

SECOND QUARTER 2016

Earnings Release

QGEP

Participações S.A.



Conference Call

English (simultaneous translation)

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QGEP Reports 2Q16 Results

Rio de Janeiro, August 10, 2016 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), a leading Brazilian Exploration & Production company with a unique portfolio of producing, developmental and exploratory assets, today announced its results for the second quarter ended June 30, 2016. 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 5.0 MMm³, reflecting lower demand in the second part of the quarter. Manati capacity remains 6.0MM³/day, with 2P net gas reserves to QGEP of 4.9 billion m³**

- ▶ **Net revenue of R\$120.4 million in 2Q16, in line with R\$124.6 million recorded in 2Q15**

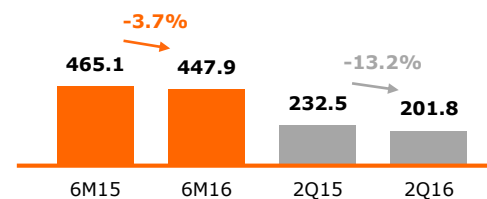
- ▶ **Net loss of R\$7.7 million in 2Q16, reflecting the impact of higher exploration expenses and currency movements**

- ▶ **Operating cash flow of R\$74.1 million in 2Q16**

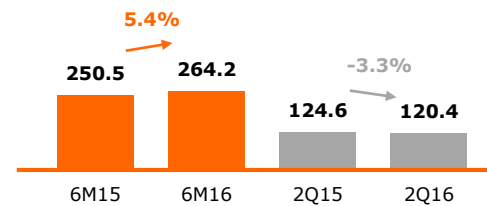
- ▶ **Cash balance ⁽¹⁾ of R\$1.3 billion at quarter-end; providing ample funds to maintain planned investment programs for the next two years**

- ▶ **QGEP reported that Petrobras, the operator of Block BM-S-8, sold its 66% stake in this Block to Statoil Brasil Óleo e Gás Ltda, who will become the operator. The transaction value was US\$2.5 billion**

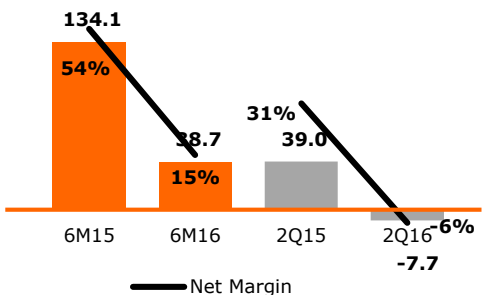
Gas Production (Millions m³)



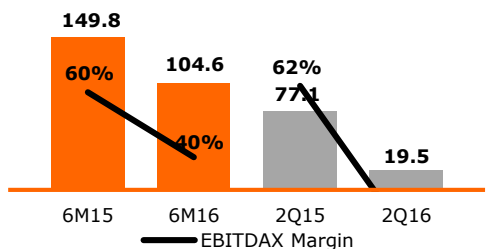
Net Revenue (R\$ Million)



Net Income (R\$ million)



EBITDAX (R\$ million)



(1) Includes cash, cash equivalents and marketable securities

Management Comments

In the second quarter of 2016, QGEP continued to effectively execute on its strategy to maintain operating and financial flexibility during a period of challenging business conditions. Although the Company has a portfolio of high quality assets and the commitment and potential to grow in both the short and long terms, QGEP's first half results reflected challenges both in terms of the economic environment in Brazil, as well as the impact of certain expenses that were booked in the second quarter. However, we are confident in our ability to report positive results for full year 2016, and in our positioning for substantial growth in 2017.

In the second quarter, the average gas production of the Manati Field was 5.0MMm³ per day, reflecting lower demand. Even in this scenario of contraction in the Brazilian gas market, we believe that the recent government actions directed to boost the economy will benefit the industry in the medium term. Based on our current visibility, we revised our forecast for full year 2016 gas production to 5.1MMm³ per day, below the 5.5 MMm³ daily average achieved in the first six months of this year. It is important to emphasize that, even at these lower production levels, Manati continues to present attractive margins, with a firm contract for the entire reserve, providing QGEP with an important source of operating cash flow.

In the second quarter, results were impacted by expense items, which caused us to incur a net loss for the period. We booked a net financial loss for the quarter of R\$11.5 million, compared to a net financial income of R\$16.5 million in the second quarter of 2015. This item reflects the appreciation of the Brazilian real, which directly affected the income from our dollar-denominated funds, which are held as a hedge against dollar-denominated expenses. In addition, the painting and maintenance of the platform at Manati is now underway, with a total cost net to QGEP of R\$50 million, R\$16.2 million of which was incurred in this second quarter.

We continued to invest in other areas of our portfolio. At the Atlanta Field, the adaptation of the FPSO, Petrojarl I, is ongoing, with arrival scheduled for the first quarter of 2017. This will be an important milestone for the Company, with the start of oil production. We also recorded in 2Q16 exploratory expenses of R\$36.5 million, compared with R\$16.0 million a year ago, as we completed the acquisition of seismic data for Pará-Maranhão Basin Blocks. Regarding the blocks acquired in the 11th ANP Bidding Round, we continue the evaluation of seismic data already processed to define the exploration potential of these areas.

Regarding Block BM-S-8, we announced that Petrobras, the block's operator, disclosed on July 29, the sale of its 66% stake to Statoil Brasil for US\$2.5 billion, with half the amount to be paid once the transaction has been closed and the remaining in installments contingent upon subsequent events. We see this transaction as very positive for QGEP. The transaction not only implies an attractive valuation for our stake in Block BM-S-8, it also has direct implications for advancing investments in the area. Statoil is already our partner in two blocks acquired in the 11th ANP Bidding Round, and we are pleased to have it operate also in BM-S-8. We believe Statoil's entry into the Consortium will help to accelerate the development of the Carcará discovery and generate even more value. BM-S-8 is one of the most attractive assets in Brazil, and ANP's plans to sell areas adjacent to the discovery in 2017.

We ended the quarter with a net cash position of R\$912.2 million or R\$3.54 per share; given our capex commitments for 2016 and 2017 of around US\$160 million, we will be able to move on with all scheduled work for the foreseeable future as planned.

Despite the current challenging scenario, we are seeing a continuous improvement with regards to the competitiveness of the Brazilian oil and gas sector. First, we see further moves towards greater flexibility of the industry in Brazil, with initiatives to amend rules of local content and allow multiple operators in the pre-salt area, as well as the announcement of a new bidding round in 2017. Second, while the macroeconomic situation remains uncertain, Brazil's industrial base has the potential to rebound quickly, even as early as 2017. Lastly, the recovery of oil prices, with the price of Brent rising higher than 60% from its lows in the first quarter, is a meaningful positive for the global industry, and will contribute to QGEP's earnings in 2017, with the start of Atlanta's Early Production System.

In short, we continue to execute on our strategic plan considering the various conditions imposed by the local and external environment. We are moving forward with the development and exploration of our portfolio, while maintaining positive cash flow from operations. Our assets and prudent financial management put us in a comfortable position, and we are confident in our ability to create value.

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Worki ng Intere st	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

MANATI

Block BCAM-40; Working interest: 45%

Average daily production at the Manati Field was 5.0MMm³ in the second quarter of 2016, compared with 6.0MMm³ per day in the first quarter. This variation is due to a reduction in gas consumption in Brazil, as the country undergoes a strong recession.

In the second quarter, QGEP booked a operating cost of R\$16.2 million related to the painting and maintenance of the Manati platform. The total cost net to QGEP is expected to be R\$50 million, with the remaining R\$34 million to be booked in the second half of the year.

On July 4, 2016, QGEP revised its production estimates for the Manati Field to an average of 5.1 MMm³ per day for full year 2016, from a previous estimate of 5.7MMm³ per day. The revised estimate reflects a lower demand scenario in the country. The Company reaffirmed Manati's production capacity remains 6.0MMm³ per day. Manati remains a very profitable field for QGEP, with an average EBITDAX margin of approximately 60-65% of net revenue.

A reserve certification by Gaffney, Cline & Associates (GCA) for the Manati Field indicates that on December 31, 2015 the 2P reserves for 100% of the field amounted to 11.0 billion m³ of natural and condensated gas, which corresponds to 68.9 million barrels of equivalent oil (boe) of gas.

ATLANTA

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

At the Atlanta Field in Block BS-4, the Consortium projects the first oil from the Early Production System (EPS) in the first half of 2017. Initial production capacity will be 20 kbbl from two production wells, both of which have already been drilled. The Consortium may choose to drill an additional well, which will increase capacity to 30 kbbl. This decision will be based on a variety of factors, including prevailing oil prices.

The Floating Production Storage and Offloading vessel (FPSO), Petrojarl I, is still being adapted to the Atlanta Field in a shipyard in Rotterdam, the Netherlands. The vessel, with a production capacity of 30 kbbl per day and storage capacity of 180,000 barrels, is now expected to arrive in the first quarter of 2017, due to the customization process challenges.

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

BM-S-8

Working interest: 10%

The drilling of the three wells and the formation tests carried out in the discovery at Carcará in Block BM-S-8 confirmed that the oil is of high quality, with a large oil column and high productivity, making the asset one of Brazil's most attractive in the pre-salt.

Tests carried out at the Carcará Norte wells in 2015 confirmed that the oil is from the same accumulation identified by the pioneer well. The oil present 31° API and no contaminants. The Consortium estimates that

the oil column is at least 530 meters; the oil-water contact has not yet been identified, even after the drilling of three wells in Carcará.

The next commitments at BM-S-8 will be tests to be performed at Carcará Noroeste and the drilling of the Guanxuma prospect, both planned for 2017. Guanxuma is a pre-salt prospect, located 30km southwest of Carcará. The end of the Discovery Assessment Plan (PAD) at Carcará will be in March 2018, the deadline for the declaration of commerciality.

On July 29, QGEP reported that Petrobras, the operator of Block BM-S-8, sold its 66% stake in this block to Statoil Brasil Óleo e Gás Ltda., and will become its operator. The base price negotiated for the 66% stake in the BM-S-8 is US\$ 2.5 billion. The first installment, 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 (also known as Unitization).

CAL-M-372

Working interest: 20%

Activities at CAL-M-372 continue to await the environmental license from IBAMA, currently expected to be issued next year. When the license has been issued, the Consortium will drill a pioneer well targeting the CAM#01 prospect.

The Consortium asked ANP for the extension of the Concession period in light of current market conditions and uncertainties in the environmental licensing process.

BLOCKS ACQUIRED IN THE 11th ANP BIDDING ROUND

At the Blocks in the Foz do Amazonas, Ceará and Espírito Santo Basin, seismic data has been acquired and processed. The Consortiums are now interpreting this data and evaluating this Blocks potential.

At the Pará-Maranhão Basin, the Consortium completed the acquisition of the seismic data in the second quarter, and will process the data for the remainder of 2016.

Total cost, net to QGEP for the acquisition and processing of seismic data at these blocks, as well as other expenses, is expected to total approximately US\$19 million in 2016. Under the commitments with the ANP at the 11th Bidding Round, QGEP may incur approximately US\$200 million of expenses to drill at least four exploratory wells starting in 2017/ 2018. Actual drilling costs may prove to be lower, reflecting the reduced rates for drilling in the industry.

SEAL-M-351 AND SEAL-M-428

Participation: 100%; Operator

At Blocks SEAL-M-351 and SEAL-M-428, awarded in the 13th ANP bidding round in 2015, QGEP has requested the Reference Term to IBAMA for the beginning of the seismic data acquisition process. The Company is currently evaluating the timeline to begin the acquisition.

The two blocks, located in ultra-deep waters in the Sergipe-Alagoas Basin, between 80 to 100 km off the coast, encompass a total area of 1,512 km². QGEP expects to expense approximately US\$15-20 million for the acquisition of seismic data at the blocks over the next five years.

The Company is evaluating the ideal timing to begin the farm out process at the two blocks.

Recent Events

- ▶ On June 8, 2016, QGEP announced that Mr. Sérgio Michelucci, Exploration Director, had retired and left the Company. Mr. Lincoln Guardado, Chief Executive Officer, accumulated the position of Exploration Director.

Financial Performance

Income Statement and Financial Highlights (R\$ million)

	2Q16	2Q15 ⁽¹⁾	Δ%	6M16	6M15 ⁽¹⁾	Δ%
Net Revenue	120.4	124.6	-3.3%	264.2	250.6	5.4%
Costs	(67.7)	(63.4)	6.7%	(128.1)	(125.4)	2.1%
Gross profit	52.7	61.2	-13.8%	136.1	125.1	8.7%
Operating income (expenses):						
General and administrative expenses	(10.5)	(12.0)	-12.4%	(21.1)	(26.7)	-21.1%
Equity Method	(0.2)	(0.5)	-59.4%	0.2	(0.4)	-145.3%
Exploration expenditures	(36.5)	(16.0)	128.1%	(45.3)	(26.2)	73.1%
Other net operational expenses	(2.6)	0.0	N/A	(2.6)	0.0	N/A
Operating income (Loss)	2.9	32.7	-91.0%	67.2	71.8	-6.5%
Financial income (expenses), net	(11.5)	16.5	-169.5%	(24.1)	109.1	-122.1%
Income before income tax and social contribution	(8.5)	49.2	-117.3%	43.1	181.0	-76.2%
Income tax and social contribution	0.8	(10.2)	-107.8%	(4.4)	(46.8)	-90.7%
Net income (Loss)	(7.7)	39.0	-119.8%	38.7	134.1	-71.1%
Net cash inflows from operating activities	74.1	82.7	-10.4%	88.8	239.7	-63.0%
EBITDAX⁽²⁾	19.5	77.1	-74.7%	104.6	149.8	-30.1%

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 this period 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 subcommercial 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 strategy is based around a disciplined approach to capex, while maintaining positive cash flow from the sale of Manati's gas. In the second quarter, financial results were impacted by reduced gas output resulting from the lower demand for gas in Brazil, as well as by higher expense concentration in the period. As a result, the Company reported a loss. Nonetheless, operations generated solid EBITDAX and the Company ended the quarter with a positive cash balance of R\$1.3 billion, providing ample funds for future investments.

Second quarter 2016 financial highlights are below:

- ▶ Net revenue was R\$120.4 million, down 3.3% from R\$124.6 million in 2Q15. This decline was the result of lower Manati gas production, which averaged 5.0MMm³ per day in 2Q16, compared with

6.0MMm³ per day in 1Q16 and 5.7MMm³ per day in 2Q15 and was partially offset by the annual adjustment of gas prices at Manati.

- ▶ Operating costs were R\$67.7 million in the quarter, up 6.6% from R\$63.4 million in 2Q15. In 6M16, costs totaled R\$128.1 million, in line with 6M15.
 - Depreciation expenses were R\$15.6 million, down 54.1% from R\$33.9 million in the second quarter of 2015. The decrease in depreciation reflects the signing of the amendment to the Manati gas sales contract, which led to an increase in proved reserve (1P) of gas used in calculating depreciation. The same effect can be observed in 6M16.
 - Production costs were R\$19.6 million, compared to R\$11.3 million in 2Q15. The higher production costs sequentially and year-on-year reflect the expenses related to the gas compression plant. Maintenance costs totaled R\$16.7 million, R\$14.4 million higher than the 2Q15 due to the painting and maintenance of the Manati platform.
 - Royalties and Special Participation were lower than the amounts reported in 2Q16, as a result of the lower gas production in the period.

Operating costs (R\$ million)

	2Q16	2Q15 ⁽¹⁾	Δ%	6M16	6M15 ⁽¹⁾	Δ%
Depreciation and amortization	15.6	33.9	-54.1%	35.9	66.8	-46.3%
Production costs	19.6	11.3	73.1%	40.2	22.9	75.8%
Maintenance costs	16.7	2.3	614.3%	19.9	7.3	172.2%
Royalties	9.2	9.6	-3.8%	20.2	19.0	6.2%
Special Participation	1.8	2.6	-30.6%	3.7	4.5	-17.0%
R&D	1.6	1.3	28.9%	3.1	2.6	22.1%
Other	3.1	2.4	31.8%	5.1	2.4	114.6%
TOTAL	67.7	63.4	6.7%	128.1	125.4	2.1%

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

- ▶ General and administrative expenses were R\$10.5 million, down 12.4% from 2Q15. The year-on-year decrease is due to increased cost participation from partners at blocks where QGEP is the operator.
- ▶ Exploration expenses were R\$36.5 million, up R\$20.5 million compared with R\$16.0 million in 2Q15. The increase was largely due to the expenses related to the acquisition of seismic data at the Pará-Maranhão Basin blocks.
- ▶ Net financial loss was R\$11.5 million, compared to a net financial income of R\$16.5 million in 2Q15. This result is due to the appreciation of the Brazilian real, which impacts QGEP's income from investments held in US dollars.
- ▶ Operating cash flow totaled R\$74.1 million, compared with R\$82.7 million in 2Q15

The 6M16 financial highlights are below:

- ▶ Net Revenue was R\$264.2 million, up 5.4% from R\$250.6 million in the first half of 2015. This increase reflects the higher price of Manati gas following the contractual price adjustment.
- ▶ Operating costs were R\$128.1 million, up 2.1% from R\$125.4 million in the first half of 2015, as a result of lower amortization costs, offset by higher costs associated with the gas compression plant and the painting and maintenance of the Manati platform.
- ▶ Net financial loss was R\$24.1 million, compared to a net financial income of R\$109.1 million in the first half of 2015. As in the second quarter, the negative result is due to the appreciation of the real.
- ▶ EBITDAX was R\$104.6 million, compared to R\$149.8 million in the first half of 2015, due to higher operational costs and exploratory expenses in the period.

- ▶ Operating cash flow totaled R\$88.8 million, compared to R\$239.7 million in the first half of 2015.

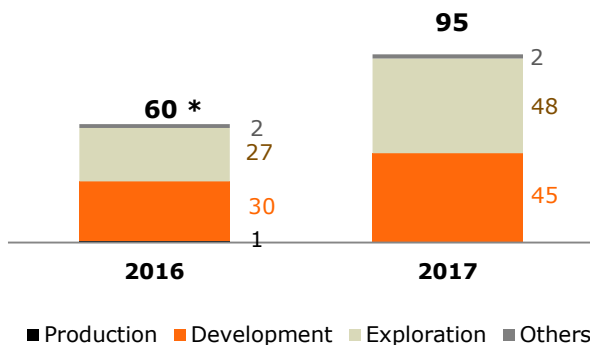
CAPEX AND OTHER EXPLORATORY EXPENSES

QGEP’s approach to capital expenditures is based around a disciplined approach, always maintaining a comfortable cash position. Decisions around expenditures are made at a Consortium level, and the Company then books the portion corresponding to its ownership.

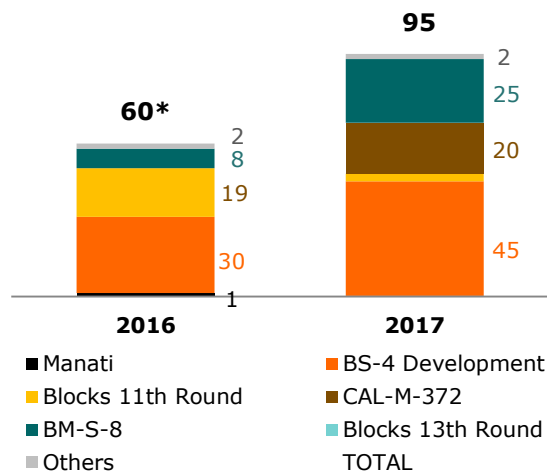
Full-year capital expenditures are budgeted at US\$60 million, of which US\$30 million is expected to be spent at the Atlanta Field, and US\$19 million on the acquisition and analysis of seismic data of the 11th ANP Bidding Round Blocks. In the first half of the year, QGEP has disbursed US\$20 million.

In 2017, QGEP has budgeted US\$95 million of capex. This includes US\$45 million for the Atlanta Field and US\$48 million for exploration, including US\$25 million at Block BM-S-8 and US\$20 million to drill a well at Block CAL-M-372.

**CAPEX net to QGEP
(US\$ million)**



**CAPEX net to QGEP
(US\$ million)**



*QGEP had already disbursed US\$20 million by June 30, 2016.

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

At the end of 2Q16, QGEP had a cash balance of R\$1.3 billion. On June 30, 2016 QGEP had 29% of its cash invested in exchange funds, in order to protect its long-term investment capacity.

The remaining balance was invested in Brazilian real-denominated instruments. As of June 30, 2016 the average annual return of these investments was 102.4% of the CDI rate and 100% of the funds had daily liquidity.

As of June 30, 2016, QGEP’s total debt was R\$371.6 million, consisting of R\$254.6 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, with payment starting in September of this year, and a payment period of seven years. QGEP has a total credit line with FINEP of R\$266.1 million.

The BNB financing is directed to the operation of the Company's assets in the Northeast. The loan, which costs 4.71% per year with a 15% compliance bonus, has a grace period of five years and repayment period of seven years.

The Company's net cash position as of June 30, 2016 was R\$912.2 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\$89.1 million recorded at June 30, 2016, R\$17.4 million are related to the installment from OGX Petróleo e Gás SA – Under Bankruptcy ("OGX"), R\$ 53.9 million are related to Pacific Brasil Exploração e Produção de Óleo e Gás Ltda. ("Pacific") and the remainder from other consortium members (R\$17.8 million).

On June 13, 2016 the Company issued a "cash call" related to the BS-4 block transactions totaling R\$20.1 million, due on June 28, 2016. Of this amount, R\$9.0 million was due from OGX. As of the date of this release, the Company had not received payment.

Taking into consideration OGX's current situation, under bankruptcy, QGEP is monitoring this process in order to mitigate the possible risks associated with the fulfillment of payment obligations and investments of this consortium member.

On July 13, 2016 the cash calls referring to PAMA-M-265 and PAMA-M-337 blocks in the amount of R\$ 84.5 million were also due. Of this amount, R\$51.2 million corresponded to Pacific. As of the date of this release, the Company had not received payment.

Investor Relations

QGEP Participações S.A.

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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

This material may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The consolidated financial information of the Company for the quarters ended June 30, 2016, and June 30, 2015 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)

	2Q16	2Q15 ⁽¹⁾	Δ%	6M16	6M15 ⁽¹⁾	Δ%
Net income	(7.7)	39.0	-119.8%	38.7	134.1	-71.1%
Amortization and depreciation	16.5	34.9	-52.6%	37.8	68.7	-44.9%
Net financial income (expenses)	11.5	(16.5)	-169.5%	24.1	(109.1)	-122.1%
Income tax and social contribution	(0.8)	10.2	-107.8%	4.4	46.8	-90.7%
EBITDA⁽¹⁾	19.5	67.6	-71.2%	105.0	140.5	-25.3%
Oil and gas exploration expenditure with sub commercial and dry wells ⁽²⁾	0.0	9.5	-99.9%	(0.4)	9.3	-104.2%
EBITDAX⁽³⁾	19.5	77.1	-74.7%	104.6	149.8	-30.1%
EBITDA Margin ⁽⁴⁾	16.2%	54.2%	-70.2%	39.8%	56.1%	-29.1%
EBITDAX Margin ⁽⁵⁾	16.2%	61.9%	-73.8%	39.6%	59.8%	-33.7%
Net Cash ⁽⁶⁾	912.2	933.5	-2.3%	912.2	933.5	-2.3%
(Net Cash)/EBITDAX	(4.0)	(3.3)	22.7%	(4.0)	(3.3)	22.7%

⁽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

	2Q16	1Q16	Δ%
Assets			
Current Assets	1,357.3	1,327.5	2.2%
Cash and cash equivalents	153.0	139.5	9.7%
Investments	961.3	951.5	1.0%
Trade accounts receivable	85.3	113.6	-24.9%
Credits with Partners	89.1	47.0	89.5%
Inventory	2.9	2.9	1.8%
Recoverable taxes and contribution	53.6	64.0	-16.2%
Other	12.0	8.9	34.8%
Non-current Assets	2,061.2	2,090.7	-1.4%
Restricted cash	108.4	100.6	7.8%
Investments	168.6	163.0	3.4%
Non-current Inventory	55.0	57.4	-4.2%
Related Parties	0.0	7.1	-100.0%
Recoverable taxes	3.6	4.9	-26.4%
Deferred income tax and social	44.4	45.0	-1.4%
Investments	122.5	127.4	-3.9%
Property, plant and equipment	829.2	855.5	-3.1%
Intangible assets	727.8	728.1	0.0%
Other Non-current Assets	1.6	1.6	0.2%
TOTAL ASSETS	3,418.5	3,418.2	0.0%
Liabilities and Shareholders' Equity			
Current	237,5	145,4	63.3%
Trade accounts payable	155.0	60.2	157.4%
Taxes payable	19.9	30.7	-35.3%
Payroll and related taxes	7.4	7.3	2.2%
Bills to pay- related parties	1.1	0.7	42.8%
Borrowings and Financing	30.4	21.5	41.8%
Provision for research and development	14.6	15.3	-4.4%
Insurances payable	6.0	6.6	-9.4%
Other	3.1	3.1	0.4%
Non-current Liabilities	519,6	550,7	-5.6%
Borrowings and financing	340.2	348.7	-2.4%
Provision for abandonment	179.4	202.0	-11.2%
Shareholders' Equity	2,661.4	2,722.1	-2.2%
Capital Stock	2,078.1	2,078.1	0.0%
Other comprehensive income	13.5	28.8	-53.2%
Profit Reserve	572.1	610.8	-6.3%
Capital Reserve	40.0	39.0	2.5%
Treasury Shares	(81.0)	(81.0)	0.0%
Net income for the period	38.8	46.5	-16.6%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,418.5	3,418.2	0.0%

Annex III – CASH FLOW

CASH FLOW STATEMENT (R\$ million)

	2Q16	2Q15 ⁽¹⁾	Δ%	6M16	6M15 ⁽¹⁾	Δ%
CASH FLOW FROM OPERATING ACTIVITIES						
Net income for the period	(7.7)	39.0	-119.8%	38.7	134.1	-71.1%
Adjustments to reconcile net income to net cash provided by operating activities:						
Equity Method	0.2	0.5	-59.6%	(0.2)	0.4	-145.6%
Amortization of the exploration and development expenditures	16.5	34.9	-52.6%	37.8	68.7	-44.9%
Deferred income tax and social contribution	0.6	(1.0)	-160.9%	1.1	13.9	-91.8%
Financial charges and exchange rate (gain) loss borrowings and financing	4.4	3.7	20.3%	8.9	6.3	39.7%
Write-off	36.2	19.0	90.3%	71.7	19.1	276.0%
Provision for stock option plan	2.1	1.5	40.1%	3.2	3.4	-4.3%
Provision for income tax and social contribution	(5.7)	(60.3)	-90.5%	(1.1)	(38.6)	-97.2%
Provision for research and development	0.4	1.4	-70.1%	0.0	2.2	-100.0%
Exchange variation/Others	0.0	(16.5)	-100.0%	0.0	(21.0)	-100.0%
(Increase) decrease in operating assets:	4.3	(66.4)	-106.5%	(24.3)	(55.2)	-56.1%
Increase (decrease) in operating liabilities:	20.7	127.0	-83.7%	(49.3)	106.4	-146.3%
Net cash inflows from operating activities	74.1	82.7	-10.4%	88.8	239.7	-63.0%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities	(6.6)	14.1	-146.9%	(47.9)	(253.7)	-81.1%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities	(38.7)	(38.7)	0.0%	(38.7)	79.2	-148.9%
Total exchange variation on cash and cash equivalents	(15.3)	(1.9)	N/A	(29.9)	5.0	N/A
Increase (decrease) in cash and cash equivalents	13.5	56.2	-75.9%	(27.6)	70.1	-139.4%
Cash and cash equivalents at the beginning of the period	139.5	131.1	6.4%	180.7	171.3	5.4%
Cash and cash equivalents at the end of the period	153.0	187.3	-18.3%	153.0	187.3	-18.3%
Increase (decrease) in cash and cash equivalents	13.5	56.2	-75.9%	(27.6)	16.0	-272.9%

⁽¹⁾ The amounts of these 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.