

QGEP Participações S.A.
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Publicly Held Company

MATERIAL FACT

QGEP Announces Strategic Partnerships and Success in the 14th ANP Bidding Round, increasing its presence in the Sergipe-Alagoas Basin

- QGEP Signs Farm-Out Agreements for Blocks SEAL-M-351 and SEAL-M-428 in the Sergipe-Alagoas Basin -

- Company and its Partners Were Awarded Blocks SEAL-M-501 and SEAL-M-503 in the Sergipe-Alagoas Basin in Today's 14th ANP Bidding Round -

Rio de Janeiro, September 27th, 2017 – QGEP Participações S.A. (“QGEP”, “Company”, BM&FBovespa: QGEP3”) announced today that it has completed two separate farm-out agreements, one with ExxonMobil Exploração Brasil Ltda. (“ExxonMobil”) and one with Murphy Brazil Exploração e Produção de Petróleo e Gás Ltda. (“Murphy Oil”). The farm-out agreements are for Blocks SEAL-M-351 and SEAL-M-428 located in the Sergipe-Alagoas Basin. Additionally, QGEP and its partners have been awarded blocks SEAL-M-501 and SEAL-M-503 in today's 14th Bidding Round hosted by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP).

The farm-out agreements relate to the blocks that Queiroz Galvão Exploração e Produção S.A., QGEP's wholly-owned subsidiary, were awarded in the ANP's 13th Bidding Round in October 2015. These Blocks, SEAL-M-351 and SEAL-M-428, are 100%-owned by QGEP, and are located in ultra-deep waters in the Sergipe-Alagoas Basin, 80 to 100km off the coast of Brazil and encompass a total area of 1,512 km².

Under the terms of the farm-out agreements, QGEP will retain a 30% working interest and ExxonMobil and Murphy Oil will acquire 50% and 20%, respectively. QGEP will be reimbursed for 70% of the R\$100 million signature bonus that it paid to acquire the blocks. Additionally, QGEP will be fully reimbursed for seismic costs related to the blocks, among other considerations. The seismic costs have been estimated at US\$15 million, most of which has been earmarked for the Company's 2018 capital expenditure program.

“These farm-out agreements are aligned with our strategy of retaining the upside potential of a diversified exploratory portfolio, while maintaining a disciplined approach to capital spending,” said Mr. Lincoln Guardado, Chief Executive Officer. “Sergipe-Alagoas is a well-established basin with oil and gas production from onshore, shallow and deep water wells and is recognized as a low risk exploration area. This transaction confirms the soundness of our decision to purchase these blocks during a very difficult period for the Brazilian oil and gas industry.”

Reinforcing their confidence in the potential of the Sergipe-Alagoas Basin, QGEP and its partners ExxonMobil and Murphy Oil acquired Blocks SEAL-M-501 and SEAL-M-503 in today's 14th ANP Bidding Round. These blocks are located adjacent to SEAL-M-351 and SEAL-M-428. The total signature bonus for these exploration blocks was R\$109,9 million or R\$33,0 million net to QGEP. The consortium is also committed to acquire seismic data for the blocks.

"We are pleased to be partnering with ExxonMobil, the world's largest publicly traded international oil and gas company, who will be the operator with a 50% interest in the blocks, and Murphy Oil, a large independent oil and gas company, with a 20% working interest. The quality and expertise of this partnership guarantees the use of best industry practices in this challenging operating area. We believe that QGEP is very well positioned to benefit from the improved industry environment, as well as the relationships we are developing with these new partners," Mr. Guardado noted.

The farm-out transaction is subject to ANP and CADE' approval.

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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