

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

MATERIAL FACT

QGEP announces changes to its exploratory asset portfolio

- Company elects not to renew farm-in agreement at BM-C-27
- Block CAL-M-312 relinquished to the ANP

Rio de Janeiro, January 16th, 2015 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”, “QGEP”) announced today that it has allowed its farm-in agreement at the BM-C-27 Concession, in the Campos Basin to expire, and has relinquished Block CAL-M-312, in the Camamu-Almada Basin.

The BM-C-27 Concession, which includes blocks C-M-122, C-M-145 and C-M-146, was part of a farm-in agreement announced in November 2012. QGEP signed an agreement with Petrobras for the purchase of a 30% participating interest in the production and exploration rights. The eventual transfer of participating interest is still be subject to the approval of regulatory entities. The Concession is located in the shallow waters of the Campos Basin.

The decision not to renew this agreement came as a result of a technical and economical assessment of the asset in relation to the Company’s current portfolio. Higher costs, combined with increased risk determined through a reinterpretation of seismic data led the project to being less attractive when compared to other assets in the Company’s portfolio. The arrangement established with Petrobras did not require QGEP to disburse any up front funds for its participation in the blocks. Under the terms of the agreement, QGEP would carry part of the drilling costs at Guanabara Profundo prospect.

Regarding Block CAL-M-312, part of the BM-CAL-12 Concession, the first Exploratory Period expired on 12/31/2014. The Consortium decided not to proceed with the second Exploratory Period, which would have had a one year duration, and would have required a commitment to drilling a well. This decision was made due to the low attractiveness of the Block, as established in technical and economic studies. The Minimum Exploratory Program (MEP) of the first Exploratory Period of the Block, which included the covering of its entire area with 3D seismic data, was completed in full. Queiroz Galvão Exploração e Produção S.A. has a 20% participation interest at Block CAL-M-312, Petrobras is the operator with 80% and EP Energy has the remaining 20%.

The Consortium of the BM-CAL-12 Concession will continue with its exploratory activities at Block CAL-M-372. The time clock for the first Exploratory Period has been suspended, and the Consortium is awaiting the issuance of an environmental license to drill the well that is part of the MEP committed in the Concession Contract.

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About Queiroz Galvão Exploração e Produção

QGEP Participações S.A. is 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.qgеп.com.br/ri