FOURTH QUARTER AND FULL YEAR 2014

Earnings Release QGEP Participações S.A.

Conference Call

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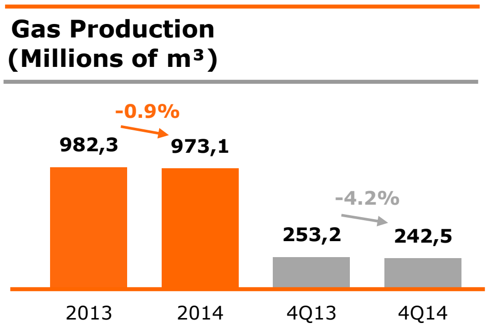
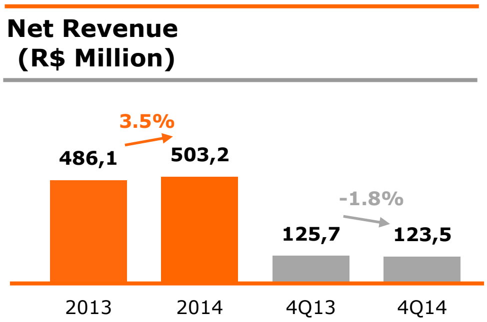
EXPLORAÇÃO E PRODUÇÃO

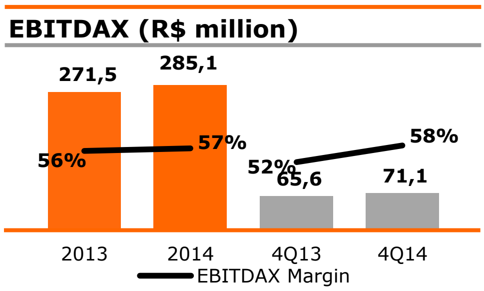
QGEP Reports Fourth Quarter and Full Year 2014 Results

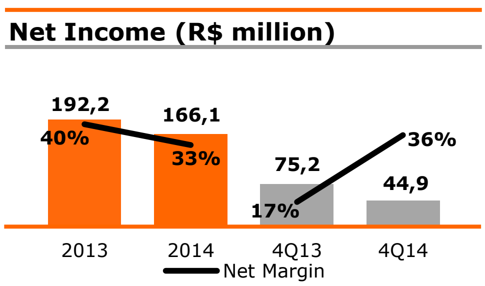
Rio de Janeiro, March 16th, 2015 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), the only independent Brazilian company to operate in the pre-salt premium area of the Santos Basin, today announced its results for the fourth quarter and full year ended December 31, 2014. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in Brasil and in International Financial Reporting Standards (IFRS), described in the financial section of this release.

- **Average daily gas production from the Manati Field was 5.9MMm³ in both 4Q14 and FY14**
- **Progress at Manati compression plant continues on schedule; operations to begin in mid-2015**
- **2014 net revenue increased 3.5% to R$503.2 million, on strong production and natural gas pricing; 4Q14 net revenue was R$123.5 million**
- **EBITDAX was R$285.1 million in FY14 and R$71.1 million in 4Q14**
- **Net income was R$166.1 million in FY14, 13.6% lower than 2013 due to higher exploration costs and R$44.9 million in 4Q14**
- **Operating cash flow of R$348.5 million in FY14 and R$77.1 million in 4Q14**
- **Cash balance* was R$1.1 billion at the end of 4Q14**
- **Second Carcará exploration well spudded in January 2015; drilling to be completed in mid-2015**
- **QGEP announced a Dividend policy proposing annual payment of dividends of R$0.15 per share**









*Includes cash, cash equivalents and marketable securities

Management Comments

We made important progress across each of our major areas of operation in 2014, building long term value and laying the foundation for future growth. Our longstanding commitment to a balanced, diversified portfolio and prudent risk management continued to distinguish QGEP, providing us with important resilience to uncertain industry conditions in 2014, and positioning us well in 2015 and beyond. Highlights of the year included the following:

- **Production** of natural gas from the Manati Field averaged 5.9MMm³ per day in 2014, surpassing the guidance range we provided at the start of the year thanks to efficient operational efforts that enabled us to meet continued strong demand from Brazil's power plants. Total gas production was 2.2 billion m³ in 2014, similar to 2013's levels. As a result, revenues were in line with those of 2013. We estimate that full year 2015 Manati's average daily production will be lower than that of 2014 at 5.5MMm³ given the scheduled 20 day production stoppage required to bring the new compression plant on line. However, in the last five months of 2015, we expect daily production capacity to return to 6.0MMm³, and be sustainable at that level for the following two years. Based on this scenario, we expect significant revenues and operating cash flow from this Field to remain this year and the next an important source of funding for our intermediate and longer term development and exploration projects.

- **Development** of the Atlanta Field in 2014 distinguished QGEP as an efficient operator in a technically challenging environment since, in the first quarter of 2014 we were able to complete two horizontal producing wells and the related drill stem tests. As a result, we achieved a critical milestone at the end of 2014 signing the charter and operation contracts of the Petrojarl I FPSO (floating, production, storage and offloading vessel) in order to develop the Field through an Early Production System. The vessel will be customized to our specifications and is scheduled to be on-site in the first half of 2016, with production expected to start in mid-2016. Based on the results of the production tests at the first two wells, production capacity is estimated to average 25kbbl/day during this first development phase. We are considering drilling a third production well, which could raise production capacity up to 30kbbl/day. The independent reserve certification for the Atlanta Field prepared by Gaffney, Cline & Associates and released to the market in the 2Q14 indicated 1P reserves of 147 million bbls, 2P of 191 million bbls and 3P of 269 million bbls. These estimates were made based on drilling and test results from the first production well drilled on the Field.

- **Exploration** activities advanced across our asset portfolio, where we have a promising discovery and prospects that contribute to QGEP's substantial growth potential. Importantly, we continue to evaluate the entire portfolio with a view toward maintaining diversification, while keeping the appropriate balance between risk and reward based on technical challenges and economics of each individual asset.
    - Our Carcará discovery in Block BM-S-8 remains our most important exploration project. In November 2014, we completed drilling the first phase of the appraisal well, located 5km from the wildcat, extending down to the lower section of the salt layer. The second phase of drilling, targeting the reservoir, is scheduled to begin in the third quarter of 2015, with a Drill Stem Test (DST) set to take place afterwards. The second Carcará appraisal well was spudded in January 2015 and will be drilled in a single phase. It is expected to be completed in mid-2015, at which point the Consortium will carry out a DST. Results of the test are expected during the second half of the year. The data gathered will provide information on the size of the accumulation, well productivity and will contribute to the design of the Field's production system. Drilling at the Guanxuma prospect is expected to begin in 2015.
    - In the fourth quarter of 2014, we received ANP approval for the Evaluation Plan relative to our discovery in the Alto de Canavieiras prospect in Block BM-J-2. As part of our commitment under the Plan, we will proceed with reprocessing and reinterpreting seismic

data of the Block in 2015. After concluding these activities and completing technical and economic evaluations, we will decide whether to proceed to the next stages.

- As announced in early 2015, we terminated our farm-in agreement at the BM-C-27 Concession. The decision was taken after technical and economic assessments were made and did not imply costs of any kind for QGEP. We also relinquished Block CAL-M-312 in the Camamu-Almada Basin. However, we will continue our exploratory activities at Block CAL-M-372, which include the drilling of a wildcat well. Block BM-CAL-5 located at the Camamu-Almada Basin is also being relinquished due to both environmental conditions and lack of economic feasibility.
- We continue to move ahead with seismic survey work on the blocks that we acquired in the 11^{th} ANP Bidding Round, where we are the operator of 5 out of 8 blocks. 3D seismic surveys have been completed in the Foz do Amazonas and Espirito Santo Basins. In Pará-Maranhão and Ceará Basins, seismic acquisitions are scheduled to begin in the second half of 2015. QGEP has started the environmental studies related to operational activities in the Foz do Amazonas and Pará-Maranhão Basins, where drilling is due to begin by the end of 2017.

Hand in hand with our operating achievements in 2014, was QGEP's solid financial performance. Highlights included:

- Net revenue growth of 3.5% to R$503 million, thanks to stable Manati Field production;
- EBITDA of R$215 million and EBITDAX of R$285 million, representing strong margins during a period of normalized exploration expenses;
- Net income of R$166 million, or R$0.64 per share;
- Operating cash flow of R$348 million; and
- Year-end 2014 cash and liquid investments of R$1.1 billion.

Thus, QGEP ended 2014 in a very strong financial position, with a net cash balance of R$878 million. Our modest debt of R$251 million exposure are funds withdrawn to date from the FINEP financing for the development of the Atlanta Field.

Despite the fact our industry is facing a challenging adjustment to the sharp drop in world oil prices that accelerated in late 2014 and has continued in early 2015, QGEP's fourth quarter and full year 2014 results were unaffected by this volatility and price erosion, as our revenues and operating cash flow are not linked to oil prices. Admittedly, a prolonged period of exceedingly low oil prices would not be good for our industry or any of its companies, but given our production and development schedules, we do not expect such a scenario to affect QGEP's results until mid-2016 at the earliest. In fact, during this most recent period, lower prices should help us negotiate favorable contracts with service providers as we move forward with the development of the Atlanta Field.

Our strong financial position enables us to maintain a long term perspective in our decision-making. Within the current business environment, we are retaining a defensive posture, ensuring that our investment determinations are based on thorough economic analyses. At the same time, we are ready to take advantage of the opportunities that always arise in challenging industry conditions. In Brazil's independent oil and gas arena, QGEP stands out as a player that has the financial, technical and human resources to acquire and develop assets at favorable entry points and the flexibility to act quickly when the right opportunity is at hand.

In summary, we are pleased with the financial and operating results of 2014 and believe they are sustainable in 2015. We look forward to continuing our dialogue with investors and analysts in Brazil and internationally with a view toward reinforcing QGEP's investment strengths and gaining additional recognition for our differentiated position. We thank all of our people, partners and investors for their support of QGEP and look forward to providing progress reports throughout 2015.

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40[1]	Manati	45%	Reserve	Gas
Camamu	BCAM-40[1]	Camarão Norte	45%	Contingent	Gas
Camamu	CAL-M-372	CAM#01	20%	Prospective	Oil
Jequitinhonha	BM-J-2	Alto de Canavieiras	100%	Contingent/ Prospective	Oil–Gas
Jequitinhonha	BM-J-2	Alto Externo	100%	Prospective	Oil–Gas
Santos	BM-S-8	Carcará	10%	Contingent/ Prospective	Oil
Santos	BM-S-8	Guanxuma	10%	Prospective	Oil
Santos	BS-4	Atlanta	30%	Reserve	Oil
Santos	BS-4	Oliva	30%	Contingent	Oil
Santos	BS-4	Piapara	30%	Prospective	Oil
Espírito Santo	ES-M-598		20%	Prospective	Oil
Espírito Santo	ES-M-673		20%	Prospective	Oil
Foz do Amazonas	FZA-M-90		35%	Prospective	Oil
Pará-Maranhão	PAMA-M-265		30%	Prospective	Oil
Pará-Maranhão	PAMA-M-337		50%	Prospective	Oil
Ceará	CE-M-661		25%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-896		30%	Prospective	Oil

(1) Block BCAM-40 was relinquished after the ring fence of the areas of Manati and Camarão Norte fields were defined.

Producing and Development Assets

MANATI

Production at Manati was 5.9 MMm^3/day in the fourth quarter and full year 2014, significantly ahead of the production forecast at the start of the year. Production capacity is expected to drop in the first two quarters of 2015, before returning to 6.0 MMm^3/day once the gas compression plant begins operations in the middle of the year.

The activities related to the construction of the gas compression plant are on schedule and on budget. The compressors have arrived on site and 55% of the work is complete. Total expected CAPEX net to QGEP should be US$28 million. The plant is expected to come on line in the middle of 2015 and require a 20 day production stoppage. As a result, full year 2015 gas production from Manati is estimated to average 5.5MMm^3/day.

During 2014, , the repair in the subsea hydraulic lines and the inspection of all the subsea controls and pipelines of R$13.6 million was conducted. In 2015 maintenance includes painting an general platform maintenance should be of approximately US$20 million.

ATLANTA AND OLIVA (Block BS-4)

In December 2014, the Consortium signed with Teekay Offshore Partners charter and operation contracts for FPSO Petrojarl I for the development of the Atlanta Field. The five year contract has a termination clause starting in the third year.

The Consortium will move ahead with the development of Atlanta via an Early Production System (EPS), as contemplated in the Development Plan. The FPSO is expected to be on site in early 2016, with first oil beginning in the middle of that year. The unit has oil storage capacity of 180kbbl.

Oil production capacity will begin and remain at 25kbbl/d for three years, with the two production wells that have already been drilled and equipped with wet Christmas trees and electrical submersible pumps. The Consortium may decide to drill a third production well to increase average production capacity to 30kbbl/d. This decision will be made closer to the production unit arrival and will take into account oil prices and CAPEX requirements.

With three production wells, total capex for the Consortium related to the EPS is estimated at US$728 million. Total operating costs will be US$480k per day.

In May 2014, QGEP released the results of an independent reserve certification report for the Atlanta Field, prepared by Gaffney, Cline & Associates (GCA) and dated March 31, 2014. Key highlights of the report were 1P reserves of 147 million bbl, 2P of 191 million bbl and 3P of 269 million bbl. These estimates were made based on drilling and test results from the first production well drilled on the Field.

First oil at the Oliva Field is still expected in 2021. This Field is a tie back of the Atlanta Field.

QGEP is the operator with a 30% participating interest in Block BS-4, where the Atlanta and Oliva Fields are located.

Exploratory Assets

BM-J-2

In the fourth quarter of 2014, QGEP received ANP approval for an Evaluation Plan (EP) for Block BM-J-2. Under this Plan, QGEP commited to seismic reprocessing and geological reinterpretation of the Block. These activitivies must be completed by the end of 2015, when a decision regarding the following steps of the project will be taken.

The EP relates to the August 2013 Notice of Discovery filed with the ANP based potential pay zones identified in the pre-salt section of its Alto de Canavieiras (1-QG-5A-BAS) well.

The Block is located in the shallow waters of the Jequitinhonha Basin, and is 100% owned and operated by QGEP.

BS-4

The Consortium has not yet decided on a schedule for drilling the Piapara prospect on the pre-salt.

BM-S-8

In November 2014, the drilling of the initial phase of the first appraisal well at the Carcará discovery was completed, using the Laguna Star rig. This phase was drilled to a depth of 5,630 meters close the bottom of the salt layer.

In January 2015, QGEP announced that drilling had begun on the second appraisal well, using the ODN II rig. The well is located approximately 5km from the discovery well, at a water depth of 2,070 meters and will be drilled in a single phase, down to an estimated final depth of 6,400 meters. Drilling is expected to be concluded by mid-2015. A Drill Stem Test (DST) is scheduled for the second half of the year to evaluate the well.

Following the conclusion of the drilling of the second Carcará appraisal well, the ODN II rig will be moved to conclude the drilling of the first extension well to a final depth of 6,500 meters.

Drilling and testing of the two appraisal wells will provide data on the size of the accumulation discovered by the Carcará wildcat well, as well as the productivity of its reservoir. This data is essential to efficiently plan the production system for the area. An additional well to acquire data is scheduled for 2016 and an Extended Well Test is expected in 2017.

Drilling at the Guanxuma prospect is scheduled to begin in the second half of 2015. This prospect is located 30km southwest of the Carcará Discovery in the pre-salt section of the Santos Basin.

BM-C-27 (Blocks C-M-122, C-M-145 and C-M-146)

In January 2015, QGEP let its farm-in agreement for the BM-C-27 Concession in the Campos Basin to expire. This agreement, announced in November 2012, involved the purchase from Petrobras of a 30% participating interest in production and exploration rights and was subject to regulatory approval.

QGEP's decision followed a technical and economic assessment of the asset which concluded that due to increased costs and risk, determined through a reinterpretation of seismic data, the project was less attractive compared to other assets in the Company's portfolio.

The arrangement with Petrobras did not require QGEP to disburse any up front funds for its participation in the blocks, and there was no financial impact related to the expiration.

BM-CAL-12 (Blocks CAL-M-312 and CAL-M-372)

In early 2015, the Consortium decided not to proceed with the second Exploratory Period of Block CAL-M-312, part of the BM-CAL-12 Concession, at expiration of the First Exploratory Period on 12/31/14 and after completing the Minimum Exploratory Program of the first Exploratory Period which included 3D seismic surveys of the entire area. Technical and economic studies indicated the Block to be of low attractiveness. Had the company continued with the second period, the commitment would have had a one year duration and required drilling a well.

The Consortium continues to wait an environmental license from IBAMA for the remaining block of the Concession, Block CAL-M-372. The license is expected for this year, with drilling of one wildcat well targeting the CAM#01 prospect to begin shortly thereafter. Net to QGEP, capital expenditures for this initial drilling at CAL-M-372 are approximately US$40 million.

QGEP has a 20% participation interest at Block CAL-M-372, Petrobras is the operator with 60% and Ouro Preto Óleo e Gás has the remaining 20%.

BM-CAL-5

In early 2015, the Consortium made the decision to return BM-CAL-5 to the ANP due to both lack of economic feasibility and environmental conditions. As a result, the Company booked exploration expenses of R$34.3 million in the fourth quarter of 2014.

BLOCKS ACQUIRED IN THE 11TH ANP BIDDING ROUND

Seismic surveys have now been completed for the FZA-M-90 Block in the Foz do Amazonas Basin and the blocks in the Espírito Santo Basin, and the data is being processed.

Data for the blocks in the Pará-Maranhão and Ceará Basins has been contracted, and seismic acquisition is expected to start in the second half of this year.

At the Pernambuco-Paraíba Basin, surveys are expected to commence in 2017.

QGEP has initiated the environmental studies to give start the permit process related to drilling activities in the Foz do Amazonas and Pará-Maranhão Basins, which are expected to begin by the end of 2017.

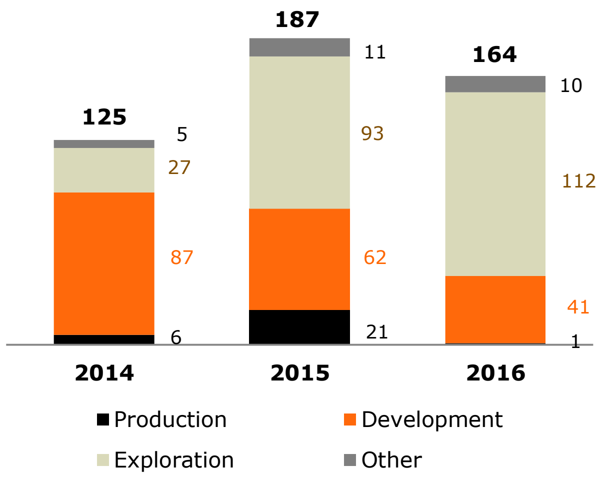
Total costs, net to QGEP, related to the acquisition of seismic data over the next two years are expected to be approximately US$39 million.

In addition, QGEP expects to spend approximately US$200 million on the drilling of at least four exploratory wells, starting in 2017, as part of the commitments undertaken during the 11th ANP Bidding Round.

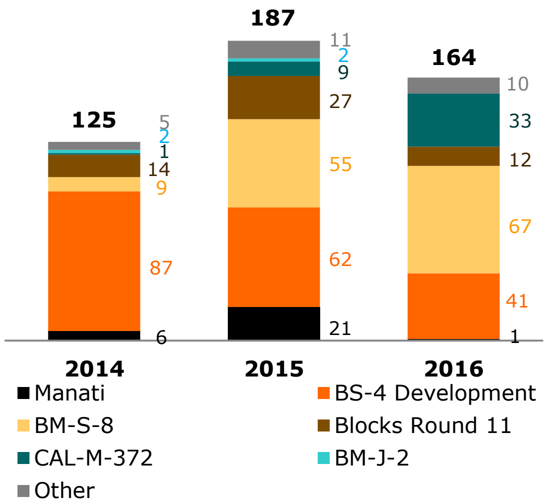
At the blocks in the equatorial margin, where QGEP is the operator, environmental licensing and the contracting of rigs are being carried out in conjunction with other operators in the region in order to optimize costs.

CAPEX

CAPEX net to QGEP (US$ million)



CAPEX net to QGEP (US$ million)



Recent Corporate Developments

On March 12, 2015, QGEP's Board approved a Dividend Policy for submittal to the Annual Shareholders' Meeting, calling for the payment of an annual fixed amount of R$0.15 per share.

The dividend policy is motivated by the Board's commitment to generate long term value to investors and reflects confidence on the quality of its assets, capital discipline and its production growth potential.

Sustainability, Environment and Safety

QGEP is committed to human rights respect and environmental preservation. The Company is socially responsible and prioritizes employee and operational safety. As an operator, QGEP establishes close relationships and direct two-way communication channels with communities within the areas influenced by its activities, respecting local culture, values and knowledge of traditional communities and making investments in local educational and social projects.

The Company evaluates outcomes and manages the potential environmental, social and safety risks of its projects taking action to minimize and control them. QGEP seeks the commitment of all those involved (employees and outsourced services) in order to achieve high operational, environmental, safety, health and social responsibility standards.

In the context of the Block BS-4 operation, QGEP gave continuity to the social and environmental projects on which its operating license depends and for the first time in Brazil conducted a workshop to discuss an emergency plan to save small cetaceans in case of an oil spill. It organized and sponsored the Portinari - Art and the Environment exhibition in several municipalities on the coast of the State of São Paulo, where the study area of field is located. It also maintained the Viva Volei activities in two centers in the State of Bahia.

We were certified for ISO 14001 (Environmental Management System) and OHSAS 18001 (Health and Safety Management System) on our exploration and production activities, a big achievement which rewarded the dedication of all sectors. The effort is also consistent with our commitment for the continued improvement of our processes ensuring our operations are developed under safe, socially and environmentally responsible, and highly efficient conditions that are in line with market best practices.

Financial Performance

For 4Q14, 4Q13, full year 2014 and full year 2013 the financial statements below represent consolidated financial information for the Company. 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 annual statements. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R$ million)

	4Q14	4Q13	Δ%	2014	2013	Δ%
Net income	44.9	21.2	111,8%	166.1	192.2	-13.6%
Amortization and depreciation	28.8	31.4	-8.2%	115.9	97.3	19.1%
(Net financial income) expenses	(24,9)	(18.0)	-38.6%	(85.8)	(62.1)	-38.3%
Income tax and social contribution	(16.3)	(14.7)	-10.9%	18.6	(4.6)	N/A
EBITDA[1]	**32.5**	**19.9**	**63.1%**	**214.7**	**222.9**	**-3.7%**
Oil and gas exploration expenditure with subcommercial and dry wells[2]	38.6	45.6	-15.5%	70.4	48.5	45.0%
EBITDAX[3]	**71.1**	**65.6**	**8.4%**	**285.1**	**271.5**	**5.0%**
EBITDA Margin[4]	26.3%	15.8%	66.1%	42.7%	45.9%	-7.0%
EBITDAX Margin [5]	57.6%	52.1%	10.4%	56.7%	55.8%	1.4%
(Net Cash)[6]	(877.7)	(837.8)	-4.8%	(877.7)	(837.8)	-4.8%
(Net Cash)/EBITDAX	(3.1)	(3.1)	0.3%	(3.1)	(3.1)	0.3%

[1] We calculate 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 our profitability as it does not consider certain costs inherent in our business, which could significantly impact our net results, such as net financial income, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.
[2]Exploration expenses relating to subcommercial 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 subcomercial and dry wells.

[4] EBITDA divided by net revenue.
[5] EBITDAX divided by net revenue.
[6] Net cash corresponds to the sum fol cash, cash equivalentes and short term investments, excluding total debt comprising of current and long-term loans and financing. Net cash is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net cash in a different from QGEP.

Operating Results

Net revenues for 4Q14 were R$123.5 million, compared with R$125.7 million a year earlier. For the full year 2014, net revenue was R$503.2 million, up 3.5% from 2013 due to adjustments in the price of Manati's natural gas as total production, net to QGEP, was 973 million m³ in 2014, similar to 2013's levels.

Operating costs in the fourth quarter were R$60.9 million, modestly above R$58.4 million in the fourth quarter of 2013. Total operating costs in 2014 were R$235.4 million for the year, a 12.2% increase compared to 2013, mainly due to the permanent rise in depreciation costs related to the provision for abandonment at Manati. Maintenance costs in 2014 also contributed to this increase since repairs in the subsea hydraulic lines and the inspection of all the subsea controls and pipelines in a total amount of R$13.6 million were carried out. In 2013, this cost line had included the scheduled stoppage for plant maintenance.

Operating costs (R$ Million)

	4Q14	4Q13	Δ%	2014	2013	Δ%
Depreciation	29.3	30.7	-4.6%	113.6	95.1	19.5%
Production Costs	14.5	9.3	55.8%	40.7	43.3	-5.9%
Royalties	9.7	9.7	-0.4%	38.9	37.2	4.6%
Maintenance Costs	3.5	3.2	8.4%	25.6	22.2	14.6%
Special Participation	2.6	3.3	-22.3%	11.2	10.5	6.7%
R&D	1.4	2.2	-35.5%	5.5	1.5	266.7%
TOTAL	**60.9**	**58.4**	**4.3%**	**235.4**	**209.8**	**12.2%**

General and Administrative Expenses

Fourth quarter 2014 general and administrative expenses were R$20.0 million, 15.2% lower than 4Q13. The year-on-year decline reflects mainly lower profit sharing expenses that were R$6.7 million in 4Q14 compared with R$9.9 million in 4Q13.

Full year G&A expenses were R$58.5 million, 14.8% lower than the R$68.6 million reported in 2013, due to a 78.7% increase in the amount allocated to projects operated by QGEP.

Exploration Expenses

Total exploration expenses in 4Q14 were R$38.7 million, compared with R$55.1 million in 4Q13. following the impact of a R$34.3 million write-off due to Blocks BM-CAL-5's relinquishment to the ANP.

For full year 2014, exploration expenses totaled R$110.3 million, compared with R$81.5 million in 2013. This increase in 2014 was due to write-offs related to the relinquishments to the ANP of Block BM-CAL-5 (totalling R$34.3 million) and Biguá (total amount of R$28.9 million), as well as exploratory costs related to the ongoing acquisition of seismic data for the blocks acquired in the 11th ANP Bidding Round. Total exploration expenses in 2014 were partially offset by a R$6.2 million provision reversion related to Block BM-C-27, which had no cash impact.

Net Financial Income

Net financial income for 4Q14 was R$24.9 million, compared with R$18.0 million in 4Q13. The year-on-year increase was mainly due to a higher income from marketable securities applied in investment funds, as a result of the larger cash position compared to 4Q13 due to exchange rate variation.

Net financial income was R$85.8 million in 2014. This resulted primarily from a combination of financial income of R$119.5 million from the investments of the Company's cash, as well as net financial expenses of R$33.5 million related to exchange rate variations associated with the provision for abandonment. Compared with 2014, financial income rose R$34.9 million due to the effect of the appreciation of the US dollar relative to the Real on the Company's exchange rate pegged funds.

Net Income

4Q14 net income was R$44.9 million, compared with R$21.2 million in 4Q13, when high exploration costs following the relinquishment of Block BM-S-12 created a low base of comparison.

Net income was R$166.1 million in 2014, representing a combination of the sale of gas from the Manati Field and financial income from investment of the Company's cash. Compared with net earnings of R$192.2 million in 2013, this was a year-over-year decline resulting primarily to the relinquishment of Block BM-CAL-5 and Biguá.

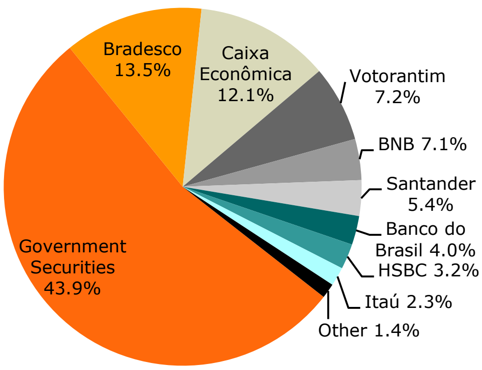
Balance Sheet/Cash Flow Highlights

Cash (Cash, Cash Equivalents and Marketable Securities)

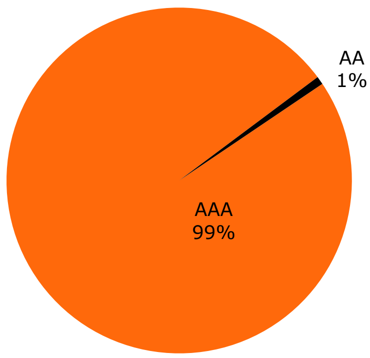
At the end of 4Q14, the Company had a consolidated cash balance of R$1.1 billion and increase of 12% compared with the prior year. This amount including cash drawn down on the Company's FINEP financing package. On December 31, 2014, QGEP had 25% of its cash invested in exchange rate pegged funds to hedge part of our US dollar denominated development costs and the remaining balance invested in Brazilian real-denominated instruments.

As of December 31, 2014 the average annual return on cash investments was 102.3% of the CDI rate and 80.0% of the funds have daily liquidity. The breakdown of the investments in Brazilian reais is shown on the charts below:

Investment Distribution



Ratings*



*Does not include Government Securities

Accounts Receivable/Payable

Accounts receivable at the end of 4Q14 were R$101.6 million, stable from the end of 3Q14. Accounts payable were R$35.2 million at the end of 4Q14, compared with R$54.2 million at the end of 3Q14. The decrease was due to the payments made to suppliers after the conclusion of drilling and completion activities for the two producing wells at the Atlanta Field as well as lower future provisions for accounts payable related to the Field.

Debt

Total indebtedness at the end of 4T14 was R$250.9 million, up from R$168.2 million at the end of 3Q14.

These borrowings correspond to a financing package from Financiadora de Estudos e Projetos (FINEP) to support the development of the Atlanta Field EPS. The financing package consists of two credit lines, one with fixed rate and the other with a floating rate. Both lines feature a 3-year grace period and amortization period of seven years. The initial credit line available to QGEP of R$266 million.

FINEP is a State fund linked to the Ministry of Science Technology and Innovation that provides financing to the private and public sectors, with an emphasis on technological innovation in order to promote the sustainable development of Brazil.

In September, 2014, QGEP signed a contract with Banco do Nordeste do Brasil for a financing package of R$232 million dedicated to the funding of the exploration of QGEP's assets in the northeast of Brazil. At the beginning of March 2015, the Company received reimbursments of R$117.8 million to cover investments in BM-J-2 under this credit line.

Operating Cash Flow

The Company had an operating cash flow of R$77.1 million in 4Q14, compared with R$11.8 million in 4Q13.

For full year 2014, operating cash flow was R$348.5, compared with R$376.4 million in 2013. This was mainly due to the R$26.2 million decrease in net income compared to the previous year.

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About QGEP

QGEP Participações S.A. is Brazil's only private company to operate 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/ri

The consolidated financial information of the Company for the quarters ended September 30, 2014 and September 30, 2013 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I – INCOME STATEMENT

Income Statement (R$ million)

	4Q14	4Q13	Δ%	2014	2013	Δ%
Net revenue	**123.5**	**125.7**	**-1.8%**	**503.2**	**486.1**	**3.5%**
Operating costs	(60.9)	(58.4)	-4.3%	(235.4)	(209.9)	-12.1%
Gross profit	**62.6**	**67.4**	**-7.1%**	**267.8**	**276.2**	**-3.0%**
Operating revenue (expenses)						
General and administrative expenses	(20.0)	(23.6)	15.2%	(58.2)	(68.6)	14.8%
Equity method	(0.2)	(0.2)	11.7%	(0.2)	(0.4)	58.0%
Oil and gas exploration expenses	(38.7)	(55.1)	29.7%	(110.3)	(81.5)	-35.4%
Other operating expenses	-	-	N/A	-	-	N/A
Operating income (loss)	**3.7**	**(11.5)**	**131.9%**	**98.8**	**125.6**	**-21.3%**
Financial income (expenses), net	24.9	18.0	38.6%	85.8	62.1	38.3%
Income before tax and social ibution	**28.6**	**6.5**	**N/A**	**184.6**	**187.7**	**-1.6%**
Deferred income tax and social oution expenses	16.3	14.7	10.9%	(18.6)	4.6	-507.2%
Net income	**44.9**	**21.2**	**111.8%**	**166.1**	**192.2**	**-13.6%**

Annex II – BALANCE SHEET

Balance Sheet (R$ million)

	4Q14	3Q14	Δ%
Assets			
Current Assets	**1,339.7**	**1,196.8**	**11.9%**
Cash and cash equivalents	117.2	146.5	-20.0%
Marketable Securities	1,011.4	872.3	16.0%
Trade accounts receivable	101.6	102.0	-0.4%
Stocks	54.5	49.1	11.0%
Recoverable taxes	33.7	6.0	N/A
Credit to Partners	19.3	17.7	9.2%
Other	2.0	3.2	-38.8%
Non-current Assets	**1,831.3**	**1,830.4**	**0.1%**
Restricted cash	27.9	21.2	31.8%
Recoverable taxes	2.7	0.5	N/A
Deferred income tax and social	19.4	4.6	321.8%
Investments	22.8	18.9	20.8%
Property, plant and equipment	1,121.4	1,148.0	-2.3%
Intangible assets	630.5	632.0	-0.2%
Related Parties	4.9	3.2	50.3%
Other	1.8	2.0	-7.2%
Total Assets	**3,171.1**	**3,027.3**	**4.8%**
Liabilities and Shareholders' Equity			
Current Liabilities	**110.6**	**129.2**	**-14.4%**
Trade accounts payable	35.2	54.2	-35.1%
Taxes payable	26.3	30.6	-14.0%
Payroll and related taxes	17.9	12.9	39.0%
Due to related parties	0.3	0.3	8.0%
Borrowings and financing	0.4	0.2	59.3%
Provision for research and development	12.8	11.6	9.6%
Insurances payable	6.3	7.1	-12.4%
Other current liabilities	11.4	12.2	-6.1%
Non-current Liabilities	**531.6**	**418.2**	**27.1%**
Borrowings and financing	250.5	168.0	49.2%
Provision for abandonment	281.1	250.2	12.3%
Shareholders' Equity	**2,528.8**	**2,479.8**	**2.0%**
Integrated capital stock	2,078.1	2,078.1	0.0%
Other comprehensive income	5.4	3.3	65.2%
Profits reserve	494.7	328.6	50.5%
Capital reserve	(49.4)	(51.4)	3.9%
Net income for the period	0.0	121.2	N/A
TOTAL Liabilities and Shareholders' Equity	**3,171.1**	**3,027.3**	**4.8%**

Annex III – CASH FLOWS

Cash Flows (R$ million)	4Q14	4Q13	Δ%	2014	2013	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period	44.9	21.2	111.8%	166.1	192.2	-13.6%
Adjustments to reconcile net income to net cash provided by operating activities:						
Amortization and Depreciation	28.8	31.4	-8.2%	115.9	97.3	19.1%
Equity Pick-up Method	0.2	0.2	-14.6%	0.2	0.4	-58.1%
Deferred income tax and social contribution	(14.8)	(22.5)	34.2%	3.1	(22.5)	113.7%
Financial charges and exchange rate variation borrowings and financing	1.2	0.7	73.2%	5.9	0.7	N/A
Fixed Assets/Intangibles write-offs	38.4	44.0	-12.6%	70.6	44.4	59.2%
Reductions of the period	0.0	1.6	N/A	-	1.6	N/A
Expenses with stock option plan	2.0	2.4	-17.1%	9.0	10.4	-13.7%
Provision for income tax and social contribution	32.4	(7.8)	515.1%	15.5	(17.9)	-186.4%
Provision for research and development	1.1	0.9	27.7%	4.2	(0.4)	N/A
Exchange rate variation on provision for abandonment	30.9	20.8	48.4%	52.2	112.4	-53.6%
Increase/decrease in operating assets:	(36.8)	(83.1)	55.7%	61.3	(130.6)	146.9%
Increase/decrease in operating liabilities:	(51.2)	1.9	N/A	(155.5)	88.4	-275.9%
Net cash inflows from operating activities	**77.1**	**11.8**	**N/A**	**348.5**	**376.4**	**-7.4%**
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from/used in investing activities	(192.2)	(355.8)	46.0%	(617.3)	(1,036.2)	40.4%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from/used in financing activities	83.5	167.6	-50.2%	25.0	144.0	-82.6%
Total exchange rate variation on cash and cash equivalents	2.1	1.2	77.2%	3.2	2.2	46.9%
Increase (Decrease) in cash and cash equivalents	**(29.4)**	**(175.2)**	**83.2%**	**(240.6)**	**(513.6)**	**53.2%**
Cash and cash equivalents at the beginning of the period	146.5	533.0	-72.5%	995.9	2,653.4	-62.5%
Cash and cash equivalents at the end of the period	117.2	357.8	-67.2%	755.3	2,139.9	-64.7%
Increase (Decrease) in cash and cash equivalents	(29.3)	(175.2)	83.2%	(240.6)	(513.6)	-53.2%

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 m^3 of gas equals 1 m^3 of oil/condensate and 1 m^3 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 storage of oil.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Kbbl/d	One thousand barrels per day

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.
3C Contingent Resources	High Contingent Resources estimates, which is typically assumed to have a 10% chance of being achieved or exceeded.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercial 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.