
Earnings Results Presentation

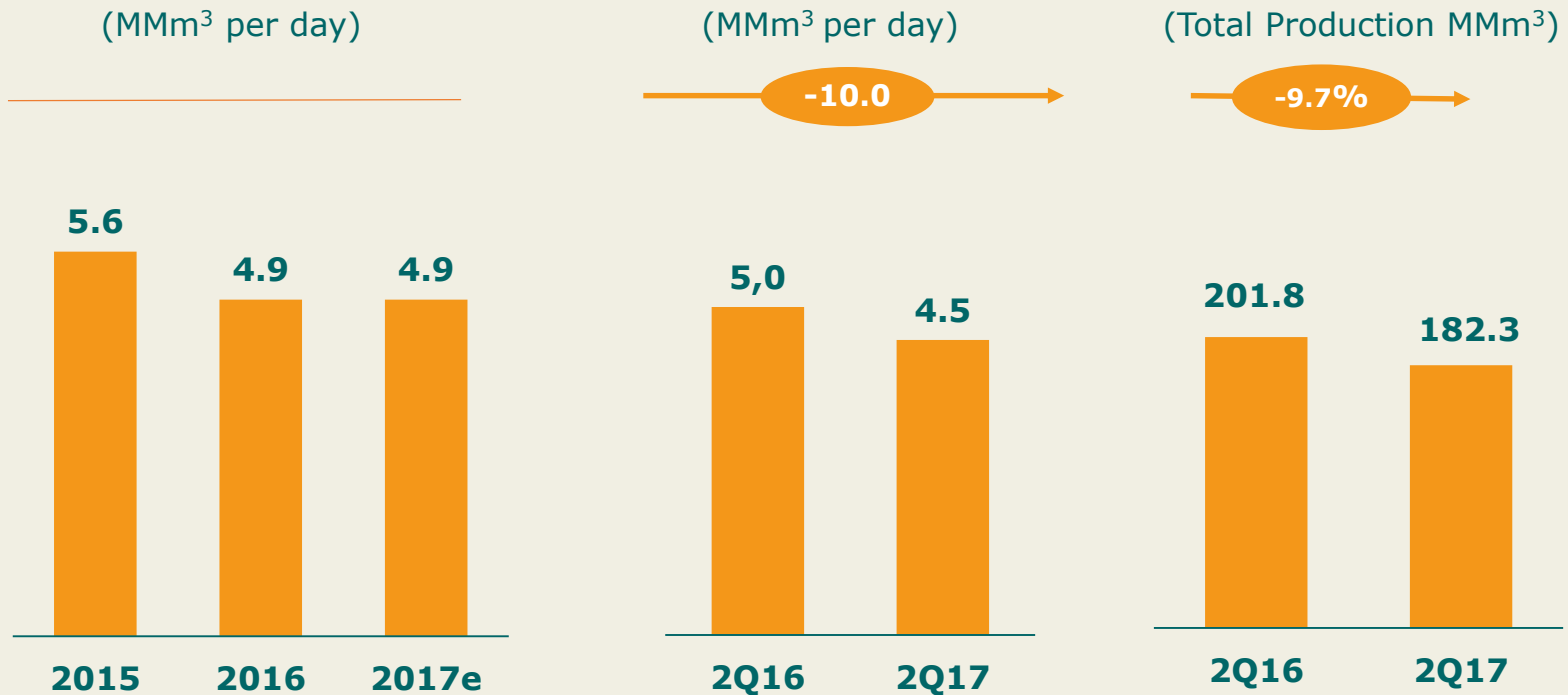
2Q17



2Q17 HIGHLIGHTS

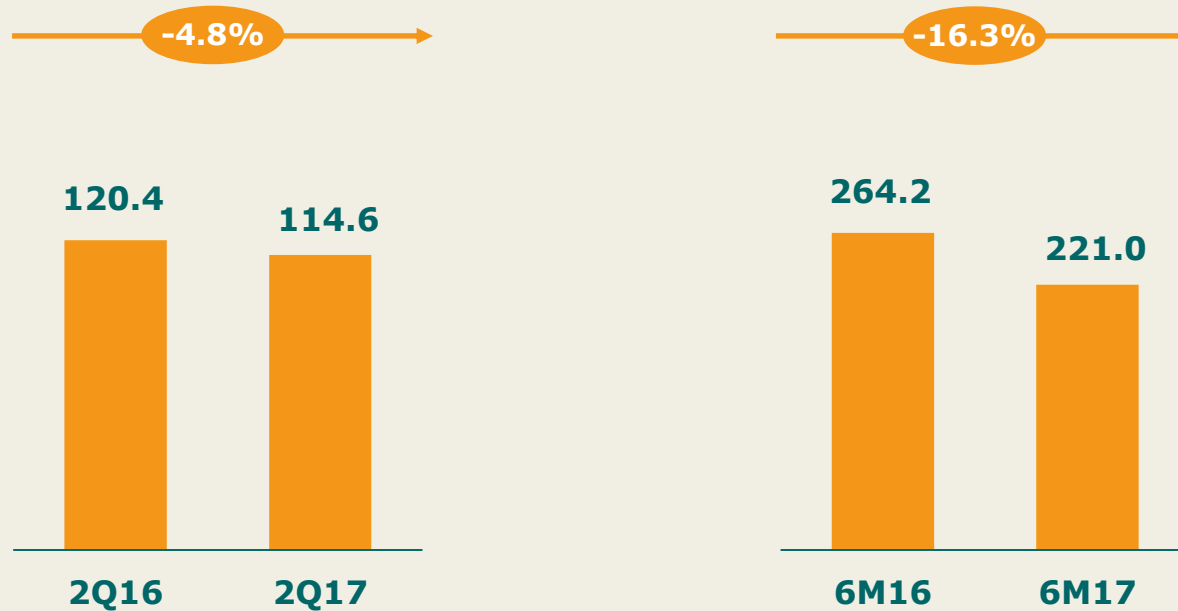
- **Positive financial results**
 - Revenues and EBITDAX in 2Q17 ahead of 1Q17
- **Increased demand for Manati Field gas**
 - Gas production 4.5MMm³/day, +6.5% from 1Q17
- **Completion of negotiations – Atlanta Field**
 - Contract amendment with Teekay Offshore for the FPSO arrival, which is now confirmed for late 2017
 - First oil expected at first quarter of 2018
- **Monetization of important asset**
 - Sale of 10% working interest in of Block BM-S-8 to Statoil for US\$379MM

PRODUCTION – MANATI FIELD



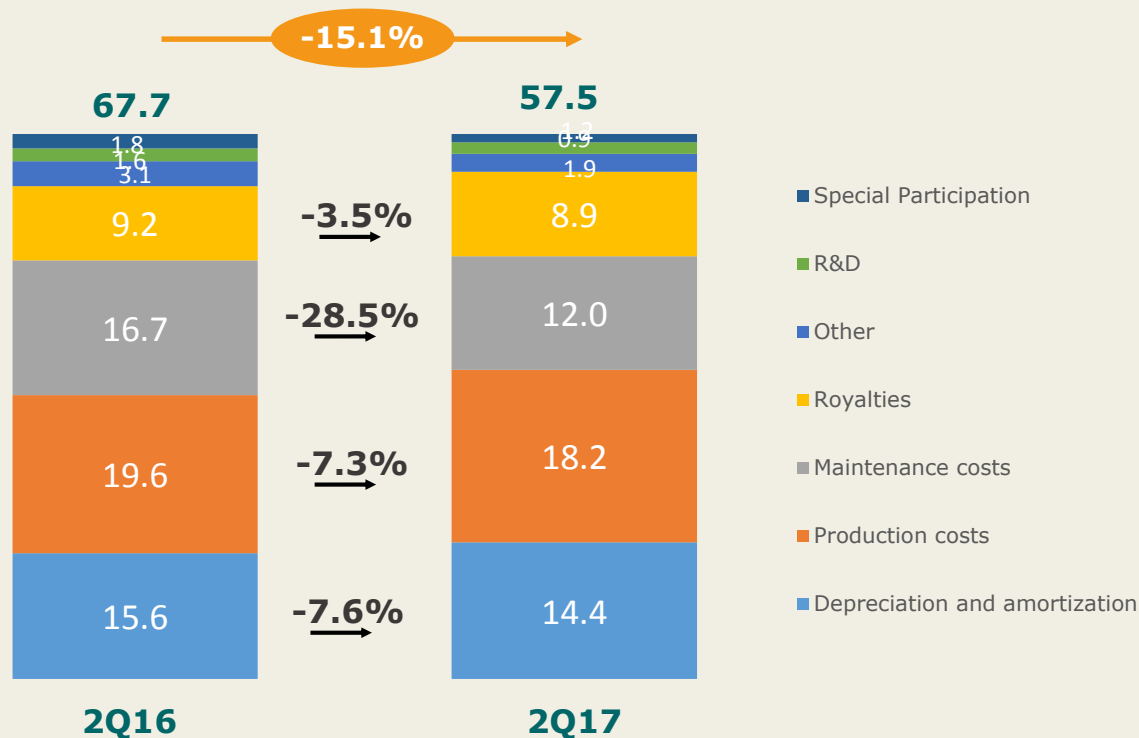
- Average daily gas production was 4.5 MMm³ in 2Q17, reflecting sequential improvement from 1Q17
- Production capacity slips to 5.5MMm³/day due to damage to flow line, repair is underway.
- Average production guidance at Manati Field for 2017 remains at 4.9 MMm³, in line with 2016 levels

NET REVENUE (R\$ MM)



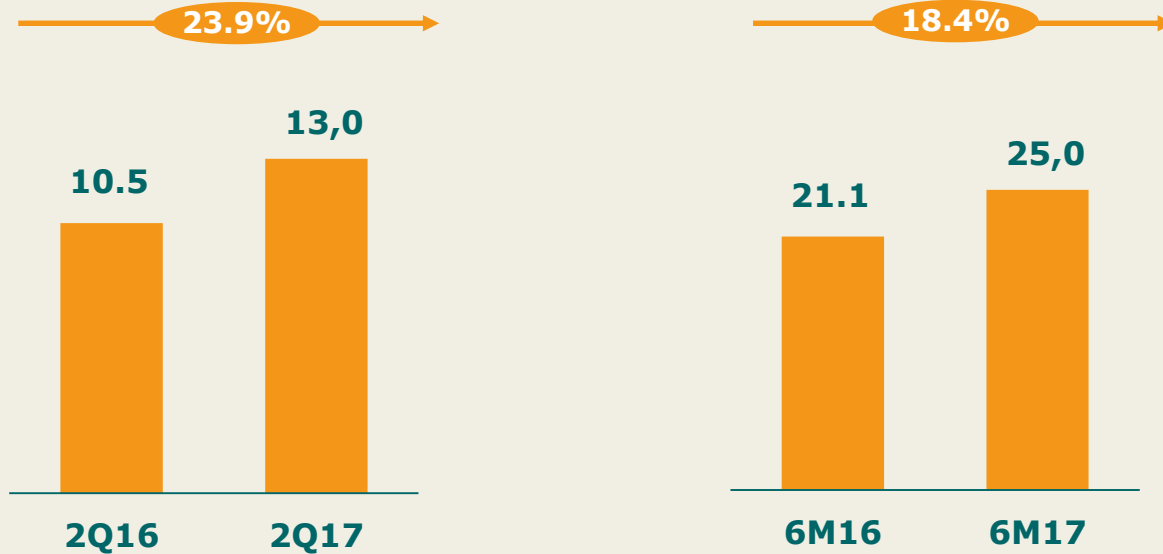
- Lower revenue reflects lower production in Manati, of 4.5MMm³ in 2Q17 versus 5.0MMm³ per day in 2Q16. Production has picked up from 1Q17.
- The year-on-year decline in production was partly offset by the annual readjustment in Manati gas prices earlier in the year.

OPERATING COSTS (R\$MM)



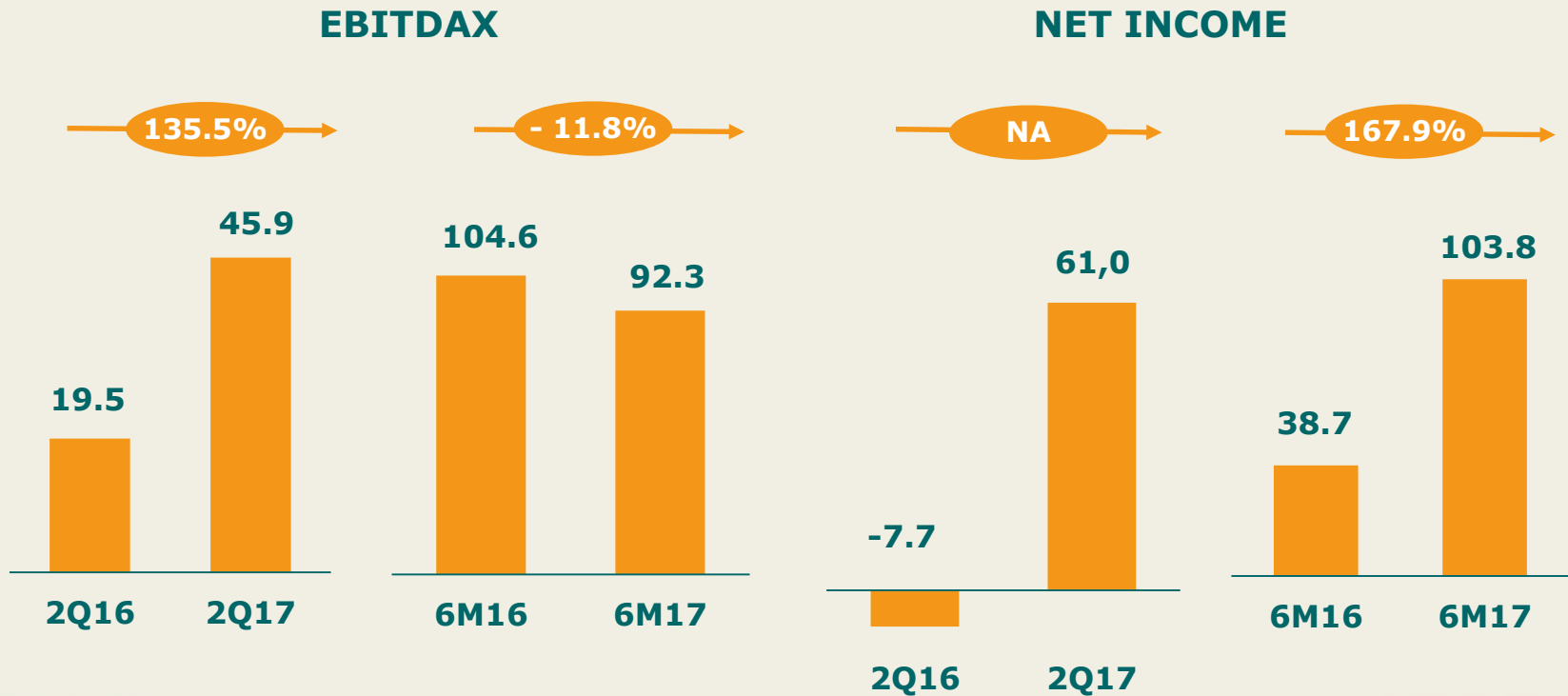
- Total Operating Costs in 2Q17 were down 15.1% y-o-y. 6M17 vs 6M16, costs decreased 11.6%.
- Maintenance costs declined y-o-y. Lower depreciation and amortization and lower royalties and special participation expenses due to lower production were partially offset by higher production expenses
- Exploration expenses were R\$13.0 million, compared to R\$36.5 million in 2Q16, due to lower seismic costs. In the second quarter the company made the final payment for seismic acquisition of the Pará-Maranhão basin.

SG&A EXPENSES (R\$MM)



- **G&A expenditure: increase reflects a reduction in the allocation of costs to the partners in blocks in which the QGEP is operator**

PROFITABILITY (R\$MM)



- **2Q17 vs 2Q16: EBITDAX of R\$45.9 million more than double 2Q16 levels**
 - Mainly reflects lower exploration expenses for the period
- **Net income of R\$61.0 in 2Q17 compared to net loss in 2Q16**
 - Due to lower operating costs and higher financial income results

CAPEX 2017-2018

2017

US\$48MM



\$30MM

for the development of the Atlanta Field

\$16 MM in exploration activities
US\$14 MM in acquisition and analysis of seismic data for the blocks acquired in the 11th ANP bidding round

2018

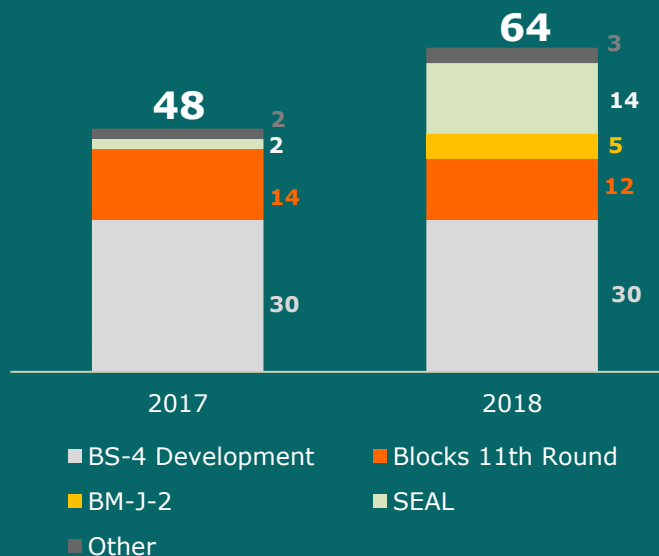
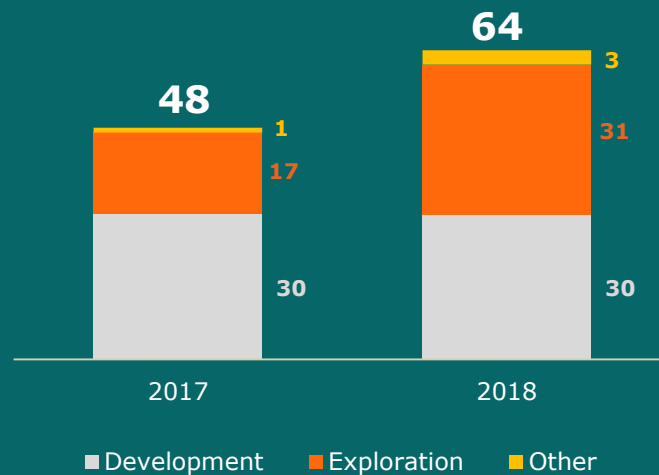
US\$64MM



\$30 MM

for the development of the Atlanta Field

\$31 MM for exploratory portfolio:
US\$14 MM in Sergipe Alagoas blocks



PORTFOLIO OVERVIEW - UPDATE

PRODUCING - MANATI

- Production capacity was **5.5MMm³/day** at the end of 2Q
- **Recent 2P Reserve report** 9.4Bm³ of natural gas and 0.9 MM barrels of condensate

DEVELOPMENT - ATLANTA

- Amendment to contract
- Arrival of the FPSO confirmed in fourth quarter 2017
- First oil is expected at the beginning of 2018

EXPLORATORY

- **11th Bidding Round Blocks**
 - Foz do Amazonas, Ceará & Espirito Santo Basins – seismic data complete – evaluating potential
 - Mid-2017 seismic processing complete for Pará-Maranhão Basin
- **SEAL-M-351 & SEAL-M-428**
 - Seismic data acquisition and processing with completion early in 2018
 - **Farm-out** process underway
- **CAL-M-372**
 - Awaiting environmental license – expected in 2018

BM-S-8

TRANSACTION

- Received and accepted **unsolicited** offer from Statoil Brasil:
- **Proceeds = US\$379 million** for the 10% working interest in this block
- Fifty percent will be paid at closing - **US\$189.5 million** – and the remaining will be paid in two installments

INVESTMENT PROFIT

- Successful investment resulting in a **rate of return of 15% per year** in Reais.
- Purchased in July 2011 in a farm-out for US\$175 million

DECISION TO SELL

- **Longer than expected period** between discovery and definition of first oil
- **Size of the Field would lead to High** capital expenditures

POTENTIAL USES FOR PROCEEDS

- **Additional investment** in exploratory and development portfolio
- New opportunities
- If excess cash is available, **special dividend distribution to shareholders**

SUBSTANTIAL EXPLORATORY PORTFOLIO



Growing and diversifying QGEP's asset base along the Brazilian coast

1

Production

3

Development

11

Exploration

QGEP: Well Positioned for Growth



**High
production
efficiency**



**Substantial
technical
expertise**



**Ongoing
portfolio
optimization**



**Financial
flexibility**

11

Blocks
in our
portfolio

+50%

Average
EBITDAX
Margin
2017

R\$1.4 bn

Average
Cash Balance
2017

+R\$1bn

Average
Net Cash
2017

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