

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

MATERIAL FACT

QGEP announces sale of Petrobras' stake in Block BM-S-8 to Statoil

Rio de Janeiro, July 29, 2016 – QGEP Participações S.A. ("QGEP", "Company", BM&FBovespa: QGEP3") announced that the operator of Block BM-S-8, Petróleo Brasileiro S.A. ("Petrobras") released today that its Board of Directors approved, in a meeting held on July 28th, the Board of Directors approved the sale of the company's stake in this block to Statoil Brasil Óleo e Gás Ltda. ("Statoil").

The base price negotiated for the 66% stake in the BM-S-8 is US\$2.5 billion. The first installment (US\$1.25 billion), representing 50% of the total, will be paid once the transaction has been closed. The remaining amount will be paid in installments contingent upon subsequent events, such as the signing of the Production Individualization Agreement (unitization).

"We are pleased with the completion of the Carcará sale process and we believe the transaction reflects the importance of the area," said Lincoln Guardado, the Company's CEO. "Statoil is already our partner in two of the blocks acquired in the 11th ANP Bidding Round, and we are pleased to have them as an operator also at Block BM-S-8".

Block BM-S-8 is located at the Santos Basin, where we have had the discovery of Carcará, is an oil accumulation located in pre-salt microbial carbonates. This important discovery has shown excellent productivities, and a good quality oil column of at least 530 meters (31° API), free from contaminants. Also, drilling of Guanxuma exploratory prospect, located 30km southwest from Carcará Discovery, is also programmed for this area.

Queiroz Galvão Exploração e Produção S.A. has a 10% participating interest in Block BM-S-8 and other members of the Consortium include Petrogal Brasil Ltda., with 14%, and Barra Energia do Brasil Petróleo e Gás Ltda., with 10%.

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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