

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

MATERIAL FACT

QGEP informs on Block BS-4 situation

Rio de Janeiro, October 23rd, 2017 – QGEP Participações S.A. (“QGEP”, “Company”, B3: QGEP3”) informs that Barra Energia do Brasil Petróleo e Gás Ltda. (“Barra Energia”) exercised its rights to expel Dommo Energia S.A. (“Dommo”) from the Block BS-4, under the exact terms of the Consortium’s Joint Operating Agreement (“JOA”). QGEP was notified on October 20th, 2017 that Dommo intends to dispute this action.

With respect to the allegations made by Dommo against QGEP as the operator of BS-4 Block, the Company reiterates, as already disclosed to the market, that jointly with Barra Energia, has successfully conducted negotiations with Teekay Offshore Partners, the company responsible for the FPSO customization, for a contractual amendment contemplating new date for the arrival of the FPSO. Dommo has expressly approved the new contract terms and conditions, which include a significant reduction in charter rates, among other considerations.

QGEP has previously opposed Dommo's claims related to the operation of Block BS-4 as part of administrative proceedings that are currently underway before the ANP. These proceedings involve a petition to terminate Dommo’s rights under the concession contract due to Dommo’s lack of financial capacity. The petition asks the ANP to order the commencement of a term for the compulsory assignment of Dommo’s stake in BS-4 to an interested third party, under penalty of loss of the concession to the non-defaulting concessionaires, QGEP and Barra Energia.

Finally, as of this date, QGEP has not been notified of any signed farm-out contract, nor of any agreement between Dommo and the Consortium for the discharge of its debt, which currently totals approximately R\$71 million.

BS-4 Block encompasses the Atlanta Field, located in the post salt layer of the Santos Basin, where first oil is expected in the first quarter of 2018. Queiroz Galvão Exploração e Produção S.A., QGEP’s wholly-owned subsidiary, is the operator of the Block with a 30% ownership. QGEP continues to work diligently to comply with its commitments to regulatory bodies and other stakeholders.

For more information, please contact our Investor Relations team:

Telephone: +55 21 3509-5959

E-mail: ri@qgep.com.br

www.qgep.com.br/ri

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 was 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 m3 per day. For more information, access www.qgep.com.br/ri