

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

MATERIAL FACT

QGEP Finalizes Contract Amendment with Teekay Offshore for Delivery of Atlanta Field FPSO

-Scheduled Delivery of FPSO Confirmed for End of 2017; First Oil Expected in Q1 2018-

Rio de Janeiro, July 21st, 2017 – QGEP Participações S.A. (“QGEP”, “Company”, BM&FBovespa: QGEP3”) today announced that it has signed an amendment to its contract with Teekay Offshore Partners for the charter of the Petrojarl I floating, production, storage and offloading unit (“FPSO”) for the development of the Atlanta Field.

The amendment takes into account the technical issues surrounding retrofitting the FPSO and the resulting delays in delivering the unit to the Atlanta Field. Under the terms of the amendment, QGEP will pay a lower day rate for the FPSO during the first 18 months of production, which should reduce overall operating expenses at the Field to US\$410k per day, approximately 15% below the original cost. After the first 18 months of production, the original day rate will become effective, plus a variable rate which will be largely based on oil prices during the remainder of the contract.

Commenting on this progress, Mr. Lincoln Guardado, QGEP’s CEO noted, “we are very pleased that we were able to come to a mutually beneficial agreement that will ensure commencement of oil production at the Atlanta Field during the first quarter of 2018. The reduction in daily rates for the first 18 months of production will reduce our operating expenses at the Field by approximately US\$4 per barrel. Additionally, provisions of this agreement will enable us to optimize our results from the Atlanta Field in periods of lower oil prices.”

Located in Block BS-4, Atlanta is a post-salt oil field 185 km off the city of Rio de Janeiro in the Santos Basin in water depth of approximately 1,500 meters. Queiroz Galvão Exploração e Produção S.A. is the operator of the Block with a 30% ownership; other Consortium members include OGX Petróleo e Gás S.A. (40%) and Barra Energia do Brasil Petróleo e Gás Ltda. (30%).

The amendment is subject to certain post signing procedures.

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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