SECOND QUARTER 2017

Earnings Release QGEP Participações S.A.

Conference Call

Portuguese (simultaneous English translation)
August 10, 2017
12:00 pm (Brazilian Time)
11:00 am (US EST)
Dial in Brazil: +55 11 3193-1001 or +55 11 2820-4001
Dial in United States: +1 786 924-6977
Code: QGEP

QGEP

Av Almirante Barroso, nº52, Sala 1301 – Centro
Rio de Janeiro – RJ
Zip Code: 20031-918
Phone: 55 21 3509-5800

queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

QGEP Reports 2Q17 Results

Rio de Janeiro, August 09th, 2017 – QGEP Participações S.A. (BMF & Bovespa: QGEP3), a leading Brazilian Exploration & Production company with a unique portfolio of producing, developed and exploratory assets, today announced results for the quarter ended June 30th, 2017. The financial and operating data in this press release, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in International Financial Reporting Standards (IFRS), as described in the financial section of this release.

Manati Field

Average daily gas production totaled 4.5MMm³ in 2Q17 compared to 5.0MMm³ in 2Q16 and 4.2MMm³ in 1Q17. The increase in demand for gas occurred due to the thermoeletric dispatch. The production guidance for 2017 remains equivalent to average daily production of 4.9MMm³.

Net Revenue

Net revenue in 2Q17 was R$114.6 million compared to R$120.4 million in 2Q16 reflecting lower production.

Net Income

Net income was R$61.0 million in 2Q17, compared to a loss of R$7.7 million in the same period of the prior year. The foreign exchange variation positively impacted the current quarter´s net financial result.

Atlanta Field

The FPSO Petrojarl I's arrival at Atlanta Field has been confirmed for the end of 2017 **and first oil is expected at 1Q18.**

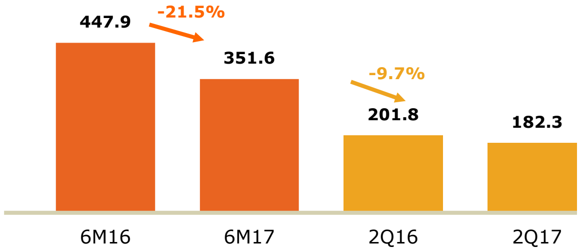
EBITDAX

EBITDAX was R$45.9 million in 2Q17, compared to R$19.5 million in 2Q16, reflecting lower exploration costs in the quarter.

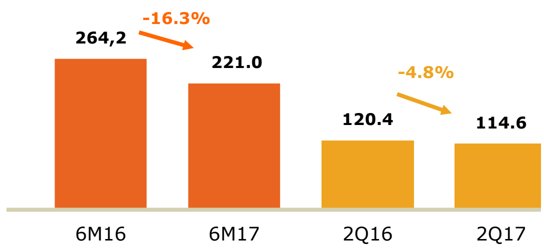
Cash Balance

Cash balance[(1)] of R$1.4 billion at quarter-end; provides ample funds to maintain planned investment programs for the next several years.

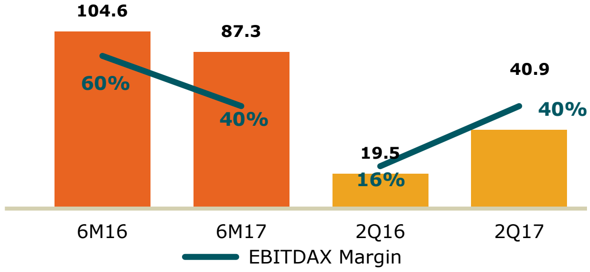
Gas Production (Millions of m³)



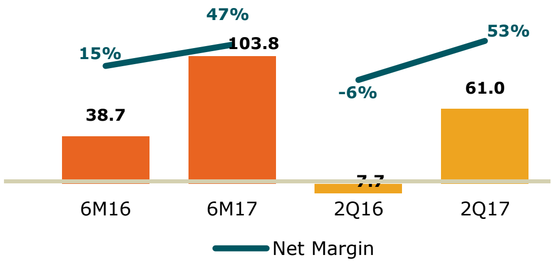
Net Revenue (R$ Million)



EBITDAX (R$ Million)



Net Income(R$ Million)



(1) Includes cash, cash equivalents and marketable securities

Management Commentary

This was an eventful quarter for QGEP. Among the main points to highlight were: the increased demand for gas from our Manati Field, the completion of negotiations to ensure the commencement of oil production at the Atlanta Field in the first quarter of 2018, and the monetization of an important asset as part of our strategy to generate value to the Company.

We are pleased to report sequentially improved financial results. Revenues and EBITDAX for the second quarter were modestly ahead of the first quarter, reaching R$114.6 million and R$45.9 million, respectively, and net income was R$61.0 million due to higher revenue and financial income.

For the second quarter, gas production at the Manati Field was 4.5MMm³, 6.5% up from first quarter levels. While year-on-year comparisons reflected reduced uptake resulting from the industrial slowdown in Northeast Brazil, demand progressively increased during the second quarter and specially into July, which lead us to reaffirm our production guidance for full year 2017 of an average daily gas production of 4.9MMm³. In 2Q17, a damaged flow line at one of the six operating wells has caused the average daily production capacity of Manati to dip to 5.5 MMm³ per day. At current production rates, Manati generated R$ 101.5 million in operating cash flow in the second quarter.

In July, we negotiated a contract amendment with Teekay Offshore for the FPSO we chartered for the development of the Atlanta Field. We reached a mutually beneficial agreement that reduces our operating costs during the first 18 months of the contract by approximately $4 per barrel and contains provisions that will cushion the Field's results in periods of lower oil prices.

A milestone event of this period was our decision to sell our ownership in Block BM-S-8, where we announced an oil discovery in 2012. The total purchase price for our 10% stake is US$ 379 million, of which $189.5 million will be paid to us at closing, which will take place upon approval by the ANP and other regulatory bodies. The remaining amount will be paid in two installments, the first after signing the contract relating to bidding on the unitizable area and the second after the unitization agreement. Our 2011 farm-in at BM-S-8 has proved to be a successful investment, resulting in a return rate calculated in Brazilian Reais of approximately 15% per year. Our decision to sell our ownership in this discovery was primarily based on the much longer-than-expected period between the time of the discovery of the Field and the lack of visibility for the first oil, as well as the very high capital expenditures for a Company of our size. For these reasons, we accepted Statoil's unsolicited offer, which has created value for the Company and our shareholders.

We are currently evaluating the potential uses for the proceeds from this transaction. Given our strong cash position, we are considering additional investments in our exploratory portfolio, new opportunities and, if excess cash is available, we may consider a special dividend distribution. By significantly reducing our future capital expenditure commitments, we now have the flexibility to re-position our exploration strategy to emphasize less technically challenging areas or that offer high potential returns.

We have a more favorable bidding schedule in Brazil today that is attracting new players in the oil and gas sector, providing us with many opportunities to participate. Our existing exploratory portfolio is diversified across the major Brazilian basins, including high potential blocks and farm-out opportunities. We are very pleased with the level of interest shown by potential partners in our blocks offered during the farm-out processes.

Additionally, we will have the ability to enter into farm-in agreements or bid in upcoming auctions this year and next, upgrading the quality of our portfolio while maintaining our strong cash position.

This financial flexibility is even more important as we enter what we believe is an early recovery period for the Brazilian economy. We are benefitting from the higher gas demand for our Manati Field gas in the Northeast region of Brazil. Recent forecasts for the country's industrial production have increased for 2017 and 2018, interest rates and inflation rates have declined significantly, and the government continues to move forward with initiatives to stimulate foreign investment, particularly in the oil and gas sector. We are entering this improving macroeconomic and regulatory environment with the same diligent approach to risk management, and a capital allocation strategy that is focused on creating value for all of our stakeholders.

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40	Manati	45%	Reserve	
		Camarão Norte		Contingent	
	CAL-M-372	CAM#01	20%	Prospective	
Santos	BS-4	Atlanta	30%	Reserve	
		Oliva		Contingent	
		Piapara		Prospective	
Espírito Santo	ES-M-598		20%	Prospective	
	ES-M-673		20%	Prospective	
Foz do Amazonas	FZA-M-90		100%	Prospective	
Pará-Maranhão	PAMA-M-265		100%	Prospective	
	PAMA-M-337		100%	Prospective	
Ceará	CE-M-661		25%	Prospective	
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	
	PEPB-M-896		30%	Prospective	
Sergipe-Alagoas	SEAL-M-351		100%	Prospective	
	SEAL-M-428		100%	Prospective	

Oil Gas

Production and Development

MANATI
Block BCAM-40; Working Interest: 45%

Average daily gas production at the Manati Field, one of the main gas suppliers in the Northeast Brazilian region, was 4.5 MMm³ in the second quarter of 2017, up from the 4.2MMm³ per day in 1Q17 but below the 5.0MMm³ of 2Q16. Commencing in second quarter 2017 and continuing through July production levels accelerated compared to the second half of 2016, reflecting a recent increase in gas demand for Manati Field. The average daily production capacity of Manati has been temporarily reduced to 5.5 MMm³ per day with five operating wells, due to damaged flow line at one of the wells. The Consortium is working to restore full capacity as quickly as possible. The expenses to repair the line are estimated at approximately US$12-15 million, and the Company is responsible for 45% of this amount.

The Company reaffirms its guidance for average daily production in 2017 of 4.9 MMm³, which is similar to 2016's average daily production.

The last reserve certification for Manati Field prepared by Gaffney, Cline & Associates (GCA) indicated that on December 31, 2016, 2P reserves for 100% of the Field totaled 9.4 billion m³ of natural gas and 0.9 million barrels of condensed gas, corresponding to approximately 59.8 million boe of gas.

ATLANTA
Block BS-4; Working Interest: 30%; Operator

QGEP recently signed an amendment to its contract with Teekay Offshore Partners that establishes the arrival date of the FPSO to develop the Atlanta Field. Under the terms of the amendment, QGEP will pay a significantly lower daily rate – US$ 410,000 - for the FPSO during the first 18 months of production, which should reduce overall daily operating expenses at the Field by approximately 15% during that period. After the first 18 months of production, the original daily rate will become effective, and will fluctuate with variables, largely tied to the Brent price. The FPSO will have production capacity of 30 kbpd and storage capacity of 180,000 barrels.

With the negotiations complete, the Consortium projects first oil for the first quarter of 2018. Initial production capacity will be 20 kbbl from two production wells, both of which have already been drilled and completed. The Consortium may elect to drill an additional well, which will increase capacity to 30 kbbl, with no significant increase to operating costs. This decision will be based on a variety of factors, including prevailing oil prices.

OGX still owes R$64 million to the Consortium and we estimate that an additional R$180 million will be required from them related to the Early Production System's first oil. This value does not take into account the cost of drilling a third well or the expenses associated with the definitive production phase.

ANP had imposed a 90-day deadline during which OGX would have been compelled to relinquish its stake of the concession under the scope of the administrative process of monitoring its financial capacity. The deadline would have expired on August 4th, yet on August 3rd, 2017, QGEP was notified that ANP's Board decided to nullify the deadline. A

QGEP is evaluating the basis for this decision as well as the potential measures to be taken. Until this day, OGX has not been able to conclude an agreement to sell its stake, nor has it been able to fund the investments required for the development of the BS-4, thus defaulting on its obligations under the documents of the Consortium and concession contract.

Exploration

SEAL-M-351 AND SEAL-M-428

Working Interest: 100%; Operator

At the end of 2016, QGEP received the Reference Term from IBAMA to obtain the environmental license to proceed with 3D seismic data acquisition and expects to do so by the first quarter of 2018. The estimated cost for the acquisition of seismic data is approximately US$16 million which QGEP will expend throughout 2018. This is the only commitment with the ANP for this exploratory phase.

These blocks are also included in the the farm-out process that is in progress. If the Company succeeds in its farm-out process, it will consider accelerating its exploratory schedule for these blocks, given that it has reduced its longer term capital commitments with the sale of its interest in Block BM-S-8.

CAL-M-372

Working Interest: 20%

The activities at CAL-M-372 are suspended and the Company continues to await the environmental license from IBAMA, currently expected to be issued in 2018. When the license is issued, the Consortium will drill a pioneer well targeting the CAM#01 prospect.

BLOCKS ACQUIRED IN THE 11th ANP BIDDING ROUND

Working Interest: Various

Seismic data acquisition for the Foz do Amazonas, Ceará and Espírito Santo Basins was completed in the second quarter of 2016 and the Consortia is interpreting data in order to better understand the potential for these Blocks. QGEP is also analyzing the final seismic data for the Pará-Maranhão Basin to define the area's exploratory potential.

The Consortia have asked ANP for an extension of two years of the Concession period in light of current market conditions and uncertainties in the environmental licensing process.

In late 2016, via two transactions, the Company increased its interest in the Pará-Maranhão Basin blocks and Block FZA-M-90 to 100%. As part of the agreements, the sellers prepaid QGEP for their minimum obligations for exploratory investments under commitment with the ANP.

Recent Corporate Events

BM-S-8

Working Interest: 10%

Subsequent to quarter end, the Company announced that it had received and accepted an unsolicited offer from Statoil Brasil Óleo e Gás Ltda. to purchase its 10% working interest in this block for US$379 million. QGEP had purchased its interest in this block in July 2011 in a farm-out from Shell for $175 million. Fifty percent of the total purchase prices will be paid at closing, to take place upon receipt of ANP and other regulatory bodies approval, which is expected to occur before year end. The two remaining installments will be paid: (i) 12% upon signing of the Block's Adjacent Area Production Sharing Contract and (ii) 38% upon signing of the Production Individualization Agreement, or unitization.

In 2016, Statoil acquired the 66% stake previously held by Petrobras, becoming the Block operator. The terms received by QGEP for its interest in BM-S-8 are similar to those received by Petrobras for its ownership and operatorship.

Financial Performance

Income Statement and Financial Highlights (R$ million)

	2Q17	2Q16	Δ%	6M17	6M16	Δ%
Net Revenue	**114.6**	**120.4**	**-4.8%**	**221.0**	**264.2**	**-16.3%**
Costs	(57.5)	(67.7)	-15.1%	(113.2)	(128.1)	-11.6%
Gross Profit	**57.2**	**52.7**	**8.4%**	**107.8**	**136.1**	**-20.8%**
Operating income (expenses):						
General and administrative expenses	(13.0)	(10.5)	23.9%	(25.0)	(21.1)	18.4%
Equity Method	(1.1)	(0.2)	412.6%	(1.1)	0.2	n.a.
Exploration Expenditures	(12.4)	(36.5)	-66.1%	(18.4)	(45.3)	-59.4%
Other net operational expenses	0.0	(2.6)	n.a.	(0.0)	(2.6)	-99.7%
Operating income (Loss)	**30.7**	**2.9**	**n.a.**	**63.4**	**67.2**	**-5.7%**
Net Financial Result	45.8	(11.5)	n.a.	65.5	(24.1)	-371.9%
Income before income tax and social contribution	**76.5**	**(8.5)**	**n.a.**	**128.8**	**43.1**	**198.9%**
Income tax and social contribution	(15.5)	0.8	n.a.	(25.0)	(4.4)	n.a.
Net income (Loss)	**61.0**	**(7.7)**	**n.a.**	**103.8**	**38.7**	**167.9%**
Net cash inflows from operating activities	**101.5**	**74.1**	**36.9%**	**138.0**	**88.8**	**55.4%**
EBITDAX[(1)]	**45.9**	**19.5**	**135.5%**	**92.3**	**104.6**	**-11.8%**

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) EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with subcomercial and dry wells. The Company calculates 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 QGEP. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of the Company's profitability as it does not consider certain costs inherent in the business, which could significantly impact net results, such as financial expenses, taxes and amortization. EBITDA is utilized by the Company as an additional measure of its operating performance.

Second quarter 2017 consolidated financial results were above the comparable period in 2016. EBITDAX was up 135.5% year-over-year but down 1.1% compared to 1Q17 due to higher exploratory costs primarily related to the acquisition seismic data. The company ended the first half of 2017 with a strong cash and cash equivalents position of R$1.4 billion, providing significant funds to support capital expenditures for the next few years. Even at lower, but improving, production levels, the Manati Field provides the Company with significant cash flow to cover its operating costs and continue to fund its exploration projects.

Second Quarter 2017 Financial Highlights:

- Net revenue was R$114.6 million, down 4.8% from R$120.4 million in 2Q16. This decline was the result of lower Manati gas production, which averaged 4.5MMm³ per day in 2Q17, compared to 5.0 MMm³ per day in 2Q16. The production decline was partially offset by the annual adjustment of gas prices at Manati, which occurred at the beginning of 2017.
- Exploration expenses were R$12.4 million, compared to R$36.5 million in 2Q16 due to lower expenses related to acquisition and processing of seismic data in the period. During the quarter, the company had costs associated with the acquisition and processing of seismic data for the Pará-Maranhão Basin.
- General and administrative expenses totaled R$13.0 million, an increase of 23.9% from the R$10.5 million reported in 2Q16. The increase reflected a decrease in the allocation of expenses to partners in blocks where QGEP is the operator.
- Maintenance costs were R$12.0 million, a R$4.7 million decrease year-over-year. These costs included R$5.2 million associated with the painting and maintenance of the Manati platform as well as the anticipated risers inspections activities, which were completed this quarter; and R$ 3.6 million associated with the costs of the repair for one of the six production lines at the Field.
- Total operating costs were R$57.5 million in the quarter, down 15.1% compared to R$67.7 million in 2Q16 primarily attributable to lower maintenance costs as most of the costs associated with the paintining and maintenance of the Manati platform were accounted for in the first quarter.
- Net financial income was R$45.8 million, compared to a net financial expense of R$11.5 million in 2Q16, due to higher exchange rate funds.
- Net income in 2Q17 was R$61.0 million compared to a net loss of R$7.7 million in 2Q16, primarily due to lower operating costs and exploratory costs, and mainly due to higher financial results.
- Operating cash flow totaled R$ 101.5 million, compared to R$74.1 million in 2Q16.

Operating Costs (R$ million)

	2T17	2T16	Δ%	1H17	1H16	Δ%
Depreciation and amortization	14.4	15.6	-7.6%	27.4	35.9	-23.6%
Production costs	18.2	19.6	-7.3%	38.6	40.2	-3.8%
Maintenance costs	12.0	16.7	-28.5%	22.8	19.9	14.6%
Royalties	8.9	9.2	-3.5%	17.0	20.2	-15.7%
Special Participation	0.9	1.8	-49.1%	1.4	3.7	-63.3%
R&D	1.2	1.6	-25.7%	2.4	3.1	-23.5%
Other	1.9	3.1	-38.4%	3.5	5.1	-30.6%
TOTAL	**57.5**	**67.7**	**-15.1%**	**113.2**	**128.1**	**-11.6%**

First Half 2017 Financial Highlights:

- Net revenue was R$221.0 million, down 16.3% from the first six months of 2016. This decline was the result of lower Manati gas production, which averaged 4.3MMm³ per day in 6M17, compared to 5.5 MMm³ per day in the same period of 2016. Average daily production has been improving throughout 2017 when compared to second half 2016 due to higher gas demand owing to the thermoelectric dispatch. The year-over-year production decline was partially offset by the annual adjustment of gas prices at Manati, which occurred at the beginning of 2017.
- Exploration expenses were R$18.4 million, compared to R$45.3 million in 6M16 due to lower expenses related to acquisition and processing of seismic data in the period.
- General and administrative expenses totaled R$25.0 million, an increase of 18.4% from the R$21.1 million reported in 1H16. The increase reflected a decrease in the allocation of expenses to partners in blocks where QGEP is the operator.
- Maintenance costs were R$ 22.8 million, a R$2.9 million increase year-over-year. These maintenance costs included R$ 13.6 million, incurred mainly during 1Q17, associated with the painting and maintenance of the Manati platform, as well as inspection of risers. They also include R$ 3.6 million associated with the repair of one of the production lines of the Field.
- Total operating costs were R$113.2 million in the six-month period, down 11.6% compared to 1H16. The reduction is attributable to lower depreciation and amortization, royalties, special participation and R&D due to lower production levels in the period.
- Net financial result was R$65.5 million, compared to negative net financial result of R$24.1 million in 1H16, due to higher income from fixed income instruments and higher exchange rate funds.
- Net income in 1H17 was R$103.8 million more than double 1H16 net income of R$38.7 million primarily due to lower operating costs, partially offset by lower revenue.
- Operating cash flow totaled R$ 138.0 million, compared to R$ 88.8 million in 1H16.

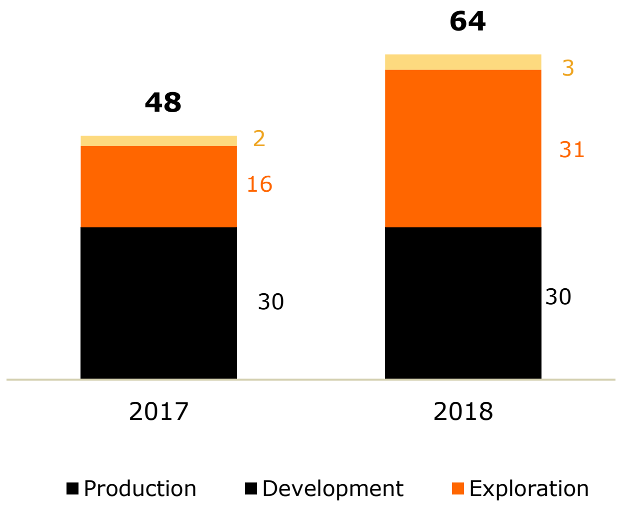
Capex and Other Exploratory Expenses

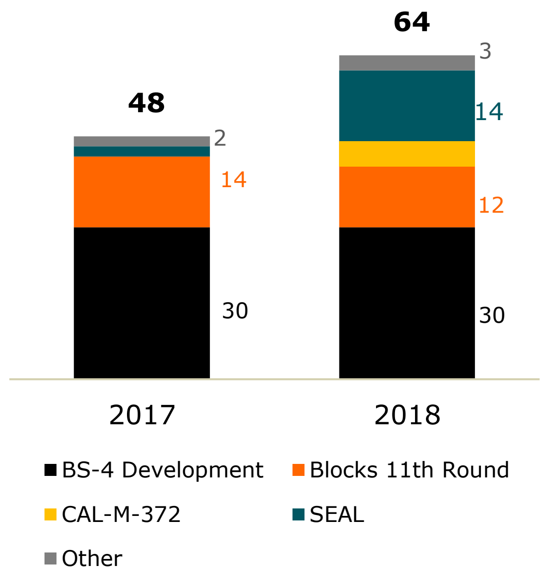
QGEP has prudently managed its expenses and maintains a disciplined approach to budgeting capital expenditures. This in turn, enables the company to fund its required capital expenditures from internally generated funds. Additionally, the Company maintains a cash position sufficient to support its funding requirements for the next few years. Investment decisions are planned at the Consortium level for the different assets of the QGEP portfolio, and QGEP accounts for the portion corresponding to its participation in the respective asset.

Capital expenditures in second quarter 2017 were US$ 7,3 million with US$ 2,2 million expended in the Atlanta Field. Through June, capital expenditures totaled US$ 14,5 million with the majority of the funds expended in the development of Atlanta Field and seismic data in Pará-Maranhão Basin.

For 2017, QGEP has budgeted capital expenditures of US$48 million. This is comprised of US$30 million for the Atlanta Field and US$16 million for exploration activities, including US$14 million for seismic acquisition for the blocks acquired in the 11th ANP Bidding Round.

CAPEX net for QGEP (US$ millions)





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

As of June 30, 2017, QGEP had a cash and cash equivalents balance of R$1.4 billion up from R$1.3 billion at June 30, 2016. On June 30, 2017 QGEP had approximately 20% 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, 2017 the average annual return of these investments was 102.1% of the CDI rate and 71% of the funds had daily liquidity.

QGEP's debt is composed of financing raised with FINEP (Financing Agency for Studies and Projects) and credit facilities from Banco do Nordeste do Brasil. As of June 30, 2017, QGEP's total debt was R$ 342.6 million, compared to R$ 371.6 million at the end of the second quarter 2016, reflecting the repayment of the FINEP debt that commenced in September 2016.

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 at a floating rate linked to TJLP. Both have a grace period of three years and a repayment period of seven years. QGEP has a total credit line with FINEP of R$266.0 million. The BNB financing is directed to the operation of the Company's assets in the Northeast. The loan, which carries an interest rate of 4.71% per year with a 15% compliance bonus, has a grace period of five years.

The Company's net cash position as of June 30, 2017 was R$ 1,0 billion.

Investor Relations

QGEP Participações S.A.

Paula Costa Côrte-Real
CFO and Investor Relations Officer

Renata Amarante
Investor Relations Manager

Flávia Gorin
Investor Relations Coordinator

Av. Almirante Barroso, nº 52, sala 1301, Centro - Rio de Janeiro, RJ
CEP: 20031-918
Phone: 55 21 3509-5959
E-mail: ri@qgep.com.br
www.qgep.com.br/ri

About QGEP

QGEP Participações S.A. is Brazil's only private company operating 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 m^3 per day. For more information, access www.qgep.com.br/ir.

This press release 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 March 31, 2016 and March 31, 2017 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I | Consolidated Financial Information (R$ Million)

	2Q17	2Q16	Δ%	6M17	6M16	Δ%
Net income	61.0	(7.7)	n.a.	103.8	38.7	167.9%
Amortization and depreciation	15.2	16.5	-8.3%	28.9	37.8	-23.6%
Net financial revenue / expenses	(45.8)	11.5	n.a.	(65.5)	24.1	-371.9%
Income tax and social contribution	15.5	(0.8)	- n.a.	25.0	4.4	n.a.
EBITDA[1]	**45.9**	**19.5**	**135.6%**	**92.2**	**105.0**	**-12.2%**
Oil and gas exploration expenditure with sub commercial and dry wells[2]	(0.0)	0.0	-115.7%	0.0	(0.4)	-105.9%
EBITDAX[3]	**45.9**	**19.5**	**135.5%**	**92.3**	**104.6**	**-11.8%**
EBITDA Margin[4]	40.0%	16.2%	147.5%	39.8%	56.1%	-29.1%
EBITDAX Margin[5]	40.0%	16.2%	147.3%	39.6%	59.8%	-33.7%
Net Cash[6]	(1,033.4)	(912.2)	13.3%	(1,033.4)	(912.2)	13.3%
Net Debt/EBITDAX	(5.9)	(4.0)	46.7%	(5.9)	(4.0)	46.7%

[1] The Company calculates 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 the Company's profitability as it does not consider certain costs inherent in the business, which could significantly impact net results, such as financial expenses, taxes and amortization. EBITDA is utilized by the Company as an additional measure of its operating performance.

[2] Exploration expenses relating to sub-commercial wells or to non-operational volumes.

[3] EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with sub-commercial and dry wells.

[4] EBITDA divided by net revenue.

[5] EBITDAX divided by net revenue.

[6] 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. Net cash is not a measure 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

	2Q17	1Q17	Δ%
Assets			
Current Assets	**1,447.5**	**1,450.1**	**-0.2%**
Cash and cash equivalents	9.8	16.4	-40.4%
Investments	1,215.8	1,204.9	0.9%
Restricted Cash	34.1	33.5	1.7%
Trade accounts receivable	89.4	101.5	-11.9%
Credits with Partners	53.6	43.5	23.1%
Inventory	1.6	1.5	8.2%
Recoverable taxes and contribution	8.1	22.5	-63.9%
Other	35.0	26.2	33.6%
Non-current Assets	**2,142.8**	**2,108.6**	**1.6%**
Restricted cash	142.6	126.7	12.6%
Investments	150.4	146.7	2.5%
Recoverable taxes	5.3	4.3	-25.6%
Deferred income tax and social contribution	45.0	44.1	1.9%
Investments	144.1	139.0	3.6%
Property, plant and equipment	928.2	918.7	1.0%
Intangible assets	726.4	726.7	0.0%
Other Non-current Assets	0.7	2.4	-71.4%
TOTAL ASSETS	**3,590.2**	**3,558.7**	**0.9%**
Liabilities and Shareholders' Equity			
Current	**221.5**	**224.6**	**-6.7%**
Providers	41.4	41.9	-73.3%
Taxes and contributions payable	36.2	26.1	82.2%
Remuneration and social obligations	8.2	6.6	22.7%
Bills to pay- related parties	7.5	5.5	36.1%
Borrowings and Financing	36.7	36.7	-0.1%
Provision for research and development	10.7	12.7	-16.2%
Insurances payable	13.4	14.1	-5.3%
Other	67.5	80.8	-16.5%
Non-current Liabilities	**520.2**	**515.4**	**0.9%**
Borrowings and financing	305.9	314.6	-2.8%
Provision for abandonment	214.1	200.7	6.7%
Other trade accounts payable	0.2	0.0	n.a.
Shareholders' Equity	**2,848.6**	**2,818.8**	**7.0%**
Capital Stock	2,078.1	2,078.1	0.0%
Other comprehensive income	18.1	11.1	34.5%
Profit Reserve	686.3	725.0	20.0%
Capital Reserve	43.2	42.8	8.1%
Treasury Shares	(81.0)	(81.0)	0.0%
Net income for the period	103.8	42.8	167.9%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,590.2**	**3,558.7**	**5.0%**

Annex III | Cash Flow

	2Q17	2Q16	Δ%	6M17	6M16	Δ%
CASH FLOW FROM OPERATING ACTIVITIES						
Net income for the period	**61.0**	**(7.7)**	**n.a.**	**103.8**	**38.7**	**167.9%**
Adjustments to reconcile net income to net cash provided by operating activities:						
Equity Method	1.1	0.2	n.a.	1.1	(0.2)	n.a.
Exchange variation over investment	(5.0)	0.0	n.a.	(5.7)	0.0	n.a.
Amortization of the exploration and development expenditures	15.2	16.5	-8.3%	28.9	37.8	-23.6%
Deferred income tax and social contribution	(0.9)	0.6	-237.2%	(0.6)	1.1	-151.2%
Financial charges and exchange rate (gain) loss borrowings and financing	7.1	4.4	60.7%	8.7	8.9	-2.2%
Write-off	0.0	36.2	n.a.	0.2	71.7	-99.7%
Provision for stock option plan	0.4	1.0	-58.3%	1.3	2.1	-36.1%
Provision for income tax and social contribution	16.3	(1.4)	n.a.	25.6	3.2	n.a.
Provision for research and development	(2.1)	(0.7)	205.5%	(1.2)	(1.1)	7.7%
(Increase) decrease in operating assets:	**8.1**	**4.3**	**86.7%**	**36.2**	**(24.3)**	**-249.3%**
Increase (decrease) in operating liabilities:	**0.2**	**20.7**	**-99.0%**	**(60.3)**	**(49.3)**	**22.3%**
Net cash inflows from operating activities	101.5	74.1	36.9%	138.0	88.8	55.4%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities	(67.5)	(6.6)	n.a.	(91.7)	(47.9)	91.6%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities	(47.7)	(38.7)	23.3%	(56.7)	(38.7)	46.6%
Total exchange variation on cash and cash equivalents	7.1	(15.3)	-146.1%	2.5	(29.9)	-108.3%
Increase (decrease) in cash and cash equivalents	(6.6)	13.5	-148.9%	(8.0)	(27.6)	-71.2%
Cash and cash equivalents at the beginning of the period	**16.4**	**139.5**	**-88.2%**	**17.7**	**180.7**	**-90.2%**
Cash and cash equivalents at the end of the period	**9.8**	**153.0**	**-93.6%**	**9.8**	**153.0**	**-93.6%**
Increase (decrease) in cash and cash equivalents	**(6.6)**	**13.5**	**-148.9%**	**(8.0)**	**(27.6)**	**-71.2%**

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 m³ of gas equals 1 m³ of oil/condensate and 1 m³ 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.