



OGX Reports 2010 Results

March 25th, 2011 – OGX S.A. (Bovespa: OGXP3; OTC: OGXPY) announced its 2010 results today. The following financial and operating information is presented on a consolidated basis, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, in reais (R\$), unless stated otherwise.

“2010 was a year of tremendous achievements for OGX. Our drilling success and identification of extraordinary accumulations in the Campos, Santos and Parnaíba basins validated the geological models developed by our team, revealed the significant potential of our portfolio located mostly in shallow waters, and encouraged the mapping of additional prospects. With 9 drilling rigs now at our disposal, we are also prepared to enter another exploratory cycle in under-explored basins, such as the Espírito Santo and Para-Maranhão, as well as commence seismic studies in five recently-acquired blocks in Colombia,” commented Mr. Paulo Mendonça, OGX’s General Executive Officer.

“In particular, I would like to highlight our accomplishments in the Campos Basin, where we achieved a success rate of 100% and registered excellent discoveries, most of them located in an extensive carbonate platform, which had its production potential proved through one of the best horizontal well drill-stem tests ever performed in Brazil,” added Mr. Mendonça.

“With all necessary equipment already procured from renowned suppliers, the drilling of the first production well and related drill-stem test both completed, we are on track and poised to reach a very important milestone for OGX with the initiation of production in the third quarter of 2011. The successful horizontal well drill-stem test recently performed in Waimea, where we will begin our production, surpassed our expectations. We look forward to conducting the upcoming extended well test, which signals the beginning of production and, ultimately, commercialization of our resources,” noted Reinaldo Belotti, Production Officer of OGX.

2010 Highlights and Subsequent Events:

- Drilling of 26 wells during the year of 2010 and 11 in the subsequent months in the Campos, Santos and Parnaíba Basins;
- Confirmed the existence of important oil-bearing regions in the Campos basin: an extensive carbonate platform in the Albian section, as well as important sandstone reservoirs in the Tertiary of the BM-C-41, BM-C-42 and BM-C-43 blocks in the south of the Campos Basin, and another one in BM-C-39 and BM-C-40 blocks, more to the north, with large discoveries in the Santonian, Albian and Albian-Cenomanian sections;
- Performed several drill-stem tests, proving high levels of productivity in several discovered accumulations;
- Concluded the drilling of the first horizontal well (OGX-26HP) of the Waimea accumulation, which tested and confirmed the productive potential of 40,000 barrels per day and productivity index of 100m³/day/kgf/cm² in carbonate reservoirs in the Campos Basin. OGX's production phase will commence at this well through an extended well test (EWT);
- Three discoveries in the Santos Basin, with the identification of liquid hydrocarbons and associated gas;
- Revealed the great hydrocarbon-bearing potential in the Parnaíba Basin with the results obtained in the drilling of the wells OGX-16 and OGX-22, allowing for a volume estimate of potential resources of approximately 15 trillion cubic feet (Tcf) of natural gas in the region;
- Acquired five high-potential exploratory blocks in three onshore basins in Colombia: Cesar-Ranchería, Lower Magdalena Valley and Middle Magdalena Valley Basins;
- Procured all of the essential equipment for beginning production in the Waimea accumulation in the Campos Basin.

Exploratory Campaign

2010 was a year of extraordinary accomplishments and major achievements for OGX, notable for significant discoveries and the confirmation of the high productivity potential of our main hydrocarbon accumulations. We intensified our exploratory campaign and conducted important drill-stem tests that confirmed the Company's geological model and the potential of the discoveries we have made. These tests yielded fundamental information that provided for a better understanding of the reservoirs that had been discovered in the Campos Basin, allowing us to further enhance the calibration of the production model to be put into place.

At the moment we are drilling the 39th well of OGX, which added to the four other wells drilled by Maersk Oil, bring the total number of wells drilled in the Campos, Santos and Parnaíba Basins to 43 in approximately 18 months since the beginning of our exploratory campaign. Of the 43 total wells, 26 were drilled in 2010, demonstrating the intensification of our activities, and resulting in important discoveries, some of them in areas that until now had been under-explored, including the Parnaíba onshore basin in the interior of the state of Maranhão. These results were made possible due to both a more robust operating structure and the superior geological knowledge that has been acquired about the region. We expanded the number of available drilling rigs from four to nine and now have nearly 5,000 people working on our behalf including outsourced personnel.

Campos Basin

We ended 2010 with 18 wells drilled in the Campos Basin, all of which identified hydrocarbons, confirming a success rate of 100% in this basin. Of this total, 11 were drilled in the BM-C-41, BM-C-42 and BM-C-43 blocks and allowed for the identification of several accumulations in different geological ages, confirming the presence of a vast oil-bearing province in these blocks. Through the wells OGX-2A, OGX-3, OGX-5, OGX-6, OGX-7A, OGX-8, OGX-10, OGX-15, OGX-20, OGX-21D, OGX-26HP, OGX-28, as well as the MRK-3/4 wells, we have also confirmed the existence of an extensive carbonate platform in the Albian section with great permo-porosity conditions and good quality oil. Moreover, we recorded important discoveries in the Tertiary age and in the Aptian section, reaffirming the enormous potential of the region.

We also began our drilling activities in the blocks BM-C-39 and BM-C-40, located between the Peregrino and Polvo fields, and have obtained excellent results, especially with the OGX-14 (Peró), OGX-18 (Ingá) and OGX-25 (Waikiki) wells. For OGX-14 and OGX-18, drill-stem tests were performed which identified production potential of 3,000 barrels/day using a vertical well for the Peró accumulation that could reach 15,000 barrels/day using a horizontal well, and 8,000 to 12,000 barrels/day through a vertical well at the Ingá accumulation that could reach 25,000-35,000 barrels/day through a horizontal well. The tests also enabled us to measure the quality of the oil at approximately 27° API in each accumulation. Well OGX-25, also known as Waikiki, was an exceptional discovery with the largest detected net pay of approximately 145 meters in the Albian-Cenomanian section.

In addition to the exploratory wells, the first appraisal well for the Waimea accumulation, OGX-21D (BM-C-41 block) was drilled. It was converted into a horizontal well, OGX-26HP, which extended 1,000 meters within the carbonate reservoirs of the Albian section of the Waimea accumulation, originally discovered by well OGX-3. The well OGX-26HP, which will be OGX's first production well, was tested and registered a productivity index (PI) of 100m³/day/kgf/cm², one of the highest seen to date in Brazil, as well as a production potential of 40,000 barrels/day and oil gravity of approximately 20° API. This well is currently equipped for an extended well test (EWT) that could record flows of up to 20,000 barrels/day and reach even higher flow levels in a definitive project scenario. The results to date have exceeded initial expectations regarding the Waimea accumulation and offer an even more solid foundation for the initiation of OGX's production phase.

Besides this, two other appraisal wells in the Pipeline (OGX-36D) and Waikiki (OGX-35D) accumulations confirmed their extensions, advancing significantly the delineation of these accumulations, which are respectively located in the southern and northern blocks of the Campos Basin. These directional wells, which were drilled at respective distances of 2.6km and 2.0 km from the wildcat wells, were the pilots for the horizontal wells in these accumulations. Therefore, OGX initiated the drilling of the first horizontal well in the Pipeline accumulation (OGX-39HP) which will be used in the future for production in this area.

Santos Basin

With respect to the Santos Basin, of particular note was the drilling in the Natal prospect (OGX-11D) in the BM-S-59 block adjacent to the Mexilhão field, which identified liquid hydrocarbons and associated gas in the Santonian section with net pay of around 75 meters. The liquid hydrocarbons proved to be of excellent quality, rated at about 41° API, indicating a higher level of attractiveness of the project. Two other wells registered important discoveries:

Belém (OGX-17, with net pay of 43 meters in the Albian section), located in the BM-S-56 block; and Aracajú (OGX-19, with net pay of 40 meters in the Santonian section), located in the BM-S-58 block.

Drilling of the OGX-12 (Niterói), OGX-23 (Ilhéus) and OGX-24 (Itagi) wells has been concluded and resulted in shows of non-commercial hydrocarbons. However, the information acquired through these wells has been of great importance in the calibration of a new geological model for the region. In addition, with the transfer of exploratory rights of the BM-S-29 block from Maersk to OGX, the Company now owns 100% of this block, which is in the evaluation phase. To date, the company's success rate in the Santos Basin has been approximately 60%.

Parnaíba Basin

In the Parnaíba Basin, the Company's subsidiary OGX Maranhão, drilled two wells in the PN-T-68 block, reaffirming the great oil-bearing potential of this new frontier which had not been explored since the 1980s. In the first well, OGX-16 (Califórnia), an important gas discovery was made in the Devonian section with a drill-stem test that encountered 1,900-psi pressure and generated a flame 15 meters long. In addition, evidence of gas was also encountered in the Pimenteiras and Itaim formations, also in the Devonian section. The data obtained through this drilling campaign, coupled with the seismic information recently acquired in the area as well as technical analyses, have made it possible to identify approximately 20 prospects similar to the one drilled by OGX-16 and to estimate a volume of resources of approximately 15 trillion cubic feet (Tcf) of natural gas for our portfolio in this region. In the second well, OGX-22 (Fazenda São José), two accumulations were found with net pay of 49 and 47 meters in the Poti and Cabeças formations, respectively. The top of the Poti formation was tested with exceptional results which indicated a production potential of up to 3.4 million m³ per day in Absolute Open Flow (AOF).

These estimates point to a production potential for the region of approximately 15 million cubic meters per day of natural gas. Based on this relevant new data, OGX decided to review the scope of its exploratory campaign for the region and boosted the forecast for the number of wells to be drilled from 7 to 15.

Drilling Activity in Progress operated by OGX:

- 1-OGX-30-RJS, also known as Salvador prospect, is being drilled by the rig Ocean Quest in the BM-S-58 block in the Santos basin. Drilling was initiated on January 11th;
- 1-OGX-33-RJS, also known as Chimborazo prospect, is being drilled by the rig Pride Venezuela in the BM-C-41 block in the Campos basin. Drilling was initiated on February 3rd;
- 1-OGX-34-MA, also known as Bom Jesus prospect, is being drilled by the rig QG-1 in the PN-T-68 block in the Parnaíba basin. Drilling was initiated on February 13th;
- 1-OGX-37-RJS, also known as Potosi prospect, is being drilled by the rig Ocean Ambassador in the BM-C-43 block in the Campos basin. Drilling was initiated on March 6th;
- 3-OGX-38-MA, the first appraisal well of the Fazenda São José accumulation, is being drilled by the rig BCH-05 in the PN-T-68 block in the Parnaíba basin. Drilling was initiated on March 25th;
- 9-OGX-39HP-RJS, first horizontal well of the Pipeline accumulation, is being drilled by the rig Ocean Star in the BM-C-41 block in the Campos basin. Drilling was initiated on March 25th. This well will be used in the future for production in the area.

The drilling rig Sea Explorer, which drilled well 9-OGX-26HP, an appraisal well of the Waimea accumulation in which the extended well test (EWT) will be performed, will drill the third appraisal well of the Pipeline accumulation.

The drilling rig Ocean Lexington has just drilled well 3-OGX-35D, the first appraisal well of the Waikiki accumulation, which will be used as a pilot for a horizontal well.

The jack up rig, Ocean Scepter, will start operating soon and will be dedicated to the Pará-Maranhão Basin.

Beginning of Production

The beginning of OGX's production is expected for the third quarter of 2011. This will be an important milestone in the Company's history and will contribute to its ongoing growth trajectory in the coming years. The production will be in the Waimea accumulation, in block BM-C-41 in the Campos Basin, through an extended well test (EWT), which could record flows of up to 20,000 barrels/day.

The technology that will be employed for this first project has been widely applied within the oil industry and calls for using wet christmas trees and flexible lines that will be directly connected to the FPSO OSX-1. The well was prepared for production using the subsea centrifugal pumping method.

All of the key equipment for this phase of production has already been contracted from globally renowned suppliers and some pieces have already been delivered. Suppliers of equipment and services include: Schlumberger (Integrated Project Management and equipment and services for well completion), GE Oil & Gas (subsea X-trees), Wellstream (flexible lines and a vessel for launching the lines), Oceaneering (control umbilical), Baker Hughes (electrical subsea pumping) and OSX, which will supply the FPSO OSX-1. This FPSO (Floating Production Storage & Offloading system) is currently in Singapore, undergoing modifications to its processing plant in order to conform to the characteristics of the Waimea oil and is expected to arrive in Brazil by mid 2011.

Upcoming Events

Besides concluding ongoing drilling and commencing production, as mentioned above, we will actively continue with our exploratory campaign. The number and distribution of wells to be drilled during the upcoming year has been revised upward from 28 originally planned for 2011 to 35 currently. The total number of wells throughout the drilling campaign remains unchanged. The table below gives the current drilling schedule:

Wildcat and Appraisal Wells	2009	2010	2011	2012	2013	Total
Campos	5	18	18	4	0	45
Santos	1	6	3	4	0	14
Espírito Santo	0	0	2	3	1	6
Pará Maranhão	0	0	3	3	1	7
Parnaíba	0	2	9	4	0	15
Total	6	26	35	18	2	87

The Company will drill new wildcat wells and appraisal wells, mainly in the Campos Basin. It will also initiate drilling operations in the Pará-Maranhão Basin during the first half of 2011, and in the Espírito Santo Basin during the second half of the year (the latter in partnership with operator Perenco), areas that could significantly contribute to our

exploration success. At the same time, the Company will conduct a seismic data acquisition campaign this year in a portion of its blocks located in Colombia, effectively kicking off its international activities.

Financial Performance

"OGX ended the year in full compliance with International Financial Accounting Standards (IFRS), which were adopted in June and will facilitate comparison with the Company's global peers. The Company ended 2010 with a solid cash position of approximately R\$ 4.8 billion (US\$ 2.9 billion), reflecting our ability to manage costs in an efficient way, notably in a year during which our drilling campaign intensified and organizational capacity was enhanced as we approached the production phase of our operations. " said Marcelo Torres, OGX's CFO and Investor Relations Officer.

In thousands of R\$

Main Accounts	2010	2009	Variance
Net Financial Results	258,506	264,373	(5,867)
<i>Financial Income</i>	<i>694,411</i>	<i>872,741</i>	<i>(178,330)</i>
<i>Financial Loss</i>	<i>(435,905)</i>	<i>(608,368)</i>	<i>172,463</i>
Exploration Expenses	(97,841)	(97,914)	73
General and Administrative Expenses	(319,072)	(229,480)	(89,592)
G&A	(173,038)	(108,396)	(64,642)
<i>Stock Option – Company's Plan</i>	<i>(19,561)</i>	<i>(9,629)</i>	<i>(9,932)</i>
<i>Stock Option – Controlling Shareholder's Plan</i>	<i>(126,473)</i>	<i>(111,455)</i>	<i>(15,018)</i>
Net profit (loss) for the period	(123,477)	(100,626)	(22,851)

Main Accounts	12/31/2010	12/31/2009	Variance
Intangibles	4,589,418	2,099,559	2,489,859
Cash*	4,788,166	7,337,900	(2,549,734)

*Cash and Cash Equivalents + Marketable Securities

Net Financial Result

The net financial result of R\$258.5 million in the year was mainly due to interest revenue of R\$ 585.4 million, the positive impact of marking-to-market the fair value of financial instruments of R\$74.9 million (related to operations with NDF contracts amounting to approximately US\$ 1.7 billion in foreign exchange) partially offset by net losses on hedging of future commitments in foreign currency of R\$ 423.3 million.

Exploratory Expenses

As in the prior year, this account consists mainly of expenses related to the seismic campaign in the period, specifically in the Parnaíba and Espírito Santo basins. Also impacting this account is the rent paid to ANP for our exploration blocks, the guaranteed commission for the Minimum Working Program, and to a lesser extent, expenses related to technical, environmental and information technology consulting services associated with the concessions.

General and Administrative Expenses

General and Administrative Expenses were primarily driven by the increase in the number of employees from 147 to 213 between 2009 and 2010, which created higher personnel and office related expenses, as well as the other expenses necessary to manage the operations of the Company and its affiliates. In addition, the stock option plan granted by the controlling shareholder impacted this account by R\$126.5 million as a result of the Company's move to international standards – IFRS and CPC. This adjustment in accounting standards does not result in the dilution of shareholders' interest and does not impact the Company's cash position.

Net Loss

The net loss for the period of R\$123.5 million was the result of Net Financial Income of R\$ 258.5 million, plus the positive impact of Income Tax and Social Contribution of R\$22.9 million and Minority Interest of R\$12 million, offset by exploratory expenses of R\$97.8 million, and General and Administrative Expenses of R\$319 million.

Intangibles

Intangible Assets represent capitalized costs incurred during the pre-operational period related to concession rights acquisition and the drilling campaign. The increase in this account of R\$ 2,489 million in 2010 is due to the intensification of the drilling campaign. The Company has already secured 9 rigs for the drilling of wells in the Campos, Santos, Parnaíba and Pará-Maranhão basins. In accordance with IFRS, values referred to the Minimum Working Program were excluded from this account.

Cash

Consolidated Cash for the Company and its subsidiaries totaled approximately R\$4.8 billion, equivalent to US\$2.9 billion, sufficient to support exploratory commitments and the initial production development phase. These cash resources are invested in a fixed-income fund and yielded 104.53% of the Interbank Deposit Rate (CDI) during the period, equivalent to R\$585.4 million.

Assets	12/31/2010	12/31/2009
Total Assets	9,988,534	9,770,097
Current Assets	5,083,508	7,564,267
Cash*	4,788,166	7,337,900
Recoverable taxes	279,334	209,076
Others	16,008	17,291
Non-current Assets	4,905,026	2,205,830
Inventory	223,793	85,354
Deferred Taxes	45,640	-
Related Parties	18,551	-
Investments	-	1,000
Property, plant and equipment	27,624	19,917
Intangibles	4,589,418	2,099,559

*Cash and cash equivalents + Marketable securities

Liabilities + Shareholders' Equity	12/31/2010	12/31/2009
Total Liabilities and Shareholders' Equity	9,988,534	9,770,097
Current	736,978	581,406
Suppliers	446,907	151,262
Taxes and contributions payable	23,643	40,116
Compensations & benefits	29,208	23,960
Financial instruments - derivatives	225,794	300,757
Others	11,426	65,311
Non-current	11,758	2,402
Related parties	11,758	2,402
Minority Interest	24,653	-
Shareholders' equity	9,215,145	9,186,289
Capital	8,806,451	8,799,004
Capital reserves	224,256	250,569
Retained earnings (losses)	420,518	248,171
Cumulative conversion adjustments	(1,148)	-
Accumulated losses	(234,932)	(111,455)

P&L	2010	2009
Operating income (expenses)		
Exploration expenses	(97,841)	(97,914)
General and administrative	(319,072)	(229,480)
Equity Method	-	-
Financial Income	694,411	872,741
Financial expenses	(435,905)	(608,368)
Profit (loss) before income tax and social contribution	(158,407)	(63,021)
(-) Income tax and social contribution	22,882	(37,605)
Net profit (loss) before Minority Interest	(135,525)	(100,626)
Minority Interest	(12,048)	-
Net profit (loss) for the period	(123,477)	(100,626)
Number of shares *	3,233,161,600	3,232,004,100
Profit (loss) per share - R\$	(0.03819)	(0.03113)

Conference Call Information:

Monday, March 28th - 09:00h (Brasília Time); 08:00h (NY Time)

Telephone USA: +1 888-700-0802

Telephone Brazil: +55 11 4688-6341

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Access Code: OGX

Webcast: www.ccall.com.br/ogx/4q10.htm

Audio will be available three hours after the conference call on: <http://ri.ogx.com.br/enu/s-10-enu.html>

The conference call will be held in English with simultaneous translation to Portuguese.

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ABOUT OGX

OGX Petróleo e Gás SA is focused on oil and natural gas exploration and production and is conducting the largest private sector exploratory campaign in Brazil. OGX has a diversified, high-potential portfolio, comprised of 29 exploratory blocks in the Campos, Santos, Espírito Santo, Pará-Maranhão and Parnaíba Basins, in Brazil, and 5 exploratory blocks in Colombia, in Middle Magdalena Valley, in Lower Magdalena Valley and in Cesar-Ranchería basins. The total extension area is of approximately 7,000 km² in sea and approximately 34,000 km² in land, with 21,500 km² in Brazil and 12,500 km² in Colombia. OGX relies on an experienced management team and holds a solid cash position, with approximately US\$2.9 billion in cash (as of December, 2010) to fund its E&P investments and new opportunities. In June 2008, the company went public raising R\$6.7 billion, the largest amount ever raised in a Brazilian primary IPO at that moment. OGX is a member of the EBX Group, an industrial group founded and under the leadership of Brazilian entrepreneur Eike F. Batista, who has a proven track record in developing new ventures in the natural resources and infrastructure sectors. For more information, please visit www.ogx.com.br/ir

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