THIRD QUARTER 2017

Earnings Release QGEP Participações S.A.

Conference Call

Portuguese (simultaneous English translation)
November 9, 2017
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EXPLORAÇÃO E PRODUÇÃO

QGEP Reports 3Q17 Results

Rio de Janeiro, November 8, 2017 – QGEP Participações S.A. (B3: QGEP3), a leading Brazilian Exploration & Production company with a unique portfolio of producing, developed and exploratory oil and gas assets, today announced results for the quarter ended September 30th, 2017. The financial and operating data in this press release, except where indicated otherwise, are presented on a consolidated basis as per the accounting practices adopted in International Financial Reporting Standards (IFRS), as described in the financial section of this release.

Manati Field

Average daily gas production was 5.3MMm³ in 3Q17, up from 4.5MMm³ in 2Q17 and 4.4MMm³ in 3Q16. The increase in gas demand was due to the changeover to thermoelectric plants. 2017 production guidance reaffirmed at 4.9MMm³, while 2018 guidance is estimated at 5.1MMm³.

Atlanta Field

The FPSO Petrojarl I arrival is confirmed for the December with **first oil expected in 1Q18.**

13th/14th Bidding Round Blocks

QGEP completed two separate farm-out agreements for SEAL-M-351 and SEAL-M-428 blocks; retains 30% working interest. Same consortium won two adjacent blocks, SEAL-M-501 and SEAL-M-503.

Net Revenue

Net revenue in 3Q17 was R$135.6 million up 25.1% from R$108.4 million in 3Q16 due to higher production.

Net Income

Net income was R$60.5 million in 3Q17, compared to R$63.0 million in the same period of the prior year**,** reflecting higher operating income offset by lower financial income.

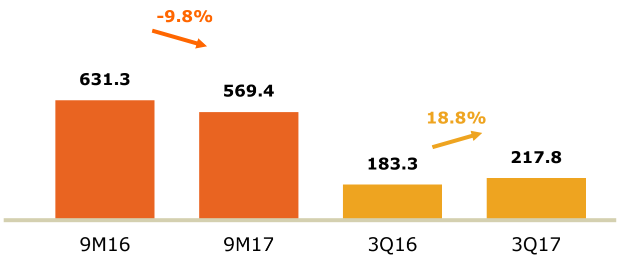
EBITDAX

EBITDAX was R$75.9 million in 3Q17, compared to R$46.1 million in 3Q16, reflecting higher revenues and lower costs.

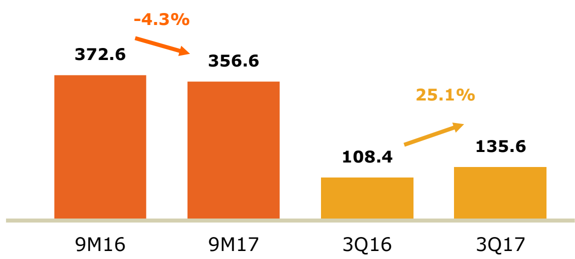
Cash Balance

Cash balance[(1)] of R$1.5 billion at quarter-end. Combined with proceeds from recent farm-out agreements provides ample funds to maintain investment programs for the next years.

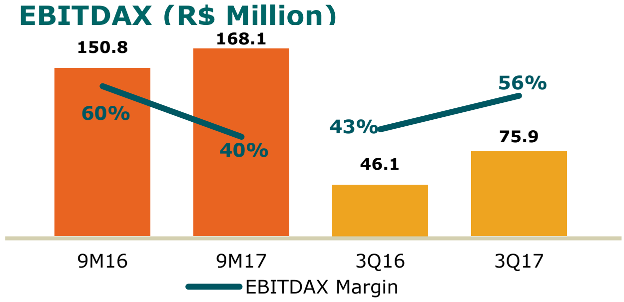
Gas Production (Millions of m³)



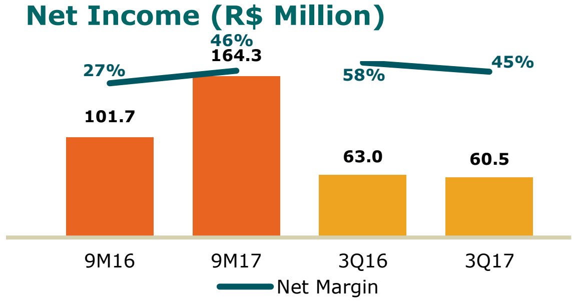
Net Revenue (R$ Million)



EBITDAX (R$ Million)



Net Income (R$ Million)



(1) Includes cash, cash equivalents and marketable securities

Management Commentary

The last several months have been an active and productive period for QGEP, during which we clarified the timetable for our second producing asset to come on stream, successfully completed two related farm-out agreements, won the bid for two blocks in the 14^{th} ANP Bidding Round, reinforcing our position in the Brazilian oil and gas market. At the same time, we reported positive third quarter financial results, posting sequential growth in revenues and EBITDAX, and putting us on track to deliver positive results for full year 2017.

In the third quarter, average daily production at the Manati Field was 5.3MMm³, representing a sequential increase of 19% from second quarter levels in response to higher demand from industrial customers as hydropower capacity in the Northeast of Brazil in particular has been constrained due to lack of rainfall. As previously-disclosed, total capacity at Manati has been temporarily reduced due to damage to one of the flow lines, but repairs are underway, and the Field is expected to return to full capacity within this month. In the meantime, the higher production levels we experienced in the third quarter continued into October, and we reaffirm our estimate for full year 2017 Manati gas production of 4.9MMm³. Looking ahead to 2018, we currently expect gas production at the Manati Field to average approximately 5.1MMm³ per day, implying a 4% increase from 2017 levels.

Regarding the Atlanta Field, the FPSO that we chartered left the Netherlands in August, and is in Norway for commissioning. The arrival in Brazil is scheduled in December. Based on our current plan for the Field, we anticipate average daily production of approximately 20kbbls from two wells. The Field will contribute positively to QGEP's operating cash flow, particularly during the first 18 months of production.

An important highlight of the third quarter was our successful completion of two farm-out agreements for the Sergipe-Alagoas Basin Blocks that we acquired in the ANP's 13^{th} Bidding Round in October 2015. Interest in these blocks was high given the high potential and low exploratory risk. Our decision to farm-out these blocks was reinforced by interest from two leading global players, ExxonMobil and Murphy Oil, which will acquire 50% and 20% working interests, respectively. Partnering with an operator such as Exxon, the largest oil company in the world, reinforces our confidence in achieving our goals for this area. In addition to being reimbursed for R$70 million of the signature bonus that we paid for the two blocks, QGEP will be fully reimbursed for seismic costs related to the blocks, estimated at $15 million, among other considerations.

Even more important than the financial aspects of this transaction are the strategic implications. QGEP is now partnered with two oil and gas companies that are dedicating resources to Brazil, leaders in their sectors and that have been utilizing the most technically-advanced tools and processes available in exploration and production today.

Furthermore, together with Exxon and Murphy Oil as partners, we successfully bid on two Sergipe-Alagoas Blocks offered in ANP's 14^{th} Bidding Round in late September that are adjacent to the ones we purchased in 2015, with QGEP's obtaining a 30% interest in these new blocks. Between the farm-out agreements and these new asset acquisitions, we increased the potential of discoveries in those areas that are equivalent to the oil volumes that we no longer have due to the sale of our interest in the Carcará discovery.

To sum up, QGEP ended the third quarter in an excellent position. Our year-to-date financial performance points to full year 2017 results being ahead of 2016 levels, and major transactions have improved our visibility and strengthened our financial position. We expect the operating and regulatory environment in Brazil to continue to improve in 2018. We are entering the year with two producing assets, allowing the Company to maintain a strong balance sheet and short term capital commitments fully funded. At the same time, we have additional farm-out opportunities that we will pursue early in 2018 to reduce our exposure in the blocks where we own an 100% participating interest. Our partnerships with the most renowned companies in our business, namely ExxonMobil, Total, Statoil and Petrobras may provide us with the opportunity to add to our asset portfolio. We expect all of these actions to contribute to the continuous value creation for QGEP stakeholders.

QGEP's Assets

Bacia	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40	Manati	45%	Reserve	Gas
		Camarão Norte		Contingent	
	CAL-M-372	CAM#01	20%	Prospective	Oil
Santos	BS-4	Atlanta	30%	Reserve	Oil
		Oliva		Contingent	
		Piapara		Prospective	
Espírito Santo	ES-M-598		20%	Prospective	Oil
	ES-M-673		20%	Prospective	
Foz do Amazonas	FZA-M-90		100%	Prospective	Oil
Pará-Maranhão	PAMA-M-265		100%	Prospective	Oil
	PAMA-M-337		100%	Prospective	
Ceará	CE-M-661		25%	Prospective	Oil
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	Oil
	PEPB-M-896		30%	Prospective	
Sergipe-Alagoas	SEAL-M-351*		30%	Prospective	Oil
	SEAL-M-428*		30%	Prospective	
	SEAL-M-501		30%	Prospective	
	SEAL-M-503		30%	Prospective	

Oil Gas

* transaction subject to the approval of the regulatory entities.

Production and Development

MANATI

Block BCAM-40; Working Interest: 45%

Average daily gas production at the Manati Field, one of the main gas suppliers in the Northeast Brazilian region, was 5.3MMm³ in the third quarter of 2017, up 19% from the 4.4MMm³ produced in the similar quarter last year. Third quarter production represented the highest level in 2017, significantly outpacing production in the 2017 first and second quarters of 4.5MMm³ and 4.2MMm³ per day, respectively. Commencing in second quarter 2017 and continuing through third quarter 2017, production levels accelerated as the region that Manati serves has been experiencing drought conditions, which impacts the hydro-electric plants' capacities, causing a shift to increased thermoelectric production. The average daily production capacity of Manati, however, is still not at full production capacity, due to a damaged flow line at one of the wells, which occurred in the second quarter. The Consortium is working to restore full capacity as quickly as possible with completion anticipated in November. The costs to repair the line are estimated at US$ 15 million, and the Company is responsible for 45% of this amount.

Based on its current visibility, the Company reaffirms its guidance for average daily production in 2017 of 4.9MMm³, which is similar to 2016's average daily production. Average daily production guidance for 2018 is estimated at 5.1MMm³.

The last reserve certification for Manati Field prepared by Gaffney, Cline & Associates (GCA) indicated that on December 31, 2016, 2P reserves for 100% of the Field totaled 9.4 billion m³ of natural gas and 0.9 million barrels of condensed gas, corresponding to approximately 59.8 million boe of gas.

ATLANTA

Block BS-4; Working Interest: 30%; Operator

In August, the FPSO destined to Atlanta left the shipyard in Rotterdam and arrived at the Aibel shipyard in Haugesund, Norway to undergo commissioning activities. The ship is expected to arrive in Brazil in December. The Consortium projects first oil of the Early Production System (EPS) in the first quarter of 2018. Initial production capacity of the two wells, both of which have already been drilled and completed, is expected to average 20kbbl per day. The Consortium may elect to drill an additional well, which will increase capacity to 30 kbbl, with no significant increase to operating costs. This decision will be based on a variety of factors, including prevailing oil prices, and will be undertaken in the second quarter of 2018.

It is worth noting that in July 2017, QGEP signed an amendment to its contract with Teekay Offshore Partners, responsible for the adaptation of the FPSO for the Field. Under the terms of the revised agreement, during the first 18 months of production, the Consortium's overall daily operating expenses will be reduced to US$410 thousand/day, representing a decline of approximately 15% in this period, taking into account a reduction in the FPSO's daily rate. After the first 18 months of production, the original daily rate will become effective, and will fluctuate with variables, largely tied to the Brent oil price.

The Company has a crude oil sales agreement with Shell Oil, for the Atlanta Field EPS oil production. Recent analysis indicate that the discount between the price of heavy oil and the Brent has been decreasing due to the product shortage in the market. Thus, QGEP expects a higher return on oil sales in relation to the that originally planned.

The Company has an agreement with Shell to sell the oil produced at the EPS of Atlanta Field. Recent analyses indicate that the discount between oil and Brent prices decreased due to the product shortage on the market. Therefore, QGEP expects higher remuneration on the sale of oil in relation to that remuneration originally estimated.

In late October, Barra Energia, one of the Consortium partners, exercised its rights to expel Dommo Energia (ex-OGX) from Block BS-4, under the terms of the Consortium’s Joint Operating Agreement (JOA), which includes the compulsory pro-rata assignment of Dommo Energia’s 40% interest to QGEP and Barra Energia. Barra Energia exercised its rights due to Dommo Energia’s default on its payment obligations, which currently totals R$97 million. Barra Energia’s exercise of rights is subject to ANP’s approval.

Dommo Energia is contesting its expulsion through an arbitration proceeding, which commenced October 20, 2017 and is taking place in The London Court of International Arbitration. Dommo is claiming, in summary, that Barra Energia does not have the legal right to expel it and cites alleged damages caused to Dommo Energia referring to the Block’s activities and QGEP as operator; due to supposed QGEP’s liability, as operator, and Barra Energia, as non-operator, referring to the Block’s activities; and claiming that if the court upholds Dommo Energia’s expulsion from the Consortium, it should receive proper compensation for the loss or dilution of its interest on behalf of non-defaulting concessionaires. QGEP disagrees with Dommo Energia´s allegations and will provide its response in the records of the arbitration proceeding filed by Dommo Energia pursuant to the terms and rules adopted by the parties.

On October 17,2017, Dommo Energia released a Material fact announcing an agreement with a company of the Seacrest Group, stating its intention to sell 30% interest in the Block for US$63MM, which includes full repayment of debt to the consortium. Notwithstanding, the consortium to date has not been notified of any farm-out agreement signed with any third party interested in, or any agreement to be discharged from the debt with consortium.

ANP is currently evaluating reopening the terms for the compulsory assignment of Dommo’s full interest, within the scope of administrative processes in progress. These represent terminating the concession agreement with Dommo, due to its lack of financial capacity, and the penalty of loss of the concession to the non-defaulting concessionaires, QGEP and Barra Energia, in the event that Dommo does not sell its stake in the asset in the determined timeframe.

Irrespective of the outcome, the Company’s Management does not expect this situation to cause any impact on Block BS-4 future operations.

Exploration

SEAL-M-351, SEAL-M-428, SEAL-M-501 AND SEAL-M-503

Working Interest: 30%

QGEP was awarded the Blocks SEAL-M-351 and SEAL-M-428 in the ANP’s 13th bidding round in October 2015. They 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.

In September 2017, QGEP announced that it had completed two separate farm-out agreements for these blocks, one with ExxonMobil Exploração Brasil Ltda. and the other with Murphy Brazil

Exploração e Produção de Petróleo e Gás Ltda. Under the terms of the farm-out agreements, QGEP will retain a 30% working interest and will be reimbursed for 70% of the R$100 million signature bonus that it paid to acquire the blocks and for all 3D seismic data acquisition, which is estimated at US$15 million. With a 50% working interest, ExxonMobil will operate the block. Murphy Oil will have a 20% stake. The ExxonMobil agreement was already approved by CADE and both agreements are still subject to ANP approval.

Also in September 2017, QGEP announced that, jointly with its partners ExxonMobil and Murphy Oil, was awarded the blocks SEAL-M-501 and SEAL-M-503 in the 14th Bidding Round hosted by the ANP. These blocks are located adjacent to SEAL-M-351 and SEAL-M-428 with a total area of approximately 1,500 km^2. The total signature bonus for these exploration blocks was R$109.9 million or R$33.0 million net to QGEP.

The Company and its partners plan to acquire 3D seismic data for the four blocks in the first quarter of 2018.

Sergipe-Alagoas is a well-established basin with current oil and gas production from onshore, shallow and deep water wells and is recognized as a high potential and low exploratory risk area.

CAL-M-372

Working Interest: 20%

The activities at CAL-M-372 have been suspended and the Company continues to await the environmental license from IBAMA, currently expected to be issued in 2018. When the license is issued, the Consortium will drill a pioneer well targeting the CAM#01 prospect.

BLOCKS ACQUIRED IN THE 11th ANP BIDDING ROUND

Working Interest: Various

In late 2016, via two transactions, the Company increased its interest in the Pará-Maranhão Basin blocks and Block FZA-M-90 to 100%. The Company plans to restart farm-out processes for its Pará-Maranhão and Foz do Amazonas concessions in 2018.

Seismic data acquisition for the Foz do Amazonas, Ceará and Espírito Santo Basins has been completed and the Consortia is interpreting data in order to better understand the potential for these blocks. QGEP is also analyzing the final seismic data for the Pará-Maranhão Basin to fully define the area's exploratory potential.

Recent Corporate Events

In July 2017, the Company announced that it had received and accepted an unsolicited offer from Statoil Brasil Óleo e Gás Ltda. to purchase its 10% working interest in this block for US$379 million. Fifty percent of the total purchase price will be paid at closing, to take place upon receipt of ANP and other regulatory approvals, which is expected to occur before year end 2017. The two remaining installments will be paid: (i) 12% upon signing of the Block's Adjacent Area Production Sharing Contract and (ii) 38% upon signing of the Production Individualization Agreement, or unitization.

The transaction has already been approved by CADE, but is still subject to approval by ANP.

Financial Performance

Income Statement and Financial Highlights (R$ million)

	3Q17	3Q16	Δ%	9M17	9M16	Δ%
Net Revenue	**135.6**	**108.4**	**25.1%**	**356.6**	**372.6**	**-4.3%**
Costs	(59.3)	(57.4)	3.2%	(172.5)	(185.6)	-7.0%
Gross Profit	**76.3**	**51.0**	**49.7%**	**184.1**	**187.0**	**-1.6%**
Operating income (expenses):						
General and administrative expenses	(11.6)	(13.4)	-12.8%	(36.6)	(34.4)	6.3%
Equity Method	(0.2)	0.1	n.a.	(1.3)	0.3	n.a.
Exploration Expenditures	(6.0)	(6.0)	0.4%	(24.4)	(51.3)	-52.4%
Other net operational expenses	(0.0)	0.0	-107.5%	(0.0)	(2.6)	-99.6%
Operating income (Loss)	**58.4**	**31.7**	**84.1%**	**121.8**	**98.9**	**23.1%**
Net Financial Result	13.8	37.1	-62.8%	79.3	13.1	507.0%
Income before income tax and social contribution	72.2	68.9	4.9%	201.0	112.0	79.6%
Income tax and social contribution	(11.7)	(5.9)	98.6%	(36.7)	(10.3)	258.0%
Net income (Loss)	**60.5**	**63.0**	**-3.9%**	**164.3**	**101.7**	**61.6%**
Net cash inflows from operating activities	**73.8**	**36.3**	**103.5%**	**211.8**	**125.1**	**69.4%**
EBITDAX(1)	**75.9**	**46.1**	**64.5%**	**168.1**	**150.8**	**11.5%**

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 quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

(1) EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with subcomercial and dry wells. The Company calculates 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 QGEP. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of the Company's profitability as it does not consider certain costs inherent in the business, which could significantly impact net results, such as financial expenses, taxes and amortization. EBITDA is utilized by the Company as an additional measure of its operating performance.

Third quarter 2017 consolidated financial results continue to exhibit progressive improvement in both production and profitability. EBITDAX was up 64.5% year-over-year and 65.4% compared to 2Q17 primarily due to higher production and an improved cost structure. The company ended the period with a strong cash and cash equivalents position of R$1.5 billion, and combined with the proceeds from the two farm-out transactions provides significant funds to support capital expenditures for the next few years. The Manati Field alone provides the Company with significant cash flow to cover its operating costs and continue to fund its exploration projects.

Third Quarter 2017 Financial Highlights:

- Net revenue was R$135.6 million, up 25.1% from 3Q16. This increase was driven by higher production from the Manati Field, which averaged 5.3MMm³ per day in 3Q17, compared to 4.4MMm³ per day in 3Q16. Along with higher production, revenue benefitted from the annual adjustment of gas prices at Manati, which occurred at the beginning of 2017.

- Exploration expenses were R$6.0 million, flat with the same period of the prior year. No funds were expended on the acquisition or processing of seismic in the quarter only geologic and geophysic studies.

- Maintenance costs totaled R$ 6.6 million, a decrease of 35.0% when compared to the same period of the previous year and 45.1% in relation to the previous quarter. Included in this item is R$ 4.0 million associated with the repair of the damaged production line of the Manati Field. Maintenance costs are lower overall this year as there was only a small portion of the cost pertaining to the painting and maintenance of the Manati platform, which activities ended in 2Q17.

- General and administrative expenses totaled R$11.6 million, down 12.8% from the same period of the prior year and 10.5% when compared to 2Q17. The decrease was primarily due to lower stock option plan expenses and optimization of personnel expenses.

- Total operating costs were R$59.3 million in the quarter, up 3.2% when compared to 3Q16 primarily attributable to higher depreciation and amortization expenses and royalties reflecting increased production.

- EBITDAX in the period was R$75.9 million, up 64.5% from R$46.1 million in 3Q16, as the company benefitted from higher production as well as lower administrative expenses. In turn, the EBITDAX margin of 56.0% was 320 basis points higher than the same period in the prior year.

- Net financial result was R$13.8 million, compared to R$37.1 million in 3Q16, as the Company no longer holds cash in exchange rate funds, since the receivables related to the sale of BM-S-8 are dollar denominated and therefore act as a hedge for future investments committed in the same currency.

- Net income in 3Q17 was R$60.5 million compared to R$63.0 million in 3Q16, reflecting higher operating income offset by lower financial income.

- Reflecting the recent farm-out agreements, the balance sheet as of September 30, 2017 showed a reallocation of Assets. R$577.3 million was recorded as Assets held for sale. This amount includes R$507.3 million referring to Block BM-S-8, of which R$228.6 million was previously recorded in Property, Plant and Equipment and R$ 278.7 million in Intangible, as well as R$70.0 million previously recorded in Intangible related to Blocks SEAL-M-351 and SEAL-M-428, the assets associated with the farm-out agreements.

- Operating cash flow totaled R$73.8 million, compared to R$36.3 million in 3Q16.

Operating Costs (R$ million)

	3Q17	3Q16	Δ%	9M17	9M16	Δ%
Depreciation and amortization	16,7	13,2	26,7%	44,1	49,1	-10,0%
Production costs	19,5	20,6	-5,2%	58,2	60,8	-4,3%
Maintenance costs	6,6	10,1	-35,0%	29,4	30,0	-2,1%
Royalties	10,6	8,4	26,6%	27,7	28,6	-3,3%
Special Participation	2,4	1,4	69,5%	3,8	5,2	-26,4%
R&D	1,6	1,3	20,1%	4,0	4,4	-10,4%
Other	1,8	2,4	-23,7%	5,3	7,4	-28,4%
TOTAL	**59,3**	**57,4**	**3,2%**	**172,5**	**185,6**	**-7,0%**

Nine Months 2017 Financial Highlights:

- Net revenue through September was R$356.6 million, down 4.3% from the same period in 2016. This decline was the result of lower Manati gas production, which averaged 4.6MMm³ per day in 9M17, compared to 5.1 MMm³ per day in the same period of 2016. Average daily production has been improving throughout 2017 when compared to second half 2016 due to higher gas demand due to drought conditions which caused a shift from hydro-electric power to thermoelectric. The year-over-year production decline was partially offset by the annual adjustment of gas prices at Manati, which occurred at the beginning of 2017.

- Exploration expenses were R$24.4 million, compared to R$51.3 million in 9M16 due to lower expenses related to acquisition and processing of seismic data in the period.

- General and administrative expenses totaled R$36.6 million, an increase of 6.3% from 9M16. The increase reflected a decrease in the allocation of expenses to partners in blocks where QGEP is the operator, partially offset by personnel expense optimization.

- Maintenance costs were R$29.4 million, flat y-o-y. Included was R$7.6 million associated with the repair of one of the production lines in the Manati Field as well as R$14.3 million related to the completion of the maintenance and painting of the platform.

- Total operating costs were R$172.5 million in the nine-month period, down 7.0% compared to 9M16. The reduction is attributable to lower depreciation and amortization due to the lower production levels in the period.

- Net financial result was R$79.3 million, compared to R$13.1 million in 9M16, due to higher income from fixed income instruments coupled to higher profitability from exchange rate funds.

- Net income in 9M17 was R$164.3 million, up 61.6% from 9M16, as the increase in financial income offset lower revenues in the period.

- Operating cash flow totaled R$211.8 million, compared to R$125.1 million in 9M16.

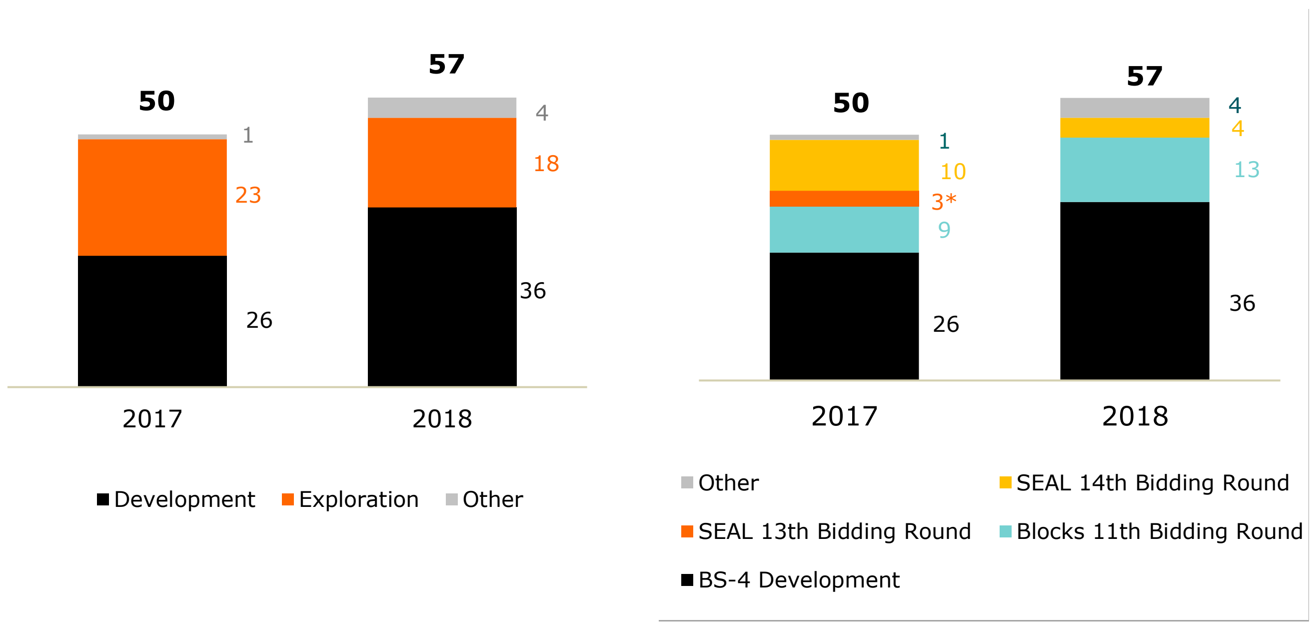
Capex and Other Exploratory Expenses

QGEP has prudently managed its expenses and maintains a disciplined approach to budgeting capital expenditures. This in turn, enables the company to fund its required capital expenditures from internally generated funds. Additionally, the Company maintains a cash position sufficient to support its funding requirements for the next few years. Investment decisions are planned at the Consortium level for the different assets of the QGEP portfolio, and QGEP accounts for the portion corresponding to its participation in the respective asset.

Capital expenditures in the third quarter 2017 were US$5.9 million with US$2.7 million expended in the Atlanta Field. Through September, capital expenditures totaled US$22.4 million with the majority of the funds expended in the development of Atlanta Field and seismic data in Pará-Maranhão Basin.

For 2017, QGEP has budgeted capital expenditures of US$50 million, up from US$48 million previously, due to the addition of the signing bonus related to the ANP 14th Bidding Round, which offset the reduction in the amount that would be disbursed for seismic of Sergipe-Alagoas, of the 13th Round. QGEP will be reimbursed as part of the farm-out agreement. Total 2017 funds will be expended as follows: US$26 million for the Atlanta Field and US$23 million for exploration activities, including US$9 million for seismic acquisition for the blocks acquired in the 11th ANP Bidding Round. For 2018, the Company is projecting capital expenditures to increase 15.5% to US$57 million.

CAPEX net for QGEP (US$ millions)



*Out of this amount, $1.5 million will be reimbursed by ExxonMobile and Murphy Oil under the farm-out agreements for SEAL-M-351 and SEAL-M-428.

Cash Position (Cash, Cash Equivalents and Marketable Securities) and Debt

As of September 30, 2017, QGEP had a cash balance of R$1.5 billion up from R$1.3 billion at September 30, 2016. Currently, 100% of the Company’s funds are invested in Brazilian real-denominated instruments. As of September 30, 2017 the average annual return of these investments was 102.3% of the CDI rate and 73% of the funds had daily liquidity.

In accordance to its Market Risk Management Policy, the Company identified that for the next 24 months the amounts receivable in dollars exceeded its obligations, and it is not necessary at this time to maintain the funds invested in a Foreign Exchange Fund. QGEP has a natural hedge, since the receivables arising from the recent transaction with Statoil are denominated in US dollars. This balance between assets and liabilities in dollars is based on internal projections and monitored on a monthly basis.

QGEP’s debt is composed of financing raised with FINEP (Financing Agency for Studies and Projects) and credit facilities from Banco do Nordeste do Brasil. As of September 30, 2017, QGEP’s total debt was R$335.5 million, compared to R$370.0 million at the end of the third quarter 2016, reflecting the repayment of the FINEP debt that commenced in September 2016.

Funds from FINEP are part of a financing package aimed at supporting the development of the Atlanta Field EPS, and consists of two credit lines, at a fixed rate of 3.5% per year, and another at a floating rate linked to TJLP. Both have a grace period of three years and a repayment period of seven years. QGEP has a total credit line with FINEP of R$266.0 million. The BNB financing is directed to the operation of the Company's assets in the Northeast. The loan, which carries an interest rate of 4.71% per year with a 15% compliance bonus, has a grace period of five years.

The Company’s net cash position as of September 30, 2017 was R$1.1 billion.

Investor Relations

QGEP Participações S.A.

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CFO and Investor Relations Officer

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Investor Relations Manager

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About QGEP

QGEP Participações S.A. is Brazil's only private company operating 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/ir.

This press release may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The consolidated financial information of the Company for the quarters ended September 30, 2017 and September 30, 2016 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I | Consolidated Financial Information (R$ Million)

	3Q17	3Q16	Δ%	9M17	9M16	Δ%
Net income	60.5	63.0	-3.9%	164.3	101.7	61.6%
Amortization and depreciation	17.5	14.2	23.1%	46.3	52.0	-10.9%
Net financial revenue / expenses	(13.8)	(37.1)	-62.8%	(79.3)	(13.1)	507.0%
Income tax and social contribution	11.7	5.9	98.6%	36.7	10.3	258.0%
EBITDA[1]	**75.9**	**45.9**	**65.3%**	**168.1**	**150.9**	**11.4%**
Oil and gas exploration expenditure with sub commercial and dry wells[2]	0.0	0.2	-100.0%	0.0	(0.2)	-114.9%
EBITDAX[3]	**75.9**	**46.1**	**64.5%**	**168.1**	**150.8**	**11.5%**
EBITDA Margin[4]	56.0%	42.3%	32.2%	39.8%	56.1%	-29.1%
EBITDAX Margin[5]	56.0%	42.6%	31.5%	39.6%	59.8%	-33.7%
Net Cash[6]	(1,125.1)	(865.6)	30.0%	(1,125.1)	(865.6)	30.0%
Net Debt/EBITDAX	(5.5)	(4.1)	34.0%	(5.5)	(4.1)	34.0%

(1) The Company calculates 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 the Company's profitability as it does not consider certain costs inherent in the business, which could significantly impact net results, such as financial expenses, taxes and amortization. EBITDA is utilized by the Company as an additional measure of its operating performance.

(2) Exploration expenses relating to sub-commercial 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 sub-commercial and dry wells.

(4) EBITDA divided by net revenue.

(5) EBITDAX divided by net revenue.

(6) Net cash corresponds to cash, cash equivalents and marketable securities investments excluding total debt, comprising current and long-term loans and financing and derivative financial instruments. Net cash is not a measure recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt in a different manner.

Annex II | Balance Sheet

	3Q17	2Q17	Δ%
Assets			
Current Assets	**2,084.6**	**1,447.5**	**44.0%**
Cash and cash equivalents	8.6	9.8	-12.2%
Investments	1,296.5	1,215.8	6.6%
Restricted Cash	0.0	34.1	n.a.
Trade accounts receivable	109.4	89.4	22.4%
Credits with Partners	51.5	53.6	-4.0%
Inventory	1.5	1.6	-10.0%
Recoverable taxes and contribution	7.3	8.1	-10.5%
Assets for sale	577.3	0.0	n.a.
Other	32.5	35.0	-7.0%
Non-current Assets	**1,593.7**	**2,142.8**	**-25.6%**
Restricted cash	149.8	142.6	5.0%
Investments	153.8	150.4	2.3%
Recoverable taxes	4.1	5.3	-22.9%
Deferred income tax and social contribution	45.6	45.0	1.4%
Investments	137.8	144.1	-4.4%
Property, plant and equipment	690.0	928.2	-25.7%
Intangible assets	410.5	726.4	-43.5%
Other Non-current Assets	2.1	0.7	212.3%
TOTAL ASSETS	**3,678.3**	**3,590.2**	**2.5%**
Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity	**273.0**	**221.5**	**23.3%**
Current	51.1	41.4	23.6%
Providers	47.7	36.2	31.6%
Taxes and contributions payable	8.6	8.2	5.0%
Remuneration and social obligations	8.6	7.5	14.8%
Payables- related parties	36.7	36.7	0.1%
Borrowings and Financing	11.6	10.7	9.1%
Provision for research and development	11.8	13.4	-12.2%
Advance to third parties	57.9	0.0	n.a.
Signature bonus	33.0	0.0	n.a.
Other	6.0	67.5	-91.0%
Non-current Liabilities	**501.8**	**520.2**	**-3.5%**
Borrowings and financing	297.1	214.1	38.8%
Provision for abandonment	204.7	305.9	-33.1%
Other trade accounts payable	0.0	0.2	n.a.
Shareholders' Equity	**2,903.0**	**2,848.6**	**1.9%**
Capital Stock	2,078.1	2,078.1	0.0%
Other comprehensive income	11.1	18.1	-38.8%
Profit Reserve	686.3	686.3	0.0%
Capital Reserve	42.7	43.2	-1.1%
Treasury Shares	(79.2)	(81.0)	-2.3%
Net income for the period	164.3	103.8	58.3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,678.3**	**3,590.2**	**2.5%**

Annex III | Cash Flow

	3Q17	3Q16	Δ%	9M17	9M16	Δ%
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS						
Lucro líquido do período	**60.5**	**63.0**	**-3.9%**	**164.3**	**101.7**	**61.6%**
Net income for the period						
Adjustments to reconcile net income to net cash provided by operating activities:	0.2	(0.1)	-362.3%	1.3	(0.3)	n.a.
Equity Method	6.3	0.0	n.a.	0.6	0.0	n.a.
Exchange variation over investment	17.5	14.2	23.1%	46.3	52.0	-10.9%
Amortization of the exploration and development expenditures	(0.6)	(0.3)	124.5%	(1.2)	0.9	-238.3%
Deferred income tax and social contribution	(2.8)	4.5	-161.6%	5.9	13.4	-56.1%
Capitalized interests	7.1	0.0	n.a.	7.1	0.0	n.a.
Write-off	0.0	(0.0)	n.a.	0.2	71.7	-99.7%
Reduction of intangible – write off of signature bonus	0.0	(2.1)	n.a.	0.0	0.0	n.a.
Stock option plan exercise	0.0	0.0	n.a.	0.0	0.0	n.a.
Provision for stock option plan	0.2	(0.2)	-185.7%	1.5	3.0	-50.8%
Provision for income tax and social contribution	12.3	10.5	17.6%	37.9	9.4	303.9%
Provision for research and development	1.0	(1.7)	-158.4%	(0.2)	(1.7)	-87.0%
(Increase) decrease in operating assets:	**(16.1)**	**(6.2)**	**157.8%**	**20.1**	**(30.5)**	**-166.1%**
Increase (decrease) in operating liabilities:	**(11.8)**	**(45.4)**	**-74.0%**	**(72.1)**	**(94.6)**	**-23.9%**
Net cash inflows from operating activities	73.8	36.3	103.5%	211.8	125.1	69.4%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities	(58.9)	(84.0)	-29.8%	(150.7)	(131.8)	14.3%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities	(9.0)	(3.0)	201.8%	(65.8)	(41.7)	57.8%
Total exchange variation on cash and cash equivalents	(7.0)	1.7	-519.0%	(4.6)	(28.2)	-83.9%
Increase (decrease) in cash and cash equivalents	(1.2)	(49.0)	-97.6%	(9.1)	(76.7)	-88.1%
Cash and cash equivalents at the beginning of the period	**9.8**	**153.0**	**-93.6%**	**17.7**	**180.7**	**-90.2%**
Cash and cash equivalents at the end of the period	**8.6**	**104.0**	**-91.7%**	**8.6**	**104.0**	**-91.7%**
Increase (decrease) in cash and cash equivalents	**(1.2)**	**(49.0)**	**-97.6%**	**(9.1)**	**(76.6)**	**-88.1%**

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 m³ of gas equals 1 m³ of oil/condensate and 1 m³ 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 oil storage.
GCOS	Geological Chance of Success
GCA	Gaffney. Cline & Associates
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
Kbbl/d	One thousand barrels per day
MEP	Minimum Exploratory Program are the set of activities aimed at the fulfillment of the contractual obligations of the exploration phase. carried out in a concession area and in which each activity is computed quantitatively according to its nature and scope. which has an equivalence in work units (UT's) and corresponds to the winning bid parameter of the bidding area.
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.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercially 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.