

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

**MATERIAL FACT**

**QGEP Provides Guidance on Manati Field Gas Production**

**Rio de Janeiro, July 4, 2016** – QGEP Participações S.A. (“QGEP”, “Company”, BM&FBovespa: QGEP3”) announces Manati gas production averages for the second quarter and first half ended June 30, 2016.

For the second quarter, gas production averaged 5.0 MMm<sup>3</sup> per day, comprised of 6.0 MMm<sup>3</sup> of production in April, followed by lower production in May and June, reflecting the significant decline in gas consumption throughout Brazil. As a result, the Company is revising its guidance and now expects production to average 5.1 MMm<sup>3</sup> per day for full year 2016, from a previous estimate of 5.7 MMm<sup>3</sup> per day, taking into consideration a scenario of low demand for the next six months. The Company reaffirms that Manati Field’s production capacity will remain at 6.0 MMm<sup>3</sup> per day. QGEP estimates that Manati Field’s EBITDAX margin will range from 60% to 65%, more than sufficient to support current operations.

“Over the last twelve months, Brazilian gas consumption has declined by around 25% according to the last data released by the Ministry of Mines and Energy (MME), creating an oversupply of natural gas,” said Lincoln Guardado, Chief Executive Officer. “Within this environment, QGEP’s gas production is projected to decline by 10% in 2016, but fortunately, our operations at Manati are efficient and profitable, and we believe this is a cyclical phenomenon and that we will return to previous levels of consumption in the near-term.”

“Additionally, our robust balance sheet, with R\$1.3 billion of cash at the end of the first quarter, combined with our expected operating cash flow, will allow us to continue all planned work across our developmental and exploratory portfolio in 2016 and 2017,” Mr. Guardado concluded.

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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 m<sup>3</sup> per day. For more information, access [www.qgep.com.br/ri](http://www.qgep.com.br/ri)