

Operator: Good afternoon ladies and gentlemen. At this time we would like to welcome everyone to QGEP's 2nd Quarter 2015 Earnings Conference Call. Today we have here with us the executives Mr. Lincoln Rumenos Guardado, CEO of the Company, Mr. Danilo Oliveira, Production Director, Mr. Sergio Michelucci, Exploration Director, Mrs. Renata Amarante, IR Manager, and Mr. Juan Soler, Financial Manager.

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 over, there will be a question and answer section when 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. Guardado, you may begin.

Mr. Guardado: Thank you. Good morning everyone. Again, thank you for participating in today's call to review QGEP's second quarter and first half 2015 results and to discuss our future plans.

Our performance supports the arguments that make QGEP a solid investment choice. Highlights of the period are particularly important at the times that we live now of challenging macroeconomic and industry conditions, which are adverse.

Moving ahead, we would like to state that Manati Field continues to provide us with a reliable source of revenues and operating cash flow, averaging 5.7 million m³ of gas production per day for both the second quarter and the first half of 2015. Indeed we had expected a decline in the average daily volume in the 2Q, but the temporary production halt for the connection of the compression plant only took place in July, which maintained the Field's production level for the quarter.

Additionally at Manati there were two other important operating achievements in the quarter: first, we completed the construction of the gas compression plant and connected it to the system; second we signed an amendment to the gas sales contract with Petrobras that provides us with an important guarantee and visibility on future revenues of the field. As you know, the significant cash flow from Manati is today the company's main source of operating revenue for our development and exploration activities.

Another highlight was the recent completion of the drilling of the Carcará Norte well at Block BM-S-8, which established the extension to the North of the discovery of light oil in carbonate reservoirs of excellent quality, with quite satisfactory results. I am pleased to report that our activities in the Block remain on schedule and on

budget, as established by the operator. Additionally, we are in the development phase to start production from the Atlanta Field with first oil expected in about a year from now. This will diversify our revenue sources.

We achieved positive year-on-year EBITDAX comparisons both quarter-on-quarter and year-on-year and we highlight our industry-leading EBITDAX margins. These accomplishments, along with our consistent financial performance and the fact that our capital expenditures for this year and the next year are fully funded put us one step closer to our stated goal of consolidating our presence as a leading Brazilian independent deep-water oil and gas producer. We remain one of the most solid exploration and production companies in Brazil.

Please now turn to slide five. This slide shows the impact of Manati Field gas production on our revenues for the second quarter and the first six months of 2015. As you can see, production declined slightly year-on-year, but we should be back to the 6 million m³ level once the compression plant is running.

Net revenues declined at a much lower rate than production, to around R\$125 million, as higher contract prices due to the contractual readjustment in the beginning of the year offset most of the impact of low production.

We expect a decline in Manati gas production in the 3Q as we shut down production for about 13 days in order to connect the plant to the production system. Even with the drop in projected production in this year's third quarter we reaffirm our guidance of an average Manati daily production of 5.5 million m³ for the full year 2015.

On slide six we find the financial highlights for the period. The improvement in EBITDAX for the 2Q15 compared to 2014's same period reflected a reduction in exploratory costs related to geological studies, seismic acquisition combined with lower G&A expenses. For the first six months of 2016, EBITDAX was stable with last year's levels.

Net income was higher especially as we had higher net financial income and lower exploratory expenses. As I mentioned earlier, EBITDAX margins of 62% for the 2Q and 60% for the first half of 2015 represent industry leading metrics and confirm the substantial profitability of our Manati Field production.

At the end of the first half of 2015 we had a net cash position of more than R\$900 million with a cash balance of R\$1.3 billion. These resources, combined with our cash generation and leverage capacity of the Company, give us an important flexibility to develop our existing portfolio and to consider opportunities to expand it through asset acquisitions.

Please turn to slide seven. We highlight that operating costs declined by 4% from last year's second quarter and 3% year-on-year reflecting lower maintenance costs and lower amortization related expenses.

General and administrative expenses also declined in the 2Q due primarily to the reclassification of fiscal tax provisions of R\$1.4 million. There was also a modest increase in exploration costs in the quarter, which mostly represented expenses related to seismic data and geological studies underway at the blocks we acquired in ANP's 11th Bidding Round, and R\$9.5 million expenses related to a block already relinquished to the ANP, still in discussions with the operator.

Slide eight details our capital expenditure plans for 2015 and 16. As shown, our projected full-year 2015 spending is below what we had forecasted last quarter. This mainly stems from the fact that certain projects were postponed from 2015 to 2016, such as Guanxuma and the drilling of the third production well at Atlanta.

Development of the Atlanta Field and exploration around our Carcará discovery together represent approximately 2/3 of our capital investment budget in both 2015 and 16. Drilling at Block CAL-M-372 has been on hold this year, awaiting the required drilling license to be issued by IBAMA. We expect to drill it in 2016. As I mentioned earlier, the US\$300 million CAPEX until 2016 is fully funded, which reflects our financial strength and health.

Please move to slide 10. Here we will talk a bit about our Manati Field, with highlights on our production curve according to Gaffney & Cline. As we mentioned, we concluded the construction of the compression plant and connected the plant to the system, which resulted in a gas production stoppage of 13 days. We are currently in the commissioning phase of the plant and, as soon as we conclude this stage, production capacity of the field will return to an average of 6 million m³ per day, and this level should be maintained for the next two years.

However, we highlight that this curve is quite conservative – by the way, a characteristic of the certifying body – as it reflects only information available at the moment where it is not yet possible to adequately assess the influence of the Northeast limits of the Manati Field.

We estimate that the annual operating expenses related to the gas compression plant net to QGEP will be approximately US\$12 million. The main part of these costs is denominated in US dollars. These costs are in addition to the current operating expenses at the Field, starting in the 3Q15. Despite this increase in lifting costs, Manati Field's average EBITDA margin for the next years is expected to be approximately 60% of net revenues, reflecting the profitability of this asset.

We also highlight that we recently announced that we have signed an amendment to the gas sales contract with Petrobras relating to Manati production. In essence, the amendment provides for the same terms and conditions of the original contract, which stipulated a minimum purchase level of contracted volume, take-or-pay. This amendment increases the contracted volume for the Field's remaining total reserves. I'd like to remind you that the gas price is fixed in Brazilian Reals and readjusted annually according to an inflation index defined in the contract.

Moving on to slide 11, we provide an update on the development of the Atlanta Field, in Block BS-4. We are working close with Teekay in Rotterdam on adapting the FPSO. The two production wells in Atlanta were drilled and are being equipped to produce up to 25,000 barrels of oil per day for the first three years. Next year the Consortium may add a third production well that could expand average production capacity for the Early Production System (EPS) up to 30,000 barrels per day. Obviously the price of oil will be the main consideration for this evaluation.

Assuming that there are three production wells, total CAPEX for this EPS will be US\$733 million and daily operating expenses net to us will be around US\$480,000.

The Atlanta field has been independently certified by Gaffney & Cline and Associates as having 1P reserves of 147 million barrels of oil, 2P reserves of 191

million barrels and 3P reserves of 269 million barrels of oil. This certification report considered only the drill stem test results of the first well drilled and tested at the Field and does not take into account yet the information obtained in the second production well, which, as mentioned, provided us with very good results. As you can see from this chart, Full Development is expected to begin in 2019 and the production peak is expected at around 70 to 75,000 barrels in 2021.

Please advance to slide 12, which provides an update on activities at Block BM-S-8. I am happy to report that drilling activities around our Carcará discovery are proceeding on schedule and on budget. We concluded the Carcará Norte appraisal well in July at a final depth of 6,338 m. The well found an oil column of approximately 358 m in continuous and connected reservoirs and the oil-water contact was not found.

A Drill Stem Test is scheduled for the second half of the year. The rig that drilled Carcará Norte has moved to Carcará Noroeste well to conclude the drilling there and the final depth of 6,600 m is expected to be reached by the end of this year, with testing expected to begin in early 2016.

We also highlight that drilling of the Guanxuma prospect is planned; it is located in the west of the map and is about 30 km southwest of the Carcará wildcat well, this is expected in the second half of next year.

Moving to slide number 13, here we can see that as for the blocks acquired in ANP's 11th Bidding Round, we have obtained seismic data from surveys for Foz do Amazonas and Espírito Santos basins. Data is already being processed. For the blocks in Para-Maranhão and Ceará basins, we have contracted for seismic acquisition and we are awaiting environmental permits to allow the surveys to be initiated.

As a reminder, QGEP is the operator of five out of eight of the acquired blocks. We will be working together with other operators in the Equatorial Margin in order to take advantage of today's most favorable pricing environment to secure the equipment and services needed for the next phases of these projects. Right now we are expecting costs net to QGEP for seismic data, acquisition, processing and interpretation to be approximately US\$50 million over the next two years, including the interpretation of the data, of course. Starting in 2017, we will expend about US\$200 million to drill four exploratory wells according to commitments made in the 11th ANP Bidding Round.

To end, I would like to stress that we are confident in our ability to implement our strategy thanks to our team, to our quality assets and to our corporate practices.

Our business model has allowed us to surpass this turbulent moments as it is supported by a well-diversified asset base that allows us to generate cash to produce, develop and explore oil and gas in a profitable way, while maintaining a consistent financial position.

We recognize the current challenges in our business environment that require an even more careful and thorough approach to investment decisions, but, on the other hand, the same difficult environment provides business opportunities that can significantly leverage QGEP in the medium and long-terms.

We remain focused on our commitment to deliver Atlanta's first oil and to keep evaluating our exploratory assets, aiming to optimize our portfolio and looking to diversify and consolidate our operating revenue.

Operator, I would like to open the call to questions now.

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 is from Mr. Pablo Castelo Branco, Itaú BBA.

Mr. Castelo Branco: Good afternoon everybody, thank you for the opportunity. My first question has to do with your CAPEX review for 2016.

I would like to know if you could elaborate a little bit more in terms of what is happening at Atlanta and Carcará and if there is any significant change in your exploration program? That's my first question.

My second question is about Camarão and a possible development of the Field. Any tie in with the Manati gas contract? Anything in that regard?

And my third question is regarding the 11th Bidding Round. Could you give us an update on the environmental permits in Ceará and Pará-Maranhão basins and do you have any expectation of when these permits will be released? Thank you.

Mr. Guardado: Thank you, Pablo. Regarding CAPEX for 2015 and 16, basically the basic change has to do with Atlanta and Carcará. We had expected for 2016 to drill the third Atlanta well and in the amount mentioned for the year (US\$153 million for 2016) we consider our participation in drilling this production well, which will depend on the price conditions, well, the production obviously needs to pay for the investment made.

And we are quite confident that this would give us a buffer for production and to maintain perhaps a slightly higher production for these next 3 years. But again it will depend on these market conditions, oil price and also on the conditions of the equipment.

For Carcará, we are maintaining the activities particularly because of Guanxuma. Guanxuma was postponed to 2016, but this was purely an operating issue. We have activities at Block BM-S-8 beyond what we had predicted in our Evaluation Plan, we had considered an appraisal well, which is what we have just drilled, we had considered drilling at Guanxuma and also our extended well test that will be conducted in 2017.

But we are drilling one more well, Carcará Noroeste, and we will be doing a Drill Stem Test in these two wells. So we have quite a lot of activity, we have two rigs

operating simultaneously; one rig that will test Carcará Norte, which is not the rig which is drilling Carcará Noroeste, (which is another type of drilling, it does not require MPD) so we are going to have two rigs at the same time and that's why we decided to postpone Guanxuma from 2015 to 16, which by the way is reasonable.

We have to try to do as much as possible and use all of the opportunities to add value to this discovery because this will help us a lot in quantifying the reserves and will help us to decide what kind of development we are going to have in this area. And given the size that we're expecting, this will be very important; we need to acquire more data. So we had to adjust the CAPEX because of that.

Now what may happen in 2016 is that in case we do not get the environmental permit to drill in time for BM-CAL-12 in Camamu Basin (this is a drilling activity which we believe is important, although this is an exploratory block it entails a risk, but this is part of our activity. I mean, we have to deal with the risks and this is the fastest way to grow), so it might be a little bit postponed in case the environmental permit takes a little longer, but we would like to drill this well given the more recent results that Petrobras got in the Sergipe Alagoas Basin. Although these are different basins, the prospects have more or less the same nature. So again, this can be delayed a little bit more towards the end of 2016, but we are only awaiting the environmental permit.

As for Camarão, Danilo will explain the situation and as for the 11th Bidding Round, regarding the environmental permit the licenses that we have filed Michelucci will give you more color on that. Thank you.

Mr. Oliveira: Good morning, Pablo. Regarding Camarão Norte, we are right now in the process of unitization and it will require convergence in the percentage of volume in each one of the sides of the ring fence of the discovery area. And because this asset will only be able to produce through Manati Field and the unitization to be submitted to the Agency has to be simultaneous to the development plan, therefore we still have to set some economic parameters among partners from both parties and also with the gas buyer so we can close the development plan. So we still have to decide on who was going to buy because it is not included in Petrobras' gas contract or how much you will be purchased and also that in the Manati Consortium what the rate will be so the gas will go through our facilities.

So this process will still take some time and if everything is according to our expectations we don't believe we'll be delivering before 2017. So, in Camarão Norte, on a practical basis, only as of 2017.

Mr. Michelucci: Pablo, Michelucci speaking. In terms of Equatorial Margin environmental license, particularly Pará-Maranhão and Ceará, we are awaiting to receive it any time. Signs by IBAMA show that they expect it to be released in August.

A whole plan has been developed to accelerate the issuance of these licenses with the creation of "situation rooms" involving MME (Ministry of Mines and Energy), ANP (National Agency of Petroleum, Natural Gas and Biofuels), and service companies so this can happen in the shortest timeframe possible. So just confirming; licenses are expected to be released by the end of the month and the after the issuance of these licenses the companies hired to do seismic acquisition will have two months to come with the vessels in the areas. Our expectation is that the beginning of the surveys will happen over the second half of the year.

Mr. Castelo Branco: Thank you.

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

Mr. Santos: Good morning Lincoln, good morning everyone. I have two questions. My first question is: What about the contact with the Consortium when it comes to Carcará volumes? I have the feeling – based on your release – that you expect to see a delay to check the volumes, this is due to some changes in the drilling process of the prospects.

And my second question is: What is your expectation for the next round? We can see a lot of criticism from the industry in terms of the terms of the agreement. What is your take on this for the next round?

Mr. Guardado: Felipe, good morning. Felipe, in Carcará's assessment in terms of the concept of the volume there has been no delay; quite the opposite, there is an acceleration. We are drilling two wells now and we will be testing the wells, there will be more special works that are critical and key to the define volumes for these wells and there is no doubt these tests are one of the crucial points to characterize the total recoverable volumes, which is well productivity.

We all know pre-salt today is showing high productivity and we expect to see high productivity in Carcará as well, but this number still has to be calculated. And, once we have the drilling of the wells in more external regions of the field, just as it's happening now, we have some more work to do, but anyway both wells are 5 km away approximately from the discovery area, and they will give us important information to better characterize these volumes.

So these points are critical so we can know the kind of volume we will have, the kind of production and recovery per well. Another important point, which has not been identified yet to check the limits, is the oil-water contact. We have not identified it yet.

The 471 m column remains unchanged and the well it is slightly at the flank of the structure (the last well) and we have a column that is slightly smaller, but the column remains unchanged and it is given according to Carcará with the 471 m and we have not identified the oil-water contact yet.

So it would be very important to see the contact to check the external limit of the field. We don't have it yet, but it does not prevent us to speak of volumes. We wish we could evolve in that area in the Consortium based on the result from both wells Carcará Noroeste that we are drilling right now and also Carcará Norte, which has already been drilled, and maybe next year in the first half of next year we expected to have this data available so we can at least give you a volume range. But this has to happen within the Consortium.

But the oil-water contact is critical because it sets the external limits of the field and it hasn't been found yet so once we have access to the volumes in the Consortium, and we expect to have them in a range, we can come to conclusions about volumes and inform you.

So everything is doing well in Carcará and let me say – answering your question – that we are also aware of the possible divestment by Petrobras and it might suffer some postponement. But these delays, if you consider projects of this magnitude, they are expected and natural, it is nothing that is going to impact significantly.

So it is possible that the discussion will come either this year or the next from the moment we have these numbers of volumes at hand and also the capacity of the Consortium, and then we will see if it's going to be the same or not.

As to Round 13 we are paying key attention to it. There are some novelties. For instance, there was a request from the industry for the local content to be modified in order not to have it as a bidding factor. Based on the statistics from previous auctions, the bid factor considering the local content has not proved to be so important. What really prevails is always the bonus and the commitments, so local content should not be forgotten, but just brought to the adequate level; it has to be realistic vis-à-vis the industrial potential of the countries – that would be the ideal.

So this contract came without some modifications that were necessary, the industry is already discussing a lot what will happen in the future, but it's always good to remind you that the bidding process is something critical. It is critical to have the bidding process, to have a schedule, predictability, but that's the main driving force so companies can work on their portfolios.

So it's praiseworthy for the government to take this rationale into account and have annual bidding processes so companies in turn can work on a schedule. No company, no newcomer just comes for a rain alone. They come and so they want to know what will happen, if they will be able to maintain the portfolio or if they can have expectations and Brazil is a country with high expectations in the oil sector; there is no doubt about it. Not only due to pre-salt, but also thanks to deep-waters that keeps on bringing flow.

So this is very good, but Brazilian authorities should also check conditions worldwide. Today we have oil price depreciation, some macroeconomic challenges

and this should always be factored in the tenders and contracts that are being released.

This is critical. This is happening in Mexico for instance, due to the results the government is already changing the conditions of the next bid in September. This is the industry dynamics, but particularly in a Brazilian company like ours, that has a good footprint on the oil and gas scenario in Brazil, we need this dynamics and we expect the government to share the same vision of always being adapted to maintain the Brazilian industry attractiveness, which is certainly a strength, but it also has to be in line with the world scenario and in line with capacity vis-à-vis local content and Brazil's industrial capacity.

We believe that there might be some interest, it will not be general, but there will be companies attracted to certain areas.

Mr. Santos: Thank you, Lincoln. Just another point about Carcará. I have another question. When do you expect to see, during drilling or the test, the oil-water contact?

Had you expected it to have happened in the past and it didn't? Theoretically that's a positive sign, but what is your expectation? Do you expect to have another well, an additional well to try to delimit better the area? So what is your rationale on this?

Mr. Guardado: Professionally, whenever you have columns the size that we see in Carcará, in order to drill particularly in the high structures in which naturally we have the largest oil columns, not always do we manage to find the oil-water contact, and that's what happens; you have to go really deep to find the contact. So gradually we are trying to find this oil-water contact at the same time that we try to find out the variations in these reservoirs along the whole structure.

So we are doing it slowly, we are trying to do two things at the same time; go and drill more to the flank to check the lateral behavior of the rock, we were positively surprised with the first well with very good characteristics of the reservoir, and at the same time in the depth scheduled, which even exceeded the base of the reservoir, we did not see such contact.

So there are some limits. We tried to drill and we have to consider cost-effectiveness. But there is no doubt that one point that undoubtedly would lead us to find this contact is to drill the extremes of the flank.

But today it is not so interesting if you think about the high cost of these wells just for the sake of finding the contact. It does not justify. We will try to do it along the process and trying to mitigate any needs to get to know this reservoir as much as possible drilling deeper and deeper even if we run the risk of exceeding the limits of the base of the reservoir so we can see if we find any signs.

These signs are not always so physical; sometimes they can be obtained not through the drill, but also out of pressure, for instance. And all these wells have been exhaustively been sampled, latterly or by pressure measures, (known as pretest) and they are very helpful for our valuation and there are no signs yet showing anything related to the water, which is good because there is room to increase the total oil column.

But that has to be done gradually. We are drilling Carcará Noroeste and let us check whether it's possible with some kind of going deeper process or if with this 6,600 m, let us see if we can see any sign of water. Otherwise we have to keep on drilling, but not only for the sake of the contact. We do have this need, it is adequate, however, this also has to be combined to the growth of the reservoir. So I cannot tell you that by year-end we will have it. Maybe next year.

Mr. Santos: Thank you. Perfect, thank you very much indeed. Thank you, Lincoln.

Operator: The next question is from Mr. Vicente Falanga, Bank of America.

Mr. Falanga: Lincoln, Paula, Renata, good afternoon. Thank you for the input. If I may, I have three questions to ask.

Starting with Carcará, the media shows that Petrobras intends to divest its stake, they even mentioned it in their strategic plan that they took Carcará out. Does this accelerate negotiations of a potential unitization with the federal government or not? Or do you have to finish drilling the delineation wells and the conversations would then start going forward?

My second question is: Do you have any problems about the special participation dispute that is happening between ANP and Petrobras? Do you think it might have a negative impact in the industry or lower the appetite to embark on new projects?

And last, but not least, Lincoln, I would like to know if Carcará's EWT is still planned for 2017? Thank you.

Mr. Guardado: Vicente, thank you. There is no doubt the Carcará is being factored in. Carcará if we consider its size and its area it can play the role required by Petrobras today, which is short-term cash and relieve its long-term CAPEX structure.

Carcará brings this benefit due to the value we attribute to it, that Petrobras and the market attributes to it and it can play that role for Petrobras. There are some advantages, we expect it to happen not only because it helps Petrobras, which is our partner, the operator, and also helps to partially settle Petrobras' problems, but the arrival of another company with financial strength might even speed up to some extent the predictability of production of the first oil in Carcará.

We are awaiting, we understand Petrobras' position and we see with good eyes the possibility of having another company as an operator. We expect Petrobras to remain in the block, we don't know whether it will divest the whole stake or only part of it, but it might even transfer the operation, that's what they say.

So this comes to our benefit because Carcará is important to our company. Undoubtedly Carcará is the means to stabilize our future production in the long run. At least we will have one FPSO possibly with 150,000 barrels which would give us 15,000 barrels per day to start up production. So it is important to us, as it is excellent quality oil, excellent productivity wells and Capex, as a result, very compatible, in our expectations. So we look at the process like this: It helps Petrobras and undoubtedly the arrival of a big company will benefit the project as a whole and we expect it to be successful.

Regarding your second point, about the conversations with the government, yes, for Carcará we have already started to talk about it via operator and we also had some meetings with Petrobras and started to talk to the PPSA, there is a confidentiality agreement already signed with PPSA to transfer all the data to PPSA for the pre-unitization, actually known as pre-AIP. It is an agreement for production unitization, negotiations have already started and the wells that we are studying due to their location, very close to the limit of the field, so we will try to drill as far away as possible from the discovery well in order to add data from these regions, but still within the same geological context of the producers, so it will really help to assess what volumes can be outside.

And after this evaluation we will decide how and when to have a possible future stake in the area. But what is already happening is an anticipation when it comes to the Consortium's benefit. If you already have a pre-agreement with PPSA and with ANP undoubtedly it can help the whole process. This agreement will help us regardless of the government's decision with the external area (possibly there will be a bidding process for this area) and then we will have a sufficient technical base for a bid in the area. So we see this with good eyes and we wish success to Petrobras and at the same time we also might be a future interested party depending on the negotiation conditions.

Answering your last question, the EWT is expected in 2017. We do need an FPSO for the oil, there are some specific characteristics and we are already in discussions about the type of equipment to use, the type of christmas tree required and these talks are underway.

And by the way, I'd just like to remind you that we have up to March 2018 to declare commerciality. So we do have time to solve everything including the drilling of Guanxuma, so we have an adequate timeframe for the area. Thanks to its potential it does deserve that we do a lot of studies in this area because the prospect is very good. So we have up to 2018 to make everything possible and feasible, which doesn't mean, however, that we will be anticipating our plans for

any possible production. Naturally it will not happen in 2019, but we expect it to happen in the beginning of the next decade.

Now your other question is about special participation. Undoubtedly that's a hot topic discussed with Petrobras, but it also potentially involves all companies and relates to a new concept that is being introduced, it is the unification.

When in the same accumulation you have two different blocks involved or two different consortiums or two different tax regimes; this is unitization, it might even involve two different countries. There is a whole explanation about what unitization is all about.

Unification is something slightly different; it is the definition of what are the field's limits; in other words, the limits of two different accumulations or two different discoveries or two reservoirs and what defines a field.

It is an important point and the technical content is quite extensive, as you have to define the limits of each accumulation, the limits of how pressure maintenance works in each and every one of them and even the limits of startup of production of each one. There is no doubt that they affect special participation because if you consider the same field the production of one field starts interfering in the beginning of production of the other field or the other accumulation and then there is a substantial impact in each economics.

But the most important point is not only the tax and economic aspect; the most important is the legal assurance we need out of these definitions because we make our decisions before drilling a well, and even after we drill, and we find we also use this information to define CAPEX, OPEX and the profitability of each field. So we need this definition, the legal definition of what is a field and how one interferes on the other. So there are several accumulations of independent fields and also there are fields that are comprised of several accumulations, one on top of another. And for economic purposes, they are considered as a single field and are explored as such.

So this aspect is really important; it is important to the industry, it is crucial to Petrobras due to its magnitude, but it also has to be discussed and defined in order not to have any kind of legal lack of assurance in the economic decision-making process that we will make once we submit a development plan.

So that's something to be discussed openly, and particularly because of its strong technical content. I hope this will be continuously discussed, not only via companies and regulatory bodies with a bullish opinion, but we expect to conclude and come to a definition as soon as possible because it has an impact on every discovery we will have.

Mr. Falanga: Very clear, Lincoln. Thank you very much.

Operator: The next question is from Mr. Luiz Carvalho, HSBC.

Mr. Carvalho: Good afternoon folks. I have two questions, brief questions. Maybe one is more related to Danilo's area. Could you give us an update of Atlanta, what about the FPSO building process, has the equipment already arrived? I think you already ordered a christmas tree for *One Subsea*, so could you give us more detail?

And Lincoln, a question that we have had quite often from investors – and to some extent I don't think it's a point of concern, but it is a point of attention – what about the liquidity of the shares? Some of them have some limitations in terms of having a higher stake at the company and they even show interest, but due to liquidity issue the interest is more limited and we know we are very close to the float limit of 25%. Is there anything that you are trying to address in order to try to increase the liquidity of the stock?

And as a follow-up question, today the share does not reflect Carcará or Carcará's potential or Atlanta's potential or not even the company's cash, if you consider the amount for Manati it would be pretty close. Is there any discussion in the Group Queiroz Galvão for any possible delisting of the company, changing its position due to its scenario? Or anything that has no impact in terms of delisting?

Mr. Oliveira: Good morning, Luiz. Atlanta, right now we are in the follow-up process of subsea equipment manufacturing, of the lines, umbilicals, control system, subsea pumping process and particularly Petrojarl in Rotterdam. The challenge is precisely to have everything arriving at the same time so we can start working simultaneously. Today the signalization points to a slight delay, but still within limits that are perfectly acceptable in terms of days. And our window is enough to handle this and the forecast for the first oil already considered a possible delay.

But this is not official yet, we are making a lot of effort to recover delays particularly in terms of equipment delivery for assembly purposes in the FPSO, but everything is under control. Nothing is outside of our control so our forecast for first oil remains the same and everything is doing well.

Mr. Guardado: Very well, Luiz. This is a recurring question for us, there are many banks and many analysts like yourself that talk about the importance of a possible delisting of the company or cancellation of shares, from a financial standpoint. We all recognize that this is an interesting aspect from a financial standpoint, there can be increases and add value. But the Company, since the IPO was structured to grow, and we are growing I guess in a fast track. And we see the controlling shareholders believing that their share can recover its value, can perform as expected as long as we are able to show this value; and Atlanta has an important contribution for future cash generation. I'm not talking about long-term, I'm talking about next year and in three years' time to have a rump up of production as Carcará is incorporated into the shares.

So we are always focused on liquidity because it is a cap for some types of investors they need more liquidity and we do understand the concern of some investors, it is more of a structural aspect of the capital market and we have to consider that in the future.

But how do we intend to increase liquidity? Well, we need to add value to our shares. This depends on some external factors; macroeconomic environment, industry environment, the oil price, but in terms of what we can control, I mean, in terms of the Company we feel the need, despite everything that is happening in the market, we need the market to recognize what we're doing and as prices recover, we might have some other actions, may they be ownership actions or even economic and financial ones, to try to perhaps push the share a little bit.

But at the moment we don't envision that, the controlling shareholders understand the situation and I thank many of the investors who have been with us from the very beginning and they do believe that the Company has the right fundamentals, that the company can give a return despite the risk factors that are inherent to our activity and to market conditions, such as the oil price.

So we don't feel that there is a relationship between share performance and the fundamentals of the Company. If we take the cash, the value of Atlanta, the future value of Carcará. Now, anything this big will move the share performance of many companies.

So this is it. The value of the Company is in a discovery. Dividends is in cash flow. Value increases with the discovery, but then we have a natural delay in dividend, which is the beginning of the production.

I cannot speak too much for the controlling shareholders because, I mean, this is up to the Group to decide, but we do not see any movements in that direction, we don't see any exacerbations and that provides the support so that the management can continue to implement our policies, some which are more short-term and some which are long-term, varying and diversifying our portfolio so that we can deliver results in the mid to long-term. Mid-term meaning our future production until 2019.

So I cannot tell you whether these movements will occur or not, but to date we believe that we can recover and we have to surf this current difficulties, either macroeconomic or industry-related difficulties in Brazil, so that we can have this rally.

We are a little bit more worried about these other factors that do impact the industry as a whole and the financial markets as well, we see the potential loss of the Country's investments grade, but, nothing prevents us from thinking a little bit more industry-driven or a little bit more Company-driven.

Today our goal is to be able to add value and with as much transparency as possible in our dealings with the investors community. We need to communicate

with you and to disclose everything that is happening and we don't want this to make our production processes more difficult than they need to be.

Mr. Carvalho: Thank you.

Operator: Our next question is from Mr. Pedro Medeiros, Citibank.

Mr. Medeiros: Good morning everybody. Actually I have quite a few questions. I will start with three, which are quite objective and related to results and CAPEX.

My first question – and I'm sorry if you mentioned this in the presentation of the conference call, I wasn't logged on – could you explain the drivers of the reversal of the provision of abandonment of Camarão Norte? And the provision of Manati increased with the dollar appreciation, was there any change in the project as a whole that would justify the reversal of this provision?

My second question has to do with results. Receivables increased substantially in this quarter by R\$58 million approximately and while you define the participation of OGPar in the total credit, there is a quite relevant credit to partners. So could you explain where these credits are coming from and when do you expect to recover that?

And my third question is a follow-up on the CAPEX questions for 2016. You talked about activities, but should we expect a data acquisition well in Oliva for 2016 in your investment plan?

These are my first three questions and if I may I want to ask a fourth strategic question to Lincoln later.

Mr. Oliveira: Okay, provision for abandonment of Camarão Norte. This was removed because the whole process was questioned by the Consortium based on the premises that were used for abandonment, so we reviewed the abandonment procedure for the well and we concluded that we did not need to do the operations that were initially scheduled and that's why we had the reversal of this provision.

As for Manati, Manati continues with the same amount. But as provisions are in Reais if the dollar appreciates, which is the case, that amount increases. I hope this is clear.

Mr. Medeiros: Yes this is clear. Thank you.

Mr. Guardado: Pedro I am going to give the floor to Juan so that he can give you more color on the other question.

Mr. Soler: In terms of Accounts Payable and Accounts Receivable that variation has to do with the time between the issuance of the cash call and payment. It does

not characterize non-payment or default; it is the normal time that the partners have between cash calls and deposits.

We had some cash calls for both Atlanta and Carcará, they generated this provision in Accounts Payable and Receivable, but this balance has already been reduced as these cash calls have already been paid.

Mr. Medeiros: Great, thank you very much.

Mr. Guardado: Pedro, as for Oliva, indeed we had expected to drill a well there in 2016, but this was an old forecast when we delivered our full development plan to the Agency, but that depended on the arrival of the FPSO and we had some discussions regarding competition in the market for the FPSO, so things were a little bit delayed so we will probably delay the drilling at Oliva because it needs to happen after Atlanta is already producing.

Oliva is characteristically something that has to be understood hand in hand with Atlanta. It might be a satellite, it might be independent, but Atlanta needs to be running so that we can drill at Oliva. We will need a well there, the well there is quite old. Actually, it was the well that led to the discovery of that field by Petrobras and nothing else was done in that area, we are concentrated in looking at that and seeing what kind of oil we can find. But we had originally expected to drill it in 2016 because the platform would arrive in the beginning of 2016.

But this is not going to happen; we have discussed this with ANP, it's going to happen in the second half of 2016. So we need at least six months, or a little bit more than that, seven months perhaps of production so that then we can have a startup thinking about the full development of Atlanta, and that would be the ideal time to drill at Oliva and perhaps take advantage of a rig on site, because that's the most important thing; having a rig on site.

I'm going to give you an example: with the third well in Atlanta we could perhaps drill a well in Oliva taking advantage of the rig that would entail a lot of cost optimization so a lot depends on the conditions. So inside the Consortium, we are not considering to drill it in 2016, but this will not cause any major problems.

Now you wanted to ask a fourth question?

Mr. Medeiros: Well, my fourth question, my final question has to do with other questions asked before in this conference call. I'd like to know what is the real capacity of your balance sheet for new investments, I mean, do you have any estimate, any range, a more objective range of how much you would be willing to invest to expand your portfolio?

Or are these investments relying on the results of Atlanta or of the appraisal well at Carcará or even related to a rally in oil price?

Mr. Guardado: Well, you mentioned all of the variables that we consider. Absolutely, we have R\$1.3 billion and US\$350 million of investments expected for the next two years and we also have cash generation by Manati in the coming months and for next year. So it's important. And for next year we are going to have some cash reinforcement given the Atlanta production. I highlight that the Early Production System was not designed to make money; we adopted the system with two or three wells to get to know the reservoirs so that we can make the best decision for Full Development.

So you see, all of these components do play a role. Now there is something important; we will definitely need to go back to the market to implement a Full Development of Atlanta, so market conditions will be important when we decide to invest more in 2019 and 2020.

And talking about the financial market and how it will react to debt, that's one point. Another external point is the oil price, undoubtedly we will have an increase in oil price, even if it's not increasing that much, but if it resumes growth in 2017 onwards that would bring us a cash boost and that could help us.

And talking about your concern, the cash generation over debt relation, we want to be below three. This is a number that is recurrent and in these adverse times we value this even more. And you see, we are an exploration and production company, and depend on cash and future investments, and also on the market. We believe in that, we will always be like this, but now we see the value of having cash liquidity to be investing in the next two years and we want to keep that position.

So when you look from a bird's eye view it seems that we are not going to have many opportunities, but we do have opportunities. The postponement of Carcará will give us more elasticity to our cash and cash flow because we have Carcará that was going to compete with Atlanta for cash, but now with Petrobras' decision to postpone it, we don't know how long it will take, but it's not going to be for 2018 or 19, and we were expecting big investments there. Well, that gives us more elasticity to our cash and this can allow us to participate in a bid and perhaps eventually even participate in an opportunity of divestment in the market, which would be the case of Petrobras.

But undoubtedly for us what will always be most important is cash generation versus net debt. Our ratio is quite good; we are actually in a very comfortable position, in the next two years the range would be at around 2.5 for the next two years. There are also some investments that we can make, but always believing in two things: That there will be a certain recovery in the oil price and that there will be favorable market conditions for the debt market at the end of this decade.

Mr. Medeiros: Okay, but Lincoln, let me try to understand how you're thinking about this. Given your balance sheet conditions, which are quite comfortable today, like you said it looks like it's not a good situation, but there is a cash comfort there and the fact that you are going to have many opportunities arriving before you

have Atlanta's performance defined in the EPS and perhaps more oil visibility. But can't you give us a potential ticket of what you could work with? Perhaps if Petrobras decides to divest?

Mr. Guardado: Well, I haven't got a ticket value, you know, because it will really depend on the balance. If it's an exploration activity there is one ticket value, if I have a ticket for exploration it can be a big value, for development it cannot be a big value because I will need short-term cash.

So it will really depend on what kind of opportunity arise. A discovery which is in the development phase (and this might happen) will require from us probably less than a development field. For example, Carcará. We have preemption right at Carcará, depending on the type of deal offered by Petrobras the ticket in Carcará undoubtedly cannot be of the same magnitude because it will imply a mid-term CAPEX equal to that of an area that is still in the exploration phase or that has a smaller discovery, which Petrobras also has.

So, for the same ticket what might vary is our stake. So I cannot give you our availability, I can tell you to do the math, you know, what would be the investments for next year. For next year and this year we have CAPEX of about about US\$350 million, plus cash generation for the next two years. Today we have cash in the region of R\$600 million approximately, but there is a net cash flow into that. So you can kind of do the math. So perhaps something around R\$500 million that we might have available, but undoubtedly it will all depend on what happens this year; there is bidding, there is Petrobras, the Petrobras element. I don't know what will be the surplus of cash given the econometric indicators that I mentioned. We do not want to get very much away from that cash generation and net debt ratio.

Mr. Medeiros: So let me add to that. I think your example was really good, but could you give us some color, perhaps you or Juan, could you give us some color of what would be your minimum cash ex ante the EPS of Atlanta? Any color on that minimum cash that you should have?

Mr. Guardado: Pedro, I will let Juan try to address that because, after all, this is something that we will be charging from him. And Paula is probably listening to us, so I'll let him speak about this. But we have this expectation because this is something that we discuss at a corporate level.

Mr. Soler: Hello, Juan here. We always look at one year and perhaps two years and we want to have comfortable cash in this time horizon, 1 to 2 years, and we've been working towards that with, be it through generation from our projects, be it through debt or with a possible access to market again.

Mr. Medeiros: Excellent. Thank you, and I have one last question. I would be provocative. People don't talk about this much, but given a more broader investment program of Petrobras and given the fact that you recently signed the

take-or-pay contract for Manati, do you see any movement by the Company, would you be interested in buying Petrobras' stake in Manati?

Mr. Guardado: Well, what I can tell you is that Petrobras operates Manati quite consistently. There are some advantages: Petrobras gets the gas, takes the gas to their refinery and etc., but undoubtedly we, as the biggest stakeholder of Manati, if this comes to the market for whatever reason and understanding the importance of Manati to Petrobras and to the gas market in the Northeast of Brazil, because Petrobras uses a lot of our production, and of course we will consider this possibility.

I believe that with some adaptations of the Company because we haven't operated in such a big field, but sooner or later we can do it, and we would need to get prepared to take on this big operation, it could happen and it will depend on the conditions offered to the market and on the maintenance of some principles, for example, maintenance of the contract and its terms and conditions regarding the export of gas directly to a Petrobras refinery. But in a nutshell, what I can tell you is: Yes, we would consider that possibility of a possible operation, if not a purchase.

Mr. Medeiros: Excellent, thank you very much and I'd like to thank everybody for your answers.

Operator: I would like to remind you that if you want to ask a question, please, press star one.

This concludes today's question-and-answer session. I would like to invite Mr. Lincoln Guardado to proceed with his closing statements. Mr. Guardado, go ahead, Sir.

Mr. Guardado: Well, I would like to thank all of you for joining us, I mean, your questions were quite interesting to all of us.

Obviously we are living a very delicate moment, but also a moment of many opportunities in the Brazilian market. I expect that we will be able to continue communicating with you with transparency, informing what is happening while the Company continues to work diligently.

We are not a risk-averse. Risks are part of our activity, oil price fluctuations are part of our activity, but it is always good to remember that our investments are always focused on the long-term. There are some short-term consequences, but we always have to think about the long-term and a kind of flow maturation.

So in turbulent moments we have to face some of these difficulties and challenges, particularly in the financial market. But I want to renew our belief that Brazil offers many many opportunities, our company offers many many opportunities and we firmly believe in our gross stabilization of production, stabilization of our revenues.

And in this time span we expect that you will continue and renew your trust in the Company. Again I would like to thank you all and I would like to stress that our Investor Relations department is always available, as our website, that is new; there are many novelties so you can access our website to get more detail on these results and the projects that are unfolding at the Company. Have a good day.

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