

May 2015



Manati Annual Statement of Reserves

Dated December 31st, 2014

QGEP

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QGEP Provides Update on Manati Field Reserves

Rio de Janeiro, May 13th, 2015 - QGEP Participações S.A. (BMF&Bovespa: QGEP3, "Company", "QGEP") provides an update on the natural gas and condensate reserves at the Manati Field dated December 31st, 2014, based on a reserve report prepared by independent consultant, Gaffney, Cline & Associates (GCA), issued in May 7th, 2015.

The Manati Field, located in the Camamu Basin off the coast of northeast Brazil, is one of the largest non-associated producing gas fields in the country. QGEP is the largest owner, with 45% of the Field, which is operated by Petrobras. The Manati Field is currently QGEP's sole source of gross revenue and drives the Company's strong operating cash flow.

Manati has six wells connected by subsea flowlines to a fixed production platform (PMNT-1), installed at a depth of 35 meters, located 10 km off the coast. This platform was originally constructed to be operated remotely. From the platform, the gas flows via a 125 km offshore and onshore pipeline to the Geofísico Vandemir Ferreira gas processing station, in the city of São Francisco do Conde. After this treatment, the gas from the Manati Field is sold to Petrobras and the condensate is sold to Dax Oil.

A construction of a compression Plant is needed to restore the reservoir energy in order to keep its production capacity of 6MM m³ per day in the next years. The plant is located 20 km off the platform. The surface gas compression plant at the Manati Field in its final construction phase and ready to come on stream in mid-2015.

Please find below an extract, which is part of the GCA report:

"RESERVES STATEMENT FOR THE MANATI FIELD, BRAZIL AS OF DECEMBER 31, 2014

This reserves statement has been prepared by Gaffney, Cline & Associates (GCA) and issued on May 7, 2015 at the request of Queiroz Galvão Exploração e Produção S.A. (QGEP or "the client"), non-operator and 45% interest participant in the Manati field in the BCAM-40 block in the Camamu-Almada basin, offshore Bahia, Brazil. The operator of the field is Petróleo Brasileiro S.A. (Petrobras).

GCA has conducted an independent audit examination, as of December 31, 2014, of the hydrocarbon liquids and natural gas volumes expected to be produced in the previously mentioned field. On the basis of technical and other information made available to GCA concerning this property unit, GCA hereby provides the reserves statement in the following table:

Statement of Remaining Hydrocarbon Volumes Manati Field, offshore Brazil as of December 31, 2014

	Gross (100%) Sales Volumes		Company Net (NRI) Reserves	
	Liquids (MMBbl)	Gas (Bm ³)	Liquids (MMBbl)	Gas (Bm ³)
1P	1.20	12.13	0.54	5.46
2P	1.34	13.54	0.60	6.10
3P	1.48	15.00	0.67	6.75

Hydrocarbon liquid volumes represent condensate estimated to be recovered during field separation and are reported in millions of barrel increments (MMBbl). Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic meters (Bm³) at standard conditions of 1 Bar and 20 degrees Celsius.

The reserve volumes have been reduced for fuel usage in the compression plant estimated at 2% of produced gas.

Gas reserves sales volumes are based on firm and existing gas contracts, or on the reasonable expectation of a contract or on the reasonable expectation that any such existing gas sales contracts will be renewed on similar terms in the future.

AREA DESCRIPTION

The Camamu-Almada basin is located offshore from the state of Bahia, in northeastern Brazil. The BCAM-40 block is in shallow waters, approximately 20-50 m deep and 10-20 km from shore. The dry gas Manati field (see Figure 1) was discovered by Petrobras in 2000, with the drilling of the 1-BAS128-BA well.

The Manati field started production in 2007 from the Sergi formation sands (see Figure 2) and presently produces about 6 MMm³/d of gas and 540 bopd of condensate from six wells.

Cumulative production is 15.4 Bm³ of gas and 1.59 MMBbl of condensate. Production and pressure performance available, as of December 2014, were analyzed through material balance, which indicates a contacted original gas in place volume (OGIP) of 33.1 Bm³. This value is lower than the volumetric OGIP estimated by QGEP at 40 Bm³. The difference in volumes has been interpreted to indicate the existence of in place gas that is not being influenced by the existing six producing wells.

This extra volume has been identified by QGEP to be located in a northern portion of the reservoir, thought to be separated by partial permeable barriers. According to QGEP, a simulation exercise conducted by Petrobras and adopted by QGEP indicates that this northern portion will not begin to contribute and provide pressure support until later in the life of the field. This late life pressure contribution is based on an acceptable pressure history match.

Figure 1 – Manati Field Location map

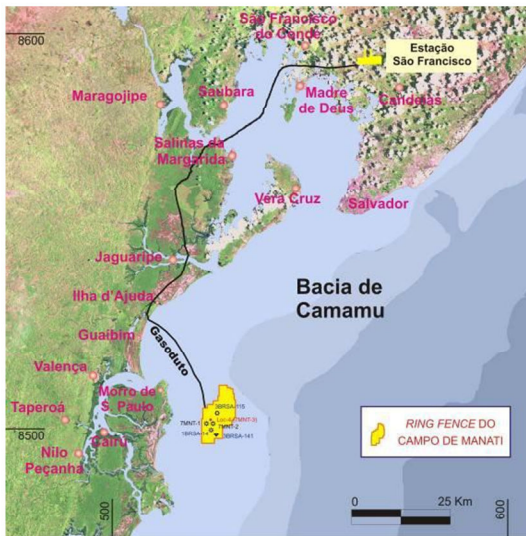
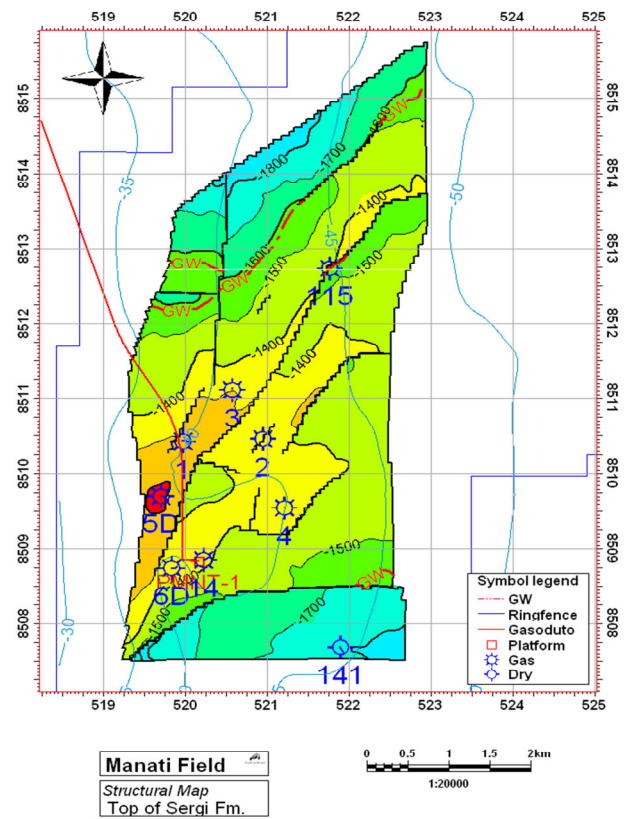


Figure 2 – Structure Map for the Sergi Formation



There has been considerable discussion regarding the need for an additional well to access the additional volumes in the northern part of the field. If the predicted pressure response is not observed, a seventh well may be needed to prevent some portion of the reserves volumes being re-classified as Contingent Resources. Since cumulative production is 47% of the contacted OGIP (and 55% of the associated EUR) the pressure response should be evident in the immediate future.

In GCA estimations, the material balance OGIP estimate was the basis of the Proved reserves estimate while the volumetric estimate, which included the northern portion of the field, was used for the 2P and 3P estimates.

To estimate recovery factors for those in place volumes, GCA utilized the mentioned simulation runs to forecast an ultimate abandonment field pressure. This forecast resulted in a recovery factor for the 1P case of 83.9% of the Proved OGIP (approximately 68% of the volumetric OGIP). For the 3P case, considering the volumetric OGIP, the recovery factor is 76.5%. The 2P case production profile was estimated as average of the former cases.

A compression facility is being installed as of the date of this report and will be operational before mid-2015. The reserve increment associated to this investment was considered as Developed Reserves. The average calorific value of the gas is 8,850 Kcal/m³ while the condensate yield is 93 Bbl/MMm³ in 2014.

RESERVES ASSESSMENT

This audit examination was based on reserves estimates and other information provided by QGEP to GCA through December 31, 2014, and included such tests, procedures and adjustments as were considered necessary. All questions that arose during the audit process were resolved to GCA's satisfaction.

It is GCA's opinion that the estimates of total remaining recoverable hydrocarbon liquid and gas volumes, as of December 31, 2014, are, in the aggregate, reasonable and the reserves categorization is appropriate and consistent with the definitions for reserves the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007 (see Appendix II).

GCA concludes that the methodologies employed by QGEP in the derivation of the reserves estimates are appropriate, and that the quality of the data relied upon and the depth and thoroughness of the reserves estimation process is adequate.

BASIS OF OPINION

This document reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by the Client, the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcome will conform to the outcomes presented herein. GCA has not independently verified any information provided by, or at the direction of, the Client, and has accepted the accuracy and completeness of this data. GCA has no reason to believe that any material facts have been withheld, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to and fully qualified by the generally accepted uncertainties associated with the interpretation of geoscience and engineering data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows.

Oil and gas resources assessments must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any resource estimate is a function of the quality of the available data and of

engineering and geological interpretation. Results of drilling, testing and production that postdate the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

GCA's review and audit involved reviewing pertinent facts, interpretations and assumptions made by the Client or others in preparing estimates of reserves and resources. GCA performed procedures necessary to enable it to render an opinion on the appropriateness of the methodologies employed, adequacy and quality of the data relied on, depth and thoroughness of the reserves and resources estimation process, classification and categorization of reserves and resources appropriate to the relevant definitions used, and reasonableness of the estimates.

DEFINITION OF RESERVES AND RESOURCES

Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria, based on the development project(s) applied: discovered, recoverable, commercial and remaining (as of the evaluation date).

GCA is not aware of any potential changes in regulations applicable to these fields that could affect the ability of the Client to produce the estimated reserves.

Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status. All categories of reserves volumes quoted herein have been derived within the context of an economic limit test (ELT) assessment (pre-tax and exclusive of accumulated depreciation amounts) prior to any net present value (NPV) analysis.

GCA has not undertaken a site visit or inspection because it was not considered relevant for the purpose of this report. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, or whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety, or environment of such operation.

This report has been prepared based on GCA's understanding of the effects of petroleum legislation and other regulations that currently apply to these properties. However, GCA is not in a position to attest to property title or rights, conditions of these rights (including environmental and abandonment obligations), or any necessary licenses and consents (including planning permission, financial interest relationships, or encumbrances thereon for any part of the appraised properties)."