

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

MATERIAL FACT

QGEP announces change in accounting practices related to provisions for abandonment

Rio de Janeiro, February 25, 2016 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”, “QGEP”) announced that it will rectify its current accounting treatment for the impact of U.S. dollar exchange rate fluctuations on the Company’s provision for abandonment.

The effect of exchange rate variations on provisions for abandonment will now be recorded as an adjustment to fixed assets, rather than being incurred as financial income or loss on the Company’s profit and loss statement. As a result, the change in the provisions for abandonment will now impact amortization for the period. This accounting method is aligned with the interpretation of Rules CPC 25 (Provisions, Contingent Liabilities and Contingent Assets) and ICPC 12 (Changes in Liabilities due to Decommissioning, Restoration and Similar Liabilities).

The aforementioned accounting adjustments due to the rectification in treatment of provisions for abandonment will be reflected in the 2015 financial statements (which will be submitted for approval at the Ordinary Shareholders’ Meeting on April 12, 2016), along with the restatements of the financial statements for the years ended December 31, 2014 and 2013. Additionally, Management hereby announces that the interim financial statements for the quarters ended on March, 31, June, 30, and September 30, of 2015, along with the respective comparable quarterly information for 2014 will also be restated due to this accounting change. The restatements follow the CPC 23 guidelines (Accounting Policies, Changes in Accounting Estimates and Errors).

The Company’s management believes that the rectification of the aforementioned accounting procedure aims to better align with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS). The adjustment will have no impact on the dividends distributed in the years that were restated.

For more information, please contact our Investor Relations team:

Telephone: +55 21 3509-5959

E-mail: ri@qgep.com.br

www.qgep.com.br/ri

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