

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

**MATERIAL FACT**

**QGEP assumes Premier Oil's Stake  
in Block FZA-M-90**

**Rio de Janeiro, December 27<sup>th</sup>, 2016** – QGEP Participações S.A. ("QGEP", "Company", BM&FBovespa: QGEP3") announces that it has entered an agreement to assume the 35% ownership stake that its partner, Premier Oil do Brasil Petróleo e Gás Ltda. ("Premier"), holds in exploratory block FZA-M-90. As a result, QGEP will now hold 100% interest in the Block.

As part of the agreement, QGEP will receive US\$9.2 million, which was calculated based on Premier's share of the minimum work programme guarantee as set out by the ANP under the terms of the license.

The Block is located in the Foz do Amazonas basin covering a total area of 768.5 km<sup>2</sup>. Seismic data for the block was already acquired and processed and is currently being reviewed to better define and prioritize the exploratory opportunities identified. In order to meet full compliance with contractual obligations, it will be necessary to drill an exploratory well until the end of the first exploratory period, originally scheduled for August 2018.

"This transaction gives QGEP leverage on future farm out opportunities, especially considering the latest discoveries on Guianas and Suriname. Despite the fact that the area is considered a frontier area, other operators should also engage in exploratory activity in future years which could greatly appreciate the blocks of equatorial margin" said Lincoln Guardado, QGEP's CEO.

The transaction is subject to approval by the ANP and other regulatory bodies.

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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 has been qualified by the ANP 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)