2014	3,821,205	416,914	190,955	(2,974,476)	1,454,598
Capital paid-up in cash	-	-	-	-	-
Stock options exercised	-	-	-	-	-
Exchange variation on investments abroad	-	-	13,801	-	13,801
Gain (loss) from derivatives	-	-	-	-	-
Share-based compensation	-	-	-	-	-
Loss for the year	-	-	-	1,699	1,699
Balances at March 31, 2014	**3,821,205**	**416,914**	**204,756**	**(2,972,777)**	**1,470,098**
Balances at January 1, 2015	**3,821,206**	**416,914**	**361,162**	**(3,977,549)**	**621,733**
Capital paid-up in cash	**-**	**-**	**-**	**-**	**-**
Stock options exercised	**-**	**-**	**-**	**-**	**-**
Exchange variation on investments abroad	**-**	**-**	**59,374**	**-**	**59,374**
Gain (loss) from derivatives	**-**	**-**	**-**	**-**	**-**
Share-based compensation	**-**	**-**	**-**	**-**	**-**
Loss for the year	**-**	**-**	**-**	**(53,539)**	**(53,539)**
Balances at March 31, 2015	**3,821,206**	**416,914**	**420,536**	**(4,031,088)**	**627,568**

The accompanying notes are an integral part of these quarterly information.

HRT Participações em Petróleo S.A.

Statement of cash flows
Three-month periods ended March 31, 2015 and 2014
(In thousands of reais)

	Parent Company		Consolidated	
	03/31/2015	03/31/2014	03/31/2015	03/31/2014
Cash flows from operating activities				
Profit (Loss) for the period (before tax)	**(53,539)**	1,699	**(54,002)**	3,244
Depreciation and amortization	**41**	47	**4,851**	25,434
Financial income	**(1,961)**	(395)	**(59,949)**	(10,710)
Financial expense	**2,720**	11	**75,753**	17,820
Equity pick-up	**48,483**	(6,705)	**-**	-
Loss/write-off of fixed assets	**-**	-	**561**	-
Provision for contingencies	**-**	-	**19,186**	-
	(4,256)	(5,343)	**(13,600)**	35,788
(Increase) decrease in assets				
Accounts receivable	**-**	-	**71**	(14,059)
Taxes recoverable	**(269)**	(122)	**116**	1,574
Prepaid expenses	**(120)**	250	**(4,156)**	(6,243)
Advances to suppliers	**(4)**	-	**(192)**	(3,203)
Inventory	**-**	-	**(61,433)**	23,271
Other credits	**(4)**	(35)	**(8,173)**	19,995
Increase (decrease) in liabilities				
Suppliers	**(921)**	(364)	**5,466**	112,324
Labor charges	**(98)**	(3,141)	**(208)**	(5,218)
Income and social contribution charges	**409**	903	**2,136**	5,872
Related parties	**858**	(1,016)	**-**	-
Advances to/from partners in oil & gas operation	**-**	-	**10,944**	(25,266)
Other liabilities	**-**	-	**34,810**	10,862
Net cash used in operating activities	**(4,405)**	(8,868)	**(34,219)**	155,697
Cash flows from investment activities				
(Investment in) redemption of securities	**52,700**	9,422	**53,538**	283,202
Deposited in court/guarantees	**-**	-	**(70)**	-
Asset held for sale	**-**	-	**17,491**	-
(Purchase) sale of fixed assets	**-**	(1)	**392**	3,613
(Purchase) sale of intangible assets	**-**	-	**(78,579)**	-
(Purchase) of Polvo assets	**-**	-	**-**	(207,614)
Capital contribution in subsidiary	**(36,571)**	(492)	**-**	-
Sales of shares	**-**	-	**-**	-
Net cash used in investing activities	**16,129**	8,929	**(7,228)**	79,201
Cash flows from financing activities				
Loans	**-**	-	**-**	(70,380)
Derivative transactions	**-**	-	**-**	(11,163)
Net cash flow from financing activities	**-**	-	**-**	(81,543)
Net increase (decrease) in cash and cash equivalents	**11,724**	61	**(41,447)**	153,355
Cash and cash equivalents - beginning of period	**49**	18	**350,634**	33,582
Cash and cash equivalents - end of period	**11,773**	79	**309,187**	186,937
Net increase in cash and cash equivalents	**11,724**	61	**(41,447)**	153,355

The accompanying notes are an integral part of these quarterly information.

HRT Participações em Petróleo S.A.

Statements of value added (supplementary information for IFRS purposes)
Three-month periods ended March 31, 2015 and 2014
(In thousands of reais)

	Parent Company		Consolidated	
	03/31/2015	**03/31/2014**	**03/31/2015**	**03/31/2014**
Revenues				
Sale of products/services	**-**	-	**4,853**	143,303
	-	**-**	**4,853**	143,303
Supplies and services				
Third party services and other	**(1,707)**	(2,775)	**(5,812)**	(2,793)
Geology and geophysics expenses	**-**	-	**(76)**	(5,012)
Costs of services	**-**	-	**-**	(85,636)
Gross value added	**(1,707)**	(2,775)	**(1,035)**	49,862
Retentions				
Depreciation and amortization	**(41)**	(47)	**(4,851)**	(25,434)
Net value added	**(1,748)**	(2,822)	**(5,886)**	24,428
Transferred value added				
Net financial income	**(759)**	384	**(15,804)**	(7,110)
Equity pick-up	**(48,483)**	6,705	**-**	-
Deferred taxes	**-**	-	**1,345**	-
Rents, royalties and other	**(1,208)**	(1,218)	**(25,013)**	(2,662)
Value added payable	**(52,198)**	3,049	**(45,358)**	14,656
Distribution of value added				
Personnel	**1,310**	1,346	**6,698**	10,773
Taxes	**31**	4	**1,483**	2,184
Portion attributable to Group's shareholders	**(53,539)**	1,699	**(53,539)**	1,699
Distributed value added	**(52,198)**	3,049	**(45,358)**	14,656

The accompanying notes are an integral part of these quarterly information.

1. Operations

HRT Participações em Petróleo S.A. (Company or HRTP) was incorporated on July 17, 2009 by the conversion of BN 16 Participações Ltda. into a corporation under the latter name Its headquarters are in the city of Rio de Janeiro - RJ, Brazil and its business purposes are: (1) holding interests in other companies as partner or shareholder in Brazil or abroad, regardless of their type of business, and (2) (i) providing consulting services and research projects for environmental, oil, natural gas and mining, providing professional consulting services to companies in the areas of collection, chemical analyses (organic and inorganic) and interpreting data from geological, geochemical, geophysical surveys, and remote sensing for these data as well as consultant services for foreign trade, (ii) exploration, development and production of oil and natural gas, (iii) importing, exporting, refining, marketing and distributing oil, natural gas, fuels and petroleum products, and (iv) generating, marketing and distributing electricity.

The Company's activities are focused on exploration and production of oil and natural gas, operating in the Campos Basin off the state of Rio de Janeiro, Solimões Sedimentary Basin, State of Amazonas, and also in Namibia, the west coast of Africa.

On January 08, 2014 HRT O&G concluded the business transaction with BP, becoming the operator of Polvo field, whose partner is Maersk Energia Ltda. ("Maersk").

The Polvo field is located in the southern portion of the Campos Basin some 100 km east of the city of Cabo Frio in the state of Rio de Janeiro. Its daily production is around 10,000 barrels with 20.3 - API, from three producing reservoirs: Maastrichtian and Turonian age Carapebus Formation sandstones and Albian age Macae/Quissamã Member Formation carbonates.

The license covers an area of approximately 134 km2 with several prospects for future exploration.

The Company has a portfolio of 26 exploratory blocks onshore and offshore, of which 16 onshore blocks are in the Solimões Basin, for which it is the operator with a 55% stake, which is in operation transfer process to Rosneft Brasil E&P Ltda. ("Rosneft"), as discussed in Note 9. Also in Brazil, the Group holds a 10% interest in two exploration blocks in onshore basins, located in the Recôncavo Basin (BA), Espírito Santo (ES) and Rio do Peixe (PB). In Namibia, HRT Africa operates 10 offshore exploration blocks in the Walvis and Orange basins, with 86% and 100% stakes. Note 11 provides more details of operations run by the Group and its subsidiaries.

1. **Operations** (Continued)

On January 20, 2015, the Company announced a purchase and sale agreement to acquire 80% interest of the rights and obligations of the concession contracts of Bijupirá and Salema fields with Shell Brasil Petróleo Ltda. (“Shell”), whereas Petróleo Brasileiro S.A. - Petrobras holds the remaining 20% working interest. In the same operation, the FPSO Fluminense vessel, used in the production of both fields, with storage capacity of 1.3 million barrels of oil, was acquired, among other assets.

The total purchase price was USD150 million, subject to adjustment. In January 2015, 20% of the total value was paid by cash resulting from the first issuance of convertible debentures, completed in December 2014.

The remaining 80% shall be due on the date of the transaction and may be financed by standby credit facility (credit facility) provided by Glencore Ltd., a wholly owned subsidiary of Glencore PLC.

The completion of the purchase and sale transaction between HRT and Shell is subject to certain preceding conditions, among which the approval of the assignment of rights by the Administrative Council for Economic Defense - CADE and the National Agency of Petroleum, Natural Gas and Biofuels - ANP. The transaction is also subject to acceptance by TSX Venture Exchange (“TSX-V”), in which Company´s Global Depository Shares (“GDS”) are listed. Only after the approval of these regulators, the company will become the operator of such fields.

The Bijupirá and Salema fields, located in water depths of 480-850 m, are located in the Pre-Salt polygon, only 80 km towards the northeast of Polvo field, the first HRT production asset, generating important synergy gains among their operations. The licenses cover an area of 40 million m^2 and daily production totals 22,000 barrels of light oil and 325 thousand m^3 of associated gas, equivalent to 24,000 boe/day. The oil extracted from the fields is light from 28º to 31º API.

2. Accounting practices and presentation of quarterly information

a) Statement of compliance with IFRS and BR GAAP Standards

The individual and consolidated quarterly information for three-month periods ended March 30 2015 are presented below:

Consolidated quarterly information

The consolidated quarterly information were prepared and are presented in accordance with accounting practices adopted in Brazil, which include the provisions of Brazilian Corporation Law as well as the accounting standards and procedures issued by the Brazilian Securities Commission ("CVM") and Accounting Pronouncements Committee ("CPC"), which are in conformity with 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 information

The Company's individual interim financial information was prepared and is presented in accordance with the Brazilian FASB - CPC 21 (R1) and are disclosed jointly with the consolidated interim financial information.

Up to December 31, 2013, the accounting practices adopted in Brazil differed from the IFRS - applicable to the separate financial statements - solely with respect to the measurement of investments in subsidiaries, associates and jointly owned subsidiaries, under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Upon the issuance of pronouncement IAS 27 (Separate Financial Statements) revised by the IASB in 2014, the separate financial statements in accordance with IFRS now allow the use of the equity method for valuation of investments in subsidiaries, associates and jointly owned subsidiaries. In December 2014, Technical pronouncements CPC 18, CPC 35 and CPC 37 were approved, accepting the aforementioned revision of IAS 27. Accordingly, the Company's interim financial information came to be in accordance with IFRS as of that date.

b) Basis of presentation

The individual and consolidated quarterly information were prepared and are presented based on historical cost with the exception of the financial instruments measured at fair value through income result and derivative financial instruments which were measured at fair value.

2. Accounting practices and presentation of quarterly information (Continued)

c) Functional and presentation currency

The individual and consolidated quarterly information are presented in Reais, which is the Company´s functional currency. The Company established that its functional currency is the Brazilian and of its foreign subsidiaries is the US Dollar, according to the Company´s business plan and mainly as result of its operating costs. All the financial information presented in Brazilian Real were rounded to the nearest thousands, except when indicated otherwise.

d) Judgments and estimates

The preparation of the individual and consolidated quarterly information in accordance with IFRS and CPC Standards requires Management to make judgments and adopt estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and assumptions are reviewed continuously. Revisions based on accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant items subject to these estimates and assumptions that may result in adjustments for the coming fiscal year are included in the following notes:

- Nota 11 - Intangible assets, primarily those relating to written-off and impaired Oil & Gas assets.
- Nota 16 - Current and deferred income and social contributions taxes.
- Nota 18 - Equity / Stock options.
- Nota 24 - Financial risk management objectives and policies.
- Nota 27 - Provision for contingencies.

The Company's management authorized the completion of these quarterly information on 08 de may de 2015.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2015	**12/31/2014**	**03/31/2015**	**12/31/2014**
Cash	**1**	1	**1**	1
Banks	**11,772**	48	**309,186**	350,633
	11,773	49	**309,187**	350,634
National	**17**	49	**331**	202
Abroad	**11,756**	-	**308,856**	350,432

The balance of cash and cash equivalents consists primarily of (i) remunerated accounts abroad, mostly in U.S. dollars in banks rated as investment grade by the major rating agencies, and (ii) investment fund in U.S. dollars backed by American Treasury securities (Treasury Liquidity Fund), managed by JP Morgan. The resources substantially originates from oil exports made by HRTO&G subsidiary.

4. Marketable securities

			Parent Company		Consolidated	
Bank	**Maturity**	**Remuneration**	**03/31/2015**	**12/31/2014**	**03/31/2015**	**12/31/2014**
Brazil - Debentures						
Itaú BBA	-	CDI	**36,640**	87,924	**52,850**	94,370
Votorantin	-	CDI	**-**	-	**85**	3,942
Total investments for trading			**36,640**	87,924	**52,935**	98,312

Financial investments mainly comprise repurchase agreements backed by debentures, in national currency, issued by banks considered investment grade by the major ratings agencies. Financial investments are tied to the remuneration of the Interbank Deposit Certificate - CDI.

5. Recoverable taxes

	Parent Company		Consolidated	
	03/31/2015	**12/31/2014**	**03/31/2015**	**12/31/2014**
Income and social contribution	**10,206**	9,937	**20,299**	21,323
PIS e Cofins	**-**	-	**13,599**	13,599
VAT	**-**	-	**5,180**	4,273
Other	**-**	-	**147**	146
	10,206	9,937	**39,225**	39,341

6. Assets held for sale

On 2013, the Company began the process of divesting of non-core assets. This process includes the sale of the subsidiaries Air Amazonia Serviços Aéreos Ltda. ("AA") and Integrated Petroleum Expertise Company - Serviços em Petróleo Ltda. - ("IPEX"), which were completed in the third quarter of 2013 and in the second quarter of 2014, respectively, besides the sale of the remaining fleet of helicopters, and helitransportable drilling rigs.

The Company started 2015 with 7 aircrafts and 4 rigs, as well as Solimões exploratory blocks, classified as held for sale. In the first quarter of 2015, were sold 4 aircrafts for R$ 17,490.

The table below shows the fixed assets held for sale:

	03/31/2015	**12/31/2014**
Aircrafts		
Cost of aircrafts	**151,639**	151,639
Accumulated depreciation of aircrafts	**(31,858)**	(31,858)
Write-off of aircrafts sold	**(93,572)**	(75,520)
Loss on revaluation to market value	**(42,304)**	(42,304)
Translation adjustment	**28,430**	24,870
Fair value of aircrafts	**12,335**	26,828
Rigs		
Cost of rigs	**126,860**	126,860
Loss on revaluation to market value	**(59,994)**	(59,994)
Translation adjustment	**48,622**	28,757
Fair value of rigs	**115,488**	95,623
Subscription bonus - Solimões	**135,707**	135,707
Fair value of signing bonuses	**135,707**	135,707
Total	**263,530**	258,158

Assets held for sale are recorded at fair value, which is the lowest amount between the fair value and the historical cost. The sale of assets held for sale is considered highly likely and the Company maintains an active search for buyers.

In addition, management has been making the necessary efforts to successfully sell such assets by amounts equal or higher than those recorded. Changes in economic conditions or in transactions currently under discussion may result in the recognition of further losses to those already recognized.

6. Assets held for sale (Continued)

In March 2014, HRTO&G and Rosneft signed an "FOA" (Farm-Out Agreement) agreement to transfer the operation and a 6%-interest in Solimões, and a purchase and sale agreement of 4 onshore drilling rigs in the total amount US$36 million, of which US$ 18 million were paid in advance to the Company on the agreement signing date.

In July 2014, ANP approved the transfer of 6% of the exploration rights and the transfer of Solimões operations to Rosneft. On the same date, the Company signed a memorandum of understanding for the second phase of the gas monetization project in that Basin. However, until the end of the period ended March 31, 2015, the negotiations based on the terms of said "FOA" had not been completed.

7. Advances to suppliers

	Parent Company		Consolidated	
	03/31/2015	**12/31/2014**	**03/31/2015**	**12/31/2014**
Queiroz Galvão Óleo & Gás	**-**	-	**31,393**	25,993
Geoquasar Energy	**-**	-	**18,234**	18,234
Garantia BW (Prosafe)	**-**	-	**21,707**	18,613
Other	**198**	194	**5,536**	5,344
	198	194	**76,870**	68,184
Provision for non-realization of assets	**-**	-	**(31,393)**	(25,993)
	198	194	**45,477**	42,191

The amount paid in advance to Queiroz Galvão refers to clause 24.2 of the agreements of Rigs QG-VIII and QG-IX, which started to be discounted from the monthly billing of said rigs as from October 2012. The advances to Geoquasar refer basically to deposits in court made by determination of the Ministry of Labor, operating costs assumed by HRT O&G and contractual payments in advance. The advances to BW Offshore (Prosafe) refer to contractual commitments and are held as a financial collateral from lease agreements and operation of FPSO Polvo.

8. Advances from partners in oil and gas operations

	Consolidated	
	03/31/2015	**12/31/2014**
Current liabilities		
Operated blocks		
Rosneft		
Bacia Sedimentar do Solimões	**(22,444)**	(22,444)
Maersk		
BM-C-8 - Polvo	**67,333**	62,495
GALP		
Namíbia - Petroleum Exploration Licences 23	**(1,092)**	(7,198)
Total operated blocks	**43,797**	32,853
Non-operated blocks (Cowan - ES)	**(16)**	(16)
Total current liabilities	**43,781**	32,837

The amounts recorded in current liabilities refer to the amounts payable, net of receivables, of the respective exploration and oil production projects in which the Company is the operator, for which there have been the investment of funds and the monthly rendering of accounts.

9. Investments

At March 31, 2015, the Company presented the following main interest held in subsidiaries:

- **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 its subsidiaries.

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

  The subsidiary was created on July 20, 2009, with headquarters in Rio de Janeiro, and engages in: (i) 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) equity interest holding in other companies.

  HRTOG holds, since January 8, 2014, a 60%-interest in the Polvo Field, located in the southern portion of the Campos Basin, in the state of Rio de Janeiro.

9. Investments (Continued)

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

  It also currently holds 55% of the exploration rights in two Consortia (BT-SOL 4 and BT-SOL 4A), comprising a total of 16 blocks in the Solimões Basin and has a percentage interest of 11.32% in HRTAF.

  In 2011, the subsidiary was qualified by ANP as a "B Operator", i.e., it is authorized to operate in both onshore ("A" Operator) and offshore blocks, in this case, up to 400 meters deep.

- **HRT Africa Petróleo S.A. ("HRTAF")**

  The subsidiary initially named Labrea Petróleo S.A. had the new corporate name approved on March 30, 2011 by the Board of Trade of the State of Rio de Janeiro and its corporate purposes are: (i) 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) equity interest holding in other companies.

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

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

  As part of this restructuring, HRT Canada Inc. (HRTC) was contributed to HRT Africa and more two Namibian companies were incorporated: HRT Walvis and HRT Luderitz.

  Accordingly, the assets regarding which the Group holds an exploration license in the Republic of Namibia were consolidated under a single ownership structure, having HRTAF in Brazil as Parent Company.

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

  As part of the acquisition of Polvo field, HRT Africa received 100% interest in BP Energy América LLC (current HRT Lux Energy S.à.r.l.), the owner of a fixed platform, called "Polvo A", and of a 3,000 HP drilling rig, which is the equipment needed for operations in this field.

9. Investments (Continued)

Portfolio of concessions

At March 31, 2015, the Group'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-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-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	Campos	BM-C-8	HRTOG	60%
Brazil	Espírito Santo	ES-T-400	HRTAF	10%
Brazil	Recôncavo	REC-T-158	HRTAF	10%
Namíbia	Orange	PEL028	HRT Luderitz	77.2%
Namíbia	Orange	PEL024	Kunene	86%
Namíbia	Orange	PEL022	Orange	100%
Namíbia	Walvis	PEL023	HRT Walvis	86%

(*) The terms of the exploration period, as well as its estimated activities, are detailed in Note 22.

a) Breakdown of Investment

	Parent Company	
	03/31/2015	12/31/2014
HRT O&G Exploração e Produção de Petróleo Ltda.	**365,812**	361,979
HRT América	**(667)**	379
HRT Africa	**302,729**	258,055
	667,874	620,413

9. **Investments** (Continued)

Portfolio of concessions (Continued)

b) Changes in investments

	HRTOG	IPEX	HRTAF	HRTA	Total
Balance at January 1, 2014	1,049,485	(4,048)	434,085	12,174	1,491,696
Capital increase	-	11,888	497	-	12,385
Equity pick-up	(707,257)	(3,772)	(273,812)	(12,459)	(997,300)
Sales of shares	-	(4,068)	-	-	(4,068)
Conversion adjustments	19,751	-	105,053	664	125,468
Impairment	-	-	(7,768)	-	(7,768)
Balance at December 31, 2014	**361,979**	**-**	**258,055**	**379**	**620,413**
Capital increase	**36,571**	**-**	**-**	**-**	**36,571**
Equity pick-up	**(42,117)**	**-**	**(5,211)**	**(1,155)**	**(48,483)**
Sales of shares	**-**	**-**	**-**	**-**	**-**
Conversion adjustments	**9,379**	**-**	**49,885**	**109**	**59,373**
Impairment	**-**	**-**	**-**	**-**	**-**
Balance at March 31, 2015	**365,812**	**-**	**302,729**	**(667)**	**667,874**

c) Significant information on investees

	HRTOG	HRTAF	HRTA
Direct interest	100%	89%	100%
Indirect interest	-	11%	-
Equity	365,812	344,086	(667)
Income (loss) for the period	(42,129)	(6,176)	(1,155)
Total assets	1,039,112	470,231	7,313

10. Property, plant and equipment (Consolidated)

a) Breakdown of balances

	Depreciation rate - %	Cost	Depreciation	Translation adjustment	Balance at 03/31/2015	Balance at 12/31/2014
In operation						
Polvo A platform and drilling rig	**UOP***	**101,439**	**(52,075)**	**15,985**	**65,349**	63,493
Machinery and equipment	**10**	**1,835**	**(741)**	**-**	**1,094**	1,004
Furniture and fixtures	**10**	**3,066**	**(1,535)**	**(148)**	**1,383**	1,351
Communication equipment	**20**	**218**	**(143)**	**-**	**75**	86
Vehicles	**20**	**752**	**(440)**	**(110)**	**202**	228
IT equipment	**20**	**6,976**	**(4,631)**	**(674)**	**1,671**	2,053
Leasehold improvements	**4**	**2,678**	**(835)**	**118**	**1,961**	1,875
Facilities	**10**	**2,832**	**-**	**585**	**3,417**	2,832
In progress						
Material for use and consumption (wells)		**3**	**-**	**-**		3
Total		**119,799**	**(60,400)**	**15,756**	**75,155**	72,925

* UOP – *Units of Production* (Unit-of-production depreciation method)

b) Changes in balances

	Balance at 01/01/2015	Additions	Write-offs	Depreciation	Translation adjustment	Balance at 03/31/2015
In operation						
Polvo A platform and drilling rig	63,493	**-**	**-**	**(10,091)**	**11,947**	**65,349**
Machinery and equipment	1,004	**131**	**(8)**	**(46)**	**13**	**1,094**
Furniture and fixtures	1,351	**150**	**(263)**	**(76)**	**221**	**1,383**
Communication equipment	86	**-**	**-**	**(11)**	**-**	**75**
Vehicles	228	**-**	**(32)**	**(18)**	**24**	**202**
IT equipment	2,053	**-**	**(307)**	**(298)**	**223**	**1,671**
Leasehold improvements	1,875	**-**	**(63)**	**(71)**	**220**	**1,961**
Facilities	2,832	**-**	**-**	**-**	**585**	**3,417**
In progress						
Material for use and consumption (wells)	3	**-**	**-**	**-**	**-**	**3**
Total	72,925	**281**	**(673)**	**(10,611)**	**13,233**	**75,155**

10. Property, plant and equipment (Consolidated)

b) Changes in balances (Continued)

	Balance at 01/01/2014	Additions	Write-offs	Depreciation	Impairment	Translation adjustment	Transfers	Balance at 12/31/2014
In operation								
Sculptures	26	-	(26)	-	-	-	-	-
Vessels	543	-	-	(81)	(462)	-	-	-
Polvo A platform and drilling rig	-	101,439	-	(41,983)	-	4,037	-	63,493
Machinery and equipment	8,677	98	(2,939)	(1,135)	(2,337)	(1)	(1,359)	1,004
Furniture and fixtures	4,158	-	(1,569)	(633)	(840)	204	31	1,351
Communication equipment	265	53	(27)	(102)	(103)	-	-	86
Vehicles	5,581	3,828	(265)	(1,841)	(6,853)	(222)	-	228
IT equipment	4,639	72	(327)	(1,585)	(183)	(563)	-	2,053
Leasehold improvements	57,534	1,197	(387)	(2,905)	(560)	294	(53,298)	1,875
Facilities	8,983	16	(3,571)	(572)	(1,997)	(499)	472	2,832
In progress								
Material for use and consumption (wells)	41,989	14,257	(31,657)	-	(24,941)	-	355	3
Advances for acquisition of cranes	6,729	-	-	-	-	(402)	(6,327)	-
Total	139,124	120,960	(40,768)	(50,837)	(38,276)	2,848	(60,126)	72,925

11. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated 31/03/2015	Consolidated 31/12/2014
Oil & Gas assets			
Subscription bonus - Recôncavo - ES	(*)	**151**	151
Subscription bonus - Polvo	(*)	**301,973**	301,973
Exploration expenses	(*)	**170**	170
Advance - Bijupirá and Salema	(*)	**87,899**	-
Softwares and other	20	**9,821**	9,533
		400,014	311,827
Accumulated amortization		**(160,312)**	(134,876)
Total		**239,702**	176,951

(*) Subscription bonuses and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of reserves. If economically feasible hydrocarbon reserves are not identified, these costs will be posted to P&L.

11. Intangible assets (Consolidated) (Continued)

b) Changes in balances

	Balance at 01/01/2015	Additions	Write-offs	Assets held for sale	Amortization	Impairment	Translation adjustment	Balance at 12/31/2015
Subscription bonus - Reconcavo - ES	**151**	**-**	**-**	**-**	**-**	**-**	**-**	**151**
Subscription bonus - Polvo	**174,570**	**-**	**-**	**-**	**(25,140)**	**-**	**-**	**149,430**
Advance - Bijupirá and Salema	**-**	**78,566**	**-**	**-**	**-**	**-**	**9,333**	**87,899**
Exploration expenses	**170**	**-**	**-**	**-**	**-**	**-**	**-**	**170**
Software and other	**2,060**	**13**	**-**	**-**	**(296)**	**-**	**275**	**2,052**
Goodwill	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	176,951	**78,579**	**-**	**-**	**(25,436)**	**-**	**9,608**	**239,702**

	Balance at 01/01/2014	Additions	Write-offs	Assets held for sale	Amortization	Impairment	Translation adjustment	Balance at 12/31/2014
Subscription bonus - Solimões Basin	135,707	-	-	(135,707)	-	-	-	-
Subscription bonus - Walvis Basin	10,449	-	-	-	-	(10,449)	-	-
Subscription bonus - Orange Basin	349,335	-	-	-	-	(396,099)	46,764	-
Subscription bonus - Reconcavo - ES	151	-	-	-	-	-	-	151
Subscription bonus - Polvo	-	301,973	-	-	(127,403)	-	-	174,570
Exploration expenses	487,488	55,395	(542,713)	-	-	-	-	170
Software and other	5,185	1,464	(3,125)	-	(1,640)	-	176	2,060
	988,315	358,832	(545,838)	(135,707)	(129,043)	(406,548)	46,940	176,951

The subscription bonus for each block is presented below:

Blocks	12/31/2014	Amortization	03/31/2015
Onshore			
ES-BT-400	100	-	**100**
REC-T-158	51	-	**51**
Total onshore bônus	151	**-**	**151**
Offshore			
BM-C-8	174,570	(25,140)	**149,430**
Total offshore bônus	174,570	(25,140)	**149,430**

Polvo

On January 8th, 2014 the Company completed the commercial transaction with BP for the transfer of the 60% interest in the Polvo Field to HRT, becoming the operator of said concession. In addition, the Company acquired 100% interest in BPEA, which owns the fixed platform, "Polvo A" and a 3,000 HP drilling rig that operates in the field.

11. Intangible assets (Consolidated) (Continued)

b) Changes in balances (Continued)

Polvo (Continued)

The Company through HRT O&G entered into a purchase and sale agreement with Maersk Energia Ltda. ("Maersk") to acquire 40% stake in the Campo de Polvo. The completion of the sale between HRT O&G and Maersk transaction is subject to certain conditions, among which the final approval of the National Agency of Petroleum, Natural Gas and Biofuels (ANP).

In a board meeting held on October 8, 2014, the ANP rejected the sale of 40% interest in Polvo Field by Maersk. HRT filed a request for reconsideration on October 24, 2014 and is awaiting new positioning of the ANP.

HRT O&G has plans to life extension of that field by increasing production from proved developed and undeveloped (1P) and probable reserves (2P).

Bijupirá and Salema

On January 20, 2015, the Company announced a purchase and sale agreement to acquire 80% interest of the rights and obligations of the concession contracts of Bijupirá and Salema fields with Shell Brasil Petróleo Ltda. (“Shell”), whereas Petróleo Brasileiro S.A. - Petrobras holds the remaining 20% working interest. In the same operation, the FPSO Fluminense vessel, used in the production of both fields, with storage capacity of 1.3 million barrels of oil, was acquired, among other assets.

The total purchase price was USD 150 million, subject to adjustment. On January 20, 2015, R$ 78.566 was paid as an advance, representing 20% of the total. The remaining 80% shall be due on the date of the transaction and may be financed by standby credit facility (credit facility) provided by Glencore Ltd., a wholly owned subsidiary of Glencore PLC.

12. Suppliers (Consolidated)

	Consolidated	
	03/31/2015	**12/31/2014**
Domestic suppliers	**44,387**	45,221
Suppliers Abroad	**24,296**	17,996
	68,683	63,217

Balances on March 31, 2015 still include provisions related to the demobilization of some suppliers of Solimões, some of which have advances.

13. Debentures (Consolidated)

The Board of Directors' Meeting held on October 27, 2014 approved the 1st issue of convertible debentures in a single series, subordinated and unsecured, of private placement, amounting to R$ 90 million.

On December 9, 2014 the placement was completed, with the subscription of a total of 4,359,624 debentures, totaling R$87,192,480.00.

The debentures may be converted into shares at the sole discretion of the debenture holders, as of October 24, 2015 until the date of maturity of the debentures. The number of shares to be delivered to the debenture holders on the date of conversion of the debentures will be the result of dividing the par value of the debentures by the lesser of: (i) the weighted average, based on the daily volume, of the closing price of the shares in the last 10 trading sessions on BM&FBOVESPA, preceding October 27, 2014, applying a 25% discount; or (ii) the weighted average, based on the daily volume, of the closing price of shares in the last 10 trading sessions on the BM&FBOVESPA, prior to receipt of the conversion request by applying a discount of 25%, thus giving a conversion price.

The debentures have a term of five (5) years, maturing in October 27, 2019, and will bear interest corresponding to the accumulated variation of 90% (ninety percent) of the average daily rates of the DI rate.

13. Debentures (Consolidated) (Continued)

The full remuneration will be paid semiannually, with the first payment made 6 months after the date of issuance.

	Consolidated	
	03/31/2015	**12/31/2014**
Principal	**87,192**	87,192
Interest	**2,550**	376
Total	**89,742**	87,568
Current	**2,550**	-
Non-current	**87,192**	87,568

14. Operating lease (lessee)

(Leased Floating, Production, Storage and Offloading Unit from Prosafe Prosafe Production B.V.

Prosafe Production B.V. (currently owned by BW Offshore - "BWO")

The subsidiary HRT O&G (lessee) has a lease agreement of a FPSO vessel with Prosafe (lessor) entered into on December 10, 2013, with 1-year term, and may be renewed annually up to May 1, 2022.

15. Taxes and social contributions

	Parent Company		Consolidated	
	03/31/2015	**12/31/2014**	**03/31/2015**	**12/31/2014**
PIS and Cofins on service imports	**-**	-	**134**	62
Service tax	**4**	-	**16**	115
Withholding Income Tax (IRRF) on services	**479**	102	**2,114**	960
Social contribution tax on services	**66**	15	**1,700**	419
INSS	**4,226**	4,246	**5,565**	5,559
FGTS	**498**	501	**626**	646
Other	**26**	26	**840**	757
	5,299	4,890	**10,995**	8,518

16. Current and deferred income tax and social contribution

Companies	Tax loss		Tax credit	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
HRTP	**70,689**	65,980	**24,034**	22,433
HRTOG	**592,468**	592,531	**200,932**	201,461
HRTAF	**17,313**	17,343	**5,913**	5,897
	680,470	675,854	**230,879**	229,790

The Group has tax loss carryforwards generated in Brazil which may be offset against future taxable profit, limited to 30% every year. Management conservatively opted not to account for said tax credits, which will be recognized as the future taxable income is being generated.

The provision for deferred income and social contribution tax liabilities are as follows:

	Consolidated	
	03/31/2015	12/31/2014
Temporary differences on fair value recognized assets on business combinations	**7,757**	9,102
Deferred income and social contribution liabilities	**465**	385
	8,222	9,487

17. Provision for abandonment

Changes in the provision for abandonment of wells is shown below:

	Provision
On January 8, 2014	113,659
Currency adjustment	14,488
Price-level restatement	9,892
On December 31, 2014	138,039
Currency adjustment	28,539
Price-level restatement	(15)
On March 31, 2015	166,563

17. Provision for abandonment (Continued)

The estimated abandonment costs were provisioned for the period ended March 31, 2015. This provision corresponds to HRT interest of 60%, and reflects the estimated present value discounted at the rate of 1.29% per annum and monetary restated at the rate of 1.33% per annum. In addition, amounts are adjusted by the variation of the U.S. dollar. These costs will be incurred in the abandonment of the Polvo field, including, but not limited to the plugging of wells, and the removal of production lines and equipment.

18. Equity

18.1. Capital

At March 31, 2015, the subscribed and paid-in capital in the amount of R$3,821,206 is divided into 29,748,449 common registered book-entry shares, with no par value (after the reverse split approved by the Extraordinary General Meeting (EGM) on June 24, 2014 and concluded on August 04, 2014, at the ratio of 10 to 1) and also including the grouping of Global Depositary Shares ("GDSs") issued and outstanding of the Company, being maintained the ratio of two GDSs for each common share until then in force. The Company’s authorized capital is R$10 billion.

18.2. Share-based payment

First program (SOP I)

On May 14, 2010, the Company approved the First Stock Option Program (SOP I), totaling 492,600 shares (number updated by the reverse stock split effected on August 04, 2014). From this total, 441,205 shares have already been issued and exercised and 47,995 canceled options until March 31, 2015.

Second Program - Retention Plan (SOP II)

Under the terms of the resolution of the Board of Directors held on May 9, 2012, in September 2012 the Company granted options representing up to 662,295 Company's shares (number updated by the reverse stock split effected on August 4, 2014) with the main objective of retaining key managers and employees, according to the Incentive Plan to Attract and Retain Strategic Employees, approved by the Extraordinary General Meeting on April 27, 2011.

18. Equity (Continued)

18.2. Share-based payment (Continued)

Second Program - Retention Plan (SOP II) (Continued)

Until March 31, 2015, 147,852 shares have already been issued and exercised and 201,157 have been canceled.

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 shares granted	**662,295**
Price per share (in Reais)	**R$22.20**
Fair value of the option on the grant date (in Reais)	**R$64.20**
Estimated average volatility of price per share	**127.49%**
Average risk-free rate of return	**8.74%**
Option validity	**3 years**

Third Program - Performance Bonus (SOP III)

In January 2013, the Company granted options representing up to 541,458 shares (number updated by the reverse stock split effected on August 4, 2014) with the main objective of remunerting and retaining key managers and employees, according to the Performance Incentive Plan, approved by the Extraordinary General Meeting on April 27, 2011. Until March 31, 2015, 98,087 shares have already been issued and exercised and 93,931 options have been canceled.

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 shares granted	**541,458**
Price per share (in Reais)	**R$20.60**
Fair value of the option on the grant date (in Reais)	**R$58.70**
Estimated average volatility of price per share	**74.22%**
Average risk-free rate of return	**8.22%**
Option validity	**immediate**

18. Equity (Continued)

18.2. Share-based payment (Continued)

Fourth program (SOP IV)

Under the terms of the Board of Directors of the Company held on November 11, 2013 and signed with management contracts between the Company and two directors, were granted 175,000 shares of the Company (number updated by the reverse stock split effected on August 4, 2014) with the main objective of retaining administrators according to the Incentive Plan to Attract and Retain Strategic Employees, approved by the Extraordinary General Meeting on April 27, 2011. Until March 31, 2015, no option was exercised and options corresponding to 22,497 shares were canceled.

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 shares granted	**175,000**
Price per share (in Reais)	**R$7.90**
Fair value of the option on the grant date (in Reais)	**R$4.80**
Estimated average volatility of price per share	**0.7782%**
Average risk-free rate of return	**9.50%**
Option validity	**3 years**

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 Group presents the following information on earnings per share for the fiscal periods ended March 31, 2015 and 2014. 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 year, plus the weighted average number of common shares that would be issued on conversion of all potential diluted common shares into common shares.

18. Equity (Continued)

18.3. Earnings per share (Continued)

The tables below show data of income and shares used in calculating basic and diluted earnings per share:

Basic and diluted earnings (loss) per share	03/31/2015	03/31/2014
Numerator (in thousands of Reais)		
Loss for the year attributed to the Parent Company's shareholders	**(53,539)**	1,699
Denominator (in thousands of shares)		
Weighted average number of common shares adjusted by dilution effect	**29,748**	297,390
Basic earnings and diluted per share	**(1.800)**	0.006

19. Related party transactions

Intercompany agreements

Commercial operations of HRTP with its subsidiaries are carried out at normal market prices and conditions.

Key management personnel compensation

Key management personnel compensation for the period ended March 31, 2015, totaled R$556 (R$1,986 in 2014).

Loans between related parties

On March 31, 2015, there was as loan agreement between HRT Africa (lender) and HRT (borrower) with the balance of R$2,118, and a loan agreement between HRT O&G (lender) and HRT (borrower) with the balance of R$4,647. These agreements have as updating factor the CDI (Interbank Deposit Certificates).

20. Gross operating margin

	Consolidated	
	03/31/2015	**03/31/2014**
Net income	**4,853**	143,303
Cost of oil production	**-**	(85,636)
Floating production storage and offloading – FPSO	**-**	(8,335)
Logistics	**-**	(9,940)
Consumables	**-**	(5,997)
Operation and maintenance	**-**	(7,501)
Personnel	**-**	(2,458)
SMS	**-**	(3,516)
BP transferred oil	**-**	(36,047)
Other costs	**-**	(11,842)
Royalties	**-**	(11,658)
Depreciation and amortization	**(4,037)**	(22,712)
Gross operating margin	**816**	23,297

On March 31, 2015 the oil in store in the amount of R$82,347 is representative of 560 thousand bbl. As there was no sale of oil on the period, all the production cost is allocated to inventory. In addition, it was recorded a provision for inventory loss of R$19,065 to reflect market value.

In the first quarter of 2015, the revenue recorded refers to the chartering of Polvo plataform charged to the partner (Maersk). In the same way, costs regards to depreciation of the plataform corresponding to the allocated revenue.

Of the accounts receivable in the consolidated on March 31, 2015, R$622 refers to the sale of oil in the Polvo field. Regarding the other amounts, the principal balance receivable refers to chartering of aircrafts in the amount of R$1,037.

21. Financial income

On March 31, 2015, the Company's income is composed as follows:

	Consolidated	
	03/31/2015	**03/31/2014**
Financial income	**59,949**	10,710
Income from interest earning bank deposits	**1,776**	2,513
Foreign exchange variation income	**57,567**	8,052
Other financial income	**606**	145
Financial expenses	**(75,753)**	(17,820)
Expense on exchange rate change	**(67,477)**	(3,765)
Interest on loans /debentures	**(2,175)**	(14,011)
Other financial expenses	**(6,101)**	(44)
	(15,804)	(7,110)

22. Guarantees and commitments

At March 31, 2015, 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, seismic, among others.

22. Guarantees and commitments (Continued)

The 16 Solimões Basin Blocks under concession are in the Second Exploration Period with minimum commitment to drilling one well per block, up to the litho-stratigraphic horizon of the Juruá Formation, as follows:

Blocks	Exploration period	Conclusion	Minimum exploration program	Activity performed	Observations
SOL-T-169	Second	02/16/2014	1 well per block	Drilled 1-HRT-2-AM and 1-HRT-8-AM	Presented the Discovery Assessment Plan - PAD
SOL-T-168	Second	03/20/2014	1 well per block	Drilled 1-HRT-3-AM	
SOL-T-170				Drilled 1-HRT-1-AM and 1-HRT-6-AM	
SOL-T-191				Drilled 1-HRT-9-AM	Presented the Discovery Assessment Plan - PAD
SOL-T-194	Second	09/07/2016	1 well per block	SOL-T-194: Drilled 1-HRT-4-AM and 1-HRT-7-AM	SOL-T-194: Presented PAD
SOL-T-195					SOL-T-195: Granted extension of time for two years, from 07/09/2014
SOL-T-151	Second	03/03/2017	1 well per block		
SOL-T-174					
SOL-T-192					SOL-T-196: Drilling conditioned to drilling of Block SOL-T-195
SOL-T-196					
SOL-T-197				SOL-T-192: Drilled 1-HRT-5-AM and 1-HRT-10-AM	
SOL-T-214					
SOL-T-215					
SOL-T-216					SOL-T-218: Drilling conditioned to drilling of Block SOL-T-195
SOL-T-217					
SOL-T-218					

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

PEL	Exploration period	Conclusion	Minimum exploration program	Activity performed
022 (blocks 2815, 2816 and 2915)	2nd Period	09/22/2014	USD 3.1MM 1.500 Km seismic 2D or 400 Km² seismic 3D	Acquisition of 1.137 km² 3D seismic
023 (blocks 2112B and 2212A)	2nd Period	05/06/2015	USD 2.0MM 200 Km² seismic 3D	Acquisition of 5.359 km² 3D seismic and well Moosehead-1
024 (blocks 2713A and 2713B)	2nd Period	03/08/2014	USD 1.1MM 1,000 Km seismic 2D or 400 Km² seismic 3D	Acquisition of 1,424 km² 3D seismic and wells Wingat-1 and Murombe-1
028 (blocks 2813A, 2814B and 2914A)	1st Period	05/14/2015	USD 8.5MM 2,000 Km seismic 2D or 500 Km² seismic 3D	Acquisition of 1,237 km² 3D seismic

Under the terms of the Participation Agreement entered into with HRT Canada and Acarus on December 1, 2010, the Group is engaged to pay 50% of the evaluation and exploration transaction costs in PEL 28, located in Namibia's offshore.

22. Guarantees and commitments (Continued)

The Company has applied to the Ministry of Mines and Energy of Namibia renewal of PEL 22 and 24 for extension of exploratory period, expired in September and August, respectively, and the extension of the term of the PEL 23 and 28, ending in 2015. Despite the history of renewals granted to HRT and the good relationship with the Government of Namibia, since there was no indication, the Company decided to form a provision for loss for the assets located in Africa.

23. Segment information

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

a) Exploration and Production

Include activities of exploration and production of oil and byproducts 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.

23. Segment information (Continued)

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 financial statements.

	03/31/2015					03/31/2014				
	Exploration and production	**Geology and geophysics services**	**Management and others**	**Adjustments and eliminations**	**Consolidated**	**Exploration and production**	**Geology and geophysics services**	**Management and others**	**Adjustments and eliminations**	**Consolidated**
External net revenue	**-**	**-**	**-**	**-**	**4,853**	141,595	1,708	-	-	143,303
Intersegment net revenue	**-**	**379**	**-**	**(372)**	**-**	2,542	9,456	-	(11,998)	-
Net revenue	**4,846**	**379**	**-**	**(372)**	**4,853**	144,137	11,164	-	(11,998)	143,303
Selling costs	**(4,037)**	**129**	**-**	**(129)**	**(4,037)**	(119,776)	(4,436)	-	4,206	(120,006)
Gross profit	**-**	**508**	**-**	**(501)**	**816**	24,361	6,728	-	(7,792)	23,297
Geology and geophysics expenses	**(464)**	**-**	**-**	**388**	**(76)**	(5,466)	-	-	454	(5,012)
Personnel expenses	**(5,445)**	**(74)**	**(1,310)**	**130**	**(6,699)**	(3,870)	(1,350)	(1,346)	(4,207)	(10,773)
General and administrative expenses	**(4,372)**	**(856)**	**(1,210)**	**(6)**	**(6,444)**	(11,357)	(1,084)	(1,218)	-	(13,659)
Expenses with third party services	**(4,105)**	**-**	**(1,707)**	**-**	**(5,812)**	(2,679)	(163)	(2,775)	2,824	(2,793)
Taxes and fees	**(469)**	**(101)**	**(31)**	**-**	**(601)**	(623)	(12)	(3)	-	(638)
Depreciation expense	**(450)**	**(324)**	**(40)**	**-**	**(814)**	(2,131)	(544)	(47)	-	(2,722)
Dry Well Write off	**-**	**-**	**-**	**-**	**-**	13,039	-	-	(13,039)	-
Net financial income	**(15,023)**	**(22)**	**(759)**	**-**	**(15,804)**	(7,500)	7	383	-	(7,110)
Other operating income (expenses)	**(18,273)**	**(288)**	**1**	**(8)**	**(18,568)**	843	-	-	21,811	22,654
Income (loss) before taxes	**(47,792)**	**(1,157)**	**(5,056)**	**3**	**(54,002)**	4,617	3,582	(5,006)	51	3,244

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.

23. Segment information (Continued)

Geographical information

	03/31/2015			
	Exploration and production	**Geology and geophysics services**	**Management and others**	**Consolidated**
Current assets				
Brazil	**414,426**	**-**	**59,028**	**473,454**
Abroad	**337,880**	**2,442**	**-**	**340,322**
Non-current assets				
Brazil	**192,558**	**-**	**5,074**	**197,632**
Abroad	**119,455**	**2,867**	**-**	**122,322**

	12/31/2014			
	Exploration and production	**Geology and geophysics services**	**Management and others**	**Consolidated**
Current assets				
Brazil	355,164	-	98,193	453,357
Abroad	349,551	3,326	-	352,877
Non-current assets				
Brazil	181,230	-	5,114	186,344
Abroad	65,525	3,034	-	68,559

24. 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, debentures, and the financial security agreements. On the other hand, cash and cash equivalents are recorded in assets, as described in Notes 6 and 7.

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 participate in negotiation of derivatives for speculative purposes.

The Board of Directors reviews and sets management policies for each of these risks, which are summarized as follows.

24. Financial risk management objectives and policies (Continued)

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation of market values of financial instruments and commodities. As the Group is formed by non-financial 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 prudential concentration limits.

Interest rate sensitivity

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

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	Decrease in CDI/Libor	87	(463)	(926)

For calculation of the amounts included in the above scenarios, charges, earnings and variation in derivatives were projected for the following quarter. Debt charges took into account, under the probable scenario, the interest rate projection disclosed by BM&FBOVESPA for the period. Under scenario I, this projection was increased by 25% and under scenario III, the curve was increased by 50% against the probable scenario.

For earnings from financial investments, the CDI projection disclosed by BM&FBOVESPA for the period was taken into account under the probable scenario, a 25% reduction in the projected CDI was taken into account under scenario I and a 50% reduction was taken into account under scenario II.

24. Financial risk management objectives and policies (Continued)

Exchange risk

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

Regarding sensitivity analysis of derivatives, the Company's Management understands that liabilities with exposure to exchange rate variation and their respective derivatives recorded in the balance sheet must be considered.

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.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	Decrease in US dollar	2,935	(58,847)	(117,693)
Impact in subsidiaries	Decrease in US dollar	67,366	(1,350,687)	(2,701,373)

For calculation of the amounts included in the above scenarios, charges and earnings were projected for the following quarter. The average exchange rate projection disclosed by BM&FBOVESPA for the period was taken into account under the probable scenario. Under scenario I, this projection was increased by 25% and under scenario II, the curve was increased by 50% against the probable scenario.

Credit risk

Credit risk is the risk of a business counterpart not complying with obligations provided in a financial instrument or contract with the client, resulting in financial loss.

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Company adopts a conservative management by mainly investing short-term funds with day-to-day liquidity and post - fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

Related to credit risk of its sales operations, the Company analyzes the financial condition of its customers, in conjunction with the provider of marketing services (trader), which also operates as an intermediary in transactions for the sale of oil.

24. 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

Year ended March 31, 2015	Immediate	Up to12 months	1 a 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	**309,187**	**-**	**-**	**-**	**309,187**
Marketable securities	**52,935**	**-**	**-**	**-**	**52,935**
Accounts receivable	**-**	**1,764**	**-**	**-**	**1,764**
Taxes recoverable	**-**	**39,225**	**-**	**-**	**39,225**
Advances to suppliers	**-**	**45,477**	**-**	**-**	**45,477**
Prepaid expenses	**-**	**7,642**	**-**	**-**	**7,642**
Assets held for sale	**-**	**263,530**	**-**	**-**	**263,530**
Inventory	**-**	**82,347**	**-**	**-**	**82,347**
Other	**-**	**11,668**	**5,096**	**-**	**16,764**
Liabilities					
Suppliers	**-**	**(68,683)**	**-**	**-**	**(68,683)**
Advances for sale of fixed assets	**-**	**(57,744)**	**-**	**-**	**(57,744)**
Labor charges	**-**	**(7,231)**	**-**	**-**	**(7,231)**
Income and social contribution charges	**-**	**(20,417)**	**-**	**-**	**(20,417)**
Advances to partners	**-**	**(43,781)**	**-**	**-**	**(43,781)**
Debentures	**-**	**(2,550)**	**(87,192)**	**-**	**(89,742)**
Provision for abandonment	**-**	**-**	**(166,563)**	**-**	**(166,563)**
Provision for contingencies	**-**	**-**	**(40,652)**	**-**	**(40,652)**
Other liabilities	**-**	**(527)**	**(2,598)**	**-**	**(3,125)**
	362,122	**250,720**	**(291,909)**	**-**	**320,933**

Year ended December 31, 2014	Immediate	Up to 12 months	1 a 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	350,634	-	-	-	350,634
Marketable securities	98,312	-	-	-	98,312
Accounts receivable	-	1,835	-	-	1,835
Taxes recoverable	-	39,341	-	-	39,341
Advances to suppliers	-	42,191	-	-	42,191
Prepaid expenses	-	3,486	-	-	3,486
Assets held for sale	-	258,158	-	-	258,158
Inventory	-	8,784	-	-	8,784
Other	-	3,495	5,026	-	8,521
Liabilities					
Suppliers	-	(63,217)	-	-	(63,217)
Advances for sale of fixed assets	-	(47,812)	-	-	(47,812)
Labor charges	-	(7,439)	-	-	(7,439)
Income and social contribution charges	-	(17,016)	-	-	(17,016)
Advances to partners	-	-	(32,837)	-	(32,837)
Debentures	-	-	(87,568)	-	(87,568)
Provision for abandonment	-	-	(138,039)	-	(138,039)
Provision for contingencies	-	-	(33,838)	-	(33,838)
Other liabilities	-	-	(2,152)	-	(2,152)
	448,946	221,806	(289,408)	-	381,344

24. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Parent Company

Year ended March 31, 2015	Immediate	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	**11,773**	**-**	**-**	**-**	**11,773**
Marketable securities	**36,640**	**-**	**-**	**-**	**36,640**
Accounts receivable	**-**	**36**	**-**	**-**	**36**
Taxes recoverable	**-**	**10,206**	**-**	**-**	**10,206**
Advances to suppliers	**-**	**198**	**-**	**-**	**198**
Prepaid expenses	**-**	**120**	**-**	**-**	**120**
Related parties	**-**	**-**	**5,920**	**-**	**5,920**
Others	**-**	**56**	**4,440**	**-**	**4,496**
Liabilities					
Suppliers and others	**-**	**(4,212)**	**-**	**-**	**(4,212)**
Labor charges	**-**	**(2,313)**	**-**	**-**	**(2,313)**
Income and social contribution charges	**-**	**(5,299)**	**-**	**-**	**(5,299)**
Related parties	**-**	**(8,763)**	**-**	**-**	**(8,763)**
Debentures	**-**	**(2,550)**	**(87,192)**	**-**	**(89,742)**
	48,413	**(12,521)**	**(76,832)**	**-**	**(40,940)**

Year ended December 31, 2014	Immediate	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	49	-	-	-	49
Marketable securities	87,924	-	-	-	87,924
Accounts receivable	-	36	-	-	36
Taxes recoverable	-	9,937	-	-	9,937
Advances to suppliers	-	194	-	-	194
Other	-	54	4,440	-	4,494
Liabilities					
Suppliers	-	(5,133)	-	-	(5,133)
Labor charges	-	(2,411)	-	-	(2,411)
Income and social contribution charges	-	(4,890)	-	-	(4,890)
Other liabilities	-	-	(87,568)	-	(87,568)
	87,973	(2,213)	(83,128)	-	2,632

24. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Fair value of financial assets and liabilities

The "fair value" concept provides for the valuation of assets and liabilities based on market prices in the case of liquid assets, or based on mathematical pricing models otherwise. The level in the fair value hierarchy gives priority to unadjusted quoted prices in an active market. These financial instruments are grouped in levels from 1 to 3, based on the grade 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 and asset or liability that are not included in an active market.

25. 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 Basin ecosystems, which includes areas of biodiversity and traditional cultures.

26. Insurance

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

The Company adopts insurance policies for assets under risk and, along with companies under the same group, is covered against major risks such as Energy Package, which includes Physical Damage over offshore assets, Operator's Extra Expenses (OEE), Offshore Liability (TPL) and Cargo/equipment coverage related to the Polvo field operations and D&O (Directors & Officers Liability) policy for directors and subordinates.

D&O, one of the main insurance policies hired by the company, is able to protect the company against losses due to third party complaints. Additionally, the company hires insurance for Operator’s Extras Expenses which includes well Control, Extra Expenses/re-drilling operations and infiltration and Pollution, Cleaning and Contamination.

The insurance policies in force at March, 2015 cover the amount of R$3,015,689. We set out below the main insurance types and insured amounts:

Insurance/modality	Amounts insured
Physical damages (inventory)	**136,340**
Fixed plataform	**834,080**
Offshore property (pipeline)	**64,160**
OEE production (well control)	**481,200**
OEE development (well control)	**320,800**
Offshore Civil Liability	**802,000**
Aircrafts (physical damages)	**24,564**
Aircrafts (civil liability)	**96,240**
Cargo (Polvo)	**160,000**
D&O	**20,000**
Onshore Third Party Liability	**5,000**
Property	**1,305**
Surety (Solimões)	**70,000**
Total amount insured	**3,015,689**

27. Contingencies

Management of the Company and its subsidiaries, based on the opinion of its legal advisors regarding the possibility of success in several lawsuits, believes that the provisions recorded in the balance sheet are sufficient to cover losses considered probable and reasonably estimated.

Arbitration proceedings

The Company is part of two arbitration proceedings brought, described below:

1. Tuscany Perfurações Brasil Ltda. e Tuscany Rig Leasing S.A. filed a request for arbitration against HRT O&G, in the amounts of US$39,645 thousand. The sentence was handed down on February 5, 2015, condemning the Company to pay the amounts of R$1,484 and US$12,130 thousand. However, an applicable appeal was filled on March 9, 2015, and the company is awaiting trial.

2. On February 28, 2014, Energy Solutions Participações Ltda. requested for filing arbitration proceeding against HRT O&G and allocated to arbitration the amount of R$67,292. Due to non-payment of the costs of arbitration procedding by Geoquasar, the Arbitral Tribunal sent a letter stating that the arbitration proceeding will be filed.

Public Civil Action

HRTO&G is a defendant in Civil Action filed by the Ministry of Labour, as a result of non-payment of severance pay by Geoquasar, outsourced company that provided services to HRTO&G, whose value is R$ 7,834. HRT is awaiting sentencing trial. According to the Legal Adviser of the case, it is possible the chance of success.

Except for the seven labor claims of the total mentioned in the respective Contingencies in this note, according to the Group's legal advisors, the risk of loss from other lawsuits is “possible” or “remote”. Based on this evaluation, management decided not to form a provision for contingencies, in accordance with accounting practices adopted in Brazil and IFRS.

The evaluation of the Company's legal counsel is that the provision for contingencies recognized in the balance sheet is sufficient to cover possible losses on certain disputes and any outflow of resources that will be required to settle these transactions.

28. Subsequent events

28.1. Capital reduction by tax loss and goodwill reserves

The Ordinary and Extraordinary General Meeting held on 30 April 2015 decided the partial compensation of losses accumulated until December 31, 2014 as follows: absorption of capital reserve from additional paid-in capital of R$416,913,602.07 and capital reduction of R$611,752,039.75.

Therefore, the Company´s capital will be R$3,209,453,661.98, represented by 29,748,449 common registered book-entry shares, with no par value.

28.2. Revenue from oil sale

On April 21, 2015, Company has sold approximately 623 thousand barrels of oil to Glencore Ltd., corresponding to the amount of R$92 million.