FIRST QUARTER OF 2018

Earnings Release QGEP Participações S.A.

Conference Call

Portuguese (simultaneous English translation)
May 10, 2018
12:00 pm (Brazilian Time)
11:00 am (US EDT)
Dial in Brazil: +55 11 3193-1001 or +55 11 2820-4001
Dial in United States: +1 646 828-8246
Code: Queiroz Galvão (QGEP)

QGEP

Av Almirante Barroso, nº52, Sala 1301 – Centro
Rio de Janeiro – RJ
Cep: 20031-918
Telefone: 55 21 3509-5800

queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

QGEP Reports 1Q18 Results

Rio de Janeiro, May 9, 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 first quarter of 2018, ended March 31st, 2018. 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 4.6MMm³ in 1Q18, compared to 5.6MMm³ in 4Q17 and 4.2MMm³ in 1Q17. The reduction of gas demand is the result of the lower dispatch of thermoelectric plants.

Atlanta Field

First oil from the Atlanta Field flowed on May 2. Oil production is expected to stabilize at around 10% and 20% below our original expectation of 20,000 barrels of oil per day by the end of the second quarter of 2018.

15th Bidding Round Blocks

QGEP acquired 30% working interest in two blocks in the ANP's 15th Bidding Round, adjacent to the remaining blocks in the Sergipe-Alagoas Basin.

Capital Allocation

As a subsequent event to the end of the quarter, **QGEP declared and paid an extraordinary dividend of R$400 million or R$1.5363/share in early April**. The potential payment of a second extraordinary dividend is being evaluated.

Net Revenue

Net Revenue in 1Q18 was R$118.8 million, up 11.7% compared to 1Q17, reflecting higher production.

Net Income

Net Income was R$159.1 million in 1Q18, compared to R$42.8 million in 1Q17, as a result of the increase in operating income, payment of the 2nd installment of the sale of Block BM-S-8 and higher financial revenue.

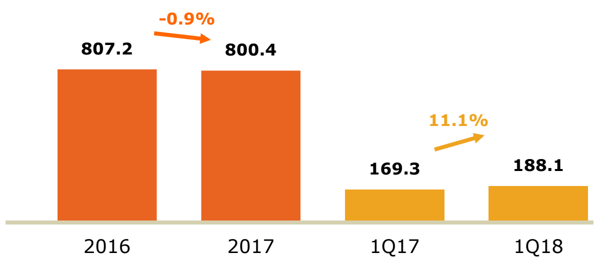
EBITDAX

EBITDAX was R$206.8 million in 1Q18, compared to R$46.4 million in 1Q17, reflecting the profit on the sale of Block BM-S-8.

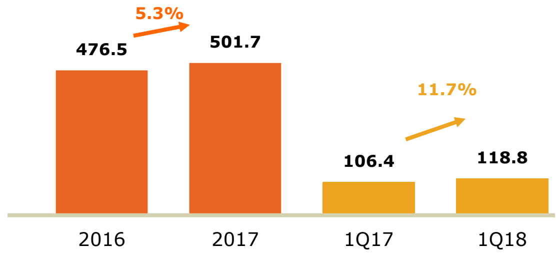
Cash Balance

Cash Balance[1] of R$2.2 billion at quarter-end reflecting the inflow of funds from the sale of BM-S-8 and payments related to farm-out agreements.

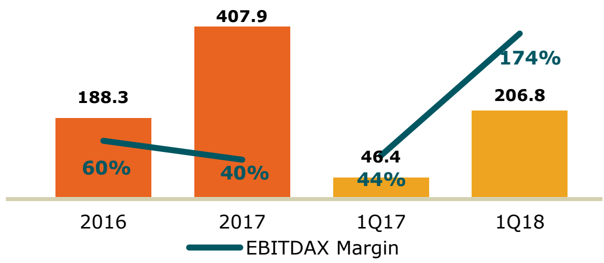
Gas Production (Million of m³)



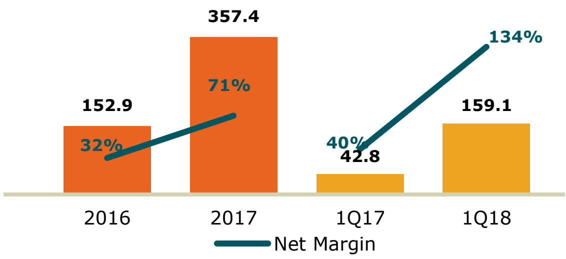
Net Revenue (R$ Million)



EBITDAX (R$ Million)



Net Income (R$ Million)



[1] Includes cash, cash equivalents and marketable securities

Management Commentary

In the first quarter of 2018, we focused our efforts on bringing on line our second producing asset, the Atlanta Field, and we invested in our organic growth through successful participation in the ANP's 15th Bidding Round. Also this year, we effected an extraordinary dividend distribution in the amount of R$400 million, reflecting our excess cash position and our recognition of QGEP shareholders.

As the Operator at the Atlanta Field, QGEP's technical teams worked with the FPSO Petrojarl I's crews to interconnect the production lines from the wells to the vessel, a process that was safely and successfully completed at the end of March. The first oil produced from one of the Field's wells occurred on May 2, after completion of the electrical and hydraulic tests, as well as the obtaining of required licenses for the operation. Due to mechanical issue with the well pump and the use of the pump in the seabed, we expect daily production from the two wells to stabilize between 10% and 20% below our original expectation of 20,000 barrels of oil, later in the second quarter. The consortium will decide about the drilling of a third well as part of the Atlanta Field's Early Production System(EPS) later this year. The oil produced as part of the EPS will be bought by Shell at a market price equal to the price of Brent oil less a discount to be established for each load given that it is heavy oil with high acidity. Cash flow from the first 18 months of Atlanta Field production will benefit from lower operational costs, following our contract amendment with the FPSO operator, which we disclosed in 2017.

Government-sponsored auctions figure prominently in our organic growth initiatives. In the first quarter of this year we again successfully partnered with ExxonMobil and Murphy Oil to acquire two additional blocks in the Sergipe-Alagoas Basin, as part of the 15th ANP Bidding Round that took place in late March. The blocks are adjacent to the four other blocks that we own together as partners, with QGEP retaining a 30% interest in each of them. This is excellent positioning for us from a number of perspectives. First, our blocks represent medium-to low-risk given their proximity to several established discoveries released by Petrobras. Secondly, these ultra-deep water prospects have high potential volume, thus having high possibility of recovering our reserves. Finally, we have established relationships with world class companies through this consortium, which ensures the use of the best international practices of the industry. We plan to complete the acquisition of seismic data for all of the blocks this year, and the drilling program, which will be based on our interpretation of the data, should start in 2020.

Manati Field production averaged 4.6 MMm³ per day in the first quarter, in line with our revised expectations. We are currently maintaining our guidance of 5.1MMm³ in average daily production for full year 2018, but we will re-assess our projections at the end of the second quarter based on demand levels over the next weeks, and forecasts for weather conditions in the Northeast region. Any revision will be made in early July when we release our second quarter production figures for both the Manati and Atlanta Fields, an enhancement to our current disclosure practices.

As we previously reported, the sale of BM-S-8 and our farm-out agreements enabled us to re-set our capital allocation program as 2017 came to a close. Given the considerable reduction in our future financial commitments resulting from these actions, Management proposed a total payment of R$400 million, or approximately R$1.54 per share. The dividend payment was made on April 20, 2018 to shareholders of record on April 11, 2018.

We continue to evaluate opportunities to put our capital to work by acquiring new assets. QGEP is subscribed for participation in the next ANP Bidding Round, which is set for early June of this year, which includes pre-salt assets. The Company is evaluating the best of capital allocation strategy, considering the bonus trends of the last rounds. Also, we would consider other asset purchases, as they become available. Depending on the results, we may evaluate a possible second special dividend distribution, as long as it does not compromise our financial position or our future spending plans. In the meantime, we received US$45 million in the first quarter, representing the second installment from our sale of Block BM-S-8 and, in this second quarter, we will further strengthen our cash position with the receipt of R$70 million related to our farm-out contracts for the first blocks of the Sergipe-Alagoas Basin.

We have recently started the farm-out process for our 100%-owned Pará-Maranhão and Foz do Amazonas blocks, which we initially acquired in the ANP's 11th Bidding Round with partners.

Today, we are part of an industry that is on the upswing in Brazil. Our oil and gas landscape once again has become attractive to international companies, given our abundant resources, the easing of regulatory hurdles and the technical talent we have in the country. Within this improving environment, 2018 promises to be another year of progress for QGEP with the addition of the second producing asset, and the ongoing optimization of our asset portfolio.

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	
	SEAL-M-430		30%	Prospective	
	SEAL-M-573		30%	Prospective	

Oil Gas

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 4.6MMm³ in the first quarter of 2018, up 11.1% from the same period in 2017. This production level, however, reflects a decrease from the second half of 2017, attributable to record rainfalls in earlier this year, which resulted in the return of hydroelectric power generation and a reduction in demand for natural gas.

The Company is forecasting average daily production for the first half of 2018 of approximately 4.6MMm³, similar to the production rate of the first half of 2017. At this time, QGEP is maintaining guidance of 5,1MMm³ for 2018 average daily production, but may reevaluate this guidance later in the year, based on the industrial demand, as well as on weather forecasts, which determine the dispatch of thermoelectric plants.

The reserve certification for Manati Field prepared by Gaffney, Cline & Associates (GCA) updated on December 31, 2017 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 Petrojarl I arrived in Brazilian waters at year-end 2017 and during 1Q18, Teekay Offshore Partners, the operator of the FPSO, and QGEP, the operator of the Field, completed the process of interconnecting the production lines and control between the wells and the FPSO. After this period, the electrical and hydraulic tests were conducted and the licenses required for the operation were obtained, which were dependent on these tests.

Subsequent to quarter end, the Consortium produced first oil on May 2 from one of the two wells that were already prepared for production. The 7-ATL-2HP-RJS well is still in the stabilization phase. Due to mechanical issue with the well pump and the use of the pump in the seabed, we expect daily production from the two wells to stabilize between 10% and 20% below our original expectation of 20,000 barrels of oil, later in the second quarter. The Consortium may elect to drill an additional well at the second half of 2018. This decision will be based on a variety of factors, including prevailing oil prices, with initial production targeted for 2019.

During the first 18 months of production the Consortium's overall operating costs will be approximately US$410 thousand/day, taking into account a 15% reduction in the FPSO's daily rate negotiated in 2017 with Teekay. After the first 18 months of production, operating costs will reach US$480 thousand/day. The daily rates of the FPSO leasing will fluctuate according to some variables, which are largely tied to the Brent oil price.

Ongoing shortages in the market are reducing the discount between the heavy oil prices and the Brent prices. Thus, QGEP expects a higher return on oil sales than what was originally planned. The Company has a crude oil sales agreement with Shell Oil, for all of the Atlanta Field Early Production System (EPS) oil production.

In 2019, the Consortium will evaluate moving ahead with a Definitive Production System at Atlanta, based on the information on the Early Production System. This second phase of the project would entail the drilling of up to nine additional wells and bring maximum production to nearly 75,000 by 2021. Our 2019 capital expenditure plan includes $30 million that has been reserved for the beginning of this development.

Exploration

SEAL-M-351, SEAL-M-428, SEAL-M-501, SEAL-M-503, SEAL-M-430 E SEAL-M-573

Working Interest: 30%*

The Sergipe-Alagoas Basin represents an important exploratory play for QGEP, and the Company added new assets to its portfolio in the first quarter. In March 2018, QGEP along with its partners ExxonMobil and Murphy Oil, was awarded blocks SEAL-M-430 and SEAL-M-573 in the 15th Bidding Round held by the ANP. QGEP acquired a 30% working interest in both blocks. ExxonMobil will be the operator and has a 50% working interest. Murphy Oil has the remaining 20%. The signing bonus for these blocks was R$7.3 million, of which R$2.2 million was paid by QGEP. The blocks acquired in this round have exploratory perspectives similar to the blocks already acquired in this basin in the previous rounds.

These blocks are adjacent to two other blocks owned by the same consortium - SEAL-M-351 and SEAL-M-428. QGEP was awarded the initial concessions of these two blocks in the Sergipe-Alagoas Basin in the ANP's 13th bidding round in October 2015. In September 2017 QGEP completed two separate farm-out agreements for the two blocks with the same participations of the Consortium that acquired the blocks in the 15th Round of the ANP. Under the terms of the farm-out agreements, QGEP will be reimbursed for 70% of the R$100 million signature bonus that it paid to acquire the initial blocks and will also be reimbursed for all costs incurred with 3D seismic data acquisition, or approximately US$5 million, in addition to other remuneration. QGEP received R$20 million from Murphy Oil as planned and is expected to receive payment from ExxonMobil in the second quarter.

As disclosed, in September 2017, QGEP jointly with the same Consortium, 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. The total signature bonus for these exploration blocks was R$109.9 million or R$33.0 million net to QGEP.

All six blocks are located in ultra-deep waters in the Sergipe-Alagoas Basin, 80 to 100km off the coast and encompass a total area of approximately 4,500 km^2.

The Company, and its partners, plan to begin acquisition of seismic data in this second quarter for the six blocks with the expectation to have final results by the beginning of 2019. This should enable the consortium to commence drilling by 2020. The ultra-deep 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

QGEP's has 100% ownership interests 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. 3D seismic data acquisition and processing have been completed for the three blocks and QGEP completed its interpretation process during the first quarter of 2018. The company started the farm-out process for both blocks and has recently opened a data room for groups of potential partners.

The oil system interpreted for the ultra-deep 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

Participação: 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. By the end of March, 2018, QGEP has already received R$234.5 million from Statoil for the first and second installments of the transaction. 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)

	1Q18	1Q17	Δ%	2017	2016	Δ%
Net Revenue	**118.8**	**106.4**	**11.7%**	**501.7**	**476.5**	**5.3%**
Costs	(46.6)	(55.7)	-16.3%	(227.7)	(240.7)	-5.4%
Gross Profit	72.1	50.6	42.5%	274.0	235.7	16.2%
Operating income (expenses):						
General and administrative expenses	(12.9)	(12.0)	7.9%	(52.1)	(49.6)	5.1%
Equity Method	(0.9)	0.0	n.a.	(1.8)	0.5	-448.1%
Exploration Expenditures	(14.9)	(6.1)	146.3%	(27.7)	(62.5)	-55.7%
Other net operational expenses	147.3	(0.0)	n.a.	149.9	(2.8)	n.a.
Operating income (Loss)	**190.7**	**32.6**	**484.1%**	**342.3**	**121.3**	**182.2%**
Net Financial Result	31.8	19.7	61.5%	92.3	46.5	98.2%
Income before income tax and social contribution	222.5	52.3	325.1%	434.6	167.9	158.9%
Income tax and social contribution	(63.4)	(9.5)	n.a.	(77.2)	(15,0)	416.4%
Net income (Loss)	**159.1**	**42.8**	**271.8%**	**357.4**	**152.9**	**133.7%**
Net cash inflows from operating activities	**203.7**	**36.5**	**457.4%**	**428.8**	**328.5**	**30.5%**
EBITDAX[(1)]	**206.8**	**46.4**	**345.8%**	**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.

QGEP continues to effectively execute on its strategy as evidenced by first quarter 2018 consolidated financial results which showed continued progressive improvement in both production and profitability. EBITDAX benefitted from higher production and an improved cost structure and the receipt of the second payment from the BM-S-8 sale. The company ended the period with a strong cash position of around R$2.2 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 as well as returning capital to shareholders via a special dividend that was paid in April.

First Quarter 2018 Financial Highlights:

- Net revenue was R$118.8 million, up 11.7% from 1Q17. This increase was driven by higher production from the Manati Field, which averaged 4.6MMm³ per day in 1Q18, 9.5% ahead of the 4.2MMm³ per day produced in 1Q17.

- Exploration expenses were R$14.9 million, more than double from the same period of the prior year. Funds were expended mainly on the acquisition and processing of seismic which will be carried out during 2018 for the Sergipe-Alagoas blocks, and meta-oceanographic studies for the Pará-Maranhão and Foz do Amazonas basin blocks. Total expenses were partially offset by the reversal of R$6.8 million found by QGEP as a non-payable amount after audit of BM-S-12 expenses, a block already returned to the ANP.

- Total operating costs were R$46.6 million in the quarter, 16.3% lower than R$55.7 million in the same period of the prior year, mainly reflecting lower production costs, which more than offset higher depreciation and amortization expenses and royalties, due to increased production.

- The Company had a 70% reduction on maintenance costs on a quarterly basis, reaching R$3.2 million, since there were no significant non-recurring maintenance costs in 1Q18, while in last year's first quarter, maintenance costs reached R$10.9 million, largely related to activities on the Manati platform.

- General and administrative expenses totaled R$12.9 million, 7.9% higher than the same period of the prior year but 16.8% lower than 4Q17. This increase relates to higher employee costs due to higher expenses associated with the provision for employees' participation in profits and results and increase of expenses with the realization of stock option plans.

- EBITDAX for the period was R$206.8 million, compared to R$46.4 million in 1Q17, primarily reflecting the second payment from the sale of Block BM-S-8. The EBITDAX margin was 173.9%. Excluding this one-time gain, EBITDAX would be R$59.2 million, benefitting from higher production, while EBITDAX margin would be 49.9%.

- Net financial income was R$31.6 million, compared to R$19.7 million in 1Q17. In 1Q17, the exchange rate fund had a negative performance due to the depretiation of the US Dollar, while in 1Q18, following its Market Risk Management Policy, the Company did not have investments in the exchange rate fund, as the receivables related to the sale of Block BM-S-8 are US dollar denominated and therefore act as a hedge for future investments committed in the same currency. Therefore, the financial result of this quarter basically reflects financial income as CDI rate remuneration for private securities and remuneration of the SELIC rate variation for public securities.

- Net income in 1Q18 was R$159.1 million compared to R$42.8 million in 1Q17, reflecting higher operating income as well as receipt of the second payment from the sale of the Company's interest in Block BM-S-8. Excluding this one-time gain, net income would be R$62.0 million, while net margin would be 52.2%.

- Operating cash flow totaled R$203.7 million, compared to R$36.5 million in 1Q17.

Operating Costs (R$ million)

	1Q18	1Q17	Δ%	2017	2016	Δ%
Depreciation and amortization	15.4	13.0	18.2%	62.8	63.9	-1.7%
Production costs	15.8	20.5	-22.6%	72.6	80.7	-10.1%
Maintenance costs	3.2	10.9	-70.2%	35.4	38.8	-8.9%
Royalties	9.2	8.1	13.1%	39.0	36.6	6.4%
Special Participation	1.4	0.5	198.0%	6.2	5.6	10.2%
R&D	1.1	1.2	-9.4%	4.5	5.6	-20.4%
Other	0.5	1.6	-67.8%	7.4	9.5	-22.0%
TOTAL	**46.6**	**55.7**	**-16.3%**	**227.7**	**240.7**	**-5.4%**

Credits with Partners

Credits with partners refer to expenses incurred in E&P activities that are billed ("cash calls") or to be billed to non-operator partners in the respective consortiums or allocated by the Company's operator partners in the blocks not operated by QGEP.

Out of the R$131.8 million recorded on March 31, 2018, payments related to 40% of participating rights for Block BS-4 represent R$111.3 million. Included in this amount, R$77.7 million, accumulated during 2017, was due on March 31, 2018 and the remainder amount of R$20.5 million was related to other partners.

New cash calls related to the 40% participation rights in Block BS-4 were issued in April, 2018, totaling R$20.6 million, matured on May 2, 2018. As previously disclosed by the Company, and in light of Dommo's historical default in payment of its financial obligations to the consortium, in October 2017, Barra Energia exercised its rights to expel Dommo from the Block BS-4, under the exact terms of the Consortium documents. Dommo has disputed the validity of its explusion in arbitration proceedings before the London Court of Arbitration (LCIA).

Contributions made by QGEP Netherlands supporting OGX Netherlands B.V totaled R$19.6 million on March 31, 2018, an amount also due to QGEP.

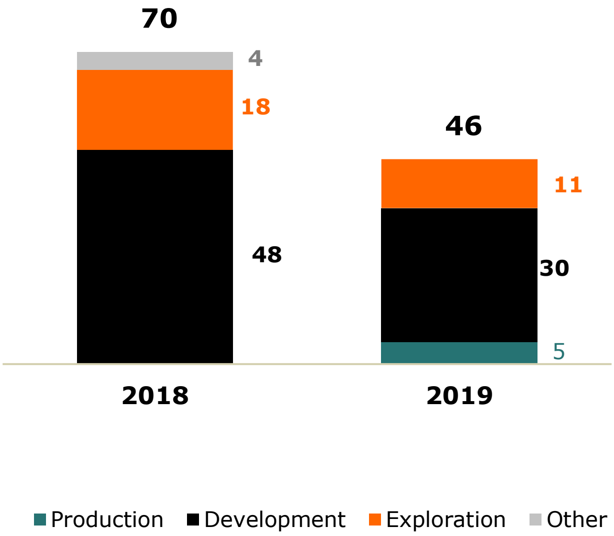
Capex and Other Exploratory Expenses

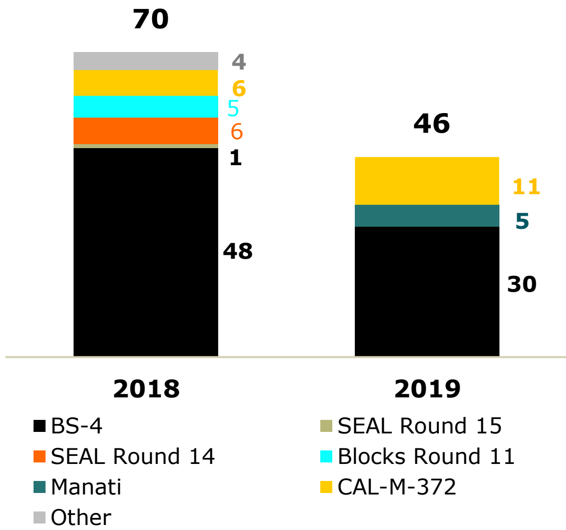
With steady cash flow generation from the Manati field, QGEP has been able to fund its required capital expenditures from internally generated funds. The investments are also being supported with funds received from the sale of BM-S-8 and the farm-out agreement. The Company maintains a cash position 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.

CAPEX in 1Q18 was US$20.1 million of which US$18.6 million were invested in the Atlanta Field. In the year, the Company estimates to invest the amount of US$70 million. This amount includes US$48 million for the Atlanta Field and US$17 million for exploration activities, US$6 million for activities in the Sergipe-Alagoas Basin and US$5 million for seismic acquisition for the blocks acquired in the ANP's 11th Bidding Round.

In 2019, QGEP has earmarked US$30 million for the development of the Definitive Production System, which is contemplated for the Atlanta Field, and corresponds to 65% of total capex planned for the year. The remaining funds correspond to the beginning of exploratory drilling in Block CAL-M-372.

CAPEX net for QGEP (US$ million)





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

As of March 31, 2018, QGEP had a cash balance of R$2.2 billion, up from R$1.4 billion on March 31, 2017. Currently, 100% of the Company's funds are invested in Brazilian real-denominated instruments. As of March 31, 2018 the average annual return of these investments was 99.5% of the CDI, and 65% of the funds had daily liquidity.

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, 2018, QGEP's total debt was R$316.4 million, compared to R$325.2 million at the end of 2017 and R$353.7 million in March 31, 2017, 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 March 31, 2018 was R$1.9 billion and reflects 62% of the proceeds from the sale transaction of the Block BM-S-8.

Investor Relations

QGEP Participações S.A.

Paula Costa Côrte-Real
CFO and Investor Relations Officer

Renata Amarante
Investor Relations Manager

Flávia Gorin
Investor Relations Coordinator

Av. Almirante Barroso, nº 52, sala 1301, Centro - Rio de Janeiro, RJ
CEP: 20031-918
Phone: 55 21 3509-5959
E-mail: ri@qgep.com.br
www.qgep.com.br/ri

About QGEP

QGEP Participações S.A. is Brazil's only independent oil and gas 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. For more information, access www.qgep.com.br/ir.

The consolidated financial information of the Company for the quarters ended March 31, 2018 and March 31, 2017 was prepared by the Company in accordance with IFRS as issued by IASB.

Anex I | Consolidated Financial Information (R$ Million)

	1Q18	1Q17	Δ%	2017	2016	Δ%
Net income	159.1	42.8	271.8%	357.4	152.9	133.7%
Amortization and depreciation	15.9	13.7	15.8%	65.6	67.1	-2.3%
Net financial revenue / expenses	(31.8)	(19.7)	61.5%	(92.3)	(46.5)	98.2%
Income tax and social contribution	63.4	9.5	n.a.	77.2	15.0	416.4%
EBITDA(1)	**206.5**	**46.4**	**345.6%**	**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)	**206.5**	**46.4**	**345.4%**	**407.9**	**188.3**	**116.6%**
EBITDA Margin(4)	173.9%	43.6%	299.1%	39.8%	56.1%	-29.1%
EBITDAX Margin(5)	173.9%	43.6%	298.9%	39.6%	59.8%	-33.7%
Net Debt(6)	(1,895.5)	(1,016.6)	86.4%	(1,724.6)	(977.9)	76.4%
Net Debt/EBITDAX	(3.3)	(6.8)	-50.9%	(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 | Balande Sheet

	1Q18	4Q17	Δ%
Assets			
Current Assets	**2,382.6**	**2,284.4**	**4.3%**
Cash and cash equivalents	42.6	18.8	126.4%
Investments	2,010.2	1,874.4	7.2%
Trade accounts receivable	97.0	128.5	-24.6%
Trade accounts receivable – rlated parties	20.2	20.0	0.9%
Credits with Partners	131.8	108.0	22.0%
Inventory	1.0	0.9	16.8%
Recoverable taxes and contribution	1.6	50.0	-96.7%
Assets for sale	70.0	70.0	0.0%
Other	8.2	13.7	-40.2%
Non-current Assets	**1,714.1**	**1,654.2**	**3.6%**
Restricted cash	168.5	158.3	6.5%
Investments	159.0	156.5	1.6%
Recoverable taxes	4.7	4.2	11.7%
Deferred income tax and social contribution	46.8	45.4	3.2%
Investments	143.1	143.4	-0.2%
Property, plant and equipment	778.9	735.2	5.9%
Intangible assets	412.1	410.2	0.5%
Other Non-current Assets	0.9	1.0	-9.3%
TOTAL ASSETS	**4,096.7**	**3,938.5**	**4.0%**
Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity	**312.7**	**316.0**	**-1.1%**
Current	131.5	111.6	17.8%
Providers	44.4	62.5	-28.8%
Taxes and contributions payable	8.4	8.3	0.1%
Remuneration and social obligations	3.1	3.1	1.1%
Payables- related parties	36.8	36.8	0.0%
Borrowings and Financing	10.5	12.4	-15.4%
Provision for research and development	0.0	0.0	n.a.
Advance to third parties	57.9	57.9	0.0%
Signature bonus	0.0	0.0	n.a.
Other	20.0	23.3	-14.4%
Non-current Liabilities	**507.1**	**512.4**	**-1.0%**
Borrowings and financing	279.5	288.4	-3.1%
Provision for abandonment	227.6	224.0	1.6%
Other trade accounts payable	0.0	0.0	n.a.
Shareholders' Equity	**3,277.0**	**3,110.1**	**5.4%**
Capital Stock	2,078.1	2,078.1	0.0%
Other comprehensive income	19.0	18.2	4.2%
Profit Reserve	1,043.7	1,043.7	0.0%
Capital Reserve	40.3	40.7	-1.0%
Treasury Shares	(63.2)	(70.6)	-10.5%
Net income for the period	159.1	0.0	n.a.
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,096.7**	**3,938.5**	**4.0%**

Annex III | Cash Flow

	1Q18	1Q17	Δ%	2017	2016	Δ%
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS						
Lucro líquido do período	**159.1**	**42.8**	**271.8%**	**357.4**	**152.9**	**133.7%**
Net income for the period						
Adjustments to reconcile net income to net cash provided by operating activities:	0.9	(0.0)	n.a.	1.8	(0.5)	-448.1%
Equity Method	0.5	(0.7)	-168.8%	(5.0)	13.2	-62.0%
Exchange variation over investment	15.9	13.7	15.8%	65.6	67.1	-2.3%
Amortization of the exploration and development expenditures	(1.4)	0.3	n.a.	(0.9)	1.1	-184.3%
Deferred income tax and social contribution	3.9	1.5	149.3%	7.8	15.9	-50.8%
Capitalized interests	2.1	0.0	n.a.	9.3	0.0	n.a.
Write-off	0.0	0.2	n.a.	0.2	87.8	-99.8%
Reduction of intangible – write off of signature bonus	0.0	0.0	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	(0.4)	0.9	-146.2%	(1.2)	4.0	-129.2%
Provision for income tax and social contribution	64.8	9.3	n.a.	78.3	13.8	466.0%
Provision for research and development	(1.9)	0.9	-319.0%	0.6	(3.8)	-114.7%
(Increase) decrease in operating assets:	**60.9**	**28.2**	**116.3%**	**(89.2)**	**(9.1)**	**n.a.**
Increase (decrease) in operating liabilities:	**(100.6)**	**(60.5)**	**66.4%**	**4.1**	**12.5**	**-66.8%**
Net cash inflows from operating activities	203.7	36.5	457.4%	428.8	328.5	30.5%
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash inflows from (used in) investing activities	(171.6)	(24.3)	n.a.	(355.4)	(414.1)	-14.2%
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash inflows from (used in) financing activities	(9.1)	(9.0)	0.5%	(74.8)	(50.7)	47.6%
Total exchange variation on cash and cash equivalents	0.8	(4.6)	-116.7%	2.5	(26.7)	-109.5%
Increase (decrease) in cash and cash equivalents	23.8	(1.3)	n.a.	1.1	(162.9)	-100.7%
Cash and cash equivalents at the beginning of the period	**18.8**	**17.7**	**6.1%**	**17.7**	**180.7**	**-90.2%**
Cash and cash equivalents at the end of the period	**42.6**	**16.4**	**159.5%**	**18.8**	**17.7**	**6.1%**
Increase (decrease) in cash and cash equivalents	**23.8**	**(1.3)**	**n.a.**	**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
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.

Contingent Resources 3C	High estimation of contingent resources to reflect a range of uncertainty typically assumes a 10% chance of success of reaching or exceeding estimates.
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.