FOURTH QUARTER AND YEAR OF 2017

Earnings Release QGEP Participações S.A.

Conference Call

Portuguese (simultaneous English translation)
March 8, 2018
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EXPLORAÇÃO E PRODUÇÃO

QGEP Reports 4Q17 and Year Results

Rio de Janeiro, March 7, 2018 – 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 fourth quarter and year ended December 31st, 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 5.6MMm³ in 4Q17, up from 5.3MMm³ in 3Q17 and 4.3MMm³ in 4Q16. The increase in gas demand reflected the shift to thermoelectric generating plants.

Atlanta Field

The FPSO Petrojarl I arrived at the Field at the beginning of the 2018 first quarter, and **first oil is expected in March/April 2018.**

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.

Shareholder Remuneration

Proposed Dividend of R$400 million or R$1.5452 per share ; potential for second special dividend payment is under evaluation.

Net Revenue

Net revenue in 4Q17 was R$145.1 million up 39.7% from R$103.9 million in 4Q16 due to higher production.

Net Income

Net income was R$193.0million in 4Q17, compared to R$51.2 million in 4Q16**,** reflecting higher operating income and the gain on the sale of Block BM-S-8.

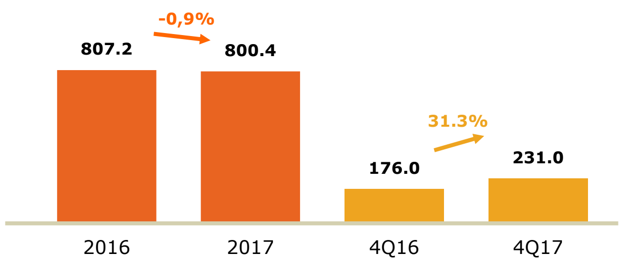
EBITDAX

EBITDAX was R$239.8 million in 4Q17, compared to R$37.5 million in 4Q16, largely reflecting the gain on the sale of Block BM-S-8.

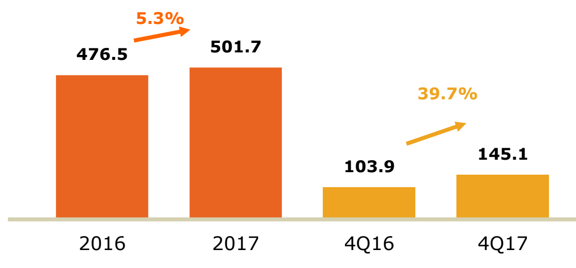
Cash Balance

Cash balance[1] of R$2.0 billion at year-end reflected proceeds from the sale of Block BM-S-8**.**

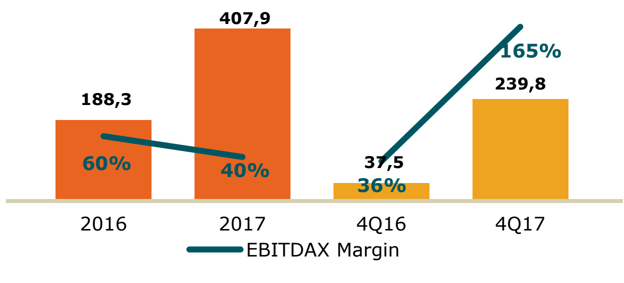
Gas Production (Million of m³)



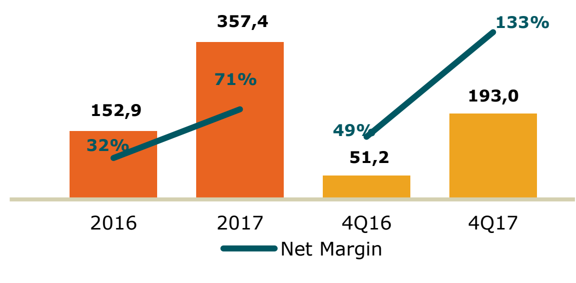
Net Revenue (R$ Million)



EBITDAX (R$ Million)



Net Income (R$ Million)



[1] Includes cash, cash equivalents and marketable securities

Management Commentary

This was a year of important milestones for QGEP. In 2017, we took a series of actions to optimize our asset portfolio, reduce our long term financial commitments and position the Company for sustainable growth in the next years by partnering with many of the best-known oil companies in the world. At the same time, we have made substantial progress across our current operations, increasing our Manati Field revenues and preparing for the arrival of the Atlanta Field FPSO. As a result, we ended 2017 in a strong financial position and with a positive agenda heading into 2018.

Fourth quarter results represented a strong finish to 2017. We achieved year-over-year and sequential growth in revenues, EBITDAX and net income, continuing the trend experienced in the prior quarter. Higher natural gas production at our 45%-owned Manati Field was a primary growth factor this year, as drought conditions in Northeast Brazil increased the demand for natural gas to meet the region's electricity needs. This situation reversed itself in early 2018, with record rainfall levels that allowed the return of hydroelectric generation. Due to this trend that continued in the first two months of 2018, we are forecasting average daily production for the first half of 2018 of approximately 4.6MMm³, similar to the production rate of the first two months of this year. Currently, we are maintaining our guidance of 5,1MMm³ for 2018 average daily production, however, we may reevaluate this guidance, depending on economic growth forecasts that impact the potential for a recovery in industrial demand, as well as forecasted weather conditions.

A key element that will balance out our results in 2018 is the contribution of our second producing asset, the Atlanta Field. At the end of the fourth quarter, the fully customized FPSO, the Petrojarl I, reached Brazilian waters arriving at the Atlanta Field on January 8, 2018. As operators of Block BS-4, we are currently working together with Teekay, the operator of the FPSO, to interconnect the production and control lines between the wells and the vessel to achieve first oil from the Field in March/April 2018 timeframe. We plan to achieve stabilized daily production of up to 20,000 barrels of oil during the second quarter of this year. We already have an agreement in place for Shell to sell all of the production from the Atlanta Field's Early Production System (EPS). The value of the oil contemplates a discount to Brent, and there is potential to benefit from pricing that reflects a reduction in that discount in comparison to historical averages, as a result of shortages of heavy oil in the market. Additionally, the first 18 months of production will benefit from lower daily rates resulting from an agreement with the FPSO operator.

During 2018, we along with our partners, will decide whether to drill a third well at the Atlanta Field, which is part of the EPS and, once in production, could add 10,000 barrels per day (kbpd) to production levels. In 2019, we will evaluate the potential of moving ahead with a Definitive Production System at Atlanta, which would involve the drilling of up to nine additional wells and bring maximum production to nearly 75kbpd by 2021. We have earmarked US$30 million in contingent capital expenditures in our 2019 plan for such development.

In the fourth quarter we began to work with our new partners, ExxonMobil and Murphy Oil on the roadmap for evaluating the four blocks we own jointly in the Sergipe-Alagoas Basin. Following the farm-out for ExxonMobil and Murphy Oil and the auction held in September 2017, QGEP has maintained a 30% interest in all four blocks. Sergipe-Alagoas is a well-established basin with current production of both oil and gas from its onshore, shallow and deep-water sections. Our blocks are located in ultra-deep waters, adjacent to several discoveries and are considered medium-to low-risk prospects with high potential. In 2018 we will acquire seismic data to better evaluate the blocks and determine a possible drilling program, which could begin by 2020.

We are moving forward with a farm-out process for the blocks in Pará-Maranhão and Foz do Amazonas basins that we originally acquired in the ANP's 11th Bidding Round. Similar to the process we undertook for our blocks in Sergipe-Alagoas, we have assembled the relevant seismic data and will present it to potentially-interested and eligible partners during the first half of 2018.

In July 2017, we took the decision to accept Statoil's offer to purchase QGEP's 10% stake in Block BM-S-8 in the Santos Basin for a total consideration of US$379 million. By the end of 2017, we had received 50% of the total purchase price in line with the agreed-upon schedule. This influx of cash has given us the opportunity to re-set the Company's capital allocation program to include a special dividend, particularly due to a significant reduction in our future financial commitments. After analyzing the Company's fundamentals, Management has proposed a total dividend of R$400 million, or R$1.5452 per share. We continue to evaluate opportunities to acquire new assets in the upcoming ANP Bidding Rounds, scheduled for March and June of this year. We have subscribed for participation in the March Bidding Round, and while the June Bidding Round is expected to require significant capital commitments, we are open to participate in a responsible manner, alongside other oil and gas industry players. Once we have decided how we will participate, we may still evaluate a potential second special dividend distribution, ensuring that it does not compromise the financial position and future spending plans of the Company.

In summary, 2017 was a transformational year for QGEP in many ways. We are pleased to be entering 2018 with two producing assets, an excellent partnership with ExxonMobil and Murphy Oil that has important strategic potential for QGEP and several opportunities to continue to optimize and add to our asset base.

These are exciting times in the Brazilian oil and gas industry. The regulatory environment has improved considerably, interest from global and regional players continues to build, and our economy is on the road to recovery. All this sets the stage for incremental activity in 2018 and supports QGEP's leadership as a Brazilian oil and gas producer in the medium and long terms.

QGEP's Assets

Basin	Block/ Concession	Field/ Prospect	QGEP Working Interest	Resource Category	Fluid
Camamu	BCAM-40	Manati	45%	Reserve	
		Camarão Norte		Contingent	
	CAL-M-372	CAM#01	20%	Prospective	
Santos	BS-4	Atlanta	30%	Reserve	
		Oliva		Contingent	
		Piapara		Prospective	
Espírito Santo	ES-M-598		20%	Prospective	
	ES-M-673		20%	Prospective	
Foz do Amazonas	FZA-M-90		100%	Prospective	
Pará-Maranhão	PAMA-M-265		100%	Prospective	
	PAMA-M-337		100%	Prospective	
Ceará	CE-M-661		25%	Prospective	
Pernambuco-Paraíba	PEPB-M-894		30%	Prospective	
	PEPB-M-896		30%	Prospective	
Sergipe-Alagoas	SEAL-M-351*		30%	Prospective	
	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 5.6MMm³ in the fourth quarter of 2017, the highest level this year and substantially ahead of the 4.3MMm³ produced in last year's fourth quarter. The 2017 quarterly average production increased throughout the year from 4.2MMm³ in 1Q17, 4.5 MMm³ per day in 2Q17 and 5.2MMm³ in the 3Q17, finally reaching 5.6 MMm³ in the fourth quarter. Total daily production in 2017 reached an average of 4.9MMm³, similar to 2016 and in line with the Company's projection.

The spike in quarterly production levels in the second half of 2017 was mainly due to increased demand for thermoelectricity directly related to the drought in the Northeast Brazil that curtailed hydroelectric capacity. This situation reversed itself in early 2018, with record rainfall levels that allowed the return of hydroelectric generation. Due to this trend that continued in the first two months of 2018, we are forecasting average daily production for the first half of 2018 of approximately 4.6MMm³, similar to the production rate of the first two months of this year. Currently, we are maintaining our our guidance of 5,1MMm³ for 2018 average daily production, however, we may reevaluate this guidance, depending on economic growth forecasts that impact the potential for a recovery in industrial demand, as well as forecasted weather conditions.

The maximum production capacity of Manati, was restablished as repair to a damaged flow line that occurred earlier in the year, has been completed. The cost for the repair was US$15.5 million, net to QGEP and which will have a partial insurance refund in the amount of R$3.9 million.

The reserve certification for Manati Field prepared by Gaffney, Cline & Associates (GCA) updated on December 31, 2017 and released today, indicated that 2P reserves for 100% of the Field totaled 7.6 billion m³ of natural gas and 0.8 million barrels of condensed gas, corresponding to approximately 48.4 million boe of gas, in line with the previous certification, considering the reduction of the produced volume.

ATLANTA

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

The FPSO arrived in Brazil at year-end 2017. In January 2018, Teekay, the operator of the FPSO and QGEP the operator of the field, began the process of connecting the production and control lines, which will be completed in March.

The Consortium estimates first oil in late March, or the beginning of April. We hope to gradually increase production capacity over the second quarter of 2018, until it reaches an average of 20 kbbl per day in the second half of 2018 from two production wells, both of which have already been drilled and completed. 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 currently is estimated by the fourth quarter 2018 with initial production in 2019.

In mid-year 2017 QGEP signed an amendment to its contract with Teekay, the firm responsible for the adaptation of the FPSO for the Field. Under the terms of the new agreement, during the first

18 months of production, the Consortium's overall daily operating expenses will be US$410 thousand/day, taking into account a 15% reduction in the FPSO's daily rate. After the first 18 months of production, operating costs will reach US$480 thousand/day, and will fluctuate with variables, largely tied to the Brent oil price.

Recent analysis indicates that the discount between the heavy oil prices and the Brent prices has been decreasing due to the product shortage in the market. Thus, QGEP expects a higher return on oil sales in 2018 than what was originally planned. Also, the Company has signed a crude oil sales agreement with Shell, for the Atlanta Field EPS oil production.

As previously-disclosed by the Company, in October of last year our consortium partner in Block BS-4, Barra Energia, exercised expulsion rights against Dommo Energia under the exact terms of the Consortium documents, in light of Dommo's historical default in payment of its financial obligations to the consortium. Dommo Energia has disputed the validity of its explusion in arbitration proceedings before the London Court of Arbitration (LCIA). In the event that the arbitration tribunal finds that the ownership of 40% of Block BS-4 no longer belongs to Dommo Energia, it will be distributed between Barra and QGEP, which will each hold a 50% interest in the Block.

Exploration

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

Working Interest: 30%

QGEP was awarded Blocks SEAL-M-351 and SEAL-M-428 in the ANP's 13th bidding round in October 2015. The blocks are located in ultra-deep waters in the Sergipe-Alagoas Basin, 80 to 100km off the coast 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 and the other with Murphy Oil. Under the terms of the farm-out agreements, QGEP retains a 30% working interest and will be reimbursed for 70% of the R$100 million signature bonus that it paid to acquire the blocks. QGEP will also be reimbursed for the entirety of costs incurred with 3D seismic data acquisition, or approximately US$5 million, in addition to other remuneration. With a 50% working interest, ExxonMobil will operate the block. Murphy Oil will have a 20% stake. The ExxonMobil agreement has been approved by CADE and awaits ANP approval.

Also, in September 2017, QGEP announced that, jointly with its partners ExxonMobil and Murphy Oil, it was awarded blocks SEAL-M-501 and SEAL-M-503 in the 14th Bidding Round held 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 half of 2018, complete their evaluation as soon as practical and commence drilling by 2020. The ultradeep water region of this basin is considered to have high exploratory potential and low risk, with six significant discoveries already registered by Petrobras. The main oil system in this region of the basin is similar to that of the ExxonMobil discoveries in Guyana, with estimates of more than 3 billion barrels of recoverable light oil, and of important discoveries in the West African coast.

BLOCKS ACQUIRED IN THE 11th ANP BIDDING ROUND

Working Interest: Various

In late 2016, via two transactions with former partners, the Company increased its ownership interest to 100% in both the PAMA-M-265 and PAMA-M-337 blocks of the Pará-Maranhão Basin and the block FZA-M90 at the Foz do Amazonas Basin, by means of two transactions with former partners. 3D seismic data acquisition and processing have been completed for the three blocks, and QGEP is in the final stages of interpretation of these areas. At the end of the evaluation of these blocks in the first quarter of 2018, QGEP will open a new farm-out phase, so as to better evaluate the high oil potential already identified.

The oil system interpreted for the ultradeep waters of these basins is similar to the one successfully tested in Sergipe-Alagoas, Guyana and the West African Margin, with reservoirs and contemporary generating sections.

3D Seismic data acquisition and processing for Ceará (CE-M-661) and Espírito Santo (ES-M-598 and ES-M-673) Basins have already been completed and the Consortia is interpreting data in order to better understand the potential for these blocks.

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 shall drill a pioneer well targeting the CAM#01 prospect.

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 Block BM-S-8 for US$379 million. Under the terms of the sale, fifty percent of the total purchase price was to be paid at closing upon receipt of ANP and other regulatory approvals. Approval from ANP was received in November 2017, and QGEP received US$189.5 million from Statoil at the end of December 2017 and a second payment in the amount of US$45.0 million will be received in late March, 2018, following the signing of the Adjacent Area Production Sharing contract, which took place on January 30, 2018. The remaining payment, accounting for 38% of the sale value is due to QGEP upon the signing of the Production Individualization Agreement, or Unitization, of areas.

Financial Performance

Income Statement and Financial Highlights (R$ million)

	4Q17	4Q16	Δ%	2017	2016	Δ%
Net Revenue	**145.1**	**103.9**	**39.7%**	**501.7**	**476.5**	**5.3%**
Costs	(55.2)	(55.2)	0.1%	(227.7)	(240.7)	-5.4%
Gross Profit	89.9	48.7	84.6%	274.0	235.7	16.2%
Operating income (expenses):						
General and administrative expenses	(15.5)	(15.2)	2.2%	(52.1)	(49.6)	5.1%
Equity Method	(0.5)	0.3	-298.4%	(1.8)	0.5	-448.1%
Exploration Expenditures	(3.3)	(11.2)	-70.7%	(27.7)	(62.5)	-55.7%
Other net operational expenses	149.9	(0.2)	n.a.	149.9	(2.8)	n.a.
Operating income (Loss)	**220.6**	**22.4**	**n.a.**	**342.3**	**121.3**	**182.2%**
Net Financial Result	13.0	33.5	-61.2%	92.3	46.5	98.2%
Income before income tax and social contribution	233.6	55.9	317.9%	434.6	167.9	158.9%
Income tax and social contribution	(40.5)	(4.7)	n.a.	(77.2)	(15.0)	416.4%
Net income (Loss)	**193.0**	**51.2**	**277.1%**	**357.4**	**152.9**	**133.7%**
Net cash inflows from operating activities	**216.9**	**216.7**	**0.1%**	**428.8**	**328.5**	**30.5%**
EBITDAX[(1)]	**239.8**	**37.5**	**538.7%**	**407.9**	**188.3**	**116.6%**

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.

Fourth quarter 2017 consolidated financial results continued to exhibit progressive improvement in both production and profitability. EBITDAX benefitted from higher production, an improved cost structure and the gain on the sale of Block BM-S-8. The company ended the period with a strong cash and cash equivalents position of R$2.0 billion, which combined with the proceeds from the two farm-out transactions provides significant funds to support capital expenditures for the next several years and to return capital to shareholders.

Fourth Quarter 2017 Financial Highlights:

- Net revenue was R$145.1 million, up 39.7% from 4Q16. This increase was driven by higher production from the Manati Field, which averaged 5.6MMm³ per day in 4Q17, 30.2% ahead of the 4.3MMm³ per day produced in 4Q16. 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$3.3 million, 70.7% lower than the same period of the prior year. No funds were expended on the acquisition or processing of seismic in the quarter, only for geologic and geophysical studies (G&G).

- Total operating costs were R$55.2 million in the quarter, flat with the same period of the prior year primarily attributable to higher depreciation and amortization expenses and royalties related to higher production, while, production costs were lower in the same proportion.

- Maintenance costs totaled R$6.0 million, a decrease of 32% when compared to the same period of the previous year. Included in this item is R$4.0 million associated with the repair of the damaged production line at the Manati Field, cost that was below the initial budget and had, deducted from a partial refund of insurance in the amount of R$3.9 million.

- General and administrative expenses totaled R$15.5 million, 2.2% higher than the same period of the prior year and 33.0% above 3Q17. The increase was primarily due to R$2.0 million in investments under the Audio-visual Law, with part of the Income Tax owed being destined for social projects, partially offset by lower expenses associated with employee participation in profits.

- EBITDAX in the period was R$239.8 million, compared to R$37.5 million in 4Q16, primarily reflecting the gain on the sale of Block BM-S-8. In turn, the EBITDAX margin was 165.2%. Excluding this one-time gain, EBITDAX would be equivalent to R$89.9 million, up 139.4% from 4Q16, benefitting from higher production, while EBITDAX margin would be 61.9%.

- Net financial result was R$13.0 million, compared to R$33.5 million in 4Q16, as the Company no longer holds cash in exchange rate funds, because the receivables related to the sale of Block BM-S-8 are dollar denominated and therefore act as a hedge for future investments committed in the same currency.

- Net income in 4Q17 was R$193.0 million compared to R$51.2 million in 4Q16, reflecting higher operating income as well as the gain on sale of the Company's interest in Block BM-S-8. Excluding this one-time gain, net income would be equivalent to R$67.7 million, 32.3% above 4Q16.

- The balance sheet at December 31, 2017, the amount of R$70.0 million, previously recorded in Intangibles, was accounted for under "Assets held for Sale", related to blocks SEAL-M-351 and SEAL-M-428, which were part of the farm-out agreements.

- Operating cash flow totaled R$216.9 million, compared to R$216.7 million in 4Q16.

Operating Costs (R$ million)

	4Q17	4Q16	Δ%	2017	2016	Δ%
Depreciation and amortization	18.7	14.8	25.8%	62.8	63.9	-1.7%
Production costs	14.4	19.9	-27.8%	72.6	80.7	-10.1%
Maintenance costs	6.0	8.8	-32.1%	35.4	38.8	-8.9%
Royalties	11.3	8.0	40.9%	39.0	36.6	6.4%
Special Participation	2.4	0.4	472.0%	6.2	5.6	10.2%
R&D	0.5	1.1	-59.2%	4.5	5.6	-20.4%
Other	2.0	2.0	1.3%	7.4	9.5	-22.0%
TOTAL	**55.2**	**55.2**	**0.1%**	**227.7**	**240.7**	**-5.4%**

Full Year 2017 Financial Highlights:

- Net revenue in 2017 totaled R$ 501.7 million, an increase of 5.3% compared to 2016, mainly due to the readjustment of the price of Manati gas at the beginning of the year, as production was stable in relation to 2016.

- Exploration expenses were R$27.7 million, compared to R$62.5 million in 2016 due to lower expenses related to acquisition and processing of seismic data in the period.

- General and administrative expenses totaled R$52.1 million, an increase of 5.1% from 2016. The increase reflects the decrease in the allocation of expenses to partners in blocks where QGEP is the operator and also investments encouraged by the Audio-visual Law through the allocation of part of the Income Tax to social projects.

- Total operating costs were R$227.7 million in the twelve-month period, down 5.4% compared to 2016. The reduction was mainly due to the lower maintenance costs.

- Maintenance costs totaled R$35.4 million, 8.9% lower year-on-year. Included was R$11.6 million associated with the repair of one of the production lines in the Manati Field, net of the partial insurance reimbursement provision of R$3.9 million, as well as R$14.1 million related to the completion of the maintenance and painting of the platform at the Field.

- EBITDAX increased 116.6% to R$407.9 million, from R$188.3 million in 2016, mainly due to the gain on the sale of Block BM-S-8, with EBITDAX margin of 39.6. Excluding this one-time gain, EBITDAX would correspond to R$258.0 million, 36.9% higher than in 2016, while EBITDAX margin would be 51.4%.

- Net financial result for full year 2017 was R$92.3 million, compared to R$46.5 million in 2016, due to higher income from fixed income instruments coupled to higher profitability from exchange rate funds.

- Net income in 2017 was R$357.4 million compared to R$152.9 million in 2016 primarily benefitting from the gain on the sale of Block BM-S-8, together with a better operational result and lower operating expenses. Excluding the gain with the sale of BM-S-8, net income would be equivalent to R$232.0 million, up 51.8% from 2016.

- Operating cash flow totaled R$428.8 million, compared to R$341.8 million in 2016.

Capex and Other Exploratory Expenses

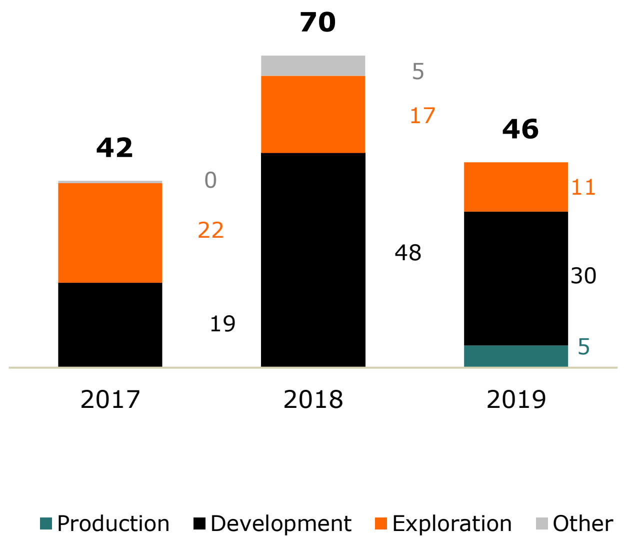
QGEP has funded its required capital expenditures from internally generated funds. The Company has been able to do so by maintaining a disciplined approach to budgeting capital expenditures. Additionally, the Company maintains a cash position sufficient to support its funding requirements for the next 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.

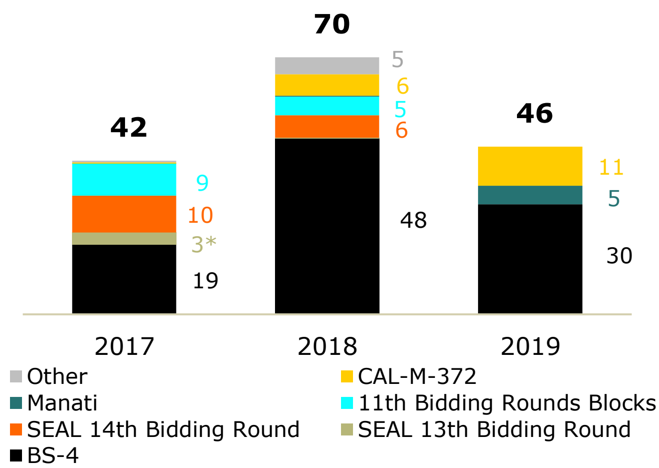
Capital expenditures in 2017 were US$42 million of which US$19 million were invested in the Atlanta Field and R$22 million in the acquisition and analysis of seismic data of Blocks from the 11th ANP Bidding Round.

The Company expects to invest US$70 million in 2018. This amount includes US$48 million for the Atlanta Field and US$17 million for exploration activities, including US$6 million for activities in the Sergipe-Alagoas Basin and US$5 million related to seismic acquisition for the blocks acquired in the 11th ANP Bidding Round.

In 2019, QGEP plans to invest US$30 million in the Full Development to be implemented in Atlanta Field, which corresponds to 65% of total capex planned for the year. The remaining funds correspond to the beginning of the exploratory drilling in Block CAL-M-372.

CAPEX net for QGEP (US$ millions)





*Out of this amount, US$1.5 million will be reimbursed by ExxonMobil 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 December 31, 2017, QGEP had a cash balance of R$2.0 billion up from R$1.3 billion at year end 2016. Currently, 100% of the Company's funds are invested in Brazilian real-denominated instruments. As of December 31, 2017 the average annual return of these investments was 102.1% of the CDI, and 78% of the funds had daily liquidity.

In accordance to the Market Risk Management Policy, the Company determined that for the next 24 months the amounts receivable in US dollars will exceed its obligations in that currency. Therefore, it is not necessary at this time to maintain funds invested in a Foreign Exchange Fund. QGEP has a natural hedge since the receivables arising from the recent sale transaction of the Block BM-S-8 as well as the revenues from Atlanta Field are denominated in US dollars. This balance between assets and liabilities in dollars is based on internal projections and is monitored monthly.

QGEP's debt is comprised of financing raised with FINEP (Financing Agency for Studies and Projects) and credit facilities from Banco do Nordeste do Brasil. As of December 31, 2017, QGEP's total debt was R$325.2 million, compared to R$359.7 million at the end of 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, one 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 Northeast Brazil. 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 December 31, 2017 was R$1.7 billion and reflects the proceeds from the sale transaction of the Block BM-S-8 as well as funds from the farm-out agreements.

Investor Relations

QGEP Participações S.A.

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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 December 31, 2016 and December 31, 2017 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I | Consolidated Financial Information (R$ Million)

	4Q17	4Q16	Δ%	2017	2016	Δ%
Net income	193.0	51.2	277.1%	357.4	152.9	133.7%
Amortization and depreciation	19.2	15.1	27.0%	65.6	67.1	-2.3%
Net financial revenue / expenses	(13.0)	(33.5)	-61.2%	(92.3)	(46.5)	98.2%
Income tax and social contribution	40.5	4.7	762.3%	77.2	15.0	416.4%
EBITDA(1)	**239.8**	**37.5**	**538.7%**	**407.9**	**188.5**	**116.4%**
Oil and gas exploration expenditure with sub commercial and dry wells(2)	0.0	(0.0)	n.a.	0.0	(0.2)	n.a.
EBITDAX(3)	**239.8**	**37.5**	**538.7%**	**407.9**	**188.3**	**116.6%**
EBITDA Margin(4)	165.2%	36.1%	357.2%	39.8%	56.1%	-29.1%
EBITDAX Margin(5)	165.2%	36.1%	357.2%	39.6%	59.8%	-33.7%
Net Cash(6)	(1,724.6)	(977.9)	76.4%	(1,724.6)	(977.9)	76.4%
Net Debt/EBITDAX	(4.2)	(5.2)	-18.6%	(4.2)	(5.2)	-18.6%

(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

	4Q17	3Q17	Δ%
Assets			
Current Assets	**2,277.2**	**2,084.6**	**9.2%**
Cash and cash equivalents	18.8	8.6	118.9%
Investments	1,874.4	1,296.5	44.6%
Restricted Cash	0.0	0.0	n.a.
Trade accounts receivable	128.5	109.4	17.4%
Credits with Partners	108.0	51.5	109.8%
Inventory	0.9	1.5	-41.0%
Recoverable taxes and contribution	40.7	7.3	460.1%
Assets for sale	70.0	577.3	-87.9%
Other	35.8	32.5	10.1%
Non-current Assets	**1,654.2**	**1,593.7**	**3.8%**
Restricted cash	158.3	149.8	5.6%
Investments	156.5	153.8	1.8%
Recoverable taxes	4.2	4.1	1.7%
Deferred income tax and social contribution	45.4	45.6	-0.6%
Investments	143.4	137.8	4.1%
Property, plant and equipment	735.2	690.0	6.6%
Intangible assets	410.2	410.5	-0.1%
Other Non-current Assets	1.0	2.1	-52.2%
TOTAL ASSETS	**3,931.3**	**3,678.3**	**6.9%**
Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity	**308.8**	**273.0**	**12.3%**
Current	111.6	51.1	118.5%
Providers	53.2	47.7	11.5%
Taxes and contributions payable	8.3	8.6	-2.5%
Remuneration and social obligations	5.2	8.6	-39.8%
Payables- related parties	36.8	36.7	0.2%
Borrowings and Financing	12.4	11.6	6.7%
Provision for research and development	0.0	11.8	n.a.
Advance to third parties	57.9	57.9	0.0%
Signature bonus	0.0	33.0	n.a.
Other	23.3	6.0	285.7%
Non-current Liabilities	**512.4**	**501.8**	**2.1%**
Borrowings and financing	288.4	297.1	-2.9%
Provision for abandonment	224.0	204.7	9.4%
Other trade accounts payable	0.0	0.0	n.a.
Shareholders' Equity	**3,110.1**	**2,903.4**	**7.1%**
Capital Stock	2,078.1	2,078.1	0.0%
Other comprehensive income	18.2	11.1	63.9%
Profit Reserve	1,043.7	686.3	52.1%
Capital Reserve	40.7	42.7	-4.7%
Treasury Shares	(70.6)	(79.2)	-10.8%
Net income for the period	0.0	164.3	n.a.
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,931.3**	**3,678.3**	**6.9%**

Annex III | Cash Flow

	4Q17	4Q16	Δ%	2017	2016	Δ%
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS						
Lucro líquido do período	**194.7**	**51.2**	**280.4%**	**357.4**	**152.9**	**134.8%**
Net income for the period						
Adjustments to reconcile net income to net cash provided by operating activities:	0.5	(0.3)	-298.4%	1.8	(0.5)	-448.1%
Equity Method	(5.6)	0.0	n.a.	(5.0)	13.2	-62,0%
Exchange variation over investment	19.2	15.1	27.0%	65.6	67.1	-2.3%
Amortization of the exploration and development expenditures	0.3	0.3	-1.9%	(0.9)	1.1	-184.3%
Deferred income tax and social contribution	2.0	2.6	-23.3%	7.8	15.9	-50.8%
Capitalized interests	2.2	0.0	n.a.	9.3	0.0	n.a.
Write-off	0.0	16.1	n.a.	0.2	87.8	-99.8%
Reduction of intangible – write off of signature bonus	0.0	4.0	n.a.	0.0	4.0	n.a.
Stock option plan exercise	0.0	0.0	n.a.	0.0	0.0	n.a.
Provision for stock option plan	(2.6)	10.8	-124.5%	(1.2)	13.8	-129.2%
Provision for income tax and social contribution	40.4	(13.2)	-404.9%	78.3	(3.8)	466.0%.
Provision for research and development	0.8	1.7	-52.9%	0.6	0.0	-66.8%
(Increase) decrease in operating assets:	**(109.3)**	**21.4**	**n.a.**	**(89.2)**	**(9.1)**	**n.a.**
Increase (decrease) in operating liabilities:	**76.2**	**107.1**	**-28.9%**	**4.1**	**12.5**	**-66.8%**
Net cash inflows from operating activities	216.9	216.7	0.1%	428.8	328.5	30.5%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities	(712.0)	(297.6)	139.3%	(355.4)	(414.1)	-14,2%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities	(9.0)	(7.0)	30.1%	(74.8)	(50.7)	47.6%
Total exchange variation on cash and cash equivalents	7.1	1.5	363.1%	2.5	(26.7)	-109.5%
Increase (decrease) in cash and cash equivalents	(497.1)	(86.3)	476.1%	1.1	(162.9)	-100.7%
Cash and cash equivalents at the beginning of the period	**8.6**	**104.0**	**-91.7%**	**17.7**	**180.7**	**-90.2%**
Cash and cash equivalents at the end of the period	**18.8**	**17.7**	**6.1%**	**18.8**	**17.7**	**6.1%**
Increase (decrease) in cash and cash equivalents	**10.2**	**(86.3)**	**-111.8%**	**1.1**	**(162.9)**	**-100.7%**

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.