

QGEP Participações S.A.
CNPJ/MF nº 11.669.021/0001-10
Publicly Held Company

MATERIAL FACT

QGEP announces decision to relinquish Block BM-J-2 to the ANP

Rio de Janeiro, December 21, 2015 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”, “QGEP”) announced its decision to relinquish Block BM-J-2, located in the Jequitinhonha Basin, in the state of Bahia, to the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis* - ANP).

QGEP has a 100% participating interest in Block BM-J-2, which was acquired in 2002 in the 4th ANP Bidding Round. The Company fulfilled its commitments under the Minimum Exploratory Program through the acquisition of 3D seismic data and the drilling of an exploratory well in the Alto de Canavieiras prospect (1-QG-5A-BAS). Drilling was completed in 2013 and identified potential pay zones in the pre-salt section, which led QGEP to file a Notice of Discovery with the ANP at the time.

At the end of 2014, the ANP approved a Discovery Evaluation Plan for the Block. Under this Plan, QGEP committed to reprocess seismic data and to proceed with a geological and geophysical reinterpretation of the area, which have now been concluded.

Based on the results of technical and economic analyses, which indicated low quality reservoirs and sub-commercial volumes, and the environmental challenges of operating in this area, the Company determined to relinquish the Block.

The decision is aligned with QGEP’s strategy of continuing to dynamically manage its asset portfolio. This is an ongoing process that considers the technical and economic aspects of the assets, their exploratory potential and international scenarios for oil prices.

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About Queiroz Galvão Exploração e Produção

QGEP Participações S.A. is one of Brazil’s largest producing company in the Brazilian Exploration and Production (E&P) private sector, and the first and only private Brazilian company to operate in the premium pre-salt area in Brazil. QGEP is qualified by the ANP in the last two auctions in 2007 and 2008 to act as “Operator A” in Deep and 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 of m3 per day. For more information, access www.qgep.com.br/ri