Operator: Good morning ladies and gentlemen. At this time we would like to welcome everyone to QGEP's 4th Quarter and Full Year 2014 earnings conference call. Today with us, we have Mr. Lincoln Rumenos Guardado, CEO of the Company, Mrs. Paula Costa Côrte-Real, CFO and IRO, Mr. Danilo Oliveira, Production Director and Mr. Sergio Michelucci, Exploration Director.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company's presentation. After QGEP's remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of QGEP management, and on information currently available to the company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of QGEP and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Lincoln Rumenos Guardado, QGEP's CEO, who will start the presentation. Mr. Lincoln, you may begin the conference.

Mr. Guardado: Thank you. Good morning everyone and thank you for joining us on our fourth quarter and full year 2014 results conference call.

With me today are Paula Costa Côrte-Real, CFO and IRO, Sergio Michelucci, Exploration Director and Danilo Oliveira, Production Director.

We will begin by reviewing QGEP's operating and financial results for the fourth quarter and full year of 2014 and then we will open the call to questions.

To summarize, from a strategic stand point, our performance in 2014 reflects the core principles and guidelines of QEGP namely: Continuously managing a balanced portfolio of producing, development and exploration assets, continuing to build our technical expertise considering the operating environment in which we operate, and maintaining a disciplined approach to Capex and our financial positioning.

We produced positive financial results for the year driven by a relatively stable production coupled with the contractual higher pricing of gas from the Manati field, where we have a good production outlook for the coming years with attractive margins.

At the Atlanta field (where we are the operator) we made important progress in an area where field conditions are quite challenging. This asset in B-S-4 block is on track for first oil in 2016; the combination of several years of work by QEGP.

We highlight the caliber of the technical expertise the QGEP has attracted since we purchased this farm-in four years ago aiming to become a deep-water operator.

We ended the year with a privileged and strong balance sheet, again, distinguishing QEGP as a financially strong independent E&P company in Brazil with competitive advantages.

Our net cash position at year-end was R$878 million after deducting the company's only debt, which is a package of credit facilities from government lender FINEP.

This cash position means we have the resources and flexibility to take advantage of any opportunities that may arise in 2015.

As you know, the current price of oil has changed the operating environment for many E&P companies and despite keeping track of these changes we are actively examining opportunities to add to and/or further diversify our portfolio in keeping with our corporate, financial and risk parameters.

We also highlight that the Board of Directors has recently initiated a dividend payout policy – more on that in a moment. To sum up, we believe our long-term strategy has positioned us well, particularly in this challenging industry environment.

Fortunately, QEGP's fourth quarter and full year 2014 results were not affected by this significant drop in oil prices as our revenues and current operating cash flow are denominated in Brazilian Real and linked to the price of gas.

For sure a prolonged period of excessively low oil prices would not be positive for any company in our industry. In fact, in the short term the lower prices have been a plus for us as we were able to negotiate very favorable contracts with service providers for the development of the Atlanta field.

That said, we are closely following price changes since we will have revenues linked to Atlanta oil production for mid-2016 on, by then we believe there will have been a recovery in oil prices in the international market.

Please, turn to slide four. On this slide we have an overview for the quarter and full year of 2014. Here we have more specifics on our operating and financial results for the year. Gas production at Manati was significantly above the range expected for the year at 5.9 million m³ per day.

This led to a positive net revenue and Ebitdax performance; R$503 million and R$285 million respectively. At the Atlanta field we drilled and tested two horizontal wells for the early production system (EPS).

Results from these wells were very encouraging at the high end of the expected range in terms of productivity. Since then we have contracted an FPSO when we expect this FPSO to be on-site in the first quarter of next year. Production is expected to begin in mid-2016 at a rate of up to 25,000 barrels per day.

At Carcará our largest exploratory asset, we have restarted the drilling of appraisal wells with initial phase of the first well already drilled by year-end and the second well having begun in early 2015.

We expect to have data from both wells late in 2015 and this will provide us with important information on the size and productivity of the reservoir and will help us to define the required production equipment.

Elsewhere in our exploratory portfolio, we are continuing the process of seismic acquisition for the blocks acquired in the 11th ANP bidding round and have acquired 3-D seismic data for assets in two basins.

Lastly, we secured a credit facility of R$232 million from Banco do Nordeste do Brasil (BNB), which will provide useful liquidity for the following years.

Please, turn to slide five. As I mentioned earlier, QEGP has initiated an annual dividend payout policy, which begins with the proposal of an annual dividend of R$.50 per share.

This demonstrates our commitment to building shareholder value and also our desire to reword the loyalty of shareholders who continue to support the company even during these challenging times for the energy industry as a whole.

We believe that QGEP is on a medium and long-term pass towards increasing production and cash flow, and as our cash flow increases we may re-examine the dividend policy to ensure shareholders can share the company's growth.

Once approved in our shareholders meeting the first dividend will be paid on May fifth to shareholders on the company's records on April 17, 2015.

In short, building long-term shareholder value is a key objective of QEGP's management and we look forward to further rewording our shareholders in the years to come.

I am now going to turn the call over to Paula Costa Côrte-Real, our CFO and IRO, who will discuss our financial performance of the fourth quarter and full year 2014. Paula, please.

Ms. Paula Côrte-Real: Thank you Lincoln. As you can see, our financial results in 2014 remained strong; our Ebitdax increased by 6.2%, which reflects improved pricing at the Manati field as well as lower G&A expenses. Ebitdax margin was 57.3% and industry leading figure and an improvement of 150 basis points from 2013.

Exploration expenses rose significantly to R$70 million, this increase of R$22 million is the result of two factors: Firstly, we booked right-off totaling R$29 million from the relinquishment of the area Biguá and the provision for the relinquishment of block B-M-CAL-5 to the National Oil Agency, ANP. We made these decisions based on a technical and economic feasibility study trying to optimize our portfolio.

Secondly, we continue to acquire seismic data for the blocks of the 11th ANP bidding round. These factors led to a small decrease in Ebitda, which was 218 million for the year.

Net financial income grew 39% in 2014 to R$86 million; it's close to 720 million from investments off the cash on our balance sheet and this was partly offset by financial expenses of 34 million as a result of currency movements, which affected the provision for abandonment at Manati and Atlanta.

Depreciation and amortization also grew by R$19 million reflecting a permanent increase in depreciation costs from the provisions for abandonment at Manati.

All of these factors led to a net income of R$166 million, operating cash flow for the year it was R$348 million compared with R$376 million a year earlier.

Please turn to slide eight, as you can see, revenue and gas production remained practically stable in 2014, higher than projected by the company in the beginning of the year as a result of the efficient work of our operating team.

Full-year production dropped less than 1% and full year revenue actually rose up 4% reflecting contractual price increases, but production and revenue declined in the fourth quarter falling 4.2% and 1.8% compared to the same quarter of the prior year.

This reflects a reduction in the pressure of the reservoir and the need for resources at gas compression plant. We expect this plant to begin operations in the middle of 2015, at which point production capacity will return to approximately 6 million m^3 per day where it will remain for several years.

Please, go to slide nine, full-year cost of rose to R$235 million in 2014 compared with 210 million in 2013. Again, the provision for abandonment at Manati was the single largest factor explaining this growth as depreciation expenses accounted for more than 18 million of the total 26 million increase.

General and administrative expenses for the year fell 15% to R$59 million. This was because we have begun to recognize larger amounts paid to partners of the blocks where we are the operator including B-S-4 and five blocks acquired in the 11th ANP bidding round.

Exploratory expenses we are also up, this was particularly evident in the fourth quarter figure of R$39 million. We recently announced the relinquishment of B-M-CAL-5 block and that resulted in a charge of R$34 million in the fourth quarter.

Please, go to slide 10 now. Capex for 2014 totaled $125 million, the development of B-S-4 was very much the focus accounting for $87 million of the total. Exploration coming second accounting for a further $27 million, most of which was spent at Carcará and the blocks acquired in the 11th ANP bidding round.

That compares with a total of 193 million in 2013 with exploration accounting for $154 million. Looking ahead, we see the Capex rising to $187 million in 2015 then falling to 165 million in 2016.

Exploration expenses are expected to rise going from 27 million in 2004 to $93 million this year and $112 million in 2016. The majority of exploration in both years will be spent at Carcará. By contrast, development costs at Atlanta are expected to fall from 87 million in 2014 to $62 million this year and $42 million in 2016.

It is important to stress that our Capex needs in 2015 and 2016, which total $352 million, are fully funded by our cash. We have ample cash on hand, additional liquidity in the form of credit lines and we are also very positioned to have an opportunity to take approach towards funding from the capital markets.

I turn floor back to Lincoln.

Mr. Guardado: Thank you Paula. Now we will talk about our assets elaborating further on their status and then we will conclude with some closing remarks.

Now, going to slide 12, we have a general overview of the construction of the gas compression plant of the Manati field and then next to it the details of one of the compressors that will be present and operating in this plant.

Today that gas production in Manati was 5.9 million m³ in 2014, higher than the initial expected, however, production fell in the fourth quarter and it is expected to remain low in the first half of 2015.

This drop reflects the need for a surface gas compression plant to enable production to return to the average of 6 million m³ per day as of the second half of the year. In December 2014 the Manati field accounted for 30% of gas production in the Northeast region.

So this is a very important project both for the Consortium also for the consumption of gas in the region.

As shown in the photos of the Consortium is moving forward with the construction of the compression plant and the work is on schedule and on budget and approximately 55% of the construction is already concluded.

We expect to initiate operations in the middle of the year and this will require a 20-day-stoppage of operations to connect the plant to the production system of Manati.

Once the plant is up and running it will help lift output capacity at the field and the average then will be of 6.000 m³ per day starting in the second half of 2015. Based on this outlook we believe that the average daily production of gas will be around 5.5 million m³ for the full year.

In 2016 and also 17 it is reasonable to expect that production should be close to historic levels, which is 6 million m³ a day.

Now please turn to slide 13. At B-S-4 we are on track for first oil in mid-2016. We expect to begin producing at a rate of approximately 25,000 barrels a day considering an EPS with two wells for three years.

This is an important project for QEGP as we are the operator in this very challenging environment. The Atlanta field has certified reserves by CGA to have 1P reserve of 147 million barrels, 2P of 191 million barrels of oil and 3P of 269 million barrels of oil considering that this is not reflect (0:19:17 unintelligible), just oil alone, and considering data of the test of the first well drilled.

As mentioned earlier, the initial results from the two tested wells were very encouraging, despite all of the technical challenges that we faced. As you can see on the chart at the bottom of the slide projection Atlanta could reach 75,000 barrels a day once we move to full production.

The Consortium is also considering drilling a third well for the EPS, which could raise production to 30,000 oil barrels a day and that appears in this black part of the chart.

Late last year we contracted Petrojarl FPSO, with Teekay Offshore Partners, and this vessel will arrive on-site in early 2016, more precisely by the end of the third quarter.

Total Capex for the Consortium based on a three well EPS is estimated to be $728 million within an Opex of $480,000 per day. Net to QGEP that's a Capex of $218 million and an Opex of $144,000 a day. With all of this information you may imagine the margin that the field will give us.

Now, turning to slide 14, here we see block B-M-S-8 where we have the important Carcará discovery, which presented one of the largest pre-salt oil callings in Brazil with 471 m. At block B-M-S-8 we've made important progress in the past six months and we are currently focused on drilling two appraisal wells in that discovery.

The first phase of the first well is completed in late 2014 and we are currently drilling the second appraisal well. This is still underway. The second well will be drilled in a single phase until it reaches 6400 m and it's also expected to be concluded by the middle of the year. Once the drilling is complete with the MPD rig the unbidden rig will be moved to the first well just to complete the drilling there.

We have to carry out two drill stem tests at these two appraising wells and we should use different rigs as compared to the ones that are doing the drilling. The results from these tests available in late 2015 will be able to provide data on the size and productivity of the Carcará reservoirs, which will be used to help us plan the production facilities as well as the capacity for the field.

In addition, a third appraisal well in Carcará is also in the radar for 2016 followed by an extended well test in 2017. All in all, we see that there has been an enormous effort on the part of the Consortium to use knowledge and drilling in this major discovery.

At Guanxuma, a smaller prospect also located at B-M-S-8, we expect to begin drilling in the second half of this year. We understand that several factors both cyclical and also related to the project as a solution for gas evacuation may impact the project schedule, but we are still looking at all the alternatives together with the Consortium partners and waiting for the evaluation or the announcement of the operator's business plan.

The Consortium is committed to accelerating the field delineation in order to minimize potential impacts in the production schedule. We will continue to keep the market up to speed as new information is available on the developments of the block.

We will have a serious of events in 2015 that will represent meaningful steps towards knowledge and production customization of this discovery, which is very meaningful to QEGP, to the Consortium and to the pre-salt.

Now turning to slide 15, as you all know, in 2013 we acquired in the 11th ANP bidding round the interest in a total of eight blogs divided into five basins. We also… that involving partnerships with Brazilian regional and global companies, including Petrobrás, Statoil and Total.

The first step of these blocks is to acquire your 3-D seismic data in the Foz of Amazonas and Espirito Santo basins, the process has been completed and we are currently processing all of the data.

We are also carrying out all of the environment studies to submit the drilling process for the block we operate in Foz and Pará-Maranhão with a goal to start of drilling in late 2017.

Elsewhere in the Pará-Maranhão and Ceará basins the collection of seismic data has been contracted and we expect that these surveys should begin in the second half of this year.

Capex net to QEGP related to acquisition of seismic data is going to represent an expense of $39 million in 2015 and 2016. For all the four wells that we committed to ANP the Capex is $200 million, the first of which will be drilled in 2017.

We are currently working together with other operators in these blocks to charter rigs and obtain all of the environment licenses. We believe that this will optimize costs for all operators and will also lead to some exchange of expertise and best practices.

Now going on to slide 16 that shows the schedule of our assets highlighting the exploratory campaign. Our Capex is closely tied to our exploratory campaign. As you can see we have exploratory drilling planned at B-M-S-8 throughout 2015 and also a portion of 2016.

At CAL-M-372 in the Northeast basin, the plan is to drill late in 2015, but we are still waiting for the environmental license in order to begin.

The other drilling schedules refer to the blocks that we won in the 11th ANP bidding round. We began acquiring seismic data in 2014 and we will continue to acquire in process data for these blocks until 2018. We begin the interpretation of the data in the second half of this year.

We currently expect exploratory drilling to begin in the second half of 2017 as laid out in our commitments to the ANP.

Slide 17 shows that QEGP has made continuous progress in the past year by being disciplined and adhere in to a very consistent strategy. We built a balanced portfolio of assets including Manati; one of the Brazil's largest non-associated gas field. Geographically speaking this portfolio has been concentrated along the Brazilian coast line.

This approach has delivered consistently solid financial results and a healthy and sustainable cash flow to fund development and exploration.

At B-S-4 we have shown our technical expertise drawing on the decades of experience of our management and technical team as well as our capacity to attract a cadre of professionals with broad range of technical know-how.

We have always taken a disciplined approach to our finances maintaining little or no debt and a very healthy cash position. Also we believe that we are approaching a new phase in the company's evolution. We expect to begin oil production within 18 months.

We have initiated an annual dividend payout policy and we have the resources and modernization to actively seek all the opportunities, which may add advantageous entry points, especially given the current market conditions.

Over the medium term, which we define as being between 3 to 5 years, we see QEGP evolving into a company with growing production and also a diversified revenue source in larger production.

We've already taken important steps towards enhancing our geographic diversification by acquiring new blocks in the 11th ANP bidding round; the first milestone of our presence in frontier basins.

We aim at having multiple oil and gas production assets. Today we have gas production in Manati and in 2016 when we will produce our first oil as an operator raising our daily hydrocarbon production. To achieve this we intend to use our cash flexibility achieved through our stringent financial management.

As Paula said, our net cash position allow us to identify the best opportunities to access the international debt capital market.

As our production and cash flow grow we will share the success with our shareholders through a consistent and growing dividend payout policy.

Slide 18 we can say that in the longer term there are multiple opportunities for QEGP. We will have a very strong base in Brazil with expertise in deep-water exploration and production.

We also see opportunities to grow in Brazil especially in producing in frontier basins. To sum up, we see QEGP evolving into a company with greater scale, diversity and growing cash flow built up through our achievements in recent years and in the next five years.

Having said that now I'd like to ask the operator to open for questions. Please.

Q&A Session

Operator: Excuse me, ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please, press star one. If at any time you would like to remove yourself from the questioning queue, please, press star two.

Our first question comes from Mr. Frank McGann, Bank of America.

Mr. McGann: Okay, good day. Just a question, more kind of a big picture, I mean. Obviously the Brazilian oil industry is in a period of turmoil right now with Lava Jato and Petrobrás' issues.

I was just wondering how… and you mentioned in your comment both in the press release as well as in the presentation about possible M&A and taking advantage being in a strong position to take advantage of that.

I was just wondering how you are looking at possible acquisitions, what types of things might… what assets, kind of assets might be most interesting to you? Would it be assets that are already generating cash flow, I mean, what type, where and any other types of descriptions you could give us on what might be interesting to you?

And then secondly, related to Lava Jato and Petrobrás' problems, see, one of the key concerns right now is that projects that could be very important projects like Carcará might end up being significantly delayed because of cash flow and other issues.

I was wondering what you are seeing from Petrobrás right now in terms of that project specifically and how you are saying it acting in terms of making decisions: Has there been any changes, are things continuing as they have been or any color you could give would be very helpful?

Mr. Guardado: Okay Frank, thank you for the questions. Undoubtedly these are two important questions that you asked.

As for M&As into what was said, we are indeed always very attentive to what is happening in this market in Brazil. Sometimes we do this more openly, sometimes by invitation, but we are following all of these opportunities up close and we are examining many of them.

We did not come to a final decision on any of these opportunities because they didn't fit the corporate practices and parameters of our company.

Towards acquisition the company has a very clear opinion about that this; we would only be willing to get into areas that are at the stage of development or exploration. In principle we are not looking for a producing area because perhaps we will not be able to add a lot more value to it.

I mean, it's not excluded completely if there is a possibility of gain, operating gain, strategic gains or even tactical gains regarding the flow of the product; that could happen, but it's not our focus at this point.

We are much more geared to considering areas which are already predevelopment phase or exploration areas that have a discovery, but not totally delineated. So this is still to come. This is still to happen.

We have followed reading the press, the newspapers that Petrobrás will probably be divesting this year and the coming years. They talked about R$13 billion worth of divestments and we believe that our company may indeed take part in this effort by Petrobrás, so we might be together with them in some of these opportunities.

We are just waiting for them to announce this more formally so that we can assess whether these opportunities fit our strategy and our financial capacity taking into account that we have things to execute in Atlanta as well as in Carcará.

But we do believe that there might be some opportunities in this potential divestment by Petrobrás.

Now your second question, undoubtedly we believe that today there is a big challenge ahead of Petrobrás. Lava Jato ("car wash") operation is something that is definitely impacting the dynamic of the whole energy industry in Brazil and impacting our dynamics with Petrobrás.

However, we believe strongly on Petrobrás' capacity is to deliver, they have very good technical team of people and they have many resources available to them.

So as for Carcará specifically, obviously there might be some kind of optimization in the divestment and we believe that Petrobrás has a set of projects to perhaps not divest, but perhaps to optimize and perhaps pre-salt will be the last stage of their divestment initiative.

I don't think that the problem will be regretting cash flow considering that Petrobrás can inform its balance sheet and publish its balance sheet and resolve their ownership and financial problem. We don't see how this can effectively impact Carcará.

But obviously Petrobrás has a big challenge ahead of them. And sometime eventually this might cause an impact even in such a good and big project as Carcará.

Mr. McGann: Okay, thank you very much.

Operator: Our next question comes from Madalena Costa, Morgan Stanley.

Ms. Costa: Good morning. I have two questions. First, can you tell us about the tax credit in the fourth quarter?

My second question: How should we think about working capital going forward for the company given the results of the most recent quarters? Thank you.

Mr. Guardado: Madalena, Paula will be answering your question.

Ms. Côrte-Real: Madalena, good afternoon, this is Paula. Regarding tax credits of the fourth quarter I think that the biggest impact was a use of the Good Law.

In our release we have an explanatory note about this; we used the benefit of this law, which includes issues related to technological projects, which is the case of Atlanta, so we used the benefits of this law to account… to post tax credits in the fourth quarter and that generated to us a credit of R$13 million in the fourth quarter… Sorry, she corrected herself: R$18 million in the fourth quarter.

Also there is an impact on deferred income tax on some provisions that we made in fourth quarter, such as PLR provisions and the provisions for the relinquishment of block B-M-CAL-5 and this impacts the income tax line in 2014.

Your second question was about working capital looking forward. So let's us strength that indeed we have a very comfortable cash position, we are fully covered for our estimated Capex for the coming two years and we have some space in our balance sheet to get some debt because we have cash generation from Manati and in mid-2016 we will be having a revenue source from Atlanta; this will open up some space to get some debt in our balance sheet.

So from the standpoint of financial equation to continue to invest we are at a very comfortable position, which is particularly important at this point.

Ms. Costa: Thank you.

Operator: Our next question is from Felipe Santos, from JP Morgan.

Mr. Santos: Good morning Lincoln and good morning Paula. I have some very simple questions. In your Capex for 2015 you mentioned 21 million of production related to them Manati.

Given that Capex you do not consider expenses from the compression plant in Manati causing a drop in the lifting cost in the future. It is expected that your lifting costs will increase as of next year.

And my second question relates to the development of B-M-S-8. B-M-S-8 is to be developed in 2016; is there any estimate of drilling production wells in 2016? So these are my two questions.

Mrs.Corte-Real: In relation to your first question, the Capex for Manati, we have two different impacts when it comes to the construction of the plant, I mean, resources of US$30 million (this is our share) and, in fact, this amount is initially capitalized, but it will later be allocated to the results as, you know, the utilization of the compression plant and this will impact operating costs throughout the utilization of the plant.

And the reason other portion related to the rental of the plant and equipment and service rendering for the compression and this will have a direct impact in our operating costs, and for that reason we believe that as the plant begins to operate the cost will increase by 50% vis-à-vis the operating cost that we currently have.

Now, to answer your second question I will give the floor to Michelucci.

Mr. Sergio Michelucci: Felipe good afternoon. Regarding the well that is scheduled for next year, you know, it's mentioned in the collection of data, this will be another appraisal well in the extension of the accumulation and we are referring to reservoir data; it will be a well not far away from the wildcat and not too distant from this well that is being currently drilled.

But we are assessing the literal impact of the characteristics of the well not so much so to check the dimension of the structure, but we want to assess the variation of the quality of the reservoir. But this is an exploration well.

Mr. Santos: I don't know whether you want me to talk to you afterwards directly, but very briefly, in your previous Capex for the previous quarter the 21 million was not there for Manati. So what was the change in criteria to make it be there now a not earlier?

And in the second issue, the B-M-S-8, could you give me a break down of how much Capex, exploration Capex or development Capex is being factored in for each of the prospects at B-M-S-8? Because that amount maybe should include Guanxuma as well.

Mr. Guardado: For 2015 or 16? Guanxuma is a well that should start in 2015 and also 2016, so the well will cross both years and then after that there will be two other wells that are being drilled that will be tested, but everything will happen concomitantly.

This Capex for 2015 and 16 (in the case of Guanxuma) could also have some amount associated to the test of both wells that are being currently drilled. These tests last approximately 2 to 3 months; therefore, we always take that into account as well, okay?

Mr. Santos: Okay thank you, I'll do the follow up later on to get more details.

Mr. Guardado: Paula can give you more details.

Ms. Côrte-Real: In terms of your other question related to Manati's Capex, we already talked about that US$30 million, but that was, you know, throughout our presentations.

We have never included in that very specific chart for Capex; this is the first time that we put that in that chart because this explains better how we treat the other projects.

This was just a matter of presentation, but the information had already been disclosed in previous releases.

Mr. Santos: Yes, you are right. I thought that it was just a change in criteria.

Ms. Côrte-Real: Yes, it is related to the format of the presentation.

Mr. Santos: That's very good, thank you very much.

Operator: The next question is from Gustavo Gattass, from BTG Pactual wall.

Mr. Gattass: Good afternoon. I had a few questions, but my first question is just a better understanding because you mentioned 728 million for EPS Capex, and whenever we think about your interests rounding up is about R$220 million and the amount that's been designated for the next few years in the Capex is much lower.

All I want to understand first of all is: What's the difference? I mean, Lincoln said that that also includes the third well. I don't know that that is just it or whether there is something else that will also be there in the following years.

So this is the first thing I just wanted to make sure I understood.

The second point refers to Carcará. Could you, please, give me any idea additional idea about two things: Number one, how much exposure the project would have to the unitization, meaning that should we probably think in terms of the startup of the equipment and the company would less than 10% when that happens or not?

Or maybe on the other hand I just want to understand whether it is feasible to consider that Carcará given all of the impacts from Lava Jato could have some, you know, chartered equipment or leased equipment or whether you would buy the equipment for it? That's all.

Mr. Oliveira: Good morning Gattass. Let me just clarify a few things. That US$728 million for EPS including the third well gives us approximately US$220 million and Capex for 2014, 15 and 16 does not reach that amount.

And the fact is that part of it has been already spent in 2013; so that was part in 2013 when we acquired all the equipment and the beginning of the drilling of the wells that started in October 2013. So part of the Capex has already been invested in 2013.

Mr. Gattass: Okay, that is the total amount including what you spent in the past to do the appraisal of the asset?

Mr. Oliveira: It was not the appraisal of the asset; it was just the starting up of the drilling of these two wells, who took place in October of 2013, and we also acquired equipment in 2013. So all of these costs are factored in.

Mr. Gattass: Thank you very much.

Mr. Guardado: Okay Gattass, to answer your question, in fact, I didn't understand the relationship between unitization and all of the current events, but referring to unitization I can say: Well, yes, Carcará should have that… well, it's obvious today that Carcará will leave the block, there are even some companies selling data to third-party service companies even showing the map of the potential that the area has outside the block.

Truth be told that Petrobrás is the operator and they already signed a confidentiality agreement with the company so that we can do the pre-AIP (this is the pre-individualization agreement of production), this is the initial step towards the development.

This is already underway, I don't have all the information today, but the agreement has been signed and several meetings have already occurred between the company and PPSA and, at first, Gattass, we do not see any changes in the hiring of these area; most likely this will involve chartering, there will be the rental of equipment and this is a large project.

There is no evidence of anything rather than the situation that I've just mentioned.

Once we qualify the volume that is out and how this will be conducted we will be able to start the development work. It has to start at one point and it will start at Carcará because today and in the next three years this will require the gathering of a lot of data and this data will allow us to initiate production. We have to know a lot about the reservoir if we want to start producing.

We have some time, but I don't anticipate any problems in Carcará, okay?

Mr. Gattass: Okay thank you very much.

Operator: Our next question comes from Felipe Gouveia, HSBC.

Mr. Gouveia: Good afternoon everyone. My question has to do with the Manati contract.

If we look at some time ago you were renewing the volume and you were defining how much the gas compression plant would cost.

So my question is: Is there any risk regarding the volume of the contract? And any risk regarding the price? Does this entail a new discussion with Petrobrás in that regard?

Mr. Oliveira: Good afternoon Felipe. Indeed, this gas contract is always mentioned, but no, the answer to your question is: No, there are no risks.

The commercial piece of the contract is all agreed-upon, it follows the original contract regarding pricing, and the only pending item (and just this week we came to terms about this and I guess that the contract is now fully finished) was regarding a technical portion because this contract was negotiated back in 2008 where the assumptions regarding demand and production curves were totally different than what we had at present.

So there was a debate among the partners and the buyer of the gas because we all needed to decide on the production curve where we defined the obligations of the sellers (that is us) and the obligations of the buyers.

So everything was related to the production curve and this is what we debated and discussed in the last few months and it's all decided and we will probably be signing this contract in the coming months.

Mr. Gouveia: Thank you very much, but a follow-up question if I may. So regarding the partners you don't see any feelings against this, you don't see any attempts to delay the contract given the current situation?

Mr. Oliveira: No, no. All of the partners were sitting at that table, they all agreed on the production curve and we had a meeting with Petrobrás; we explained to them our position and we believe that the commercial portion is closed, now it will all be taken to levels of approval and once we get that we should be signing the contract.

Mr. Gouveia: Perfect, thank you very much.

Operator: I'd like to remind you that if you want to ask a question, please, press start one.

Ms. Côrte-Real: We received two questions via webcast and I would like to answer these questions.

The first is: "How and where are you investing the company's money in Reals and Dollars? What about the recent currency movement; will that impact the Capex estimated for 2016?"

Answer: Well, the funds of the company are invested part in Brazilian Reals, part Dollars. We keep about 25 to 30% of our cash either in foreign exchange funds or investing in our offshore companies.

About 25 to 30% have some kind of Dollar exposure. That covers approximately our Capex for the next 12 to 14 months.

As for Capex projections and forecasts it is all done in Dollars. Most of our Capex is indeed Dollar-denominated, so currency movement will not impact the figures that we conveyed to you because everything is budgeted and everything is US Dollars linked.

As for your second question, I will turn the floor back to Lincoln. I will read the question.

The question is about the first oil in Carcará; will it be in 2018 as anticipated in the correct business plan by Petrobrás and considering that the deadline to submit commerciality document was extended until March 2018.

Now I will turn the floor to Lincoln.

Mr. Guardado: Thank you for the question. Regarding the deadline for extension we have quite a long deadline; it will allow us to do all of the adequate work required.

This is a big field and we need more data to declared commerciality, which is indeed what we are doing; we are drilling two wells now, we are testing two wells, we are drilling a well in 2016 for reservoir data acquisition and this will complement the information we are getting from the two current wells.

So by March 2018, well, we can be finished before that and we believe that as the Consortium feels happy and safe with the data that we are collecting now with the current drilling and the current tests we don't necessarily need to go till 2018; we might declared commerciality before that.

But what really matters is that we get the data with the minimum quality necessary and that we have the extended well test that we'll conduct in 2017.

These are the conditions to declare commerciality. This is normally what Petrobrás has required. They only prove commerciality after the EWT. So much of 2018 is quite a long time for us.

Now, can this be delayed? Well, projects this big can always get delayed. These are major projects, we have to rely on suppliers, we need to rely on all of the equipment arriving on-site at the expected time, so there might be delays here and there, and it is well known to everyone the Carcará includes that issue regarding gas evacuation and this is important because we are expecting a lot of gas.

And this is an important monetization sector, sector to monetize the gas; unlike other areas where they re-inject the gas. The gas from Carcará we intend to monetize it and so we need to have all of the structure well decided, in place and taking into account the availability of infrastructure that Petrobrás currently has.

Operator: Again, if you would like to pose a question, please, press star one.

Our next question comes from Pablo Castelo Branco, Itaú BBA.

Ms. Castelo Branco: This is Paula speaking. I would like to go back to the budget for the development of Atlanta.

Is not very clear to us how we can reconcile the numbers that you informed in December and the budget of 728 million that you just informed.

Could you please clarify the difference between good number that you informed in December and the number that you just informed so that we can be sure that we are modeling this the right way?

Mr. Oliveira: Good afternoon Paula. Okay, so let's go back to the number that we informed in December. If I am not mistaken, US$520 million for two wells, right?

Ms. Castelo Branco: Yes, correct, and then an additional getting to 640 or 650 with the third well. How does this compare with the 728?

Mr. Oliveira: Okay, we informed 520 million of Capex for two wells in Atlanta and then we said that there was a possibility to drill a third well and the cost would be about US$110 million.

Ms. Castelo Branco: Okay…

Mr. Oliveira: However, in this cost of US$520 million we did not include subsea equipment that we have already bought and acquired for the third well. So we spent that amount, but we excluded from the US$520 million.

In this 520 million we included only the cost of the equipment and services for the two wells. So for the third well we have to well, the lines, umbilical lines, the installation skid and Christmas tree.

All of these have been purchased, but were not including in the figure of 520 million; all of that will be included in this 728 million.

Ms. Castelo Branco: Okay, but help me: So 520 would exclude everything that you said was not included in 520. Wouldn't it be 110 million? We still cannot get to this the 728.

Mr. Oliveira: Again: 520; all of the equipment and services for the two wells.

728; all of the equipment and services for the third well, which includes 110 million, which have not been spent yet plus about 100 million that have already been committed, which is the subsea equipment for the third well.

So it includes production lines in the third well, skid of the third well, the ESP, umbilical lines, Christmas trees and everything is necessary for this third well. So top of the third well about $200 million.

Ms. Castelo Branco: So, let me double check that: So 728 is not the total to be spent because a part of that has already been purchased for the third well, am I my correct?

Mr. Oliveira: You are totally correct.

Ms. Castelo Branco: It's clear now. Thank you very much.

Operator: We are now closing the question-and-answer session. I'd like to turn the floor back to Mr. Lincoln Rumenos Guardado for his final remarks. Mr. Guardado, you may proceed.

Mr. Guardado: Once again I would like to thank you very much for being with us today for our presentation.

We had a very good year in 2014 in regards to operating and financial aspects. We gave important steps towards growing our production and our revenues.

And also we included QGEP in this landscape and with a reputation of being very reliable.

We look forward to sharing our information with you and we are also always available through our IR Department to clarify further questions and we are certainly at your disposal to answer all of your questions. Thank you very much.

Operator: That does conclude QEGP's conference call for today. Thank you very much for your participation and have a good day.