FOURTH QUARTER AND FULL YEAR 2015

Earnings Release QGEP Participações S.A.

Conference Call

English (simultaneous translation)
March 10, 2016
10:00 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: 20031-918
Phone 55 21 3509-5800

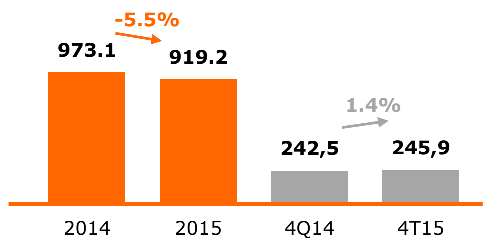
queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

QGEP Reports Fourth Quarter and Full Year 2015 Results

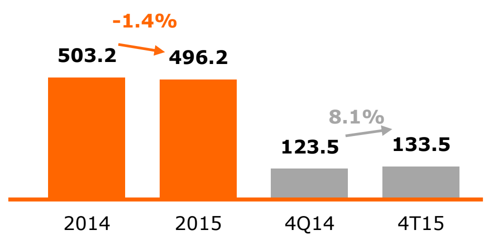
Rio de Janeiro, March 09, 2016 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), the only independent Brazilian company to operate in the pre-salt premium area of the Santos Basin, today announced its results for the fourth quarter and full year ended December 31, 2015. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil, as described in the financial section of this release.

- **Average daily gas production from the Manati Field was 5.9 MMm^3 in the fourth quarter, bringing average full-year daily production to 5.6MMm^3;**
- **Results from the Carcará Norte appraisal well were excellent, with initial production flow rates estimated to be similar to the highest producing pre-salt wells in the Santos Basin;**
- **Signing of a three-year oil sales agreement with Shell for output from Atlanta EPS at Block BS-4;**
- **EBITDAX of R$61.3 million in 4Q15 and R$273.0 million in 2015 from R$71.1 million and R$286.3 million, respectively, in 4Q14 and 2014;**
- **Net income in 2015 was R$93.6 million, even considering the net loss of R$159.4 million in the 4Q15, due to the write-off following relinquishment of Block BM-J-2;**
- **Operating cash flow was negative in R$10.6 million in 4Q15, and R$431.5 million for the full year, from R$77.2 million and R$348.5 million in 4Q14 and 2014, respectively;**
- **Cash balance[(2)] of R$1.3 billion at year-end; equivalent to R$4.96 per share;**
- **Management proposal includes dividend distribution of R$0,15 per share, in compliance with the Company's Dividend Policy.**

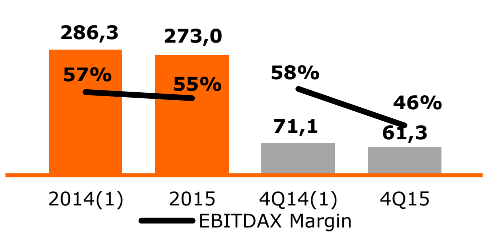
Gas Production (Millions m³)



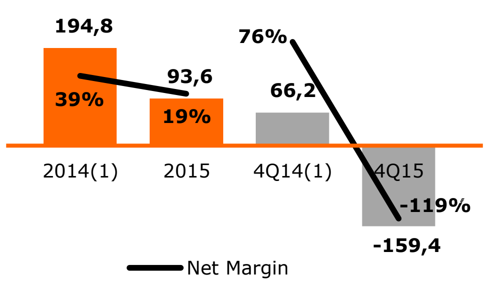
Net Revenue (R$ Million)



EBITDAX (R$ million)



Net Income (R$ million)



(1) The amounts of this periods refer to figures restated on March 9, 2016
(2) Includes cash, cash equivalents and marketable securities

Management Comments

2015 was marked by progress in several areas of our portfolio. Most notably, we returned production capacity at the Manati Field to previous levels, obtained even more encouraging results from the delimitation of Carcará, and acquired two exploratory blocks with high potential in the Sergipe-Alagoas Basin in the 13th ANP Bidding Round. In the year, the Company also continued to prepare for the start of production at the Atlanta Field, in the Santos Basin, expected for the end of 2016.

These developments were aligned with goals established for the year, namely, prioritizing cash flow-generating projects, optimizing our asset portfolio and maintaining our strong financial position. Given the prevailing headwinds for both our industry and the Brazilian economy, undoubtedly the most challenging since the Company went public, we exercised even greater discipline in our decision-making, in order to build QGEP's resilience to factors beyond our control. As a result, we enter 2016 with good predictability of production and cash generation, as well as a modular investment plan that can be modified to fit into the industry price reality. We are in a strong position to face the current industry conditions and confident in the recovery of the oil and gas market in the long run.

The successes of 2015 included:

- **Consistent gas production**: In 2015, average daily gas production at the Manati Gas Field reached 5.6MMm^3, in line with our projections. Manati is one of Brazil's largest non-associated gas field, serving important demand in the northeast of the country. In the course of 2015, the consortium at Manati completed the construction and interconnection of a gas compression plant, accomplished with only 13 days of production downtime. By the third quarter, the compression plant had returned production capacity of the field to 6.0MMm^3 per day, which will maintain a steady flow of revenues in 2016. To date, we have seen only minimal impact from Brazil's economic conditions on demand for gas from industry in the northeast region. We are closely monitoring the situation and projecting gas production to average approximately 5.7MMm^3 / day for the full year 2016.

- **Robust cash position**: We ended 2015 with a net cash position of R$910 million, making QGEP quite unique in the oil and gas industry. This cash position is the product of the positive performance of Manati and the Company's long-time policy of maintaining a disciplined approach to capital investment. In addition, QGEP's cash management policies, which include mainly investing in AAA-rated securities and hedging our exposure to dollar-denominated costs, enabled us to report financial income of R$272.2 million for 2015. Based on our strong operating cash flow, QGEP has been able to fund our ongoing operating expenses, continue with priority capital expenditures and be opportunistic when evaluating growth opportunities.

- **Development of the Atlanta Field**: Throughout 2015 we advanced on the development of the Atlanta Field, which will be a milestone for QGEP as an operator. The Field challenges on the drilling and completion of the horizontal wells for production have been successfully navigated. First oil from Atlanta was postponed for the fourth quarter of 2016, following the arrival of the Petrojarl I Floating Production Storage and Offloading vessel (FPSO) at the Field in the third quarter. Two production wells have already been drilled, with an initial average capacity of 20,000 barrels per day, and we have the option to increase output to 30,000 barrels per day by drilling a third production well. Late in 2015, we signed a three-year Crude Oil Sales Agreement with Shell Western Supply and Trading Ltd., who will purchase QGEP's 30% share of total Atlanta Field production. It is worth noting that our partners have also executed similar agreement with Shell.

- **Portfolio management**: We have actively managed our portfolio of exploratory assets in order to prioritize the exploration of the highest-potential blocks. Advances at these assets in 2015 included:
  - Significant progress in the Evaluation Plan of the Carcará Field discovery at Block BM-S-8. Two extension wells were concluded and two Drill Stem Tests were carried out in one of them. Results were positive, showing a light oil column (31º API) of more than 530 meters and initial flow rates equivalent to the best wells in the pre-salt. The oil/water contact has not been identified in any of

the drilled wells. All these factors give us further confidence as we advance the activities at Carcará.

- In October 2015, QGEP successfully bid for and acquired two high-potential blocks in the 13th ANP Bidding Round. These two blocks, SEAL-M-351 and SEAL-M-428, are both located in ultra-deep waters in the Sergipe-Alagoas Basin. This is a traditional producing basin in onshore, shallow and deep-water areas, and considered by our technical team as one of the basins with the greatest potential in all of the Brazilian offshore area. Geological assessments, QGEP's experience with the regulatory framework in Brazil and the Company's solid financial position enabled us to acquire these blocks under attractive pricing conditions.
- We continued the process of acquiring and analyzing the seismic data at the Blocks acquired in the 11th ANP Bidding Round. In 2015, we acquired the data for the Block CE-M-661 in the Ceará Basin, while the data for Block FZA-M-90 (in the Foz do Amazonas Basin) and ES-M-598 and ES-M-673 (in the Espirito Santo Basin) were analyzed by the respective consortiums. In the coming months, we expect to begin the acquisition of data for blocks PAMA-M-265 and PAMA-M-337 in the Pará-Maranhão Basins.
- In December, 2015, QGEP announced the decision to relinquish Block BM-J-2 in the Jequitinhonha Basin to the ANP. The Company acquired this Block in 2002, and fulfilled its commitments under the minimum Exploratory Program. Although a Notice of Discovery was filed in 2013, further technical and economic analysis held after the seismic reinterpretation of new data indicated low quality reservoirs and sub-commercial volumes, as well as environmental challenges for operations in the area. As a result, the Company determined to relinquish the Block, in line with our strategy to prioritize the highest potential blocks and optimize our portfolio.

Hand in hand with our operating achievements in 2015 we reported solid financial results:

- Net revenue of R$496.2 million, similar to the R$503.2 million reported in 2014, despite the interruption of production at the Manati Field for connection of the compression plant;
- EBITDAX of R$273.0 million;
- Net income of R$93.6 million, or R$0.36 per share;
- Operating cash flow of R$431.5 million.

There is no question that 2016 will be another challenging year for the global oil and gas industry. The sharp drop in crude oil prices has strained cash flows and led to many independent oil and gas companies to cut back operations. In Brazil, the situation is further complicated to Petrobras, due to its financial unbalance, as well as the economic recession and political instability.

By contrast, QGEP's results have been insulated from the vagaries of oil prices, as the Manati gas price is set in reais and indexed to inflation, and we also have a take-or-pay contract for our production. This gives us substantial visibility on this year's cash flow. In late 2016, this dynamic will change to some extent as production begins at the Atlanta Field. Production at Atlanta will be of 20,000 barrels per day with two wells, via an Early Production System (EPS), which will have a 3-5 year term. Over that time period, forecasts point towards oil prices rising from current levels, reducing the expected impacted of lower oil prices in the Company's cash flow.

Our competitive advantages will continue to distinguish us in the industry. These advantages include a high degree of technical expertise, a unique positioning with Brazil's petroleum industry, a track record as a partner and as an operator of important fields, and a balanced portfolio of assets. With these advantages, and our financial strength, we will be actively seeking opportunities to capitalize on new opportunities, as we did with the two blocks acquired in the 13th Bidding Round in 2015.

The challenges that affect the broader environment have impacted sentiment towards Brazil's oil and gas sector, including QGEP, and have impacted the Company's stock price. Despite our track record of operating cash flow, even as we expanded the scope of our operations via the 11th and 13th ANP Bidding Rounds, challenging market conditions brought our stock price to R$5.83 at the end of 2015, and even less than that in January and February of 2016. Today, our stock price is below the value of our per share cash position, giving investors the opportunity to own our production, development and exploration asset portfolio on an almost risk-less basis. Hopefully, our valuation will improve as QGEP executes on our strategic plan, and benefits from any potential improvement in the global price of crude oil.

In conclusion, we are pleased with our financial and operating results in 2015. We expect 2016 to be another year of achievement, and we are positioned to maintain our track record of positive results. The end of the year will be a milestone in the Company's history, as we begin oil production in the Atlanta Field. We look forward to keeping our investors informed as we move through this year.

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
Santos	BM-S-8	Carcará	10%	Contingent	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
Sergipe-Alagoas	SEAL-M-351		100%	Prospective	Oil
Sergipe-Alagoas	SEAL-M-428		100%	Prospective	Oil

Producing and Development Assets

MANATI

Block BCAM-40; Working interest: 45%

Average daily production at the Manati Field was 5.9 MMm^3 in the fourth quarter, up from 5.6MMm^3 in the third quarter and similar to the fourth quarter of 2014. This reflects the fact that the gas compression plant was brought online in the third quarter, returning production capacity to 6.0 MMm^3 per day. Full year production was 5.6MMm^3 per day, higher than the initial forecasts for the year but down from 5.9 MMm^3 per day in 2014, due to the 13-day interruption to interconnect the gas compression plant to the production system.

The Company's initial expectations for 2016 are for average gas production at Manati of 5.7MM m^3/day. Although average daily production at the Field in the first two months of 2016 was 6.0 MMm^3, the Company is forecasting output to be slightly below capacity, due to the current ongoing recession in Brazil.

Manati remains a very profitable field for QGEP, with an average EBTIDA margin of approximately 60% of net revenue, inclusive of additional operating expenses from the gas compression plant.

In March 2016 the consortium started painting the Manati platform, which will include one maintenance. This will take approximately 4 to 6 months and the budget is US$15 million to QGEP.

In August, 2015, QGEP released the projected 2P production capacity curve for the Manati Field, based on a certification report by Gaffney, Cline & Associates (GCA). The certified 2P production capacity was for 6.0MMm^3 of production per day in 2015 and 2016, with 2P production capacity falling from 2017. Also, as of December 31, 2014, 2P certified reserves were 13.5 billion m^3, or approximately 85.2 million barrel of oil equivalent (boe) of gas.

ATLANTA

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

At Block BS-4, the consortium is advancing the implemention of the Early Production System (EPS) at the Atlanta Field. Initial output from the EPS is expected to 20kbbl per day from two horizontal wells. Both wells have already been drilled, tested and equipped with electric submersible submarine pumps and wet Christmas trees. In addition, the Consortium has the option to drill a third well, which would increase EPS output to 30kbbl per day, due to the the floating production, storage and offloading vessel (FPSO) processing capacity.

Petrojarl I, the FPSO that will be used at the EPS, with storage capacity of 180,000 barrels of oil, is now the in the final stages of being adapted in Rotterdam, the Netherlands. Petrojarl I will have a production capacity of 30kkbl per day. The Consortium has leading operation and maintainance contracts for Petrojarl I, all of which have durations of five years, and termination clauses beginning in the third year.

The license for the FPSO installation in Atlanta has been issued and we are in the process of obtaining operating licenses with both the ANP and IBAMA. Due to delays in adaptating the vessel processing plant, it is now scheduled to reach the field in the third quarter of 2016, and as a result, the first oil is now scheduled for the fourth quarter.

In October 2015, QGEP signed an agreement with Shell Western Supply and Trading Ltd. (Shell) for the commercialization of the output from the Atlanta EPS. This Crude Oil Sales Agreement (COSA) is for oil sales that will be Free on Board (FOB) for Shell on the FPSO, with a netback price mechanism. The COSA has a term of three years, with the possibility of extending for one additional year. QGEP's partners in the Consortium also signed similar commercial agreements with Shell.

Exploratory Assets

BM-S-8

Working interest: 10%

In the fourth quarter of 2015, the Consortium at BM-S-8 completed the testing of Carcará Norte, one of two appraisal wells at the Carcará discovery. The testing process included two Drill Stem Tests (DSTs), one at the base and the other top of the carbonatic microbial reservoirs in the pre-salt. Data from the tests confirmed the high expected productivity of the reservoirs in the area. Initial production flow rates per well identified at least equivalent to the highest producing wells in the Santos Basin.

Data obtained from the tests indicate that the reservoir is the same one as was identified by the wildcat well, and also the excellent quality of the oil with 31° API and absence of contaminants. To date, the oil-water contact has not been identified and estimated oil column is of at least 530 meters. The appraisal wells have provided the Consortium with the necessary information to plan future operations at Block BM-S-8 including the development of a production infrastructure for this discovery.

The Discovery Evaluation Plan in force also provides for an Extended Well Test (EWT) in 2017, whose implementation is being re-evaluated on the basis of the information already obtained with the tests completed in Carcará Norte. The Consortium is also considering running tests in the Carcará Noroeste well.

At the Guanxuma prospect, drilling is scheduled to begin in 2017. Guanxuma is also located in the pre-salt section of the Santos Basin, 30km southwest of the Carcará discovery.

CAL-M-372

Working interest: 20%

Activities at CAL-M-372 continue to await the environmental license from IBAMA. Once this license has been received, the Consortium will drill a pioneer well targeting the CAM#01 prospect. Negotiations are underway with the ANP for the postponment of the Concession periods due to market conditions and uncertainties in the process of environmental licensing.

BLOCKS ACQUIRED IN THE 11th ANP BIDDING ROUND

QGEP and its relevant partners are moving on with commitments held in relation to the blocks acquired in 2013 in the 11th ANP bidding round.

Seismic data for the blocks in the Espirito Santo Basin has been acquired, and the processing phase has begun. This phase is expected to conclude by the end of June.

Seismic Data for Block FZA-M-90, in the Foz do Amazonas Basin, has been acquired and processed. The Consortium is currently interpreting the data, aiming at evaluating the Block's potential.

At the Ceará Basin, seismic data has been acquired, and the processing phase has begun. This phase is expected to conclude at the end of 2016.

At the Pará-Maranhão Basin, the Consortium will be granted the environmental license soon, thus allowing for the beginning od the seismic acquisition works.

The cost, net to QGEP, for the acquisition of the seismic data and other expenses related to the Blocks acquired in the 11th ANP Bidding Round was US$19.5 million until the end of 2015, and is expected to be around US$22 million in 2016. QGEP also expects to spend approximately US$200 million on the drilling of at least four exploratory wells, as from 2017/2018, under the commitments taken in the 11th ANP Bidding Round. Actual drilling costs may prove to be lower, reflecting the reduced rates for drilling in the industry.

Recent Corporate Developments

- On October 8, 2015, QGEP announced that it had been awarded two blocks in the 13th ANP Bidding Round. These blocks, SEAL-M-351 and SEAL-M-428 are located in ultra-deep waters in the Sergipe-Alagoas Basin, adjacent to relevant Petrobras discoveries, and encompass a total area of 1,512km^2. QGEP was awarded a 100% participating interest in both blocks, and disbursed a total of R$100 million as signature bonus for both blocks: R$63.9 million related to Block SEAL-M-351, and R$36.1 million related to Block SEAL-M-428. In both cases, the blocks were acquired with the minimum offers required by the ANP**,** including: bonuses, Minimum Exploratory Program (MEP) and local content. The exploratory phase comprises a period of five years for compliance with the MEP and another two years for the eventual drilling. QGEP expects to expense approximately US$15-20 million for the acquisition of seismic data at the blocks.

- On December 21, 2015, QGEP announced its decision to relinquish Block BM-J-2 to the ANP. 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 2013, QGEP filed a Notice of Discovery, after identifying potential pay zones in the pre-salt section, and the ANP approved a Discovery Evaluation Plan. The technical and economic analyses carried out under this Plan indicated the project is sub-commercial, which led to the relinquishment of the Block. In the fourth quarter of 2015, QGEP booked a write-off of R$332.5 million related to the relinquishment of Block BM-J-2.

- On December 21, 2015, the Board of Directors approved the establishment of the non-statutory Ethics, Governance and Sustainability Committee, responsible for ensuring good market and governance corporate practices, among others, aiming to create a culture whereby the Company constantly improves its corporate governance practices. The Committee is composed of three members and must have at least one independent member of the Board holding the Committee’s chair position. On February 1, 2016, the Board of Directors established the Company's Compensation Committee, also non-statutory and composed of three members.

- On February 2, 2016, QGEP announced its Board of Directors had approved KPMG Auditores Independentes to provide independent audit services of the Company’s financial statements for the year ending December 2016. KPMG will begin its activities effective with the review of the Company’s financial report for the first quarter of 2016. KPMG replaces Deloitte Touche Tohmatsu Auditores Independentes in compliance with Instruction CVM nº 308/99, which mandates the rotation of independent auditors every five years.

- In the 15th Valor 1000 Award, in August 2015, QGEP won the first prize in the category oil and gas companies.

Adjustment of the Exchange Rate Variation in the Provision for Abandonment

On February 25, 2016, QGEP announced to the market that it would rectify, in the fourth quarter of 2015, the accounting procedure adopted to record the U.S. dollar exchange rate variations in the provision for abandonment. As a result, the Company is restating the individual and consolidated financial statements for the years ended December 31, 2014 and 2013, approved on March 12, 2015 and February 24, 2014, respectively (see explanatory note 2.28 to the financial statements dated December 31, 2015).

The provision for abandonment has, as one of its premises, cost estimates in U.S. dollars, while the Company's functional currency is the Brazilian real. As a result, exchange rate variations between the dollar and the real were recorded as exchange rate variations in the financial statement and impacted the Company's results, leading to non-cash gains and losses that created great fluctuations in the reported net income. Considering the rectification of the accounting procedure, the effect of exchange rate variation on the provision for abandonment will be recorded in the respective fixed assets, affecting the result through the amortization for the period, having no impact on the financial result. This accounting practice 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).

In addition to the effect of the exchange rate variations recorded to fixed assets, reversed from the net financial results, other accounting effects, such as recalculation of the depreciation and measurement of the income tax expense, are being restated as required by CPC 23 (see explanatory note 2.28).

Although the restatement of the financial statements for the fiscal years ended December 31, 2014 and 2013 has resulted in higher net income in these years, the proposed dividend amount, paid to shareholders, based on the financial statements prepared in accordance with the Brazilian corporate law and approved on March 12, 2015 and February 24, 2014, respectively, still complied with the regulation of the Company's minimum mandatory dividend in those years. The dividends paid exceeded (even after the restated balances) the minimum required for the fiscal years ended December 31, 2014 and 2013.

The management announces that the rectification of the accounting procedure mentioned above is aimed at better alignment to the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), which will provide a clearer view of the Company's operational and financial performance.

Financial Performance

Income Statement and Financial Highlights (R$ million)

	4Q15	4Q14(1)	Δ% 4Q15x 4Q14(1)	3Q15(1)	Δ% 4Q15x 3Q15(1)	2015	2014(1)	Δ% 2015x 2014(1)
Net Revenue	**133.5**	**123.5**	**8.1%**	**112.1**	**19.1%**	**496.2**	**503.2**	**-1.4%**
Costs	(70.1)	(63.2)	10.9%	(57.3)	22.4%	(252.9)	(242.3)	4.4%
Gross profit	**63.4**	**60.2**	**5.3%**	**54.8**	**15.6%**	**243.3**	**260.1**	**-6.8%**
Operating income (expenses):								
General and administrative expenses	(16.5)	(20.0)	17.7%	(9.7)	69.7%	(52.9)	(58.5)	-9.5%
Equity Method	(0.4)	(0.2)	119.1%	(0.4)	6.2%	(1.2)	(0.2)	536.8%
Exploration expenditures	(352.0)	(38.7)	N/A	(7.9)	N/A	(386.1)	(110.3)	249.9%
Other net operational expenses	0.0	-	N/A	0.3	-87.6%	0.3	0.0	N/A
Operating income (Loss)	**(305.4)**	**1.3**	**N/A**	**37.0**	**N/A**	**(196.5)**	**92.0**	**-313.7%**
Financial income (expenses). net	29.7	46.9	-36.8%	133.4	-77.8%	272.2	119.2	128.4%
Income before income tax and social contribution	**(275.7)**	**48.2**	**N/A**	**170.5**	**-261.7%**	**75.7**	**211.2**	**-64.1%**
Income tax and social contribution	116.3	18.0	N/A	(51.6)	-325.5%	17.9	(16.3)	-209.6%
Net income (Loss)	**(159.4)**	**66.2**	**-340.8%**	**118.9**	**-234.1%**	**93.6**	**194.8**	**-52.0%**
Net cash inflows from operating activities	**(10.6)**	**77.2**	**113.7%**	**202.3**	**-105.2%**	**431.5**	**348.5**	**23.8%**
EBITDAX(*)	**61.3**	**71.1**	**-13.7%**	**61.9**	**-0.9%**	**273.0**	**286.3**	**-4.6%**

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.

(1) The amounts of these periods refer to figures restated on March 9, 2016.

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

QGEP's financial performance in the fourth quarter was positive, with higher revenue and EBITDAX from a year earlier, reflecting the contractual adjustments in the price of gas from Manati and lower general and administrative expenses. EBITDA and net income, by contrast, were both negative for the quarter. This discrepancy mainly reflects the impact of the write off related to the relinquishment of Block BM-J-2.

Fourth quarter 2015 financial highlights are below:

- Net revenue was R$133.5 million, up 19.1% from R$112.1 million in 3Q15 and 8.1% from R$123.5 million in 4Q14. This reflected the increase in Manati gas production to an average of 5.9MMm^3 per day, in line with 4Q14 levels and above those of 3Q15, as well as the annual contractual adjustment in the price of Manati gas.

- Operating costs were R$70.1 million in the quarter, compared with R$57.3 million in 3Q15 and R$63.2 million in 4Q14. The increase in costs reflects a full quarter of costs associated with the Manati gas compression plant, compared to a month and a half in 3Q15, after the start of the plant's operations in mid-August.
  - Amortization expenses were R$27.3 million, compared with R$23.8 million in 3Q15 and R$31.7 million in the 4Q14. This increase in 4Q15, compared to the previous quarter was due to increased gas production in the period. This y-o-y increase between 4Q14 and 4Q15 was due to the signing of the amendment to the Manati gas sales contract, which led to the increase in proved reserves (1P) of gas used to calculate depreciation costs.
  - Production costs were R$21.7 million, up from R$17.7 million in 3Q15 and R$14.5 million in 4Q14. This was due to the start of operations of the Manati compression plant in the middle of the third quarter. Costs relating to the compression plant was R$4.2 million in the 3Q15 and R$9.0 million in 4Q15.
  - Special participation rose R$0.8 million compared to 4Q14 due to the slightly higher production in the 4Q15.

Operating costs (R$ million)

	4Q15	4Q14(1)	Δ%	2015	2014(1)	Δ%
Depreciation and amortization	27.3	31.7	-13.9%	117.9	120.5	-2.1%
Production costs	21.7	14.5	46.9%	64.1	54.3	18.0%
Maintenance costs	2.4	3.5	-29.3%	10.3	11.9	-13.9%
Royalties	10.0	9.7	3.7%	37.7	38.9	-3.1%
Special Participation	3.4	2.6	31.2%	9.2	11.2	-18.1%
R&D	1.5	1.4	10.4%	5.6	5.5	1.6%
Other	4.2	-	N/A	8.2	-	N/A
TOTAL	**70.1**	**63.2**	**-3.9%**	**252.9**	**242.3**	**4.4%**

(1) The amounts of these periods refer to figures restated on March 9, 2016.

- Exploration expenses were R$352.0 million in the quarter, compared with R$7.9 million in 3Q15 and R$38.7 million in 4Q14. The increase was the result of a write-off of R$332.5 million related to the relinquishment of Block BM-J-2, as well as higher expenses related to seismic data acquisition and processing in the 4Q15.
- General and administrative expenses were R$16.5 million in 4Q15, compared to R$9.7 million in 3Q15 and R$20.0 million in 4Q14. This 4Q15 figure reflects both costs associated with profit sharing for employees and the largest allocation for projects operated by QGEP.
- Financial result was R$29.7 million in the quarter, down from R$133.4 million in 3Q15 and R$46.9 million in 4Q14. The decrease reflected lower profitability of foreign funds due to the stability of the exchange rate in the period, compared to 3Q15 and 4Q14.
- Income tax and social contribution represented a credit of R$116.3 million in 4Q15, compared with an expense of R$51.6 million in 3Q15 and a credit of R$18.0 million in 4Q14. The amount in 4Q15 reflects the constitution of deferred income tax and social contribution on the effects of the amortization on the provision of abandonment of the Manati Field, which counterpart is the fixed asset.

Full-year Financial Highlights:

- Net revenues totaled R$496.2 million in 2015, in line with the R$503.2 million in 2014. The slight decrease of 1.4% compared to the levels of 2014 was due to lower gas production in 2015, at an average of 5.6 MMm^3 per day, compared with the average daily production of 5.9 MMm^3 per day in 2014. This decrease was partially offset by contractual prices adjusted for inflation at the beginning of the year.

- Total exploration expenses were R$386.1 million, compared to R$110.3 million recorded in 2014. This increase was largely due to the write-off from the relinquishment of Block BM-J-2, as well as to the R$18.2 million related to acquisition and processing of seismic data at the blocks acquired in the 11th ANP Bidding Round.

- Financial result was R$272.2 million, up more than 200% from R$119.2 million in 2014. This marked increase was the result of the depreciation of the Brazilian real against the U.S. dollar, impacting exchange funds, as well as the higher CDI rate in Brazil.

- EBITDAX was R$273.0 million, down 4.6% from R$286.3 million in 2014, reflecting higher gas production in 2014.

- Income tax and social contribution for 2015 represented a credit of R$17.9 million, compared with an expense of R$16.3 million in 2014, as a result of the reversal, with no cash impact, due mainly to the constitution of deferred income tax and social contribution on the effects of the amortization on the provision of abandonment of the Manati Field, which counterpart is the fixed asset.

- Full year operating cash flow totaled R$431.5 million, up from R$348.5 million in 2014.

CAPEX AND OTHER EXPLORATORY EXPENSES

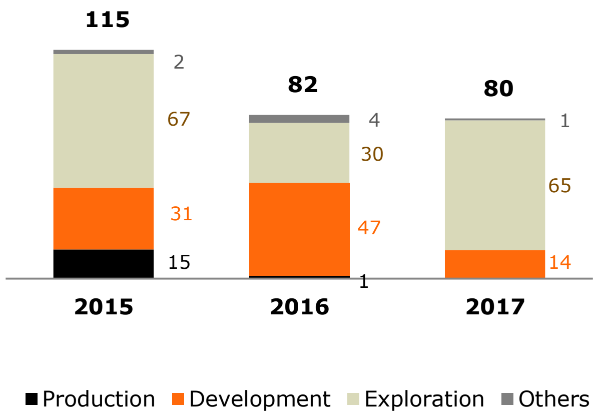
QGEP maintains a disciplined approach to capital expenditures, proceeding with prudent expenditures while maintaining a comfortable cash position to support its future needs. Decisions regarding capital expenditures are made by the consortiums at the different assets in QGEP's portfolio, and QGEP then books the portion corresponding to its ownership in the relevant asset.

In 2015, total capital expenditures were US$115 million. Of this, US$67 million was spent on the Company's exploratory portfolio, including US$34 million with drilling and tests at the Carcará discovery, where results to date have been extremely encouraging. The remainder was allocated at the Company's developmental and producing assets, including US$31 million at the Atlanta Field and US$15 million at Manati.

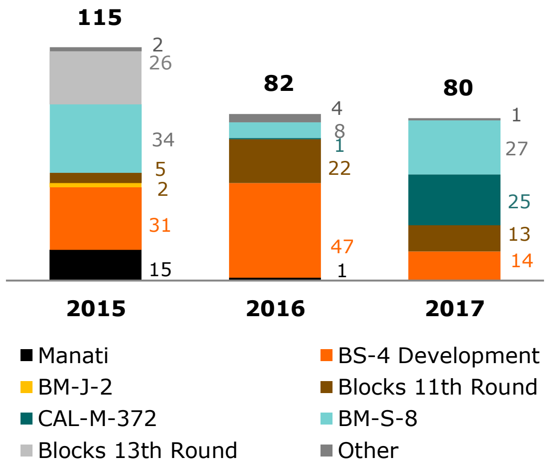
In 2016, total capital expenditures are expected to be US$82 million. Out of this total, US$47 million, will be spent at the Atlanta Field, with production scheduled to begin late in the year. 2016 capex will also include US$22 million to be spent in the acquisition and processing of seismic data, as well as geological and geophysical studies at the blocks acquired in the 11th ANP Bidding Round.

QGEP expects to invest US$80 million in 2017, mainly consisting of investments in exploration: US$13 million are estimated to be invested in the blocks acquired in the 11th Bidding Round; US$25 million related to the drilling of a well in Block CAL-M-372 and US$27 million allocated to activities in Block BM-S-8, including a wildcat well in Guanxuma and a test in the Carcará Noroeste well.

CAPEX net to QGEP (US$ million)



CAPEX net to QGEP (US$ million)



Cash Position (Cash, Cash Equivalents and Marketable Securities) and Debt

At the end of 2015 the Company had a consolidated cash balance of R$1.3 billion.

On December 31, 2015 QGEP had 40% of its cash invested in exchange funds, in order to hedge its medium term US dollar denominated obligations.

The remaining balance was invested in Brazilian real-denominated instruments. As of December 31, 2015 the average annual return of these investments was 101.9% of the CDI rate and 85% of the funds had daily liquidity.

As of December 31, 2015, QGEP's total debt was R$369.7 million, consisting of R$253.7 million drawn down on credit lines from state lender Financiadora de Estudos e Projetos (FINEP) and R$117.9 million drawn down on a credit line from Banco do Nordeste do Brasil (BNB).

Funds from FINEP are part of a financing package aimed at supporting the development of the Atlanta Field EPS, and consists of two credit lines, at a fixed rate of 3.5% per year, and another of a floating rate linked to TJLP. Both have a grace period of three years and payment period of seven years. QGEP has a total credit line with FINEP of R$266.1 million.

The Company's net cash position as of December 31, 2015 was R$910.3 million.

CREDITS WITH PARTNERS

These reflect expenses incurred in E&P activities that are billed ("cash calls") or to be billed to non-operator partners in the respective consortiums, or allocated by the Company's operator partners in the blocks not operated by QGEP.

Of the R$23.9 million recorded on December 31, 2015, R$12.2 million corresponds to consortium member OGX Petróleo e Gás S.A. - Judicial Recovery and the remaining from other consortium members (R$11.7 million). The outstanding amounts are not yet overdue.

On January 19, 2016, the "cash call" 01/2016 related to the Block BS-4 operations was issued, totaling R$19.6 million, due on February 3, 2016. Of this amount, R$8.8 million corresponded to OGX. As of the date of approval of the financial statements, QGEP had not received payment for January 2016.

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

The consolidated financial information of the Company for the quarters ended December 31, 2015 and December 31, 2014 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I – CONSOLIDATED FINANCIAL INFORMATION (R$ MILLION)

Consolidated Financial Information (R$ million)

	4Q15	4Q14[1]	Δ%	2015	2014[1]	Δ%
Net income	(159.4)	66.2	-340.8%	93.6	194.8	-52.0%
Amortization and depreciation	28.2	31.2	-9.7%	121.7	122.8	-0.9%
Net financial income (expenses)	(29.7)	(46.9)	-36.8%	(272.2)	(119.2)	128.4%
Income tax and social contribution	(116.3)	(18.0)	N/A	(17.9)	(16.3)	-209.6%
EBITDA[1]	**(277.2)**	**32.5**	**N/A**	**(74.9)**	**214.7**	**-134.9%**
Oil and gas exploration expenditure with sub commercial and dry wells[2]	338.5	38.6	N/A	347.9	71.6	385.9%
EBITDAX[3]	**61.3**	**71.1**	**-13.7%**	**273.0**	**286.3**	**-4.6%**
EBITDA Margin[4]	-207.6%	26.3%	N/A	-15.1%	42.7%	-135.4%
EBITDAX Margin [5]	45.9%	57.6%	-20.2%	55.0%	56.9%	-3.3%
Net Cash[6]	910.3	877.7	3.7%	910.3	877.7	3.7%
(Net Cash)/EBITDAX	(3.33)	(3.07)	8.8%	(3.33)	(3.07)	6.2%

[1] The amounts of these periods refer to figures restated on March 9, 2016

[2] 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.

[3] Exploration expenses relating to sub-commercial wells or to non-operational volumes.

[4] EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with sub-commercial and dry wells.

[5] EBITDA divided by net revenue.

[6] EBITDAX divided by net revenue.

[7] Net cash corresponds to cash, cash equivalents and marketable securities investments excluding 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.

Annex II – BALANCE SHEET

BALANCE SHEET (R$ million)	2015	2014[1]	Δ%
Assets			
Current Assets	**1,337.3**	**1,343.7**	**-0.5%**
Cash and cash equivalents	180.7	117.2	54.2%
Investments	941.5	1,011.4	-6.9%
Trade accounts receivable	102.6	101.6	1.0%
Stocks	3.1	54.5	-94.4%
Recoverable taxes	74.3	37.6	97.5%
Related Parties	6.7	0.0	N/A
Partners credit	23.9	19.3	23.8%
Other	4.5	2.0	126.8%
Non-current Assets	**2,092.9**	**1,888.6**	**10.8%**
Restricted cash	86.8	27.9	210.9%
Investments	157.8	0.0	N/A
Recoverable taxes	4.9	2.7	85.6%
Stocks	57.1	0.0	N/A
Deferred income tax and social	45.5	19.4	134.8%
Related Parties	0.2	4.9	-95.2%
Investiments	125.1	22.8	N/A
Property, plant and equipment	885.5	1,178.6	-24.9%
Intangible assets	728.4	630.5	15.5%
Other Non-current Assets	1.6	1.8	-9.2%
TOTAL ASSETS	**3,430.3**	**3,232.2**	**6.1%**
Liabilities and Shareholders' Equity			
Current Liabilities	**158.0**	**110.6**	**42.8%**
Trade accounts payable	71.7	35.2	103.6%
Borrowings and financing	12.5	0.4	3122.7%
Taxes payable	27.6	26.3	4.8%
Payroll and related taxes	18.6	17.9	3.7%
Due to related parties	0.4	0.3	25.0%
Provision for research and development	15.7	12.8	23.1%
Insurances payable	8.5	6.3	35.3%
Other current liabilities	3.1	11.4	-73.0%
Non-current Liabilities	**583.1**	**531.6**	**9.7%**
Provision for abandonment	226.0	281.1	-19.6%
Borrowings and financing	357.2	250.5	42.6%
Shareholders' Equity	**2,689.2**	**2,590.0**	**3.8%**
Capital Stock	2,078.1	2,078.1	0.0%
Capital Reserve	37.9	31.6	19.8%
Shares held in treasury	(81.0)	(81.0)	0.0%
Profit Reserve	610.8	555.9	9.9%
Other Comprehensive income	43.4	5.4	N/A
Net income for the period	0.0	0.0	N/A
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,430.3**	**3,232.2**	**6.1%**

(1) The amounts of this periods refer to figures restated on March 9, 2016.

Annex III – FLUXO DE CAIXA

CASH FLOW STATEMENT (R$ million)

	4Q15	4Q14[(1)]	Δ%	2015	2014[(1)]	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period	**(159.4)**	**66.2**	**-340.8%**	**93.6**	**194.8**	**-51.9%**
Adjustments to reconcile net income to net cash provided by operating activities:						
Equity Method	0.4	0.2	119.6%	1.2	0.2	N/A
Amortization of the exploration and development expenditures	28.2	31.2	-9.7%	121.7	122.8	-0.9%
Deferred income tax and social contribution	(41.7)	(14.8)	181.6%	(26.1)	3.1	N/A
Financial charges and exchange rate (gain) loss borrowings and financing	4.2	1.2	250.4%	14.6	5.9	146.4%
Write-off	332.2	38.4	N/A	332.4	70.6	370.5%
Provision for stock option plan	1.5	2.0	-28.1%	6.3	9.0	-30.4%
Provision for income tax and social contribution	(74.7)	(0.9)	N/A	8.2	15.5	-46.8%
Provision for research and development	(0.6)	(1.1)	-154.9%	2.9	4.2	-29.6%
	7.6	8.9	-14.5%	0.0	18.8	-100.0%
(Increase) decrease in operating assets:						
Increase (decrease) in operating liabilities:	**(67.9)**	**(39.0)**	**74.1%**	**(54.7)**	**59.0**	**-192.6%**
Net cash inflows from operating activities	**(40.3)**	**(17.3)**	**132.3%**	**(68.6)**	**(155.5)**	**-55.9%**
	(10.6)	**77.2**	**-113.7%**	431.5	348.5	23.8%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities						
	22.8	**(192.2)**	**-111.9%**	(485.1)	(617.3)	-21.4%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities						
Total exchange variation on cash and cash equivalents	(0.0)	83.5	-100.0%	79.2	25.0	216.6%
Increase (decrease) in cash and cash equivalents	(2.9)	2.1	-235.8%	38.0	3.2	N/A
	9.3	(29.3)	-131.8%	63.5	(240.6)	-126.4%
Cash and cash equivalents at the beginning of the period						
Cash and cash equivalents at the end of the period	**171.3**	**146.5**	**16.9%**	**117.2**	**357.8**	**-67.2%**
Increase (decrease) in cash and cash equivalents	**180.7**	**117.2**	**54.2%**	**180.7**	**117.2**	**54.2%**

[(1)] The amounts of this periods refer to figures restated on March 9, 2016.

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 oil storage.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources

Kbbl/d	One thousand barrels per day
MEP	Minimum Exploratory Program are the set of activities aimed at the fulfillment of the contractual obligations of the exploration phase, carried out in a concession area and in which each activity is computed quantitatively according to its nature and scope, which has an equivalence in work units (UT's) and corresponds to the winning bid parameter of the bidding area.
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.
Risked 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.