Quarterly information (ITR)

HRT Participações em Petróleo S.A.

March 31, 2013
with Independent Auditor's Review Report
on Quarterly Information

HRT Participações em Petróleo S.A.

Quarterly information

March 31, 2013

Contents

Independent auditor's review report on quarterly information 1

Quarterly information

Balance sheets (statement of financial position) 4
Statements of operations 6
Statements of comprehensive income (loss) 7
Statements of changes in equity 8
Cash flow statements 9
Statements of value added 10
Notes to financial statements 11

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

Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of HRT Participações em Petróleo S.A. ("Company") contained in the Quarterly Information Form – ITR for the quarter ended March 31, 2013, which comprise the balance sheet as at March 31, 2013 and the related statement of operations, statements of comprehensive income, of changes in equity and cash flow statement for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 (R1) 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 this interim individual and consolidated financial information 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.

Report on the review of interim quarterly information -- Continued

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 financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of quarterly information (ITR) and 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 consolidated financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis of matter regarding uncertainties surrounding the Company's and its subsidiaries' exploration activities

Without modifying our opinion, we draw attention to Note 15, which indicates that the Company and its subsidiaries have spent significant amounts mainly related to exploration and evaluation costs, of which the recovery depends on the success of their exploratory campaigns.
Investment of substantial amounts in exploration and development of oil and gas reserves is inherent in the Company's business and may not result in discovery of economically viable reserves. Interim information does not include any adjustment that would be required should any investments not achieve the expected results, which depends on the success of the future operations. Management's plans in relation to the Company's consolidated operating activities are described in Note 1. Our conclusion is not qualified with respect to this matter.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated statements of value added for the three-month period ended March 31, 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 subjected 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 are not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information .

Rio de Janeiro, May 6, 2013

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HRT Participações em Petróleo S.A.

Balance sheets (statement of financial position)
March 31, 2013 and December 31, 2012
(In thousands of reais)

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Assets				
Current assets				
Cash and cash equivalents (Note 5)	**131**	130	**49,409**	37,608
Marketable securities (Note 6)	**240,946**	318,197	**637,911**	870,650
Accounts receivable (Note 7)	**36**	36	**2,057**	3,377
Taxes recoverable (Note 8)	**20,794**	20,714	**58,786**	57,706
Advances to partners (Note 9)	**-**	-	**57,890**	-
Asset held for sale (Note 10)	**109,268**	-	**109,268**	-
Advances to suppliers (Note 11)	**185**	151	**19,768**	10,190
Prepaid expenses (Note 12)	**713**	82	**4,285**	2,011
Derivative financial instruments (Note 24)	**-**	-	**159**	-
Other receivables	**249**	120	**5,193**	1,388
Total current assets	**372,322**	339,430	**944,726**	982,930
Noncurrent assets				
Guarantees and commitments (Note 22)	**-**	-	**141,443**	143,559
Advances to suppliers (Note 11)	**-**	-	**10,540**	12,706
Investments (Note 13)	**3,318,701**	3,444,337	**-**	-
Property, plant and equipment (Note 14)	**855**	1,036	**283,513**	393,862
Intangible assets (Note 15)	**108**	99	**2,837,212**	2,723,411
Total noncurrent assets	**3,319,664**	3,445,472	**3,272,708**	3,273,538
Total assets	**3,691,986**	3,784,902	**4,217,434**	4,256,468

HRT Participações em Petróleo S.A.

Balance sheets (statement of financial position)
March 31, 2013 and December 31, 2012
(In thousands of reais)

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Liabilities and equity				
Current liabilities				
Trade accounts payable	**782**	1,129	**120,715**	101,487
Advances from partners (Note 9)	**-**	-	**57,890**	-
Labor liabilities	**4,497**	6,698	**14,256**	20,801
Current taxes payable (Note 18)	**3,471**	3,017	**20,424**	35,248
Income and social contribution taxes (Note 19)	**209**	209	**310**	311
Loans (Note 16)	**-**	-	**1,344**	1,974
Derivative instruments (Note 24)	**-**	-	**-**	1,605
Other liabilities	**195**	219	**831**	2,580
Total current liabilities	**9,154**	11,272	**215,770**	164,006
Noncurrent liabilities				
Loans (Note 16)	**-**	-	**1,260**	1,260
Deferred income and social contribution taxes (Note 19)	**108,736**	114,253	**426,308**	431,825
Total noncurrent liabilities	**108,736**	114,253	**427,568**	433,085
Equity (Note 20)				
Capital	**3,818,665**	3,817,130	**3,818,665**	3,817,130
Capital reserve	**416,914**	416,914	**416,914**	416,914
Equity valuation adjustment	**174,304**	161,939	**174,304**	161,939
Accumulated losses	**(835,787)**	(736,606)	**(835,787)**	(736,606)
Total equity	**3,574,096**	3,659,377	**3,574,096**	3,659,377
Total liabilities and equity	**3,691,986**	3,784,902	**4,217,434**	4,256,468

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of operations
Three-month periods ended March 31, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	03/31/2013	03/31/2012	03/31/2013	03/31/2012
Service revenue, net	**-**	-	**2,143**	3,150
Costs of services	**-**	-	**(499)**	(707)
Gross profit	**-**	-	**1,644**	2,443
Operating income (expenses)				
Geological and geophysical expenses	**-**	-	**(11,230)**	(44,256)
Personnel expenses	**(34,598)**	(4,329)	**(63,127)**	(33,147)
General and administrative expenses	**(1,719)**	(907)	**(6,832)**	(18,019)
Expenses with third party-services	**(1,156)**	(3,356)	**(16,847)**	(12,971)
Taxes and fees	**(292)**	(177)	**(3,599)**	(21,969)
Depreciation and amortization charges	**(62)**	(33)	**(6,419)**	(7,590)
Equity pickup (Note 13)	**(66,044)**	41,496	-	-
Financial expenses	**(3)**	(7)	**(12,891)**	(12,057)
Financial income	**4,693**	24,249	**17,718**	41,833
Other operating income, net	**-**	14	**2,402**	18
Profit from divestiture of Solimões	**-**	-	-	186,515
Profit before income and social contribution taxes	**(99,181)**	56,950	**(99,181)**	80,800
Profit and social contribution taxes (Note 19)				
Current	**-**	(5,238)	**-**	(39,313)
Deferred	**-**	1,573	-	11,798
Profit/(loss) for the period	**(99,181)**	53,285	**(99,181)**	53,285
Basic and diluted earnings/(loss) per share (Note 20)				
Basic	**(0.0335)**	0.00909	**(0.0335)**	0.00909
Diluted	**(0.0335)**	0.00841	**(0.0335)**	0.00841

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of comprehensive income (loss)
Three-month periods ended March 31, 2013 and 2012
(In thousands of reais)

	03/31/2013	03/31/2012
Retained earnings (accumulated losses)	**(99,181)**	53,285
Other comprehensive income (loss)		
Exchange variation on foreign investments, net of R$ 6,117 of income tax	**(11,875)**	(21,139)
Gain on derivatives net of R$ 600 of income tax	**1,164**	3,722
Other comprehensive income (loss) for the period, net of taxes	**(10,711)**	(17,417)
Total comprehensive income (loss) for the period, net of taxes	**(109,892)**	35,868
Attributable to		
Company's shareholders	**(109,892)**	35,868

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of changes in equity
Three-month periods ended March 31, 2013 and 2012
(In thousands of reais)

	Capital	Capital reserve	Equity valuation adjustment	(accumulated losses)	Total
Balances at January 1, 2013	**3,817,130**	**416,914**	**161,939**	**(736,606)**	**3,659,377**
Capital contribution in cash	**-**	**-**	**-**	**-**	**-**
Stock options exercised	**1,535**	**-**	**-**	**-**	**1,535**
Exchange variation on foreign investments, net of taxes	**-**	**-**	**(11,875)**	**-**	**(11,875)**
Gain on derivatives	**-**	**-**	**1,164**	**-**	**1,164**
Share-based payment	**-**	**-**	**23,076**	**-**	**23,076**
Loss for the period	**-**	**-**	**-**	**(99,181)**	**(99,181)**
Balances at March 31, 2013	**3,818,665**	**416,914**	**174,304**	**(835,787)**	**3,574,096**
Balances at January 1, 2012	3,809,535	-	104,310	(459,040)	3,871,719
Capital contribution in cash	6,336	-	-	-	6,336
Stock options exercised	8	-	-	-	8
Exchange variation on foreign investment	-	-	(21,137)	-	(21,137)
Gain on derivatives	-	-	3,722	-	3,722
Share-based payment	-	-	(89)	-	(89)
Income for the period	-	-	-	53,285	53,285
Balances at March 31, 2012	3,815,879	416,914	86,806	(405,755)	3,913,844

See accompanying notes.

HRT Participações em Petróleo S.A.

Cash flow statements
Three-month periods ended March 31, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	03/31/2013	03/31/2012	03/31/2013	03/31/2012
Cash flows from operating activities				
Loss for the period (before taxes)	**(99,181)**	56,950	**(99,181)**	80,800
Adjustments for:				
Depreciation and amortization	**62**	33	**6,419**	7,590
Financial income	**(4,693)**	(24,249)	**(17,718)**	(41,833)
Financial expenses	**3**	7	**12,891**	12,057
Dry well write-off				
Share-based compensation	**23,076**	(89)	**23,076**	(89)
Equity pickup	**66,044**	(41,496)	**-**	-
	(14,689)	(8,844)	**(74,513)**	58,525
(Increase) decrease in assets				
Accounts receivable	**-**	(1)	**1,320**	(1,820,528)
Taxes recoverable	**(80)**	(4,916)	**(1,081)**	(10,325)
Prepaid expenses	**(631)**	(496)	**(2,274)**	96
Advances to suppliers	**(34)**	40	**(7,411)**	(7,984)
Other receivables	**(120)**	(106)	**(3,754)**	(2,087)
Trade accounts payable	**(346)**	509	**19,178**	21,105
Labor liabilities	**(2,201)**	(251)	**(6,544)**	(4,260)
Taxes and social contributions	**454**	(1,834)	**(14,825)**	14,996
Transactions with related parties	**(35)**	-	**-**	-
Income and social contribution taxes paid	**-**	7	**(14,701)**	-
Other liabilities	**-**	(8)	**(1,741)**	(847)
Net cash used in operating activities	**(17,682)**	(15,900)	**(106,346)**	(1,751,309)
Cash flows from investing activities				
Redemption of marketable securities	**81,941**	68,815	**242,442**	287,876
Deposit given in guarantee	**-**	-	**-**	
Disposal of asset held for sale	**-**	-	**-**	1,624,729
Purchase of property, plant and equipment	**131**	-	**(8,505)**	(22,256)
Purchase of intangible assets	**(21)**	(21)	**(113,910)**	(134,143)
Capital contribution in subsidiary	**(65,903)**	(59,427)	**-**	-
Future capital contributions	**-**	(89)	**-**	-
Derivative transactions	**-**	7,616	**(2,785)**	(8,752)
Net cash used in investing activities	**16,148**	16,894	**117,242**	1,747,454
Cash flows from financing activities				
Loans	**-**	-	**(630)**	3,780
Capital contribution	**1,535**	6,344	**1,535**	6,344
Net cash provided by financing activities	**1,535**	6,344	**905**	10,124
Exchange variation	**-**	(7,347)	**-**	(21,138)
Net increase/(decrease) in cash and cash equivalents	**1**	(9)	**11,801**	(14,869)
Cash and cash equivalents at beginning of period	**130**	18	**37,608**	25,167
Cash and cash equivalents at end of period	**131**	9	**49,409**	10,298
Net increase in cash and cash equivalents	**1**	(9)	**11,801**	(14,869)

See accompanying notes.

HRT Participações em Petróleo S.A.

Statements of value added
Three-month periods ended March 31, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
Revenues				
Sale of services	-	-	**2,143**	3,150
Other revenues	-	-	**-**	1,821,700
	-	-	**2,143**	1,824,850
Inputs and services				
Third-party services and other	**(1,156)**	-	**(16,847)**	-
Geology and geophysics expenses	**-**	(3,341)	**(11,230)**	(12,953)
Costs of services	**-**	-	**(499)**	(44,256)
Other costs - Farm-out	**-**	-	**-**	(1,635,892)
Gross value added	**(1,156)**	(3,341)	**(26,433)**	131,749
Retentions				
Depreciation and amortization	**(62)**	(33)	**(6,419)**	(6,925)
Net value added	**(1,218)**	(3,374)	**(32,852)**	124,824
Transferred value added				
Net financial income	**4,690**	24,242	**4,827**	29,776
Equity pickup	**(66,044)**	41,496	**-**	-
Rent, royalties and other	**(1,719)**	(908)	**(4,430)**	(18,684)
Value added to be distributed	**(64,291)**	61,456	**(32,455)**	135,916
Distribution of value added				
Personnel	**34,598**	4,329	**63,127**	33,147
Taxes	**292**	3,842	**3,599**	49,484
Profit attributable to the Company's shareholders	**(99,181)**	53,285	**(99,181)**	53,285
Value added distributable	**(64,291)**	61,456	**(32,455)**	135,916

See accompanying notes.

1. Operations

HRT Participações em Petroleo S.A. (Company or HRTP) was organized on July 17, 2009 through 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 is engaged in: (1) holding equity interest in other companies as an owner, shareholder or member, regardless of its activities, whether domestic or foreign; and (2) (i) providing advisory and research 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 (either organic or e inorganic) and interpretation of data of a geological, geochemical, geophysical nature as well as the remote sensing of such data, and advisory services in foreign exchange; (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, subsidiary HRT Africa operates 10 offshore blocks in the Walvis and Orange basins, and holds noncontrolling interest in 2 blocks located in the Namibia Basin. Notes 13, 14 and 15 present detailed information on the operations carried out by Company and its subsidiaries.

The Company, either directly or through its subsidiaries, has been making the required investments so as 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 information

a) Statement of compliance with IFRS and BR GAAP

The individual and consolidated quarterly information for the quarter ended March 31, 2013, are presented as follows:

Consolidated quarterly information

The consolidated quarterly 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 information

The individual quarterly 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 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 information

c) Functional and reporting currency

The individual and consolidated quarterly information is presented in Brazilian Reais, which is the Company's functional currency. The Company established that its functional currency is the 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 Reais was rounded to thousands of reais, unless otherwise stated.

d) Use of estimates and judgments

The preparation of individual and consolidated quarterly 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 are included in the following notes:

► Note 19 - Deferred income and social contribution taxes;
► Note 20 - Stock option plan; and
► Note 24 - Financial Instruments.

Company management authorized conclusion of this quarterly information on May 06, 2013.

2.1. Accounting pronouncements issued by the IASB

1. IFRS pronouncements which are not effective at March 31, 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 1 - Presentation of Quarterly Information - Presentation of Items in Other Comprehensive Income

The amendments to IAS 1 changed the grouping of the items presented in other comprehensive income. The items which could be reclassified (or "recycled") to P&L in a certain future period (for example, net gains on hedging transactions of net investments, differences of exchange variation on the translation of foreign transactions, net changes in cash flow hedging or gains on disposal of assets classified as available for sale) should be presented separately of the items which will never be reclassified (for example, actuarial gains or losses on defined benefit plans).

These amendments only affect the presentation, and there are no impacts on the Company's financial position or performance. These amendments will become effective for fiscal years beginning on or after January 1, 2013, and will be applied on the Company's financial statements when they become effective.

- IAS 28 Investments in Associates and Joint Ventures (revised in 2011)

As a result of the latest IFRS 11 and IFRS 12, IAS 28 becomes IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method for investments in joint ventures, in addition to investments in associates. This amendment will become effective for annual periods beginning on or after January 1, 2013. The Company verified that there are no impacts from this change on its quarterly.

2.1. Accounting pronouncements issued by the IASB (Continued)

1. IFRS pronouncements which are not effective at March 31, 2013 (Continued)

- 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.

- IFRS 7 - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

These amendments require that an entity discloses information on the right of set-off and related agreements (for example, guarantee agreements). The disclosures provide useful information to users evaluate the effect of the offset agreements on the financial position of an entity. The new disclosures are necessary for all financial instruments recognized which are offset according to IAS 32 - Financial Instruments: Presentation. The disclosures are also applicable to recognized financial instruments, which are subject to an offsetting host contract or similar contract, irrespective of being or not offset according to IAS 32. This amendment will become effective for annual periods beginning on or after January 1, 2013. The Company verified that there are no impacts on its quarterly information until authorized conclusion of this on May 06, 2013.

2.1. Accounting pronouncements issued by the IASB (Continued)

1. IFRS pronouncements which are not effective at March 31, 2013 (Continued)

- IFRS 9 Financial Instruments: Classification and Measurement

This standard, as issued, reflects the first phase of the IASB project regarding the replacement of IAS 39 and is applicable to the classification and measurement of financial assets and liabilities, as set forth in IAS 39. Initially, this standard became effective for annual periods beginning on or after January 1, 2013; however, the amendments to IFRS 9 - IFRS 9 Effective Date and Disclosures for Transition, issued in December 2011, changed the compulsory effective date to January 1, 2015.

In later stages, IASB shall approach the instrument hedging accounting and impairment of financial assets. The adoption of the IFRS 9 first phase will have an effect on the classification and measurement of the Company's financial assets; nevertheless, it will not have an impact on the classification and measurement of financial liabilities. The Company will quantify the effect together with the other phases, upon issue of the final standard, comprising all phases.

-IFRS 10 Consolidated Quarterly Information, IAS 27 Separate Quarterly Information

IFRS 10 replaces part of IAS 27 Consolidated and Separate Quarterly Information which deals with the accounting of consolidated financial statements. It also approaches the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model applicable to all entities, including special purpose entities. The changes introduced by IFRS 10 will require that management exercise significant judgment to determine which entities are subsidiaries and, therefore, mandatorily required to be consolidated by a parent company, comparatively to requirements in IAS 27. Based on preliminary analyses performed, there is no expectation that IFRS 10 will have an impact on the investments currently held by the Company.

This amendment will become effective for annual periods beginning on or after January 1, 2013. The Company verified that there is no effect from this new standard on its quarterly information.

2.1. Accounting pronouncements issued by the IASB (Continued)

1. IFRS pronouncements which are not effective at March 31, 2013 (Continued)

- IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-Monetary Contributions by Shareholders. It eliminates the option of recording jointly controlled entities based on proportional consolidation. Instead, jointly controlled entities classified in the definition of joint venture must be accounted for based on the equity method.

The application of this new standard shall not have an impact on the Company's financial position.

- IFRS 12 Disclosures of Interest in Other Entities

IFRS 12 includes all disclosures previously included in IAS 27 associated with consolidated financial statements as well as all disclosures which were previously included in IAS 31 and IAS 28. These disclosures are related to interests of an entity in subsidiaries, joint ventures, associates and structured entities. A series of new disclosures also is necessary; however, there will not be any impact on the Company's financial position and performance. This standard will become effective for annual periods beginning on or after January 1, 2013.

- IFRS 13 Fair Value Measurement

It establishes a single source of guidance in IFRSs for all fair value measurements. IFRS 13 does not change the determination of when an entity is mandatorily required to use the fair value, but rather provides guidance on how to measure the fair value in accordance with the IFRSs, when the fair value is required or allowed. This standard will become effective for annual periods beginning on or after January 1, 2013. The Company verified that there is no impact from these changes on its quarterly information.

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.

4. Consolidation procedures

The consolidated quarterly information for the three-month period ended March 31, 2013 include the financial information of parent the Company and its subsidiaries HRT O&G Exploração e Produção de Petroleo 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").

The subsidiaries are fully consolidated from the date HRT has obtained the control until the date that this control no longer exists. The quarterly 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 correspond 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	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Cash	**-**	-	**58**	187
Banks	**131**	130	**49,351**	37,421
	131	130	**49,409**	37,608

6. Marketable securities

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
For trading	**240,946**	318,197	**637,911**	870,650
	240,946	318,197	**637,911**	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 Interbank Deposit Certificate (CDI) variation while abroad by reference to LIBOR.

In addition, as described in Note 22, the Company has the amount of R$141,443 bound to guarantees, being the total of R$779,354.

We present below a summary table of the investments by type of financial instrument:

a) For trading

			Company		Consolidated	
Bank	**Maturity**	**Remuneration**	**03/31/2013**	**12/31/2012**	**03/31/2013**	**12/31/2012**
Bank Deposit Certificate (CDB)						
Banco do Brasil	May/2014	CDI	**-**	-	**-**	18,126
BTG Pactual	Apr/14 to May/14	CDI	**-**	-	**211,004**	210,290
Votorantim	Jan/14	CDI	**74,694**	74,668	**74,694**	128,636
Itaú BBA	Mar/15	CDI		-	**296**	-
			74,694	74,668	**285,994**	357,052
Debenture-backed repurchase						
Bradesco	May/2013	CDI	**-**	-	**1,143**	102,563
Itaú BBA	May/2014	CDI	**57,016**	136,955	**57,272**	159,669
Santander	Apr/13 to Dec/14	CDI	**107,056**	106,574	**193,027**	193,568
Votorantim	Dec/2014	CDI	**-**	-	**54,632**	-
			164,072	243,529	**306,074**	455,800
Citibank	Apr/2013	Time Deposit	**-**	-	**43,663**	49,654
Other			**2,180**	-	**2,180**	8,144
Total investments for trading			**240,946**	318,197	**637,911**	870,650

7. Accounts receivable

	Consolidated	
	03/31/2013	**12/31/2012**
Brazil's National Petroleum Agency (ANP)	**1,752**	2,334
BP Energy do Brasil Ltda.	**-**	257
Vanco Brasil Exp. e Produção de Petróleo e Gás Natural Ltda.	**-**	279
Statoil do Brasil Ltda.	**35**	75
Bioagri Ambiental Ltda.	**58**	73
Analytical Technology	**27**	17
Other	**185**	342
	2,057	3,377

8. Taxes recoverable

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Income and social contribution taxes	**20,794**	20,714	**39,609**	38,453
Service Tax	**-**	-	**13,827**	329
Social Security Tax (INSS)	**-**	-	**-**	5,369
VAT	**-**	-	**4,826**	7,356
Other	**-**	-	**524**	6,199
	20,794	20,714	**58,786**	57,706

9. Advances to/from partners

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

On November 26, 2012, HRT Africa´s subsidiary entered into the FOA with Galp Energia, whereby it transfers 14% interest held in exploration rights of 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.

Under the terms agreed upon, Galp Energia committed itself to defray part of the HRT's transaction costs up to a determined limit. The event that caused such charge is the beginning of drilling of the respective well.

On March 25, 2013, this subsidiary started drilling the first offshore well of its exploration campaign. From that moment, HRT is entitled to receive US$ 25,424 from Galp Energia, equivalent to R$ 51,198, as provided for in the FOA.

At March 31, 2013, the consortium exploration expenses exceed that amount, and the first cash call was issued to TNK Brasil, in the amount of US$ 3,415, equivalent to R$ 6,692.

10. Assets held for sale

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

The transaction involves the transfer of one of its subsidiaries (Air Amazonia) and all rotary-wing fleet (14 helicopters). It also establishes that the Buyer will provide air services to HRT Group for 3 years. The service rendering agreement is subject to the approval from the Steering Committee of the Joint Venture between HRT O&G Exploração e Produção de Petróleo Ltda. and TNK-Brasil Exploração e Produção de Óleo e Gás Natural Ltda., which holds exploration rights of 21 blocks in Solimões Basin.

Aircraft cost	127,518
Accumulated depreciation of aircraft	(21,976)
Exchange variation	3,726
Net amount of aircraft	109,268

At March 31, 2013, this transaction had not yet been completed.

11. Advances to suppliers

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Current				
Geoquasar	**-**	-	**5,801**	-
Queiroz Galvão Óleo & Gás	**-**	-	**9,279**	8,174
Other	**185**	151	**4,688**	2,016
	185	151	**19,768**	10,190
Noncurrent				
Queiroz Galvão Óleo & Gás	**-**	-	**10,540**	12,706
	-	-	**10,540**	12,706
	185	151	**30,308**	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 discounted from the monthly billing of said rigs as from May 2013. Due to a negotiation, the advances relating to rig QG-IX began to be discounted from October 2012.

12. Prepaid expenses

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Office rent	**120**	-	**281**	239
Insurance	**593**	-	**3,140**	1,510
Other	**-**	82	**864**	262
	713	82	**4,285**	2,011

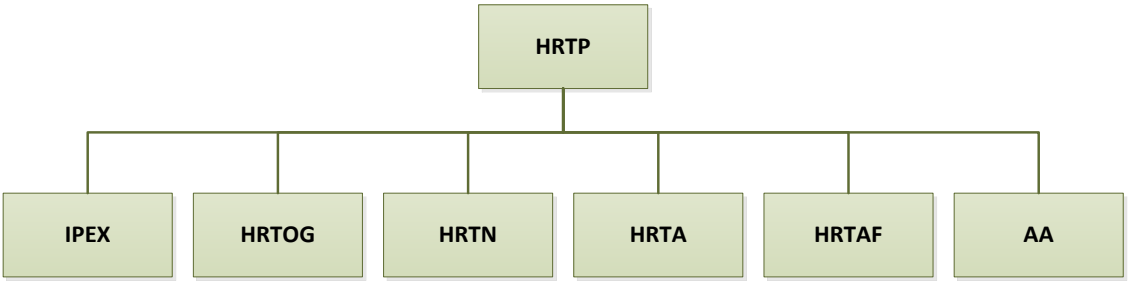
Insurance

This refers to insurance premiums paid as described in Note 26.

At March 31, 2013, the remaining balance is R$ 3,140 and will be amortized on a monthly basis over the life of the agreements.

13. Investments

At March 31, 2013, the Company presented the following structure of the wholly owned subsidiaries:



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

  The subsidiary was set up on July 31, 2004 under the corporate name High Resolution Technology & Petroleum Ltda., to provide geological and geophysical research services in activity of oil exploration 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")**

  The 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 equity 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 March 31, 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 deepwater and ultra-deepwater.

13. Investments (Continued)

- **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.

- **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 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) 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 equity interest 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.

13. Investments (Continued)

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 Commercial Registry of the State of Rio de Janeiro 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.

On November 6, 2012 HRT Participações em Petróleo S.A. announced that it had entered into a non-binding Commitment Term with the American company Erickson Air-Crane Inc. (Buyer) for transfer of its air logistic business. This agreement is subject to a due diligence process for a period up to 180 days. After this period, the conditions must be confirmed by the Board of Directors of both companies.

The transaction involves the transfer of all its rotary-wing fleet (14 helicopters) and establishes that the Buyer will provide air services to HRT Group for 3 years. The service rendering agreement was approved by the Steering Committee of the Joint Venture between HRT O&G Exploração e Produção de Petróleo Ltda. and TNK-Brasil Exploração e Produção de Óleo e Gás Natural Ltda., which holds exploration rights of 21 blocks in the Solimões Basin.

13. Investments (Continued)

Concession portfolio

At March 31, 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
Brasil	Solimões	SOL-T-169	HRTOG	55%
Brasil	Solimões	SOL-T-168	HRTOG	55%
Brasil	Solimões	SOL-T-170	HRTOG	55%
Brasil	Solimões	SOL-T-191	HRTOG	55%
Brasil	Solimões	SOL-T-148	HRTOG	55%
Brasil	Solimões	SOL-T-149	HRTOG	55%
Brasil	Solimões	SOL-T-192	HRTOG	55%
Brasil	Solimões	SOL-T-214	HRTOG	55%
Brasil	Solimões	SOL-T-215	HRTOG	55%
Brasil	Solimões	SOL-T-216	HRTOG	55%
Brasil	Solimões	SOL-T-217	HRTOG	55%
Brasil	Solimões	SOL-T-172	HRTOG	55%
Brasil	Solimões	SOL-T-194	HRTOG	55%
Brasil	Solimões	SOL-T-195	HRTOG	55%
Brasil	Solimões	SOL-T-151	HRTOG	55%
Brasil	Solimões	SOL-T-174	HRTOG	55%
Brasil	Solimões	SOL-T-197	HRTOG	55%
Brasil	Solimões	SOL-T-196	HRTOG	55%
Brasil	Solimões	SOL-T-218	HRTOG	55%
Brasil	Solimões	SOL-T-219	HRTOG	55%
Brasil	Solimões	SOL-T-220	HRTOG	55%
Brasil	Espírito Santo	ES-T-400	HRTAF	10%
Brasil	Recôncavo	REC-T-158	HRTAF	10%
Brasil	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%

13. Investments (Continued)

a) Breakdown of investments

	Company	
	03/31/2013	**12/31/2012**
HRT O&G Exploração e Produção de Petróleo Ltda.	**1,789,284**	1,820,451
Integrated Petroleum Expertise Company Serviços em Petróleo Ltda. IPEX	**(5,613)**	(4,303)
HRT Netherlands B.V.	**196,705**	211,023
HRT Africa	**1,513,400**	1,468,334
HRT America	**12,701**	13,334
Air Amazonia	**(78,508)**	(64,502)
Transfer from investment to assets held for sale	**(109,268)**	-
	3,318,701	3,444,337

b) Changes in investments

	HRTOG	IPEX	HRT BV	HRT AFRICA	HRT AMERICA	AIR AMAZONIA	Transfers	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	**-**	**-**	**-**	**65,903**	**-**	**-**	**-**	**65,903**
Equity pickup	**(31,379)**	**(1,310)**	**(10,555)**	**(8,355)**	**(439)**	**(14,006)**	**-**	**(66,044)**
Cumulative translation adjustment	**212**	**-**	**(3,763)**	**(12,482)**	**(194)**	**-**	**-**	**(16,227)**
Transfer from investment to assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**(109,268)**	**(109,268)**
Balances at March 31, 2013	**1,789,284**	**(5,613)**	**196,705**	**1,513,400**	**12,701**	**(78,508)**	**(109,268)**	**3,318,701**

	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 pickup	(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 during the second quarter, the portion of goodwill and deferred tax liability that it originated in the acquisition of HRT Canada (old UNX) on the effect of the difference between accounting and tax bases of assets acquired applied to effective tax rate in Canada of 26.5% was transferred (pushed down) to the controlled HRT Africa. The additional taxation to be offered in Brazil 7.5%, due to the difference in tax rate of 34% Brazilian and Canadian rate remains in the parent, as well as the corresponding premium for future profitability.

13. Investments (Continued)

c) Significant information on investees

	HRTOG	IPEX	HRT BV	HRT ÁFRICA	HRT AMÉRICA	AIR AMAZONIA
Direct interest	99.99%	99.99%	100%	8%	100%	100%
Indirect interest	-	-	-	92%	-	-
Equity	1,789,284	2,437	257,173	1,447,450	12,701	8,514
Income (loss) for the year	(31,379)	(989)	905	(11,482)	(440)	1,689
Revenue between related parties (*)	-	321	11,460	-	-	15,695
Total assets	1,947,349	7,816	260,717	1,624,269	14,487	20,018

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

14. Property, plant and equipment

a) Balance breakdown

		Consolidated				
	Depreciation rate (%)	Cost	Depreciation	Exchange variation	Balance 2013	Balance 2012
In operation						
Aircraft	10	22,363	(8,873)	5,641	19,131	133,838
Sculptures		26	-	-	26	26
Vessels	10	694	(98)	-	596	613
Machinery and equipment	10	12,175	(2,686)	-	9,489	9,788
Furniture and fixtures	10	6,223	(1,463)	34	4,794	4,826
Communications equipment	20	537	(200)	-	337	359
Vehicles	20	10,023	(3,238)	39	6,824	7,362
IT equipment	20	11,096	(4,842)	28	6,282	6,589
Leasehold improvements	4	68,335	(8,771)	32	59,596	60,394
Facilities	10	9,752	(1,012)	-	8,740	8,787
In progress						
Material for use and consumption (wells)		41,190	-		41,190	39,446
Advances for acquisition of cranes		5,178	-	381	5,559	5,641
Advances for acquisition of drill rigs		122,622	-	(1,673)	120,949	115,108
Other		-	-	-	-	1,085
		310,214	(31,183)	4,482	283,513	393,862

14. Property, plant and equipment (Continued)

b) Changes in balances

	Balance at 01/01/2013	Additions	Transfers	Depreciation	Exchange variation	Balance at 03/31/2013
In operation						
Aircraft	**133,838**	**-**	**(109,268)**	**(3,784)**	**(1,655)**	**19,131**
Sculptures	**26**	**-**	**-**	**-**	**-**	**26**
Vessels	**613**	**-**	**-**	**(17)**	**-**	**596**
Machinery and equipment	**9,788**	**6**	**-**	**(305)**	**-**	**9,489**
Furniture and fixtures	**4,826**	**88**	**-**	**(154)**	**34**	**4,794**
Communications equipment	**359**	**-**	**-**	**(22)**	**-**	**337**
Vehicles	**7,362**	**-**	**-**	**(577)**	**39**	**6,824**
IT equipment	**6,589**	**126**	**-**	**(461)**	**28**	**6,282**
Leasehold improvements	**60,394**	**-**	**-**	**(830)**	**32**	**59,596**
Facilities	**8,787**	**113**	**-**	**(160)**	**-**	**8,740**
In progress						
Material for use and consumption (wells)	**39,446**	**1,744**	**-**	**-**	**-**	**41,190**
Advances for acquisition of cranes	**5,641**	**-**	**-**	**-**	**(82)**	**5,559**
Advances for acquisition of drill rigs	**115,108**	**7,514**	**-**	**-**	**(1,673)**	**120,949**
Other	**1,085**	**-**	**(1,085)**	**-**	**-**	**-**
Total	**393,862**	**9,591**	**(110,353)**	**(6,310)**	**(3,277)**	**283,513**

	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	(532)	233	8,787
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	-	-	1,085
Total	323,268	89,531	(34,291)	15,354	393,862

15. Intangible assets

a) Balance breakdown

	Amortization rate (%)	Consolidated 03/31/2013	Consolidated 12/31/2012
Oil and gas assets			
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 (Limpet, Harmony and Acarus)	(*)	**56,218**	56,218
Exploration expenses	(*)	**923,809**	810,270
Software and other	20	**10,045**	11,018
Goodwill	(**)	**406,530**	406,530
		2,840,036	2,727,470
Accumulated amortization		**(2,824)**	(4,059)
Total		**2,837,212**	2,723,411

b) Changes in balances

	01/01/2013	Additions	Depreciation	03/31/2013
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	**810,270**	**113,539**	**-**	**923,809**
Software and other	**6,959**	**371**	**(109)**	**7,221**
Goodwill	**406,530**	**-**	**-**	**406,530**
	2,723,411	**113,910**	**(109)**	**2,837,212**

15. Intangible assets (Continued)

b) Changes in balances

	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 are 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 are posted to the income statement.

(**) This goodwill arose upon acquisition of HRT Canada.

HRTOG committed to defray the investments in the exploration program of the Solimões consortium without proportional interest of TNK Brasil, in the total disbursement amount of US$ 175 million. At March 31, 2013, the exploration expenses of Solimões consortium exceeded US$175 million and HRTOG started issuing *cash calls*, or requesting capital contributions to TNK Brasil (see Note 9).

15. **Intangible assets** (Continued)

b) Changes in balances

See below subscription bonus referring to each block:

Blocks	03/31/2013	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**	9,892
SOL-T-220	**10,553**	10,553
Total Solimões	**167,095**	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	**167,260**	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	**1,499,652**	1,499,652

16. Loans (consolidated)

	Balance at 03/31/13	Balance at 12/31/12
Current		
Banco Safra	**1,344**	1,890
Others	**-**	84
	1,344	1,974
Noncurrent		
Banco Safra	**1,260**	1,260
Total	**2,604**	3,234

In January 2012, subsidiary HRT O&G entered into a financing agreement with banco Safra, amounting to R$ 3,011, effective for 36 months. It will be repaid in 6 semi-annual installments of R$ 630. The first two installments have already been paid.

17. 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$ thousands)	
Year 1	15,761
Year 2	13,898
	29,659

18. Current taxes payable

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
PIS and COFINS on service imports	**2**	-	**39**	1,910
Service Tax (ISS)	**45**	45	**3,082**	3,025
Withholding Income Tax (IRRF) on services	**1,372**	1,322	**2,646**	5,206
Social contribution tax on services	**89**	60	**3,311**	7,698
Social Security Tax (INSS)	**1,925**	1,549	**10,743**	12,067
Unemployment Compensation Fund (FGTS)	**31**	32	**398**	906
Other	**7**	9	**205**	4,436
	3,471	3,017	**20,424**	35,248

19. Income and social contribution taxes

	03/31/2013	**12/31/2012**
Loss for the period before income and social contribution taxes	**(93,822)**	(149,497)
Permanent additions	**83,763**	131,814
Permanent exclusions	**-**	-
Income and social contribution tax base	**(10,059)**	(17,683)
Current income tax payable		
Current social contribution tax	**-**	-
Current income and social contribution taxes	**-**	-
Tax loss of prior years	**-**	-
Deferred income tax	**-**	-
Deferred social contribution tax	**-**	-
Deferred income and social contribution taxes	**-**	-
Income and social contribution taxes	**-**	-

	Tax loss		Tax credit	
Company	**03/31/2013**	**12/31/2012**	**03/31/2013**	**12/31/2012**
HRTP	**32,641**	23,085	**11,098**	7,849
HRTOG	**363,642**	343,852	**123,638**	116,910
IPEX	**8,098**	7,136	**2,753**	2,426
HRTAF	**8,596**	8,546	**2,923**	2,906
AA	**5,855**	21,344	**1,991**	7,257
Total	**418,832**	403,963	**142,403**	137,348

Tax loss carryforwards generated in Brazil do not expire and are offset against future taxable profit, limited, however, to 30% of this figure for the 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.

19. Income and social contribution taxes (continued)

At March 31, 2013 and December 31, 2012, the amount of deferred Income and social contribution taxes were as follows:

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**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	**19,060**	24,577	**19,778**	25,295
	108,736	114,253	**426,308**	431,825

At March 31, 2013, the Company had a balance of R$406,530, due to deferred income tax over the HRT Canada acquisition goodwill, as a consequence of the amount not being deductable under Canadian Legislation. The tax collection is conditional upon realization of intangibles assets of subsidiaries of HRT Canada in Namibia.

20. Equity

20.1. Capital

At March 31, 2013, the subscribed and paid-in capital in the amount of R$3,955,320 is divided into 296,185,963 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	**1,535**	**1,734,050**
Total capital at March 31, 2013	**3,955,320**	**296,185,963**

(a) The number of shares already considers share split on a 1/50 basis.
(b) The amount of shares is not considering share issue expenses in the amount of R$ 136,655

20. Equity

20.1. Capital

To the participating shareholders, as foreseen in the Private Placement Memorandum (PPM), of the private offer of shares in October and November 2009, equity-type bonus were granted, which grants the holders for a period of up to four years after the completion of initial public offering, occurred in October 2010, the right to subscribe additional common shares of the Company.

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

At March 31, 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 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).

20. Equity (Continued)

20.2. Share-based payment

First program (SOP I)

On May 14, 2010, the Company approved the First Stock Option Program, totaling 10,342 options, 4,926,000 options after the share split in 2010 and 2012. From this total, 4,334,300 options have already been exercised and the shares issued, from a total of 4,459,350 exercisable (97%) and 437,300 cancelled options.

At March 31, 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 valuation adjustment - share-based payment) in the amount of R$ 20.

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

Second plan (SOP II)

The General Meeting held on April 27, 2011 approved the long-term incentive plans 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. The plans allow bonus payment 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.

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, aiming the retention of these strategic employees. On September 3, 2012, 6,667,950 options were granted.

20. Equity (Continued)

20.2. Share-based payment

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	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%
Vesting period	3 years

On March 31, 2013, management recorded an expense related to the stock option plan under “personnel expense” in P&L for the period, matched against a specific account in Equity (“Equity valuation adjustment - share-based payment”) in the amount of R$ 2,336. 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 since the date of grant to the date of the quarterly information.

On March 31, 2013, considering the assumptions of the program, 1,142,336 options were exercised, representing 44% of a total of 2,591,033 exercisable options and 114,708 cancelled options.

Third plan (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:

20. Equity (Continued)

20.2. Share-based payment (Continued)

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%
Vesting period	immediate

At March 31, 2013, management recorded an expense related to the stock option plan under "personnel expense" in P&L for the year, matched against a specific account in Equity ("Equity valuation 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.

At March 31, 2013, 183,887 options were exercised, which represent 3% of total exercisable options.

The effects of share-based compensation for purchase of shares, covering all granted and outstanding options, in 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

20.3. 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 March 31, 2013 and 2012.

20. Equity (Continued)

20.3. Earnings per share (Continued)

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. Since the Company recorded loss at March 31, 2013 and 2012, the conversion of potential shares would have an anti-dilutive effect, reason why the non-conversion is supposed, as required by CPC 41. As such, the basic and diluted earnings/loss per share are equal.

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

Basic earnings (loss) per share	**03/31/2013**	**03/31/2012**
Numerator		
Loss for the year attributed to the Company shareholders	**(99,181)**	53,285
Denominator (in thousands of shares)		
Weighted average number of common shares adjusted by dilution effect (*)	**295,887**	5,864
Loss basic and diluted per share	**(0.335)**	(0.909)

Diluted earnings (loss) per share	**03/31/2013**	**03/31/2012**
Numerator		
Loss for the year attributed to the Company shareholders	**(99,181)**	53,285
Denominator (in thousands of shares)		
Weighted average number of common shares adjusted by dilution effect (*)	**295,887**	6,334
Loss basic and diluted per share	**(0.335)**	(0.841)

(*) For 2012 the average Number of common shares does not consider the split (1/50)

21. 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
HRT OG	Air Amazonia	Service Provision	R$500	January 2012 automatically renewable
HRT OG	IPEX	Service Provision	R$19,240	January 2012 to January 2014
HRT OG	IPEX	Software License	R$997	December 2010 to December 2013
HRT OG	HRT Netherlands	Lease of aircraft PR-HRS	$69.3/month	January 2011 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRX	$38.9/month	February 2011 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRZ	$38.5/month	February 2011 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRR	$71.6/month	February 2011 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRV	$71.6/month	March 2011 to March 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRW	$35.5/month	May 2011 to May 2013
HRT OG	HRT Netherlands	Lease of aircraft PR-HRY	$42.5/month	May 2011 to May 2013
HRT OG	HRT Netherlands	Lease of aircraft PR-HRU	$70.8/month	August 2011 to August 2013
HRT OG	HRT Netherlands	Lease of aircraft PR-HRH	$67.6/month	February 2011 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRL	$70.3/month	February 2012 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRK	$39.4/month	February 2012 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft PR-HRE	$16.4/month	February 2012 to February 2014
HRT OG	HRT Netherlands	Lease of aircraft GE	$4.4/month	June 2011 to June 2013
HRT Canada	IPEX	Service Provision	Price List	September 2012 to September 2013
HRT Canada	HRT America	Service Provision	Price List	October 2012 to December 2014
HRT Lux	HRT Africa	Service Provision	Payment of services until the limit of $ 50,000	September 2012 to September2013
HRT 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
HRT Lux	IPEX	Service Provision	Price List	September 2012 to September 2013
HRT Lux	HRT America	Service Provision	Price List	October 2012 to December 2014
HRT Africa	HRT America	Service Provision	Price List	June 2011 to December 2014

21. Transactions with related parties (Continued)

Officers personnel compensation

Officers personnel compensation for the period ended March 31, 2013 totaled R$ 2,720 (R$ 2,842 in 2012).

Furthermore, pursuant to current legislation, the Company recognized expenses of R$ 5,320 (R$ 2,184 in 2012) referring to share-based compensation granted under the program mentioned in Note 20.2.

22. Guarantees and commitments

At March 31, 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, seismic, 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 March 31, 2013, Citibank NA (NY) had issued letters of credit in the total amount of USD70 million, maturing on December 31, 2013. The Company made a deposit, at an equivalent amount, in this financial institution pledged as collateral, of R$141,443 at March 31, 2013.

Out of the 21 Solimões basin blocks under concession, 19 are in the second exploration period and 17 blocks of which with minimum commitment to drilling one well per block, up to the litho-stratigraphic horizon of the Juruá Formation, whereas two blocks are in the first exploration period.

22. Guarantees and commitments (Continued)

For the SOL-T-196 and SOL-T-218 blocks (that are in the Second Period), the terms of Clause 5.15 of the Concession Agreement were applied, allowing drilling of a sole well in Block SOL-T-195, in which a geologic structure was identified with extension entering the area of those blocks, representing exploration commitment for the three blocks.

There was drilling of 10 exploration Wells in 6 blocks, respectively in Blocks SOL-T-168, SOL-T-169, SOL-T-170, SOL-T-191, SOL-T-192 and SOL-T-194, and the 11th well is being drilled in the area of Block SOL-T-172.

Blocks SOL-T-219 and SOL-T-220 are in the First Exploration Period and have as commitment established in the minimum exploration program the 2D seismic data acquisition (224 km in SOL-T-219 and 121.70 km in SOL-T-220), and the performance of geophysical, gravimetric, magnetometric and gradiometric researches, that have already been concluded.

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

22. Guarantees and commitments (Continued)

Block	Exploration period	Conclusion	Minimum exploration program	Activities performed	Observation
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)	
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)	
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)	
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 research, without well drilling and without acquisition of seismic data.	
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 research, without well drilling and without acquisition of seismic data.	
SOL-T-219/ SOL-T-220	1st	March/2013	Acquisition of 2D seismic and air-geophysical survey data	Air-geophysical and geochemical research, without well drilling and without acquisition of seismic data.	Activities in these blocks were suspended for 60 days by SEP, subject to submission to ANP Executive Board of an application for term extension.

22. Guarantees and commitments (Continued)

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 perfomed
022 (blocks 2815, 2816 and 2915)	2nd Period	2014	USD 3.1MM and 550 Km^2 of 3D seismic	Acquisition of 1,137 km^2 of 3D seismic
023 (blocks 2112B and 2212[a])	2nd Period	2015	USD 15.0MM 200 Km2 of 3D seismic or 700 Km2 of 2D seismic	Drilling of an exploration well; acquisition of 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	Beginning of well drilling activities
028 (blocks 2813A, 2814B and 2914A)	1st Period	2015	USD 8.5MM 2.000 Km of 2D seismic or 500 Km^2 of 3D seismic	Acquisition of 756.5 km^2 of 3D seismic

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 obliged to pay Acarus' share of exploration expenses in PEL 28, located in Namibia's offshore. Acarus is a 20% working interest holder.

23. 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 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.

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.

23. Segment information (Continued)

	03/31/2013					03/31/2012				
	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	**-**	**2,143**	**-**	**-**	**2,143**		3,150			3,150
Intersegment net revenue	**25,800**	**4,697**	**-**	**(30,497)**	**-**	9,803	5,029		(14,832)	-
Net revenue	**25,800**	**6,840**	**-**	**(30,497)**	**2,143**	9,803	8,179	-	(14,832)	3,150
Selling costs	**(6,056)**	**(3,018)**	**-**	**8,575**	**(499)**	(4,028)	(3,014)		6,335	(707)
Gross profit	**19,744**	**3,822**	**-**	**(21,922)**	**1,644**	5,775	5,165	-	(8,497)	2,443
Geology and geophysics expenses	**(15,606)**	**-**	**-**	**4,376**	**(11,230)**	(46,978)	-	-	2,722	(44,256)
Personnel expenses	**(23,086)**	**(2,924)**	**(34,598)**	**(2,519)**	**(63,127)**	(26,576)	(2,242)	(4,329)	-	(33,147)
General and administrative expenses	**(6,137)**	**(1,521)**	**(1,719)**	**2,545**	**(6,832)**	(22,302)	(585)	(907)	5,775	(18,019)
Expenses with third party services	**(12,439)**	**(300)**	**(1,155)**	**(2,953)**	**(16,847)**	(9,526)	(89)	(3,356)	-	(12,971)
Taxes and fees	**(1,926)**	**(25)**	**(292)**	**(1,356)**	**(3,599)**	(21,772)	(20)	(177)	-	(21,969)
Depreciation expense	**(2,772)**	**(482)**	**(62)**	**(3,103)**	**(6,419)**	(7,263)	(294)	(33)	-	(7,590)
Financial income (expenses)	**137**	**-**	**4,690**	**-**	**4,827**	5,528	6	24,242	-	29,776
Dry Well Write off	**2,401**	**-**	**-**	**-**	**2,401**	-	3	15	-	18
Net income before taxes	**(39,684)**	**(1,430)**	**(33,136)**	**(24,932)**	**(99,181)**	(123,114)	1,944	15,455	-	105,715
Operational assets	**3,480,627**	**7,300**	**263,996**	**465,511**	**4,217,434**	3,133,689	6,950	971,931	1,710,506	5,823,076
Operational liabilities	**523,243**	**2,385**	**98,649**	**-**	**624,277**	1,495,563	2,399	411,272	**-**	1,909,234
Investment in affiliates	**220,495**	**-**	**3,427,969**	**(3,648,464)**	**-**	126,644	**-**	3,353,219	(3,479,863)	-

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)

Geographic Information

	03/31/2013			
	Exploration and production	**Geology and Geophysics**	**Management and others**	**Consolidated**
Current assets				
Brazil	**513,022**	**3,379**	**263,033**	**779,444**
Abroad	**165,292**	**-**	**-**	**165,292**
Noncurrent assets				
Brazil	**1,287,374**	**3,921**	**963**	**1,292,258**
Abroad	**1,980,450**	**-**	**-**	**1,980,450**

	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

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 and the financial security agreements. On the other hand, cash and cash equivalents 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 participate in negotiation of derivatives for speculative purposes.

24. Financial risk management objectives and policies (Continued)

The Board of Directors reviews and sets 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 of market values of financial instruments. 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.

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
March 31, 2013		
Reais	12%	**9,352**
US dollars	12%	**4,644**
Reais	(12%)	**(9,352)**
US dollars	(12%)	**(4,644)**
December 31, 2012		
Reais	12%	12,170
US dollars	12%	5,956
Reais	(12%)	(12,170)
US dollars	(12%)	(5,956)

24. Financial risk management objectives and policies (Continued)

Sensitivity to interest rates (Continued)

Company	Increase/decrease in percentage	Effect on P&L before taxation
March 31, 2013		
Reais	12%	**2,891**
US dollars	12%	**1,436**
Reais	(12%)	**(2,891)**
US dollars	(12%)	**(1,436)**
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&FBOVESPA.

Currency 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 HRT Group. The Group's exposure to currency risk refers primarily to the Company's operating activities and net investments in foreign subsidiaries.

In order to hedge obligations denominated in foreign currency in our investment plan, at March 31, 2013, the Company engages in derivative operations by means of forward purchase of US dollars (Non Delivery Forward - NDF), with monthly maturities consistent with the cash requirements expected for the following twelve months, in the amount of USD 45,000 thousand, to supplement the cash position overseas in the amount of USD 130,369 thousand.

Up to March 31, 2013, these contracts represent an asset balance of R$ 159 (R$ 1,605 at December 31, 2012).

24. Financial risk management objectives and policies (Continued)

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
March 31, 2013			
Unfavorable	15%	**(3,407)**	**242,775**
Favorable	(15%)	**3,407**	**(242,775)**
Unfavorable	25%	**(5,678)**	**404,625**
Favorable	(25%)	**5,678**	**(404,625)**
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
March 31, 2013			
Unfavorable	15%	**(3,407)**	**242,775**
Favorable	(15%)	**3,407**	**(242,775)**
Unfavorable	25%	**(5,678)**	**404,625**
Favorable	(25%)	**5,678**	**(404,625)**
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)

24. Financial risk management objectives and policies (Continued)

Transactions with derivatives - hedge

The derivative transactions entered into by the Company aim to protect the rights and obligations denominated in foreign currency from the currency risk.

At March 31, 2013, hedge transactions entered into by the Company were conducted in accordance with the commitments in foreign currency assumed by the Group for the following twelve months. These transactions were structured through execution of agreements known as NDFs, as shown below:

Maturity date	In USD
05/31/2013	**10,000,000**
04/30/2013	**35,000,000**
Total hedge engaged at 03/31/2013	**45,000,000**

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 account the ratings of major risk agencies and complying with prudential concentration limits.

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

	Immediate	Within 3 months	3 to 12 months	1 to 5 years	Total
At March 31, 2013					
Assets					
Cash and cash equivalents	**49,409**	**-**	**-**	**-**	**49,409**
Marketable securities	**637,911**	**-**	**-**	**141,443**	**779,354**
Trade accounts receivable	**-**	**-**	**2,057**	**-**	**2,057**
Taxes recoverable	**-**	**-**	**58,786**	**-**	**58,786**
Advances to partners	**-**	**57,890**	**-**	**-**	**57,890**
Assets held for sale	**-**	**-**	**109,268**	**-**	**109,268**
Advances to suppliers	**-**	**-**	**19,768**	**10,540**	**30,308**
Prepaid expenses	**-**	**-**	**4,285**	**-**	**4,285**
Financial Instruments	**-**	**-**	**159**		**159**
Other receivables	**-**	**-**	**5,193**	**-**	**5,193**
Liabilities					
Trade accounts payable and other	**-**	**-**	**(120,715)**	**-**	**(120,715)**
Labor liabilities	**-**	**(14,256)**	**-**	**-**	**(14,256)**
Taxes and social contributions	**-**	**(20,424)**	**-**	**-**	**(20,424)**
Income and social contribution taxes	**-**	**-**	**(310)**	**(426,308)**	**(426,618)**
Loans	**-**	**-**	**(1,344)**	**(1,260)**	**(2,604)**
Advances from partners	**-**	**(57,890)**			**(57,890)**
Other liabilities	**-**	**-**	**(842)**	**-**	**(842)**
	687,320	**(34,680)**	**76,305**	**(275,585)**	**453,360**
At December 31, 2012					
Assets					
Cash and cash equivalents	37,608	-	-	-	37,608
Marketable securities	870,650	-	-	143,559	1,014,209
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)
	908,258	(157,536)	68,185	(2,243)	816,664

24. 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 March 31, 2013					
Assets					
Cash and cash equivalents	**131**	**-**	**-**	**-**	**131**
Marketable securities	**240,946**	**-**	**-**	**-**	**240,946**
Taxes recoverable	**-**	**-**	**20,794**	**-**	**20,794**
Advances to suppliers	**-**	**-**	**185**	**-**	**185**
Prepaid expenses	**-**	**-**	**713**	**-**	**713**
Transactions with related parties	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**285**	**-**	**285**
Liabilities					
Trade accounts payable and other	**-**	**-**	**(782)**	**-**	**(782)**
Labor liabilities	**-**	**-**	**(4,497)**	**-**	**(4,497)**
Taxes and social contributions	**-**	**-**	**(3,471)**	**-**	**(3, 471)**
Income and social contribution taxes	**-**	**-**	**(209)**	**(108,736)**	**(108,945)**
Other liabilities	**-**	**-**	**(195)**	**-**	**(195)**
	241,077	**-**	**12,823**	**(108,736)**	**145,164**
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 pre-operational phase, accounts receivable at March 31, 2013, in the amount of R$2,057 (R$3,377 in 2012), refer substantially to provision of services by subsidiary IPEX.

24. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Fair value of financial assets and liabilities

The concept of "fair value" assumes a valuation 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 states 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 1	Level II	Level III
Company			
Marketable securities	-	240,946	-
Consolidated			
Marketable securities	-	637,911	-
Derivative instruments	-	159	-

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 coverage

The Company has a policy 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 March 31, 2013 cover the amount of R$ 792,742 with total premium of R$ 5,926. 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	27,203
Electronic Equipment	708
Aircraft	152,122
Transportation	50
Oil risks	346,191
General civil liability	14,124
Vehicles	826
Residential	1,568
Total amount insured	**742,792**

Coverage provided by Civil liability (D&O) comprise 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.

At March 31, 2013, the Company has insurance policies amounting to R$ 134,486 (R$ 220,115 in 2012) referring to surety bonds provided to ANP, obtained from J. Maluccelli, to guarantee that the blocks located in the Solimões Basin pass to the second period of exploration. The total amount of the premium for these surety bonds is R$ 3,500.

27. Contingencies

At March 31, 2013, the Company is party to the following legal proceedings:

1. HRT is party to eight civil proceedings, totaling R$ 800.

2. HRT figures as co-defendant in 248 (two hundred and forty-eight) labor claims, totaling approximately R$ 10,000. HRT Group is part to 9 (nine) labor claims totaling R$ 700.

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

4. 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.

Based on the opinion of Company legal advisors, the likelihood of loss regarding these proceedings is rated as possible; therefore, no provision for contingencies was recognized, in accordance with accounting practices adopted in Brazil and IFRS.

28. Subsequent events

On May 06th, 2013 was announced HRTP through its wholly-owned subsidiary HRTOG has entered into a Purchase and Sale Agreement (PSA) with BP Energy do Brasil Ltda. to acquire a 60% stake in the Polvo Field for US$ 135 million with a January 1st, 2013 effective date. Majority of this amount will be financed by a loan granted by Credit Suisse (Brazil).

The PSA also encompasses the acquisition of 100% working interest in BP Energy America LLC, the owner of Polvo “A” fixed Platform, and a 3,000 HP drilling rig, which is necessary to operate the field. The Polvo “A” platform is connected to the “FPSO Polvo” with facilities for hydrocarbon separation and water treatment, oil storage and offloading capabilities.

The completion of the purchase and sale transaction between HRTOG and BP is dependent on certain conditions precedent, including the final approval by National Petroleum, Natural Gas and Biofuels Agency (ANP). Once it is completed, HRTOG will become the operator of Polvo Field.