

FIRST QUARTER 2015

Earnings Release

QGEP

Participações S.A.



Conference Call

English (simultaneous translation)

May 14, 2015

11:00 AM (US EST)

12:00 PM (Brasília Time)

Dial in Brazil: +55 11 3193-1001 or +55 11 2820-4001

Dial in US: +1 786 924-6977

Code: QGEP

QGEP

Av Almirante Barroso, N.52, Sala 1301 Centro

Rio de Janeiro, RJ

Cep: 20057-900

Phone 55 21 2509-5800



queiroz galvão

EXPLORAÇÃO E PRODUÇÃO

QGEP Reports First Quarter 2015

Rio de Janeiro, May 13, 2015 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), the only independent Brazilian company to operate in the pre-salt premium area of the Santos Basin, today announced its results for the first quarter ended March 31, 2015. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in International Financial Reporting Standards (IFRS), described in the financial section of this release.

- ▶ **Average daily gas production from the Manati Field was 5.7 MMm³**

- ▶ **Manati compression plant on schedule to be operational in mid-2015**

- ▶ **New independent certification report shows reserves from Manati Field in line with expectations**

- ▶ **Net revenue of R\$126.0 million, in line with 1Q14**

- ▶ **EBITDAX of R\$73.1 million, EBITDAX margin of 58.1%**

- ▶ **Net income of R\$28.9 million, compared with R\$25.1 million in 1Q14**

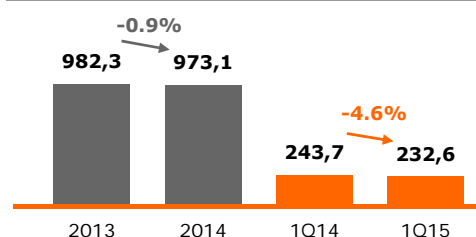
- ▶ **Operating cash flow of R\$157.0 million compared with R\$40.6 million in 1Q14, impacted by the exchange rate variation**

- ▶ **Cash balance* was R\$1.3 billion at the end of 1Q15**

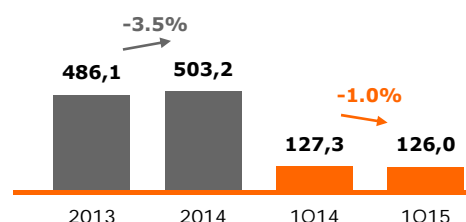
- ▶ **Drilling of the second Carcará exploration well is underway and is expected to be concluded by the end of 2Q15**

- ▶ **Subsea equipment and installation for Atlanta EPS contracted from McDermott International Inc. and GE Oil and Gas**

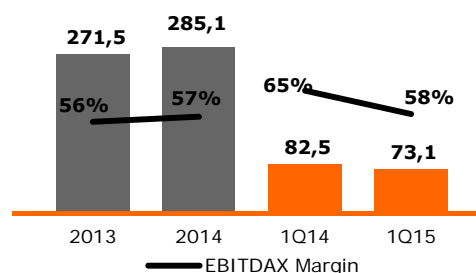
Gas Production (Millions of m³)



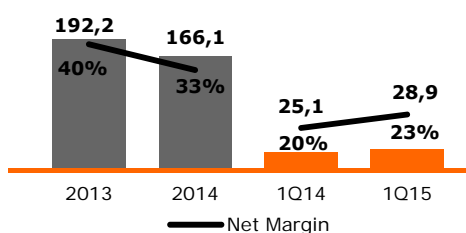
Net Revenue (R\$ Million)



EBITDAX (R\$ million)



Net Income (R\$ million)



*Includes cash, cash equivalents and marketable securities

Management Comments

We are pleased to report that QGEP continues to make steady progress in its operating performance, remaining on course during a challenging period for the oil and gas industry, particularly in Brazil. While we look forward to improved market conditions in the medium term, we are prepared to take advantage of the types of opportunities that challenging times often bring. Thus, we continue to move forward with our production, development and exploration work, while maintaining our strong financial position, stable operating cash flow generation and the liquidity of our balance sheet.

First quarter financial indicators represented a strong start to 2015. Revenue performance remained similar to that of last year's first quarter as higher contractual prices mitigated the impact of lower production levels at the Manati Field. EBITDAX margin was 58.1% for the first quarter, reflecting the high profitability levels of our Manati asset, and we expect demand to remain strong enough to support a return to 6MMm³ average daily production when the compression plant is operational in the second half of the year. We are pleased to report the results of the latest independent certification of Manati by Gaffney, Cline & Associates (GCA). The report, dated December 31, 2014 showed 1P reserves net to QGEP 5.5 billion m³ (35 million boe*) and 2P reserves of 6.1 billion m³ (39 million boe*). These results are in line with previous certification reports and production output, demonstrating the stability and visibility around this key asset.

We continued to move forward as the operator of the Atlanta Field. After contracting the FPSO late in 2014, we recently announced the selection of two leading global technology companies, GE Oil and Gas and McDermott International Inc. to provide subsea equipment and installation for the Atlanta Early Production System. These are world class partners that will supply us with the sophisticated solutions and know-how to ensure that we meet our target of first oil in mid-2016.

In our exploration portfolio, our focus is on projects that provide the greatest potential for significant long term value creation. At the Carcará discovery, one of the most important exploratory assets in Brazilian deepwaters, operations are proceeding as scheduled. The second appraisal well is being drilled and final depth will be reached by the end of 2Q15, with testing scheduled for the second half of the year. We also expect to complete drilling at the first extension well in 2015. The data from these two wells will be vital to planning the Carcará Production System. Based on operating performance and results to date, we remain confident about the exploration and eventual development of this important discovery.

Drilling at the Guanxuma prospect, located in the pre-salt section of the Santos Basin, 30km from our Carcará discovery, is expected to begin in the end of 2015. Also, we expect to begin drilling at Block BM-CAL-12 in late 2015 and are actively collecting and processing seismic data related to the eight blocks we acquired in the 11th Bidding Round.

Beyond our current portfolio, we see several opportunities for growth. We are preparing ourselves to evaluate the areas that will be part of the 13th ANP Bidding Round, building on the experience of our technical team. We are also ready to evaluate any opportunities that may arise in Brazilian offshore blocks, including any potential divestments by Petrobras.

Recent events have brought some additional stability to our operating environment. The announcement of Petrobras' fourth quarter results and the next ANP bidding round have improved sentiment in the Brazilian oil and gas industry, while the price of oil in the international markets has shown greater stability. Other macroeconomic and regulatory measures that are being discussed also contribute to an improvement to the business environment in the country.

In summary, QGEP remains differentiated in the marketplace as a Brazilian oil and gas company due to its resilience that allowed it to deliver positive performance even in a period of challenging market conditions. On an operating level, this includes our diversified asset portfolio, and our balance between operatorships and partnership interests and between producing, development and exploratory projects. From a financial standpoint, we are distinguished by our strong balance sheet, net cash position, and positive operating cash flow. Additionally our revenue and near term operational cash flow generation is not linked to oil prices, which provides further cushion against potential oil price volatility.

*1 boe = 159 m³ of gas

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40	Manati	45%	Reserve	Gas
Camamu	BCAM-40	Camarão Norte	45%	Contingent	Gas
Camamu	CAL-M-372	CAM#01	20%	Prospective	Oil
Jequitinhonha	BM-J-2	Alto de Canavieiras	100%	Contingent/ Prospective	Oil–Gas
Jequitinhonha	BM-J-2	Alto Externo	100%	Prospective	Oil–Gas
Santos	BM-S-8	Carcará	10%	Contingent/ Prospective	Oil
Santos	BM-S-8	Guanxuma	10%	Prospective	Oil
Santos	BS-4	Atlanta	30%	Reserve	Oil
Santos	BS-4	Oliva	30%	Contingent	Oil
Santos	BS-4	Piapara	30%	Prospective	Oil
Espírito Santo	ES-M-598		20%	Prospective	Oil
Espírito Santo	ES-M-673		20%	Prospective	Oil
Foz do Amazonas	FZA-M-90		35%	Prospective	Oil
Pará-Maranhão	PAMA-M-265		30%	Prospective	Oil
Pará-Maranhão	PAMA-M-337		50%	Prospective	Oil
Ceará	CE-M-661		25%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-896		30%	Prospective	Oil

Producing and Development Assets

MANATI

Block BCAM-40; Working interest: 45%

Average daily production at the Manati Field was 5.7 MMm³ in the first quarter of 2015, slightly ahead of the previously expected level but below the 5.9 MMm³/day registered in the fourth quarter and full year 2014. In the second quarter of 2015, the Field will be shut down for 20 days to connect the surface compression plant to the production system and bring the plant online. As a result, second quarter gas production is expected to decline to an approximate average of 4.5 MM m³ per day. Once the plant is fully operational in the second half of the year, production capacity will return to 6.0 MMm³/day. For full year 2015, QGEP reaffirms its production guidance of an average 5.5 MMm³/day.

The construction of the compression plant is on schedule and on budget, with the base of the plant fully constructed and all relevant equipment on site. Total CAPEX net to QGEP is expected to be US\$28 million.

Maintenance capex, net to QGEP, for Manati will total US\$20 million in 2015. This maintenance includes the painting of the platform.

The independent consulting firm Gaffney, Cline & Associates (GCA) prepared a new reserve certification report for the Manati Field. The report, dated 31st December 2014, showed: 1P reserves at the Manati Field net to QGEP of 5.5 billion m³ (35 million boe), 2P reserves of 6.1 billion m³ (39 million boe) and 3P reserves of 6.8 billion m³ (43 million boe). These figures are in line with the previous certification reserve report dated December 31, 2013, minus the reported production in 2014.

ATLANTA AND OLIVA

Block BS-4; Working interest: 30%; Operator

The implementation of the Atlanta Early Production System (EPS) continues, with first oil expected in the middle of 2016.

In April 2015, the Consortium contracted McDermott International Inc. and GE Oil and Gas. Under the terms of the contract, McDermott will be responsible for the engineering and installation of all subsea hardware, including flexible risers, flowlines, umbilicals and other equipments, while GE will be responsible for supplying of all the equipment.

In December 2014, the Consortium contracted the Petrojarl I floating production, storage and offloading vessel (FPSO) from Teekay for the EPS of the Atlanta Field. The charter and the operation and maintenance contracts have duration of five years, with a termination clause starting after the third year. The FPSO has a 30kbb/d production capacity and is able to store up to 180.000 barrels of oil. It is scheduled to be on site early 2016.

The EPS is designed to produce 25kbb/d through two horizontal wells for a period of three years. The two production wells have already been drilled and equipped with wet Christmas trees and electrical submersible pumps. The Consortium may choose to add a third well to the system, increasing average production capacity to 30kbb/d.

In May 2014, QGEP released the results of an independent reserve certification report for the Atlanta Field, prepared by Gaffney, Cline & Associates (GCA) and dated March 31, 2014. Key highlights of the report are 1P reserves of 147 million bbl, 2P of 191 million bbl and 3P of 269 million bbl.

First oil at the Oliva Field, a tie back of the Atlanta Field, is expected in 2021, with production through Atlanta Field's FPSO.

Exploratory Assets

BM-J-2

Working interest: 100%

QGEP, 100% owner and operator of Block BM-J-2, is carrying out seismic reprocessing and geological reinterpretation of the Block, as laid out in the Evaluation Plan approved in the third quarter of 2014. This process must be completed by the end of this year, when a decision regarding next steps for the project will be taken.

The Evaluation Plan relates to the August 2013 Notice of Discovery filed with the ANP. This Notice was based on potential pay zones identified in the pre-salt section of its Alto de Canavieiras (1-QG-5A-BAS) well.

The Block is located in the shallow waters of the Jequitinhonha Basin.

BS-4

Working interest: 30%

The timeline for the drilling of the Piapara prospect is still under consideration by the Consortium, and no decision has been reached yet.

BM-S-8

Working interest: 10%

Currently, an appraisal well for the Carcará discovery is being drilled and another appraisal well is set for this year.

The first well is was planned to be drilled in two phases. The first phase was carried out by the Laguna Star rig and completed in November 2014. It reached a depth of 5,638 meters, slightly above the base of the salt layer. The second phase will be drilled to a final depth of 6,600 meters in the second semester of 2015, using the ODN-II rig, equipped with Managed Pressure Drilling (MPD).

The drilling of the second well started began in January and is still underway. Located 5 km to the north of the discovery well in a water depth of 2,070 meters, this well will be drilled to a final depth of 6,400 meters, which is expected to be reached by mid-2015. A Drill Stem Test (DST) will be carried out in the second half of 2015.

Once drilling of the second appraisal well is complete, the ODN II rig will be moved to the first extension well to drill the second phase.

Data from the drilling and testing of the two appraisal wells will help the consortium better estimate the size of the Carcara accumulation, as well as the productivity of its reservoirs. These data are crucial to plan the production system for the field. Soon after, an additional well will be drilled to acquire further data. In 2017, an Extended Well Test is scheduled.

Drilling at the Guanxuma prospect is scheduled to begin in the end of 2015. Guanxuma is located in the pre-salt section of the Santos Basin, 30km southwest of the Carcará Discovery.

BM-CAL-12

Block CAL-M-372; Working interest: 20%

In the first quarter of 2015, the Consortium announced a decision to relinquish Block CAL-M-312. This decision was made due to the expiration of the first Exploratory Period. The Minimum Exploratory Program for the block, consisting of 3D seismic data acquisition and processing of the entire area, has been completed. To proceed with the second Exploratory Period would require the Consortium to commit to drilling an exploratory well in the block. Technical and economic studies, based on analyses of new seismic data, have indicated a low attractiveness of the Block. As a result, the Consortium took the decision to relinquish it.

At CAL-M-372, the Consortium continues to await an environmental license from IBAMA. The license is expected by the end of 2015. Shortly thereafter, the Consortium will drill one wildcat well targeting the CAM#01 prospect. Net to QGEP, capital expenditures for this drilling will total approximately US\$40 million.

BLOCKS ACQUIRED IN THE 11TH ANP BIDDING ROUND

QGEP has made significant progress in the contracting and acquisition of seismic data for blocks acquired in the 11th ANP Bidding Round in 2013.

At the blocks in the Espirito Santo Basin and the FZA-M-90 block in the Foz de Amazonas Basin, data has been acquired and is now being processed.

At the blocks in the Pará-Maranhão and Ceará Basins, data has been contracted. Seismic acquisition is expected to start in the second half of 2015. Environmental permits for the seismic acquisition are pending for both areas.

At the Pernambuco-Paraíba Basin, surveys are expected to commence in 2017.

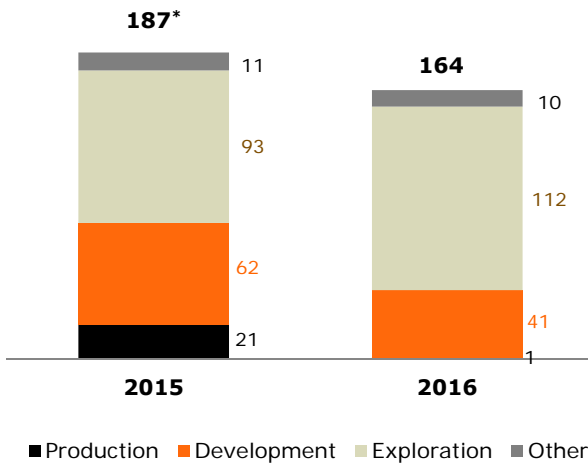
In addition, QGEP has initiated the environmental studies required to obtain the necessary environmental permit for drilling activities in the Foz do Amazonas and Pará-Maranhão Basins. Drilling is expected to begin by the end of 2017.

Net to QGEP, total costs related to the acquisition of seismic data over the next two years are expected to be approximately US\$39 million. Under the commitments undertaken in the 11th ANP Bidding Round, QGEP also committed to spending approximately US\$200 million on the drilling of at least four exploratory wells, starting in 2017. However, drilling costs may turn out to be lower given reductions in drilling services' prices, given the decrease in oil prices.

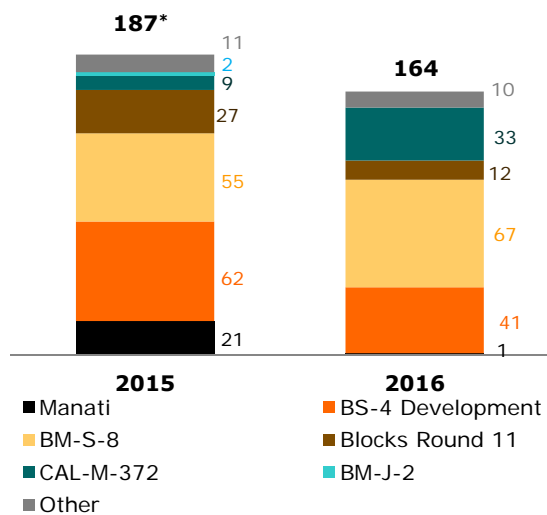
Environmental licensing and the contracting of rigs for the blocks where QGEP is the operator are being carried out in conjunction with other operators.

CAPEX

CAPEX net to QGEP (US\$ million)



CAPEX net to QGEP (US\$ million)



*US\$16 million had already been disbursed by QGEP as of 03/31/2015.

Recent Corporate Developments

On March 12, 2015, QGEP's Board approved a Dividend Policy calling for the payment of an annual fixed amount of R\$0.15 per share. The dividend corresponds to results from the fiscal year of 2014 and was approved at the shareholders meeting on April 17, 2015. The dividend was paid on May 5, 2015, to shareholders of record as of April 17, 2015.

Also on March 12, the Board of Directors approved a change in the Disclosure and Negotiation Policy. This change allowed the Company to disclose Acts and Material Events via an online news portal, in accordance with CVM Instruction no. 547.

On April 30, QGEP launched a new website that integrates institutional and investor relations information and was built as part of the Company's commitment to transparency and with the intention of becoming a reference for industry information. Among the new functionalities are interactive spreadsheets and graphs for investors' analytical needs, a measure conversion tool and insights into oil and gas exploration and production activities under "E&P activities".

Sustainability, Environment and Safety

QGEP is committed to environmental preservation in all its activities. The Company is socially responsible and prioritizes employee and operational safety. Accordingly, it identifies, assesses and manages potential risks and seeks the commitment of all its stakeholders.

In 1Q15, QGEP continued the environmental impact assessments of the maritime exploratory drilling activities in the blocks it operates in the Pará-Maranhão and Foz do Amazonas Basins, in the Brazilian Equatorial Margin. These assessments are intended to provide data for environmental licensing by identifying and assessing the actual and potential impacts of drilling activities. In this way, the assessments help QGEP design and determine the scope of mitigating actions. The Regional Assessment

of the Foz do Amazonas Basin was filed by QGEP and two other operators from the area late in 1Q15. The fact that the assessment was filed jointly by these operators is a milestone for environmental licensing and fulfills IBAMA's expectations regarding operators working collaboratively, which reduces costs and allows the environmental agency to examine the documents more quickly.

In early 2015, QGEP signed a new sponsorship contract for another six months with the Viva Vôlei Project, thus allowing the activities of this educational and sports project to continue in the active groups in Canavieiras and Campinhos, Southern of Bahia State, areas impacted by the activities of Block BM-J-2.

Financial Performance

For 1Q15, 1Q14 and 4Q14, the financial statements below represent consolidated financial information for the Company. Some percentages and other figures included in this report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R\$ million)

	1Q15	1Q14	Δ%	4Q14	Δ%
Net income	28.9	25.1	15.1%	44.9	-35.6%
Amortization and depreciation	28.4	29.0	-1.9%	28.8	-1.5%
Net financial income (expenses)	(29.8)	(20.1)	-48.2%	(24,9)	-19.4%
Income tax and social contribution	45.4	16.8	169.9%	(16.3)	379.3%
EBITDA⁽¹⁾	72.9	50.8	43.6%	32.5	124.4%
Oil and gas exploration expenditure with sub commercial and dry wells ⁽²⁾	0.2	31.8	-99.3%	38.6	-99.4%
EBITDAX⁽³⁾	73.1	82.5	-11.4%	71.1	2.9%
EBITDA Margin ⁽⁴⁾	57.9%	39.9%	45.1%	36.3%	-36.9%
EBITDAX Margin ⁽⁵⁾	58.1%	64.8%	-10.5%	57.6%	0.8%
Net Cash ⁽⁶⁾	851.9	827.6	-2.9%	877.7	2.9%
(Net Debt)/EBITDAX	(3.09)	(3.00)	-3.1%	(3.08)	-5.4%

⁽¹⁾ We calculate EBITDA as profit before taxes and social contributions, net financial results and amortization expenses. EBITDA is not a financial measure according to Brazilian GAAP or IFRS. It should also not be considered in isolation or as a substitute for net income, as a measure of operating performance, or as an alternative to operating cash flow as a measure of liquidity. Other companies may calculate EBITDA differently than us. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of our profitability as it does not consider certain costs inherent in our business, which could significantly impact our net results, such as net financial income, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.

⁽²⁾ Exploration expenses relating to subcommercial wells or to non operational volumes.

⁽³⁾ EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with subcommercial and dry wells.

⁽⁴⁾ EBITDA divided by net revenue.

⁽⁵⁾ EBITDAX divided by net revenue.

⁽⁶⁾ Net debt corresponds to total debt, comprising current and long-term loans and financing and derivative financial instruments, less cash and cash equivalents and marketable securities. Net debt is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt in a different manner.

Operating Results

Net revenue for 1Q15 were R\$126.0 million, compared with R\$127.3 million in 1Q14 and R\$123.5 million in 4Q14. The lower year-on-year revenue reflect the temporary decline in Manati gas production, partially offset by contractual adjustments in the price of Manati natural gas. The increase in quarter-on-quarter revenues is the result of annual inflation linked to gas prices readjustments.

Operating costs in the first quarter were R\$56.7 million, in line with R\$57.8 million reported in the first quarter 2014 and R\$60.9 million in the fourth quarter of 2014. Below is the breakdown of the operating costs:

Operating costs (R\$ Million)

	1Q15	1Q14	Δ%	4Q14	Δ%
Depreciation	27.5	28.1	-2.1%	29.3	-6.1%
Production Costs	15.1	13.1	15.6%	14.5	4.1%
Royalties	9.4	9.7	-2.3%	9.7	-2.4%
Maintenance Costs	1.4	2.7	-47.6%	3.5	-58.9%
Special Participation	2.0	2.9	-32.6%	2.6	-24.2%
R&D	1.3	1.4	-8.2%	1.4	-7.5%
TOTAL	56.7	57.8	-2.0%	60.9	-6.9%

Lower maintenance and depreciation costs largely explain the year-on-year and the substantial sequential improvement in gross margin to 55% in the first quarter of 2015.

General and Administrative Expenses

In the first quarter of 2015, total general and administrative expenses were R\$14.7 million, compared with R\$12.2 million in the first quarter of 2014, and R\$20.0 million in 4Q14.

The increase in G&A expenses from a year ago arises mainly from consulting services to enhance the Company's management systems, amongst others.

The decline on quarter-on-quarter expenses is explained primarily by the fact that additional annual profit sharing expenses were booked in 4Q14.

Exploration Expenses

Exploration expenses totaled R\$10.2 million in 1Q15, compared with R\$35.5 million in 1Q14 and R\$38.7 million in 4Q14. Acquisition, processing and interpreting geological and geophysical contracting of the blocks acquired in the 11th Bidding Round account for the majority of these expenses in 1Q15. In 1Q14, QGEP booked a charge of R\$28.1 million, related to the relinquishment of the Biguá area to the ANP, while in the fourth quarter of 2014, a R\$34.3 million write-off was booked due to the relinquishment of Block BM-CAL-5 to the ANP.

Net Financial Income

Net financial income for 1Q15 was R\$29.8 million, up from R\$20.1 million in 1Q14 and R\$24.9 million in 4Q14.

The year-on-year increase of 48% in net financial income resulted from financial revenue totaling R\$88.3 million, driven by higher yields from the Company's investments in dollar-denominated exchange traded funds, due to higher income rates combined with strong gains from foreign exchange variation on the Company's hedge funds due to the Brazilian Real depreciation. This gain was partially offset by financial expenses of R\$58.4 million, mainly due to the impact of a stronger dollar on the accounting provision for abandonment, a dollar-denominated liability.

The higher quarter-on-quarter and year-on-year net financial income was mainly due to exchange rate gains and losses given a 20.8% PTAX rate devaluation of the Real between quarter end periods.

Income tax and social contribution

Income tax and social contribution represented an expense of R\$45.4 million in 1Q15, compared with R\$16.8 million in 1Q14 and R\$16.3 million in 4Q14.

This increase was largely due to the impact of dollar appreciation in 1Q15, with two effects: (a) a significant increase in the profitability of the hedge funds and (b) a negative effect of the exchange rate variation associated with the provision for abandonment. This latest effect is indeductible for the Income Tax calculation.

Net Income

Net income in 1Q15 totaled R\$28.9 million, up 15.1% from R\$25.1 million 1Q14, but down 35.6% from R\$44.9 million in 4Q14.

The year-on-year increase is the result of lower exploratory costs, partially offset by higher income tax and social contribution as explained above.

The quarter-on-quarter decrease is due to higher income tax and social contribution.

Balance Sheet/Cash Flow Highlights

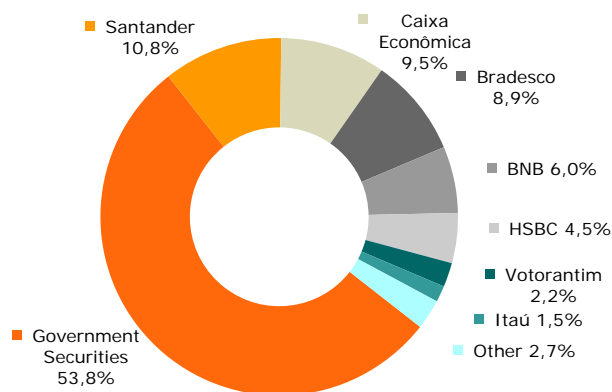
Cash (Cash, Cash Equivalents and Marketable Securities)

At the end of 1Q15, the Company had a consolidated cash balance of R\$1.3 billion, with a net cash position of R\$851.9 million.

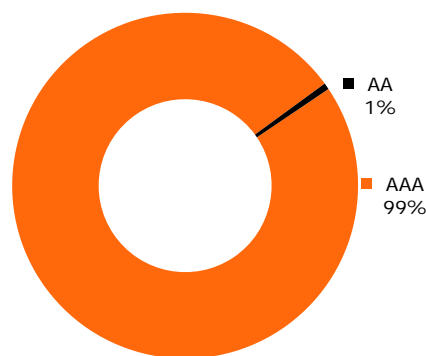
On March 31, 2015, QGEP had R\$374.5 million of its cash invested in exchange funds and offshore investments in order to hedge its medium term US dollar denominated obligations.

The remaining balance was invested in Brazilian real-denominated instruments. As of March 31, 2015 the average annual return of these investments was 102% of the CDI rate and 83% of the funds had daily liquidity. The breakdown of the investments in Brazilian reais is shown on the charts below:

Investment Distribution



Ratings*



*Does not include Government Securities

Debt

Total indebtedness as of March 31, 2015 was R\$368.9 million, up from R\$250.9 million at the end of 4Q14. These borrowings consisted of R\$253.3 million drawn down on the Company's financing package from Financiadora de Estudos e Projetos (FINEP), and R\$117.8 million of borrowings on a credit line from Banco do Nordeste do Brasil.

The FINEP borrowings are part of a financing package to support the development of the Atlanta Field EPS. The financing package consists of two credit lines, one with a fixed rate of 3.5% per year and one with a floating rate linked to TJLP. Both lines feature a 3-year grace period and amortization period of seven years. The credit line available to QGEP is R\$266.1 million.

In September, 2014, QGEP signed a contract with Banco do Nordeste do Brasil for a financing package of R\$232.8 million dedicated to the funding of the exploration of QGEP's assets in the northeast of Brazil. The loan, which currently has an interest rate of 4.71% per year, features a five-year grace period and amortization period of seven years. As of March 31, 2015, the Company had drawn down R\$117.8 million of borrowings from the credit line.

Operating Cash Flow

The Company had operating cash flow of R\$157.0 million in 1Q15, compared with R\$40.6 million in 1Q14, and R\$77.1 million in 4Q14. The slight reduction in Manati production was offset by adjustment in the gas sales price, higher return on the marketable securities due to an increase in the CDI rate and mainly, the appreciation of the U.S. dollar in the quarter.

Investor Relations

QGEP Participações S.A.

Paula Costa Côrte-Real
CFO and Investor Relations Officer

Renata Amarante
Investor Relations Manager

Flávia Gorin
Investor Relations Coordinator

Gabriela Lima
Investor Relations Analyst

Av. Almirante Barroso, nº 52, sala 1301, Centro - Rio de Janeiro, RJ
CEP: 20031-918
Phone: 55 21 3509-5959
Fax: 55 21 3509-5958
E-mail: ri@qgep.com.br
www.qgep.com.br/ri

About QGEP

QGEP Participações S.A. is Brazil's only private company to operate in the premium pre-salt area in Santos Basin. QGEP is qualified by the ANP to act as "Operator A" from shallow to ultra-deep waters. The Company has a diversified portfolio of high quality and high potential exploration and production assets. Furthermore, it owns 45% of the concession for the Manati Field located in the Camamu Basin, which is one of the largest non-associated natural gas fields under production in Brazil. Manati Field has been in operation since 2007, and has average production capacity of approximately 6 million m³ per day. For more information, access www.qgep.com.br/ri

This material may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The consolidated financial information of the Company for the quarters ended September 30, 2014 and September 30, 2013 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I – INCOME STATEMENT

Income Statement (R\$ million)

	1Q15	1Q14	Δ%	4Q14	Δ%
Net Revenue	126,0	127.3	-1.0%	123.5	2.0%
Operating costs	(56,7)	(57.8)	2.0%	(60.9)	6.9%
Gross profit	69,3	69.5	-0.3%	62.6	10.7%
Operating income (expenses)					
General and administrative expenses	(14,7)	(12.2)	-20.7%	(20.0)	26.5%
Equity Method	0,1	(0.0)	N/A	(0.2)	176.5%
Oil and gas exploration expenses	(10,2)	(35.5)	71.2%	(38.7)	73.6%
Operating income (loss)	44,5	21.8	104.1%	3.7	N/A
Financial income (expenses), net	29,8	20.1	48.2%	24.9	19.4%
Income before tax and social contribution	74,3	41.9	77.3%	28.6	159.8%
Deferred income tax and social contribution expenses	(45,4)	(16.8)	-169.9%	16.3	-379.3%
Net Income	28,9	25.1	15.1%	44.9	-35.6%

Annex II – BALANCE SHEET

	1Q15	4Q14	Δ%
Assets			
Current Assets	1,417.4	1,339.7	5.8%
Cash and cash equivalents	131.1	117.2	11.9%
Marketable Securities	1,089.7	1,011.4	7.7%
Trade accounts receivable	99.3	101.6	-2.3%
Stocks	54.3	54.5	-0.4%
Recoverable taxes	27.5	33.7	-18.4%
Credit to Partners	11.6	19.3	-40.0%
Other	3.7	2.0	89.8%
Non-current Assets	1,988.9	1,831.3	8.6%
Restricted cash	53.8	27.9	92.9%
Marketable Securities	120.3	-	N/A
Recoverable taxes	2.8	2.7	7.3%
Deferred income tax and social	4.5	19.4	-76.8%
Investments	37.3	22.8	63.1%
Property, plant and equipment	1,130.0	1,121.4	0.8%
Intangible assets	630.1	630.5	0.1%
Related Parties	6.7	4.9	37.7%
Other	3.3	1.8	84.4%
Total Assets	3,406.0	3,171.1	7.4%
Liabilities and Shareholders' Equity			
Current Liabilities	129.4	110.6	17.0%
Trade accounts payable	35.7	35.2	1.3%
Taxes payable	53.8	26.3	104.4%
Payroll and related taxes	6.8	17.9	-62.3%
Due to related parties	0.3	0.3	1.2%
Borrowings and financing	0.4	0.4	15.0%
Provision for research and development	13.6	12.8	6.4%
Insurances payable	8.4	6.3	33.8%
Other current liabilities	10.5	11.4	-8.2%
Non-current Liabilities	710.1	531.6	33.6%
Taxes liabilities payable	2.2	-	N/A
Borrowings and financing	368.4	250.5	47.1%
Provision for abandonment	339.5	281.1	20.8%
Shareholders' Equity	2,566.5	2,528.8	1.5%
Integrated capital stock	2,078.1	2,078.1	0.0%
Other comprehensive income	12.3	5.4	127.5%
Profits reserve	494.7	494.7	0.0%
Capital reserve	(47.5)	(49.4)	3.7%
Net income for the period	28.9	0.0	N/A
TOTAL Liabilities and Shareholders' Equity	3,406.0	3,171.1	7.4%

Annex III – CASH FLOWS

Cash Flows (R\$ million)

	1Q15	1Q14	Δ%	4Q14	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period	28.9	25.1	15.1%	44.9	-35.6%
Adjustments to reconcile net income to net cash provided by operating activities:					
Amortization and Depreciation	28.4	29.0	-1.9%	28.8	-1.5%
Equity Pick-up Method	(0.1)	0.0	N/A	0.2	-176.5%
Deferred income tax and social contribution	14.9	16.8	-11.4%	(14.8)	-200.7%
Financial charges and exchange rate variation borrowings and financing	2.7	1.5	82.3%	1.2	124.3%
Fixed Assets/Intangibles write-offs	0.1	32.5	-99.8%	38.4	-99.8%
Expenses with stock option plan	1.8	2.7	-32.7%	2.0	-8.7%
Provision for income tax and social contribution	(30.5)	-	N/A	32.4	-194.1%
Provision for research and development	0.8	1.3	-36.0%	1.1	-26.5%
Exchange rate variation on provision for abandonment	58.4	2.2	N/A	30.9	89.3%
Increase/decrease in operating assets:	11.2	30.2	-62.9%	(36.8)	-130.4%
Increase/decrease in operating liabilities:	40.4	(100.7)	140.2%	(51.2)	-178.9%
Net cash inflows from operating activities	157.0	40.6	286.7%	77.1	103.5%
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash inflows from/used in investing activities	(267.8)	(103.8)	-157.9%	(192.2)	-39.4%
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash inflows from/used in financing activities	117.8	(18.5)	N/A	83.5	41.1%
Total exchange rate variation on cash and cash equivalents	6.9	(0.8)	N/A	2.1	223.1%
Increase (Decrease) in cash and cash equivalents	13.9	(82.6)	116.8%	(29.4)	-147.3%
Cash and cash equivalents at the beginning of the period	117.2	357.8	-67.2%	146.5	-20.0%
Cash and cash equivalents at the end of the period	131.1	275.2	-52.4%	117.2	11.9%
Increase (Decrease) in cash and cash equivalents	13.9	(82.6)	116.8%	(29.3)	-147.4%

Annex IV – GLOSSARY

ANP	National Agency of Petroleum, Natural Gas and Fuel
Deep water	Water depth of 401 – 1,500 meters.
Shallow water	Water depth of 400 meters or less.
Ultra-deep water	Water depth of 1,501 meters or more.
Basin	A depression in the Earth's crust in which sediments have accumulated that could contain oil and/or gas, associated or not.
Block(s)	Part(s) of a sedimentary basin with a polygonal surface defined by the geographic coordinates of its vertices and undefined depth where oil and natural gas exploration or production activities are carried out.
"Boe" or Barrel of oil equivalent"	A measurement of gas volume converted to barrels of oil using a conversion factor whereby 1,000 m ³ of gas equals 1 m ³ of oil/condensate and 1 m ³ of oil/condensate equals 6.29 barrels and (energy equivalence).
Concession	A grant of access by a country to a company for a defined area and period of time that transfers certain rights to any hydrocarbons that may be discovered from the country in question to the concessionaire.
Discovery	In accordance with the Petroleum Law, a discovery is any occurrence of petroleum, natural gas or other hydrocarbons, minerals and, in general terms, mineral reserves located in a given concession, independently of quantity, quality or commercial viability that are confirmed by at least two detection or evaluation methods (defined in the ANP concession agreement). To be considered commercially feasible, a discovery must present positive returns on an investment under market conditions for development and production.
E&P	Exploration and Production
Farm-in and Farm-out	Process of partial or complete acquisition of concession rights held by another company. The company acquiring the concession rights is said to be in the farm-in process and the company selling concession rights is in the farm-out process.
Field	An area covering a horizontal projection of one or more reservoirs containing oil and/or natural gas in commercial quantities.
FPSO	A floating production, storage and offloading (FPSO) unit is a floating vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Kbbl/d	One thousand barrels per day

Operator	A company legally appointed to conduct and execute all operations and activities in the concession area, in accordance with the terms of the concession agreement signed by the ANP and the concessionaire.
"Type A" Operator	Qualification of the ANP to operate onshore, offshore in shallow to ultra-deep waters
Exploratory Prospect(s)	A prospect is a potential accumulation mapped by geologists or geophysicists where there is a probability of a commercially viable accumulation of oil and/or natural gas that is ready to be drilled. The five necessary elements for the existence of an accumulation (generation, migration, Reservoir, seal and entrapment) must be present and the lack of any of the five means there is either no accumulation or accumulation that is not commercially viable.
Contingent Resources	Represent quantities of oil, condensate and natural gas that are potentially recoverable from accumulations acknowledged during the development of projects, but that are not considered commercially recoverable as yet due to one or more contingencies.
3C Contingent Resources	High Contingent Resources estimates, which is typically assumed to have a 10% chance of being achieved or exceeded.
Riskied Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercially recoverable by applying development projects to known accumulations as of a given date and under defined conditions.
Reserves 1P	Sum of proven reserves.
Reserves 2P	Sum of proven and probable reserves.
Reserves 3P	Sum of proven, probable and possible reserves.
Possible Reserves	Quantities of petroleum which analysis of geoscience and engineering data indicate are less likely to be recovered than probable reserves.
Proven Reserves	Quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable as of a given date from known reservoirs and under defined economic conditions, operating methods and government regulations.
Probable Reserves	Quantities of petroleum that, according to geoscience and engineering data, are estimated to have the same chance (50%/50%) of being achieved or exceeded.