

QGOG Constellation provides company update

Luxembourg, February 6, 2017 – QGOG Constellation S.A. ("QGOG Constellation" or the "Company") informs the market of the following recent developments:

1. Bradesco Facilities

In January, the Company renewed its working capital credit lines with Bradesco due in January and May 2017 which amount to an aggregate of US\$225 million of debt outstanding. The final maturity dates of both of these unsecured facilities were extended to July 2018 with amortization commencing in May 2017.

2. Guarantee of Alpha Star Facility

In accordance with the terms and conditions of the Alpha Star financing, in January, 2017 QGOG Constellation provided a parent guarantee of the Alpha Star balloon payment obligation. The parent guarantee was required to be provided not less than six months prior to the final maturity date of the Alpha Star project financing, unless the charter and services contract had been duly renewed on terms acceptable to the Alpha Star lenders.

3. Fleet Update

In January, the Company, through one of its subsidiaries, sold the Alaskan Star unit for scrap value, in view of the current market conditions. The decision was taken after 22 years of continuous and successful operations with the rig. The purchaser has confirmed that the recycling of the unit will be conducted in an environmentally responsible manner. The entire delivering process of the rig and its towing plan were approved by recognized certifying organizations, in accordance with international market standards.

In accordance with the terms and conditions of the indenture of the 5.25% senior secured notes due 2018, the mortgage over the Alaskan Star rig and other collateral in respect of Alaskan Star Ltd. was released after the charter contract with Petrobras expired in November, 2016, and this rig was sold free of any encumbrances.

About QGOG Constellation

QGOG Constellation is a market leading Brazilian-controlled provider of offshore and onshore oil and gas contract drilling and FPSO services in Brazil through its subsidiary Queiroz Galvão Óleo e Gás S.A. (QGOG). With continuous operations since 1981, QGOG has built an unmatched reputation for excellence in offshore and onshore drilling services, obtaining ISO 9001, ISO 14001 and OHSAS 18001 certification for its quality management, environmental and safety records and systems.

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