US$940,000,000

PERU LNG S.R.L.

(a limited liability company (Sociedad Comercial de Responsabilidad Limitada) under the laws of the Republic of Peru)

5.375% Senior Notes due 2030

We are offering US$940,000,000 aggregate principal amount of our 5.375% senior notes due 2030 (the "Notes"). Interest on the Notes will be payable semi-annually in arrears in U.S. dollars on March 22 and September 22 of each year, commencing on September 22, 2018. The Notes will mature on March 22, 2030. We will repay approximately 8.33% of the principal amount of the Notes on each March 22 and September 22 commencing on September 22, 2024. See "Description of the Notes—Principal and Interest." We may redeem the Notes, in whole or in part, at any time or from time to time by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date, as described herein (see "Description of the Notes—Optional Redemption—Make-Whole Redemption"), plus in each case accrued and unpaid interest on the principal amount of the Notes to be redeemed to, but excluding, the redemption date. If a change of control downgrade event as described in this offering memorandum under the heading "Description of the Notes—Change of Control" occurs, we may be required to offer to purchase the Notes from the holders.

The Notes will be our general senior unsecured obligations and will rank equally in right of payment with all our existing and future senior unsecured and unsubordinated indebtedness and senior to our existing and future indebtedness that by its terms is junior and subordinated in right of payment to the Notes.

We intend to use the proceeds from the sale of the Notes, together with cash on hand, to (i) pay the consent fees in the Consent Solicitation (as defined herein) and pay the early redemption option price with respect to our Local Bonds (as defined herein), (ii) repay our outstanding indebtedness under our bank credit facility and (iii) repay our outstanding interest rate swaps. See "Use of Proceeds" and "—Recent Developments—Our Liability Management Transaction."

There is currently no market for the Notes. Approval in-principle has been received for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the offering, our company or the Notes. The Notes will be traded in a minimum board lot size of US$200,000 (or its equivalent in foreign currencies) as long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. The SGX-ST is not a regulated market within the meaning of Directive 2004/39/EC. There can be no assurances that the Notes will be listed and quoted on the SGX-ST.

Investing in the Notes involves risk. See "Risk Factors" beginning on page 27 of this offering memorandum.

Price for Notes: 100.0% plus accrued interest, if any, from March 22, 2018

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Prospective purchasers that are "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("Rule 144A") ("QIBs") are hereby notified that the sellers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on transfers of the Notes, see "Plan of Distribution" and "Transfer Restrictions."

The Notes will not be subject to a public offering in Peru. The Notes and the information contained in this offering memorandum have not been and will not be registered with or approved by the Peruvian Superintendency of Securities (Superintendencia del Mercado de Valores, or the "SMV"), or the Lima Stock Exchange (Bolsa de Valores de Lima, or the "BVL"). Accordingly, the Notes cannot be offered or sold in Peru, except in compliance with the securities laws and regulations of Peru.

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme, ("Clearstream") on or about March 22, 2018.

Global Coordinator and Joint Bookrunner

BofA Merrill Lynch

Joint Bookrunners

Citigroup **Credicorp Capital** **J.P. Morgan**

The date of this offering memorandum is March 15, 2018.

Prospective purchasers should rely only on the information contained in this offering memorandum. No person has been authorized to provide prospective purchasers with different information. If anyone provides prospective purchasers with different or inconsistent information, prospective purchasers should not rely on it. None of PERU LNG S.R.L. or any of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credicorp Capital Sociedad Agente de Bolsa S.A., and J.P. Morgan Securities LLC (the "Initial Purchasers"), is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. PERU LNG S.R.L.'s business, financial condition, results of operations and prospects may have changed since that date. None of PERU LNG S.R.L. or any of the Initial Purchasers makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum after the date hereof.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "us," "we" and "our" refer to PERU LNG S.R.L. ("PERU LNG").

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We expect that delivery of the Notes will be made to investors on or about March 22, 2018, which will be the fifth business day following the time of sale (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in secondary markets generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to delivery of the Notes hereunder should consult their own advisor.

This offering memorandum has been prepared solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are not authorized to distribute this offering memorandum to any person other than a prospective purchaser and any person retained to advise such prospective purchaser with respect to a purchase. Each prospective purchaser, by accepting delivery of this offering memorandum, agrees to the foregoing stipulations.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. After having made all reasonable inquiries, we confirm that the information contained in this offering memorandum is true and correct in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, that there are no other facts the omission of which would make this offering memorandum as a whole misleading, and that we accept responsibility for this offering memorandum accordingly. This offering memorandum summarizes certain documents and other sources of information, and we refer prospective purchasers of the Notes to those sources for a more complete understanding of the information contained therein. Copies of certain documents referred to herein will be made available to prospective purchasers, free of charge, upon request to us.

By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. The Notes will bear a legend referring to such restrictions. See "Transfer Restrictions." As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of your investment in the Notes for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

There is currently no market for the Notes and there can be no assurance that one will develop or, if one develops, that it will continue. Approval in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

The Notes will be solely our obligations, and the holders of the Notes will have no recourse against our direct or indirect owners, including Peru LNG Company L.L.C. ("Peru LNG Company") or the Shareholders (as defined herein) and their affiliates, or against any of such owners' officers, directors, employees, members or managers with respect to our obligations under the Notes and the indenture governing the Notes (the "Indenture").

You hereby acknowledge that you have been afforded an opportunity to request from us, and have received, all information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, and that you have had the opportunity to review all the documents described herein.

In making an investment decision with respect to the Notes, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. You should not construe anything in this offering memorandum as legal, business, accounting, regulatory or tax advice. Before investing in the Notes, you should consult with your own business, legal, accounting, regulatory and tax advisors to determine the appropriateness and consequences of an investment in the Notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or our company.

If your investment authority is subject to legal restrictions you should consult your legal advisors to determine whether and to what extent the Notes constitute legal investments for you. Neither we nor any of the Initial Purchasers are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the Initial Purchasers will have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities commission nor any other regulatory authority in the United States has approved or disapproved the Notes nor has any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes will not be registered under the Securities Act or any state securities laws in the United States. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold in the United States only to QIBs in accordance with Rule 144A and outside the United States to non-U.S. persons in accordance with Regulation S. Prospective purchasers of the Notes in the United States that are QIBs are hereby notified that we may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Credicorp Capital Sociedad Agente de Bolsa S.A. ("Credicorp Capital") is not a broker-dealer registered with the SEC, and therefore may not make sales of any securities in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. Credicorp Capital will not make offers or effect sales of the Notes in the United States or to U.S. persons. Credicorp Capital will only make offers and sales of the Notes outside of the United States to non-U.S. persons.

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with different information. Neither we nor any of the Initial Purchasers are making an offer of the Notes in any jurisdiction where such offer is not permitted.

The Initial Purchasers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or future.

NOTICE TO RESIDENTS OF PERU

THE NOTES WILL NOT BE SUBJECT TO A PUBLIC OFFERING IN PERU. THE NOTES AND THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE SMV OR THE BVL.

PERUVIAN SECURITIES LAWS AND REGULATIONS ON PUBLIC OFFERINGS WILL NOT BE APPLICABLE TO THE OFFERING OF THE NOTES, AND THEREFORE THE DISCLOSURE OBLIGATIONS SET FORTH THEREIN WILL NOT BE APPLICABLE TO US, THE INITIAL PURCHASERS OR ANY OTHER SELLERS OF THE NOTES BEFORE OR AFTER THEIR ACQUISITION BY PROSPECTIVE INVESTORS. THIS OFFERING MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE NOTES ARE BEING SUPPLIED TO THOSE PERUVIAN INVESTORS WHO HAVE EXPRESSLY REQUESTED THEM. SUCH MATERIALS MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE INTENDED RECIPIENTS. ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF (I) SUCH NOTES WERE PREVIOUSLY REGISTERED WITH THE SMV, OR (II) SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE PERUVIAN SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN SECURITIES LAWS ESTABLISH, AMONG OTHER THINGS, THAT AN OFFER DIRECTED EXCLUSIVELY TO PERUVIAN INSTITUTIONAL INVESTORS (AS DEFINED BY PERUVIAN LAW) QUALIFIES AS A PRIVATE OFFERING. IN MAKING AN INVESTMENT DECISION, INSTITUTIONAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING OF THE NOTES TO DETERMINE THEIR ABILITY TO INVEST IN THE NOTES.

NO OFFER OR INVITATION TO SUBSCRIBE FOR OR SELL THE NOTES OR BENEFICIAL INTERESTS THEREIN CAN BE MADE IN THE REPUBLIC OF PERU EXCEPT IN COMPLIANCE WITH THE PERUVIAN SECURITIES LAWS.

ENFORCEMENT OF FOREIGN JUDGMENTS

We are a limited liability company (s*ociedad comercial de responsabilidad limitada*) organized and existing under the laws of Peru and substantially all of our assets are located outside the United States. In addition, all of our senior management and certain other persons named in this offering memorandum reside outside the United States and all or a significant portion of their assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon such persons or to enforce against them or our company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

We have been advised by our Peruvian counsel, DLA Piper Pizarro Botto Escobar, that any final and conclusive judgment for a fixed and final sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the Notes that are governed by New York law will, upon request, be deemed valid and enforceable in Peru through an *exequatur* judiciary proceeding before Peruvian courts (which does not involve the reopening of the case), provided that: (1) there is a treaty in effect between the country where such foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (2) in the absence of such a treaty, the original judgment is ratified by the Peruvian Courts (*Cortes de la República del Perú*); provided that the following conditions and requirements are met:

(i) the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this offering memorandum or the Notes are not matters under the exclusive jurisdiction of Peruvian courts);

(ii) such court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;

(iii) we received service of process in accordance with the laws of the place where the proceeding took place, were granted a reasonable opportunity to appear before such foreign court and were guaranteed due process rights;

(iv) the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;

(v) no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;

(vi) the judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;

(vii) the judgment is not contrary to Peruvian public policy (*orden público*) or good morals;

(viii) it is not proven that such foreign court has denied enforcement of Peruvian judgments or has engaged in a review of the merits thereof;

(ix) such judgment has been (a) duly apostilled by the competent authority of the jurisdiction of the issuing court, in case of jurisdictions that are party to The Hague Apostille Convention, or (b) certified by Peruvian consular authorities, in case of jurisdictions that are not party to The Hague Apostille Convention, and is accompanied by a certified and officially translated copy of such judgment into Spanish; and

(x) the applicable court taxes or fees have been paid.

We have no reason to believe that any of our obligations relating to the Notes would be contrary to Peruvian public policy (*orden público*), good morals and international treaties binding upon Peru or generally accepted principles of international law.

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters with Peru. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against our company or such persons could be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru. In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity.

We will appoint CT Corporation System at 111 Eighth Avenue, 13th Floor, New York, NY 10011, as agent to receive service of process under the Indenture, including with respect to any action brought against us in the Supreme Court of the State of New York in the County of New York or the United States District Court for the Southern District of New York under the federal securities laws of the United States.

AVAILABLE INFORMATION

We will make available to the prospective holders of Notes at our offices, free of charge, copies of the Indenture, the certificate of existence (*Certificado de Vigencia de Persona Jurídica*) of PERU LNG granted by the Corporations Public Registry of Lima, our by-laws (*estatutos sociales*) (the "By-laws") and certain other agreements and documents referred to in this offering memorandum, as well as the audited financial statements described under "Presentation of Financial and Other Information."

We will furnish, upon prior written request of any registered owner of a Note, or holder of a Note, or beneficial owner of a Note, or Note owner, such information as is specified in paragraph (d)(4) of Rule 144A: (a) to such holder of a Note or Note owner, (b) to a prospective purchaser of such Note (or beneficial interest therein) who is a QIB designated by such holder of a Note or Note owner or (c) to the trustee for delivery to such holder of a Note or Note owner, in each case in order to permit compliance by such holder of a Note or Note owner with Rule 144A in connection with the resale of such Note (or a beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, (1) we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or (2) we qualify for the exemption to Rule 12g3-2(b) under the Exchange Act.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements within the meaning of the U.S. securities laws. Forward-looking statements include statements preceded by, followed by or that include expressions such as "believe," "expect," "intend," "plan," "project," "estimate" or "anticipate" and similar expressions. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made in light of information currently available to us. Forward-looking statements include, among others, statements regarding our intent, belief or current expectations, as well as those of senior management with respect to, but not limited to:

- our strategy, plans, objectives and goals;
- our ability to realize the benefits of our capital expenditures and other investments;
- our future operating income, profit (loss) for the year, financial position, cash flows, capital expenditures, dividends or other distributions, capital structure or other financial items or ratios;
- future growth and development of the natural gas and liquefied natural gas ("LNG") industry;
- expected demand for LNG worldwide;
- our future economic performance or that of Peru, the United States and other markets, including emerging markets, that, directly or indirectly, can have an influence over our performance;
- assumptions underlying any such statements; and
- other statements contained in this offering memorandum regarding matters that are not historical facts.

Such forward-looking statements include expectations with respect to our business following the completion of the offering and speak only as of the date of this offering memorandum.

Neither we nor any of the Initial Purchasers can assure prospective purchasers of the Notes that these forward-looking statements, estimates, assumptions or intentions will prove to be correct or that the information, interpretations and understandings on which they are based will prove to be valid. The actual results of our forward-looking statements, estimates, assumptions or intentions may depend on factors beyond our control.

Neither we nor any of the Initial Purchasers undertake any obligation to publicly release any revisions to such forward-looking statements after completion of this offering to reflect later events or circumstances or to reflect the occurrence of unanticipated events even if new information, future events or other circumstances have made them incorrect or misleading. In light of the risks and uncertainties underlying the forward-looking statements, there can be no assurance that the events described or implied in the forward-looking statements contained in this offering memorandum will in fact transpire. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we or the Initial Purchasers may issue or make in the future.

You should understand that the following important factors, in addition to those discussed in the sections of this offering memorandum, including those entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Business" could affect our future results and could cause results to differ materially from those expressed in such forward-looking statements:

- our dependence on actions of third parties and on other factors beyond our control for part of the success of our business;
- our dependence on the LNG Plant (as defined herein) and our sole customer to generate substantially all of our revenues;
- the impact of operational hazards and uninsured risks on our operations;
- our dependence on the availability and continuous supply of natural gas reserves in Peru;
- the high concentration of our natural gas suppliers and the potential failure by one or more of our suppliers to perform under their respective contracts or our failure to renew such contracts at competitive prices;
- the availability of and our access to the TGP Gas Pipeline (as defined herein) which transports natural gas to the LNG Plant;
- our dependence on our material agreements, including our LNG sale and purchase agreement and our gas supply agreements and transportation agreement, and the possible termination of such agreements;
- our inability to produce LNG in the event of a breakdown or other failure of the LNG Plant and our ability to meet our contractual obligations with our customer in such event;
- current or future litigation or regulatory proceedings;
- cyclical or other changes in the demand for and the international market price of LNG and natural gas that may materially adversely affect our LNG business and the performance of our customer;
- our level of insurance and the availability of insurance coverage in the future;

- our lack of ownership of the land on which our pipeline is located;
- the potential contrary interests of our Shareholders (as defined herein) and the potential conflicts of interest in the transactions that we have entered into with affiliates or other related parties;
- our dependence on key members of our management team and our Shareholders;
- changes in general economic, business or political or other conditions in Peru; and
- other factors discussed under the heading "Risk Factors."

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise specified, references herein to "U.S. dollars," "dollars," "$" or "US$" are to United States dollars, the legal currency of the United States, and references to "*soles*" or "S/" are to Peruvian *soles*, the legal currency of Peru. We maintain our books and records in U.S. dollars, our functional and presentation currency.

PERU LNG Financial Statements

This offering memorandum includes our audited financial statements as of December 31, 2017, 2016 and 2015 and for each of the years ended December 31, 2017, 2016 and 2015 (the "PERU LNG Financial Statements"). We have prepared the PERU LNG Financial Statements in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").

Our financial information should be read in conjunction with the PERU LNG Financial Statements and related notes thereto included elsewhere in this offering memorandum.

Market and Other Statistical Information

We obtained the information contained in this offering memorandum regarding the Peruvian natural gas industry and our participation in such industry from established public sources, such as government agencies, including the Peruvian Ministry of Energy and Mines (*Ministerio de Energía y Minas*, or "MEM"), and the Peruvian Supervisory Body of Energy and Mining Investment (*Organismo Supervisor de la Inversíon en Energía y Minería*, or "OSINERGMIN"), among others. We obtained some of the statistical information and data related to our business from government or natural gas entities and from general publications. We have not independently verified such information and data and, therefore, neither we nor the Initial Purchasers can assure you that such information is accurate or complete.

Rounding

Certain rounding adjustments have been made in calculating some of the figures included in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not agree precisely with the figures that preceded them.

SPECIAL NOTE REGARDING NON-IFRS FINANCIAL MEASURES

In this offering memorandum, we present EBITDA, Net Debt, EBITDA Margin and a ratio of Net Debt to EBITDA, each of which is a non-IFRS financial measure. We define EBITDA as net loss before net interest expense, income tax, depreciation and amortization. We define Net Debt as total long-term debt and corporate bonds (current and non-current portion) less cash and cash equivalents, and other financial assets. We compute EBITDA Margin by dividing EBITDA by revenues. We compute the Net Debt to EBITDA ratio by dividing Net Debt by EBITDA. See "Summary—Summary Financial and Operating Data" for a reconciliation of these non-IFRS measures. The non-IFRS financial measures described in this offering memorandum are not a substitute for the IFRS measures of earnings or liquidity, for which our management has responsibility.

A non-IFRS financial measure does not have a standardized meaning prescribed by IFRS. Each of these measures is an important measure used by our management to assess our financial and operating performance. We use the Net Debt to EBITDA ratio as a supplementary indicator to assist in the management of our leverage, and also to support the assessment of our liquidity. Our management believes that securities analysts, investors and other interested parties frequently use EBITDA and Net Debt or similarly titled measures in the evaluation of us and our competitors, many of which present EBITDA and Net Debt or similarly titled measures when preparing their results. Accordingly, we believe that disclosure of EBITDA and Net Debt provides useful information to investors and financial analysts in their review of our operating performance and liquidity and their comparison of our operating performance and liquidity to the operating performance and liquidity of other companies in the same industry and other industries. EBITDA and Net Debt are also widely used benchmarks in the investment community. EBITDA and Net Debt have important limitations as analytical tools, and you should not consider them in isolation, as indicative of the cash available to us to make payments under the Notes or as a substitute for analysis of our results as reported under IFRS. In addition, because other companies may calculate EBITDA and Net Debt differently than we do, EBITDA and Net Debt may not be comparable to similarly titled measures reported by other companies.

GLOSSARY OF TERMS

ANA	The National Water Authority (*Autoridad Nacional del Agua*) of Peru.
Block 56	The Block 56 contract area is located within the area known as Camisea, in the Ucayali basin, Department of Cusco, about 500 km east of Lima, in Peru's southern jungle, over which Perupetro has granted Block 56 Upstream Consortium a license contract for the exploration and exploitation of hydrocarbons.
Block 57	The Kinteroni and Sagari fields of the Block 57 contract area is located adjacent to the area known as Camisea in the Ucayali basin, Department of Cusco, about 500 km east of Lima, in Peru's southern jungle, over which Perupetro has granted a license for the exploration and exploitation of hydrocarbons, the current holders of which comprise the Block 57 Upstream Consortium.
Block 88	The Block 88 contract area is located within the area known as Camisea, in the Ucayali basin, Department of Cusco, about 500 km east of Lima, in Peru's southern jungle, over which Perupetro has granted Block 88 Upstream Consortium a license contract for the exploration and exploitation of hydrocarbons.
Block 56 Upstream Consortium	A consortium comprised of Pluspetrol Perú Corporation S.A., Pluspetrol Lote 56 S.A., Hunt Oil Company of Perú L.L.C., Sucursal del Perú (25.2% interest), SK Innovation, Sucursal Peruana (17.6% interest), Tecpetrol Bloque 56 S.A.C., Repsol Exploración Perú, Sucursal del Perú and Sonatrach Perú Corporation S.A.C.
Block 57 Upstream Consortium	A consortium comprised of Repsol Exploración Perú, Sucursal del Perú and China National Petroleum Corporation.
Block 88 Upstream Consortium	A consortium comprised of Pluspetrol Peru Corporation S.A., Pluspetrol Camisea S.A., Hunt Oil Company of Perú L.L.C., Sucursal del Perú (25.2% interest), SK Innovation, Sucursal Peruana (17.6% interest), Tecpetrol del Perú S.A.C., Repsol Exploración Perú, Sucursal del Perú and Sonatrach Perú Corporation S.A.C.
Btu	British thermal units.
Camisea Fields	The Camisea gas fields, consisting of Block 56 and Block 88.
Feed Gas	Natural gas received and measured at the LNG Plant.
GDP	Gross domestic product.
GW	Gigawatt.

Henry Hub	The pricing marker (in US$/MMBtu) as published by Platts Energy Trader's "Gas Daily" Daily Price Survey for Louisiana-Onshore South; provided, that when referring to the contract sales price received by PERU LNG pursuant to the LNG SPA (as defined herein), "Henry Hub" shall mean the average New York Mercantile Exchange Henry Hub index price for the last three trading days in a delivery month pursuant to the LNG SPA.
ISO 9001	Globally accepted standard developed by the International Organization for Standardization for the quality management of systems.
JKM	The pricing marker (in US$/MMBtu) as published by Platts Energy Trader's "LNG Daily" Daily LNG Markers—DES Japan/Korea Marker (JKM) (first line).
km	Kilometers.
kWh	Kilowatt per hour.
LNG	Liquefied natural gas.
m3	Cubic meters.
MEM	The Peruvian Ministry of Energy and Mines (*Ministerio de Energía y Minas*).
Members	The entities holding membership interests in Peru LNG Company, consisting of Camisea LNG (Holding) Company, Peru Hunt LNG Funding Company, SK Innovation Co., Ltd., LNG Shipping Operation Services Limited B.V. and Marubeni LNG Development B.V.
MINAGRI	The Peruvian Ministry of Agriculture and Irrigation (*Ministerio de Agricultura y Riego*).
MMcf	Million cubic feet.
MMcf/d	Million cubic feet per day.
MMBtu	Million British thermal units.
MTPA	Million tonnes per year.
NBP	The pricing marker (in US$/MMBtu) as published by Platts Energy Trader's "European Gas Daily" Daily Price Survey for UK NBP—Day Ahead.
OECD	Organization for Economic Cooperation and Development.
OEFA	The Peruvian Environmental Evaluation and Fiscalization Agency (*Organismo de Evaluación y Fiscalización Ambiental*).
OSINERGMIN	The Peruvian Supervisory Body of Energy and Mining Investment (*Organismo Supervisor de la Inversión en Energía y Minería*).
Perupetro	Perupetro S.A.

PERU LNG	PERU LNG S.R.L.
Peru LNG Company	Peru LNG Company L.L.C., a Delaware limited liability company, which holds 99.5% of our participations.
TBtu	Trillion British thermal units.
Tcf	Trillion cubic feet.
TGP	Transportadora de Gas del Perú S.A.
TGP Pipeline System	Collectively, the TGP Gas Pipeline and TGP Liquids Pipeline.
TGP Gas Pipeline	The natural gas transportation pipeline system owned by TGP transporting natural gas from the Malvinas separation plant, which is part of the Upstream Facilities, near Blocks 56, 57 and 88, to the PLNG Pipeline.
TGP Liquids Pipeline	The natural gas liquids transportation pipeline system owned by TGP transporting natural gas liquids from the Malvinas separation plant, which is part of the Upstream Facilities, near Blocks 56, 57 and 88, to a liquids fractionation plant near the coast in the province of Pisco, Peru.
toe	Tonne of oil equivalent.
Upstream Facilities	Comprises the facilities for the extraction, separation, fractionation, transportation, commercialization and distribution of natural gas and natural gas liquids from the gas-producing blocks located in the area known as Camisea in Peru's southern jungle, which includes Block 56 and Block 88, as well as the facilities for separation, fractionation, transportation, commercialization and distribution of natural gas and natural gas liquids from Block 57.

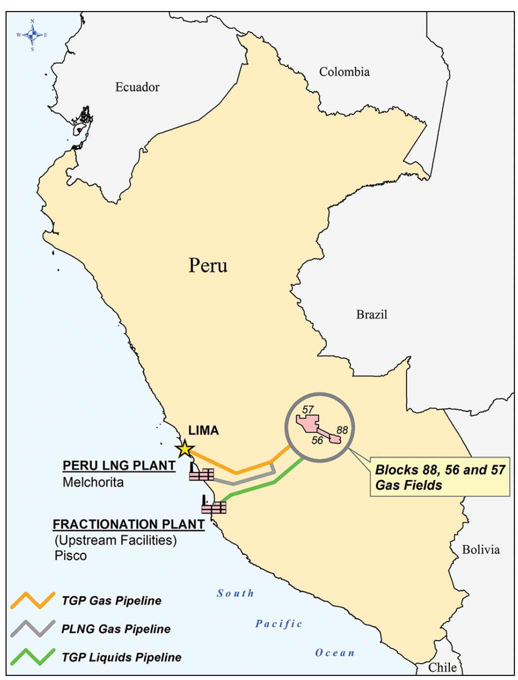
SUMMARY

This summary highlights selected information contained elsewhere in this offering memorandum regarding our business and this offering. It is not complete and does not contain all the information that you may consider important in making your investment decision. Therefore, you should read the entire offering memorandum carefully, including in particular the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the PERU LNG Financial Statements and the related notes thereto appearing elsewhere in this offering memorandum.

Overview of PERU LNG

PERU LNG is the owner and operator of the first natural gas liquefaction plant in South America, and currently the only such plant on the Pacific Coast of South America. We were formed in 2003 to source natural gas from the Camisea Fields at a cost of US$3,800 million, of which the issued capital stock contributed by our equity holders was US$1,461.4 million as of December 31, 2017.

We own, operate and maintain a 408 km (254 mile), high-pressure 34-inch natural gas pipeline (the "PLNG Pipeline") that connects the TGP Gas Pipeline to our 4.45 MTPA capacity liquefaction facility in Peru (the "LNG Plant"), including a related marine terminal used for the export of LNG. We are currently the sole exporter of LNG in Peru. In addition, we own a truck terminal, expected to start operations in the first quarter of 2018, that will load LNG for local distribution to clients in Peru. For the year ended December 31, 2017, we produced and sold a total volume of approximately 213.9 TBtu of LNG. For the year ended December 31, 2017, we had total revenues, net loss and EBITDA of US$685.8 million, US$(2.3) million and US$206.6 million, respectively. Our revenues and EBITDA represented a 36.9% and 27.8% increase year-over-year, respectively, and the net loss represented a 94.5% decrease year-over-year. We derive all of our revenues and profits from our assets in Peru. We delivered the first LNG cargo to our off-taker on June 22, 2010. Below is a map detailing the location of our assets:



The LNG Plant is located at Pampa Melchorita on the Pacific Coast, and is supplied with natural gas from the Camisea Fields and indirectly from Block 57. The Camisea Fields comprise one of the largest energy developments in Peru in terms of capital invested. The natural gas is supplied under two 18-year "deliver-or-pay" natural gas purchase agreements (the "Gas Supply Agreements") with the Block 56 Upstream Consortium and Block 88 Upstream Consortium, respectively. Such natural gas is transported from the Upstream Facilities through the TGP Gas Pipeline, which has a carrying capacity of 1,290 MMcf/d, to the PLNG Pipeline, which connects to the TGP Gas Pipeline at km 211 of the TGP Gas Pipeline. The natural gas is then transported to the LNG Plant.

We liquefy the natural gas into LNG at the LNG Plant, which we sell pursuant to a long-term LNG sale and purchase agreement (the "LNG SPA") with Shell International Trading Middle East Limited ("Shell"). Shell acquired the interest of Repsol Comercializadora de Gas S.A. ("RCOM"), our previous off-taker, in December 2013. Pursuant to the LNG SPA, we have committed to sell 218 TBtu per year of LNG to Shell, who has committed to "take-or-pay" this annual volume (95% of total capacity) until October 31, 2028 subject to certain *force majeure* and other adjustment provisions. As of December 31, 2017, we had delivered an aggregate of 1,559.9 TBtu of LNG under the LNG SPA. When our LNG SPA with Shell expires, we believe that we will be able to extend or enter into a new off-take arrangement for LNG volumes produced at the LNG Plant given forecasts for future LNG demand.

Peru LNG Company holds 99.5% of our participations, and Peru LNG Partner Company L.L.C., a Delaware limited liability company and a wholly owned subsidiary of Peru LNG Company, holds 0.5% of our participations, in accordance with Peruvian regulations. Peru LNG Company is owned directly or indirectly by the following entities: Hunt Oil Company ("HOC") (with a 50% interest), Shell Gas B.V. ("Shell Parent") (with a 20% interest), SK Innovation Co., Ltd. ("SK") (with a 20% interest) and Marubeni Corporation ("Marubeni," and together with affiliates of HOC, Shell Parent and SK, the "Shareholders") (with a 10% interest). See "Our Shareholders." We are operated by Hunt LNG Operating Company S.A.C. ("Hunt LNG"), a Peruvian company and wholly owned subsidiary of HOC.

Our Facilities

Our facilities consist of the LNG Plant, as well as the PLNG Pipeline, port terminal and the recently-constructed truck loading facility (the "PLNG TLF"). The LNG Plant and the PLNG Pipeline were completed in 2010 at a cost of US$3,800 million. The PLNG TLF investment as of December 31, 2017, was approximately US$16 million. At the time of their construction, the LNG Plant and PLNG Pipeline represented the largest private infrastructure project investment in Peruvian history.

The LNG Plant

The LNG Plant is the first and only liquefaction plant in South America producing LNG for export to foreign markets and is supplied with natural gas directly from the Camisea Fields and, since 2014, indirectly from Block 57. The LNG plant is located at Pampa Melchorita on the Pacific coast of Peru, approximately 167 km (104 miles) south of Lima on the Southern Pan-American Highway. It was constructed on 521 hectares of land, which we acquired from the MINAGRI in 2005. The LNG Plant contains a single LNG train that transforms natural gas into a liquid state to facilitate transport. With an installed, certified nameplate capacity of 4.45 MTPA, the LNG Plant is capable of processing the committed supply of Feed Gas of 670,000 MMBtu of natural gas per day, providing us with the capability to comply with our contractual commitments under the LNG SPA to annually supply 218 TBtu of LNG.

The LNG Plant generates its own electricity, and has three generators, one control center, offices, warehouses, workshops, training facilities and living quarters. The average historical performance efficiency (which is defined as total LNG produced over total Feed Gas utilized) of the plant during 2011 to 2017 was 92%, with the 2017 efficiency being 91.8%.

The PLNG Pipeline

The PLNG Pipeline is a 408 km (254 mile), high-pressure gas pipeline that is 34 inches (86.4 cm) in diameter and has a carrying capacity of 1,290 MMcf/d of dry natural gas. It runs from the TGP Gas Pipeline, at approximately km 211 in the community of Chiquintirca, Ayacucho Region, in the central highlands of Peru, to Pampa Melchorita on the Peruvian coast, where the LNG Plant is located. The pipeline traverses some of the world's most diverse geography, including mountains and ravines, numerous river crossings and Peru's coastal desert. The PLNG Pipeline starts at an elevation of approximately 10,000 feet (3,048 meters), reaches an altitude of approximately 16,000 feet (4,877 meters) crossing the Andes Mountains, and then drops to the coastal plain. The PLNG Pipeline is buried for the entirety of its route, except for where surface facilities are located.

We entered into a capacity use agreement in 2009 (the "Capacity Use Agreement") with TGP, whereby TGP was granted the right to offer transportation services on the PLNG Pipeline to third parties utilizing up to a maximum transportation capacity of 550 MMcf/d in exchange for a flat monthly fee of US$222,533. At present, the PLNG Pipeline does not provide transportation services directly to any third parties.

During 2016, the capacity of the PLNG Pipeline was increased from 860 MMcf/d to 1,290 MMcf/d due to TGP's commission of new compression facilities. The increased capacity provides us with excess capacity and flexibility in the pipeline system. During 2017, 218,116 MMcf of natural gas went to the LNG Plant under the Capacity Use Agreement, representing US$2.7 million in revenues.

Our Port Terminal

Our port terminal includes an 800 meter breakwater built parallel to the shoreline, located 350 meters from the loading jetty; a 1,400 meter trestle jetty with an LNG loading platform at the end; a berth for methane tankers consisting of four dolphins (platform structures that extend above the water level and are not connected to the shore) fitted with fenders and six further dolphins holding the mooring bollards. Our port terminal can accept vessels from 90,000 m^3 to 173,000 m^3, and also has access channels from the south and north, a tug berth and other installations necessary for dispatching LNG.

Our port terminal loaded the first LNG cargo on June 22, 2010, and was awarded ISO 9001 certifications in 2012 and 2015 for the quality management of our LNG shipping systems and the provision of basic port services such as berthing, unberthing, pilotage and towage. This certification was granted by the internationally renowned classification agency Société Générale Surveillance. We also received a Maritime Award of the Americas in 2016, granted by the Organization of American States ("OAS") in recognition of our practices in the maritime and ports industries in the region, showing sustainability, efficiency and innovation.

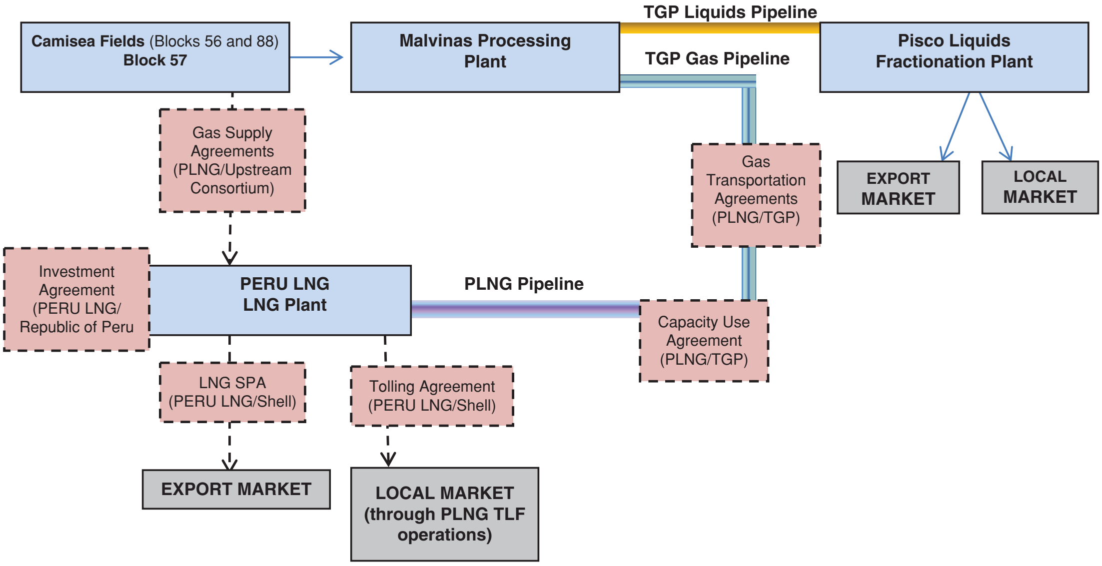
The table below shows the historical performance of the port terminal:

	2010	2011	2012	2013	2014	2015	2016	2017	Total
Total LNG Loaded (TBtu)	83.8	209.1	203.6	222.4	214.4	187.8	225.0	213.8	**1,559.9**
Number of Vessels	23	55	53	57	60	56	70	64	**438**

Our Truck Loading Facility

In October 2015, we entered into the LNG Tolling Agreement (the "Tolling Agreement") with Shell GNL Peru S.A.C. ("Shell GNL"), a wholly owned subsidiary of Royal Dutch Shell Plc group ("RDS"), pursuant to which we agreed to receive natural gas purchased by Shell GNL from the Block 88 Upstream Consortium, process it at the LNG Plant, and load the resulting LNG at the PLNG TLF onto trucks owned and operated by Shell GNL's clients. Such processed natural gas is subsequently distributed to the Peruvian local markets. Operations for this project are expected to start by the end of the first quarter of 2018, and the construction of the PLNG TLF has already been completed. The maximum throughput of the LNG Plant used pursuant to the Tolling Agreement in connection with the PLNG TLF is 19.2 MMcf/d.

The following diagram depicts our facilities and the related material agreements:



Key Operational Agreements

Gas Supply Agreements

In 2006, we entered into a Gas Supply Agreement with each of the Block 56 Upstream Consortium and the Block 88 Upstream Consortium to supply us with natural gas on a take-or-pay and deliver-or-pay basis for 244.6 TBtu per year.

In 2014, as a part of the Peruvian Government's desire to re-allocate Block 88 natural gas volumes to the Peruvian market, the Gas Supply Agreements were amended and restated to provide that our primary dedicated sources of gas supply for exports would be Block 56 and Block 57. The revised Gas Supply Agreement with the Block 56 Upstream Consortium provides that natural gas purchased by the Block 56 Upstream Consortium from the owners of Block 57 (which purchases are pursuant to a gas supply agreement to which we are not a party and includes all reserves produced from the Kinteroni and Sagari fields within Block 57) are dedicated to us on the same terms and conditions as the Block 56 natural gas, including take-or-pay and deliver-or-pay penalties. Further, the Gas Supply Agreement with the Block 88 Upstream Consortium was revised to provide that Block 88 natural gas would only be sold to us as needed to meet our domestic consumption needs, such as fuel gas and losses arising from natural gas transportation and LNG production, but not for exports. The natural gas from Blocks 56, 57 and 88 committed to us under the Gas Supply Agreements represents a combined total of 4.2 Tcf. The Gas Supply Agreement related to Block 56, as well as the agreement between the Block 56 Upstream Consortium and the owners of Block 57 related to the Block 57 natural gas supply, expire on the earlier of (a) June 30, 2028, or (b) upon delivery of 4.2 Tcf of natural gas less any volumes delivered under the Gas Supply Agreement related to Block 88. The Gas Supply Agreement related to Block 88 expires on the earlier of (a) June 30, 2028 or (b) upon delivery of 0.33 Tcf of natural gas. Based on current volumes and projections, we expect these agreements to expire on June 30, 2028. In the event that the Gas Supply Agreements expire before the LNG SPA, we believe that we will be able to purchase natural gas from other sources at economical prices for the duration of the term of the LNG SPA.

The price of natural gas under each of the Gas Supply Agreements is based on a consistent pricing formula. Invoicing is performed on a monthly basis, but pricing is bifurcated between the two fortnights in a given month and allocated to LNG cargo loaded during such period. The contract price for both Gas Supply Agreements is calculated based on (a) the quantity of natural gas delivered to us in a given fortnight and (b) a contract price per MMBtu, which is indexed to the publicly available price of natural gas in the destination to which the LNG will be delivered. For LNG deliveries to (i) Mexico and the U.S. Gulf of Mexico the index price is Henry Hub, (ii) Europe the index price is NBP or a related price, (iii) Asia the index price is JKM, and (iv) other markets the index price is agreed from time to time. For additional information regarding the Gas Supply Agreements, see "Business—Material Agreements—Gas Supply Agreements."

Gas Transportation Agreement

In June 2007, we entered into the Service Contract for the Firm Transport of Natural Gas (the "Gas Transportation Agreement") with TGP. Under the Gas Transportation Agreement, TGP transports natural gas on the TGP Gas Pipeline from the Malvinas separation plant, which is part of the Upstream Facilities, to the interconnection of the TGP Gas Pipeline with the PLNG Pipeline. The contract will remain in effect until December 28, 2033, subject to our right to terminate the Gas Transportation Agreement or reduce the reserved capacity after March 1, 2028 upon three years advance notice. The firm transportation daily reserved capacity is 620 MMcf/d, and we have the right to an additional interruptible capacity in the amount up to 125 MMcf/d. The tariff under the Gas Transportation Agreement ranges from US$0.29 to US$0.48 per thousand cubic feet of natural gas depending upon the Henry Hub. For additional information regarding the Gas Transportation Agreement, see "Business—Material Agreements—Gas Transportation Agreement."

LNG Sales and Purchase Agreement

We originally entered into the LNG SPA with RCOM in 2005. In December 2013, RCOM assigned its interest in the LNG SPA to Shell. Pursuant to the LNG SPA, we have committed to sell to Shell 218 TBtu per year of LNG for a period of 18 years on a free on board ("FOB") basis. Pursuant to the LNG SPA, Shell has complete flexibility with respect to the delivery destination of the LNG cargoes. The LNG SPA contains two pricing formulas: one for cargoes delivered to destinations priced at Henry Hub and a second for cargoes delivered to non-Henry Hub markets (usually NBP and JKM). The LNG SPA includes both take-or-pay and deliver-or-pay penalties, with certain limited exceptions.

In addition, the LNG SPA provides a quarterly mechanism through which we can request the difference between the sales price according to the LNG SPA and a threshold (up to $2.25/MMBtu), with the difference then multiplied by the amount of the LNG delivered in the previous quarter. The maximum amount we may request pursuant to this provision is US$110.0 million, which is currently fully drawn. This mechanism effectively provides us with price support in low price environments. The determination of how this amount is repaid also depends on the price received by Shell pursuant to the LNG SPA in future quarters.

While the existing LNG SPA is set to expire in October 2028, we anticipate our operations will continue past such date, as continued demand for LNG is expected. As noted above, we also anticipate the natural gas supply to fulfill such post-2028 volumes will be available to us. For additional information regarding the LNG SPA, see "Business—Material Agreements—LNG Sales and Purchase Agreement."

Investment Agreement

On January 12, 2006, we entered into the Agreement for the Installation, Operation and Maintenance of a Natural Gas Processing Plant (the "Investment Agreement") with the Peruvian Government with respect to the LNG Plant. Under the terms of the Investment Agreement, we have the right to freely conduct commercial activities with the LNG produced in the LNG Plant, including the ability to export LNG, which is exempted from all export duties. Further, the Investment Agreement provides us with tax stability, as we are only subject to the tax regime applicable as of the date of signing the Investment Agreement. The Investment Agreement expires on January 12, 2046. The Investment Agreement cannot be unilaterally amended by any of the parties thereto and is governed by Peruvian law.

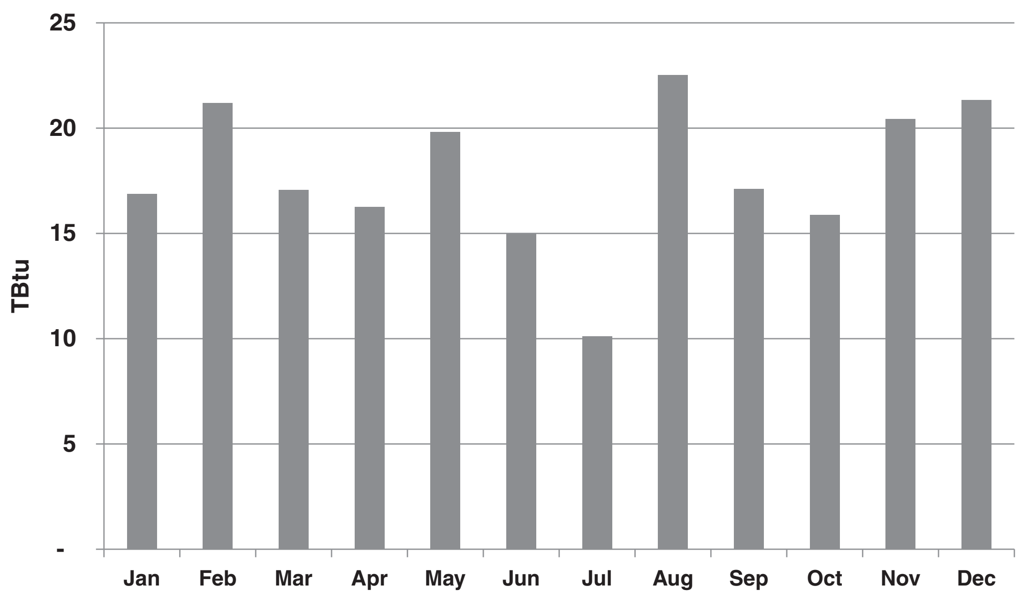
Capacity Use Agreement

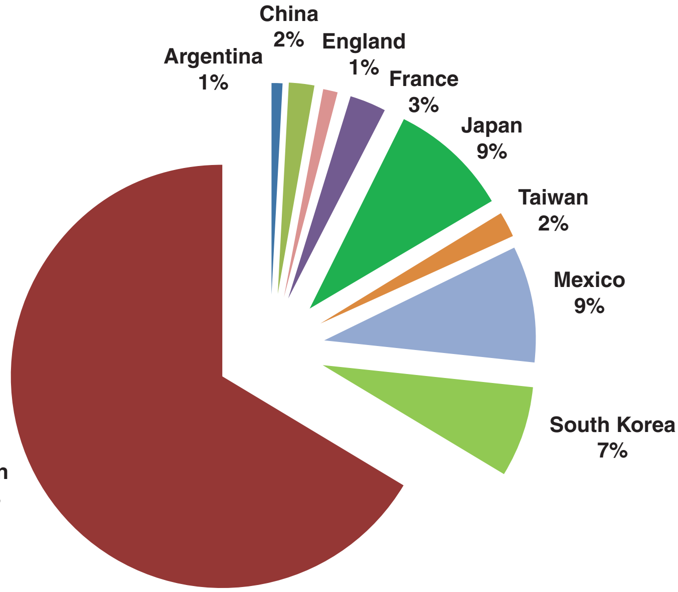
On December 14, 2009, we entered into the Capacity Use Agreement with TGP. Pursuant to the Capacity Use Agreement, the parties agreed to interconnect the PLNG Pipeline and the TGP Gas Pipeline, and we agreed to provide TGP an exclusive right to use and allocate (other than to us) transportation capacity sold to TGP on the PLNG Pipeline. This agreement allows TGP to increase its transportation capacity up to 550 MMcf/d, subject to certain terms provided therein. We are entitled to receive a fixed monthly payment of US$222,533 under the Capacity Use Agreement. The term of the Capacity Use Agreement is through January 11, 2046. For additional information regarding the Gas Transportation Agreement, see "Business—Material Agreements—Capacity Use Agreement."

Geographical Markets

The following charts depict our monthly sales of LNG during 2017 and the mix of destinations for the LNG produced by us and sold by Shell during 2017:

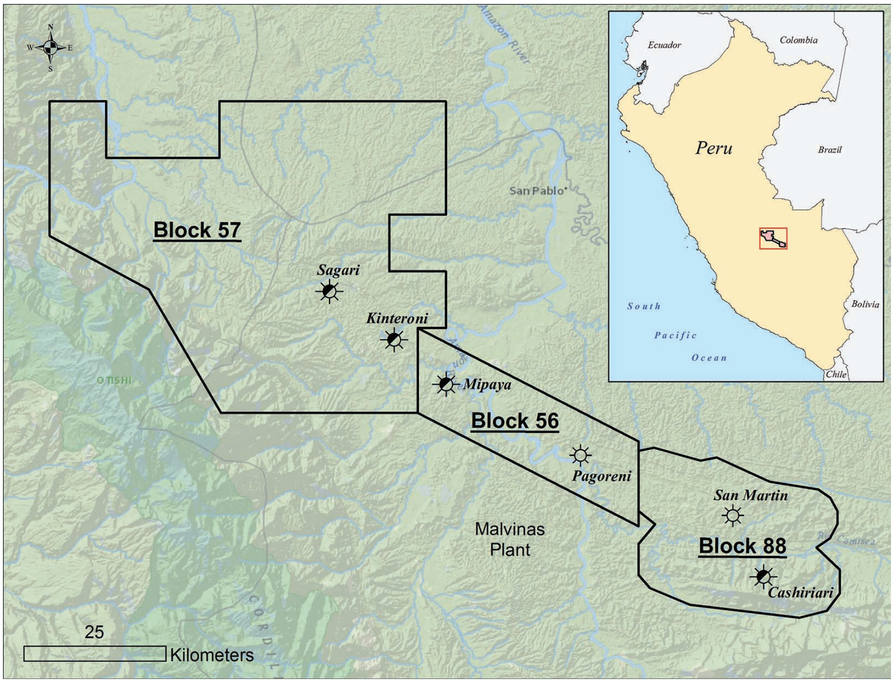
PERU LNG 2017 Monthly Sales





Sources of Gas Supply: Camisea Fields and Block 57

The Camisea Fields consist of Block 56 and Block 88, which are located in the Department of Cusco, 500 km (311 miles) to the east of the City of Lima. In 2017, they produced approximately 84% and 86%, respectively, of Peru's total volume of natural gas and natural gas liquids produced during that period, based on information published by the MEM. Block 88 is comprised of the San Martín and Cashiriari gas fields. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 88 were 10.0 Tcf of natural gas and 480 million barrels of natural gas liquids. Block 88 annual production levels for 2017 were approximately 233,000 MMcf of natural gas and 17.9 million barrels of natural gas liquids.



Block 56, which is adjacent to Block 88, is comprised of the Pagoreni, Pagoreni West and Mipaya gas fields. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 56 were 2.8 Tcf of natural gas and 138 million barrels of natural gas liquids, with 2017 annual production levels of approximately 152,000 MMcf of natural gas and 10.8 million barrels of natural gas liquids. As of December 31, 2016, the natural gas reserves of the Camisea Fields accounted for 84% of the proven and probable natural gas reserves in Peru, according to information provided by the MEM.

The Camisea natural gas and condensate fields were discovered in the mid-1980s by Shell Exploradora y Productora del Perú, a subsidiary of Shell Oil Company. Shell Exploradora y Productora del Perú discovered and appraised the Block 88 San Martín and Cashiriari fields in 1981. The Block 56 Mipaya and Pagoreni fields were discovered in 1987 and 1988, respectively. Block 88 was awarded to the Block 88 Upstream Consortium through a competitive international bidding process, with the license contract for the exploitation of hydrocarbons in Block 88 signed in December 2000 (the "Block 88 License"). Block 56 was awarded to the Block 56 Upstream Consortium through a direct negotiation following a competitive international bidding process, and the license contract for the exploitation of hydrocarbons from Block 56 was executed in September 2004 (the "Block 56 License," and together with the Block 88 License, the "License Contracts"). Pursuant to the License Contracts, the term for the exploitation of petroleum is 30 years from the date of execution of each respective License Contract. The term for the exploitation phase of non-associated natural gas and non-associated condensates is 40 years from the date of execution of the License Contracts.

The Upstream Facilities commenced commercial operations in August 2004 with natural gas and natural gas liquids production from the San Martín field in Block 88. Block 56 started production of gas and natural gas liquids in the fourth quarter of 2008 from the Pagoreni field. The Cashiriari field infrastructure in Block 88 was developed from 2007 to 2010 with the drilling of a total of ten wells, five each in the Cashiriari 1 and Cashiriari 3 production clusters. Production began in 2010. The Mipaya field infrastructure in Block 56 was developed from 2009 to 2013. Drilling of Mipaya commenced in 2011 after the conclusion of 3D seismic studies, which started in 2009. Mipaya production commenced in 2014. The development of the gas fields, which is promoted by the Peruvian Government in the Organic Hydrocarbons Law (Law No. 26221, as regulated, amended and supplemented), consists of the extraction of natural gas and natural gas liquids. The natural gas and the natural gas liquids are separated at cryogenic plants at the Malvinas facilities located near Blocks 56 and 88. The processed dry natural gas is transported via the TGP Gas Pipeline for 211 km to the interconnection with the PLNG Pipeline. From there, the dry natural gas is transported via (a) the TGP Gas Pipeline for use in regional markets and in the City of Lima and (b) the PLNG Pipeline to the LNG Plant. The natural gas liquids are transported via the TGP Liquids Pipeline to a fractionation plant on the coast near Pisco, which is part of the Upstream Facilities. At the Pisco fractionation plant, natural gas liquids are further processed into propane, butane, naphtha and middle distillate blending stock. Naphtha is the only product exported, predominantly to Brazil, the United States and Asia, where it is used in the petrochemical process. The other products are primarily sold within the local Peruvian market.

Block 57 is located adjacent to Block 56 and is primarily comprised of the Kinteroni and Sagari Fields. The License Contract for the exploration and exploitation of hydrocarbons from Block 57 was signed in January 2004. The Block 57 Consortium currently holds the license contract related to Block 57, with Repsol Exploración Perú, Sucursal del Perú serving as operator of Block 57. Block 57 volumes are processed at the Malvinas plant. As of 2014, all gas reserves from the Kinteroni and Sagari Fields are committed to us pursuant to the Gas Supply Agreement related to Block 56 and are delivered to us along with Block 56 volumes. Any fields developed in Block 57 other than the Kinteroni and Sagari fields are not dedicated to us, and therefore, any reference herein to Block 57 only refers to the Kinteroni and Sagari fields. As noted above, the Block 56 Upstream Consortium purchases Block 57 natural gas to be supplied to us pursuant to the Block 56 Gas Supply Agreement, to which we are not a party. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 57 were 1.9 Tcf of natural gas and 90.1 million barrels of natural gas liquids. Block 57 annual production levels for 2017 were approximately 55,000 MMcf of natural gas and 3.7 million barrels of natural gas liquids.

Natural gas from Block 88 is distributed in the Lima and Callao regions and Ica region for power generation, industrial, commercial, and domestic use, as well as to the LNG Plant to be consumed as fuel gas and other domestic consumption at the LNG Plant. Likewise, natural gas from Block 88 that is processed at the PLNG TLF is delivered as LNG to Shell GNL's clients in southern and northern Peru. Natural gas from Block 56, supplemented by gas from Block 57, serves as our primary source of natural gas supply, and is transported to the LNG Plant for liquefaction and export.

The following tables reflect natural gas liquids and natural gas production from the Camisea Fields and Block 57 for the years 2010 to 2017 (as applicable), according to Perupetro:

Natural Gas Liquids Production (million barrels)

	2010	2011	2012	2013	2014	2015	2016	2017
Block 88	17.2	16.2	16.8	22.9	21.2	18.8	18.4	17.9
Block 56	12.2	12.8	13.4	13.9	13.7	11.6	12.2	10.8
Block 57	—	—	—	—	1.6	1.8	3.2	3.7

Natural Gas Production (MMcf)

	2010	2011	2012	2013	2014	2015	2016	2017
Block 88	135,673	167,131	182,112	186,009	224,488	237,745	258,388	232,769
Block 56	98,642	215,211	214,300	229,823	190,570	154,238	164,978	151,765
Block 57	—	—	—	—	22,611	26,776	49,526	55,007

Our Corporate Structure

We are indirectly owned by our Shareholders. As of December 31, 2017, the aggregate amount of our issued capital stock contributed by the Shareholders was US$1,461.4 million. A description of each Shareholder is set forth below:

Hunt Oil Company

Founded in 1934, HOC is one of the largest privately held independent oil and gas companies in the United States. Based in Dallas, Texas, the company's principal areas of production and development operations are located in Peru, the United States (the Permian Basin of West Texas, the Bakken Shale of North Dakota and the Marcellus Shale of Pennsylvania), Kurdistan, Romania and Yemen. HOC has historically been an active international exploration company, drilling on all continents other than Antarctica.

HOC's activities in Peru began in 2000 when it acquired an interest in Block 88. HOC, through its wholly owned affiliates, continues to hold a 25.2% interest in Block 88, as well as a 25.2% interest in Block 56. HOC previously held an interest in TGP but divested that interest in 2013. As noted above, HOC, through its wholly owned affiliates, owns a 50% interest in Peru LNG Company and HOC's wholly owned subsidiary, Hunt LNG, operates PERU LNG.

HOC holds its 50% interest indirectly through two entities: Camisea LNG (Holding) Company and Peru Hunt LNG Funding Company.

SK Innovation Co., Ltd.

SK is a company incorporated under the laws of South Korea. SK is South Korea's largest integrated energy and chemical company and the country's largest oil refiner.

SK is actively engaging in global exploration and production businesses via 13 oil blocks and four LNG projects in nine countries (as of December 2017).

SK's activities in Peru began by acquiring an 8.3% interest in Block 8 in 1996. Since then, SK expanded production from Block 88 in 2000 and Block 56 in 2004. In 2010, it completed an integrated LNG project from production, pipelines and LNG production to exports. SK currently holds interests in three production blocks: a 17.6% interest in Block 56 and Block 88, respectively, an 8.33% interest in Block 8, and 20% interests in Peru LNG Company.

SK holds its 20% interest directly.

Shell Gas B.V.

In December 2013, Repsol, Spain's largest oil company, assigned its 20% membership interest in Peru LNG Company to LNG Shipping Operation Services Netherlands B.V., a wholly owned subsidiary of Shell Parent. Also in December 2013, RCOM, an affiliate of Repsol, assigned the LNG SPA to Shell, an affiliate of Shell Parent. Shell Parent is part of RDS, one of the largest oil companies in the world.

RDS holds its 20% interest indirectly through LNG Shipping Operation Services Limited B.V.

Marubeni Corporation

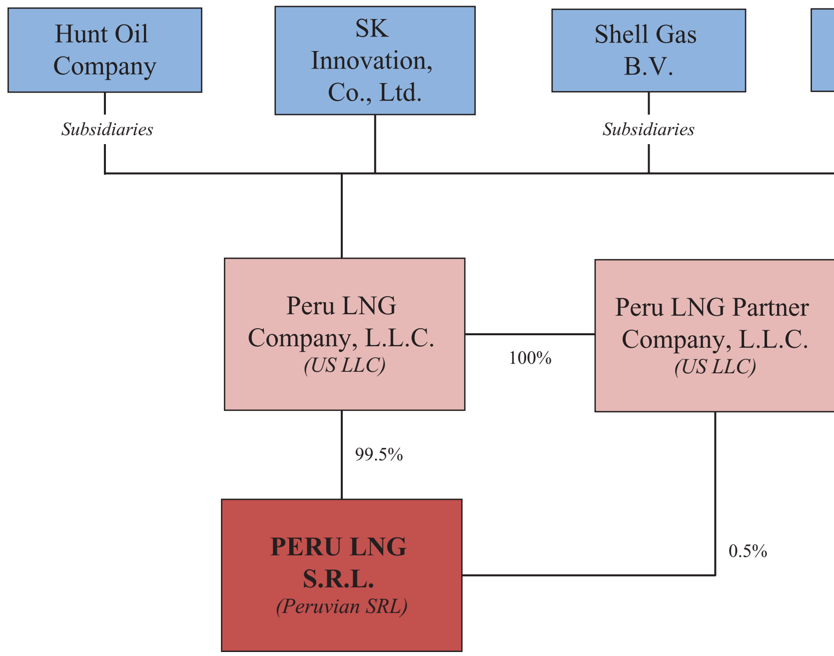
Marubeni was founded in 1858 and is one of Japan's largest general trading and investment companies with over 131 bases of operations in 66 countries worldwide. Marubeni has long been engaged in business in every industry with customers and partners all over the world. Marubeni covers every business field with 16 business divisions, including Energy, Chemical Products, Metals & Mineral Resources, Power Business, Plant and Aerospace & Ship.

Marubeni has participated in three LNG projects in addition to PERU LNG: (i) the Qatargas 1 LNG Project in the Middle East, (ii) the Equatorial Guinea LNG Project in West Africa and (iii) the Papua New Guinea LNG Project in Asia Pacific. Marubeni is focusing on expanding its LNG trading business worldwide and is involved in oil and gas exploration, development and production activities in the U.S., U.K., India and Russia.

Marubeni has contributed to the economic development of Peru through trading various products with Peru and investment. Marubeni's Lima office was established in 1956. Its main functions and activities are (i) supervising all Marubeni Group's activities, (ii) trading commodities, such as zinc ingot, copper cathode, fishmeal, steel plate, machinery, food, textile, naphtha, etc. and (iii) new business development.

Marubeni holds its 10% interest indirectly through Marubeni LNG Development B.V.

The following chart is a simplified depiction of our corporate structure as of the date of this offering memorandum:



Competitive Strengths

We believe that our business benefits from the following competitive strengths:

- *State-of-the-Art Infrastructure Results in Efficiency, Reliability and Safety.* Our self-sufficient LNG Plant, complete with reliable machinery, has contributed to stable operational performance and high efficiency levels since its completion. Specifically, the plant's efficiency levels have remained above 90% since 2010 and its Feed Gas amount has ranged from 207.1 TBtu to 244.9 TBtu from 2011 to 2017. The LNG Plant's 4.45 MTPA capacity exceeds the off-take quantity of 218 TBtu under the LNG SPA with Shell. Based on our contracts, we can process 225 TBtu secured under the Gas Supply Agreements, while only 218 TBtu is required to be delivered pursuant to the LNG SPA.

- *Strong Fundamentals Underpinning Natural Gas and LNG Demand.* According to BP Energy Outlooks, natural gas demand has grown across the globe and is expected to continue to grow for a variety of end-uses, including the transportation, residential and commercial, industrial and electricity generation industries. Meanwhile, LNG continues to capture a growing share of the natural gas market. In addition, policy makers in Europe, China, India and other regions are increasingly phasing out coal generation and choosing LNG and natural gas over other sources of energy.

- *Strategic Asset for the Peruvian Economy.* As one of the largest projects ever implemented in Peru, our LNG Plant serves as a strategic asset for Peru's energy market. In addition, through the PLNG Pipeline and the TGP Gas Pipeline, we connect to the Camisea Fields, which represent approximately 84% of Peru's proven and probable natural gas production and approximately 44% of Peru's utilization of energy resources as of December 31, 2016, according to the MEM and the Economic Operation Committee of the National Interconnected System, respectively. The natural gas liquids produced from Block 56 and Block 57, as well as a significant portion of the natural gas liquids produced from Block 88, are dependent on the production and sale of dry natural gas, as the flaring of natural gas is not permitted in Peru. The Block 56 Upstream Consortium, Block 88 Upstream Consortium and the Block 57 owners are also able to produce and sell significant volumes of natural gas liquids because we provide a means to monetize the dry natural gas from Block 56, Block 57 and Block 88 (to the extent of fuel gas and other domestic consumption volumes). Royalties related to the sale of natural gas and natural gas liquids are an important source of revenue for the Peruvian Government. According to MEM data, from 2007 to 2017, royalties paid to the Peruvian Government on the production and sale of natural gas and natural gas liquids from Blocks 56, 88 and 57 have reached US$8,500 million, representing 62% of the total hydrocarbon royalties the Peruvian Government received over that period. In connection with the development of the LNG Plant, the Peruvian Government began adopting policies and measures aimed at promoting the increased use of natural gas and LNG as an alternative to other less efficient fossil fuels for residential and industrial consumption and for power generation. In addition, we operate the only LNG plant on the Pacific Coast of South America. Therefore, it is strategically located to allow cost-effective transportation to areas with high demand for imported natural gas, such as Mexico and Asia, as compared with other LNG sources located around the world.

- *Substantial Barriers to Entry.* Our Investment Agreement with the Peruvian Government, which runs until January 2046, prohibits the government from modifying or amending the terms of the agreement through a unilateral decision and provides tax stability. Any potential competitor would require a large capital expenditure to be able to operate an LNG plant in Peru and would require commitments of significant new gas reserves and transportation assets to support it. In addition, the cost of replicating the LNG Plant today would be significantly higher than the US$3,800.0 million that was invested. The technical and engineering challenges associated with the construction of an LNG plant like ours would also be a significant barrier to any potential entrant seeking to compete with us.

- *Long-Term Contracts and Stable Gross Margins.* We have limited long-term exposure to volume risks as a result of our "take-or-pay" LNG SPA with Shell and the long-term Gas Supply Agreements related to Block 56 (with respect to natural gas from both Block 56 and Block 57) and Block 88, which run through 2028. Through the contractual framework of the Gas Supply Agreements and the LNG SPA, our gross margin is largely stabilized. The price paid for natural gas supply under the Gas Supply Agreements is indexed to the same marker used to calculate the sales price for LNG to the off-taker pursuant to the LNG SPA (for example, Henry Hub for import terminals in Manzanillo and Altamira, Mexico, NBP for Spain and England and JKM for Japan and South Korea), stabilizing our gross margin relative to revenue. As worldwide LNG prices rise and fall, so do the costs of our natural gas supply.

- *Shell as Off-Taker.* As our primary purchaser, Shell has committed to "take-or-pay" 218 TBtu per year of the LNG we produce until 2028 (95% of nameplate capacity) and has fulfilled these take-or-pay obligations (as did our prior off-taker, RCOM) under the LNG SPA. Shell's brand, creditworthiness and relationships give us a competitive advantage. In addition, Shell's portfolio of supply and sales is geographically diverse, providing access to numerous long-term markets. As a result, Shell's affiliates have more LNG assets and contracts than many industry peers. Due to the relative strength of its brand and the geographical diversity of its portfolio, Shell is an attractive partner for new LNG customers.

- *Committed and Experienced Management and Shareholders.* The members of our management team are highly-trained industry professionals with an average of approximately 10 years of experience in the oil and gas sector and significant experience in the LNG business. In addition, our management team benefits from the substantial experience and expertise of our Shareholders, all of which have extensive experience in the oil and gas industry, including in the construction and operation of natural gas pipelines in Latin America. In addition, the

Shareholders are involved with the LNG industry through ownership interests and projects around the globe.

- *Strong Corporate Governance Practices.* Our business and affairs are managed by the members (the "Members") of Peru LNG Company through their representatives on the management committee of Peru LNG Company (the "Management Committee") consisting of four principal representatives (each a "Principal Representative"), each of whom is nominated by one of the four unaffiliated Members (the "Committee Members"). Other than certain actions that require the vote of the Committee Members holding membership interests of more than 66⅔% and certain actions requiring unanimous approval, the Management Committee acts by the affirmative vote of the Committee Members owning a majority of the membership interests.
- *Disciplined Financial Policy.* We have demonstrated strong cash generation and have reduced our long-term indebtedness by US$1,000.0 million over the last seven years. As a result of our financial discipline and debt covenant structure, as of December 31, 2017, we had US$350.0 million in cash and cash equivalents and other financial assets for the payment of indebtedness. In addition, we have limited capital expenditure needs going forward, with estimates of US$15.0 million per year (except in years with scheduled maintenance, which occurs every three years ("Major Maintenance")).
- *Stable Regulatory Framework in a Favorable Jurisdiction for Investments.* The regulatory environment for the natural gas sector in Peru has been historically stable. We have a constructive relationship with the MEM, the OSINERGMIN and the other governmental agencies that regulate the LNG business, and we actively cooperate with these agencies by providing feedback on proposed regulatory issues and addressing the challenges associated with the development of the Peruvian energy sector. The regulatory bodies enacting hydrocarbon-related regulations have exhibited a willingness to maintain a framework that encourages industry growth. Natural gas royalties arising from LNG exports from the LNG Plant are a significant financial incentive for the Peruvian Government to support the continued operation of the LNG Plant.

Business Strategy

Our primary objective is to maintain and expand our position as a leader in our industry in Peru, through the implementation of the following key strategic initiatives:

- *Maintain Operating Efficiency, Reliability and Safety.* By continuing to implement industry-recognized management, operation and maintenance systems, and by operating reliable machinery, we strive to maintain our operational efficiency and the reliability and safety of our operations while continuing to adhere to the highest safety, environmental and operating standards in the industry. We are continually working on the implementation of new systems to enhance our efficiency, reliability and safety.
- *Maintain a Strong Financial Profile.* As described below, we are undertaking a series of financial transactions that we believe will enable us to replace our project finance and other outstanding indebtedness with debt with less restrictive terms and maturities that are more in line with our expected cash flow generation. By maintaining prudent levels of indebtedness, capital expenditures and a stable cash flow generation, and by extending the average maturity of our indebtedness, we seek to maintain a sound financial profile as well as financial flexibility in order to achieve an optimal cost of capital to enhance our profitability.
- *Renew Key Operating Agreements.* We intend to maintain relationships with our natural gas suppliers and our LNG customer by renewing our key contracts prior to the end of their respective terms. We anticipate renewing or entering into new long-term contracts that will

ensure our continued supply of natural gas from the Camisea Fields and sale of LNG to our current off-taker or any future off-takers in order to meet the growing worldwide demand for LNG. In addition, under the terms of the Gas Supply Agreements and the LNG SPA, the expiration of these agreements may be extended for up to 24 months under certain circumstances. We anticipate our operations will continue past the expiration of these agreements, as continued demand for LNG is expected.

- *Commitment to Supporting Peruvian Natural Gas Market.* While the focus of our operations is producing LNG for export purposes pursuant to the LNG SPA, we also have demonstrated our commitment to maintaining our support of the Peruvian natural gas market. In connection with an effort to transport natural gas throughout Peru to areas in need of energy sources, including residential and vehicular customers and small industrial customers outside of Lima, we have developed and will maintain and operate the PLNG TLF. The PLNG Pipeline also plays a role in the Peruvian natural gas market, as it supports domestic natural gas consumption by providing unused transportation capacity to TGP to supply end-users in the country through our Capacity Use Agreement. The maximum contracted capacity under the Capacity Use Agreement represents approximately 35.7% of TGP's total natural gas transportation system.

- *Maintain Our Commitment to Health, Safety and the Environment.* Our management seeks to operate with the highest industry standards to ensure compliance with Peruvian and international laws. We are committed to protecting the environment in which we operate and have adopted health, safety and environmental policies and practices in compliance with leading industry standards. Our Integrated Management System ("IMS") is a global system of policies, procedures, plans and standards focused on environmental protection, health surveillance and a safe working environment. The IMS involves all employees, contractors and subcontractors who provide services or carry out any activity for us. We also have adopted comprehensive corporate social responsibility programs, such as the Participatory Social and Environmental Monitoring Program, which guarantees the active participation of communities and towns located in the areas directly influenced by our operations and allows community representatives to monitor and report the possible social and environmental impacts related to the operation of the PLNG Pipeline. Other key corporate social responsibility programs include (i) training programs for public investment management, (ii) improvements in reading comprehension in public schools, (iii) training in artisanal fishing, (iv) a driver license training program and (v) the PERU LNG Academic Excellence Scholarship Training Program. Also, in collaboration with the Center for Conservation, Education and Sustainability ("CCES") of the Smithsonian Conservation Biology Institute ("SCBI"), we started the Biodiversity Monitoring and Assessment Program with the purpose of conserving the biodiversity during the construction and operations of the LNG Plant and PLNG Pipeline. Historically, we have met the high environmental and social standards of the International Finance Corporation. Going forward, we intend to maintain our commitment to high environmental and social standards that are based on IFC standards, and in any event, meet or exceed the national Peruvian regulations. We intend to continue third party environmental and social monitoring on an annual basis.

Recent Developments

Our Liability Management Transaction

We intend to use the net proceeds from the sale of the Notes, together with cash on hand, to refinance all of our outstanding corporate bond debt as of December 31, 2017, which amounts to US$112.0 million, comprising our third and fourth issuance of local bonds under our first corporate bonds program, as described below (collectively, the "Local Bonds"). In addition, we intend to refinance our total long-term debt as of December 31, 2017, which amounts to US$1,109 million under our bank credit facility (the "Bank Debt"), which is governed by the Common Terms Agreement dated as of June 26, 2008, by and among us, as Borrower, Citibank del Perú S.A., as Onshore Collateral Agent and Onshore Depositary, Citibank, N.A., as Offshore Collateral Agent and Offshore Depositary, Société Générale, as Intercreditor Agent, Inter-American Development Bank ("IDB"), International Finance Corporation ("IFC), the Export-Import Bank of Korea ("K-Exim") and Export-Import Bank of the United States ("US-Exim"), as amended from time to time (the "Common Terms Agreement"). In addition, the net proceeds will be applied to US$871.6 million (the "Swap Unwind Amount") in aggregate payments to counterparties in connection with unwinding our existing interest rate swaps that hedge our interest rate exposure under the Common Terms Agreement. We refer to these transactions, collectively, as our "Liability Management Transaction."

On February 22, 2018, we initiated the Liability Management Transaction for our Local Bonds that included a consent solicitation (the "Consent Solicitation"), pursuant to which we requested from the holders of our Local Bonds the approval of an early redemption option price and certain consents from such holders with respect to certain amendments to the terms of the Local Bonds (the "Necessary Approvals") for a consent fee. In addition, we requested the holders of our Local Bonds to grant powers of attorney to Banco de Crédito del Perú, the indenture trustee with respect to our Local Bonds, or the person it appoints, to be represented in the general bondholders meeting of our first program of Local Bonds and in the special bondholders meeting of each of our third and fourth issuances, respectively, of our first program of Local Bonds, in order to adopt the Necessary Approvals. The Necessary Approvals are intended to, among other things, include an optional early redemption procedure, execute certain termination agreements, and grant waivers with respect to the issuance of the Notes.

As of February 28, 2018, holders of an aggregate principal amount of US$110.7 million of the Local Bonds, representing 98.8% of the aggregate principal amount of the Local Bond debt outstanding as of such date, validly opted for the Consent Solicitation and granted their consent to the Necessary Approvals. As a result, we have obtained the requisite consents with respect to the Necessary Approvals.

On March 7, 2018, at the general bondholders meeting and at the special bondholders' meetings, the Necessary Approvals were adopted, which included an optional early redemption procedure for each issuance. Accordingly, we intend to redeem all indebtedness under the Local Bonds promptly following the issuance of the Notes.

As part of our Liability Management Transaction we intend to (i) as soon as practicable after the issue date of the Notes, prepay in full Bank Debt under the Common Terms Agreement and the Local Bonds and (ii) release all of the security interests securing the Bank Debt and Local Bonds. In connection therewith, on or prior to the issue date of the Notes, we intend to enter into a master termination and release agreement (the "Master Termination Agreement") with the lenders under the Common Terms Agreement under which these creditors would agree to release us from our obligations under the Common Terms Agreement and the Local Bonds, and take all actions necessary to terminate and release the security arrangements securing our debt obligations to such creditors. See "Description of Our Indebtedness—Bank Debt" for a more detailed description of debt obligations that we intend to repay or terminate, and the security interests that we intend to release pursuant to our Liability Management Transaction.

The consummation of our Liability Management Transaction is conditioned, among other things, upon us being able to raise sufficient funds through the offering of the Notes to pay the consent fees in the Consent Solicitation, pay the early redemption option price with respect to our Local Bonds, and repay in full our Bank Debt. We intend to use the proceeds of the issuance of the Notes, together with cash on hand, to make such payments. We cannot assure you that we will obtain sufficient funds to consummate our Liability Management Transaction either through this offering or otherwise, or that the release of the security arrangements will occur as expected or at all. See "Risk Factors—Risks

Related to Our Liability Management Transaction—We may not be able to effect the termination and release of the security arrangements securing the indebtedness under the Common Terms Agreement.”

The debt obligations outstanding as of December 31, 2017, to be repaid as a result of the offering of the Notes consist of:

- an outstanding US$450.0 million secured loan (the “IDB Loan”) from IDB which is comprised of two tranches. Tranche A of the IDB Loan (the “IDB A Loan”) has an outstanding amount of US$245.5 million and matures on November 15, 2024. Tranche B of the IDB Loan (the “IDB B Loan”) has an outstanding amount of US$204.5 million and matures on November 15, 2022;
- an outstanding US$184.1 million secured loan from the IFC which matures on November 15, 2024 (the “IFC Loan”);
- an outstanding US$200.0 million secured loan from commercial banks that is guaranteed by US-Exim which matures on November 15, 2024 (the “US-Exim Loan”);
- an outstanding US$105.5 million secured loan from commercial banks that is guaranteed by Servizi Assicurativi del Commercio Estero (“SACE”) (with a fixed interest rate) and an outstanding US$19.5 million secured loan from commercial banks that is guaranteed by SACE (with a variable interest rate), both of which mature on November 15, 2024 (collectively, the “SACE Loans”);
- an outstanding US$67.5 million secured loan from commercial banks that is guaranteed by K-Exim which matures on November 15, 2024 (the “K-Exim Guaranteed Loan”);
- an outstanding US$82.5 million secured direct loan from K-Exim, which matures on November 15, 2024 (the “K-Exim Direct Loan”);
- an outstanding US$94.7 million Local Bonds corresponding to the third issuance under our first corporate bonds program, which matures on November 15, 2024;
- an outstanding US$17.3 million Local Bonds corresponding to our fourth issuance under the first corporate bonds program, which matures on November 15, 2024; and
- an undrawn US$37.5 million secured working capital facility with Banco de Crédito del Perú, as described below (the “Working Capital Facility” and, together with the Bank Debt and the Local Bonds, the “Senior Secured Debt”).

Working Capital Facility

On March 7, 2018, we entered into a credit agreement with Banco de Crédito del Perú (the “2018 Working Capital Facility Agreement”) that provides a committed US$75.0 million working capital facility and credit support instruments. Any loan or credit support instrument under the Working Capital Facility will have a final maturity date that cannot exceed March 7, 2021 and in the case of loans, bears interest at a rate equal to the London Interbank Offered Rate (“LIBOR”) plus 1.25%, unless our credit rating is downgraded below investment grade, among other things, in which case interest will be at a rate equal to LIBOR plus 1.65%. The 2018 Working Capital Facility Agreement will become effective and the agreement governing our existing Working Capital Facility will be terminated upon the occurrence of the release date under the Master Termination Agreement. As of the date of this offering memorandum, there are credit support instruments issued under the existing Working Capital Facility for US$160,659.70.

Recent TGP Liquids Pipeline Interruption

TGP experienced an interruption in the service of the TGP Liquids Pipeline between February 3 and February 15, 2018 due to a landslide that caused a leak in the TGP Liquids Pipeline. As a result, the natural gas supply to the LNG Plant was temporarily restricted, causing a shortage of three cargoes (approximately 11.2 TBtu) of LNG production in February. We anticipate the lost February sales can be mitigated, as we will be able to use flexibility rights under the Gas Supply Agreements to achieve additional throughput in future periods as we have done in similar situations in the past. See "Risk Factors—If the TGP Pipeline System or its interconnection to the Camisea Fields and the PLNG Pipeline becomes partially or fully unavailable, our business and cash flows could be adversely affected."

Our Principal Headquarters

Our principal headquarters are located at Av. Víctor Andrés Belaúnde 147, Vía Real 185, Torre Real 12, Oficina 105, San Isidro, Lima 27, Perú. Our telephone number is +51 (1) 707 2100.

SUMMARY OF THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see "Description of the Notes" in this offering memorandum.

Issuer . . . . PERU LNG S.R.L.

Notes . . . . US$940,000,000 aggregate principal amount of 5.375% Senior Notes due 2030.

Issue Price . . . . 100.0%, plus accrued interest, if any, from March 22, 2018.

Final Maturity . . . . March 22, 2030.

Principal Amortization . . . . The Notes will require principal amortization payments in accordance with the following schedule:

Scheduled Payment Date	Percentage of Original Principal Amount Payable
September 22, 2024	8.33%
March 22, 2025	8.33%
September 22, 2025	8.33%
March 22, 2026	8.33%
September 22, 2026	8.33%
March 22, 2027	8.33%
September 22, 2027	8.33%
March 22, 2028	8.33%
September 22, 2028	8.33%
March 22, 2029	8.33%
September 22, 2029	8.33%
March 22, 2030	8.37%

Interest . . . . The Notes will bear interest at a rate of 5.375% per year. Interest will accrue from March 22, 2018.

Interest Payment Dates . . . . Interest on the Notes will be payable semi-annually in arrears on March 22 and September 22 of each year, beginning on September 22, 2018, and at maturity.

Ranking . . . . The Notes will be unsecured obligations and will rank *pari passu* in right of payment with all of our unsecured and unsubordinated Indebtedness (as defined in "Description of the Notes") (except those obligations preferred by operation of Peruvian law, including labor and social benefit claims). The Notes will not have the benefit of any credit support or other collateral securing, and will be effectively subordinated to, any of our existing or future secured Indebtedness to the extent of the assets securing such debt. In addition, the Notes will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of our subsidiaries, if any.

Optional Redemption	We may redeem the Notes, in whole or in part, at any time or from time to time by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points, plus in each case accrued and unpaid interest on the principal amount of the Notes to be redeemed to, but excluding, the redemption date, as described under "Description of the Notes—Optional Redemption—Make-whole Redemption."
Optional Redemption for Taxation Reasons	In the event that, as a result of the adoption of new, or certain changes to existing, Peruvian tax laws applicable to payments under the Notes, we become obligated to pay additional amounts or assume any withholding payments in excess of those attributable to a Peruvian withholding tax rate of 4.99% with respect to the Notes, the Notes will be redeemable, in whole but not in part, at our option, at any time upon notice, at 100% of their principal amount plus accrued and unpaid interest and any additional amounts due thereon up to, but excluding, the redemption date. See "Description of the Notes—Optional Redemption—Optional Redemption for Taxation Reasons."
Additional Amounts	All payments by us in respect of the Notes, whether of principal or interest, will be made without withholding or deduction for or on account of certain taxes and duties, unless required by law, in which case, subject to specified exceptions and limitations, (i) the sum payable to the holder of the notes shall be increased as necessary by an amount (which we refer to as an "additional amount") so that after making all required deductions and withholdings for taxes the holder of the notes receives an amount equal to the sum it would have received had no such deductions or withholdings been made; (ii) we shall make such deductions or withholdings in accordance with applicable law; and (iii) we shall pay the full amount deducted or withheld to the applicable tax authority in accordance with applicable law. See "Description of the Notes—Payment of Additional Amounts."
Certain Covenants	The Indenture relating to the Notes contains certain covenants, including limitations on liens, limitations on sale and leaseback transactions, and limitations on consolidations, mergers and the sale or other disposition of all or substantially all of our assets. All of these limitations and restrictions are subject to a number of significant exceptions. See "Description of the Notes—Covenants."

Change of Control . . . . If we experience a Change of Control Downgrade Event, we must offer to repurchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

"Change of Control Downgrade Event" means the occurrence of both (i) a Change of Control (as defined in "Description of the Notes") and (ii) a Rating Downgrade Trigger Event.

A "Rating Downgrade Trigger Event," means, with respect to any applicable Change of Control, the first date upon which each of the following has occurred and is continuing:

(i) a downgrade of the Notes to a rating below an Investment Grade Rating (as defined in the "Description of the Notes") (a "Rating Agency Downgrade") is declared by (y) at least two of the three Rating Agencies (as defined in the "Description of the Notes") (if the Notes are rated by two or more Rating Agencies at the time of such public notice) or (z) one Rating Agency (if the Notes are rated by only one Rating Agency at the time of such public notice) (a "Rating Downgrade Event"),

(ii) such Rating Downgrade Event occurs on any date during the period (the "Trigger Period") commencing on the date of the first public announcement by us of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control, which Trigger Period shall be extended for an additional 30-day period after the end of the 60 days following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change; and

(iii) the Rating Agency or the Rating Agencies, as applicable, announce or publicly confirm or inform the Trustee in writing that the Rating Agency Downgrade was the result, in whole or in material part, of the applicable Change of Control.

See "Description of the Notes—Change of Control."

Events of Default . . . . For a discussion of certain events of default that will permit under certain circumstances acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of the Notes—Defaults, Remedies and Waiver of Defaults—Events of Default."

Form of Notes, Clearing and Settlement	The Notes will be issued in the form of one or more global notes ("Global Notes") without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct and indirect participants, including Euroclear and Clearstream. The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "Description of the Notes—Form and Denominations" and "Form of Notes, Clearing and Settlement."
Further Issuances	We may from time to time, without the consent of the holders of the Notes, issue additional notes with terms and conditions identical to the Notes (except that the issue date, price, first interest payment and temporary securities law transfer restrictions may be different). Any further issue may be consolidated with, and form a single series with, the Notes sold in this offering.
Listing and Trading	Approval in-principle has been received for the listing of the Notes on the SGX-ST.
Transfer Restrictions	We have not registered the Notes under the Securities Act. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Use of Proceeds	The net proceeds from the sale of the Notes will be approximately US$935.0 million, after deduction of certain expenses (including fees and commissions payable to the Initial Purchasers, fees payable to external counsels and other expenses). We intend to use the net proceeds from the sale of the Notes, together with cash on hand, to (i) pay the consent fees in the Consent Solicitation and pay the early redemption option price with respect to our Local Bonds, (ii) repay our Bank Debt in full and (iii) pay the Swap Unwind Amount, in each case, in connection with our Liability Management Transaction. See "—Recent Developments—Our Liability Management Transaction" and "Use of Proceeds."
Risk Factors	Investing in the Notes involves certain risks. See "Risk Factors."
Governing Law	State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent	Citibank, N.A.

Securities Codes	The Notes will be assigned the following securities codes: *Rule 144A:* CUSIP: 715604 AA2 ISIN: US715604AA27 *Regulation S:* CUSIP: P7721B AE1 ISIN: USP7721BAE13

SUMMARY FINANCIAL AND OPERATING DATA

The following tables present our summary financial and operating data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015. The summary financial and operating data presented in the following tables is derived from, and should be read in conjunction with, the PERU LNG Financial Statements, including the notes thereto, and the sections "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The summary financial and operating data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 was derived from the PERU LNG Financial Statements.

	For the years ended December 31,		
STATEMENT OF PROFIT OR LOSS DATA	**2017**	**2016**	**2015**
	(in millions of US$)		
Revenues	$ 685.8	$ 501.0	$ 515.9
Cost of sales	(576.9)	(432.2)	(461.9)
Gross profit	**$ 108.9**	**$ 68.8**	**$ 54.0**
Selling and distribution expenses	$ (25.3)	$ (25.2)	$ (25.4)
Administrative expenses	(23.5)	(28.8)	(35.8)
Other operating income	0.2	0.1	0.0
Total operating expenses	(48.6)	(53.9)	(61.2)
Profit (loss) from operating activities	**$ 60.3**	**$ 14.9**	**$ (7.2)**
Finance cost	$ (64.9)	$ (71.6)	$ (77.3)
Finance income	3.4	1.6	0.4
Exchange difference, net	0.8	(1.5)	(0.3)
Financial result, net	$ (60.7)	$ (71.5)	$ (77.2)
Loss before income tax	**$ (0.4)**	**$ (56.6)**	**$ (84.4)**
Income tax	(1.9)	15.1	22.0
Net loss for the year	**$ (2.3)**	**$ (41.5)**	**$ (62.4)**

STATEMENT OF FINANCIAL POSITION DATA	As of December 31,		
	2017	2016	2015
	(in millions of US$)		
Assets			
Current assets			
Cash and cash equivalents	$ 160.3	$ 206.2	$ 101.3
Other financial assets	189.7	175.4	188.3
Recoverable tax	16.2	14.3	22.3
Other accounts receivable	1.4	2.1	2.0
Accounts receivable from related parties	108.8	66.0	27.1
Inventories	20.4	16.1	14.8
Other non-financial assets	15.3	11.3	10.0
Total current assets	**$ 512.1**	**$ 491.4**	**$ 365.8**
Non-current assets			
Property, plant and equipment	$2,365.9	$2,495.6	$2,636.6
Deferred tax asset	50.1	25.9	0.4
Non-current portion of other non-financial assets	11.0	8.0	4.8
Total non-current assets	**2,427.0**	**2,529.5**	**2,641.8**
Total assets	**$2,939.1**	**$3,020.9**	**$3,007.6**
Liabilities			
Trade accounts payables	$ 105.4	$ 89.5	$ 42.9
Other accounts payable	20.2	17.6	2.3
Accounts payable to related parties	95.1	32.1	7.9
Loans and financing	181.5	182.2	185.0
Total current liabilities	**$ 402.2**	**$ 321.4**	**$ 238.1**
Non-current liabilities			
Loans and financing	$1,047.5	$1,217.9	$1,386.2
Accounts payable to related parties	110.0	110.0	44.7
Total non-current liabilities	**1,157.5**	**1,327.9**	**1,430.9**
Total liabilities	$1,559.7	$1,649.3	$1,669.0
Equity			
Issued capital	$1,461.4	$1,461.4	$1,401.4
Other equity reserves	(19.6)	(29.7)	(44.2)
Accumulated results	**(62.4)**	**(60.1)**	**(18.6)**
Total equity	**1,379.4**	**1,371.6**	**1,338.6**
Total liabilities and equity	**$2,939.1**	**$3,020.9**	**$3,007.6**

CASH FLOW DATA	For the years ended December 31,		
	2017	2016	2015
	(in millions of US$)		
Cash flow and cash equivalents provided by (used in)			
Operating activities	$ 147.9	$194.2	$ 121.0
Investing activities	(15.8)	(3.1)	(15.0)
Financing activities	(178.4)	(86.2)	(156.0)

OTHER FINANCIAL AND OPERATING DATA	2017	2016	2015
	(in millions of US$)		
Revenues from LNG sales	$683.1	$ 498.3	$ 513.4
Revenues from Capacity Use Agreement	2.7	2.7	2.5
EBITDA(1)	206.6	161.7	136.3
Net Debt(1)	871.1	1,003.6	1,254.7
EBITDA margin(%)(1)	30.1%	32.2%	26.4%
Net Debt to EBITDA ratio(1)	4.2x	6.2x	9.2x

(1) EBITDA consists of net loss before net interest expense, income tax, depreciation and amortization. Net Debt consists of total long-term debt and corporate bonds (current and non-current portion) less cash and cash equivalents, and other financial assets. Net Debt is calculated as total long-term debt and corporate bonds (current and non-current portion) less cash and cash equivalents, and other financial assets. We compute EBITDA Margin by dividing EBITDA by revenues. The Net Debt to EBITDA ratio is calculated as Net Debt as of the end of the relevant period divided by EBITDA for the 12-month period then ended, in each case with respect to the years ended December 31, 2017, 2016 and 2015. The non-IFRS financial measures described in this offering memorandum are not a substitute for the IFRS measures of earnings or liquidity, for which our management has responsibility.

A non-IFRS financial measure does not have a standardized meaning prescribed by IFRS. Each of these measures is an important measure used by our management to assess our financial and operating performance. We use the Net Debt to EBITDA ratio as a supplementary indicator to assist in the management of our leverage, and also to support the assessment of our liquidity. Our management believes that securities analysts, investors and other interested parties frequently use EBITDA and Net Debt or similarly titled measures in the evaluation of us and our competitors, many of which present EBITDA and Net Debt or similarly titled measures when preparing their results. Accordingly, we believe that disclosure of EBITDA and Net Debt provides useful information to investors and financial analysts in their review of our operating performance and liquidity and their comparison of our operating performance and liquidity to the operating performance and liquidity of other companies in the same industry and other industries. EBITDA and Net Debt are also widely used benchmarks in the investment community. EBITDA and Net Debt have important limitations as analytical tools, and you should not consider it in isolation, as indicative of the cash available to us to make payments under the Notes or as a substitute for analysis of our results as reported under IFRS. In addition, because other companies may calculate EBITDA and Net Debt differently than we do, EBITDA and Net Debt may not be comparable to similarly titled measures reported by other companies.

The following table shows a reconciliation of EBITDA and EBITDA Margin to our profit for the periods indicated:

	For the Year Ended December 31,		
	2017	2016	2015
	(US$ in millions)		
Loss for the year	$ (2.3)	$(41.5)	$(62.4)
Net interest expense	60.7	71.5	77.2
Income tax	1.9	(15.1)	(22.0)
Depreciation and amortization	146.3	146.8	143.5
EBITDA	**$206.6**	**$161.7**	**$136.3**
Revenues	**685.8**	**501.0**	**515.9**
EBITDA Margin	**30.1%**	**32.2%**	**26.4%**

The following table shows a reconciliation of Net Debt to total debt for the periods indicated:

	As of and for the Year Ended December 31,		
	2017	2016	2015
	(in millions of US$)		
Long-term debt	$1,109.1	$1,257.2	$1,400.3
Corporate bonds	112.0	128.0	144.0
Total debt	**$1,221.1**	**$1,385.2**	**$1,544.3**
Cash and cash equivalents	(160.3)	(206.2)	(101.3)
Other financial assets	(189.7)	(175.4)	(188.3)
Net Debt	**$ 871.1**	**$1,003.6**	**$1,254.7**
EBITDA	**$ 206.6**	**$ 161.7**	**$ 136.3**
Net Debt to EBITDA ratio	**4.2x**	**6.2x**	**9.2x**

RISK FACTORS

Before making any investment decision, you should read this offering memorandum and carefully consider, in light of your own financial circumstances and investment objectives, all of the information set forth in this offering memorandum and, in particular, certain matters relating to our company and other matters associated with investments in securities of issuers in countries, such as Peru, that do not have highly developed capital markets, including, without limitation, the risk factors set forth below. Our business, operations and financial condition and an investment in the Notes are subject to various substantial risks. Some of these risks are described below. However, this section does not describe all risks applicable to our business or industry and it is intended only as a summary of certain material factors. If any of these risks were to materialize, individually or in combination, our business, prospects, financial condition, results of operations or cash flows could be materially adversely affected. Additional risks not presently known to us or that we currently deem immaterial may also impair our business, prospects, financial condition, results of operations or cash flows.

Risks Related to Our Company and the Peruvian Natural Gas and LNG Industry

The success of our business depends, in part, on factors beyond our control.

The success of our business is partly dependent on the actions of third parties and on factors beyond our control. The following factors, most of which are beyond our control, may unfavorably impact our business and results of operations:

- availability and competitiveness of alternative energy sources in the markets served by us and our customers;
- expiration or termination of significant contracts with third parties or permits, licenses or authorizations granted by governmental agencies or third parties;
- changes in regulation and actions of regulatory bodies in Peru or in LNG markets worldwide;
- material changes in the availability and demand for LNG in Peru or worldwide;
- temporary or prolonged reductions in LNG prices or natural gas prices in downstream markets;
- material changes in the supply of natural gas to downstream markets;
- material increases of capital costs;
- opposition to energy infrastructure development in Peru, particularly in environmentally sensitive areas or in areas inhabited by indigenous populations;
- adverse general economic conditions;
- adverse future weather conditions and unforeseeable natural disasters; and
- relations with the communities and social groups in the areas where we operate.

These and other factors could materially adversely affect our business, prospects, financial condition, results of operations or cash flows and could impair our ability to make payments under the Notes.

We are dependent on one customer to generate substantially all of our revenues.

We are dependent on the purchase of LNG by Shell to generate substantially all of our revenues. Pursuant to our LNG SPA with Shell, which expires in 2028, we are committed to sell 218 TBtu per year of LNG to Shell under a take-or-pay agreement. Revenues derived from the LNG SPA are expected to constitute substantially all of our revenues for the foreseeable future. Accordingly, we are dependent on Shell's continued willingness and ability to timely meet its contractual obligations to us.

If Shell were unable or unwilling to meet its contractual obligations under the LNG SPA on a timely basis or at all, our cash flows and financial condition would be severely and adversely affected. Additionally, if Shell were to enter into insolvency proceedings, our ability to directly or indirectly recover payments due to us could be limited. Additionally, Shell may terminate the LNG SPA upon, among other reasons: (i) our own entry into insolvency proceedings, (ii) extensive and material *force majeure* claimed by us, (iii) our extended period of material non-payment of amounts due, (iv) our actions or inaction that would cause Shell to violate laws applicable to it, such as anti-corruption laws, (v) any violation by us of anti-corruption laws and (vi) failure of our Shareholders to deliver performance guarantees from creditworthy guarantors in the aggregate amount of US$100,000,000. See "Description of Material Documents—Material Agreements—LNG Sales and Purchase Agreement." If the LNG SPA were to be terminated, or Shell were to breach its obligations thereunder, there can be no assurance that we would be able to secure alternative LNG sale arrangements with one or more creditworthy customers on a long-term basis, on otherwise favorable terms, without undue delay or expense, or at all. If the LNG SPA is terminated before the expiration of its term, our business, prospects, financial condition, results of operations or cash flows may be negatively affected, which, in turn, may impair our ability to make payments under the Notes.

Moreover, our LNG SPA is scheduled to expire in October 2028. There can be no assurance that we will be able to secure alternative LNG sale arrangements with one or more creditworthy customers on a long-term basis, on otherwise favorable terms, without undue delay or expense, or at all. If we are unable to renew, extend or replace the LNG SPA, or if we renew it on less favorable terms, our business, prospects, financial condition, results of operations or cash flows may be negatively affected, which, in turn, may impair our ability to make payments under the Notes.

In addition, any event, whether in our area of operations or otherwise, that adversely affects Shell's financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our business, prospects, credit ratings, financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes. Accordingly, we are indirectly subject to the business risks of Shell, some of which are the following:

- potential changes in the supply of and demand for oil, natural gas and LNG, both globally and regionally;
- fluctuating prices of LNG or natural gas;
- risks relating to Shell's business, including rising climate change concerns, a decrease in demand for fossil fuels and additional compliance obligations and a wide range of political developments that could result in changes to contractual terms, laws and regulations;
- adverse effects of governmental and environmental regulations in Peru and in Shell's destination markets, including subsidies for other energy sources or taxes on LNG or natural gas; and
- the global macroeconomic environment and financial and commodity market conditions.

We are dependent on one asset to generate substantially all of our revenues.

We are dependent on the LNG Plant to generate substantially all of our revenues. Because of our lack of asset diversification, any adverse development at the LNG Plant or PLNG Pipeline, including the risks described herein, would have a significantly greater impact on our financial condition and result of operations than if we maintained more diverse assets. If we generate insufficient revenues, it would have a material adverse effect on our ability to cover our operation and maintenance expenses, to service debt obligations under the Notes and any of our other indebtedness. Although the terms of the Notes do not restrict our ability to incur unsecured debt and allow us to incur certain secured debt, if our revenues are insufficient, we may not be able to incur the amount of debt necessary to make up for an insufficiency in revenue to meet our debt service obligations due to, among other reasons, contractual restrictions or then-existing market conditions.

We depend on the availability of natural gas reserves in Peru, particularly in the Camisea Fields and Block 57.

All of the natural gas supplied to the LNG Plant pursuant to the Gas Supply Agreements is produced from the Camisea Fields, particularly Block 56 and Block 88 (to the extent of fuel gas and other volumes consumed domestically or at the LNG Plant), and from Block 57 (to the extent exported). Accordingly, our long-term financial condition is dependent on the continuous supply of natural gas from the Camisea Fields and Block 57. Without continued successful acquisition or exploration activities, the gas reserves of the Block 56, Block 57 and Block 88 Upstream Consortiums, which provide substantially all of our supply of natural gas, will decline as a result of their current gas reserves from the Camisea Fields and Block 57 being depleted by production. Continued supply of natural gas from reserves in Block 56, Block 57 and, to a lesser extent, Block 88, to the PLNG Pipeline and, as a result, the LNG Plant, is dependent on a number of factors over which we have no control, including:

- levels of drilling, reserves and production of natural gas in the Camisea Fields, Block 57 and other areas of Peru and the price of such natural gas;
- accessibility of the Camisea Fields and Block 57, which may be affected by weather, natural disasters, the terrain, environmental restrictions and regulations, adverse governmental actions and takings, activities of terrorist groups, drug cartels and organized crime or other impediments to access;
- the availability, price and quality of natural gas from alternative sources; and
- the regulatory environment in Peru.

Any of the above factors could affect the continued supply of natural gas to the PLNG Pipeline and the LNG Plant. The Block 56 Upstream Consortium, Block 88 Upstream Consortium and the Block 57 Upstream Consortium, as appropriate may not be able to find or acquire additional reserves in the Camisea Fields or Block 57 at economical prices based on their on-sale of the natural gas from such additional reserves to us. Although the Gas Supply Agreements provide for our supply of natural gas on a "deliver-or-pay" basis, if these producers are unable to produce natural gas at economic costs, they might breach or default under the Gas Supply Agreements or otherwise experience insolvency or bankruptcy. This could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and, as a result, impair our ability to make payments under the Notes.

We have a high supplier concentration and the failure by one or more of our suppliers to perform under their respective contracts or our failure to renew such contracts at competitive prices may have a material adverse effect on our financial results.

We rely on natural gas to supply the LNG Plant. All of our supply of natural gas is secured by the Gas Supply Agreements. The delivery of natural gas to our LNG Plant is dependent upon a number of factors, including the continuing financial viability of contractual counterparties. Any failure of a counterparty to perform may lead to delays, disruptions or curtailments in the production of LNG at the LNG Plant. If the counterparties to the Gas Supply Agreements were unable or unwilling to meet their contractual obligations on a timely basis or at all, our cash flows and financial condition would be severely affected.

Our Gas Supply Agreements include a clause allowing for the termination of the relevant contract before the expiration of its term by any of the parties, in case of an extended event of *force majeure* or our extended failure to pay. See "Business—Material Agreements—Gas Supply Agreements." If the Gas Supply Agreements were to be terminated, or the counterparties were to breach their obligations thereunder, there can be no assurance that we would be able to secure alternative natural gas purchase arrangements with one or more creditworthy customers on a long-term basis, on otherwise favorable terms, without undue delay or expense, or at all.

The Gas Supply Agreement for Block 56, as well as the agreement between the Block 56 Upstream Consortium and the owners of Block 57 for Block 57's natural gas supply, will both expire on the earlier of (a) June 30, 2028 or (b) upon delivery of 4.2 Tcf of natural gas less any volumes delivered under the Gas Supply Agreement related to Block 88, subject to an extension for up to 24 months in certain circumstances. The Gas Supply Agreement for Block 88 expires on the earlier of (a) June 30, 2028 or (b) upon delivery of 0.33 Tcf of natural gas subject to an extension for up to 24 months in certain circumstances. We cannot assure you that we will be able to extend or replace the Gas Supply Agreements when they expire or that the terms of any renegotiated contracts will be on similar or more favorable terms and conditions. Our successful operation after the expiration of the Gas Supply Agreements will depend on our ability to renew or enter into new contracts for the continuous supply of gas to the LNG Plant. In particular, our ability to extend or replace contracts could be adversely affected by factors we cannot control, including:

- Peruvian natural gas transportation regulations;
- international natural gas prices;
- timing, volume and location of new natural gas market demand;
- competition from alternative purchasers;
- supply, demand and price of natural gas in Peru; and
- demand for LNG in the markets we ultimately serve.

If we are unable to renew the Gas Supply Agreements, or enter into new supply contracts and, in particular, enter into long-term supply contracts, we may be required to purchase our natural gas on the spot market at prices that may be significantly greater than the prices we previously paid for gas, or we may be unable to purchase gas at competitive prices or at all. There can be no assurance that we would be able to secure alternative natural gas purchase arrangements with one or more creditworthy customers on a long-term basis, on otherwise favorable terms, without undue delay or expense, or at all.

If we are unable to renew, extend or replace the Gas Supply Agreements, if we renew them on less favorable terms, our business, prospects, financial condition, results of operations or cash flows may be negatively affected, which, in turn, may impair our ability to make payments under the Notes. For additional information regarding the differences between our Gas Supply Agreements, see "Business—Material Agreements—Block 88 Gas Sales Agreement."

The price of natural gas under the Gas Supply Agreements may not match the price of LNG sold under the LNG SPA.

The contract price for natural gas under the Gas Supply Agreements is determined based on a "Reference Value" related to the applicable pricing marker for the destination where our LNG is sold by Shell (for example, Henry Hub for import terminals in Manzanillo and Altamira, Mexico, NBP for Spain and England and JKM for Japan and South Korea). However, the contract sales price paid by Shell to us for LNG is subject to adjustments (positive or negative) in connection with a specified quantity of LNG that is expected to be delivered to Henry Hub destinations. For example, we have been subject to negative adjustments related to this provision in 2012 for US$9.296 million, in 2013 for US$14.497 million, and in 2016 for US$20.570 million. The adjustment with respect to 2017 currently remains under review. The corresponding price of natural gas under the Gas Supply Agreements is not affected by these adjustments. Accordingly, any downward adjustments to the price under the LNG SPA could result in a decrease in our profits and negatively affect our financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes. See "Business—Material Agreements."

If the TGP Pipeline System or its interconnection to the Camisea Fields and the PLNG Pipeline becomes partially or fully unavailable, our business and cash flows could be adversely affected.

The natural gas supplied to the LNG Plant is transported through a pipeline consisting of two segments that cross a varied geography under very dissimilar conditions: (i) the rainforest section of the TGP Gas Pipeline, which transports natural gas from the Camisea Fields through the first 211 km of the TGP Gas Pipeline, and, (ii) the PLNG Pipeline, which transports natural gas 408 km from an interconnection with the TGP Gas Pipeline located at approximately km 211 of the TGP Gas Pipeline to the LNG Plant. In addition to the TGP Gas Pipeline, the TGP Pipeline System also includes the TGP Liquids Pipeline, which delivers natural gas liquids produced from the Camisea Fields and Block 57 and processed at the Malvinas processing plant to a fractionation plant located in the province of Pisco. While we are not involved in the natural gas liquids value chain, the TGP Liquids Pipeline is relevant to our operations, as any downtime of the TGP Liquids Pipeline also causes an interruption of production from the Upstream Facilities, impairing production of both natural gas and natural gas liquids.

The TGP Pipeline System is owned and operated by TGP. The continuing operation of, and our continuing access to, the TGP Pipeline System is not within our control. The TGP Pipeline System may become unavailable because of testing, turnarounds, line repair, maintenance, reduced operating pressure, lack of operating capacity, regulatory requirements and curtailments of receipt or deliveries due to insufficient capacity or because of damage from severe weather conditions, vandalism, interruptions of service resulting from native or environmental protest groups or other operational issues. Additionally, the TGP Gas Pipeline is subject to damage resulting from natural geological movements and natural disasters, including earthquakes, floods and mudslides that can cause the earth surrounding any part of the TGP Gas Pipeline to move unpredictably. Any such unpredictable geological movement could cause a rupture or other malfunction of the TGP Gas Pipeline and would likely result in an interruption of service. If the TGP Gas Pipeline becomes unable to receive, transport or process product, our operating margin and cash flows could be adversely affected.

During the year ended December 31, 2017, TGP experienced one interruption of service in the TGP Pipeline System, which was due to a valve leak that needed repair. This interruption of service caused operations at the LNG Plant to stop for three days and we claimed *force majeure* with respect to 1.0 TBtu of LNG. There were also interruptions of service in the TGP Pipeline system in 2011 for a total of 20 days (16 days for valve failure; 4 days for civil disturbance), in 2012 of 6 days (leaks), in 2014 of 3 days (disruption of the TGP Liquids Pipeline due to TGP maintenance), in 2015 of 22 days (leaks), and 2016 of 17 days (leaks). TGP also experienced an interruption of service in the liquid gas pipeline between February 3, 2018 and February 15, 2018 due to a leak in the TGP Pipeline caused by a landslide, which interruption resulted in a restriction of the natural gas supply. There is no assurance that such events will not be repeated in the future or that TGP will not experience similar problems with the TGP Gas Pipeline. We depend on TGP's ability to prevent any leaks or unplanned interruptions in the TGP Gas Pipeline. Although our commercial agreements contain *force majeure* exceptions, should there be an unplanned interruption in the transportation activities along the TGP Gas Pipeline, we would depend on TGP's ability to restore operations within the shortest period of time.

The termination of our other material agreements may adversely affect our revenues, cash flows, and business prospects.

In addition to the LNG SPA and the Gas Supply Agreements, our business operations are dependent on other material agreements, including the Gas Transportation Agreement, the operator services agreement ("the Operator Services Agreement"), the Compression Services Agreement and the Contractual Services Agreement. Most of our material agreements include clauses permitting termination of the relevant contract before the expiration of its term by us or our counterparty in case of breach of the other party or an extended event of *force majeure*. If any of these material agreements is terminated, we may not be able to replace it or we may only be able to replace it on less favorable terms.

If any of these material agreements is terminated before the expiration of its relevant term and we are unable to replace it or we are only able to replace it on less favorable terms, our business, prospects, financial condition, results of operations or cash flows may be materially and adversely affected, which, in turn, may impair our ability to meet our obligations under the Notes. Any payments received as a result of such terminations may not be sufficient to meet our outstanding obligations.

If the LNG Plant is unable to produce LNG as a result of a breakdown or other failure, we may be unable to meet contractual obligations under the LNG SPA.

We depend on the continued operation of the LNG Plant for the production and loading of the LNG that we are required to deliver pursuant to the LNG SPA. The LNG Plant, however, is a sophisticated combination of complex components and systems each of which may be subject to unanticipated failures or breakdowns. While we have procedures in place that seek to ensure timely compliance with all maintenance requirements of our equipment and machinery, it is impossible to eliminate the risk of failures of the components of the LNG Plant in the future.

Although the LNG SPA contains *force majeure* exceptions, the breakdown, failure or poor performance of a major component of the LNG Plant, the PLNG Pipeline or the TGP Gas Pipeline may require us to purchase natural gas or LNG in the spot market to meet contractual obligations under the LNG SPA. In addition, the LNG Plant will periodically experience operational downtime due to scheduled maintenance plans, and may also experience downtime due to unscheduled repairs, which may also negatively affect our production ability and require us to purchase natural gas or LNG in the spot market at potentially higher prices to meet our contractual obligations. During the year ended December 31, 2017, the weighted average availability of the LNG Plant was 96.99% compared to 97.17% in 2016; the decrease in availability in 2017 was primarily the result of preventative maintenance.

Current or future litigation or regulatory proceedings could materially and adversely affect our business.

We are involved from time to time in litigation proceedings, any of which could result in unfavorable decisions or financial penalties against us, which could have material adverse consequences to our business.

Litigation or regulatory proceedings are inherently unpredictable, and excessive verdicts do occur. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business. In addition, such investigations, claims and lawsuits could involve significant expense and diversion of our management's attention and resources from other matters. Any of the foregoing events may have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and, therefore, on our ability to make payments under the Notes.

For further information on our legal proceedings including our pending arbitration matter, see "Business—Legal Proceedings."

Cyclical or other changes in the demand for and the international market price of LNG and natural gas may adversely affect our LNG business and could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows.

Our business is based on assumptions about the future availability and price of natural gas and LNG and the prospects for international natural gas and LNG markets. Since the price of LNG that we sell to Shell is indexed to natural gas according to the relevant delivery point, our revenues and costs are subject to worldwide commodity price risk. Natural gas and LNG prices have been, and are likely to continue to be, volatile and subject to wide fluctuations. Factors that may negatively affect potential prices and demand for LNG are diverse and include, among others:

- increases in worldwide natural gas and LNG production capacity and the availability of natural gas and LNG for market supply;
- increases in demand for LNG worldwide, but at levels below those required to maintain current price equilibrium with respect to supply;
- cost improvements that allow competitors to offer natural gas liquefaction capabilities at reduced prices;
- changes in supplies of, and prices for, alternative energy sources such as coal, oil, nuclear, hydroelectric, wind, solar energy and electric batteries which may reduce the demand for natural gas;
- adverse relative demand for LNG compared to other markets, which may decrease LNG imports in the markets we serve;
- insufficient LNG tanker capacity;
- increased natural gas production deliverable by pipelines, which could suppress demand for LNG in affected markets;
- decreased oil and natural gas exploration activities in Peru, which may decrease the production of natural gas;
- changes in regulatory or other governmental policies regarding exported LNG, natural gas or alternative energy sources, which may reduce the demand for exported LNG or natural gas;
- political conditions in natural gas producing regions;
- changes in political views about the desirability of natural gas or LNG as a fuel source or the preference for other energy sources;
- weather conditions; and
- cyclical trends in general business and economic conditions that cause changes in the demand for natural gas.

Adverse trends or developments affecting any of these factors could result in decreases in the demand and price of LNG or natural gas, which could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows.

Our operations are subject to operational hazards and uninsured risks.

Our operations are subject to the inherent risks normally associated with the natural gas and LNG sectors, including equipment failures and ruptures, explosions, pollution, releases of toxic substances, fires, geological risks, interruptions due to power supply, sea and weather conditions, technical failure, human error, vandalism, theft, and other hazards, each of which could result in damage to or destruction of our infrastructure assets or injuries to persons and damage to property. The operation of our facilities involves, among others, the risk that incidents that cause an interruption of service could negatively affect our business, prospects, financial condition, results of operations or cash flows while the affected asset is out of service and could expose us to liability under the terms of our material agreements.

Substantially all of the PLNG Pipeline is buried underground. Accordingly, the PLNG Pipeline is subject to damage resulting from natural geological movements and natural disasters, such as earthquakes, floods and mudslides, that can cause the earth surrounding any part of the PLNG Pipeline to move unpredictably. The LNG Plant and our other infrastructure assets are also subject to such natural geological movements or natural disasters. The LNG Plant is located on the coast and delivers LNG to ocean-going vessels. Accordingly, LNG deliveries from the LNG Plant are subject to delays and interruptions due to strong wave and wind activity at or near the loading facilities at the LNG Plant which could also be subject to natural disasters occurring elsewhere that cause tsunamis, tidal waves or other disruptive ocean events. Any such unpredictable geological movement could cause damage to or other malfunction of the PLNG Pipeline, LNG Plant or our other infrastructure assets, which would likely result in an interruption of service. During the three years ended December 31, 2017, we have experienced no interruptions of service caused by the operations of the PLNG Pipeline.

In addition, our operations and assets face possible risks associated with acts of aggression and terrorism in Peru. Although the PLNG Pipeline has never previously been the target of a violent attack, Peru has experienced several periods of violence over the past four decades, primarily due to the activities of terrorist groups, drug cartels and organized crime. In response, Peru has implemented various security measures and programs and has strengthened its military and security forces by creating specialized units. Despite these efforts, drug-related crime and terrorist activity continue to exist in Peru. A significant proportion of such activities were undertaken in areas crossed by the PLNG Pipeline in the Central Spread in the Sierra (La Mar and Huamanga Provinces of Ayacucho).

While we maintain insurance against many of these risks to the extent available in the relevant markets and in amounts that we believe are reasonable, this insurance does not cover all risks. Many of our insurance policies have material deductibles, exclusions and self-insurance levels, as well as significant limits on our maximum recovery. We cannot assure you that our level of insurance is sufficient to cover all liabilities and, as a result, such events could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and could impair our ability to make payments under the Notes.

Our level of insurance might not be sufficient to fully cover all liabilities that may arise in the course of our business, and insurance coverage might not be available in the future.

We currently maintain customary insurance for losses resulting from natural peril, including earthquakes, tsunamis, floods and other risks such as fire, explosions and electrical shorts and outages with respect to the LNG Plant, the PLNG Pipeline and our other facilities and assets. We also have civil liability insurance covering material and physical losses and damages that may be suffered by third parties, subject to customary deductible and coverage limits. Some of our insurance policies have material deductibles, exclusions and self-insurance levels, as well as significant limits on our maximum recovery. Accordingly, there can be no assurance that the proceeds of such insurance, together with our other available funds, will be sufficient to provide for the repair or replacement of any damaged or destroyed portions of the LNG Plant, the PLNG Pipeline or our other facilities and assets, or to cover us for our lost revenues. In addition, there can be no assurance that we will be able to maintain or renew annually such insurance on commercially reasonable terms or at all. Any change in the coverage offered by our insurers or a hardening of the insurance market generally could reduce our ability to obtain and maintain adequate, cost-effective coverage. In addition, if any of our third-party insurers fails, abruptly cancels our coverage or otherwise cannot satisfy their insurance requirements to us, our overall risk exposure and operational expenses could be increased.

We do not own most of the land on which our pipeline is located, which could disrupt our operations.

We do not own most of the land on which the PLNG Pipeline is located, though we do have easement rights with respect to such land. However, we are subject to the possibility of more onerous terms or increased costs to retain the necessary land use under our easement rights. In extraordinary circumstances, we obtain the rights to enter land owned by third parties on a temporary basis to address unscheduled maintenance issues. Our loss of these rights, through our inability to renew right-of-way contracts, leases or otherwise, could cause us to cease operations on the affected land, increase costs related to continuing operations elsewhere and reduce our revenue.

The interests of the Shareholders may be contrary to our interests and the interest of the holders of the Notes.

We are directly or indirectly owned by the following entities: HOC (with a 50% interest), Shell Parent (with a 20% interest), SK (with a 20% interest) and Marubeni (with a 10% interest). Through their indirect ownership of us, the Shareholders indirectly control all of our equity interests and determine the outcome of any action requiring approval of the Members of Peru LNG Company, through their representatives on the Management Committee , including transactions with related parties, corporate reorganizations and the timing and payment of distributions to the Members. The Shareholders, therefore, can substantially influence our policies, strategies and operations, although no individual Shareholder holds exclusive decision-making authority.

Additionally, pursuant to the Second Amended and Restated Limited Liability Company Agreement of Peru LNG Company L.L.C. (the "LLC Agreement"), some company decisions require the unanimous approval of the Management Committee, including the amendment of our organizational documents, the consolidation, merger or sale of all or substantially all of our assets. As a result, one or more of the Shareholders may have veto power to take any such actions. See "Our Shareholders—LLC Agreement."

In circumstances involving a conflict of interest between the Shareholders, on the one hand, and the holders of the Notes, on the other hand, the Shareholders may exercise their ability to control us in a manner that would be adverse to the holders of the Notes. For example, the Shareholders may direct us not to engage in certain activities or make certain expenditures, which direction may be designed primarily to promote their own goals and not exclusively to enhance our business. We may also be the subject of political debates or be subject to public, political or shareholder pressure that may change from time to time which may require the Shareholders to take certain actions, including those in respect of us, that may be adverse to our interests and the interests of the holders of the Notes.

The impact of such actions and each of these factors may adversely affect our business, prospects, financial condition, results of operations or cash flows and, as a result, impair our ability to make payments under the Notes.

We have entered and may enter into certain transactions with affiliates or other related parties, which transactions may result in conflicts of interests.

We have entered and may enter into transactions with companies controlled by our Shareholders or companies in which our Shareholders or their affiliates have an ownership interest, including the following:

- the LNG SPA, as an affiliate of Shell Parent is our counterparty to the LNG SPA (see Note 5.C. to the PERU LNG Financial Statements); and

- the Gas Supply Agreements, as an affiliate of HOC holds a 25.2% interest and the Peruvian branch of SK holds a 17.6% interest in Block 56 and Block 88 (see Note 5.B. to the PERU LNG Financial Statements).

See "Related Party Transactions." There can be no assurance that such transactions could not give rise to conflicts of interest.

We depend on key members of our management team and our Shareholders for the success of our business.

The General Manager and other members of our management team are industry professionals with extensive experience in the oil and gas business. We depend on key members of our management team and the support from the Shareholders for the successful operation of our business. The loss of such key members of our management team or the sale by any of the Shareholders of their indirect equity interest in us (which is not prohibited under the LLC Agreement, subject to compliance with the conditions included therein) could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and could impair our ability to make payments under the Notes. See "Management" and "Our Shareholders."

Changes in management's estimates and assumptions may have a material impact on our financial statements and financial or operational performance in any given period.

In preparing our financial statements and other financial information included in this offering memorandum, our management has made certain judgements, estimates and assumptions as of a specified date. These estimates and assumptions are based on management's best estimates and experience as of that date and are subject to substantial risk and uncertainty. Materially different results may occur as circumstances change and additional information becomes known. Areas requiring significant estimates and assumptions by management include: financial instruments, property, plant and equipment and income tax. Changes in estimates or assumptions or the information underlying the assumptions, such as changes in our business plans, general market conditions or changes in commodity prices, could affect reported amounts of assets, liabilities or expenses.

We depend on information and processing systems to operate our business, the disruption or failure of which could adversely affect our business, prospects, financial condition, results of operations or cash flows.

Information and processing systems are vital to our ability to monitor our infrastructure's operation and network performance, to record and report commercial and financial transactions, to receive and make payments, to achieve operating efficiencies and to meet service targets and standards. Any disruption or failure of any of these information and processing systems could have an adverse effect on our business, prospects, financial condition, results of operations or cash flows and, as a result, could impair our ability to make payments under the Notes. Non-scheduled and non-justified disruptions could be subject to administrative fines by our regulators. Any failure of our computer systems, or those of our off-taker, suppliers or others with whom we do business, could materially disrupt our ability to operate our business. Unknown entities or groups have mounted so-called "cyber-attacks" on businesses to disable or disrupt computer systems, disrupt operations and steal funds or data. Cyber-attacks could also result in the loss of confidential or proprietary data or security breaches of other information technology systems that could disrupt our operations and critical business functions. Our insurance may not protect us against such occurrences. Any such cyber-attack that affects us or our customer, suppliers or others with whom we do business, could have a material adverse effect on our business, cause us to incur a material financial loss, subject us to possible legal claims and liability or damage our reputation.

Moreover, as the sophistication of cyber-attacks continues to evolve, we may be required to expend significant additional resources to further enhance our digital security or to remediate vulnerabilities. In addition, cyber-attacks against us or others in our industry could result in additional regulations, which could lead to increased regulatory compliance costs, insurance coverage cost or capital expenditures. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations.

Under Peruvian law we may be jointly liable for unpaid statutory benefits to individuals employed by third party contractors.

Under Peruvian Law No. 29245, Law that Regulates the Outsourcing Services (*Ley que Regula los Servicios de Tercerización*), outsourcing of employees from third party contractors is permitted as long as certain legal requirements are met. If the contractors fail to pay statutory benefits, we are jointly liable for those accrued during the time that the service was provided. In addition, to the extent that such requirements are not met, employees working for outsourcing companies may be entitled to request to be recognized as employees of our company and to claim statutory or conventional benefits.

Failure to employ a sufficient number of skilled workers, an increase in labor costs or labor strikes could increase expenses for the LNG Plant.

Operating the LNG Plant requires skilled personnel to provide technical services and support. In periods of increasing activity and when the number of alternative worksites in an area of operation increases, either because of new construction, re-activation or constant maintenance, shortages of qualified personnel could arise in such area, creating upward pressure on wages and difficulty in staffing. Shortages of qualified personnel, the inability to obtain and retain qualified personnel and a work stoppage or strike could negatively affect the quality and timeliness of work, which could in turn have an adverse impact on our business, prospects, financial condition, results of operations or cash flows and, as a result, our ability to make payments under the Notes could be impaired.

We may have difficulty obtaining financing at cost-effective rates.

Our future success depends on our ability to access capital markets and obtain financing at cost-effective rates. This is dependent on a number of factors, many of which we cannot control, including changes in:

- our credit ratings;
- condition of local and international financial markets;
- market perceptions of us, as well as the natural gas and LNG industries; and
- market prices for electricity, oil and natural gas.

Our financial condition and liquidity could be adversely affected if there is a negative movement in any of these factors.

Risks Related to Legal and Regulatory Matters

The agencies that regulate our business and customers may take actions that may affect our profitability.

We must maintain certain quality, safety and maintenance standards with respect to our business. Our business is regulated by the OSINERGMIN, the MEM and the Peruvian Environmental Evaluation and Fiscalization Agency (*Organismo de Evaluación y Fiscalización Ambiental*, or "OEFA"), and various other national regulatory agencies. Our failure to meet the quality standards established by those agencies may result in the imposition of penalties, fines and restrictions and could have the potential to adversely affect our profitability. Increased regulatory requirements relating to the integrity of our facilities or the quality of the services provided by them may require additional spending in order to maintain compliance with these requirements. Any additional requirements could significantly increase the amount of these expenditures, and affect our business, prospects, financial condition, results of operations or cash flows and, as a result, could impair our ability to make payments under the Notes.

Changes to current regulation, legislation and rates, including with respect to the protection of the environment, may increase the cost associated with operating our facilities and adversely affect our business, prospects, financial condition, results of operations or cash flows.

Our business is subject to extensive energy, environmental and other laws and regulations at the national and local level affecting many aspects of our operations. Such laws and regulations relate to, among other things, required licenses, permits and other approvals, the terms and conditions which apply to our operations and disposition of facilities by us. Failure to comply with these laws and regulations may result in the assessment of administrative penalties or measures, damage claims, imposition of remedial requirements and the issuance of injunctions to ensure future compliance. Liability under certain environmental laws is strict and joint and several in nature. Compliance obligations can result in significant costs to install and maintain pollution controls, fines restrictions and penalties resulting from any failure to comply, and potential limitations on our operations, established by the OEFA or other governmental authorities. Remediation obligations can result in significant costs associated with the investigation and remediation or clean-up of contaminated areas, as well as damage claims arising out of the contamination of properties or impact on natural resources.

While we believe that our business has been operated in material compliance with applicable laws, regulations, licenses, permits and approvals, our operations may not comply at any given time with all laws and regulations and all conditions established by applicable licenses, permits and approvals and such laws and regulation may change. Risks of substantial costs and liabilities, including those from leaks and explosions, are inherent in the LNG Plant and PLNG Pipeline operations and significant costs and liabilities may be incurred, including those relating to claims for damages to property or injury or loss of life, resulting from operations of our facilities. Further, we may not be able to renew or maintain all licenses, permits and approvals required to operate our assets. The failure to renew or maintain any required licenses, permits or approvals or our inability to satisfy any applicable legal requirements may result in the suspension of operation, the imposition of fines or administrative measures (i.e., remedial and/or corrective measures), as well as potential administrative, civil and criminal penalties, which may significantly increase compliance costs and the need for additional capital expenditures.

For example, under Supreme Decree 039-2014-EM (*Reglamento para la Protección Ambiental en las Actividades de Hidrocarburos*) and the applicable administrative procedures regulations, any infringement of environmental laws and regulations shall be proved by the relevant environmental agency and may give rise to administrative penalties or measures for such environmental violations. Should we be held responsible, environmental authorities may order precautionary or corrective measures and impose penalties such as discretionary fines for up to approximately US$38.0 million, the termination of environmental licenses or permits, or even the temporary or definitive closing of our company's premises. Likewise, there are regulations that prioritize the supply and transportation of natural gas for local market consumption over the export in emergencies cases such as the Supreme Decree No 050-2012-EM (*Establecen Mecanismos de Emergencia para el Suministro de Gas Natural*). Although our commercial agreements contain *force majeure* exceptions, such temporary or definitive action could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and could impair our ability to make payments under the Notes.

Any of the above factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes.

We are subject to extensive environmental regulation, and concerns regarding climate change may subject us to even stricter environmental regulations.

Our activities are subject to a broad set of laws and regulations relating to the protection of the environment. We have incurred, and will continue to incur, capital and operating expenditures to comply with these laws and regulations. Because of the possibility of unanticipated regulatory measures or other developments, particularly as environmental laws become more stringent, the amount and timing of future expenditures required to maintain compliance could increase from current levels and could adversely affect the availability of funds for capital expenditures and other purposes. Compliance with existing or new environmental laws and regulations, as well as obligations in agreements with public entities, could result in increased costs and expenses. For example, the perceived effects of climate change may result in additional legal and regulatory requirements to reduce or mitigate the effects of our industrial facilities' emissions. Such requirements, if enacted, could increase our capital expenditures and expenses for environmental compliance in the future, which may have a material adverse effect on our business, results of operations and financial condition. Moreover, the denial of any permit that we have requested, or the revocation of any of the permits that we have already obtained, may have an adverse effect on our results of operations.

By Supreme Decree 058-2016-RE, dated July 21, 2016, the Government of Peru ratified the Paris Agreement on Climate Change under the United Nations Framework Convention on Climate Change (the "Paris Agreement"). On July 25, 2016, Peru deposited its instrument of ratification of the Paris Agreement, which entered into force on November 4, 2016. Furthermore, the National Climate Change Strategy was approved by Supreme Decree 011-2015-MINAM, identifying two strategic objectives: (i) prevent the adverse impacts of climate change by reducing economic and social vulnerability to such impacts, seeking to implement adaptation measures at scale; and (ii) reducing Greenhouse Gas ("GHG") emissions, taking advantage of opportunities associated to production patterns in key sectors such as forestry, energy, transport, industry and waste management. Also, this strategy guides the actions of ministries, regional and local governments responsible for implementing concrete actions in response to climate change and its effects.

In addition, Peru's Intended Nationally Determined Contributions envisions a reduction of emissions equivalent to 30% in relation to the GHG emissions of the projected business as usual scenario in 2030, considering that a 20% reduction will be implemented through domestic investment and expenses, from public and private resources (non-conditional proposal), and the remaining 10% is subject to the availability of international financing and the existence of favorable conditions (conditional proposal).

We are subject to labor and health and safety regulations and may be exposed to liabilities and potential costs for compliance.

We are subject to Peruvian Government and local labor and health and safety laws and regulations that govern, among other things, the relationship between us and our employees and the health and safety of our employees. For example, according to the Peruvian Safety and Health at Work Law (*Ley de Seguridad y Salud en el Trabajo*), Law No. 29783, we are required to adopt certain measures to safeguard the health and safety of our employees, as well as third parties, in our facilities. If an adverse final decision determines that we violated any labor law, including the Peruvian Safety and Health at Work Law, an administrative procedure is initiated and we may be exposed to penalties and sanctions, including the payment of fines, and, depending on the level of severity of the infraction, exposed to the closure of our facilities or stoppage of our operations and the cancellation or suspension of governmental registrations, authorizations and licenses, that may result in interruption or discontinuity of activities in our facilities, and materially and adversely affect us.

Risks Related to Peru

Economic, political and social developments in Peru could materially and adversely affect us.

Although our revenue from LNG sales depends on prices largely independent from the performance of the Peruvian economy, all of our operations and facilities are located in Peru. As a result, economic, political and social developments in Peru, as well as the economic and other policies of the Peruvian Government, including depreciation, currency exchange controls, inflation, economic downturns, political instability, social unrest and terrorism, could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes. Adverse media coverage could worsen the impact of these effects.

During the past several decades, Peru has experienced political instability that has included a succession of regimes with differing economic policies, including military coups until the 1980s and a succession of regimes with differing policies and programs thereafter. Historically, past administrations have intervened in the nation's economy and social structure. Among other things, past administrations have imposed controls on or otherwise regulated prices, exchange rates, repatriation of funds, local and foreign investment and international trade. Further, past administrations have restricted the ability of companies to dismiss employees, have expropriated private sector assets and have prohibited the remittance of profits to foreign investors. We cannot assure you that the Peruvian Government, including the administration of President Pedro Pablo Kuczynski, elected in the 2016 presidential election, or future administrations, will continue to pursue business-friendly and open-market economic policies that stimulate economic growth and social stability, or that the Peruvian Government will refrain from adopting new policies that could have an adverse effect on the Peruvian economy or our company. In addition, we cannot assure you that there will not be a government gridlock, which could cause political uncertainty, given the fact that the main opposition party to President Kuczynski, Keiko Fujimori's Fuerza Popular political party, holds a majority of the Peruvian Congress.

On December 22, 2017, the opposition-controlled Congress voted with respect to the initiation of impeachment proceedings for President Kuczynski, which vote fell short of the necessary two-thirds supermajority. The impeachment effort followed months of investigations relating to the Odebrecht global corruption scandal. On March 8, 2018, based on similar allegations against President Kuczynski in the Odebrecht scandal, among others, a group of 30 congressmen (out of a total of 130 congressmen) introduced a motion to hold new impeachment proceedings against President Kuczynski, in accordance with section 113 of the Political Constitution of Peru. The vote on such motion could take place as early as March 15, 2018. If Congress approves such motion (which would require the affirmative vote of at least 40% of the qualified members of Congress), President Kuczynski would be summoned to defend himself in impeachment proceedings. Under current rules (which may be altered by the affirmative vote of 80% of the qualified members of Congress) such impeachment proceedings could not take place prior to the third calendar day or after the tenth calendar day following the approval of the motion, at which time President Kuczynski could be removed from office by the affirmative vote of at least two-thirds of the members of Congress. If President Kuczynski is removed from office, the current rules of succession require the first vice president to become the acting president. If such events do take place, we cannot assure that they would not have a negative effect on the price and volatility of the Notes or on the price, volatility or cost of future debt or equity issued by the Company.

In addition, on March 14, 2018, a Peruvian media report indicated that the office of the fiscal attorney opened a preliminary investigation against President Kuczynski related to the execution of the Block 56 License. At this time, no additional information is available to us to confirm the existence of, or the potential subject matter or parties involved in, any such investigation. In 2008, an investigation related to the Block 56 License was carried out against public officers of Perupetro, certain members of the Block 56 Upstream Consortium and us. This investigation was closed in 2012 without any finding that could affect the validity or legitimacy of the Block 56 License. The Company believes that this new investigation is as a result of, or in connection with, the potential impeachment proceedings described above. However, if this new investigation proceeds, we cannot assure you that the findings will be the same as the prior investigation. Accordingly, there can be no assurance that this new investigation will not have a material adverse effect on the Block 56 License or our Block 56 Gas Sales Agreement, and thereby affect our business, prospects, financial condition, results of operations or cash flows or have a negative effect on the price and volatility of the Notes or on the price, volatility or cost of future debt or equity issued by us.

Several decades ago, the Peruvian Government imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. We cannot assure you that Peru will not experience similar adverse developments in the future.

In addition, social demands and conflicts could have an adverse effect on the Peruvian economy. The informal sector of the Peruvian economy is large and persistent levels of poverty continue to require the deployment of significant public funds for social spending. In addition, while we seek to operate in a socially responsible manner, adverse publicity, including from non-governmental organizations and native or environmental protestors, related to extractive industries generally or our or our suppliers' operations specifically, could result in the interruption of our operations or have an adverse effect on our reputation, results of operations or our relationships with the communities in which we operate. Any of these new policies or actions could materially adversely affect the Peruvian economy and our business, prospects, financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes.

The Peruvian economy could be adversely affected by economic developments in Latin American and global markets.

Financial and securities markets in Peru are influenced, to varying degrees, by economic and market conditions in Latin American and global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may substantially affect capital flows into and securities from issuers in other countries, including Peru. The Peruvian economy was adversely affected by the political and economic events that occurred in several emerging economies in the 1990s, including in Mexico in 1994, which impacted the market value of securities in many markets throughout Latin America. The crisis in the Asian markets beginning in 1997 also negatively affected markets throughout Latin America. Similar adverse consequences resulted from the economic crisis in Russia in 1998, the Brazilian devaluation in 1999 and the Argentine crisis in 2001. In addition, Peru's economy continues to be affected by events in the economies of its major regional partners. Furthermore, the Peruvian economy may be affected by events in developed economies that are trading partners or that affect the global economy. During the recent global economic and financial crisis, global conditions led to a slowdown in economic growth in Peru, slowing GDP growth in 2009 to 0.9%. In particular, the Peruvian economy suffered the effects of lower commodity prices in the international markets, a decrease in export volumes and a decrease in foreign direct investment inflows resulting in a decline in foreign reserves. Adverse developments in regional or global markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, prospects, financial condition, results of operations or cash flows, which, in turn, may impair our ability to make payments under the Notes.

In particular, changes in economic, political and regulatory conditions in the United States or in U.S. laws and policies governing foreign trade and foreign relations could create uncertainty in the international markets and could have a negative impact on the Peruvian economy. Economic conditions in Peru and the value of securities issued by Peruvian companies may be affected by economic and market conditions in the United States. Following the U.S. elections in November 2016 and the change in the U.S. administration, there is uncertainty regarding future U.S. policies with respect to matters of importance to the economy of Peru, as well as the rest of Latin America, particularly including trade. Changes in U.S. policy could have an adverse effect on the Peruvian economy and, consequently, materially adversely affect our business, financial condition and results of operations.

The re-implementation of certain laws by the Peruvian Government, most notably restrictive exchange rate policies, could materially and adversely affect us and our ability to make payment on the Notes.

Since 1991, the Peruvian economy has experienced a significant transformation from a highly protected and regulated system to a free market economy. In 1991, President Fujimori's administration eliminated all foreign exchange controls and unified the exchange rate. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Reserve Bank of Peru (*Banco Central de Reserva del Perú*) in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar. Since the early 1990s, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by market forces. The Peruvian economy has generally responded positively to this transformation; GDP grew by an average annual rate of approximately 4.7% during the period from 1995 to 2017. Exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over foreign exchange markets by imposing restrictions to multiple exchange rates and to the possession and use of foreign currencies.

The Peruvian Government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also materially and adversely affect us.

In addition, if the Peruvian Government were to institute restrictive exchange rate policies in the future, we might be obligated to seek an authorization from the Peruvian Government to make payments on the Notes. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our ability to make payments under the Notes.

We are subject to more limited financial reporting and securities disclosure requirements than companies regulated in the United States.

Financial reporting and securities disclosure requirements in Peru differ in certain significant respects from those required in the United States. Accordingly, the information provided will not be the same as the information available to holders of securities issued by a U.S. company. These laws and regulations are more limited than those in the United States in certain important respects. There may be less publicly available information about us than is regularly published about companies in the United States and certain other jurisdictions. We are not subject to the periodic reporting requirements of the Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes.

Peru has a history of domestic terrorist activity and social conflict that could affect our business, prospects, financial condition, results of operations or cash flows.

In the late 1980s and early 1990s, Peru experienced significant levels of terrorist activity targeted against, among others, the government and private sector. These activities were attributed mainly to two local terrorist groups, *Sendero Luminoso* ("Shining Path") and *Movimiento Revolucionario Túpac Amaru* ("MRTA").

Both terrorist groups suffered significant defeats in the 1990s, including the arrest of their leaders, causing considerable limitations in their activities since the year 2000. Although we believe that Shining

Path and MRTA no longer pose a significant risk as they did during the 1980s and early 1990s, a small group of terrorists primarily related to drug trafficking still operate in remote mountainous and jungle areas in central and southern Peru. Despite the suppression of terrorist activity, terrorist activity and the illegal drug trade continue to be key challenges for Peruvian authorities. Any violence derived from the drug trade or a resumption of large-scale terrorist activities could hurt our operations. We cannot assure you that a resurgence of terrorism in Peru will not occur, or that if there is a resurgence, it will not affect the Peruvian economy and us.

Another source of risk is related to political and social unrest in areas where mining, oil and gas operations take place. In recent years, Peru has experienced protests against mining projects in several regions around the country. On several occasions, local communities have opposed these operations and accused them of polluting the environment and hurting agricultural and other traditional economic activities. In late 2011 and throughout 2012, social and political tension peaked around Conga, a gold project in the northern region of Cajamarca. The launch of Conga, which involved investments of approximately US$4,500.0 million, failed as a result of the protests. We cannot assure you that social demands and conflicts will not occur, of that if they do occur, they will not affect our project, revenues and the Peruvian economy.

The climatic phenomenon El Niño and other natural phenomena such as earthquakes and floods may have a material and adverse effect on us.

El Niño is an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean to rise, resulting in heavy rains off the coast of Peru and Ecuador and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years around the end of December, include abnormally bad weather, flooding and drought, with significant impact on fishing and agriculture activities. The strongest El Niño events of the 20th and 21st centuries occurred in 1982-1983 and in 1997-1998. Should another strong El Niño event occur, there is no assurance that our properties and natural gas transportation assets will not be damaged or that LNG loadings and deliveries would not be disrupted.

In addition, Peru has experienced other natural phenomena in the past such as earthquakes and floods. Notably, on August 15, 2007, a strong earthquake, measuring 7.0 on the Richter local magnitude scale, hit the central coast of Peru, heavily affecting the Ica province in particular. On January 14, 2018, an earthquake, measuring 7.1 of the Richter local magnitude scale, hit the southern coast of Peru. A major earthquake could damage the infrastructure necessary for our operations. Peru has also experienced droughts caused by low rainfall. If such events occur in the future, we may suffer damage to, or destruction of, properties and equipment, or losses not covered by our insurance policies, as well as temporary disruptions to our services, which may materially and adversely affect us. Although we test our business continuity plans annually, these plans may prove to be ineffective, which could have a material effect on our ability to carry out our business, especially if an incidence or disaster affects computer-based data systems or damages customer or other data. In addition, if a significant number of our employees were affected by a natural disaster, our ability to conduct business could be impaired.

Changes in tax laws may increase our tax liabilities and, as a result, have a material and adverse effect on us.

The Peruvian Government regularly implements changes to its tax regulations and interpretations. Potential changes may include modifications in the tax rates or the enactment of temporary taxes that, in some cases, could become permanent taxes. These changes could, if enacted, have the effect of increasing our tax liabilities. Tax reforms related to the value added tax ("VAT") and the Peruvian tax code have recently been approved by the Peruvian Government. While we continue to examine the effects of these reforms, we are currently unable to estimate the impact such reforms may have on our business. We cannot give any assurance that our tax stability agreement with the Peruvian Government will not be changed. The effects of any tax reform that could be proposed in the future and any other changes that could result from the enactment of additional reform or changes in interpretation have not been, and cannot be, quantified. Any changes to our tax regime or income tax rate may increase our tax liabilities or our overall compliance costs, which could negatively affect our business. The Investment Agreement we entered into with the Peruvian Government provides us with tax stability, as we are only subject to the tax regime applicable as of the date of signing the Investment Agreement. However, there can be no assurance that such tax stability will remain in connection with the expiration or renewal of the Investment Agreement in 2046.

The laws of Peru include anti-bribery and anti-corruption legislation which could be less stringent than that of other jurisdictions, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

The regulatory regime of Peru includes anti-bribery and anti-corruption legislation which is currently under development and which could be less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions. Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery and anti-corruption.

Our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Peruvian or foreign authorities (including the U.S. Department of Justice) or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Risks Related to the Notes

There is no public market for the Notes, and transferability may be limited by the absence of an active trading market.

The Notes are a new issue of securities, and there is currently no market for the Notes. Although we have been advised by the Initial Purchasers that they currently intend to make a market for the Notes following completion of the offering, they are not obligated to do so, and they may discontinue any such market-making activities at any time without notice. Approval in-principle has been received for the listing of the Notes on the SGX-ST. We cannot assure you, however, that an active trading market for the Notes will develop or be sustained. We cannot assure that you will be able to sell your Notes, or of the price at which you may be able to sell your Notes. If a market for the Notes were to develop, the Notes could trade at prices that may be higher or lower than their initial offering price depending on many factors, including some beyond our control. The liquidity of, and trading market for the Notes may be adversely affected by changes in interest rates and declines and volatility in the market for similar securities, as well as by any changes in our financial condition or results of operations and by declines in the market for high-yield and emerging market securities generally. See "Plan of Distribution."

We may incur significant indebtedness in the future which may adversely affect our business, prospects, financial condition, results of operations or cash flows and our ability to comply with its obligations under the Notes.

Our outstanding long-term debt as of December 31, 2017, after giving effect to this offering, the use of proceeds thereof and the completion of our Liability Management Transaction, would have been US$940.0 million, and we would have been able to incur US$75.0 million of additional indebtedness under our Working Capital Facility. See "Capitalization." However, we may incur significant indebtedness in the future, which could have important consequences to you as a holder of the Notes. For example, they could result in one or more of the following:

- make it more difficult for us to satisfy our obligations with respect to the Notes;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which would reduce the funds available for working capital, significant capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in supply, customer demand and competitive pressures, as well as to other changes in our industry;
- place us at a competitive disadvantage to any of our competitors that may be less leveraged than us;
- increase our vulnerability to both general and industry-specific adverse economic conditions; and
- limit our ability to borrow additional funds and increase the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt.

The Indenture governing the Notes will permit us to incur additional debt. If we incur any additional indebtedness that ranks equally with the Notes, the holders of that debt would be entitled to share ratably with holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company. This may have the effect of reducing the amount of proceeds paid to holders of the Notes. If new debt is added to our current debt levels, the related risks that we now face could intensify. In addition, the incurrence of additional debt by us would increase the risk of our not being able to service our debt obligations, which would, in turn, materially adversely affect our ability to make payments under the Notes. There can be no assurance that we will not incur substantial additional debt in the future.

Payments on the Notes will be effectively subordinated to our secured debt obligations.

The Notes will be our unsecured unsubordinated obligations and will rank equal in right of payment with all of our other existing and future unsecured unsubordinated indebtedness. The payment of principal and interest on the Notes will be effectively subordinated in right of payment upon our bankruptcy to any secured indebtedness to the extent of the assets securing such debt. If we secure existing indebtedness, or become insolvent or are liquidated, or if payment in respect of our secured indebtedness is accelerated, our secured lenders, if any, will be entitled to exercise the remedies available to a secured lender under applicable law, in addition to any remedies that may be available under the financing arrangements relating to that secured indebtedness, and we cannot assure you that there will be sufficient assets remaining to pay amounts due on the Notes. As a result, you may receive less, ratably, than the lenders of our secured indebtedness.

If we enter into a bankruptcy, insolvency, intervention, administrative takeover of our management or for liquidation purposes or similar proceeding, holders of subordinated and unsubordinated debt may be given the same priority.

In a bankruptcy, insolvency, intervention, administrative takeover for management or for liquidation purposes or restructuring proceedings under Peruvian law, subordination agreements may be disregarded. In such a case, subordinated and unsubordinated creditors (including holders of the Notes) may have the same priority as both creditors will be considered unsecured and given the same priority. The Indenture allows us to incur subordinated debt, and to refinance, repay, redeem, repurchase or otherwise acquire or retire for value certain subordinated indebtedness.

For example, we may incur an unlimited amount of subordinated debt. If we were to undergo bankruptcy, liquidation, restructuring or administrative takeover proceedings, holders of our debt that were contractually subordinated to our prior payments, including such intercompany debt, would have the same rights as holders of our unsubordinated debt under the Notes. In this regard, pursuant to the Peruvian Bankruptcy Law (*Ley General del Sistema Concursal*), Law No. 27809, in a liquidation scenario both subordinated and unsubordinated credits will be given the same priority and rank below the following preferential credits (i) labor obligations, (ii) secured credits, and (iii) tax obligations. Therefore, we cannot assure you that you will not lose your priority over any subordinated debt of our company.

Our payment obligations under the Notes are not guaranteed by our Shareholders.

Our direct and indirect equity holders, including the Shareholders, are separate legal entities and have not and will not guarantee our obligations under the Notes. You will not have any claim with respect to our obligations under the Notes against the Shareholders or any other equity holders or affiliates of our company. Thus, if we are unable to pay amounts due under the Notes, you will not be able to recover such amounts from our equity holders or their affiliates.

A breach of the covenants or an event of default applicable to our debt, including the Notes, and other financing obligations, could affect our ability to borrow funds and result in an acceleration of our debt and other financing obligations.

After giving effect to the offering of the Notes and the use of proceeds therefrom, our debt agreements will consist of the Indenture and our 2018 Working Capital Facility Agreement. Under our 2018 Working Capital Facility Agreement, an event of default will occur if any of the following events occurs, among others:

- our failure to make payments when due;
- breach of representations or warranties;
- expropriation of our assets by governmental authorities;
- our insolvency or bankruptcy;
- our failure to maintain relevant permits; and
- our breach of obligations under material agreements.

The occurrence of any such event of default may have a material adverse effect on our financial condition and ability to comply with our obligations under and our ability to comply with our payment obligations under the Notes. If any such event of default arises as a result of our failure to pay principal or interest thereunder when due, or if the debt thereunder is accelerated prior to its maturity, an event of default under the Indenture will also occur. If these were to occur, we might not be able to repay such debt and other financing obligations and borrow additional funds and our business, prospects, financial condition, results of operations or cash flows could be materially adversely affected and could impair our ability to make payments under the Notes.

In addition, the 2018 Working Capital Facility Agreement includes the following covenants, among other limitations:

- limitation on indebtedness;
- limitation on liens and guarantees;
- limitation on restricted payments, such as dividends and payments of subordinated debt;
- limitation on amendments of material agreements;
- limitation on sale of assets; and
- limitation on our ability to make any fundamental changes, such as a merger, consolidation, reorganization, change of capital structure.

These restrictions may limit our ability to operate our business and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. The breach of any of these covenants by us or the failure by us to meet any of these conditions could result in a default under any or all of such indebtedness. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions and the renegotiation of public works and licenses. In addition, if we are unable to generate sufficient cash flow from operations, we may be required to refinance outstanding debt or to obtain additional financing. We cannot assure you that a refinancing would be possible or that any additional financing would be obtained on acceptable terms.

The Notes will be structurally subordinated to the financial and other obligations of our future subsidiaries.

Generally, claims of creditors of any subsidiaries we may create or acquire will have priority with respect to such subsidiaries' assets and earnings over the claims of our creditors, including the holders of the Notes or other equity holders, except to the extent the claims of our creditors are guaranteed by such subsidiaries.

Upon the liquidation or reorganization of such subsidiaries, our right to participate in any distribution of assets of such subsidiaries (and thus the ability of the holders of the Notes to benefit indirectly from such distribution) may be subject to the prior claims of all creditors of such subsidiaries and to the priority rights of the holders of preferred shares of such subsidiaries, if any. Under these circumstances, the claims of the holders of the Notes would be structurally subordinated to the claims of all creditors of such subsidiaries, including trade creditors of, and banks and other lenders to, such subsidiaries, with respect to the assets and cash flow of such subsidiaries, and as a result the ability of such subsidiaries to pay dividends or make other distributions to us and thus our ability to make payments under the Notes could be adversely affected. Subsidiaries we may create or acquire could become involved in litigation and other disputes involving monetary claims. If unfavorable decisions are rendered in one or more of these lawsuits, such subsidiaries could be required to pay substantial amounts, which could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and, as a result, on our ability to make payments under the Notes.

The Indenture will include only limited covenants and these limited covenants may not protect your investment.

The Indenture will not, among other things:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, will not protect holders of the Notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our ability to form subsidiaries that incur indebtedness or other liabilities that would structurally rank senior to the Notes;
- limit our ability to incur indebtedness that is equal in right of payment to the notes; or
- restrict our ability to make investments or to pay distributions or make other payments in respect of our equity interests or other securities ranking junior to the notes.

The Indenture will also permit us and any future subsidiaries to incur additional indebtedness that could effectively rank senior to the notes, and to engage in sale and leaseback arrangements, subject to certain limitations. Any of these actions could adversely affect our ability to make principal and interest payments on the notes.

The credit and risk profile of the Shareholders could adversely affect our credit ratings and profile.

The credit and business risk profiles of our Shareholders and our off-taker may be factors in credit evaluations of us due to the control of our Shareholders, the significant business we conduct with Shell and the significant influence over our business activities, including our cash distributions, acquisition strategy and business risk profile.

Your ability to require us to offer to repurchase the Notes upon a Change of Control followed by a Ratings Downgrade Trigger Event is subject to significant limitations and we may not be able to obtain the funds required to repurchase the Notes upon a Change of Control Downgrade Event.

Upon the occurrence of a Change of Control Downgrade Event (as defined in "Description of the Notes"), each holder of Notes will have the right to require that we repurchase all or a portion of the holder's outstanding Notes at 101% of their principal amount plus accrued and unpaid interest to, but excluding the date of purchase, if any. A Change of Control Downgrade Event requires the occurrence of both a Change of Control and a Ratings Downgrade Trigger Event (each, as defined in "Description of the Notes"), and, therefore, a holder's ability to require us to offer to repurchase the Notes upon a change of control followed by a Ratings Downgrade Trigger Event is subject to significant limitations. See "Description of the Notes—Change of Control" for a description of the requirements for a Change of Control Downgrade Event to occur.

We may not be able to repurchase the Notes upon a Change of Control Downgrade Event because we may not have sufficient financial resources to purchase all of the Notes that are tendered upon a Change of Control Downgrade Event. There can be no assurance that sufficient funds will be available when necessary to make the required repurchase of the Notes. Our failure to repurchase the Notes upon a Change of Control Downgrade Event would cause a default under the Indenture.

Furthermore, there can be no assurance that our future indebtedness will not prohibit us from purchasing Notes in the event of a Change of Control Downgrade Event, and failure to repurchase Notes pursuant to a Change of Control Offer is a default. Moreover, the exercise by the holders of Notes of their right to require us to repurchase the Notes under the Indenture could cause a default under other debt, even if the change of control itself does not, due to the financial effect of the repurchase on us. See "Description of the Notes—Change of Control."

Enforcing your rights as a holder of Notes in Peru may prove difficult.

Your rights under the Notes will be subject to the insolvency and administrative laws of Peru and we cannot assure you that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. The laws of Peru may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. Such issues may adversely affect your ability to enforce your rights under the Notes in Peru, as the case may be, or limit any amounts that you may receive.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

None of our senior management are residents of the United States. All or a substantial portion of our assets and those of our senior management are located outside of the United States. As a result, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside of the United States judgments obtained against such persons outside of the United States.

We are a company organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See "Enforcement of Foreign Judgments."

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the Notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the Notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general, and the interest of investors in the Notes, in particular in Peru. We cannot assure you that the value of the Notes will not be negatively affected by events in other emerging markets or the global economy in general.

The ratings of the Notes may be downgraded or withdrawn depending on various factors, including the rating agencies' assessments of our financial strength and Peruvian sovereign risk.

Fitch Ratings, Ltd., Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Services, Inc. are expected to assign credit ratings to the Notes. Ratings address the timely payment of interest on each interest payment date and principal at maturity. The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. The ratings of the Notes are not a recommendation to purchase, hold or sell the Notes and may be changed, suspended or withdrawn by the rating agency at any time and the ratings do not comment on market price or suitability of the Notes as an investment for a particular investor.

Our current ratings and the rating outlooks currently assigned to us are, and any ratings attributed to the Notes will be, dependent upon economic conditions and other factors affecting credit risk that are outside of our control. Each rating should be evaluated independently of the others. Detailed explanations of the ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

The U.S. securities laws impose certain restrictions on the resale of the Notes.

The Notes are being offered in reliance upon an exemption from registration under the Securities Act and applicable state securities laws. Thus, the Notes have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions."

Risks Related to our Liability Management Transaction

We may not be able to effect the repayment and release of our Bank Debt under the Common Terms Agreement and of the Local Bonds, and the Notes will be effectively subordinated to the rights of the creditors under the Common Terms Agreement.

Although we plan to deliver the portion of the proceeds of the issuance of the Notes to be used for the repayment in full of our Bank Debt under the Common Terms Agreement to the creditors thereunder and to the purchase or redemption of the Local Bonds on the issue date of the Notes, until the Common Terms Agreement and the Local Bonds are fully repaid and our obligations and security arrangements thereunder fully terminated and discharged, the rights of the holders of the Notes will be effectively subordinated to the rights of the creditors under the Common Terms Agreement and the Local Bonds. If a creditor or other third party were to attach the proceeds of the offering or obtain an injunction on our ability to consummate the Liability Management Transaction, the rights of the holders of the Notes will remain effectively subordinated to the rights of the creditors under the Common Terms Agreement and the Local Bonds, and the market value of the Notes could be materially adversely affected.

We may not be able to effect the termination and release of the security arrangements securing the indebtedness under the Common Terms Agreement.

The Common Terms Agreement and the Local Bonds are secured by a mortgage, pledges and other several security arrangements over our assets, participations and cash flows. As part of our Liability Management Transaction we intend to repay all of our obligations under the Bank Debt and the Local Bonds, and terminate and release in full all of the security interests securing the Common Terms Agreement and the Local Bonds. However, we can give no assurance as to the length of time that the termination and release of such security arrangements will require or that such release will occur at all. To the extent such security arrangements are not terminated and released as planned, the Notes will be effectively subordinated to such security arrangements.

USE OF PROCEEDS

We expect to receive net proceeds of approximately US$935.0 million from this offering, after deducting the Initial Purchasers' discount and estimated offering expenses.

We intend to use the net proceeds from this offering, together with cash on hand, to (i) pay the consent fees in the Consent Solicitation and pay the early redemption option price with respect to our Local Bonds, (ii) repay our Bank Debt in full and (iii) pay the Swap Unwind Amount, in each case, in connection with our Liability Management Transaction. See "Summary—Recent Developments—Our Liability Management Transaction."

FOREIGN EXCHANGE CONTROLS AND EXCHANGE RATES

Foreign Exchange Controls

Peruvian law does not impose any restrictions on the ability of companies having operations in Peru to transfer foreign currencies from Peru to other countries, to convert *soles* into any foreign currency or to convert any foreign currency into *soles*. Companies may freely remit interest and principal payments abroad and investors may repatriate capital from liquidated investments. Peruvian law in the past imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, however, we cannot assure you that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

Exchange Rates

Exchange rates for the *sol* have been relatively stable in recent years. The following table sets forth the low, high, period-average and period-end rates for the periods indicated, expressed in *soles* per U.S. dollar, as published by the Superintendencia de Banca, Seguros y AFP.

	Low	High	Period Average(1)	Period End
Year Ended December 31:				
2012	2.550	2.709	2.639	2.550
2013	2.540	2.820	2.702	2.795
2014	2.761	2.988	2.839	2.986
2015	2.982	3.411	3.186	3.411
2016	3.249	3.537	3.375	3.356
2017	3.231	3.392	3.261	3.241
Months Ended:				
January 2018	3.207	3.229	3.215	3.216
February 2018	3.212	3.269	3.248	3.260
March 2018 (through March 6, 2018)	3.250	3.264	3.256	3.251

(1) Calculated as the average of the year-end, month-end or day-end exchange rates during the relevant period, as applicable.

Source: Superintendencia de Banca, Seguros y AFP.

On March 6, 2018, the exchange rate was S/3.251 per U.S. dollar.

We make no representation that the Peruvian *soles* or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Peruvian *soles*, as the case may be, at the rates indicated, at any particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for *soles*.

CAPITALIZATION

The following table sets forth our capitalization (i) as of December 31, 2017 and (ii) as adjusted to give effect to the issuance of the Notes and the application of the net proceeds from this offering in connection with the Liability Management Transaction. See "Use of Proceeds." For additional information, see the PERU LNG Financial Statements and notes thereto included in this offering memorandum.

	As of December 31, 2017(1)	
	Actual	**As Adjusted**
	(in millions of US$)	
Cash and cash equivalents	$ 350.0	$ 63.9(2)
Long-term debt		
Local Bonds	$ 112.0	—
Bank Debt	1,109.1	—
Notes offered hereby	—	935.0
Total long-term debt	$1,221.1	$ 935.0
Total equity	$1,379.4	$1,379.4
Total capitalization(3)	$2,600.5	$2,314.4

(1) The numbers in the "As Adjusted" column are adjusted to reflect the net proceeds of approximately US$935.0 million, and the loans and financing are adjusted to reflect the payments of the Consent Solicitation for any and all of the Local Bonds in the amount of US$112.0 million and the Bank Debt in the amount of US$1,109.1 million, in each case as described in "Use of Proceeds."

(2) The amount of cash and cash equivalents in the "As Adjusted" column was adjusted to give effect to the repayment of the outstanding Local Bonds in the amount of US$112.0 million and the Bank Debt in the amount of US$1,109.1 million through the application of the net proceeds of approximately US$935.0 million, together with US$286.1 million of cash on hand, in connection with the Liability Management Transaction, as described in "Use of Proceeds."

(3) Total capitalization is the sum of total indebtedness consisting of non-current loans and financing (excluding interest accrued and debt issue cost) plus equity. This calculation does not include cash and cash equivalents, and the definition may differ from that used by other companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion in conjunction with (i) the information set forth in "Summary Financial and Operating Data" and "Selected Financial and Operating Data," (ii) the PERU LNG Financial Statements, including the notes thereto, and (iii) the section entitled "Industry."

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and the matters set forth elsewhere in this offering memorandum. For additional information regarding forward-looking statements, see "Forward-Looking Statements."

Overview

PERU LNG is the owner and operator of the first natural gas liquefaction plant in South America, and currently the only such plant on the Pacific Coast of South America. We were formed in 2003 to source natural gas from the Camisea Fields at a cost of US$3,800 million, of which the issued capital stock contributed by our equity holders was US$1,461.4 million as of December 31, 2017.

We own, operate and maintain the PLNG Pipeline, a 408 km (254 mile), high-pressure 34-inch natural gas pipeline that connects the TGP Gas Pipeline to the LNG Plant, our 4.45 MTPA capacity liquefaction facility in Peru, including a related marine terminal used for the export of LNG. We are currently the sole exporter of LNG in Peru. In addition, we own the PLNG TLF, a truck terminal, expected to start operations in the first quarter of 2018, that will load LNG for local distribution to clients in Peru. For the year ended December 31, 2017, we had total revenues, net loss and EBITDA of US$685.8 million, US$(2.3) million and US$206.6 million, respectively. Our revenues and EBITDA represented a 36.9% and 27.8% increase year-over-year, respectively, and the net loss represented a 94.5% decrease year-over-year. We derive all of our revenues and profits from our assets in Peru. We delivered the first LNG cargo to our off-taker on June 22, 2010.

The LNG Plant is located at Pampa Melchorita on the Pacific Coast, and is supplied with natural gas from the Camisea Fields, and indirectly from Block 57, under the Gas Supply Agreements with the Block 56 Upstream Consortium and Block 88 Upstream Consortium, respectively. The Camisea Fields comprise one of the largest energy developments in Peru in terms of capital invested. Such natural gas is transported from the Upstream Facilities through the TGP Gas Pipeline, which has a carrying capacity of 1,290 MMcf/d, to the PLNG Pipeline, which connects to the TGP Gas Pipeline at km 211 of the TGP Gas Pipeline. The natural gas is then transported to the LNG Plant.

We liquefy the natural gas into LNG at the LNG Plant, which we sell pursuant to the LNG SPA with Shell. Shell acquired the interest of RCOM, our previous off-taker, in December 2013. Pursuant to the LNG SPA, we have committed to sell 218 TBtu per year of LNG to Shell, who has committed to "take-or-pay" this annual volume (95% of our total capacity) until October 31, 2028 subject to certain *force majeure* and other adjustment provisions. As of December 31, 2017, we had delivered an aggregate of approximately 1,559.9 TBtu of LNG under the LNG SPA. When our LNG SPA with Shell expires, we believe that we will be able to extend or enter into a new off-take arrangement for LNG volumes produced at the LNG Plant given forecasts for future LNG demand.

Peru LNG Company holds 99.5% of our participations, and Peru LNG Partner Company L.L.C., a Delaware limited liability company and a wholly owned subsidiary of Peru LNG Company, holds 0.5% of our participations, in accordance with Peruvian regulations. Peru LNG Company is owned directly or indirectly by the following entities: HOC (with a 50% interest), Shell Parent (with a 20% interest), SK (with a 20% interest) and Marubeni (with a 10% interest). See "Our Shareholders." We are operated by Hunt LNG, a Peruvian company and wholly owned subsidiary of HOC.

For the years ended December 31, 2017, 2016 and 2015, we had revenues of US$685.8 million, US$501.0 million and US$515.9 million, respectively, and gross profit for the year of US$108.9 million, US$68.8 million and US$54.0 million, respectively.

Principal Factors Affecting Our Results of Operations

Business model

Our business, financial condition and results of operations have been, and we expect will continue to be, relatively stable, as a result of our long-term contractual framework. The price paid for natural gas supply under the Gas Supply Agreements is generally indexed to the same marker used to calculate the sales price for LNG to the off-taker pursuant to the LNG SPA (subject to certain adjustments as described under "Business—Material Agreements—LNG Sales and Purchase Agreement), providing a natural hedge and creating a stabilizing effect on our gross margin. As worldwide LNG prices rise and fall, so do the costs of our natural gas supply. In addition, Shell purchases LNG under the LNG SPA on a "take-or-pay" basis, resulting in the lack of exposure to fluctuations in volumes purchased.

Revenues

For the years ended December 31, 2017, 2016 and 2015, substantially all of our revenues were derived from sales of LNG to Shell pursuant to the LNG SPA. Pursuant to the LNG SPA, we have committed to sell 218 TBtu per year of LNG for a period of 18 years on a FOB basis. The SPA links the price of LNG sold under the LNG SPA and the price of natural gas purchased pursuant to the Gas Supply Agreements (as described above) to be indexed to the same price marker according to the destination of the relevant LNG cargo. The LNG SPA includes both take-or-pay and deliver-or-pay penalties, with certain limited exceptions.

The price we receive pursuant to the LNG SPA, as well as our margin less gas supply cost, is largely dependent on the pricing markers attributable to the destination of the LNG Shell exports. Therefore, the two key components of our revenues are (a) the sale destination of the LNG we produce and sell to Shell and (b) natural gas prices in those destinations. The LNG SPA contains a provision that adjusts the price of approximately 67.3% (reduced to 50.5% in 2026) of LNG produced (less certain deductions enumerated in the LNG SPA) to the Henry Hub marker. Therefore, regardless of the destinations of the LNG cargoes, a substantial portion of our financial performance is linked to the performance of the Henry Hub marker. This determination only affects our margin and is neutral to the cost of gas. For the year ended December 31, 2016, total revenues were adjusted from the provision of Minimum Manzanillo in an amount equal to US$25.1 million. The Minimum Manzanillo adjustment for 2017 remains under review, though we have accrued US$82.6 million related to this provision on our financial statements for the year ended December 31, 2017. No provision was recorded in 2015 since quantities delivered to the Henry Hub marker were achieved through our annual delivery program.

In addition, the LNG SPA provides a quarterly mechanism, effectively providing us with price support in low price environments, through which we can request the difference between the sales price according to the LNG SPA and a threshold (up to US$2.25 per MMBtu), with the difference then multiplied by the amount of the LNG delivered in the previous quarter. The maximum amount we may request pursuant to this provision is US$110.0 million, which is currently fully drawn. The determination of how this amount is repaid also depends on the price received by Shell pursuant to the LNG SPA in later quarters. For additional information regarding the LNG SPA, see "Business—Material Agreements—LNG Sales and Purchase Agreement."

During the first quarter of 2018, we will have an additional revenue component, as we anticipate beginning operations pursuant to the Tolling Agreement. Under the Tolling Agreement, Shell GNL will pay a fixed capacity payment, allowing us to recoup our capital investment up to $17.0 million to develop and construct the PLNG TLF (subject to a discount rate of 10% over a 13-year term). Also, we will receive a fixed capacity payment equal to US$0.30 per MMBtu, assuming a utilization rate of 19.2 MMcf/d, as well as US$1.00 per MMBtu of LNG (adjusted for inflation) delivered to Shell GNL and an operations and maintenance fee of $1.1 million per year (adjusted for inflation).

Governmental Regulation and Actions Affecting the Natural Gas Market

Our industry is highly regulated. Our results of operations are affected by legislative and regulatory reforms that the Peruvian Government implements from time to time in order to ensure environmental, quality and safety standards. However, this risk is mitigated by the fact that we are fully operational and our components were built in compliance with international industry standards. Further, the Investment Agreement guarantees us and our Shareholders stability with respect to taxes, import duties and foreign exchange matters.

Availability of Natural Gas Reserves and Alternative Energy Sources

Our long-term financial condition is dependent on the continuous availability of natural gas from Block 56 and Block 57, as well as, to a lesser extent, Block 88 (as a source of plant fuel and gas losses). According to the MEM, as of December 31, 2016, the proven and probable natural gas reserves remaining in Block 56 and Block 57 are estimated to be 2.844 Tcf and 1.858 Tcf, respectively, while the proven and probable natural gas reserves remaining in Block 88 are estimated to be 10.008 Tcf. See "Risk Factors—Risks Related to Our Company and the Peruvian Natural Gas and LNG Industry—We depend on the availability of natural gas reserve in Peru, particularly in the Camisea Fields and Block 57."

In addition, changes in the cost of natural gas compared to alternative fuels affect the demand for natural gas and can, therefore, affect our results of operations. While current rates and other advantages favor the use of natural gas over alternative fuels, if the prices for alternative fuels decrease, the demand for natural gas consumption and natural gas transportation services could be adversely affected. See "Risk Factors—Risks Related to Our Company and the Peruvian Natural Gas and LNG Industry—Cyclical or other changes in the demand for and the international market price of LNG and natural gas may adversely affect our LNG business and the performance of our customers and could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows."

Results of Operations

The following discussion of our results of operations is based on our financial statements prepared in accordance with IFRS issued by the IASB. In the following discussion, references to increases or decreases in any period are made by comparison with the corresponding prior period, except as the context otherwise indicates.

Critical Accounting Estimates and Judgments

In preparing the PERU LNG Financial Statements, our management makes estimates concerning a variety of matters. Some of these matters are highly uncertain, and the estimates involve judgments based on the information available to management at the time. In the discussion below, our management has identified several matters for which its financial presentation would be materially affected if it had either used different estimates that could reasonably be used or in the future it changes its estimates in response to changes that are reasonably likely to occur. This discussion addresses only those estimates that our management considers most important based on the degree of uncertainty and the likelihood of a material impact if a different estimate had been used. There are many other areas in which the estimates of management about uncertain matters are used, but the reasonably likely effect of changed or different estimates is deemed not material to our financial presentation. See the notes to the PERU LNG Financial Statements for a more detailed discussion of the application of these and other accounting policies.

The following are the accounting policies that we believe are the most important to the presentation of our financial condition and results of operations and that require subjective judgment to be made by management.

Financial instruments—We hold derivative financial instruments to hedge our interest rate risk exposure. We carry out an assessment at the inception of the hedging relationship and on an ongoing basis as to whether the hedge is expected to be effective to offset changes in the fair value or cash flows of hedged items during the period for which the hedge is designated and whether the actual results of each hedging are within a range of 80% and 125%.

Depreciation—Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since that most closely reflects the expected pattern consumption of the future economic benefits embodied in the asset. We recognize depreciation of our assets based on rates determined as a function of the estimated useful lives of the assets. The depreciation method is reviewed annually based on reports from external consultants, and any adjustments are recognized prospectively, as changes in accounting estimates.

Income Tax—Transactions and calculations exist for which the final outcome of the tax review is uncertain. We recognize deferred assets and liabilities based on differences between the carrying amount presented for our financial reporting purposes and the amounts used for taxation purposes, using the applicable tax rates of 30%. We regularly revise our deferred tax assets as to the possibility of recovery, considering historical profit generated and projected future taxable income.

A summary of our significant accounting policies and practices is included in Note 3 to the PERU LNG Financial Statements included elsewhere in this offering memorandum.

Principal Components of Our Statement of Profit or Loss

Revenue

We receive revenues primarily from the sale of LNG to Shell pursuant to the LNG SPA. Revenue is recognized when we have transferred the risk and rewards of the LNG sold, the amount can be measured reliably and it is probable that economic benefits will flow to us which is typically when the LNG has been loaded on board of a vessel.

To a lesser extent, we receive revenues based on the flat rate fee established in our Capacity Use Agreement with TGP. As noted above, as we anticipate operations of the PLNG TLF to begin in the first quarter of 2018, we will begin receiving revenues pursuant to the Tolling Agreement as well.

Cost of sales

Cost of sales consists of the cost of the natural gas purchased pursuant to the Gas Supply Agreements and transported pursuant to the Gas Transportation Agreement. Cost of sales also includes depreciation expense that consists of a systematic allocation of the depreciable amount over the useful life of the infrastructure assets, machinery and equipment.

In addition, cost of sales includes expenses under our Operator Services Agreement. We reimburse certain expenses of our operator (Hunt LNG Operating Company S.A.C.) (the "Operator"), pursuant to the Operator Services Agreement, including personnel expenses of wages, salaries, vacations, training expenses and other benefits our employees receive for the rendering of services by our Operator.

Selling and distribution expenses

Selling and distribution expenses primarily includes depreciation expense that consists of a systematic allocation of the depreciable amount over the useful life of the infrastructure of the marine terminal, and other marine services provided by third parties.

Administrative expenses

Administrative expenses consist primarily of expenses pursuant to the Operator Services Agreement and expenses related to our social and environmental programs.

Finance costs

Finance costs consist of interest accrued on long-term debt and corporate bonds, the effective portions of gains and losses on hedging instruments, amortization of transaction costs, interest on checking accounts and short-term credit line.

Exchange differences

Exchange differences consist of differences arising from variations in exchange rates between billing and payment dates of invoices for goods or services denominated in currencies other than the functional currency.

Income tax expense

Income tax expense is comprised of current and deferred income taxes, recognized in our Statement of Profit or Loss and Other Comprehensive Income (Loss).

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year using the fixed rate of 30% under the Investment Agreement.

Deferred tax is determined using the liability method. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

We have been granted a stabilized corporate income tax at a rate of 30%. In accordance with the current Peruvian tax legislation, we have adopted a system to offset tax loss carry forward annually with future profits. The system allows us to offset only 50% of the taxable base generated for the year, but there is no expiration for the offsetting.

Deferred tax reflects the effects of existing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the settled rates in accordance with the signing date of the Investment Agreement. Deferred tax assets and liabilities are adjusted if there is a legally enforceable right to adjust current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or different tax authorities. We intend to settle current tax liabilities and assets on a net basis or realize such tax assets and liabilities simultaneously.

Results of Operations

Results of Operations for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

The following table presents our results of operations for the years ended December 31, 2017 and 2016:

	For the years ended December 31,		
	2017	2016	Change
	(in millions of US$)		%
Revenues	$ 685.8	$ 501.0	36.9%
Cost of sales	(576.9)	(432.2)	33.5%
Gross profit	**$ 108.9**	**$ 68.8**	**58.3%**
Selling and distribution expenses	(25.3)	(25.2)	0.4%
Administrative expenses	(23.5)	(28.8)	(18.4)%
Other operating income	0.2	0.1	100%
Profit from operating activities	**$ 60.3**	**$ 14.9**	**304.7%**
Finance income	3.4	1.6	112.5%
Finance cost	(64.9)	(71.6)	(9.4)%
Exchange differences, net	0.8	(1.5)	153.3%
Loss before income tax	**$ (0.4)**	**$ (56.6)**	**(99.3)%**
Income tax	(1.9)	15.1	(112.6)%
Net Loss for the year	**$ (2.3)**	**$ (41.5)**	**(94.5)%**

Revenues

Total revenues for the year ended December 31, 2017 were US$685.8 million, a 36.9% increase compared to revenues of US$501.0 million for the year ended December 31, 2016, for the reasons discussed below.

The following table shows a breakdown of our revenues for the years ended December 31, 2017 and December 31, 2016:

	For the years ended December 31,		
	2017	2016	Change
	(in millions of US$)		%
Revenues from LNG sales	$683.1	$498.3	37.1%
Revenues from Capacity Use Agreement	2.7	2.7	0.0%
Total revenues	**$685.8**	**$501.0**	**36.9%**

Below is a brief discussion of the main changes in the components of our revenues:

- Revenues from LNG sales for the year ended December 31, 2017 were US$683.1 million, an increase of 37.1% compared to US$498.3 million for the year ended December 31, 2016, primarily due to increased natural gas prices in each of the three primary pricing markers that determine our revenue Henry Hub, NBP and JKM. Our 2017 revenues include an $82.6 million accrual for Minimum Manzanillo. However, the 2017 Minimum Manzanillo calculation is not final and will be closed in 2018 pursuant to the provisions of the LNG SPA. The following chart shows a breakdown of sales by marker destination for the years ended December 31, 2017 and 2016, as well as the adjustment of Minimum Manzanillo for each year and the contract sale price under the LNG SPA ("CSP").

	2017			2016		
Marker	**Quantity**	**Total**	**CSP**	**Quantity**	**Total**	**CSP**
	(in millions of US$)			**(in millions of US$)**		
Henry Hub (HH)	$ 18.8	34.7	1.8	$104.7	136.5	1.3
National Balancing Point (NBP)	146.1	507.5	3.5	75.3	213.8	2.8
Japan Korea Marker (JKM)	41.8	203.7	4.9	38.6	157.2	4.1
Others	7.1	19.4	2.7	6.4	15.4	2.4
	$213.8	765.3		$225.0	522.9	
Minimum Manzanillo adjustment(1)		(82.6)			(25.1)	
Sub-total	$213.8	682.7	3.2	$225.0	497.8	2.2
Capacity Use Agreement		2.7			2.7	
Others		0.4			0.5	
Total revenues		685.8			501.0	

(1) The Minimum Manzanillo amount for 2017 is not a final adjustment under the LNG SPA but is presently an accrued amount on our financial statements for the year ended December 31, 2017.

- Revenues from operations under the Capacity Use Agreement for the year ended December 31, 2017 and 2016 were stable since the price under the Capacity Use Agreement is flat.

Cost of Sales

Cost of sales for the year ended December 31, 2017 was US$576.9 million, a 33.5% increase compared to US$432.2 million for the year ended December 31, 2016, for the reasons discussed below.

The following table shows a breakdown of our cost of sales for the years ended December 31, 2017 and December 31, 2016:

	For the years ended December 31,		
	2017	**2016**	**Change**
	(in millions of US$)		**%**
Purchase of materials and supplies	$373.4	$228.9	63.1%
Depreciation expenses	127.8	128.4	(0.5)%
Operator service	29.9	29.2	2.4%
Variation in finished goods and other costs	45.8	45.7	0.2%
Total cost of sales	**$576.9**	**$432.2**	**33.5%**

Below is a brief discussion of the main changes in the components of our cost of sales:

- The change in purchase of materials and supplies resulted primarily from the following:
  - (i) The purchase of natural gas for the year ended December 31, 2017, which amounted to US$255.9 million, an increase of 138.0% compared to US$107.5 million for the year ended December 31, 2016, primarily due to increased natural gas prices in each of the three primary pricing markers that determine our costs—Henry Hub, NBP and JKM.

(ii) Transportation and compression service for the year ended December 31, 2017, which amounted to US$117.5 million, a decrease of 3.2% compared to US$121.4 million for the year ended December 31, 2016. This decrease occurred because, during 2016, we exceeded the firm transportation service pursuant to the Gas Transportation Agreement, causing us to pay for additional interruptible capacity needed to transport increased volumes of natural gas pursuant to the Gas Supply Agreements to the LNG Plant. We increased production later in 2016 to make up for quantities not delivered earlier in the year due to TGP's *force majeure* event that occurred in January 2016, as well as unscheduled LNG Plant maintenance following such event.

- Our other cost of sales components remained relatively stable.

Gross Profit

As a result of the increase in market prices, our gross profit for the year ended December 31, 2017 increased by 58.3% to US$108.9 million from US$68.8 million for the year ended December 31, 2016.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended December 31, 2017 totaled US$25.3 million, a 0.4% increase compared to US$25.2 million for the year ended December 31, 2016. These expenses are relatively flat year-over-year, as the main component of selling and distribution cost is depreciation expense.

Administrative Expenses

Administrative expenses for the year ended December 31, 2017 totaled US$23.5 million, an 18.4% decrease compared to US$28.8 million for the year ended December 31, 2016, for the reasons discussed below.

The following table shows a breakdown of our administrative expenses for the years ended December 31, 2017 and December 31, 2016:

	For the years ended December 31,		
	2017	2016	Change
	(in millions of US$)		%
Services provided by third parties	$16.6	$22.2	(25.2)%
Social and environmental programs	3.8	3.8	(0.0)%
Labor expenses	1.4	1.2	16.7%
Depreciation and others	1.7	1.6	6.2%
Total administrative expenses	**$23.5**	**$28.8**	**(18.4)%**

Below is a brief discussion of the main changes in the components of our administrative expenses:

- The change in services provided by third parties resulted primarily from the following:

(i) Operator service for the year ended December 31, 2017, pursuant to the Operator Services Agreement, were US$12.0 million, a decrease of 14.3% compared with US$14.0 million for the year ended December 31, 2016 resulting from cost efficiencies achieved in labor and administrative expenses provided by the Operator.

(ii) Other services provided by third parties for the year ended December 31, 2017 were US$4.6 million, a decrease of 43.9% compared to US$8.2 million for the year ended December 31, 2017, primarily resulting from a reduction in outside legal expenses for

2017 due to the arbitration procedure initiated by us during 2016 against certain members of the Block 56 Upstream Consortium. See "Business—Legal Proceedings."

- Our other administrative expenses remained relatively stable.

Other Income

For the year ended December 31, 2017, we had other income totaling US$0.2 million, a 100% increase compared to other income of US$0.1 million for the year ended December 31, 2016, primarily due to an increase in sales of supplies.

Operating Profit

As a result of the foregoing factors, our operating profit for the year ended December 31, 2017 increased by 304.7% to US$60.3 million from US$14.9 million for the year ended December 31, 2016.

Finance Income

Finance income for the year ended December 31, 2017 totaled US$3.4 million, a 112.5% increase compared to US$1.6 million for the year ended December 31, 2016, primarily due to the increase in the interest rate applicable to our offshore bank accounts. These accounts remain as reserve accounts to guarantee payments of loans and financing. These funds are presented in the other financial assets within the Statement of Financial Position.

Finance Cost

Finance costs for the year ended December 31, 2017 totaled US$64.9 million, a 9.4% decrease compared to US$71.6 million for the year ended December 31, 2016, primarily due to a reduction in the notional amount of our Bank Debt and our debt under our Local Bonds. The interest rate with respect to 81.4% of our outstanding indebtedness as of December 31, 2017 was fixed through swaps or fixed rate loans.

Exchange Difference, Net

Exchange difference, net for the year ended December 31, 2017 resulted in a gain of US$0.8 million, a 153.3% increase compared to a loss of US$1.5 million for the year ended December 31, 2016, primarily due to the loss of US$1.0 million arising from the VAT recovered in April 2016 that was originated in August 2015 (the total amount of soles was S/54.0 million).

Financial Result, Net

As a result of the foregoing factors, our financial result, net for the year ended December 31, 2017, resulted in a loss of US$60.7 million, which represented a 15.1% decrease compared to a loss of US$71.5 million for the year ended December 31, 2016.

Income Tax

The income tax provision for the year ended December 31, 2017 was an expense of US$1.9 million, a 112.6% decrease compared to income of US$15.1 million for the year ended December 31, 2016. This variation was primarily due to the decrease in the loss before tax from US$56.6 million for the year ended December 31, 2016, as compared to US$0.4 million for the year ended December 31, 2017.

The following table shows a breakdown of our income tax for the years ended December 31, 2017 and 2016:

	For the years ended December 31,		
	2017	2016	Change
	(in millions of US$)		%
Current income tax	$(30.4)	$(16.6)	83.1%
Deferred income tax	28.5	31.7	(10.1)%
Total income tax	$ (1.9)	$ 15.1	(112.6)%

Due to the Investment Agreement, we were able to depreciate our total investment within the first five years of operations that started in June 2010. Therefore, we did not generate taxable income until July 2016. During the year ended December 31, 2017, we generated taxable income for the whole year.

Loss for the Year

Loss for the year ended December 31, 2017 was US$(2.3) million, a 94.5% decrease compared to the loss of US$41.5 million for the year ended December 31, 2016, for the reasons discussed above.

Results of Operations for the Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

The following table presents our results of operations for the years ended December 31, 2016 and 2015:

	For the years ended December 31,		
	2016	2015	Change
	(in millions of US$)		%
Revenues	$ 501.0	$ 515.9	(2.9)%
Cost of sales	(432.2)	(461.9)	(6.4)%
Gross profit	**$ 68.8**	**$ 54.0**	**27.4%**
Selling and distribution expenses	(25.2)	(25.4)	(0.8)%
Administrative expenses	(28.8)	(35.8)	(19.6)%
Other operating income	0.1	0.0	100%
Profit (loss) from operating activities	**$ 14.9**	**$ (7.2)**	**306.9%**
Finance income	1.6	0.4	300.0%
Finance cost	(71.6)	(77.3)	(7.4)%
Exchange differences, net	(1.5)	(0.3)	400.0%
Loss before income tax	**$ (56.6)**	**$ (84.4)**	**(32.9)%**
Income tax	15.1	22.0	(31.4)%
Net Loss for the year	**$ (41.5)**	**$ (62.4)**	**(33.5)%**

Revenues

Total revenues for the year ended December 31, 2016 were US$501.0 million, a 2.9% decrease compared to revenues of US$515.9 million for the year ended December 31, 2015, for the reasons discussed below.

The following table shows a breakdown of our revenues for the years ended December 31, 2016 and December 31, 2015:

	For the years ended December 31,		
	2016	2015	Change
	(in millions of US$)		%
Revenues from LNG sales	$498.3	$513.4	(2.9)%
Revenues from Capacity Use Agreement	2.7	2.5	8.0%
Total revenues	**$501.0**	**$515.9**	**(2.9)%**

Below is a brief discussion of the main changes in the components of our revenues:

- Revenues from LNG sales for the year ended December 31, 2016 were US$498.3 million, a decrease of 2.9% compared to US$513.4 million for the year ended December 31, 2015, primarily due to decreased natural gas prices in each of the three primary pricing markers that determine our revenue Henry Hub, NBP and JKM. The decrease in marker prices during 2016 was offset by the increase of the production of LNG in 18% compared with the year 2015 due to the expanded capacity of the TGP Pipeline System, together with an increase in the volume of natural gas received by the LNG Plant through our ability to exercise flexibility rights under the Gas Supply Agreements on a daily basis. The following chart shows a breakdown of sales by marker destination for the years ended December 31, 2016 and 2015, as well as the adjustment of Minimum Manzanillo for each year and the CSP:

	2016			2015		
Marker	Quantity	Total	CSP	Quantity	Total	CSP
	(in millions of US$)			(in millions of US$)		
Henry Hub (HH)	104.7	$136.5	1.3	126.9	$197.3	1.6
National Balancing Point (NBP)	75.3	213.8	2.8	36.1	144.4	4.0
Japan Korea Marker (JKM)	38.6	157.2	4.1	13.9	61.3	4.4
Others	6.4	15.4	2.4	10.9	45.9	4.2
	225.0	$522.9		187.8	$448.9	
Minimum Manzanillo adjustment		(25.1)			—	
Sub-total	**225.0**	**$497.8**	**2.2**	**187.8**	**$448.9**	**2.4**
Prior year adjustment on sales		—			64.2	
Capacity Use Agreement		2.7			2.5	
Others		0.5			0.3	
Total revenues		$501.0			$515.9	

- Revenues from operations under the Capacity Use Agreement for the year ended December 31, 2016 were US$2.7 million, an increase of 8.0% compared to US$2.5 million for the year ended December 31, 2015. The increase was due to TGP's expansion in transportation capacity in 2016.

Cost of Sales

Cost of sales for the year ended December 31, 2016 was US$432.2 million, a 6.4% decrease compared to US$461.9 million for the year ended December 31, 2015, for the reasons discussed below.

The following table shows a breakdown of our cost of sales for the years ended December 31, 2016 and December 31, 2015:

	For the years ended December 31,		
	2016	2015	Change
	(in millions of US$)		%
Purchase of materials and supplies	$228.9	$241.7	(5.3)%
Depreciation expenses	128.4	125.2	2.6%
Operator service	29.2	30.8	(5.2)%
Variation in finished goods and other costs	45.7	64.2	(28.8)%
Total cost of sales	**$432.2**	**$461.9**	**(6.4)**%

Below is a brief discussion of the main changes in the components of our cost of sales:

- The change in purchase of materials and supplies resulted primarily from the following:
  - (i) The purchase of natural gas for the year ended December 31, 2016, which amounted to US$107.5 million, a decrease of 16.7% compared to US$129.1 million for the year ended December 31, 2015, primarily due to decreased natural gas prices in each of the three primary pricing markers that determine our costs—Henry Hub, NBP and JKM.
  - (ii) Transportation and compression service for the year ended December 31, 2016, which amounted to US$121.4 million, an increase of 7.8% compared to US$112.6 million for the year ended December 31, 2015. This increase occurred because, during 2016, we exceeded the firm transportation service pursuant to the Gas Transportation Agreement, causing us to pay for additional interruptible capacity needed to transport increased volumes of natural gas pursuant to the Gas Supply Agreements to the LNG Plant. We increased production later in 2016 to make up for quantities not delivered earlier in the year due to TGP's *force majeure* event that occurred in January 2016, as well as unscheduled LNG Plant maintenance following such event.
- Our depreciation expenses remained relatively stable.
- Operator service for the year ended December 31, 2016, pursuant to the Operator Services Agreement, was US$29.2 million, a decrease of 5.2% compared with US$30.8 million for the year ended December 31, 2015 resulting from costs efficiencies achieved in labor and administrative expenses provided by the Operator.
- Variation in finished goods and other costs for the year ended December 31, 2016 were US$45.7 million, a decrease of 28.8% compared with US$64.2 million for the year ended December 31, 2015 because of our regular maintenance procedures.

Gross Profit

Although the price markers decreased from 2015 to 2016 as previously explained, the increase in our gross profit resulted from the reduction in cost of sales related with regular maintenance and other minor maintenance as part of our cost efficiency process. Consequently, our gross profit for the year ended December 31, 2016 increased by 27.4% to US$68.8 million from US$54.0 million for the year ended December 31, 2015.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended December 31, 2016 totaled US$25.2 million, 0.8% decrease compared to US$25.4 million for the year ended December 31, 2015. These expenses are relatively flat year-over-year, as the main component of selling and distribution cost is depreciation expense.

Administrative Expenses

Administrative expenses for the year ended December 31, 2016 totaled US$28.8 million, a 19.6% decrease compared to US$35.8 million for the year ended December 31, 2015, for the reasons discussed below.

The following table shows a breakdown of our administrative expenses for the years ended December 31, 2016 and December 31, 2015:

	For the years ended December 31,		
	2016	2015	Change
	(in millions of US$)		%
Services provided by third parties	$22.2	$21.2	4.7%
Social and environmental programs	3.8	6.0	(36.7)%
Labor expenses	1.2	1.4	(14.3)%
Depreciation and other expenses	1.6	7.2	(77.8)%
Total administrative expenses	**$28.8**	**$35.8**	**(19.6)%**

Below is a brief discussion of the main changes in the components of our administrative expenses:

- The change in services provided by third parties consist resulted primarily from the following:
  - (i) Operator service for the year ended December 31, 2016, pursuant to the Operator Services Agreement, were US$14.0 million, a decrease of 0.4% compared with US$14.5 million for the year ended December 31, 2015 resulting from cost efficiencies achieved in labor and administrative expenses provided by the Operator.
  - (ii) Other services provided by third parties for the year ended December 31, 2016 were US$8.2 million, an increase of 15.5% compared to US$6.7 million for the year ended December 31, 2015, primarily resulting from an increase in outside legal expenses for 2016 as a result of the arbitration proceedings we commenced in 2016. See "Business—Legal Proceedings."
- Social and environmental programs for the year ended December 31, 2016 were US$3.8 million, a decrease of 36.7% compared to US$6.0 million for the year ended December 31, 2015, primarily from reduced expenses in connection with laboratory services and bio-restoration expenses among other expenses as a result of the cost reduction initiatives.
- Labor expenses remained relatively stable.
- Depreciation and other expenses for the year ended December 31, 2016 were US$1.6 million, a decrease of 77.8% compared to US$7.2 million for the year ended December 31, 2015, because 2015 expenses included a penalty of US$5.0 million paid to Wood Group to terminate our long-term agreement related to the maintenance of our compressors and generators. This agreement was replaced with a long-term contract service agreement with General Electric International Perú. See "Business—Material Agreements—Contractual Services Agreement."

Other Income

For the years ended December 31, 2016 and December 31, 2015, other income was relatively flat.

Operating Profit (Loss)

As a result of the foregoing factors, our operating profit for the year ended December 31, 2016 increased by 306.9% to US$14.9 million from a loss of US$7.2 million for the year ended December 31, 2015.

Finance Income

Finance income for the year ended December 31, 2016 totaled US$1.6 million, a 300.0% increase compared to US$0.4 million for the year ended December 31, 2015, primarily due to the increase in the interest rate applicable to our offshore banks accounts. These accounts remain as reserve accounts to guarantee payments of loans and financing. These funds are presented in the other financial assets within the Statement of Financial Position.

Finance Cost

Finance costs for the year ended December 31, 2016 totaled US$71.6 million, a 7.4% decrease compared to US$77.3 million for the year ended December 31, 2015, primarily due to a reduction in the notional amount of our Bank Debt and our debt under our Local Bonds.

Exchange Difference, Net

Exchange difference, net for the year ended December 31, 2016 resulted in a loss of US$1.5 million, a 400.0% increase compared to a loss of US$0.3 million for the year ended December 31, 2015, primarily due to the loss of US$1.0 million arising from the VAT recovered in April 2016 that was originated in August 2015 (the total amount of soles was S/54.0 million).

Financial Result, Net

As a result of the foregoing factors, our financial result, net for the year ended December 31, 2016 resulted in a loss of US$71.5 million, which represents a 7.4% decrease compared to a loss of US$77.2 million for the year ended December 31, 2015.

Income Tax

Income tax profit for the year ended December 31, 2016 was US$15.1 million, a 31.4% decrease compared to US$22.0 million for the year ended December 31, 2015. This variation is primarily explained by the decrease in the loss before tax from US$84.4 million for the year ended December 31, 2015, as compared to US$56.6 million for the year ended December 31, 2016. In addition, we started to generate a taxable profit in 2016 and consequently were required to accrue the provision of current income tax.

The following table shows a breakdown of our income tax for the years ended December 31, 2016 and 2015:

	For the years ended December 31,		
	2016	**2015**	**Change**
	(in millions of US$)		**%**
Current income tax	$(16.6)	$ —	(100.0)%
Deferred income tax	31.7	22.0	44.1%
Total income tax	$ 15.1	$22.0	(31.4)%

Loss for the Year

Loss for the year ended December 31, 2016 was US$41.5 million, a 33.5% decrease compared to loss of US$62.4 million for the year ended December 31, 2015, for the reasons discussed above.

Liquidity and Capital Resources

Our capital requirements are primarily for the following purposes:

- operating, maintenance and administrative expenses; and
- debt service and taxes.

Our sources for liquidity and capital resources are:

- funds generated by our business activities through the sale of LNG and other revenues;
- finance income from the investment of cash and available funds; and
- our ability to borrow under our Working Capital Facility.

Cash Flows

The table below sets forth our cash flows for the years ended December 31, 2017, 2016 and 2015.

	For the years ended December 31,		
	2017	**2016**	**2015**
	(in millions of US$)		
Cash flow from operating activities			
Cash receipts from customers	$ 707.0	$ 464.2	$ 546.0
Other cash receipts related to operating activities	87.6	128.8	111.4
Cash payments from operating activities	(561.3)	(335.2)	(467.8)
Suppliers of goods and services	(4.1)	(1.5)	(2.8)
Income tax paid	(25.2)	(1.0)	—
Interest paid	(56.1)	(61.1)	(65.8)
Total cash flow from operating activities	**$ 147.9**	**$ 194.2**	**$ 121.0**
Cash flow from investing activities			
Acquisition of property, plant and equipment	(15.8)	(3.1)	(15.0)
Total cash flow used in investing activities	**$ (15.8)**	**$ (3.1)**	**$ (15.0)**
Cash flow from financing activities			
Payment of loans and financing	$(164.1)	$(159.1)	$(154.3)
Other financial assets	(14.3)	12.9	(1.7)
Capital contribution	—	60.0	—
Total cash flow used in financing activities	**$(178.4)**	**$ (86.2)**	**$(156.0)**
Net increase (decrease) in cash and cash equivalents	(46.3)	104.9	(50.0)
Effect of exchange rate fluctuation on cash and cash equivalents	0.4	(0.0)	(0.5)
Cash and cash equivalents at the beginning of the year	206.2	101.3	151.8
Cash and cash equivalents at the end of the year	**$ 160.3**	**$ 206.2**	**$ 101.3**

Cash Provided by Operating Activities

Cash provided by operating activities for the years ended December 31, 2017, 2016 and 2015 was US$147.9 million, US$194.2 million and US$121.0 million, respectively. Our cash flow from operations during these periods was principally derived from charges to customers from the sale of LNG of US$707.0 million, US$464.2 million and US$546.0 million, respectively. Cash provided by operating activities also includes the VAT recovery that is presented in other cash receipts related to operating activities. During 2016, other receipts related to operating activities included US$65.3 million from cash received pursuant to quarterly payments due under the LNG SPA. In addition, our cash payments from operating activities correspond to the purchase of natural gas. As a result of the increase in marker prices, this amount increased in 2017 from amounts in 2016 and 2015. Finally, due to the accrual of current income tax since 2016, the corresponding payment is reflected in 2017.

Cash Used in Investing Activities

Cash used in investing activities was US$15.8 million during the year ended December 31, 2017, US$3.1 million during the year ended December 31, 2016 and US$15.0 million during the year ended December 31, 2015. Our investing activities in 2015 and 2016 were primarily related to investing in minor projects to improve the performance of the LNG Plant. Our investing activities in 2017 were primarily related to the construction of the PLNG TLF.

Cash Used in Financing Activities

Cash used in financing activities for the years ended December 31, 2017, 2016 and 2015 was US$178.4 million, US$86.2 million and US$156.0 million, respectively. Cash used in financing activities are primarily related to payments in connection with the Local Bonds and our Bank Debt. The net decrease in cash used by financing activities during 2016 results mainly from the capital contribution of US$60.0 million received from our Shareholders that offset the total amount of payments for that year.

As of the date of this offering memorandum, we have not declared or paid any dividends to our Shareholders for the year ended December 31, 2017, or the years ended December 31, 2016 and 2015.

Capital Expenditures

In recent years, we have relied principally on contributions from our Shareholders to fund our capital expenditures plan. During the construction stage, our Shareholders contributed US$1,571.0 million which represents more than 40% of the total cost of the LNG Plant, PLNG Pipeline and PLNG TLF. As of December 31, 2017, our total capital was US$1,461.4 million.

We made significant capital expenditures during the stages of construction and commencement of commercial operations of natural gas liquefaction assets and anticipate relatively low capital expenditures for maintenance during the ongoing operations of these assets. We estimate that our limited capital expenditure needs going forward will amount to US$15 million per year. Our main capital expenditures in recent years have been related to investments in the PLNG TLF construction during 2017. The table below sets forth our capital expenditures for the three years ended December 31, 2017, 2016 and 2015.

For the Years Ended December 31,		
2017	2016	2015
	(in millions of US$)	
$15.8	$3.1	$15.0

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2017 as well as the maturity of those obligations:

		Payments due by Period (in millions of US$)					
	Carrying amount	Less than 1 year and not at sight	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2017							
Non-derivative financial liabilities:							
Trade accounts payable	$ 105.4	$105.4	$ —	$ —	$ —	$ —	$ —
Other accounts payable	20.2	20.2	—	—	—	—	—
Accounts payable to related parties	205.1	95.1	—	—	—	—	110.0
Loans and financing(1)	1,221.1	169.6	175.3	181.5	188.1	195.2	311.4
Derivative financial liabilities:							
Interest rate swaps used for hedging(2)	29.8	11.9	6.5	4.6	3.4	2.2	1.2
Total	**$1,581.6**	**$402.2**	**$181.8**	**$186.1**	**$191.5**	**$197.4**	**$422.6**

(1) Includes principal on our total financial debt (including debt to be repaid with the proceeds of the Notes) and Local Bonds.

(2) Payments under hedging transactions.

Quantitative and Qualitative Disclosures of Market Risks

We face three main categories of primary market risk exposure: (i) currency risk; (ii) interest rate risk; and (iii) price risk.

Exchange Rate Risk

Our functional currency is U.S. dollars, and substantially all of our revenues are denominated in U.S. dollars. However, because a portion of our costs, including labor costs and other administrative costs are paid in *soles* and are not directly linked to currency fluctuations, a significant fluctuation of the *sol* against the U.S. dollar could have an effect on us, including on our ability to make payments on the Notes.

Interest Rate Risk

Long-term debt incurred to finance the construction of the LNG Plant, the PLNG Pipeline and our other assets are substantially based on variable-rate LIBOR, which are materially mitigated by our interest rate swaps linked to the long-term debt and the fixed rate loans.

Off-Balance Sheet Arrangements

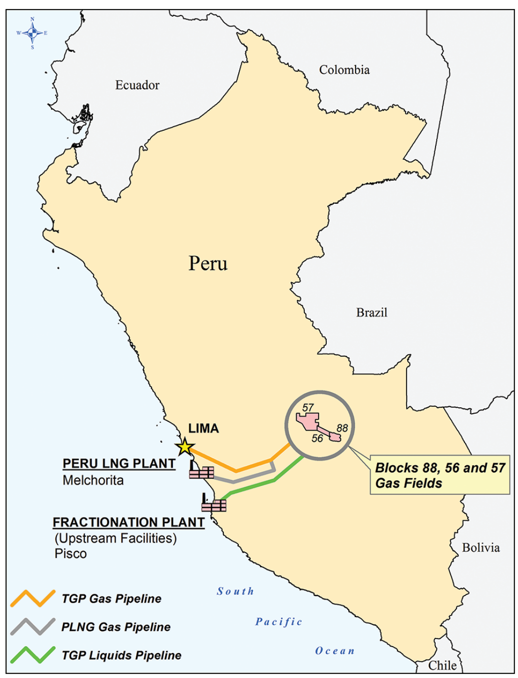
We have no off-balance sheet arrangements or interest in or relationship with any special purpose vehicles as of the date of this offering memorandum. As of December 31, 2017, 2016 and 2015, future minimum lease payments between one and five years under non-cancellable operating leases amounted to US$170,000, US$165,000 and US$422,000, respectively.

BUSINESS

Overview

PERU LNG is the owner and operator of the first natural gas liquefaction plant in South America, and currently the only such plant on the Pacific Coast of South America. We were formed in 2003 to source natural gas from the Camisea Fields at a cost of US$3,800 million, of which the issued capital stock contributed by our equity holders was US$1,461.4 million as of December 31, 2017.

We own, operate and maintain the PLNG Pipeline, a 408 km (254 mile), high-pressure 34-inch natural gas pipeline that connects the TGP Gas Pipeline to the LNG Plant, our 4.45 MTPA capacity liquefaction facility in Peru, including a related marine terminal used for the export of LNG. We are currently the sole exporter of LNG in Peru. In addition, we own the PLNG TLF, a truck terminal, expected to start in the first quarter of 2018, that will load LNG for local distribution to clients in Peru. For the year ended December 31, 2017, we produced and sold a total volume of approximately 213.9 TBtu of LNG. For the year ended December 31, 2017, we had total revenues, net loss and EBITDA of US$685.8 million, US$(2.3) million and US$206.6 million, respectively. Our revenues and EBITDA represented a 36.9% and 27.8% increase year-over-year, respectively, and the net loss represented a 94.5% decrease year-over-year. We derive all of our revenues and profits from our assets in Peru. We delivered the first LNG cargo to our off-taker on June 22, 2010. Below is a map detailing the location of our assets:



The LNG Plant is located at Pampa Melchorita on the Pacific Coast, and is supplied with natural gas from the Camisea Fields and indirectly from Block 57. The Camisea Fields comprise one of the largest energy developments in Peru in terms of capital invested. The natural gas is supplied under the Gas Supply Agreements with the Block 56 Upstream Consortium and Block 88 Upstream Consortium, respectively. Such natural gas is transported from the Upstream Facilities through the TGP Gas Pipeline, which has a carrying capacity of 1,290 MMcf/d, to the PLNG Pipeline, which connects to the TGP Gas Pipeline at km 211 of the TGP Gas Pipeline. The natural gas is then transported to the LNG Plant.

We liquefy the natural gas into LNG at the LNG Plant, which we sell pursuant to the LNG SPA with Shell. Shell acquired the interest of RCOM, our previous off-taker, in December 2013. Pursuant to the LNG SPA, we have committed to sell 218 TBtu per year of LNG to Shell, who has committed to "take-or-pay" this annual volume (95% of total capacity) until October 31, 2028 subject to certain *force majeure* and other adjustment provisions. As of December 31, 2017, we had delivered an aggregate of 1,559.9 TBtu of LNG under the LNG SPA. When our LNG SPA with Shell expires, we believe that we will be able to extend or enter into a new off-take arrangement for LNG volumes produced at the LNG Plant given forecasts for future LNG demand.

Peru LNG Company holds 99.5% of our participations, and Peru LNG Partner Company L.L.C., a Delaware limited liability company and a wholly owned subsidiary of Peru LNG Company, holds 0.5% of our participations, in accordance with Peruvian regulations. Peru LNG Company is owned directly or indirectly by the following entities: HOC (with a 50% interest), Shell Parent (with a 20% interest), SK (with a 20% interest) and Marubeni (with a 10% interest). See "Our Shareholders." We are operated by Hunt LNG, a Peruvian company and wholly owned subsidiary of HOC.

We are a limited liability company (*sociedad comercial de responsabilidad limitada*) organized under the laws of Peru. We were formed through public deed dated March 24, 2003, executed before Lima's Notary Public, Mr. Ricardo Fernandini Barreda, and duly registered on Electronic Card N° 11500968 of the Registry of Legal Entities of the Registry Office of Lima (*Registro de Personas Jurídicas de la Oficina Registral de Lima*). Our registered offices are located at Av. Victor Andrés Belaunde 147, Vía Real 185, Torre Real 12, Oficina 101, San Isidro, Lima 27, Perú. Our telephone number is +51 (1) 707 2000 and our fax number is +51 (1) 707 2099.

Competitive Strengths

We believe that our business benefits from the following competitive strengths:

- *State-of-the-Art Infrastructure Results in Efficiency, Reliability and Safety.* Our self-sufficient LNG Plant, complete with reliable machinery, has contributed to stable operational performance and high efficiency levels since its completion. Specifically, the plant's efficiency levels have remained above 90% since 2010 and its Feed Gas amount has ranged from 207.1 TBtu to 244.9 TBtu from 2011 to 2017. The LNG Plant's 4.45 MTPA capacity exceeds the off-take quantity of 218 TBtu under the LNG SPA with Shell. Based on our contracts, we can process 225 TBtu secured under the Gas Supply Agreements, while only 218 TBtu is required to be delivered pursuant to the LNG SPA.

- *Strong Fundamentals Underpinning Natural Gas and LNG Demand.* According to BP Energy Outlooks, natural gas demand has grown across the globe and is expected to continue to grow for a variety of end-uses, including the transportation, residential and commercial, industrial and electricity generation industries. Meanwhile, LNG continues to capture a growing share of the natural gas market. In addition, policy makers in Europe, China, India and other regions are increasingly phasing out coal generation and choosing LNG and natural gas over other sources of energy.

- *Strategic Asset for the Peruvian Economy.* As one of the largest projects ever implemented in Peru, our LNG Plant serves as a strategic asset for Peru's energy market. In addition, through the PLNG Pipeline and the TGP Gas Pipeline, we connect to the Camisea Fields, which represent approximately 84% of Peru's proven and probable natural gas production and approximately 44% of Peru's utilization of energy sources as of December 31, 2016, according to the MEM and the Economic Operation Committee of the National Interconnected System, respectively. The natural gas liquids produced from Block 56 and Block 57, as well as a significant portion of the natural gas liquids produced from Block 88, are dependent on the production and sale of dry natural gas, as the flaring of natural gas is not permitted in Peru. The

Block 56 Upstream Consortium, Block 88 Upstream Consortium and the Block 57 owners are also able to produce and sell significant volumes of natural gas liquids because we provide a means to monetize the dry natural gas from Block 56, Block 57 and Block 88 (to the extent of fuel gas and other domestic consumption volumes). Royalties related to the sale of natural gas and natural gas liquids are an important source of revenue for the Peruvian Government. According to MEM data, from 2007 to 2017, royalties paid to the Peruvian Government on the production and sale of natural gas and natural gas liquids from Blocks 56, 88 and 57 have reached US$8,500 million, representing 62% of the total hydrocarbon royalties the Peruvian Government received over that period. In connection with the development of the LNG Plant, the Peruvian Government began adopting policies and measures aimed at promoting the increased use of natural gas and LNG as an alternative to other less efficient fossil fuels for residential and industrial consumption and for power generation. In addition, we operate the only LNG plant on the Pacific Coast of South America. Therefore, it is strategically located to allow cost-effective transportation to areas with high demand for imported natural gas, such as Mexico and Asia, as compared with other LNG sources located around the world.

- *Substantial Barriers to Entry.* Our Investment Agreement with the Peruvian Government, which runs until January 2046, prohibits the government from modifying or amending the terms of the agreement through a unilateral decision and provides tax stability. Any potential competitor would require a large capital expenditure to be able to operate an LNG plant in Peru and would require commitments of significant new gas reserves and transportation assets to support it. In addition, the cost of replicating the LNG Plant today would be significantly higher than the US$3,800.0 million that was invested. The technical and engineering challenges associated with the construction of an LNG plant like ours would also be a significant barrier to any potential entrant seeking to compete with us.

- *Long-Term Contracts and Stable Gross Margins.* We have limited long-term exposure to volume risks as a result of our "take-or-pay" LNG SPA with Shell and the long-term Gas Supply Agreements related to Block 56 (with respect to natural gas from both Block 56 and Block 57) and Block 88, which run through 2028. Through the contractual framework of the Gas Supply Agreements and the LNG SPA, our gross margin is largely stabilized. The price paid for natural gas supply under the Gas Supply Agreements is indexed to the same marker used to calculate the sales price for LNG to the off-taker pursuant to the LNG SPA (for example, Henry Hub for import terminals in Manzanillo and Altamira, Mexico, NBP for Spain and England and JKM for Japan and South Korea), stabilizing our gross margin relative to revenue. As worldwide LNG prices rise and fall, so do the costs of our natural gas supply.

- *Shell as Off-Taker.* As our primary purchaser, Shell has committed to "take-or-pay" 218 TBtu per year of the LNG we produce until 2028 (95% of nameplate capacity) and has fulfilled these take-or-pay obligations (as did our prior off-taker, RCOM) under the LNG SPA. Shell's brand, creditworthiness and relationships give us a competitive advantage. In addition, Shell's portfolio of supply and sales is geographically diverse, providing access to numerous long-term markets. As a result, Shell's affiliates have more LNG assets and contracts than many industry peers. Due to the relative strength of its brand and the geographical diversity of its portfolio, Shell is an attractive partner for new LNG customers.

- *Committed and Experienced Management and Shareholders.* The members of our management team are highly-trained industry professionals with an average of approximately 10 years of experience in the oil and gas sector and significant experience in the LNG business. In addition, our management team benefits from the substantial experience and expertise of our Shareholders, all of which have extensive experience in the oil and gas industry, including in the construction and operation of natural gas pipelines in Latin America. In addition, the

Shareholders are involved with the LNG industry through ownership interests and projects around the globe.

- *Strong Corporate Governance Practices.* Our business and affairs are managed by the Members of Peru LNG Company through the Management Committee consisting of four Principal Representatives, each of whom is nominated by one of the four Committee Members. Other than certain actions that require the vote of the Committee Members holding membership interests of more than 66⅔% and certain actions requiring unanimous approval, the Management Committee acts by the affirmative vote of the Committee Members owning a majority of the membership interests.

- *Disciplined Financial Policy.* We have demonstrated strong cash generation and have reduced our long-term indebtedness by US$1,000.0 million over the last seven years. As a result of our financial discipline and debt covenant structure, as of December 31, 2017, we had US$350.0 million in cash and cash equivalents and other financial assets for the payment of indebtedness. In addition, we have limited capital expenditure needs going forward, with estimates of US$15.0 million per year (except in years with Major Maintenance).

- *Stable Regulatory Framework in a Favorable Jurisdiction for Investments.* The regulatory environment for the natural gas sector in Peru has been historically stable. We have a constructive relationship with the MEM, the OSINERGMIN and the other governmental agencies that regulate the LNG business, and we actively cooperate with these agencies by providing feedback on proposed regulatory issues and addressing the challenges associated with the development of the Peruvian energy sector. The regulatory bodies enacting hydrocarbon-related regulations have exhibited a willingness to maintain a framework that encourages industry growth. Natural gas royalties arising from LNG exports from the LNG Plant are a significant financial incentive for the Peruvian Government to support the continued operation of the LNG Plant.

Business Strategy

Our primary objective is to maintain and expand our position as a leader in our industry in Peru, through the implementation of the following key strategic initiatives:

- *Maintain Operating Efficiency, Reliability and Safety.* By continuing to implement industry-recognized management, operation and maintenance systems, and by operating reliable machinery, we strive to maintain our operational efficiency and the reliability and safety of our operations while continuing to adhere to the highest safety, environmental and operating standards in the industry. We are continually working on the implementation of new systems to enhance our efficiency, reliability and safety.

- *Maintain a Strong Financial Profile.* As described below, we are undertaking a series of financial transactions that we believe will enable us to replace our project finance and other outstanding indebtedness with debt with less restrictive terms and maturities that are more in line with our expected cash flow generation. By maintaining prudent levels of indebtedness, capital expenditures and a stable cash flow generation, and by extending the average maturity of our indebtedness, we seek to maintain a sound financial profile as well as financial flexibility in order to achieve an optimal cost of capital to enhance our profitability.

- *Renew Key Operating Agreements.* We intend to maintain relationships with our natural gas suppliers and our LNG customer by renewing our key contracts prior to the end of their respective terms. We anticipate renewing or entering into new long-term contracts that will ensure our continued supply of natural gas from the Camisea Fields and sale of LNG to our current off-taker or any future off-takers in order to meet the growing worldwide demand for

LNG. In addition, under the terms of the Gas Supply Agreements and the LNG SPA, the expiration of these agreements may be extended for up to 24 months under certain circumstances. We anticipate our operations will continue past the expiration of these agreements, as continued demand for LNG is expected.

- *Commitment to Supporting Peruvian Natural Gas Market.* While the focus of our operations is producing LNG for export purposes pursuant to the LNG SPA, we also have demonstrated our commitment to maintaining our support of the Peruvian natural gas market. In connection with an effort to transport natural gas throughout Peru to areas in need of energy sources, including residential and vehicular customers and small industrial customers outside of Lima, we have developed and will maintain and operate the PLNG TLF. The PLNG Pipeline also plays a role in the Peruvian natural gas market, as it supports domestic natural gas consumption by providing unused transportation capacity to TGP to supply end-users in the country through our Capacity Use Agreement. The maximum contracted capacity under the Capacity Use Agreement represents approximately 35.7% of TGP's total natural gas transportation system.
- *Maintain Our Commitment to Health, Safety and the Environment.* Our management seeks to operate with the highest industry standards to ensure compliance with Peruvian and international laws. We are committed to protecting the environment in which we operate and have adopted health, safety and environmental policies and practices in compliance with leading industry standards. Our IMS is a global system of policies, procedures, plans and standards focused on environmental protection, health surveillance and a safe working environment. The IMS involves all employees, contractors and subcontractors who provide services or carry out any activity for us. We also have adopted comprehensive corporate social responsibility programs, such as the Participatory Social and Environmental Monitoring Program, which guarantees the active participation of communities and towns located in the areas directly influenced by our operations and allows community representatives to monitor and report the possible social and environmental impacts related to the operation of the PLNG Pipeline. Other key corporate social responsibility programs include (i) training programs for public investment management, (ii) improvements in reading comprehension in public schools, (iii) training in artisanal fishing, (iv) a driver license training program and (v) the PERU LNG Academic Excellence Scholarship Training Program. Also, in collaboration with the CCES of the SCBI, we started the Biodiversity Monitoring and Assessment Program with the purpose of conserving the biodiversity during the construction and operations of the LNG Plant and PLNG Pipeline. Historically, we have met the high environmental and social standards of the International Finance Corporation. Going forward, we intend to maintain our commitment to high environmental and social standards that are based on IFC standards, and in any event, meet or exceed the national Peruvian regulations. We intend to continue third party environmental and social monitoring on an annual basis.

Our Facilities

Our facilities consist of the LNG Plant, as well as the PLNG Pipeline, port terminal and the recently-constructed PLNG TLF. The LNG Plant and the PLNG Pipeline were completed in 2010 at a cost of US$3,800 million. The PLNG TLF investment as of the end of December 31, 2017 was approximately US$16 million.

The LNG Plant

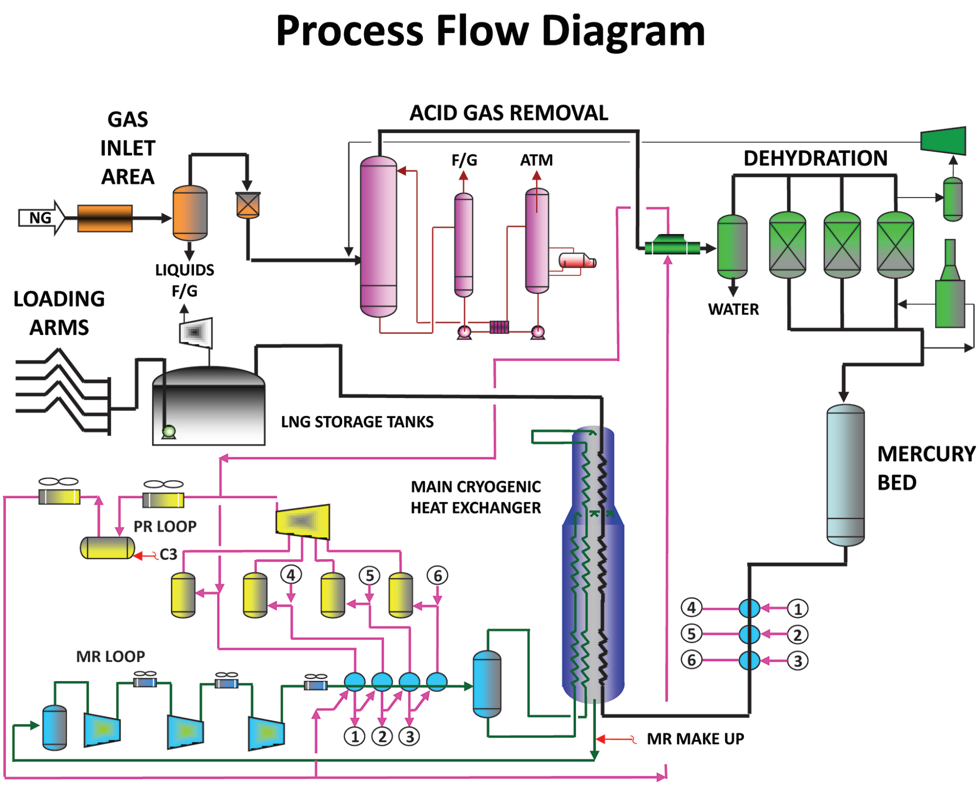
The LNG Plant is the first and only liquefaction plant in South America producing LNG for export to foreign markets and is supplied with natural gas directly from the Camisea Fields and, since 2014, indirectly from Block 57. The LNG Plant is located at Pampa Melchorita on the Pacific coast of Peru, approximately 167 km (104 miles) south of Lima on the Southern Pan-American Highway. It was constructed on 521 hectares of land, which we acquired from the MINAGRI in 2005. The LNG Plant contains a single LNG train that transforms natural gas into a liquid state to facilitate transport. With an installed, certified nameplate capacity of 4.45 MTPA, the LNG Plant is capable of processing the committed supply of Feed Gas of 670,000 MMBtu of natural gas per day, providing us with the capability to comply with our contractual commitments under the LNG SPA to annually supply 218 TBtu of LNG.

The LNG Plant generates its own electricity, and has three generators, one control center, offices, warehouses, workshops, training facilities and living quarters. The average historical performance efficiency (which is defined as total LNG produced over total Feed Gas utilized) of the plant during 2011 to 2017 was 92%, with the 2017 efficiency being 91.8%.

The LNG Plant began operating in 2010. At that time, the LNG Plant and PLNG Pipeline represented the largest private infrastructure project investment in Peruvian history. The plant site initially posed engineering challenges for us and therefore required an exhaustive and detailed study. Although Pampa Melchorita met certain specific requirements, such as a low level of environmental sensitivity, low population density, soil stability and stable sea conditions, roads had to be built to reach the shore and optimize the site's altitude of 135 meters above sea level to build the port facilities. The LNG Plant is the first and only liquefaction plant in South America producing LNG for export to foreign markets and is supplied with natural gas directly from the Camisea Fields and, since 2014, indirectly from Block 57.

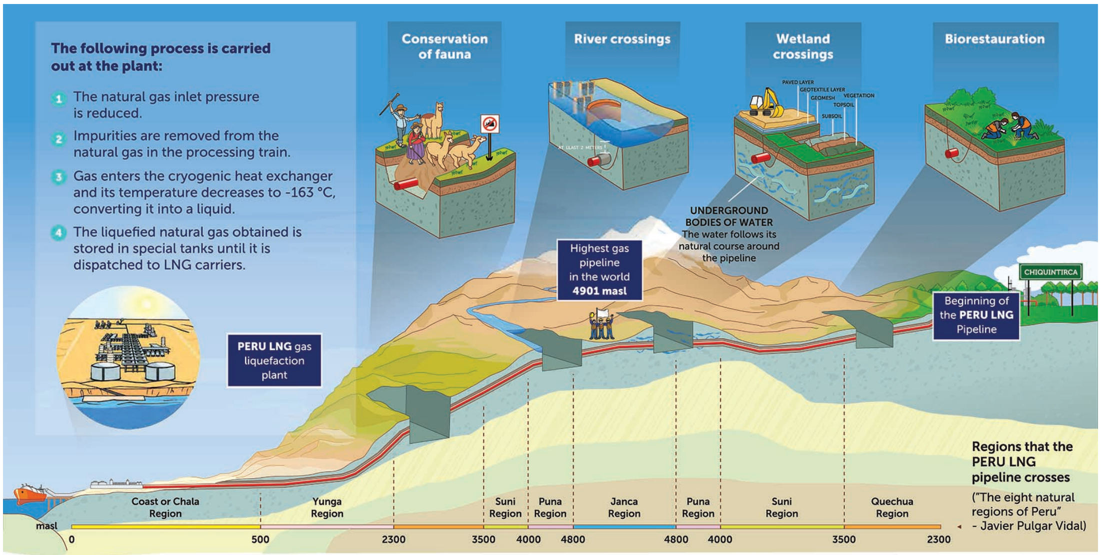
The industrial process begins with the reception of dry natural gas from Blocks 88, 56 and 57 fields and the removal of the liquids contained in the natural gas. The natural gas is measured and its pressure is controlled. Carbon dioxide (CO2) is then removed in the acid gas removal unit. From this stage, the gas is dried using molecular sieves and activated charcoal before being liquefied. The natural gas is then cooled with propane refrigerant and condensed into a liquid in the principal cryogenic heat exchanger. At the end of the process, the LNG is stored in two tanks, each of 130,000 m3, before being shipped in methane tankers owned and operated by Shell or, in connection with the operations of the PLNG TLF starting in the first quarter of 2018, trucks owned and operated by Shell GNL's clients.

The following diagram illustrates the main components and the operation of the LNG Plant:



The PLNG Pipeline

The PLNG Pipeline is a 408 km (254 mile), high-pressure gas pipeline that is 34 inches (86.4 cm) in diameter and has a carrying capacity of 1,290 MMcf/d of dry natural gas. It runs from the TGP Gas Pipeline, at approximately km 211 in the community of Chiquintirca, Ayacucho Region, in the central highlands of Peru, to Pampa Melchorita on the Peruvian coast, where the LNG Plant is located. The pipeline traverses some of the world's most diverse geography, including mountains and ravines, numerous river crossings and Peru's coastal desert. The PLNG Pipeline starts at an elevation of approximately 10,000 feet (3,048 meters), reaches an altitude of approximately 16,000 feet (4,877 meters) crossing the Andes Mountains, and then drops to the coastal plain. The PLNG Pipeline is buried for the entirety of its route, except for where surface facilities are located. The following diagram reflects the regions traversed by the PLNG Pipeline and the process carried out at the LNG Plant:



We entered into the Capacity Use Agreement in 2009 with TGP, whereby TGP was granted the right to offer transportation services on the PLNG Pipeline to third parties utilizing up to a maximum transportation capacity of 550 MMcf/d in exchange for a flat monthly fee of US$222,533. At present, the PLNG Pipeline does not provide transportation services directly to any third parties.

During 2016, the capacity of the PLNG Pipeline was increased from 860 MMcf/d to 1,290 MMcf/d due to TGP's commission of new compression facilities. The increased capacity provides us with excess capacity and flexibility in the pipeline system. During 2017, 218,116 MMcf of natural gas went to the LNG Plant under the Capacity Use Agreement, representing US$2.7 million in revenues.

The PLNG Pipeline has a multi-element risk-based leak detection system that includes constant pressure monitoring, periodic pipeline patrol with gas detectors, automatic linebreak system that isolates sections of the pipeline in the event of a leak, as well as ultrasonic acoustic sensors and fiber optic cable in certain segments.

Our Port Terminal

Our port terminal includes an 800 meter breakwater built parallel to the shoreline, located 350 meters from the loading jetty; a 1,400 meter trestle jetty with an LNG loading platform at the end; a berth for methane tankers consisting of four dolphins (platform structures that extend above the water level and are not connected to the shore) fitted with fenders and six further dolphins holding the mooring bollards. Our port terminal can accept vessels from 90,000 m^3 to 173,000 m^3, and also has access channels from the south and north, a tug berth and other installations necessary for dispatching LNG.

Our port terminal loaded the first LNG cargo on June 22, 2010, and was awarded ISO 9001 certifications in 2012 and 2015 for the quality management of our LNG shipping systems and the provision of basic port services such as berthing, unberthing, pilotage and towage. This certification was granted by the internationally renowned classification agency Société Générale Surveillance. We also received a Maritime Award of the Americas in 2016, granted by the OAS in recognition of our practices in the maritime and ports industries in the region, showing sustainability, efficiency and innovation.

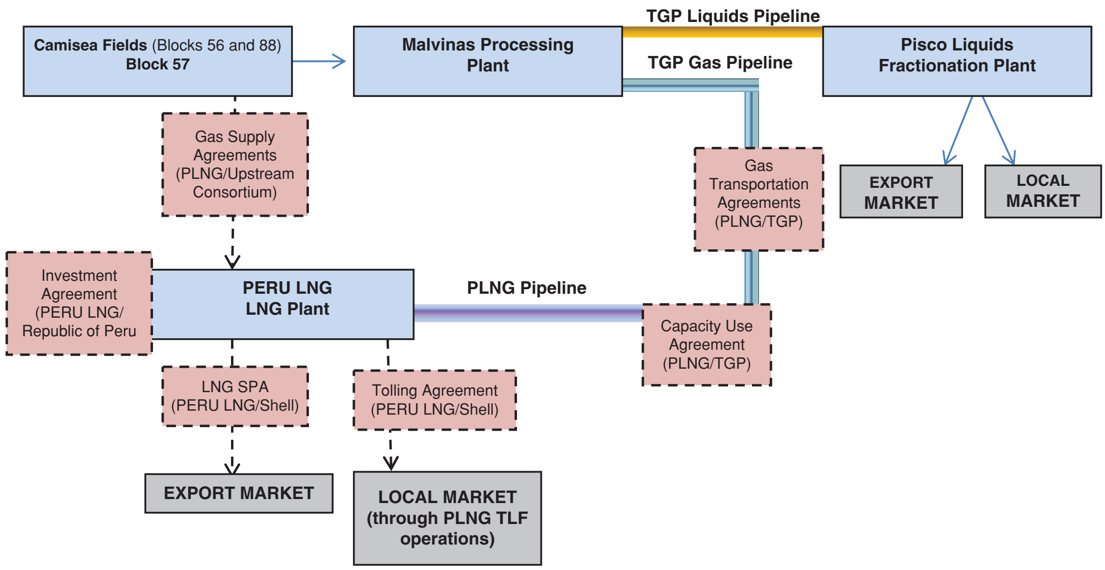
The table below shows the historical performance of the port terminal:

	2010	2011	2012	2013	2014	2015	2016	2017	Total
Total LNG Loaded (TBtu)	83.8	209.1	203.6	222.4	214.4	187.8	225.0	213.8	**1,559.9**
Number of Vessels	23	55	53	57	60	56	70	64	**438**

Our Truck Loading Facility

In October 2015, we entered into the Tolling Agreement with Shell GNL, a wholly owned subsidiary of RDS, pursuant to which we agreed to receive natural gas purchased by Shell GNL from the Block 88 Upstream Consortium, process it at the LNG Plant, and load the resulting LNG at the PLNG TLF onto trucks owned and operated by Shell GNL's clients. Such processed natural gas is subsequently distributed to the Peruvian local markets. Operations for this project are expected to start by the end of the first quarter of 2018, and the construction of the PLNG TLF will be completed by that time. The maximum throughput of the LNG Plant used pursuant to the Tolling Agreement in connection with the PLNG TLF is 19.2 MMcf/d.

The following diagram depicts our facilities and the related material agreements:



Maintenance

We are responsible for the maintenance of our assets, the majority of which is focused on preventive, predictive maintenance and condition monitoring to ensure availability, reliability and asset integrity during the life of our facilities. Our equipment undergoes regular maintenance based on hours of use and equipment condition. Additionally, Major Maintenance is carried out for a period of approximately 20-25 days. Throughout this period, there is no LNG production at the LNG Plant. The most recent Major Maintenance of the LNG Plant was performed in August 2015. The next scheduled Major Maintenance will be carried out in July 2018, and will include a large number of professional services from diverse nationalities and industry specialties.

Easements; Properties

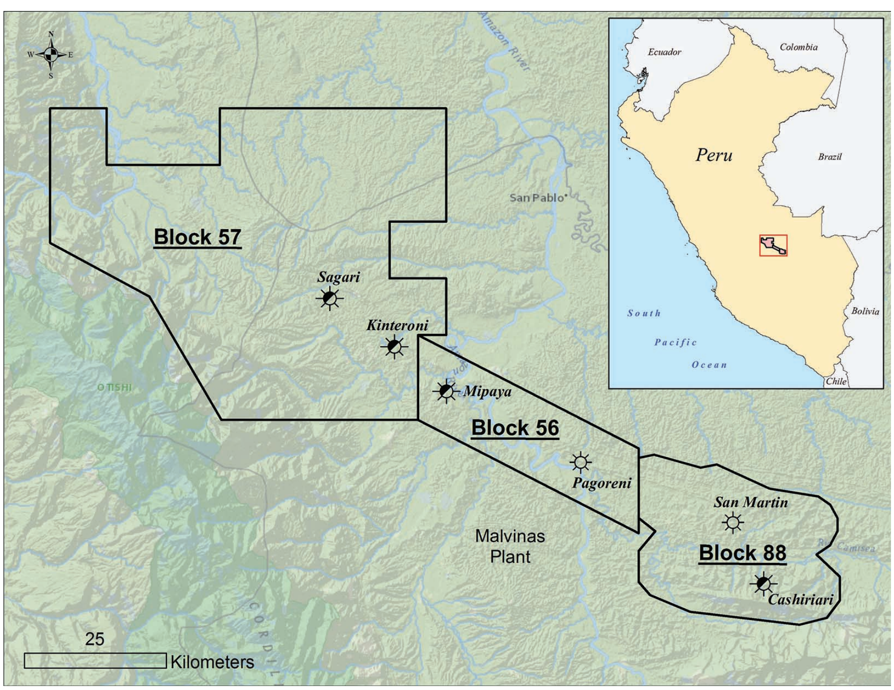
Significant portions of the PLNG Pipeline are located on properties in which we acquired rights, such as ownership or easements, allowing us to install the PLNG Pipeline and any ancillary facility. We currently hold easement rights for all of the PLNG Pipeline, of which more than 60% have been registered in the Peruvian Public Registry. We currently hold rights in connection with almost all of the premises where we have ancillary facilities, such as valves, pump stations, etc.

We generally do not own the land on which the PLNG pipeline is located but rather hold easement rights with respect to such lands. Easements are obtained either by negotiating directly with the property owner regarding the compensation that will be granted for establishing an easement over such property or through an administrative procedure for the imposition of the applicable easement, to be initiated before the MEM. In Peru, we generally obtain our easements through consensual arrangements with land owners. Such easements generally require a payment at the execution of the relevant easement documents and a payment after all construction works have been performed on the relevant property. However, under Peruvian law, if a land owner does not consensually grant an easement, we have the right to begin an administrative process before the MEM in order to obtain such easement.

Sources of Gas Supply: Camisea Fields and Block 57

All of the natural gas supplied to the LNG Plant is produced from the Camisea Fields and Block 57.

The Camisea Fields consist of Block 56 and Block 88, which are located in the Department of Cusco, 500 km (311 miles) to the east of the City of Lima. In 2017, they produced approximately 84% and 86%, respectively, of Peru's total volume of natural gas and natural gas liquids produced during that period, based on information published by the MEM. Block 88 is comprised of the San Martín and Cashiriari gas fields. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 88 were 10.0 Tcf of natural gas and 480 million barrels of natural gas liquids. Block 88 annual production levels for 2017 were approximately 233,000 MMcf of natural gas and 17.9 million barrels of natural gas liquids.



Block 56, which is adjacent to Block 88, is comprised of the Pagoreni, Pagoreni West and Mipaya gas fields. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 56 were 2.8 Tcf of natural gas and 138 million barrels of natural gas liquids, with 2017 annual production levels of approximately 152,000 MMcf of natural gas and 10.8 million barrels of natural gas liquids. As of December 31, 2016, the natural gas reserves of the Camisea Fields accounted for 84% of the proven and probable natural gas reserves in Peru, according to information provided by the MEM.

The Camisea natural gas and condensate fields were discovered in the mid-1980s by Shell Exploradora y Productora del Perú, a subsidiary of Shell Oil Company. Shell Exploradora y Productora del Perú discovered and appraised the Block 88 San Martín and Cashiriari fields in 1981. The Block 56 Mipaya and Pagoreni fields were discovered in 1987 and 1988, respectively. Block 88 was awarded to the Block 88 Upstream Consortium through a competitive international bidding process, with the license contract for the exploitation of hydrocarbons in Block 88 signed in December 2000 (the "Block 88 License"). Block 56 was awarded to the Block 56 Upstream Consortium through a direct negotiation following a competitive international bidding process, and the license contract for the exploitation of hydrocarbons from Block 56 was executed in September 2004 (the "Block 56 License," and together with the Block 88 License, the "License Contracts"). Pursuant to the License Contracts, the term for the exploitation of petroleum is 30 years from the date of execution of each respective License Contract. The term for the exploitation phase of non-associated natural gas and non-associated condensates is 40 years from the date of execution of the License Contracts.

The Upstream Facilities commenced commercial operations in August 2004 with natural gas and natural gas liquids production from the San Martín field in Block 88. Block 56 started production of gas and natural gas liquids in the fourth quarter of 2008 from the Pagoreni field. The Cashiriari field infrastructure in Block 88 was developed from 2007 to 2010 with the drilling of a total of ten wells, five each in the Cashiriari 1 and Cashiriari 3 production clusters. Production began in 2010. The Mipaya field infrastructure in Block 56 was developed from 2009 to 2013. Drilling of Mipaya commenced in 2011 after the conclusion of 3D seismic studies, which started in 2009. Mipaya production commenced in 2014. The development of the gas fields, which is promoted by the Peruvian Government in the Organic Hydrocarbons Law (Law No. 26221, as regulated, amended and supplemented), consists of the extraction of natural gas and natural gas liquids. The natural gas and the natural gas liquids are separated at cryogenic plants at the Malvinas facilities located near Blocks 56 and 88. The processed dry natural gas is transported via the TGP Gas Pipeline for 211 km to the interconnection with the PLNG Pipeline. From there, the dry natural gas is transported via (a) the TGP Gas Pipeline for use in regional markets and in the City of Lima and (b) the PLNG Pipeline to the LNG Plant. The natural gas liquids are transported via the TGP Liquids Pipeline to a fractionation plant on the coast near Pisco, which is part of the Upstream Facilities. At the Pisco fractionation plant, natural gas liquids are further processed into propane, butane, naphtha and middle distillate blending stock. Naphtha is the only product exported, predominantly to Brazil, the United States and Asia, where it is used in the petrochemical process. The other products are primarily sold within the local Peruvian market.

Block 57 is located adjacent to Block 56 and is primarily comprised of the Kinteroni and Sagari Fields. The License Contract for the exploration and exploitation of hydrocarbons from Block 57 was signed in January 2004. The Block 57 Consortium currently holds the license contract related to Block 57, with Repsol Exploración Perú, Sucursal del Perú serving as operator of Block 57. Block 57 volumes are processed at the Malvinas plant. As of 2014, all gas reserves from the Kinteroni and Sagari Fields are committed to us pursuant to the Gas Supply Agreement related to Block 56 and are delivered to us along with Block 56 volumes. Any fields developed in Block 57 other than the Kinteroni and Sagari fields are not dedicated to us, and therefore, any reference herein to Block 57 only refers to the Kinteroni and Sagari fields. As noted above, the Block 56 Upstream Consortium purchases Block 57 natural gas to be supplied to us pursuant to the Block 56 Gas Supply Agreement, to which we are not a party. Based on publicly available information from the MEM, as of December 31, 2016, the proven and probable reserves of Block 57 were 1.9 Tcf of natural gas and 90.1 million barrels of natural gas liquids. Block 57 annual production levels for 2017 were approximately 55,000 MMcf of natural gas and 3.7 million barrels of natural gas liquids.

Natural gas from Block 88 is distributed in the Lima and Callao regions and Ica region for power generation, industrial, commercial, and domestic use, as well as to the LNG Plant to be consumed as fuel gas and other domestic consumption at the LNG Plant. Likewise, natural gas from Block 88 that is processed at the PLNG TLF is delivered as LNG to Shell GNL's clients in southern and northern Peru. Natural gas from Block 56, supplemented by gas from Block 57, serves as our primary source of natural gas supply, and is transported to the LNG Plant for liquefaction and export.

The following tables reflect natural gas liquids and natural gas production from the Camisea Fields and Block 57 for the years 2010 to 2017 (as applicable), according to Perupetro:

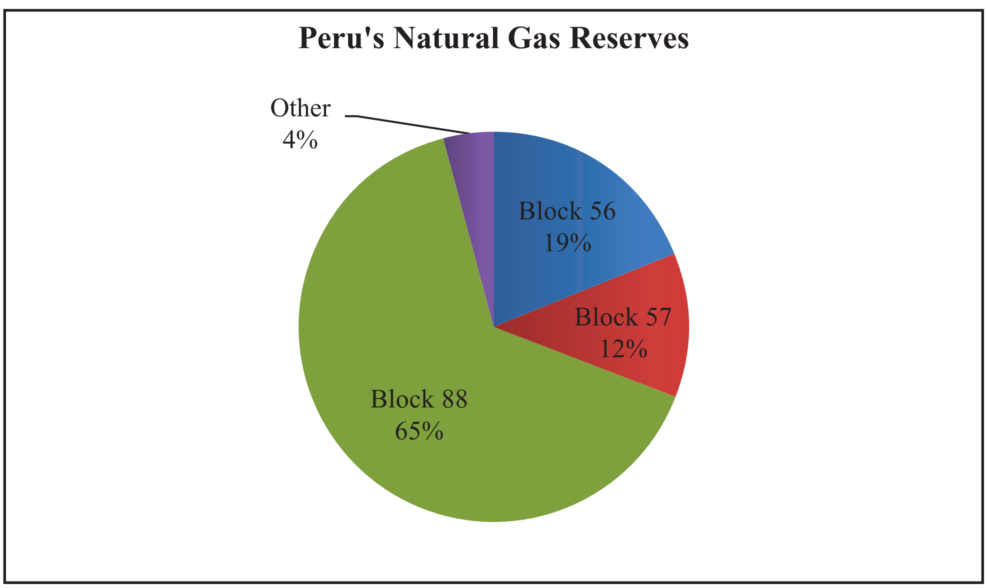
Natural Gas Liquids Production (million barrels)

	2010	2011	2012	2013	2014	2015	2016	2017
Block 88	17.2	16.2	16.8	22.9	21.2	18.8	18.4	17.9
Block 56	12.2	12.8	13.4	13.9	13.7	11.6	12.2	10.8
Block 57	—	—	—	—	1.6	1.8	3.2	3.7

Natural Gas Production (MMcf)

	2010	2011	2012	2013	2014	2015	2016	2017
Block 88	135,673	167,131	182,112	186,009	224,488	237,745	258,388	232,769
Block 56	98,642	215,211	214,300	229,823	190,570	154,238	164,978	151,765
Block 57	—	—	—	—	22,611	26,776	49,526	55,007

Set forth below is a diagram reflecting the percentage composition of the proven and probable natural gas reserves of Peru as of December 31, 2016 according to the MEM:



For a more detailed description of the terms under which we obtain our supply of natural gas, see "—Material Agreements—Gas Supply Agreements."

Our Customer and Markets

Customer

Substantially all of our revenues are derived from the purchase of our LNG by Shell and we expect that sales under the LNG SPA will continue to constitute substantially all of our revenues for the foreseeable future. Pursuant to our LNG SPA with Shell, which will expire in 2028, (a) Shell has committed to "take-or-pay" 4.2 MTPY (95% of total capacity) of our LNG to be produced until October 31, 2028 and (b) we are committed to sell 218 TBtu per year of LNG to Shell. As of December 31, 2017, we had delivered an aggregate of approximately 1,560.2 TBtu of LNG under the LNG SPA. For a detailed description of the LNG SPA, see "—Material Agreements—LNG Sales and Purchase Agreement." The loss of Shell as a customer could have a material impact on our results of operations if we were not able to replace Shell as the off-taker for our LNG under similar terms because the gross operating margins we receive from Shell under the LNG SPA are material to our total gross operating margin.

Markets

Although we derive substantially all of our revenue by directly selling our LNG under the LNG SPA, the price we receive for our LNG and the price we pay for the supply of natural gas are indexed to the marker of the destination where our LNG is sold by Shell. The following table shows revenues attributed to Peru and all foreign countries, in total, from which we derived revenue in 2017. For the purposes of the following, revenues are attributed to the destination where Shell sells the LNG that we produce.

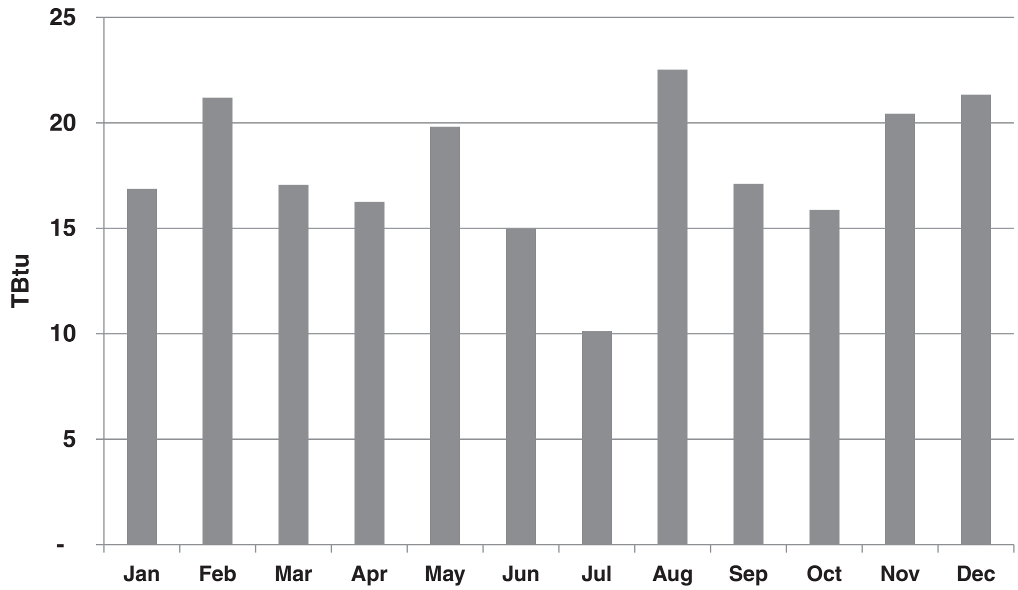
In addition, the following table demonstrates the mix of destinations for the LNG produced by us and sold by Shell during 2015, 2016 and 2017:

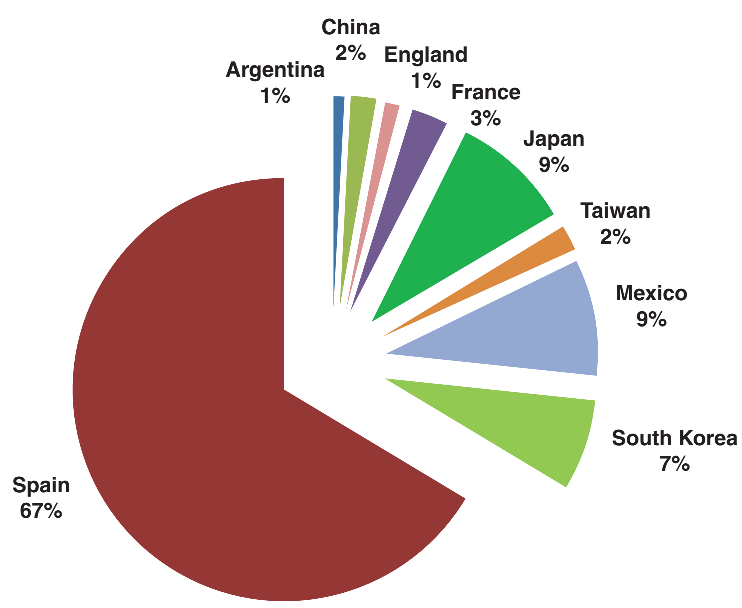
TBtu

Destination	2015	2016	2017
Argentina	—	—	2.1
China	—	13.5	3.8
England	—	—	3.2
France	10.9	6.4	7.1
India	3.4	3.3	—
Italy	—	3.5	—
Japan	7.9	6.7	18.5
Mexico	126.9	104.7	18.8
South Korea	2.6	11.6	14.0
Spain	36.1	75.3	143.0
Taiwan	—	—	3.3
Total	**187.8**	**225.0**	**213.8**

The following charts depict our monthly sales of LNG during 2017 and the mix of destinations for the LNG produced by us and sold by Shell during 2017:

PERU LNG 2017 Monthly Sales





Material Agreements

Gas Supply Agreements

Block 56 Gas Sales Agreement

General

On February 28, 2006, we entered into a natural gas purchase agreement with the Block 56 Upstream Consortium to supply us with natural gas from Block 56 on a take-or-pay and deliver-or-pay basis. On August 6, 2014, we entered into the Amended and Restated Block 56 Gas Sales Agreement in order to incorporate gas from Block 57 as part of the supply obligations under the Block 56 Gas Sales Agreement (as amended, the "Block 56 Gas Sales Agreement"). The gas produced from the Block 56 and the Block 57 dedicated fields represents the primary supply of feedstock natural gas for the LNG Plant and the sole source of quantities of natural gas for export. We are entitled to purchase up to a combined total 4.2 Tcf of gas under the Block 56 Gas Sales Agreement and the Block 88 Gas Sales Agreement (as defined below), though as noted below, the supply from Block 88 is limited to fuel gas and other local consumption at the LNG Plant.

Under the Block 56 Gas Sales Agreement, each member of the Block 56 Upstream Consortium sells to us in its individual capacity. Therefore, each Block 56 Upstream Consortium member is severally, but not jointly, liable for the performance of its obligations in accordance with their respective ownership percentages. The operator of Block 56, currently Pluspetrol Perú Corporation S.A., serves as a representative of the Block 56 Upstream Consortium as sellers pursuant to the Block 56 Gas Sales Agreement.

Incorporation of Block 57 Volumes; the Block 57 Gas Sales Agreement

As noted above, the Block 56 Gas Sales Agreement was amended and restated in 2014, primarily in order to add volumes from Block 57 as a source to replace the volumes of natural gas previously committed for export from Block 88. At the same time, the Block 56 Upstream Consortium entered in a Gas Sales Agreement related to volumes from Block 57 (the "Block 57 Gas Sales Agreement"), whereby the Block 56 Upstream Consortium purchases volumes from Repsol Exploración Perú, Sucursal del Perú and China National Petroleum Corporation, which are, in turn, sold to us pursuant to the Block 56 Gas Sales Agreement. The gas produced from the Block 57 dedicated fields is intended to supplement the primary supply of gas for the LNG Plant from Block 56.

The terms of the Block 57 Gas Sales Agreement are substantially similar to those of the Block 56 Gas Sales Agreement, although, we are not a party to the Block 57 Gas Sales Agreement, and we exercise our rights with respect to Block 57 gas through the Block 56 Gas Sales Agreement.

Term

The Block 56 Gas Sales Agreement and the Block 57 Gas Sales Agreement expire on the earlier of (i) June 30, 2028, or (b) upon delivery of 4.2 Tcf of natural gas less any volumes delivered under the Block 88 Gas Supply Agreement. The Block 56 Gas Sales Agreement may be extended for up to 24 months beyond the primary term so that we can recover undelivered gas quantities resulting from *force majeure* (as described below), "make-up" gas (gas already paid for but not yet taken) or recover a take-or-pay credit, as described below. In the event that the Gas Supply Agreements expire before the LNG SPA, we believe that we will be able to purchase natural gas from other sources at economical prices for the duration of the term of the LNG SPA.

Quantity

The annual contract quantity under the Block 56 Gas Sales Agreement is 244.6 TBtu, *minus* any aggregate quantity of gas required from Block 88 during each such year and other adjustments (the "Block 56 Adjusted Annual Quantity"). The Block 57 annual contract quantity is 78.8 TBtu, subject to certain adjustments similar to those in the Block 56 Gas Sales Agreement, accounting for a daily contract quantity of 216,000 MMBtu. We are obligated to purchase 100% of our natural gas supply needs under the Block 56 Gas Sales Agreement and the Block 88 Gas Sales Agreement until we have reached the Block 56 Adjusted Annual Quantity.

Under the Block 56 Gas Sales Agreement, the Block 56 Upstream Consortium, as sellers, are obligated to deliver: (i) 670,000 MMBtu per day, *minus* (ii) required gas from Block 88 for such day (for fuel gas and other domestic consumption), and either *plus* or *minus* (iii) adjustments for scheduled maintenance or small flexibility accommodations. In addition, we hold a right of first refusal with respect to the sale and purchase or other disposition of any gas from Block 56 and any gas acquired by the sellers under the Block 57 Gas Sales Agreement to any person other than us or our affiliates. This right of first refusal continues until the first anniversary of the expiration or termination of the Block 56 Gas Sales Agreement.

Either party may request an increase for the Block 56 Adjusted Annual Quantity in a given year as additional flexibility. In addition, we may, with proper notice to the Block 56 Upstream Consortium, adjust the Block 56 Adjusted Annual Quantity downward by 10% each year. Any downward adjustment resulting from our scheduled maintenance is limited to a maximum of 25 days, not to exceed 16.8 TBtu. Any downward adjustment resulting from the Block 56 Upstream Consortium's scheduled maintenance is limited to a maximum of 10 days in addition to days scheduled by us (but not to exceed 25 days in any year), and not to exceed 16.8 TBtu.

Failure to Take; Failure to Deliver

Unless otherwise excused pursuant to the terms of the Block 56 Gas Sales Agreement, we are obligated to take-or-pay for the Block 56 Adjusted Annual Quantity each year. Accordingly, we must pay the Block 56 Upstream Consortium for the total quantity of natural gas we failed to take, *multiplied* by either the average price we paid during the relevant measuring period, or, if the price paid cannot be determined, the most recently paid price. Take or pay payments paid by us to the Block 56 Upstream Consortium entitle us to a credit that may be used in subsequent months to offset the cost of additional gas quantities taken. Our take-or-pay payment is the sole and exclusive remedy of the Block 56 Upstream Consortium for our failure to take the contracted volumes, except to the extent we failed to take the required volumes because we purchased natural gas for the LNG Plant under an agreement other than the Block 56 Gas Sales Agreement or the Block 88 Gas Sales Agreement. In such case, we are required to compensate the Block 56 Upstream Consortium for all losses resulting from such failure to take without limitation, and specifically including consequential damages.

Unless otherwise excused pursuant to the terms of the Block 56 Gas Sales Agreement, the Block 56 Upstream Consortium is obligated to deliver-or-pay for the Block 56 Adjusted Annual Quantity each year. The failure to deliver gas requested by us obligates the Block 56 Upstream Consortium to provide "deliver-or-pay make-up gas" free of charge to us, equal to 115% of the previously requested, but undelivered, quantity. The delivery of the deliver-or-pay make up quantities is our sole and exclusive remedy for the Block 56 Upstream Consortium's failure to deliver, except to the extent the failure to deliver was the result of the Block 56 Upstream Consortium's sale of Block 56 or Block 57 gas to any other person. In such case, the Block 56 Upstream Consortium is required to compensate us for all losses resulting from such failure to deliver without limitation, and specifically including consequential damages.

Price

Our payments under the Block 56 Gas Sales Agreement are made in monthly installments calculated based on the weighted average quantity of gas delivered during each of two fortnights for the month, multiplied by the corresponding weighted average contract price for each fortnight. The contract price is determined based on a "Reference Value" related to the destination of each LNG cargo loaded during those fortnights. The Reference Value is an amount determined pursuant to the License Contract for the Exploitation of Hydrocarbons in Block 56, dated as of September 7, 2004, by and among Perupetro S.A. and the Block 56 Upstream Consortium, as amended from time to time (the "Block 56 License"), as well as the related Valuation Agreement for Fiscalized Natural Gas, which was executed on October 28, 2010 between the Block 56 Upstream Consortium and Perupetro S.A. (the "Valuation Agreement"). The Reference Value is based on the applicable pricing marker for the destination where our LNG is sold by Shell (for example, Henry Hub for import terminals in Manzanillo and Altamira, Mexico, NBP for Spain and England and JKM for Japan and South Korea). If a destination is not defined in the Valuation Agreement, then the highest marker available will be used.

Once the Reference Value is obtained, the contract price applicable to such Reference Value is determined in accordance with the following chart (which may be expanded by linear interpolation) which is provided in the Block 56 Gas Sales Agreement:

Reference Value	Contract Price
≤$2.00	$0.060
$2.50	$0.090
$3.00	$0.120
$3.50	$0.150
$4.00	$0.159
$4.40	$0.189
$4.50	$0.243
$5.00	$0.514
$5.50	$0.796
$6.00	$1.104
$6.50	$1.413
$7.00	$1.722
$7.50	$2.030
$8.00	$2.339
$8.50	$2.648
$9.00	$2.956

The price of gas supplied is lower as a percentage of the Reference Value when Reference Values are below US$4.50 and grows to a greater percentage of the Reference Value when Reference Values are above US$6.00. This price mechanism is also reflected in the LNG SPA contract sales price, as discussed below, reflecting a contractual hedge for low LNG price environments and an increased sharing of upside during periods when the LNG market has higher prices.

Force Majeure

We and the Block 56 Upstream Consortium may be excused from performance under the Block 56 Gas Sales Agreement due to *force majeure*, which is defined in the Block 56 Gas Sales Agreement as any act, event or circumstance that is not within the reasonable control of the party claiming *force majeure*. In addition to events such as natural disaster or war, *force majeure* includes loss of the pipelines which transport gas to the LNG Plant and regulatory changes which make performance of the Block 56 Gas Sales Agreement uneconomical or commercially unreasonable for either party. We may claim *force majeure* for loss, serious accidental damage to, or inoperability of the LNG Plant or the LNG Plant's receiving facilities. The Block 56 Upstream Consortium may claim *force majeure* for inoperability of its production facilities, lack of sufficient deliverability of gas from Block 56, and natural change in the Block 56 gas which causes the gas to be out of specification. Each party is required to take commercially reasonable efforts to deliver or take, as appropriate, natural gas not delivered or taken as a result of *force majeure* as make-up quantities.

Termination; Governing Law and Dispute Resolution

The Block 56 Gas Sales Agreement may be terminated by the Block 56 Upstream Consortium earlier than the 18-year term if we are dissolved, if we receive a judgment of insolvency or bankruptcy or if we make a general assignment of rights to our creditors. Further, the Block 56 Gas Sales Agreement may be terminated prior to the expiration of the primary term upon 90-days' prior notice by either party if a *force majeure* of at least 24 months prevents either party from taking or delivering any quantities of gas. The Block 56 Gas Sales Agreement will also automatically terminate if, after a period of 60 months, an event of *force majeure* has blocked the delivery of all quantities of gas. Additionally, our extended failure to pay (in the absence of a dispute) might lead to suspension of gas deliveries following notice by the Block 56 Upstream Consortium if such failure to pay by us continues for 90 days following receipt of such notice. If such failure to pay continues for 15 months following the original notice of non-payment, the Block 56 Gas Sales Agreement will automatically terminate.

The Block 56 Gas Sales Agreement is governed by the laws of the State of New York. All disputes are resolved through the International Chamber of Commerce in New York, New York.

Block 88 Gas Sales Agreement

General

On February 28, 2006, we entered into a natural gas purchase agreement with the Block 88 Upstream Consortium to provide additional gas supply for the LNG Plant. On August 6, 2014, we entered into the Amended and Restated Block 88 Gas Sales Agreement (as amended, the "Block 88 Gas Sales Agreement") to provide that the Block 88 Upstream Consortium will only deliver volumes of gas to us to be consumed locally as part of our production process. Gas produced from Block 88 represents a fuel supply for the LNG Plant to be used only as plant fuel and for gas losses in the transportation of gas and production, storage and loading of LNG. Block 88 gas may not be exported.

The terms of the Block 88 Gas Sales Agreement are substantially the same as those provided above for the Block 56 Gas Sales Agreement. Set forth below are the material substantive difference between them.

Term

The Block 88 Gas Sales Agreement expires on the earlier of (i) June 30, 2028, or (b) upon delivery of 0.33 Tcf of natural gas. The Block 88 Gas Sales Agreement may be extended for up to 24 months beyond the primary term so that we can recover undelivered gas quantities resulting from *force majeure*.

Quantity

The annual contract quantity under the Block 88 Gas Sales Agreement is 22.1 TBtu. The Block 88 Upstream Consortium is obligated to deliver: (i) 60,480 MMBtu per day, *minus* (ii) adjustments for scheduled maintenance. The Block 88 Gas Sales Agreement does not contain a right of first refusal similar to that in the Block 56 Gas Sales Agreement, as we are not the exclusive purchaser of natural gas from Block 88.

Failure to Take; Failure to Deliver

The Block 88 Gas Sales Agreement does not contain take-or-pay penalties similar to those in the Block 56 Gas Sales Agreement, as we are only able to take the quantity actually consumed at the plant for fuel or gas losses and no more. However, we are obligated to take any gas for plant fuel or gas losses from Block 88 before we can seek other sources of gas for such uses. We are required to compensate the Block 88 Upstream Consortium for all losses resulting from such failure to take without limitation, and specifically including consequential damages, for a violation of this provision.

The Block 88 Gas Sales Agreement also does not contain deliver-or-pay penalties similar to those in the Block 56 Gas Sales Agreement, as we must be treated *pari passu* with other domestic consumers of gas from Block 88. Because the Block 88 Upstream Consortium has domestic-use customers other than us, it cannot prioritize deliveries to us over its other customers. Therefore, if the Block 88 Upstream Consortium fails to deliver gas to us, the Block 88 Upstream Consortium has the obligation to reduce deliveries of gas to all of its Block 88 gas purchasers such that they are reduced on a *pro rata* basis with us on the day when the failure to deliver occurs. To the extent the Block 88 Upstream Consortium does not comply with this provision, it is required to compensate us for all losses resulting from such failure to take without limitation, and specifically including consequential damages.

Price

The payments and pricing provisions of the Block 88 Gas Sales Agreement are substantially similar to the Block 56 Gas Sales Agreement. Even though Block 88 gas purchased by us is consumed domestically, the Reference Value, and therefore the contract price, of Block 88 gas remains based on the pricing marker attributable to the destination where our LNG is sold by Shell, as described above with respect to the Block 56 Gas Sales Agreement.

Compression Services Agreement

In August 2009, we entered into a Compression Services Agreement with the Block 56 Upstream Consortium and the Block 88 Upstream Consortium, which was later amended on March 21, 2014 (as amended, the "Compression Services Agreement"). The term of the Compression Services Agreement is concurrent with the Block 56 Gas Sales Agreement and Block 88 Gas Sales Agreement. It provides that the Block 56 Upstream Consortium will render compression services prior to the delivery point under the Block 56 Gas Sales Agreement, which is the tailgate of the Malvinas separation plant, in order for gas to be delivered to us, including from Block 88.

Until July 1, 2024, the monthly compression fee is US$839,470 (adjusted monthly for inflation pursuant to the Producers Price Index) plus the monthly operating expenses attributable to the provision of compression services for the month. The operation expenses component of the formula is based on the percentage of compression services used for us as compared with domestic natural gas users. After July 1, 2024, the monthly fee is limited to the operating expenses component, eliminating the fixed monthly fee.

Gas Transportation Agreement

General

On June 8, 2007, we entered into the Gas Transportation Agreement with TGP. Under the Gas Transportation Agreement, TGP transports natural gas on the TGP Gas Pipeline from the Malvinas separation plant, which is part of the Upstream Facilities, to the interconnection of the TGP Gas Pipeline with the PLNG Pipeline. Accordingly, with the exception of allowances for maintenance and *force majeure*, the service provided under this contract cannot be the subject of any reduction or interruption whatsoever on the part of TGP.

Term

The Gas Transportation Agreement will remain in effect until December 28, 2033, subject to certain provisions of the contract. On March 1, 2028, we will have the right, in our sole discretion and upon three years advance notice, to (i) terminate the Gas Transportation Agreement or (ii) reduce the Daily Reserved Capacity (as defined below) for the years following such date. If we exercise our right to reduce the Daily Reserved Capacity, it cannot subsequently increased. The Gas Transportation Agreement also provides that we can, at certain points in time, request notice from TGP as to whether TGP plans an expansion project, and if TGP responds that it does not have a planned expansion, the time period for us to exercise rights (i) and (ii) will be extended by various periods.

Daily Reserved Capacity and Charge

The daily reserved capacity is 620 MMcf/d, measured at the delivery point (the "Daily Reserved Capacity"). The charge for this reserved capacity (the "Reserved Capacity Charge") is paid monthly, and is calculated as follows:

Daily Reserved Capacity $\times$ (Transportation Tariff) $\times$ 365/12/1,000

The Transportation Tariff is expressed in U.S. dollars per each Mcf of natural gas (US$/mcf), which value will be determined based on the Henry Hub marker average for the given month, according to the following chart:

Henry Hub (US$/MMBtu)	Transportation Tariff (US$/Mcf)
≤$4.00	$0.2900
$4.25	$0.2980
$4.50	$0.3060
$4.75	$0.3140
$5.00	$0.3220
$5.25	$0.3300
$5.50	$0.3300
$5.75	$0.3300
$6.00	$0.3300
$6.25	$0.3300
$6.50	$0.3300
$6.75	$0.3300
$7.00	$0.3300
$7.25	$0.3300
$7.50	$0.3375
$7.75	$0.3450
$8.00	$0.3525
$8.25	$0.3600
$8.50	$0.3675
$8.75	$0.3750
$9.00	$0.3825
$9.25	$0.3900
$9.50	$0.3975
$9.75	$0.4050
$10.00	$0.4125
$10.25	$0.4200
$10.50	$0.4275
$10.75	$0.4350
$11.00	$0.4425
$11.25	$0.4500
$11.50	$0.4575
$11.75	$0.4650
$12.00	$0.4725
$12.25	$0.4800
>$12.25	$0.4800

The Reserved Capacity Charge will be reduced if there is an "Operative Reduction," or a difference between the total amount of nominated gas volumes for a given day and the total amount of delivered volumes at the delivery point. The Reserved Capacity Charge reduction in the event of an Operative Reduction is (a) the volume of the Operative Reduction, multiplied by (b) $0.3975, which is the Transportation Tariff when Henry Hub is US$9.50/MMBtu.

Events of Default

TGP's events of default under the Gas Transportation Agreement include: (a) failure to pay any sum owned to us that continues for 60 days, (b) an unexcused reduction in capacity that continues for a period (i) longer than 180 continuous days or (ii) longer than 90 continuous days followed by 150 non-continuous days of an unexcused reduction, (c) a material breach by TGP of any other obligation or commitment that is not resolved within 30 days or (d) the bankruptcy of TGP.

Our events of default include: (a) failure to pay the monthly payment for the Capacity Reserve Charge or any other sum owed TGP that continues for 60 days, (b) a material breach by us of any other obligation or commitment that is not remedied within 90 days or (c) our bankruptcy.

Early Termination; Applicable Law and Dispute Resolution

The Gas Transportation Agreement may be terminated early for (i) extended non-payment of obligations by either party, (ii) extended reduction in capacity to deliver or receive gas, (iii) bankruptcy of either party, and (iv) material breach of obligations after notification by the non-breaching party and a 90-day cure period. Early termination of the Gas Transportation Agreement by TGP due to our inability to receive gas or due to breach of our other obligations under the Gas Transportation Agreement may obligate us to a pay a termination payment ranging from US$50 million to US$140 million.

The Gas Transportation Agreement is governed by the laws of the Republic of Peru. Disputes with an amount in controversy over US$100,000 are subject to arbitration proceeding under the rules of the International Chamber of Commerce in New York, New York. Disputes with an amount in controversy of less than US$100,000 are submitted to an expert for determination.

Credit Support

During the term of the Gas Transportation Agreement, we must satisfy at least one of the following credit support conditions in favor of TGP: (a) maintain a credit rating of (i) at least BBB (international) or AAA (local), if our net worth is US$250 million or less or (ii) at least BB (international) or AA (local), if our net worth exceeds US$250 million, (b) post a guarantee from one or more of our shareholders having a credit rating specified in clause (a), or (c) post a bank Letter of Guaranty in an amount equal to payments due to TGP for a period of two calendar months.

Interruptible Transportation Contracts

In Peru, interruptible transportation contracts allow customers to request gas transportation from TGP when there is available capacity available in TGP Gas Pipeline on a daily basis. The main difference between interruptible and firm transportation contracts (such as the Gas Transportation Agreement) is that TGP only charges based on customer transportation usage on interruptible contracts, as firm contracts have priority over interruptible contracts. We entered into two interruptible transportation contracts with TGP on June 11, 2007 and August 22, 2008 for 57.0 MMcf/d and 68.0 MMcf/d, respectively. The aggregate interruptible transportation quantity of 125.0 MMcf/d allows us operational flexibility to request transportation quantities over 620.0 MMCf/d already contracted and committed in the firm Gas Transportation Agreement.

LNG Sales and Purchase Agreement

General

On July 29, 2005, we entered into the LNG Sales and Purchase Agreement with RCOM, pursuant to which we committed to sell 218 TBtu per year of LNG (the "SPA Annual Contract Quantity") to RCOM for a period of 18 years. On April 1, 2011, we and RCOM signed an amendment to the LNG SPA that revised certain terms. Further, on December 31, 2013, we signed the Third Amended and Restated LNG Sale and Purchase Agreement, pursuant to which Shell assumed the role as buyer and off-taker, and the parties agreed to other revisions to the terms, as reflected below (as amended, the "LNG SPA").

The LNG SPA is the primary means by which we generate revenues from the LNG Plant. We fulfill our obligations under the LNG SPA with gas supplied pursuant to the Block 56 Gas Sales Agreement (as described above), using fuel gas and gas for other domestic consumption at the LNG Plant supplied pursuant to the Block 88 Gas Sales Agreement. All natural gas reserves from Block 56 and from fields dedicated under the Block 57 Gas Sales Agreement are exclusively dedicated to Shell pursuant to the LNG SPA. The Block 56 Upstream Consortium purchases Block 57 natural gas to be supplied to us pursuant to a Gas Sales Agreement, to which we are not a party.

Shell takes cargoes under the LNG SPA on an FOB basis at the delivery point (where our loading line from the LNG Plant joins the intake manifold on board Shell's LNG tanker) and has complete flexibility with respect to the delivery destination of the LNG cargoes.

Term

The term of the LNG SPA runs through October 31, 2028. The LNG SPA may be extended for a period of up to 24 months beyond the expiry of the initial term for recovery certain defined recovery quantities. While the existing LNG SPA is set to expire in October 2028, we anticipate our operations will continue past such date, as continued demand for LNG is expected. As noted above, we also anticipate the natural gas supply to fulfill such post-2028 volumes will be available to PERU LNG.

SPA Annual Contract Quantity and Adjustments

The "SPA Annual Contract Quantity" is 218.0 TBtu (equivalent to 4.2 Tcf). It may be adjusted in respect of any year (as adjusted, the "SPA AACQ") for several reasons, including (i) the delivery of short-term additional quantities resulting from increased efficiencies at the LNG Plant, (ii) the delivery of additional quantities made available in replacement of prior reductions in deliveries due to force majeure events, (iii) quantities that Shell may elect not to take up to a maximum of 10% of the SPA Annual Contract Quantity (for which Shell must use commercially reasonable efforts to take in a future contract year) and (iv) quantities that we are unable to deliver due to scheduled maintenance on its facilities.

Take or Pay Obligation; Make-Up LNG; Deliver or Pay Obligation

Each year during the term of the LNG SPA, Shell is obligated to either (a) take and pay or (b) pay for if no taken, 100% of the SPA AACQ, subject to downward adjustment for quantities not delivered by us for reasons attributable to us and *force majeure*. Shell must pay for any deficiency volumes at the contract sales price applicable to the month in which each cargo is missed in that year.

We are obligated to either make available to Shell or to pay 100% of the full amount of LNG for scheduled cargoes, subject to downward adjustment for quantities not taken by Shell for reasons attributable to Shell and *force majeure*. We must pay Shell liquidated damages for any shortfall.

Contract Sales Price

The contract sales price for LNG sold under the LNG SPA is determined based on the destination to which the LNG cargo is delivered. The destinations for the LNG cargoes are divided between Henry Hub destinations and non-Henry Hub destinations. Henry Hub destinations are defined as those for which the applicable pricing marker in the Valuation Agreement is Henry Hub, which includes destinations in the U.S. Gulf of Mexico, as well as the Manzanillo and Altamira terminals in Mexico. All other destinations are non-Henry Hub destinations. Separate contract sales price formulas exist for Henry Hub destinations and non-Henry Hub destinations.

The contract sales price paid by Shell to us for LNG delivered to Henry Hub destinations is based on a percentage share of the average New York Mercantile Exchange Henry Hub (the "NYMEX

Henry Hub") index price for the last three trading days in a delivery month, which percentage varies based on NYMEX Henry Hub price levels, plus or minus a constant amount that is applicable to such price levels. Subject to the Minimum Manzanillo Deliveries adjustment described below, the contract sales price paid by Shell to us for LNG delivered to a non-Henry Hub destination is based on a percentage of the Reference Value attributable to the destination of the relevant LNG cargo that varies based on price ranges for the Reference Value, plus or minus a constant amount that is applicable to such price range.

The LNG SPA specifies a quantity (and adjustments to such quantity) that the parties expect to be delivered to Henry Hub destinations (such quantity, as defined in the LNG SPA, the "Minimum Manzanillo Deliveries"). If in any year, Shell does not deliver, in the aggregate, a quantity of LNG equal to the Minimum Manzanillo Deliveries to Henry Hub destinations during that year, then in respect of delivery shortfalls to those destinations (the "Manzanillo Delivery Shortfall Amount"), we recalculate the contract sales price applicable to that Manzanillo Delivery Shortfall Amount (on a cargo by cargo basis) such that we receive that same net revenue as we would have received for each adjusted cargo if that cargo (or portion thereof) would have been delivered to a Henry Hub destination (after taking into account the cost of gas associated with the actual delivery destinations). If the adjusted contract sales price for all adjusted cargoes is higher than the contract sales price originally applied to those cargoes, then Shell is obligated to pay such additional amount to us. If the adjusted contract sales price for all adjusted cargoes is lower than the contract sales price originally applied to those cargoes, then Shell will receive a credit for such difference. The corresponding price of natural gas under the Gas Supply Agreements is not affected by these adjustments relating to the Minimum Manzanillo Deliveries.

In addition, the LNG SPA provides a quarterly mechanism through which we can request the difference between the sales price according to the LNG SPA and a threshold (up to $2.25/MMBtu), with the difference then multiplied by the amount of the LNG delivered in the previous quarter. The maximum amount we may request pursuant to this provision is US$110 million, which is currently fully drawn. This mechanism effectively provides us with price support in low price environments. The determination of how this amount is repaid also depends on the price received by Shell pursuant to the LNG SPA in later quarters.

Force Majeure

Each party is excused from performing under the LNG SPA to the extent that its performance is prevented or delayed as a result of *force majeure*. Under the terms of the LNG SPA, *force majeure* is defined to include economic depletion of reserves, loss of, serious accidental damage to, or physical inoperability of, the Upstream Facilities, the LNG Plant and Shell's facilities (including LNG tankers), as well as damage to specified regasification facilities. *Force Majeure* also includes other acts of god and actions by governmental authorities (other than those caused by the affected party's actions or that are not generally applicable to all public and private entities). *Force majeure* does not include equipment failure due to normal wear and tear or the failure to pay monies.

Limitations on Liability; Performance Security

Our total liability under the LNG SPA, whether for breach of contract, negligent act or omission or otherwise, except for (i) gross negligence or willful misconduct, (ii) matters covered by Shell's indemnification obligations under the LNG SPA, (iii) liability for taxes and (iv) matters covered by insurance to the extent of insurance proceeds, will not exceed $100 million. Shell's total liability under the LNG SPA, whether for breach of contract, negligent act or omission or otherwise, except for (i) gross negligence or willful misconduct, (ii) matters covered by our indemnification obligations under the LNG SPA, (iii) liability for taxes and (iv) matters covered by insurance to the extent of insurance proceeds, will not exceed $600 million.

Shell is required to obtain and maintain a guarantee from a creditworthy guarantor in the form specified in the LNG SPA, in the amount of US$600 million. We are required to obtain and maintain one or more guarantees from one or more creditworthy guarantors, in the form specified in the LNG SPA, in the aggregate amount of US$100 million, in each case pro rata to the guarantor's indirect ownership interest in us.

Termination Events; Applicable Law; Dispute Resolution

Termination events under the LNG SPA include (i) bankruptcy or insolvency, (ii) extended material non-payment, (iii) extended *force majeure* effecting a material quantity of LNG produced, (iv) breach of requirements to maintain performance guarantees, and (v) violation of anti-corruption prohibitions. Following notice of termination by the terminating party, the other party has a period of time to end or cure the circumstances constituting the termination event, failing which the terminating party may terminate the LNG SPA.

New York law governs the LNG SPA, and all disputes are resolved through the International Chamber of Commerce arbitration in New York, New York.

Investment Agreement

On January 12, 2006, we entered into the Investment Agreement with the Peruvian Government, acting through the General Hydrocarbon Bureau of the MEM and the Central Reserve Bank of Peru. The Investment Agreement is both authorized and required by The Law to Promote Investment in Natural Gas Processing Plants, Law No. 28176, amending The Organic Hydrocarbon Law, Law No. 26221, and closely adheres to the regulations issued by the MEM implementing the Promotion Law, Supreme Decree No. 031-2004-EM.

The main purposes of the Investment Agreement are to (i) grant us the right to build, own and operate a natural gas liquefaction plant and related facilities (including the PLNG Pipeline), and own and export the LNG produced therein, (ii) impose certain obligations on us in connection with the construction and operation of the LNG Plant and related facilities and (iii) grant us and our Shareholders certain guarantees related to taxes, import duties and foreign exchange matters.

The Investment Agreement has a term of 40 years from the date of its execution, expiring January 12, 2046. The Investment Agreement cannot be unilaterally amended by any of the parties thereto and is governed by Peruvian law.

By the terms of the Investment Agreement, we have the right to freely conduct commercial activities with the LNG produced in the LNG Plant, including the ability to export LNG, which is exempted from all export duties. Further, the Investment Agreement provides us with tax stability, as we are only subject to the tax regime applicable as of the date of signing the Investment Agreement. Any subsequent taxes, or changes made with respect to taxes, exemptions, benefits, incentives, and amount of income not subject to taxation will not be applicable to us.

In addition, the Central Reserve Bank of Peru guaranteed that we have the availability, free tenancy, usage, and internal and external holding rights in foreign currency, as well as the free convertibility in the foreign exchange market. If the availability of currency cannot be supported, totally or partially, by the financial system entities, the Central Reserve Bank of Peru guaranteed that it will provide the necessary currency.

Capacity Use Agreement

On December 14, 2009, we entered into the Capacity Use Agreement with TGP. Pursuant to the Capacity Use Agreement, the parties agreed to interconnect the PLNG Pipeline and the TGP Gas Pipeline, and we agreed to provide TGP an exclusive right to use and allocate (other than to us) transportation capacity sold to TGP on the PLNG Pipeline. This agreement allows TGP to increase its transportation capacity up to 550 MMcf/d, subject to certain terms provided therein. We are entitled to receive a fixed monthly payment of US$222,533 under the Capacity Use Agreement. The term of the Capacity Use Agreement is through January 11, 2046.

Operator Services Agreement

On January 1, 2009, we entered into the Operator Services Agreement to engage Operator as an independent contractor to provide services in connection with the construction, maintenance, and on-going operation of the LNG Plant. The Operator Services Agreement automatically renews for successive six years terms, with the most recent term beginning January 1, 2015.

The services to be provided by Operator include planning, designing, developing, procuring, constructing, commissioning and overseeing the activities of PERU LNG. This may include participation in negotiations, providing day-to-day physical operation and management of the LNG Plant and PLNG Pipeline and managing community affairs, in addition to other matters.

The parties must agree, by 90 days before the end of each year, to the next annual compensation to be paid for Operator's services under the Operator Services Agreement based on the estimate of the scope of services to be performed in the subsequent year (the "OSA Annual Service Compensation"). If the parties are unable to agree to the next OSA Annual Service Compensation within 15 days of the start of such year, the OSA Annual Service Compensation will remain the same. Interim changes to the OSA Annual Service Compensation must be made through a mutually agreed change-order.

The Operator Services Agreement may be terminated by us if: (i) Operator is insolvent, liquidated, bankrupt, makes a general assignment for the benefit of creditors, or has a receiver appointed for Operator's assets; (ii) we elect to terminate the agreement due to a material breach which Operator has not attempted to cure after 90-days' notice, or for which Operator has attempted to cure, but failed, after 150 days' notice; (iii) the LNG Plant permanently ceases operation; (iv) the operating member of Peru LNG Company (an affiliate of HOC) ceases to be such operating member; or (v) we give 180 days' notice of intent to terminate the Operator Services Agreement. The OSA may be terminated by Operator if: (i) Operator provides 180-days' notice of intent to terminate the Operator Services Agreement; (ii) Operator elects to terminate the agreement due an extended failure to pay or material breach which we have not attempted to cure after 90 days' notice, or for which we have attempted to cure, but failed, after 150 days' notice; or (iii) by mutual agreement of the parties.

Contractual Services Agreement

On November 30, 2014 we entered into the Contractual Services Agreement (the "CSA") with General Electric International Peru, a branch of General Electric International, Inc. (now held by General Electric affiliate Nuovo Pignone International, Surcusal del Peru), to provide long-term maintenance for the (i) liquefaction compressors and mechanical drivers and associated equipment and (ii) for the power generation units and associated equipment.

The scope of work includes scheduled and unscheduled maintenance. The scheduled maintenance for the liquefaction compressors and mechanical drivers is based on running hours and consists of periodic (i) major inspections and (ii) hot gas path inspections. The scheduled maintenance for the power generation units is based on running hours and consists of periodic (i) borescope and package inspections, gas turbine hot section / combustor exchanges, and (iii) gas turbine major overhauls.

The contract also provides for unscheduled maintenance as needed, and includes on-site dedicated personnel to manage the contract, including a resident contract performance manager, a controls engineer, a mechanical engineer and a materials manager.

The term of the CSA is for the life of the covered units or until the end of the LNG SPA in October 2028, whichever first occurs. We have the right to extend the CSA up to the termination date of the LNG SPA if extended, subject to a maximum term ending November 30, 2034.

Tolling Agreement

On October 15, 2015, we entered into the Tolling Agreement with Shell GNL, a subsidiary of RDS. Pursuant to the Tolling Agreement, we have the obligation to process up to 19.2 MMcf/d of natural gas owned by Shell GNL, which is sourced by Shell GNL through a gas supply agreement with the Block 88 Upstream Consortium, and, using the PLNG TLF, load the resulting LNG onto trucks owned by clients of Shell GNL for further distribution by Shell GNL throughout Peru. Our obligation is subject to our ability to fulfill our existing obligations under the LNG SPA, and therefore, we are only obligated to process such quantities to the extent we have available capacity at the LNG Plant. At no point in the process of fulfilling our obligations under the Tolling Agreement do we take title to the natural gas or LNG. The term of the Tolling Agreement expires on October 31, 2028.

Pursuant to the Tolling Agreement, Shell GNL agrees to pay us a fixed capacity payment that allows us to recoup our capital investment up to $17.0 million to develop and construct the PLNG TLF, subject to a discount rate of 10% over a 13-year term. The fixed capacity payment is equivalent to US$0.30 per MMBtu, assuming a utilization rate of the full 19.2 MMcf/d. We are also paid US$1.00 per MMBtu of LNG delivered to Shell GNL, as well as an operations and maintenance fee of US$1.1 million per year, both of which are subject to an inflation adjustment. We are in the process of finalizing the construction of the PLNG TLF as well as obtaining the necessary permits for the facility. We expect to start operations by the end of the first quarter of 2018, as we are currently completing the approval process.

Competition

The production of LNG is a highly competitive activity. The worldwide distribution of our LNG means that we compete with liquefaction plants on a global basis to supply the international demand for LNG. Such competition is generally indexed to price. Further, LNG competes with other sources of energy, including coal, oil, hydroelectric, wind, solar energy and biomass, which may be or become available at a lower cost or may become more politically favorable than LNG worldwide. It is expected that other competitive sources of energy will come into operation in the future. Nevertheless, there are substantial barriers to entry for direct competition with the LNG Plant, as the construction of an LNG plant in Peru would require a large capital expenditure and commitments of significant new gas reserves and transportation assets to support such a project. In addition, the cost of replicating the LNG Plant today would be significantly higher than the US$3,800.0 million that was invested (from which US$3,442.4 million is presented as cost of property, plant and equipment and is currently being depreciated in our accounting books). Further, we have limited exposure to competition in the purchase of natural gas and the marketing of LNG as a result of our "take-or-pay" LNG SPA with Shell and the long-term Gas Supply Agreements related to Block 56 (with respect to natural gas from both Block 56 and Block 57) and Block 88, which run through 2028. The prices we receive for our LNG and the cost at which we purchase natural gas are indexed to the same marker, which stabilizes our exposure to the price risk that increased competition may produce.

If we are unable to renew, extend or replace the LNG SPA or if the LNG SPA is terminated before the expiration of its term, we will compete against other natural gas liquefaction projects throughout the world on the basis of LNG market factors. These factors include changes in worldwide supply and demand for natural gas, LNG and substitute products, the relative worldwide prices for natural gas, crude oil and substitute products and international markets, the rate of fuel switching for power generation from coal, nuclear or oil to natural gas and economic growth in developing countries. In addition, our ability to obtain additional funding to execute our business strategy is subject to the investment community's appetite for investment in LNG and natural gas infrastructure and our ability to access capital markets.

Regulation

Regulatory Framework

The legal framework for the hydrocarbons sector in Peru, which regulates and supports our activities consists of the following principal legislation:

- Organic Hydrocarbons Law No. 26221.
- Supreme Decree No. 051-93-EM: Regulations Concerning Hydrocarbons Refining and Processing.
- Supreme Decree No. 081-2007-EM: Regulation for the Transportation of Hydrocarbons through Pipelines.
- Supreme Decree No. 032-2004-EM: Regulations Concerning Hydrocarbons Exploration and Extraction.
- Law No. 28176: Promotion of Investment in Natural Gas Processing Plants Act.
- Supreme Decree No. 031-2004-EM: Executive Regulations to the Promotion of Investment in Natural Gas Processing Plants Act.
- Supreme Decree No. 039-2014-EM: Environmental Protection Regulations for Hydrocarbons activities.
- Supreme Decree No. 052-93-EM: Hydrocarbons Security Storage Regulation.
- Supreme Decree No. 057-2008-EM: Compressed Natural Gas and Liquefied Natural Gas Commercialization.

The general regulations for hydrocarbon-related activities in Peru are established by the Organic Hydrocarbons Law. The Organic Hydrocarbons Law provides that the Peruvian state encourages the development of hydrocarbons on the basis of free competition and free access to economic activities. It guarantees the legal stability of contracts, as established in article 62 of the Peruvian Constitution, as well as a stable tax and exchange rate regime.

The Law contains regulations on hydrocarbons exploration and exploitation activities, transportation by pipelines, storage, refinement, processing, distribution and commercialization. The Law also includes general regulations on the free trade of hydrocarbons, natural gas distribution, rights of use, easement and expropriation, environmental protection, and labor regime, among others.

The Law establishes that exploration and exploitation of hydrocarbons should be carried out through license and services agreements, as well as other types of contracts authorized by the MEM and governed by private law. Contracts that have been approved and signed can only be modified by written agreement between the parties and are subject to approval by supreme decree.

In addition, the Law to Promote Investment in Natural Gas Processing Plants, Law No. 28176 and its regulations approved by Supreme Decree No. 031-2004-EM provides that the Peruvian Government can grant certain benefits in favor of natural gas processing plants, through the signing of stability agreements, including income tax stability, exchange and tax stability, guarantees of free possession and availability of foreign currency, early VAT recovery, among others.

The hydrocarbons sector consists of the MEM, Perupetro and two regulatory authorities: (i) the OSINERGMIN and (ii) the OEFA. The MEM is responsible for designing general policies for the sector and, as the grantor, for awarding concessions. Perupetro is responsible for execution of

Exploration and Exploitation Hydrocarbons Agreements. OSINERGMIN, which is an entity assigned to the Office of the Prime Minister with administrative, functional, technical, economic and financial autonomy, is responsible for establishing tariffs for the transport and distribution of natural gas and for monitoring compliance with the concessionaires' obligations stipulated in their contracts and in applicable legislation; at the same time, it supervises the quality of the service provided with reference to the legislation and technical standards applicable to safety in the industry in question. The OEFA, which reports to the Ministry of the Environment, is responsible for ensuring that individuals and entities, both public and private, comply with environmental standards and regulations, which it does through evaluations, supervision, control, monitoring and sanctions (i.e., penalties and/or other administrative measures) in environmental matters.

Costs of Compliance

We have not been in the past, and do not anticipate in the near future to be, required to expend amounts that are material in relation to our total capital expenditure as a result of our environmental laws and regulations, but since these laws and regulations are periodically amended, we are unable to predict the ultimate cost of compliance. More stringent laws and regulations protecting the environment might be adopted or we might otherwise incur material expenses in connection with environmental laws and regulations in the future. For more information, see "Risk Factors—Changes to current regulation, legislation and rates may adversely affect our business, prospects, financial condition, results of operations or cash flows."

Environmental Reports

Our environmental impact assessment report (the "EIA") was completed in July 2003 and approved in June 2004 by means of Directoral Resolution 061-2004-MEM/AAE to evaluate our assets and their interaction with environmental components within our area of influence. The following additional environmental management instruments have also been submitted and duly approved by the competent environmental authorities:

- Semi-Detailed EIA Modification approved in year 2006;
- Environmental and Social Impact Assessment for LNG-2 Quarry Exploitation Project LNG-2 Quarry Exploitation Project approved in 2006;
- Environmental and Social Impact Assessment Natural Gas Pipeline Transportation approved in year 2006;
- Environmental Impact Statement (DIA) for the PLNG TLF approved in 2012.
- Environmental Management Programs for the following: (i) Pipeline water standards, (ii) our fuel line, (iii) permanence to the Collpas access road, (iv) permanence to the Osccocochas access road and (v) the temporary bridge.
- Technical Reports for EIA changes which do not imply significant environmental impacts ("ITS") include the following: (i) monitoring control stations modifications at the LNG Plant, (ii) outfall effluent discharge relocation at the LNG Plant, (iii) improvement of tugboat docking facility with a mooring barge, (v) the modification of the PLNG Pipeline auxiliary components and (v) the fifth filter installation in the 200 skid area of the PLNG Pipeline.

Additionally, on February 6, 2018, we submitted before the National Service of Environmental Certification for Sustainable Investments (*Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles* or "SENACE") an ITS for improvement and amendment of the LNG Plant's EIA management plan. This ITS is currently under evaluation and is pending approval.

Environmental and Social Matters

In addition to the assessments and monitoring under the EIA, we have developed and apply a set of practices and requirements at all of our facilities aimed at protecting our contractors, consultants and visitors, as well as guaranteeing the safety and occupational health of our employees. Historically, we have met the high environmental and social standards of the IFC. Going forward, we intend to maintain our commitment to high environmental and social standards that are based on IFC standards, and in any event, meet or exceed the national Peruvian regulations.

In November 2013 and November 2016, we received ISO 14001 and OHSAS 18001 certifications of our IMS, which are validated annually by external audits performed by TÜV Rheinland, a world leader in technical services, monitoring compliance with the inspection standards applicable to products, processes and services. In late 2015, we developed a Process Safety Management ("PSM") project to supplement our safety standards and practices. The PSM project is far ahead of schedule, which demonstrates our commitment to excellence in safety standards and practices.

Our IMS has developed preventive programs to control operational and maintenance risks. The training program is evaluated annually and involves all employees and contractors. To be prepared for emergency conditions, we defined and implemented an annual drill program through which 62 drills were conducted in 2017. We record every opportunity to improve from inspections and audits by using the PLNG Action Tracking System. This system allows us to follow corrective action requests, and in 2017, our closure rate were 94%. This program allows us to take efficient preventive actions and improve our record. In 2017, we had a recordable incident rate of 1.55 and lost time of 0.62 (using 1MM hours).

In line with our policy of responsibility and commitment to the conservation of the environment and natural resources, we carry out activities in compliance with Peruvian and international legislation. This ensures the preservation of the environment and attempts to prevent any negative impact on the communities directly influenced by the LNG Plant, the PLNG Pipeline and our port facility. We have a comprehensive monitoring program for discharges and emissions and the environmental quality of receiving water bodies. We gather information on the effects that our operations may have on the environment, as well as attempt to mitigate any environmental effects and preserve the nature around the areas we influence. In 2016, we won the America Maritime Award 2016 in the Environmentally Sustainable Management of Waste in Ports, awarded by the Inter-American Committee on Ports, a body of the OAS. In 2017, the National Society of Mining, Oil and Energy granted the Sustainable Development Award 2017 to us and the Social Development and Cooperation Fund Project of Peru, in recognition of our joint social development program. We have designed and implemented a large environmental monitoring program that allows us to measure performance of the preventive pollutions actions or process implemented. This monitoring program provide information about quality of marine sediments, seawater, air, noise, soil, quality of the stacks emissions, discharge of brine to sea (via reverse osmosis), and effluent from sewage treatment plant (to reuse 100% of domestic waste water).

To monitor compliance with quality, occupational safety and environmental protection standards, during 2017, the LNG Plant and PLNG Pipeline installations were supervised 68 times by the OSINERGMIN and the OEFA, producing some observations contributing to the process of continual improvement. Further, supervisions were also performed by the ANA.

In addition to our environmental programs, we also have adopted comprehensive corporate social responsibility programs. Our social investment projects are designed to promote the sustainable development of local communities and are implemented in coordination with the communities themselves. We currently focus on supporting development of the following initiatives:

- The Participatory Social and Environmental Monitoring Program ("PMSAP"): PMSAP encourages the active participation of communities and towns located in the areas directly influenced by our operations and allows community representatives to monitor and report the possible social and environmental impacts related to the operation of the PLNG Pipeline.

- Biodiversity Monitoring and Assessment Program (“BMAP”): BMAP, a collaboration with the Center for Conservation, Education and Sustainability of the Smithsonian Conservation Biology Institute, was created to monitor and help conserve the biodiversity of the areas influenced by our operations during construction phase of the PLNG Pipeline. Currently, BMAP continues to monitor and assess the habitats of the species that live in the ecosystems surrounding the LNG Plant, the PLNG Pipeline and our port facility.

- Allin Minkay Program: The Allin Minkay Program consists of a series of projects aimed at improving the living standards, competitiveness and incomes of 158 families in communities located in the Ayacucho region and directly influenced by our operations. Components of the project include farm production management, environmental management and organizational and commercial management.

- Public Investment Management Project: Since March 2012, we have offered training programs for public investment management to strengthen the abilities of members of municipal governments that are responsible for drafting and implementing strategic public investment projects to meet the basic needs of the Peruvian population.

- Reading is Getting Ahead: This project is part of an alliance with BBVA Banco Continental Foundation that aims to improve reading comprehension of students in public primary schools by providing educational materials to schools and offering teacher training.

- Training Courses for Artisanal Fishermen: Through a cooperation agreement with the National Fishing Development Fund (“FONDEPES”), a dependency of the Ministry of Production, we have implemented a training program to help artisanal fishermen gain formal accreditation in artisanal fishing and to strengthen the skills of artisanal fishermen in areas influenced by our operations. The accreditation and training allow the artisanal fishermen to apply for jobs in the fishing sector and access funding sources managed by FONDEPES.

- Driver License Training: This program provides instruction to artisanal fishermen that enables them to obtain driving licenses. The project is designed to improve the skills and personal abilities of artisanal fishermen in order to diversify their job choices, with the ultimate goal of improving the socio-economic conditions of their families.

- PERU LNG Academic Excellence Scholarship Training Program: This training program pays for studies and academic investment in professional technical courses at the PROSIP Condoray Institute, a technical training center that encourages the human, social and spiritual development of women.

Finally, we have in place a grievance procedure by which stakeholders can express their complaints related to our activities in order for us to take required corrective measures to address stakeholders concerns in a satisfactory manner. The grievance mechanism is available for anyone who wants to submit a complaint to us, whether it is an individual, institution, non-governmental organization, community organization or community group.

All complaints, regardless of their type or category are addressed as follows: (i) reception or registration, (ii) review and investigation (documented), (iii) proposed solution and dialogue and (iv) closure and registration. Complaints may be presented at our offices in Lima, Ayacucho, Chincha or Cañete or at the field through our community relations representatives. Complaints may be oral or in writing, by individuals or collectively.

The community relations officer will make an analysis to determine if the complaint is valid or not. If valid, the community relations officer will identify a possible solution and present it to the claimant.

If accepted, it will be implemented. Once the complaint has been resolved, a closure document will be signed. If the community relations officer determines that the complaint is not valid, he will advise the claimant accordingly and a document evidencing that the complaint was addressed and the reasons why it was considered invalid will be signed. In cases where the proposed solution warrants financial compensation, the community relations officer will present the claimant the results of the verification of the damage and a proposal based on the magnitude of the alleged damage, in order to start a dialogue aimed at reaching a satisfactory agreement. If such an agreement is not reached, a second meeting will be held. If after three meetings no agreement is reached, the claimant will be informed that no agreement has been reached. All meetings will be documented in writing.

Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, at any given time we may be a defendant in various legal proceedings and litigation arising in the ordinary course of business, including litigation on disputes related to contracts, property use or damage and personal injury. Although there can be no assurance as to the ultimate outcome of these proceedings, our management believes, based upon the information available and consultation with external legal counsel handling these proceedings, that the expected outcome of these proceedings, individually or in the aggregate, is not likely to have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows.

In May 2015, the International Center for Settlement of Investment Disputes ("ICSID") ordered the Block 56 Upstream Consortium to pay Perupetro S.A. certain amounts with respect to shipments of natural gas between 2010 and 2011. As a result of this ICSID award, certain members of the Block 56 Upstream Consortium (the "Respondents") submitted invoices to us in July and August 2015 seeking additional payments related to natural gas sold to us in 2010 and 2011 under the Block 56 Sales Agreement.

On August 14, 2015, we initiated an arbitration against the Respondents, pursuant to the terms of the Block 56 Gas Sales Agreement, before the International Court of Arbitration of the International Chamber of Commerce (the "ICC"). In our arbitration request, we are seeking a declaration that we have no obligation to pay the invoiced amounts, asserting that the invoices are time-barred and otherwise are not allowed under the Block 56 Sales Agreement. Respondents in the arbitration filed an answer and counterclaims on October 23, 2015, and have taken the position that we should be required to pay the invoices, among other claims.

On February 23, 2016, the arbitral tribunal was constituted with US$90.3 million as the total amount in dispute for purposes of calculating the ICC fees. The arbitration has been stayed since February 2017, as the parties attempt to find a commercial resolution to the dispute. In the event the stay were to be lifted, this arbitration remains in its early stages, as no discovery has taken place to this point.

There can be no assurance that the parties will agree to a commercial resolution. If we do not reach an agreement, we intend to vigorously assert our rights with respect to the dispute; however, the validity of our claims, as well as our costs and legal exposure, if any, related to the dispute are not currently determinable.

Insurance

We maintain insurance policies covering, among other things, damage caused by fires, earthquakes, floods, theft, terrorism, losses from transport and general business and third-party liability. We have all risk, property damage and business interruption insurance for up to US$1,000 million. Our general and civil liability insurance covers, among other liabilities, products, contamination and coverage for workers compensation and has a policy limit of US$2 million. We believe that we currently maintain customary insurance of the types and amounts that are generally consistent with prudent industry practice and applicable legal requirements. Our insurance coverage is subject to limits and exclusions or limitations on coverage that we believe to be reasonable, given the cost of procuring insurance and current operating conditions. To date, we have not had any significant claims under these policies during the construction phase or operational phase of the LNG Plant and PLNG Pipeline.

Peruvian law requires that employers provide mandatory coverage of professional risk workers' compensation insurance. Peruvian law also requires mandatory social security coverage, administered through private pension fund companies (*administradoras de fondos de pensionses*, or "AFPs") or the Public Pension Fund Administrator. The social security system is monitored and controlled by the Peruvian Government and financed through contributions made by employers, workers and independent contractors. Peruvian law requires also a mandatory pension scheme, which is administered by AFPs.

Ownership of Real Property

We own all of the real property on which the LNG Plant and related port facility are located. For assets that are located by the sea, we own rights of aquatic use. We do not own most of the land on which the PLNG Pipeline is located, which we occupy subject to right-of-way contracts, leases and easements with the relevant landowners. We have full rights of ownership over the tangible and intangible assets we use in operation of the LNG Plant, our port facility and the PLNG Pipeline.

Employees

Due to the fact that we are operated by Hunt LNG, we have 15 full-time employees. As of the date of this offering memorandum, approximately 247 of Hunt LNG's employees provide services related to the operation of our company under the terms of the Operator Services Agreement.

Our employees and Hunt LNG's employees who provide services to our company do not belong to an employee union. Our employees are part of the special payment regime with respect to contributions to the private pension system, which is managed by AFPs. Under this system, an amount equal to 10% of the salary of each employee plus the commission and the insurance premium of the relevant AFP is withheld from the monthly compensation and delivered to the AFP. Each AFP has three types of funds, each with different types of risks and returns. Under this regime, AFPs are entitled to collect a commission for the management of the funds. An employee may withdraw any amount deposited in the relevant AFP after certain conditions are met, including when an employee turns 65 years old.

INDUSTRY

Peru's Natural Gas Industry

The natural gas market for the Camisea Fields is based on the vertical integration of (i) exploration and production, (ii) transportation and (iii) distribution.

Exploration includes geological and geophysical work to determine the location and contours of natural gas fields and the drilling of wells, along with any other activity that may be necessary to discover hydrocarbons. Once the well is drilled, the presence of natural gas is detected and, if exploitation is commercially viable, production follows. Production consists of the systematic extraction of natural gas and its conditioning for transportation. The production stage also includes the design and construction of the production system, the gas basin, the processing plant, internal pipelines, storage tanks and metering facilities, as well as the operation of such facilities. According to information provided by the MEM, as of December 2016, the natural gas reserves of the Camisea Fields accounted for 84% of the proven natural gas reserves in Peru.

The transportation phase includes the operation of gas pipeline systems, compression and metering stations, referrals, and recompression systems, the installation and control of valves and the inspection and maintenance of these networks, in order to safely transport the natural gas from the production fields or treatment plants to consumption areas. Transportation consists of transferring the gas from the well to a network of high pressure transmission pipelines. In the case of the Camisea Fields, TGP operates two two parallel pipelines: (i) the 557 km (346 mile) natural gas liquids pipeline to a fractionation plant, located on the Lobería beach in Pisco, and (ii) the 729 km (453 mile) dry natural gas pipeline, which continues along the coastal strip up to the natural gas custody transfer facility and connects the TGP Gas Pipeline with Cálidda's main natural gas distribution system in Lurín, Lima. Both pipelines go through the departments of Cusco, Ayacucho, Huancavelica and Ica and the natural gas pipeline reaches the Department of Lima.

Distribution is the supply of natural gas to final users through high pressure main line networks or medium or low-pressure pipelines. High pressure distribution is used to supply natural gas to initial and independent customers, which consist of large industrial customers and power generators. Medium and low-pressure pipelines are used to supply regulated customers, consisting of residential, commercial and smaller industrial customers, as well as vehicle fueling stations. This stage also includes the distribution systems, networks in high, medium and low pressure, nodes and distribution to the regulation station for final consumption.

PLNG is responsible for the production of LNG in Peru. Our operations consist of two primary parts: (i) our LNG Plant, which includes a marine loading terminal from which LNG is exported; and (ii) the PLNG Pipeline connected to the TGP Gas Pipeline, at km 221 in the rainforest section and that transports the gas from this connection point to our LNG Plant, which is located between the provinces of Cañete and Chincha. Our LNG Plant has a certified nameplate capacity of 4.45 MTPA, and uses a refrigerant process that pre-cools the natural gas in a refrigeration circuit with propane, to a final temperature (minus 163° Celsius)

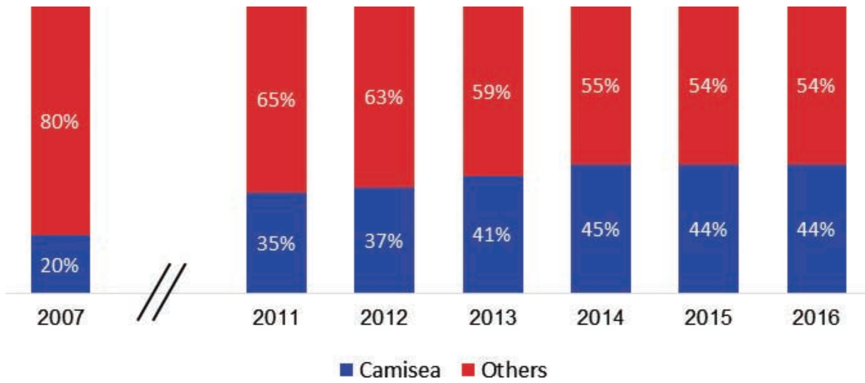
Peru's Energy Requirements and Market Growth

According to the *Comité de Operaciones del Sistema Interconectado Nacional* (COES-SINAC), the energy generation matrix in Peru is composed 56.6% of hydropower, 37.2% of natural gas, 1.4% of coal and 4.8% of other as of December 2017.

The MEM estimates that energy consumption in Peru will reach 1,632 kWh per year by 2030 on a per capita basis. For comparison purposes, consumption was 872 kWh per capita in 2006 and 1,446 kWh per capita in 2017. To meet this demand, Peru has relied, and is expected to continue to rely heavily on natural gas, increasing its installed power generating capacity from 0.3 GW in 2002 to 6.0

GW in 2030. In 2030, it is estimated that natural gas will represent 44% of the installed power-generating capacity in the country.

Historical participation of Camisea in the national energy matrix



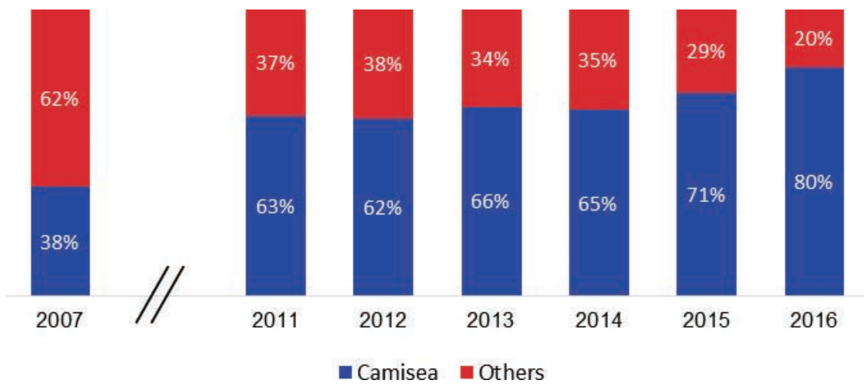
Source: 2016 COES-SINAC "Evolution of the participation of the utilization of energetic resources in the production of energy" report.

Peru's current natural gas requirements are met through its domestic natural gas production. In addition to the existing sources of natural gas supply in the country, Peru has experienced an increase in exploration activity in recent months. For example, in late 2017, Perupetro signed three exploration license contracts with Anadarko Petroleum Corporation related to blocks in the Trujillo Basin, and is in the process of granting Tullow Oil PLC five additional exploration license contracts in the Talara, Trujillo, Tumbes and Lima Basins. Additionally, Perupetrol has granted sixteen technical evaluation agreements with various parties since October 2017, including three in favor of a subsidiary of HOC related to areas in the Ucayali Basin.

In addition, the Peruvian Government has issued regulations to boost the natural gas local market. For instance, on August 5, 2010, Supreme Decree No. 046-2010-EM, Regulation of the Secondary Market of Natural Gas, was approved, although its implementation has since been suspended. If it becomes effective, it will regulate transactions in the natural gas secondary market to assure an efficient usage of production and the ship or pay transportation capacity of natural gas. It also would require that the transfer of production and/or ship or pay transportation capacity in the secondary market be offered through electronic bid. Currently, natural gas secondary market transactions are made through bilateral agreements. As of 2016, Camisea supplies 44% of the energy consumption of the country.

According to MEM data, the Camisea Fields are the most important contributor in terms of total hydrocarbon royalties paid to the Peruvian Government. Between 2007 and 2017, Blocks 56, 88 and 57 have paid over US$8,500 million in royalties. This represents 62% of the total hydrocarbon royalties the Peruvian Government received over that period, highlighting the project's strategic relevance to the Peruvian economy.

Source of oil & gas industry royalties paid to the Republic of Peru



Source: Perupetro, royalties report

History of the LNG Industry

The LNG business was originally developed primarily as a means to commercialize stranded natural gas resources around the world and to transport these resources as an alternative energy source to countries lacking indigenous oil and gas production. Historically, liquefaction and re-gasification projects were developed in close alignment, often with common stakeholders and dedicated shipping vessels that linked the supply to specific markets. Spare shipping capacity was limited and diversion of LNG supply to alternative markets occurred only during periods of low demand in the primary market.

This traditional relationship for major LNG trade movement has undergone a shift in the last few decades. The change has been driven by developing countries working to diversify their energy requirements and, as a result, looking to LNG as a possible solution. LNG fleet size has also dramatically expanded, changing many of the traditional trading patterns of LNG.

In 1999, the Peruvian Government encouraged efforts to develop natural gas when it enacted the Law to Promote the Development of the Natural Gas Industry (*Ley de Promoción del Desarrollo de la Industria del Gas Natural*), Law No. 27133. The Law is aimed at establishing specific conditions for promoting the development of the natural gas industry, promoting competition and encouraging the diversification of energy sources to increase the reliability of energy supply and the competitiveness of Peru's production industries. For the granting of rights to exploit proven reserves of natural gas (exploitation agreements), this law also capped natural gas well-head prices, and established a guaranty for main grid projects. The main grid is a pipeline network for natural gas transportation and for the distribution of natural gas at high pressure (the "Main Grid"). Law No. 27133 also declared the promotion and development of the natural gas industry, including the development of transportation infrastructure for gas and condensates, items of national interest and public need.

The regulations under Law No. 27133 were approved by Supreme Decree No. 040-99-EM and were enacted in 1999. These regulations set certain rules for matters regarding the exploitation of proven reserves of natural gas, including: (i) promotional measures for initial consumers, (ii) natural gas commercialization, (iii) access to the main grid guarantee (a mechanism that secures annual incomes that adequately reward the cost of service to investors), (iv) the criteria to set the tariff for the use of the Main Grid when the main grid guarantee is no longer in force, (v) the concessionaire's guaranteed income (in case the revenues obtained from the services rendered are not enough to cover the guaranteed income) and (vi) the collection and payment of the guarantee, among others.

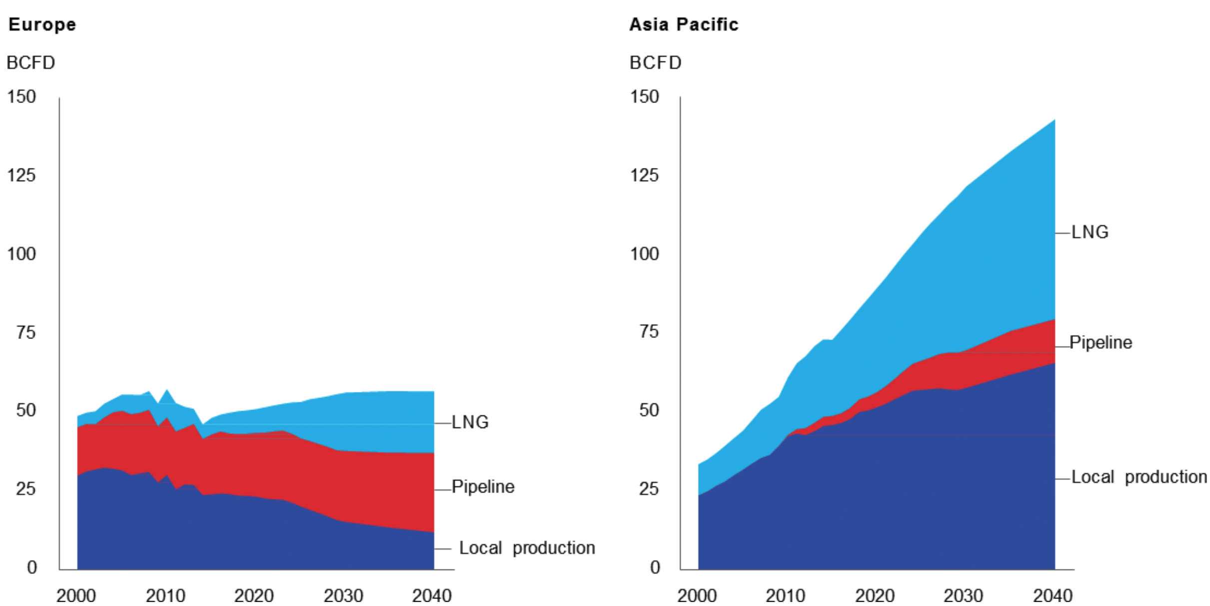
In addition, the Peruvian Government has established a legal framework to promote investment in natural gas processing plants. The Peruvian Government enacted the Law to Promote Investment in

Natural Gas Processing Plants (*Ley de Promoción de la Inversión en Plantas de Procesamiento de Gas Natural*), Law No. 28176 (in 2004) and approved its regulation by Supreme Decree N° 031-2004-EM (the same year). In accordance with the provisions set forth in the law and its regulation, investors engaged in the construction and operation of Natural Gas Processing Plants can gain access to the following benefits by signing of stability agreements with the Peruvian State: (i) a contract-law regime that prohibits the Peruvian Government from unilaterally modifying or amending its terms, (ii) income tax stability, (iii) exchange and tax stability, including a guarantee of free possession and the availability of foreign currency, (iv) early VAT recovery, (v) foreign currency accounting, and (vi) easement and expropriation protection rights, among others.

Global LNG Market Overview

The global energy market is undergoing several changes as a growing population and rising living standards increase energy demand. At the same time, there are increasing concerns about the sustainability, availability and cost of the power sources needed to fulfill this demand. Traditional centers of demand are being overtaken by fast-growing emerging markets and the energy mix is shifting from coal and oil to less contaminating sources. Natural gas has gained a strong position as a clean, versatile, inexpensive and readily available energy source. As a result, natural gas is expected to become the second-largest fuel source by 2035, with the Asia Pacific region already heavily reliant on LNG imports to supply individual domestic markets.

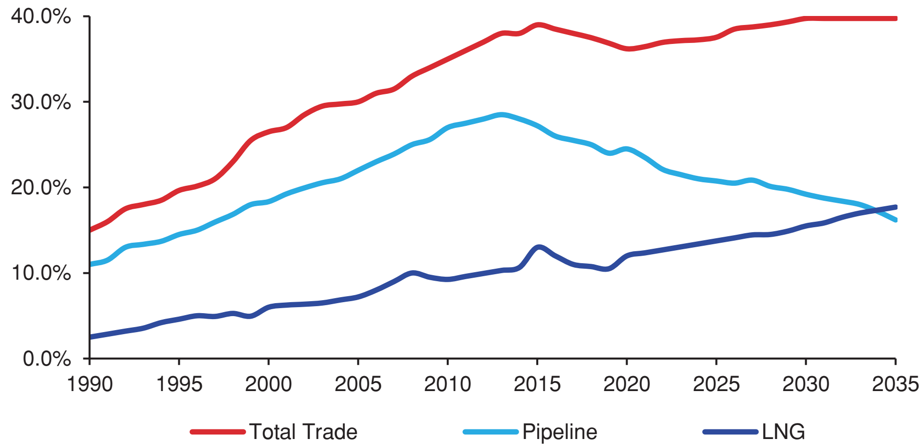
Europe and Asia Pacific demand drives LNG trade



Source: Exxon Mobil 2017 Outlook for Energy, page 41

At the same time, LNG has continued to capture a growing share of the natural gas market and is expected to represent approximately 17.7% by 2035. Bloomberg New Energy Finance ("BNEF") estimates that 2017 LNG consumption will grow at 8.8%, with growth estimated to continue at 3.8% per year until 2020.

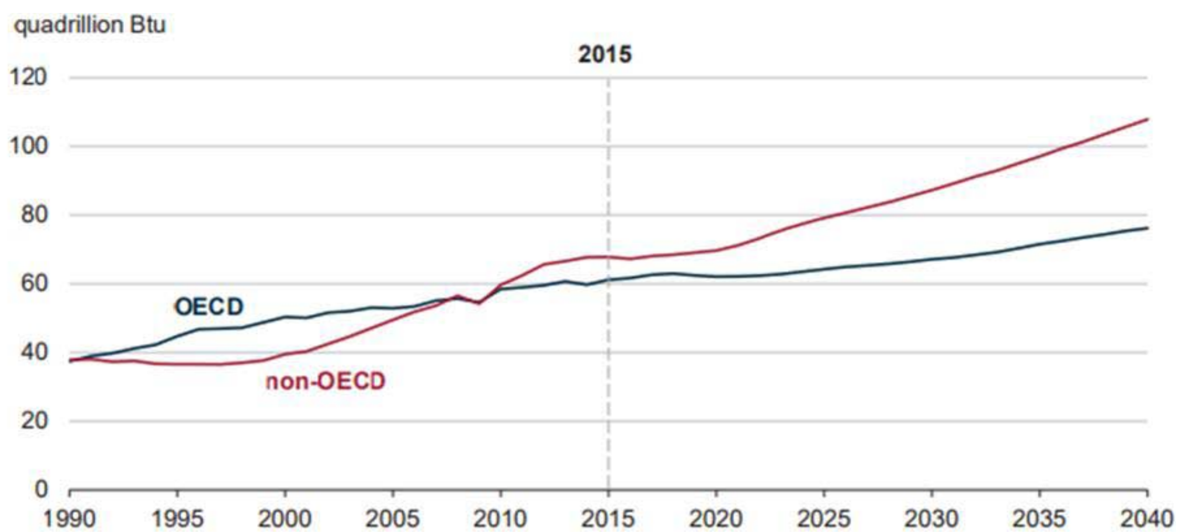
LNG is capturing a growing share of natural gas



Source: 2017 BP Energy Outlook

The U.S. Energy Information Agency projects that worldwide natural gas consumption will increase by 43% from 2015 to 2040. Growth will be higher in non-OECD countries because of their expanding industrial sectors and electricity demand.

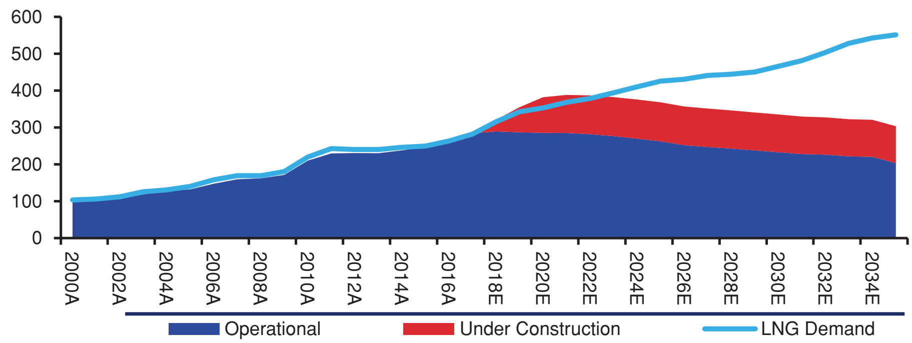
World natural gas consumption



Source: U.S. Energy Information Agency International Energy Outlook 2017

There has also been a significant increase in new countries diversifying their energy matrices and reducing their carbon emissions. Egypt, Jordan, Pakistan and Poland are part of a global effort driven by new policies favoring the use of natural gas. It is also expected that the use of the latest technology, such as floating regasifying and storage units, will make a significant contribution to this growth. These units make it possible for regasifying infrastructure to be deployed relatively rapidly and LNG sales are evolving rapidly at very competitive prices. Accordingly, some purchasers are now reluctant to assume commitments for periods of more than 20 years and, instead, demand shorter term contracts. The LNG spot market is also maturing and has greater liquidity, which allows commercial operators to bolster their hedging positions to reduce risk.

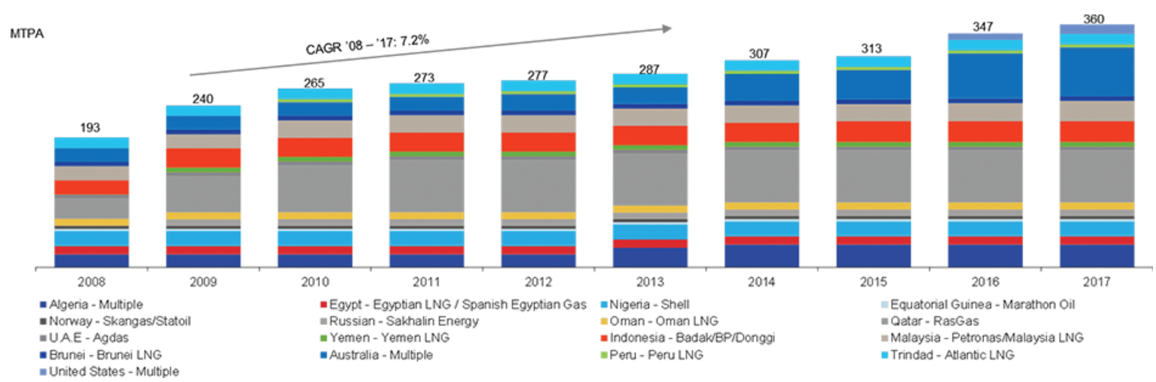
Growing LNG demand and limited capacity additions underpin relevance of PLNG and capacity recontracting



Source: WoodMac Global LNG Long-Term Outlook 2017, page 2

On the supply side, capacity additions over the past 10 years have shown a 7.2% compound annual growth rate. As new projects begin operations in the coming years, export capacity is expected to surge to 400 MTPA by 2020.

LNG capacity additions over the past 10 years

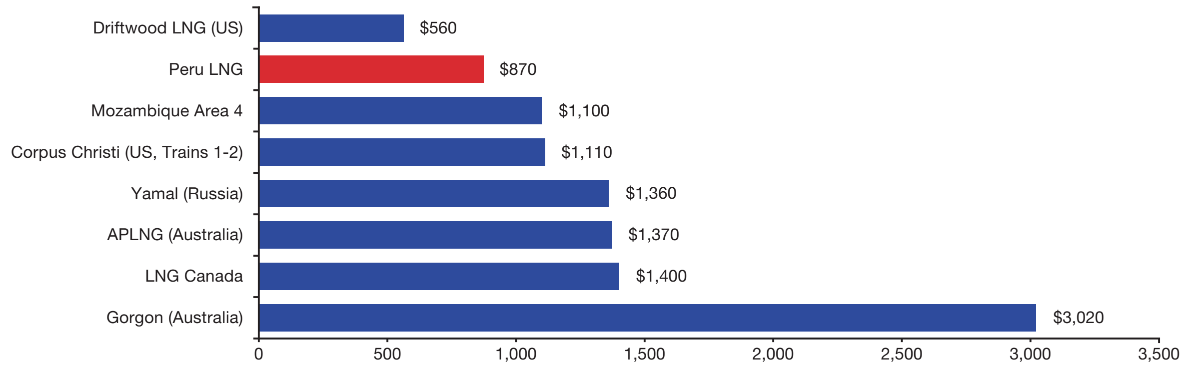


Source: WoodMac

Additionally, the LNG market has seen higher production levels coming from new plants in the United States and Australia, with three new facilities beginning operations in 2017. Nevertheless, low global energy prices have led to the elimination or postponement of new projects. BNEF expects the industry will face a supply shortfall after 2024.

This is, at least in part, due to the large capital expenditures associated with any project to generate new sources of LNG and, as a consequence, the significant barrier to entry into the market. For instance, the cost of replicating the LNG Plant today would be significantly higher than the US$3,800.0 million that was invested. According to WoodMac, the LNG Plant also stands out for its efficiency when compared to similar investments in LNG plants around the world on a US$/MTPA basis.

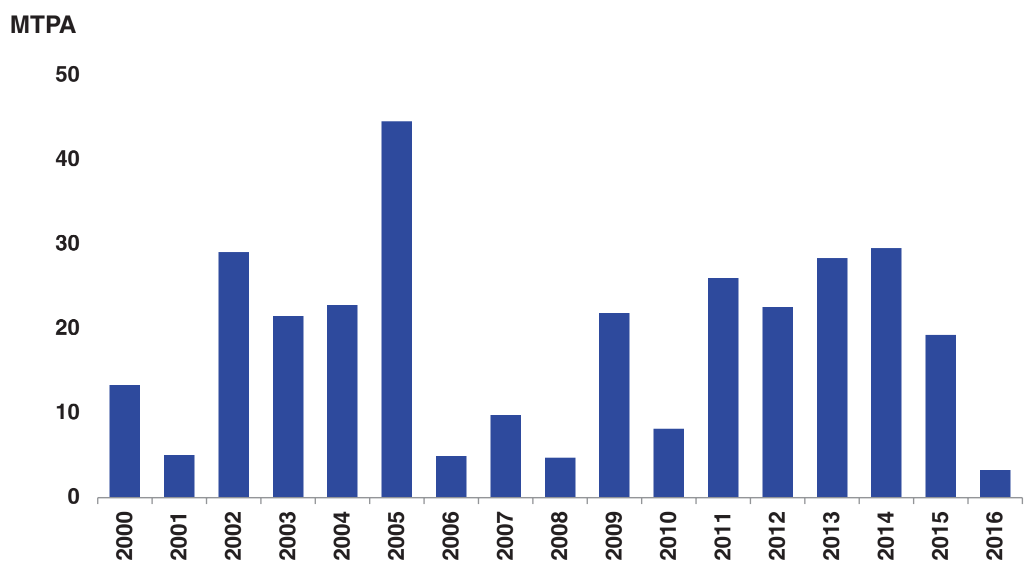
Peru LNG Benefits from Substantial Barriers to Entry



Source: WoodMac, individual company/project reports.

The U.S. Energy Information Agency projects that worldwide natural gas consumption will increase by 43% from 2015 to 2040.

Overview of Final Investment Decisions



In terms of pricing, strong integration trends across gas markets are becoming evident as LNG gains relevance and as ease of transport increased between countries. Increasingly, Australian LNG supplies are likely to be allocated in the Asian markets, while United States LNG supplies would be absorbed by the local, European, Asian and South & Central American markets. Therefore, regional prices are expected to continue merging into a globally integrated index likely to be determined by the United States. In parallel, sound growth in demand for LNG has strengthened price forecasts. BNEF expects price increases as a consequence of the upcoming shortfall in supply.

Environmental regulation, increases in low-cost supplies and the expansion of LNG are seen as the key drivers for the LNG market going forward. Policy makers in China continue to increase targets for LNG and natural gas consumption. In the country's most recent five-year plan, they have targeted 45,000 m^3 of natural gas consumption by the year 2020. In India, the ban on petroleum coke in November evidences the government's environmental commitment and a positive outlook for LNG in Asia. However, elevated price sensitivity in India incentivizes the use of low-cost fuels.

Destination Market Overview

Our LNG volumes sold to Shell have been delivered to Mexico, Europe and Asia, depending on the pricing of the corresponding marker, which are mainly (i) Henry Hub for Mexico and the U.S. Gulf of Mexico, (ii) NBP for Europe and (iii) JKM for both Japan and South Korea. Pursuant to the LNG SPA between us and Shell, the price of the LNG we sell to Shell is indexed to natural gas markers subject to market fluctuations. Therefore, and as a consequence of this volatility and generated by price changes in difference markers, Shell has been changing volumes delivered to each market. In 2015, 65.9% of our LNG volumes were delivered to Henry Hub indexed markets, while in 2016, the Henry Hub deliveries were only 45.0% of our total LNG volumes. Further, in 2017, only 8.8% of our LNG volumes were delivered to Henry Hub indexed markets, with 91.2% of volumes delivered to non-Henry Hub indexed markets.

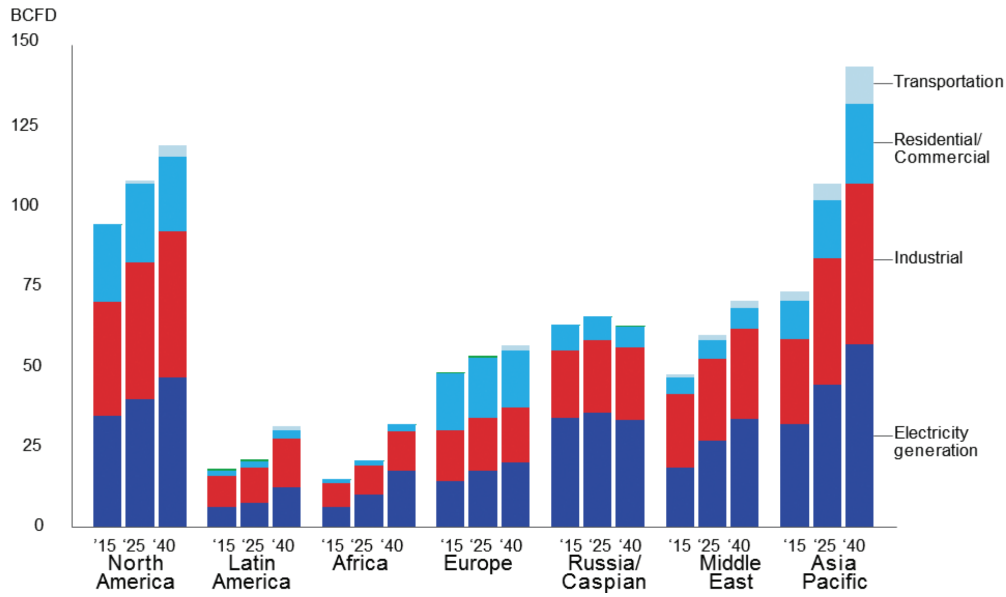
The European Gas Market has evolved during the last several decades due to market reforms and infrastructure projects, resulting in an integrated European market and allowing for gas to move more freely across the European pipeline network. The U.K. government established the NBP in 1996 as part of the restructuring and liberalization of the U.K. gas sector, and since then it has become more relevant across Europe. Today, NBP is the longest-standing European gas pricing point and Europe stands at the most fully-developed market hub in the region. Volumes of our LNG sold to NBP indexed marker represented on average 41.6% of our volumes sold from 2015 to 2017.

The Asia Pacific region relies heavily on LNG imports to supply individual domestic markets. This dependence on LNG has implications for the development of gas market hubs and for price discovery in Asia Pacific. For the most part, the pipeline infrastructure in Asia Pacific serves internal markets, connecting LNG terminals to consumers, offshore production to onshore markets, or internal production to consumers. Volumes of our LNG sold to JKM indexed markets represented on average 15.6% of our volumes sold in 2015 to 2017.

The combination of consumption and import growth has made Mexico an attractive destination market for natural gas and LNG exports. Today the natural gas matrix in Mexico is concentrated in two main geographical areas; the north, near the border with the United States and the south, linking gas production centers with major consuming areas, notably Mexico City. Interconnections between north and south are limited and gas storage is notably absent. Swings in gas demand, therefore, are currently met through line packing or the drawing down of LNG stored at the country's three LNG import terminals. Currently, several pipeline development projects are underway from the United States, which will allow Mexico to access the United States natural gas market. Shell has a supply contract with *Comision Federal de Electricidad de Mexico* to provide LNG to the Manzanillo terminal. The contract is for 15 years (2011 to 2026), with one potential extension of five additional years.

Some of the differences between natural gas markets in Asia Pacific, the U.K. and the European Union are (i) the level of interconnectivity, natural gas markets in Europe and the U.K. operate in a highly connected pipeline network, while Asia Pacific, on the other hand, is not interconnected for obvious geographical reasons, (ii) in Europe, LNG imports, while important, are additional entry points into its network, and for Asia Pacific, LNG is the principal source of natural gas for the region, and (iii) Asia Pacific has no regulatory body similar to the European Commission that can lead the effort to liberalize markets and to promote integration in the same way as has been done in Europe. Rather, each country the Asia Pacific region has developed its own regulatory regime and is pursuing its own policies to promote competition.

Regional gas demand highlights growth & end-use versatility



Source: Exxon Mobil 2017 Outlook for Energy, page 39

MANAGEMENT

Management Committee

Our business and affairs are managed by the Members through the Management Committee consisting of four Principal Representatives, each of whom is nominated by one of the four Committee Members. Each Principal Representative serves on behalf of the applicable Committee Member and can be removed and replaced at any time at the sole discretion of such Committee Member. If a vacancy occurs for any reason, the Committee Member that nominated the vacating Principal Representative will be entitled to nominate a new Principal Representative.

Pursuant to the LLC Agreement, the Management Committee meets at least twice per calendar year but can hold additional meetings when called by any Committee Member. A meeting of the Management Committee requires a quorum of Committee Members with an aggregate holding of membership interests equal to the percentage of membership interests required for the applicable approval and who are entitled to vote at such meeting. Other than certain actions that require the vote of the Committee Members holding membership interests of more than 66⅔% and certain actions requiring unanimous approval, the Management Committee acts by the affirmative vote of the Committee Members owning a majority of the membership interests.

Executive Officers

The table below sets forth our executive officers as of the date of this offering memorandum, their title, and the dates on which they were appointed.

Executive Officer	Age	Title	Date of Appointment
María Julia Aybar	49	General Manager	January 1, 2017
David Lemor	65	Director of Corporate Affairs and Communications	September 1, 2009
Solange Cuadros	33	General Counsel	January 1, 2017
Jaime Risco	35	Commercial and Planning Manager	July 1, 2017

María Julia Aybar. Mrs. Aybar has served as our General Manager since January 2017. Previously, from February 2006 to December 2016, she was our General Counsel. She studied at the Catholic University of Peru's Faculty of Law and pursued postgraduate studies at the University of Lima. She taught specialist courses in hydrocarbons sector legislation, including regulations applicable to natural gas. She started working in the oil and gas sector in the legal department of PeruPetro (the government body that administers oil exploration and extraction in Peru). She worked as an associate for nearly 10 years and later as a partner at Estudio Muñiz law firm, where her experience in different aspects of the hydrocarbons business proved valuable. She helped to advise the companies involved in all phases of the Upstream Facilities, including exploitation, transport, distribution and financing.

David Lemor. Mr. Lemor has served as our Director of Corporate Affairs and Communications since September 2009. Before joining us, Mr. Lemor was a Minister of State holding the Production portfolio from February 2005 to July 2006 and executive vice president of the National Competitiveness Council. He was later appointed special representative of the Peruvian Government in Washington, D.C., where his task was to obtain approval of the Peru—USA Free Trade Agreement. From 2007 to 2008, he was executive director of Proinversion. Currently, he is a professor at San Ignacio de Loyola University and Ricardo Palma University and a director of the National Manufacturing Society.

Solange Cuadros. Mrs. Cuadros has served as our General Counsel since January 2017. She previously worked for our legal team from 2008 to 2012. She studied at the Catholic University of

Peru's Faculty of Law and pursued postgraduate studies at Duke University (USA). She has more than ten years of experience in energy and corporate law and has taken various specialist courses in hydrocarbons and electricity. She began in the energy and mining department of Estudio Muñiz law firm before moving to the Peruvian ombudsman's office. She was General Counsel and Head of Legal and Regulatory Affairs of the GCZ Energía group from 2013 to 2015 and EDC Peru Holdings in 2016.

Jaime Risco. Mr. Risco has served as our Commercial and Planning Manager since July 2017. He joined us in 2014 as Planning Coordinator and became Planning Manager in 2016. He studied Industrial Engineering in the Faculty of Science and Engineering of the Catholic University of Peru before obtaining an MBA from the University of Virginia (USA). From 2006 to 2010, he worked as an analyst in the commercial department of Pluspetrol, where he worked on the Upstream Facilities. He also served as financial manager in the planning department of Microsoft's sales, marketing and services group.

The business address of each Principal Representative and our executive officers is Av. Víctor Andrés Belaúnde 147, Vía Real 185, Torre Real 12, Oficina 105, San Isidro, Lima 27, Perú.

Compensation

The compensation system for our executive officers consists of a fixed monthly salary and a variable annual performance-based bonus. The Principal Representatives do not receive any compensation from us.

Corporate Governance

By-laws

Our By-laws are the centerpiece of our corporate governance and set forth regulations relating to our company's management, including, among others, annual meetings, executive officers, independent auditors, internal controls, capital stock structure, stock trading, related party transactions, and Shareholders' rights.

The LLC Agreement

The LLC Agreement of Peru LNG Company sets forth the rights and obligations with respect to certain governance matters relating to us and the relationship among the Members. Pursuant to the LLC Agreement, the Operating Member, an affiliate of HOC, may appoint our General Manager, who in turn monitors our business and daily affairs and appoints officers and key personnel.

Code of Business Conduct

Our Code of Business Conduct contains a set of corporate principles aimed at strengthening the ethical and responsible behavior of our employees. The code sets forth our transparency policies and specific guidelines regulating the conduct of our employees in their dealings with the local population, including, among others, regulations regarding the environment, conflicts of interest, and use of our funds or equipment. This code seeks to maintain harmonious relations with the local populations within the area of direct and indirect influence of our company. The code promotes anticorruption practices and expressly prohibits bribes by requiring our employees to comply with Peruvian legislation, as well as the U.S. Foreign Corrupt Practices Act.

OUR SHAREHOLDERS

As of December 31, 2017, the aggregate amount of our issued and outstanding capital stock was 1,461,435,077. Peru LNG Company holds 1,454,127,901 (or 99.5%) of our participations and Peru LNG Partner Company L.L.C., a Delaware limited liability company and a wholly owned subsidiary of Peru LNG Company, holds 7,307,176 (or 0.5%) of our participations.

The following table shows our capital structure as of December 31, 2017:

Shareholders	Number of Units	Percentage of Total
HOC	5,000	50%
SK	2,000	20%
Shell Parent	2,000	20%
Marubeni	1,000	10%
Total	**10,000**	**100%**

None of our executive officers are the beneficial owners of membership units of Peru LNG Company ("Membership Units").

Our Shareholders

Hunt Oil Company

Founded in 1934, HOC is one of the largest privately held independent oil and gas companies in the United States. Based in Dallas, Texas, the company's principal areas of production and development operations are located in Peru, the United States (the Permian Basin of West Texas, the Bakken Shale of North Dakota and the Marcellus Shale of Pennsylvania), Kurdistan, Romania and Yemen. HOC has historically been an active international exploration company, drilling on all continents other than Antarctica.

HOC's activities in Peru began in 2000 when it acquired an interest in Block 88. HOC, through its wholly owned affiliates, continues to hold a 25.2% interest in Block 88, as well as a 25.2% interest in Block 56. HOC previously held an interest in TGP but divested that interest in 2013. As noted above, HOC, through its wholly owned affiliates, owns a 50% interest in Peru LNG Company and HOC's wholly owned subsidiary, Hunt LNG, operates PERU LNG.

HOC holds its 50% interest indirectly through two entities: Camisea LNG (Holding) Company and Peru Hunt LNG Funding Company.

SK Innovation Co., Ltd.

SK is a company incorporated under the laws of South Korea. SK is South Korea's largest integrated energy and chemical company and the country's largest oil refiner.

SK is actively engaging in global exploration and production businesses via 13 oil blocks and four LNG projects in nine countries (as of December 2017).

SK's activities in Peru began by acquiring an 8.3% interest in Block 8 in 1996. Since then, SK expanded production from Block 88 in 2000 and Block 56 in 2004. In 2010, it completed an integrated LNG project from production, pipelines and LNG production to exports. SK currently holds interests in three production blocks: a 17.6% interest in Block 56 and Block 88, respectively, an 8.33% interest in Block 8, and 20% interests in Peru LNG Company.

SK holds its 20% interest directly.

Shell Gas B.V.

In December 2013, Repsol, Spain's largest oil company, assigned its 20% membership interest in Peru LNG Company to LNG Shipping Operation Services Netherlands B.V., a wholly owned subsidiary of Shell Parent. Also in December 2013, RCOM, an affiliate of Repsol, assigned the LNG SPA to Shell, an affiliate of Shell Parent. Shell Parent is part of RDS, one of the largest oil companies in the world.

RDS holds its 20% interest indirectly through LNG Shipping Operation Services Limited B.V.

Marubeni Corporation

Marubeni was founded in 1858 and is one of Japan's largest general trading and investment companies with over 131 bases of operations in 66 countries worldwide. Marubeni has long been engaged in business in every industry with customers and partners all over the world. Marubeni covers every business field with 16 business divisions, including Energy, Chemical Products, Metals & Mineral Resources, Power Business, Plant and Aerospace & Ship.

Marubeni has participated in three LNG projects in addition to PERU LNG: (i) the Qatargas 1 LNG Project in the Middle East, (ii) the Equatorial Guinea LNG Project in West Africa and (iii) the Papua New Guinea LNG Project in Asia Pacific. Marubeni is focusing on expanding its LNG trading business worldwide and is involved in oil and gas exploration, development and production activities in the U.S., U.K., India and Russia.

Marubeni has contributed to the economic development of Peru through trading various products with Peru and investment. Marubeni's Lima office was established in 1956. Its main functions and activities are (i) supervising all Marubeni Group's activities, (ii) trading commodities, such as zinc ingot, copper cathode, fishmeal, steel plate, machinery, food, textile, naphtha, etc. and (iii) new business development.

Marubeni holds its 10% interest indirectly through Marubeni LNG Development B.V.

The LLC Agreement

On October 10, 2008, Camisea LNG (Holding) Company, Peru Hunt LNG Funding Company, SK Energy Co., Ltd., Repsol Exploración Perú, S.A., Marubeni LNG Development B.V., and Peru LNG Company adopted the LLC Agreement. The LLC Agreement sets forth the Members' rights and obligations with respect to certain governance matters relating to us and the relationship among such parties as Members of Peru LNG Company.

Below is a description of certain terms of the LLC Agreement:

- Our business and affairs are managed by the Members through the Management Committee consisting of four Principal Representatives, each of whom is nominated by one of the four unaffiliated Committee Members. Each Principal Representative serves on behalf of the applicable Committee Member and can be removed and replaced at any time at the sole discretion of such Committee Member. If a vacancy occurs for any reason, the Committee Member that nominated the vacating Principal Representative will be entitled to nominate a new Principal Representative.
- Decisions or actions taken by the Management Committee shall constitute decisions or actions by Peru LNG Company and shall be binding on Peru LNG Company and, to the extent applicable, us. An affiliate of HOC, as the Operating Member, has the authority and power to effect decisions of the Management Committee.
- The vote of each Representative is equal to the membership interest of his or her nominating Committee Member. Other than certain actions that require the vote of the Committee

Members holding membership interests of more than 66⅔%, including the execution or termination of material agreements, financing plans or related party transactions, and certain actions requiring unanimous approval, including the amendment of our organizational documents, the consolidation, merger or sale of all or substantially all of our assets and the commencement of any bankruptcy proceedings, the Management Committee acts by the affirmative vote of the Committee Members owning a majority of the membership interests; provided that such affirmative vote is comprised of not less than two Committee Members.

- The Members agree that each Member will be liable in proportion to its membership interest and will indemnify and hold harmless the Operating Member and its affiliates (including HOC) from any and all damages, losses, costs, expenses and liabilities relating to settlements, claims, demands or causes of action that are related to the Operating Member's role as Operating Member or its performance of the Operating Member's duties and responsibilities, except for any liability caused by gross negligence or willful misconduct of its supervisory personnel.
- The Operating Member has the right to appoint and remove the General Manager (and any successor General Manager).
- The General Manager shall, in his or her sole discretion, appoint such officers, attorneys-in-fact, managers and other key personnel of our company as he or she deems appropriate from time to time.
- The transfer of Membership Units in Peru LNG Company by the Members is subject to certain requirements. If a Member decides to transfer all or a portion of its membership interest to a third party, the other Members will have the right to offer to purchase all of the offered membership interest on a pro rata basis, unless they agree to a different allocation, by making an offer within 30 days from receiving the notice. If the selling Member does not accept the offer, it may transfer the interest to a third party within 180 days; provided that (i) the third party offer is at least 110% of the price proposed by the other Members and (ii) the terms offered by the third party are at least as good as those contained in the other members' offer. The third party must satisfy the financial conditions necessary to comply with its obligations and the transfer may not create material impediments to our development, financing, or operation of our business. The foregoing restrictions also apply to the transfer of interests in a Member or an entity that directly or indirectly holds interests in such Member (other than the ultimate parent company or Shareholder).
- Each Member has a preemptive right to acquire its pro rata share of any new Membership Units issued.
- A defaulting Member under the LLC Agreement is not entitled to vote in any Peru LNG Company meeting of Members, and the Representative of any defaulting Committee Member is not entitled to vote or otherwise participate in any approval of the Management Committee. In addition, the defaulting Member shall not be entitled to receive any payment or distribution from Peru LNG Company or to exercise any rights in connection with the transfer of participations.

RELATED PARTY TRANSACTIONS

We engage in a variety of transactions in the ordinary course of business with certain of our affiliates, including the Shareholders, their affiliates and related entities. The outstanding balance of the related parties are provided in Note 24 to the PLNG Financial Statements.

Peruvian law sets forth certain restrictions and limitations on transactions with certain related parties. For instance, from a tax standpoint, the value of those transactions must be equal to the fair market value assessed under transfer pricing rules (i.e., the value agreed to by non-related parties under the same or similar circumstances).

In accordance with the LLC Agreement of Peru LNG Company, in order to enter into, materially amend or terminate any agreement between us and one or more Members or any of their affiliates, such matter must be approved by the Committee Members of the Management Committee owning more than 66⅔% of the outstanding membership interests, after excluding the outstanding membership interests held by the affiliated Member; provided that such affirmative vote is comprised of not less than two Committee Members.

We believe that we have complied and are in compliance in all material respects with the requirements of the relevant provisions of the LLC Agreement and the Peruvian laws governing related party transactions with respect to all of our transactions with related parties.

The following is a description of certain material arrangements with related parties:

LNG Sales and Purchase Agreement

We entered into the original LNG SPA in 2005 with RCOM, whose affiliate at such time was a Member of Peru LNG Company. In December 2013, RCOM assigned its interest in the LNG SPA to Shell. Also in December 2013, Repsol, Spain's largest oil company, assigned its 20% membership interest in Peru LNG Company to LNG Shipping Operation Services Netherlands B.V., a wholly owned subsidiary of Shell Parent. Pursuant to the LNG SPA, we have committed to sell 218 TBtu per year of LNG for a period of 18 years on a FOB basis to Shell. On April 1, 2011, the LNG SPA was amended to link the price of LNG sold under the LNG SPA and the price of natural gas purchased pursuant to the Gas Supply Agreements (as described above) to be indexed to the same price marker according to the destination of the LNG cargo (for example, Henry Hub for import terminals in Manzanillo and Altamira, Mexico, NBP for Spain and England and JKM for Japan and South Korea). The LNG SPA contains two pricing formulas: one for cargoes delivered to destinations priced at Henry Hub and a second for cargoes delivered to non-Henry Hub markets. The LNG SPA includes both take-or-pay and deliver-or-pay penalties, with certain limited exceptions. For additional information regarding the LNG SPA, see "Business—Material Agreements—LNG Sales and Purchase Agreement."

Gas Supply Agreements

In 2006, we entered into the original Gas Supply Agreements with each of the Block 56 Upstream Consortium and the Block 88 Upstream Consortium to provide a supply of natural gas on a take-or-pay and deliver-or-pay basis for 244.6 MMBtu per year. In 2014, as a part of the Peruvian Government's desire to rededicate Block 88 natural gas volumes to the Peruvian market, the Gas Supply Agreements were amended and restated to provide that our primary dedicated sources of gas supply would be Block 56 and Block 57. An affiliate of HOC holds a 25.2% interest, and the Peruvian branch of SK Innovation Co., Ltd. holds a 17.6% interest, in Block 56 and Block 88. For additional information regarding the Gas Supply Agreements, see "Business—Material Agreements—Gas Supply Agreements."

Operator Services Agreement

On January 1, 2009, we entered into the Operator Services Agreement with the Operator, Hunt LNG Operating Company, S.A.C. (formerly, Compañia Operadora de LNG del Perú S.A.C.), to engage the Operator as an independent contractor to provide services in connection with the construction, maintenance, and on-going operation of the LNG Plant. The Operator's services include planning, designing, developing, procuring, constructing, commissioning and overseeing our activities. The Operator Services Agreement automatically renews for successive six year terms, with the most recent term beginning January 1, 2015. For additional information regarding the Operator Services Agreement, see "Business—Material Agreements—Operator Services Agreement."

Tolling Agreement

On October 15, 2015, we entered into the Tolling Agreement with Shell GNL, a subsidiary of RDS. Pursuant to the Tolling Agreement, we have the obligation to process up to 19.2 MMcf/d of natural gas owned by Shell GNL, which is sourced by Shell GNL through a gas supply agreement with the Block 88 Upstream Consortium, and, using the PLNG TLF, load the resulting LNG onto trucks owned by clients of Shell GNL for further distribution by Shell GNL throughout Peru. Our obligation is subject to our ability to fulfill our existing obligations under the LNG SPA, and therefore, we are only obligated to process such quantities to the extent we have available capacity at the LNG Plant. At no point in the process of fulfilling our obligations under the Tolling Agreement do we take title to the natural gas or LNG. The term of the Tolling Agreement expires on October 31, 2028.

Pursuant to the Tolling Agreement, Shell GNL agrees to pay us a fixed capacity payment that allows us to recoup our capital investment up to $17.0 million to develop and construct the PLNG TLF, subject to a discount rate of 10% over a 13-year term. For additional information regarding the Tolling Agreement, see "Business—Material Agreements—Tolling Agreement."

DESCRIPTION OF OUR INDEBTEDNESS

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements related thereto, including the definitions of certain terms therein.

Bank Debt

IDB Loan

On June 26, 2008, we entered into a loan agreement with IDB for a borrowing of US$800 million (the "IDB Loan Agreement"). The IDB Loan is comprised of two tranches, with each tranche containing varying terms as follows:

- *IDB A Loan:* Under the IDB A Loan, IDB loaned us US$400 million maturing on November 15, 2024. The loan bears interest at a rate equal to LIBOR plus 1.418%. US$245.0 of the IDB A Loan is outstanding.
- *IDB B Loan:* Under the IDB B Loan, IDB loaned us US$400 million maturing on November 15, 2022. The loan bears interest at a rate equal to LIBOR plus 1.218%. US$204.0 of the IDB B Loan is outstanding.

The IDB Loan is secured pursuant to customary security documents. The loan is pre-payable on not less than 30 days' prior notice to IDB as facility agent and Société Générale as intercreditor agent, or the Intercreditor Agent. Prepayment of the IDB Loan is subject to the payment of any breakage costs and any termination amounts under any interest rate hedging agreement permitted under the Common Terms Agreement.

We intend to repay the IDB Loan in full with the proceeds from the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

IFC Loan

On June 26, 2008, we entered into a loan agreement with the IFC for a borrowing of US$300 million ("the IFC Loan Agreement"). US$184.1 million of the IFC Loan is outstanding. The IFC Loan matures on November 15, 2024 and bears interest at a rate equal to LIBOR plus 1.418%. The IFC Loan is secured pursuant to customary security documents. The loan is pre-payable on not less than 30 days' prior notice to the IFC as facility agent and the Intercreditor Agent. Prepayment of the IFC Loan is subject to the payment of any breakage costs and any termination amounts under any interest rate hedging agreement permitted under the Common Terms Agreement.

We intend to repay the IFC Loan in full with the proceeds from the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

US-Exim Loan

On June 26, 2008, we entered into a loan agreement with commercial lenders and US-Exim for a borrowing of US$400 million (the "US Exim Loan Agreement"). US$200.0 million of the US Exim Loan Agreement is outstanding. The US-Exim Loan matures on November 15, 2024 and bears interest at a rate equal to LIBOR plus 0.150%. The US-Exim Loan is secured pursuant to customary security documents. The loan is pre-payable on not less than 30 days' prior notice to Société Générale as facility agent and the Intercreditor Agent. The prepayment of the US-Exim Loan requires the payment of any breakage costs and any termination amounts under any interest rate hedging agreement permitted under the Common Terms Agreement.

We intend to repay the US-Exim Loan in full with the proceeds from the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

K-Exim Loan

On June 26, 2008, we entered into a guaranteed loan agreement with K-Exim, with the participation of BBVA and Société Générale, as facility lenders (the "K-Exim Guaranteed Loan Agreement") for a borrowing of US$135 million, of which US$67.5 million is outstanding, and a direct loan agreement with K-Exim ("the K-Exim Direct Loan Agreement") for US$165 million, of which US$82.5 million is outstanding. The K-Exim Guaranteed Loan and the K-Exim Direct Loan each mature on November 15, 2024. The K-Exim Guaranteed Loan bears interest at a rate equal to LIBOR plus 0.300%. The K-Exim Direct Loan bears interest at a rate equal to LIBOR plus 1.350%.

The K-Exim Guaranteed Loan and the K-Exim Direct Loan are secured pursuant to customary security documents. The K-Exim Guaranteed Loan and the K-Exim Direct Loan are pre-payable on not less than 30 days' prior notice to the Intercreditor Agent and in the case of the K-Exim Guaranteed Loan, Société Générale as facility agent and in the case of the K-Exim Direct Loan, K-Exim as facility agent.

We intend to repay the K-Exim Guaranteed Loan and the K-Exim Direct Loan in full with the proceeds from the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

SACE Loan

On June 26, 2008, we entered into two guaranteed loan agreements with SACE, with the participation of BBVA and Société Générale, as facility lenders (the "SACE Loan Agreement"), one for a borrowing of US$250 million. US$211.0 million, which bears interest at a fixed rate equal to 4.45% (the "SACE Fixed Loan"), and a second for a borrowing of US$39.0 which bears interest at a rate equal to LIBOR plus 0.20% (the "SACE Floating Loan", and together with the SACE Fixed Loan, the "SACE Loans"), both of which mature on November 15, 2024. With respect to the SACE Fixed Loan, $105.5 million is outstanding, and with respect to the SACE Floating Loan, $39 million is outstanding. The SACE Loans are secured pursuant to customary security documents. The SACE Loans are pre-payable on not less than 30 days' prior notice to the Intercreditor Agent and Société Générale as facility agent. The prepayment of the SACE Loan requires the payment of any breakage costs and any termination amounts under any interest rate hedging agreement permitted under the Common Terms Agreement.

We intend to repay the SACE Loan in full with the proceeds from the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

Working Capital Facility

As of the date of this offering memorandum, there are credit support instruments issued under the existing Working Capital Facility for US$160,659.70. On June 4, 2010, we entered into a working capital facility credit agreement (as amended, the "2010 Working Capital Facility Agreement") with Banco de Crédito del Perú, as lender, administrative agent and working capital facility agent, providing for up to US$35.0 million of working capital loans and credit support instruments.

On March 7, 2018, we entered into the 2018 Working Capital Facility Agreement that provides a committed US$75.0 million working capital facility and credit support instruments. Any loan or credit support instrument under the Working Capital Facility will have a final maturity date that cannot exceed March 7, 2021 and in the case of loans, bears interest at a rate equal to LIBOR plus 1.25%, unless our credit rating is downgraded below investment grade, among other things, in which case interest will be at a rate equal to LIBOR plus 1.65%. The 2018 Working Capital Facility Agreement will become effective and the 2010 Working Capital Facility Agreement will be terminated upon the occurrence of the release date under the Master Termination Agreement.

Common Terms Agreement and Security Documents

We entered into the Common Terms Agreement, dated June 26, 2008, with the Onshore Collateral Agent and Onshore Depositary, the Offshore Collateral Agent and Offshore Depositary, the Intercreditor Agent and Société Générale as facility agent for K-Exim (in respect of the K-Exim Guaranteed Loan), SACE and US-Exim, IDB, IFC, K-Exim (in respect of the K-Exim Direct Loan) and US-Exim. The Common Terms Agreement sets forth certain common representations and warranties, covenants, events of default and other terms governing the Senior Secured Debt.

In addition, we are party to various security documents pursuant to which liens have been granted on all or substantially all of our assets to secure our obligations under the Senior Secured Debt. The Common Terms Agreement and these security documents are expected to be terminated, subject to any provisions that expressly survive termination, concurrently with the repayment in full of the Senior Secured Debt.

On December 15, 2008, we entered into 1992 ISDA Master Agreements (the "ISDA Master Agreements") with each of Crédit Agricole (formerly known as Caylon), Banco Bilbao Vizcaya Argentaria, S.A. and Société Générale, New York Branch (together, the "Bank Counterparties") to hedge our interest rate exposure under the Common Terms Agreement. From time to time following the execution of the ISDA Master Agreements, we executed a total of 15 swaps transactions through separate confirmations with the Bank Counterparties. Pursuant to the terms of the swaps, we are required to make semi-annual payments to the Bank Counterparties based on a fixed rate determined at the pricing of the applicable swap and receive payments from the Bank Counterparties based on a floating rate index (i.e., LIBOR). The aggregate notional value of the swaps is US$871.6 million as of December 31, 2017.

Each of the swaps has a termination date of November 15, 2022 or November 15, 2024, as applicable. However, we intend to unwind all of the swaps in connection with the offering and the Liability Management Transaction. Upon the consummation of the swap unwind transaction, we will owe a payment to each of the Bank Counterparties based on the then-current mark-to-market value of the swaps. This payment will be made with a portion of the proceeds of this offering.

Local Bonds

We have US$112.0 million aggregate principal amount outstanding under our secured Local Bonds, consisting of (i) an outstanding US$94.7 million Local Bonds corresponding to the third issuance under our first corporate bonds program, which matures on November 15, 2024 and (ii) an outstanding US$17.3 million Local Bonds corresponding to our fourth issuance under the first corporate bonds program, which matures on November 15, 2024.

On February 22, 2018, we launched the Consent Solicitation, pursuant to which we requested the Necessary Approvals for a consent fee. In addition, we requested the holders of our Local Bonds to grant powers of attorney to Banco de Crédito del Perú, the indenture trustee with respect to the Local Bonds, or the person it appoints, to be represented in the general bondholders meeting of our first corporate bonds program and the special bondholders' meetings of our third and fourth issuances, respectively, in order to adopt the Necessary Approvals. The Necessary Approvals are intended to, among other things, include an optional early redemption procedure, execute certain termination agreements, and grant waivers with respect to the issuance of the Notes. See "Summary—Recent Developments—Our Liability Management Transaction."

DESCRIPTION OF THE NOTES

This section of the offering memorandum summarizes the material terms of the Indenture and the Notes offered hereby (the "notes"). It does not, however, describe all of the terms of the Indenture and the notes. We urge you to read the Indenture because it, and not this description, defines your rights and our obligations. You can obtain a copy of the Indenture in the manner described under "General Information."

In this section of the offering memorandum, references to the "Company," "we," "us" and "our" are to PERU LNG S.R.L. only and do not include our Affiliates. References to "holders" mean those who have notes registered in their names on the books that the registrar maintains for this purpose, and not those who own beneficial interests in Global Notes issued in book-entry form through The Depository Trust Company. Owners of beneficial interests in the notes should refer to "Form of Notes, Clearing and Settlement." In addition, certain capitalized terms used in the text below are defined under "—Covenants—Certain Definitions."

General

Indenture

The notes will be issued under an indenture ("the Indenture") to be dated as of March 22, 2018 between us, Citibank, N.A., as trustee, paying agent and registrar (the "trustee," which term includes any successor as trustee).

Principal and Interest

The aggregate principal amount of the notes will initially be US$940.0 million. The notes will have a final maturity date of March 22, 2030 unless earlier redeemed pursuant to the terms thereof and the Indenture and will require principal amortization payments in accordance with the following schedule:

Scheduled Payment Date	Percentage of Original Principal Amount Payable
September 22, 2024	8.33%
March 22, 2025	8.33%
September 22, 2025	8.33%
March 22, 2026	8.33%
September 22, 2026	8.33%
March 22, 2027	8.33%
September 22, 2027	8.33%
March 22, 2028	8.33%
September 22, 2028	8.33%
March 22, 2029	8.33%
September 22, 2029	8.33%
March 22, 2030	8.37%

Principal payments on the notes will be payable to the holders in whose names the notes are registered at the close of business on the March 15 and September 15 immediately preceding the related principal payment date.

The notes will bear interest at a rate of 5.375% per year from March 22, 2018. Interest on the notes will be payable semi-annually in arrears on March 22 and September 22 of each year, beginning on September 22, 2018, to the holders in whose names the notes are registered at the close of business on the March 15 and September 15 immediately preceding the related interest payment date.

We will pay interest on the notes on the interest payment dates stated above and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months.

If any payment under the notes is due on a day that is not a Business Day, we will make such payment on the next Business Day. Payments postponed to the next Business Day in this situation will be treated under the Indenture as if they were made on the original due date. Postponement of this kind will not result in a default under the notes or the Indenture, and no interest will accrue on the postponed amount from the original due date to the next Business Day.

Ranking of the Notes

The notes will be unsecured obligations and will rank *pari passu* in right of payment with all of our unsecured and unsubordinated Indebtedness (except those obligations preferred by operation of Peruvian law, including labor, social benefit and tax claims). The notes will not have the benefit of any credit support or other collateral securing, and will be effectively subordinated to, any of our existing or future secured Indebtedness to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of our subsidiaries, if any.

At December 31, 2017, after giving effect to this offering and the application of the estimated net proceeds therefrom as described under "Use of Proceeds," our total Indebtedness would have been US$940.0 million, none of which would have constituted secured Indebtedness.

Form and Denominations

The notes will be issued only in registered form without coupons and in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Except in limited circumstances, the notes will be issued in the form of Global Notes. See "Form of Notes, Clearing and Settlement."

Further Issues

We reserve the right, from time to time without the consent of holders of the notes, to issue additional notes with terms and conditions (except that the issue date, price, first interest payment and temporary securities law transfer restrictions may be different) identical to those of the notes, which will increase the aggregate principal amount of, and will be consolidated and form a single series with, the notes and will vote on all matters that require a vote, including, without limitation, waivers, amendments, redemptions and offers to purchase; provided that additional notes with the same securities identifiers may be issued only if such issuance would constitute a "qualified reopening" for U.S. federal income tax purposes or if such additional notes are issued without, or with less than a *de minimis* amount of, original issue discount for U.S. federal income tax purposes. We refer to such notes as "additional notes."

Payment of Additional Amounts

Subject to the exceptions identified below, any and all payments by us to or for the account of each holder of the notes (including any premium paid upon redemption of the notes) shall be made free and clear of, and without any deduction or withholding regarding, any present or future Taxes (as defined below), unless the withholding or deduction of such taxes is required by law or the official interpretation thereof, or by the administration thereof. If we have the option to assume the obligation to directly pay the withholding tax, such that no withholding or deduction would be required, we may do so. If we shall be required by law of any Taxing Jurisdiction (as defined below) to deduct or withhold any Taxes from or in respect of any sum payable under the notes then, (i) the sum payable to the holder of the notes shall be increased as necessary by an amount (which we refer to as an "additional amount") so that after making all required deductions and withholdings for Taxes the holder of the notes receives an amount equal to the sum it would have received had no such deductions or withholdings been made; (ii) we shall make such deductions or withholdings in accordance with applicable law; and (iii) we shall pay the full amount, deducted or withheld to the applicable tax authority in accordance with applicable law.

Notwithstanding the foregoing, we will not pay additional amounts or assume payment of any withholding of Taxes with respect to any holder of notes for or solely on account of any of the following:

- any Taxes imposed solely because at any time there is or was any connection between the holder or beneficial owner of a note and a Taxing Jurisdiction other than the mere receipt of a payment or the ownership or holding of a note, including such holder or beneficial owner (i) being or having been a citizen, national or resident thereof, (ii) maintaining or having maintained an office, permanent establishment, or branch subject to taxation therein or (iii) being or having been present or engaged in a trade or business therein;
- any Tax payable other than by deduction or withholding from payments on the notes;
- any estate, inheritance, gift, excise, transfer, personal property, use, sales or similar Tax (not including any Peruvian value-added tax payable) imposed with respect to the notes;
- any Taxes imposed solely because the holder or any other person fails to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with a Taxing Jurisdiction of the holder or any beneficial owner of a note if compliance is required by law or regulation of the Taxing Jurisdiction or by an applicable income tax treaty to which a Taxing Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the Tax, and we have given the holders of notes at least 30 days' notice prior to the first payment date with respect to which such certification, identification, information, documentation or reporting requirement is required to the effect that holders will be required to provide such certification, identification, information, documentation or reporting requirement;
- any Taxes with respect to a note presented for payment more than thirty (30) days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders of notes, whichever occurs later, except to the extent that the holder of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 30-day period;
- any Taxes imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (commonly known as the Foreign Account Tax Compliance Act, or "FATCA"), any successor law or regulation implementing or complying with, or introduced in order to conform to, FATCA, any official interpretation thereof, any intergovernmental agreement entered into in connection with the implementation of FATCA or any agreement entered into pursuant to Section 1471(b)(1) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of FATCA;
- any payment on a note to a holder thereof that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or a person other than the sole beneficial owner of any such payment, but only to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not

have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note; and

- any combination of the above.

We will provide the trustee with documentation evidencing the payment of Taxes in respect of which we have paid any additional amount or the assumption of the payment of any withholding of Taxes. We will make copies of such documentation available to the holders of the notes upon written request.

In addition, we will pay and indemnify the holders against any Peruvian value added tax that is imposed on a payment of interest on the notes.

Any reference in this offering memorandum, the Indenture, any supplemental indenture or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that additional amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

"Taxes" means, with respect to payments on the notes, all taxes, withholdings, duties, levies, assessments, value-added taxes or other governmental charges imposed or levied by or on behalf of Peru or any other jurisdiction in which we (or our successor) are then organized or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction by or through which payment is made at our direction (which we refer to as a "Taxing Jurisdiction").

We will pay promptly when due any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each note or any other document or instrument referred to in the Indenture or such note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Taxing Jurisdiction except those resulting from, or required to be paid in connection with, the enforcement of such note or any other such document or instrument after the occurrence and during the continuance of any Event of Default.

We intend to withhold any Peruvian taxes and duties from interest on, and other applicable payments on or with respect to, the notes at a rate of 4.99% and to pay additional amounts or to assume the payment of any such withholding, subject to the conditions above, with respect thereto for so long as the notes are held through DTC or its nominee. See "Certain Peruvian Tax Considerations."

Optional Redemption

We will not be permitted to redeem the notes before their stated maturity, except as set forth below and under "—Change of Control." The notes will not be entitled to the benefit of any sinking fund—meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be entitled to require us to repurchase your notes from you before the stated maturity, except as set forth under "—Change of Control."

Make-whole Redemption

We will have the right at our option to redeem the notes in whole or in part, at any time or from time to time prior to their maturity, on at least fifteen (15) but not more than sixty (60) days' notice to the holders (with a copy to the trustee), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points, plus in each case accrued and unpaid interest on the principal amount of the notes to, but excluding, the date of redemption; provided, however, that if the notes are redeemed in part only, notes in an aggregate principal amount of at least U.S.$100.0 million shall remain outstanding after any such partial redemption. In connection with such optional redemption, the following defined terms apply:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of February 15, 2028.

"Comparable Treasury Price" means, with respect to any redemption date (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (ii) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us from time to time.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (or their respective Affiliates that are primary United States government securities dealers (a "Primary Treasury Dealer")) and any other Primary Treasury Dealer selected from time to time by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank by such Reference Treasury Dealer at or about 3:30 pm New York time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) (as computed on the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). No later than 11:00 a.m. New York time on the redemption date, we will deposit with the trustee or paying agent money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to, but excluding, the redemption date on the notes to be redeemed on such date. The trustee or the paying agent will promptly return to us any money deposited that is in excess of the amounts necessary to pay the redemption price of, and accrued interest, if any, on, all notes to be redeemed.

If less than all of the notes are to be redeemed at any time, the trustee will, not less than 30 nor more than 60 days prior to the redemption from the outstanding notes not previously called for redemption, select notes for redemption as follows:

- if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- if the notes are not listed on any national securities exchange, but are in global form, then by lot or otherwise by such other method as DTC may prescribe; or
- if the notes are not listed and not in global form on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate.

Notes and portions of notes selected will be in amounts of $200,000 or integral multiples of $1,000 in excess thereof; except that if all of the notes of a holder are to be redeemed, the entire outstanding amount of notes held by such holder, even if not a multiple of $1,000, shall be redeemed.

We and any of our subsidiaries or Affiliates may at any time and from time to time purchase or otherwise acquire notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, at any price, subject to compliance with any applicable regulation or law.

Optional Redemption for Taxation Reasons

If, as a result of the adoption of any new laws, rules, regulations or interpretations, or any amendment to, or change in, the laws (or any rules or regulations thereunder) of any Taxing Jurisdiction affecting taxation, or any amendment to, or change in official position by a competent authority in any Tax Jurisdiction with respect to, an official interpretation or application of such laws, rules or regulations, which adoption, change or amendment becomes effective on or after the later of (a) the date on which the notes we are offering are issued and (b) the date the relevant Tax Jurisdiction becomes a Tax Jurisdiction, we have become obligated or will become obligated, in each case, after taking all reasonable measures to avoid this requirement, to pay additional amounts or to assume any withholding payments in excess of those attributable to a Peruvian withholding tax rate of 4.99% on or with respect to the notes or on payments of interest on or other amounts on or with respect to the notes (see "—Payment of Additional Amounts", "Certain U.S. Federal Income Tax Considerations" and "Certain Peruvian Tax Considerations"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 30 nor more than 60 days' notice to the holders (with a copy to the trustee), at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any additional amounts due thereon up to, but excluding, the date of redemption; provided, however, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these additional amounts if a payment on the notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect or is to become effective.

Prior to giving any notice of redemption pursuant to this provision, we will deliver to the trustee:

- an officer's certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and
- an opinion of legal counsel qualified in the relevant Taxing Jurisdiction (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such additional amounts or to assume any withholding payment as a result of such change or amendment, as described above.

The notice of redemption pursuant to this provision, once delivered to the holders, will be irrevocable.

We will give notice (or cause notice to be given) to DTC pursuant to the provisions described under "—Notices" of any redemption we propose to make at least thirty (30) days (but not more than sixty (60) days) before the redemption date. In addition, we will provide notices pursuant to any rules of the SGX-ST as described under "—Notices" in case of any redemption we propose under the terms therein.

Notices of Redemption

Any notice of a redemption must be given to each holder of notes not less than 30 days nor more than 60 days prior to the redemption date pursuant to provisions described under "—Notices," except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the Indenture in accordance with the terms thereof. Notice of any redemption of the notes may, at our discretion, be subject to one or more conditions precedent. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice shall state that, in our discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was delivered) as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed, or such notice may be rescinded at any time in our discretion if in our good faith judgment any or all of such conditions will not be satisfied. At our request, in the form of an officers' certificate given to the trustee at least 5 Business Days in advance, the trustee will give the notice of redemption in our name and at our expense; provided, however, that we have delivered to the trustee the information to be stated in such notice.

Merger, Consolidation or Sale of Assets

The Company will not consolidate with or merge into any other Person or, directly or indirectly, transfer, convey, sell, lease or otherwise dispose of all or substantially all of its assets and properties, and will not permit any Person to consolidate with or merge into the Company unless all of the following conditions are met:

- if the Company is not the successor Person in the transaction, the successor is organized and validly existing under the laws of Peru or any country whose debt securities have an investment grade rating in North America, Central America or South America or that is a member of the European Union or any political subdivision thereof or that belongs to the Organization for Economic Cooperation and Development, and expressly assumes by supplemental indenture the Company's obligations under the notes and the Indenture;
- immediately after the transaction, no default under the notes has occurred and is continuing. For this purpose, "default under the notes" means an event of default or an event that would be an event of default with respect to the notes if the requirements for giving the Company default notice and for the Company default having to continue for a specific period of time were disregarded. See "—Defaults, Remedies and Waiver of Defaults"; and
- the Company has delivered to the trustee an officer's certificate and opinion of counsel, each stating, among other things, that the conditions precedent under the Indenture related to the consummation of the transaction and the execution of the supplemental indenture, if any, have been met, and the opinion of counsel shall state that any such supplemental indenture constitutes the legal, valid and binding obligation of such successor person.

If the conditions described above are satisfied, the Company will not have to obtain the approval of the holders of the notes in order to merge or consolidate or to sell or otherwise dispose of all or substantially all its properties and assets. In addition, these conditions will apply only if the Company wishes to merge into, consolidate with another Person, or sell or otherwise dispose of all or substantially all of its assets and properties. The Company will not need to satisfy these conditions if it enters into other types of transactions, including any transaction in which the Company acquires the stock or assets of another Person, any transaction that involves a Change of Control, but in which the Company does not merge or consolidate and any transaction in which the Company sells or otherwise disposes less than substantially all the assets and properties of the Company and its Subsidiaries taken as a whole.

Change of Control

Upon the occurrence of a Change of Control Downgrade Event, each holder of notes will have the right to require that the Company purchase all or a portion (in integral multiples of US$1,000 in excess of US$200,000) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the date of purchase (the "Change of Control Payment").

Within thirty (30) days following the date upon which the Change of Control Downgrade Event occurred, the Company must send a notice to each holder, with a copy to the trustee, offering to purchase the notes as described above (a "Change of Control Offer") in accordance with the provisions set forth in "—Notices." The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than thirty (30) days nor later than sixty (60) days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date").

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) deposit with the paying agent funds in an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered and not validly withdrawn;

(2) accept for payment all notes or portions thereof properly tendered and not validly withdrawn pursuant to the Change of Control Offer; and

(3) deliver or cause to be delivered to the trustee the notes so accepted together with an officer's certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

The paying agent will, on or promptly following the Change of Control Payment Date, mail to each holder of notes properly tendered and not validly withdrawn the Change of Control Payment for such notes (or, if all the notes are then in global form, it will make such payment through the facilities of DTC), and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note in a principal amount equal to the portion thereof not purchased, if any (provided that any such remaining portion shall be no less than US$200,000) upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

The Company will not be required to make a Change of Control Offer upon a Change of Control Downgrade Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not validly withdrawn pursuant to the Change of Control Offer, (2) in connection with a transaction that would constitute a Change of Control, the Company or a third party have made an offer to purchase all notes properly tendered at a price higher than the Change of Control Payment and have purchased all notes properly tendered and not validly withdrawn in such offer or (3) irrevocable notice of redemption has been given pursuant to the Indenture.

A Change of Control Offer may be made in advance of a Change of Control, conditioned upon the occurrence of a Change of Control Downgrade Event, if a definitive agreement is in place for a Change of Control at the time of making the Change of Control Offer.

In the event that holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 nor more than 60 days' prior notice to the holders, given not more than 30 days following the Change of Control Payment Date, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to but excluding the date of redemption (subject to the right of holders of notes on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be repurchased or repaid upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control Downgrade Event may cause a default under such Indebtedness even if a Change of Control or the Change of Control Downgrade Event itself does not.

If a Change of Control Offer occurs, we cannot assure you that the Company will have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of unsubordinated Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing on terms reasonable to the Company or at all.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the initial purchasers and the Company. Holders will not be entitled to require the Company to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not result in a Change of Control Downgrade Event. In addition, clause (i) of the definition of "Change of Control" includes the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties and assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no established definition of how this phrase is to be interpreted under applicable law. Accordingly, the application of this provision and the ability of a holder of notes to require the Company to repurchase its notes as a result thereof is uncertain.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

"Change of Control" means the occurrence of one or more of the following events:

(i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any "person" or "group" (as those terms are used for purposes of Section 13(d)(3) of the Exchange Act), other than the Company, one or more of its Subsidiaries, any one or more Permitted Holders, or any combination of the foregoing;

(ii) the consummation of any transaction or series of simultaneous related transactions (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used for purposes of Section 13 (d)(3) of the Exchange Act), other than the Company, one or more of its wholly owned Subsidiaries, any one or more Permitted Holders, or any combination of the foregoing, becomes the beneficial owner, directly or indirectly, of more than 50% of the Company's then outstanding Voting Stock, measured by voting power rather than number of participations; for the purposes of this clause, "related transactions" means two or more transactions the effectiveness of each of which is subject to the effectiveness of the other(s);

(iii) the Company consolidates with, or merges with or into, any person (other than a Permitted Holder), or any person (other than a Permitted Holder) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the Company's outstanding Voting Stock or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Company's Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction; or

(iv) the adoption of a plan relating to the Company's liquidation or dissolution.

"Change of Control Downgrade Event" means the occurrence of both (i) a Change of Control and (ii) a Rating Downgrade Trigger Event.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB− (or the equivalent) by S&P and BBB− (or equivalent) by Fitch.

"Permitted Holder" means any of (i) Hunt Oil Company, (ii) Shell Gas B.V., (iii) SK Innovation Co. Ltd. and (iv) Marubeni Corporation (provided that any such "person" described in (i) through (iv) is controlled by the same "group" that controls any such "person" on the issue date), and (e) any Affiliate of any one or more of the "persons" described in (i) through (iv) above that is either (A) one or more of the entities through which such "person" beneficially owns its equity interest in the Company as of the issue date so long as any such entity is not re-domiciled to any jurisdiction that is not organized under an OECD member or associated country after the issue date, or (B) organized under an OECD member or associated member country.

"Rating Agencies" means Moody's, S&P or Fitch. In the event that any of Moody's, S&P or Fitch is no longer in existence or issuing ratings, such organization may be replaced by a nationally recognized United States securities rating agency or agencies, as the case may be, designated by the Company with notice to the trustee.

"Rating Downgrade Trigger Event" means, with respect to any applicable Change of Control, the first date upon which each of the following has occurred and is continuing:

(i) a downgrade of the notes to a rating that is below an Investment Grade Rating (a "Rating Agency Downgrade"), is declared by (y) at least two of the three Rating Agencies (if the notes are rated by two or more Rating Agencies at the time of such public notice) or (z) one Rating Agency (if the notes are rated by only one Rating Agency at the time of such public notice) (a "Rating Downgrade Event"),

(ii) a Rating Downgrade Event occurs on any date during the period (the "Trigger Period") commencing on the date of the first public announcement by the Company of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period shall be extended for an additional 30-day period after the end of the 60 days following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change); and

(iii) the Rating Agency or the Rating Agencies, as applicable, announce or publicly confirm or inform the Trustee in writing that the Rating Agency Downgrade was the result, in whole or in material part, of the applicable Change of Control.

"Voting Stock" means (i) with respect to the Company, the participations of the Company and (ii) with respect to any other Person, capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to vote has been suspended by the happening of such a contingency.

Covenants

The following covenants will apply to the Company and its Subsidiaries for so long as any note remains outstanding. These covenants restrict the ability of the Company and its Subsidiaries to enter into certain transactions.

Limitation on Liens

The Company may not, and will not allow any of its Subsidiaries to, create or otherwise permit to exist any Lien (other than Permitted Liens (as defined below) securing Indebtedness (including Attributable Indebtedness) upon any Principal Property, or upon any income, profits or Capital Stock of any Subsidiary, now owned or hereafter acquired, unless concurrently therewith, the notes are secured on at least an equal and ratable basis or on a senior basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien (other than Permitted Liens) upon any Principal Property or upon any Capital Stock of any such Subsidiary. Any Lien on property or assets of the Company or any Subsidiary created for the benefit of holders of the notes pursuant to this covenant shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien that gave rise to the obligation to secure to the notes.

For purposes hereof, "Permitted Liens" shall mean:

(i) any Lien on (a) any property or assets acquired, constructed, developed, extended or improved by the Company or any of its Subsidiaries (singly or together with other Persons) after the date of the Indenture or any property reasonably incidental to the use or operation of such property or assets (including, whether now owned or hereafter acquired, any real property on which such assets or property is located or any buildings, structures, machinery or other fixtures constituting such property or assets), or (b) any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, products, revenue or profits, in each of clauses (a) and (b) above to the extent such Lien is created, incurred or assumed (x) during the period such property or asset was being constructed, developed, extended or improved, or (y) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or asset or to finance, refinance or refund the costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any property or asset existing at the time of acquisition thereof and which (a) is not created as a result of or in connection with or in anticipation of such acquisition and (b) does not attach to any other property or asset other than the property or asset so acquired (and improvements and accessions thereto and proceeds thereof);

(iii) any Lien on any property or asset acquired from a Person which is merged with or into the Company or any of its Subsidiaries or any Lien existing on any property or asset of any Person at the time such Person becomes a Subsidiary of the Company, in either such case which (a) is not created as a result of or in connection with or in anticipation of any such transaction and (b) does not attach to any other property or asset other than the property or asset so acquired (and improvements and accessions thereto and proceeds thereof);

(iv) any Lien in favor of the Company;

(v) any Lien created for the benefit of or to secure the obligations under the Indenture and the notes granted solely for the benefit of the Noteholders and the Trustee (or any agent acting on their behalf);

(vi) any Lien existing on the date of the Indenture (excluding Liens securing indebtedness of the Company to be repaid with the proceeds from the sale of the notes as described under the caption "Use of Proceeds" in the offering memorandum relating to the notes; provided that it shall not be a breach of this covenant for so long as the Company (i) not later than forty-five (45) days following the issue date delivers to the Trustee evidence of the filing for registration of the release of such Liens, and (ii) is taking commercially reasonable actions to cause the release of such Liens as described under the caption "Use of Proceeds and Release of Liens");

(vii) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(viii) Liens securing judgments for the payment of money not constituting a default under the notes if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS; and

(ix) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (i), (ii), (iii), and (vi); provided, however, that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured (or committed amount, if greater) at the time of such extension, renewal or replacement plus an amount necessary to pay any fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (and improvements and accessions thereto).

Notwithstanding the foregoing, the Company and any of its Subsidiaries may create or permit to exist any Lien that would otherwise be prohibited under the provisions of the Indenture described in this section without securing the notes; provided, however, that the aggregate amount of such Indebtedness then outstanding secured by such Lien and all other Liens not excepted above, together with all Attributable Debt from Sale and Leaseback Transactions, excluding Sale and Leaseback Transactions permitted in the first paragraph under "—Limitation on Sales and Leasebacks", does not exceed the US$ equivalent of 15% of Consolidated Net Tangible Assets at such time.

Limitation on Sales and Leasebacks

The Company may not, and will not allow any of its Subsidiaries to, enter into any Sale and Leaseback Transaction, unless:

- such Sale-leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development, extension or improvement, or commencement of full operations on such Principal Property, whichever is later;
- such Sale-leaseback Transaction involves either a sale price of less than US$5.0 million or its equivalent or a lease for a period, including renewals, of not more than three years;
- the Attributable Indebtedness from such Sale-leaseback Transaction is an amount equal to or less than the amount that the Company or such Subsidiary would be allowed to incur as debt secured by a Lien on the Principal Property subject thereto without equally and ratably securing the notes; or
- the Company or one of its Subsidiaries, within twelve (12) months of the Sale and Leaseback Transaction, applies or causes to be applied an amount not less than the net cash proceeds from such Sale and Leaseback Transaction to (i) prepay, repay, redeem or retire an amount of Indebtedness of the Company ranking at least *pari passu* in right of payment with the notes or Indebtedness of Subsidiary of the Company, in each case owing to a Person other than the Company or any of its Subsidiaries, or (ii) apply such amount to the acquisition, purchase, construction, development, extension or improvement of any of our real property, natural gas compression, purification and storage facilities, natural gas pipelines, natural gas marine terminal or other equipment.

Notwithstanding the foregoing, the Company and any of its Subsidiaries may enter into Sale and Leaseback Transactions that are not excepted above; provided, however, that the Attributable Indebtedness from such Sale and Leaseback Transaction, together with the aggregate principal amount of then outstanding debt secured by Liens upon Principal Properties not excepted in the first paragraph under "—Limitation on Liens", does not exceed the US$ equivalent of 15% of Consolidated Net Tangible Assets at such time.

Provision of Information

For so long as the notes remain outstanding, we will provide to the holders of the notes and to the trustee, a URL address providing access to the following items in English:

(i) (A) our annual consolidated financial statements audited by KPMG or any other internationally recognized firm of independent public accountants, within one hundred twenty (120) days after the end of our fiscal year, and; (B) quarterly consolidated financial statements (including a statement of financial position, statement of profit or loss and cash flow statement for the fiscal quarter then ended and the corresponding fiscal quarter from the prior year), within sixty (60) days of the end of each of the first three fiscal quarters in each fiscal year; provided that, the availability of the foregoing reports on a publicly available website of the Company will be deemed to satisfy the foregoing delivery requirements and provided further that, references to consolidated financial statements in this paragraph refer only to the Company and its consolidated Subsidiaries, if any. These annual and quarterly consolidated financial statements will be prepared in accordance with IFRS and such annual financial statements will be accompanied by a management's discussion and analysis of the results of our operations and liquidity and capital resources for the periods presented. Any and all defaults or events of default arising from a failure to comply with this covenant shall be deemed cured (and the Company shall be deemed to be in compliance with this covenant) upon furnishing or filing such statements or information as contemplated by this covenant; and

(ii) any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

The Trustee shall have no obligation to verify that such reports are being provided on the aforementioned website.

Use of Proceeds and Release of Liens

We will use the net proceeds from the sale of the notes to repay, prepay, repurchase and/or redeem certain of our existing Indebtedness as described under the caption "Use of Proceeds" of the offering memorandum relating to the notes. We will take all commercially reasonable actions (including, but not limited to, sending the required notices and other relevant documentation to our lenders, creditors, agents and bondholders, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under applicable law) to cause the termination and release in full of all Liens over our assets or property relating to such existing Indebtedness being repaid, prepaid, repurchased and/or redeemed with the proceeds from the sale of the notes, as soon as practicable after the issue date.

Maintenance of Priority

We shall ensure that our payment obligations with respect to the notes will constitute our direct, unconditional and general senior unsecured obligations and will rank senior or *pari passu* in right of payment with all of our unsecured and unsubordinated Indebtedness (except those obligations preferred by operation of Peruvian law, including labor, social benefit and tax claims).

Certain Definitions

The following sets forth certain of the defined terms used in the covenants or elsewhere in the Indenture. Reference is made to the Indenture for the full definitions of all such terms, as well as any other terms used herein for which no definition is provided.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person whether through the ownership of voting securities, by agreement or otherwise. For the purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Attributable Debt" means, with respect to any Sale and Leaseback Transaction, the lesser of (i) the fair market value of the asset subject to such transaction and (ii) the present value, discounted at a rate per annum equal to the discount rate inherent in the applicable lease, of the obligations of the lessee for net rental payments (excluding, however, any amounts required to be paid by such lessee, whether or not designated as rent or additional rent, on account of maintenance and repairs, services, insurance, taxes, assessments, water rates or similar charges and any amounts required to be paid by such lessee thereunder contingent upon monetary inflation or the amount of sales, maintenance and repairs, insurance, taxes, assessments water rates or similar charges) during the remaining term of the lease (as determined in good faith by the Company in accordance with IFRS).

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not (i) a day on which banking institutions in New York, New York or Lima, Peru generally are authorized or obligated by law, regulation or executive order to close, or (ii) a day on which banking and financial institutions in New York, New York or Lima, Peru are closed for business with the general public.

"Capital Stock" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of common stock, preferred stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

"Consolidated Net Tangible Assets" means, at any date of determination, the total of all assets appearing on our consolidated statement of financial position included in our most recent quarterly or annual consolidated balance sheet less (i) all current liabilities (other than current maturities of long-term debt) and (ii) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles, in each case, reflected in such balance sheet.

"DTC" means The Depository Trust Company.

"Fitch" means Fitch Ratings, Ltd. or any successor to the rating agency business thereof.

"IFRS" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board, as in effect from time to time.

"Indebtedness" means, with respect to any Person (without duplication) (i) any obligation of such Person (a) for borrowed money, under any reimbursement obligation relating to a letter of credit (other than letters of credit payable to suppliers in the ordinary course of business), under any reimbursement obligation relating to a financial bond or under any reimbursement obligation relating to a similar instrument or agreement, (b) for the payment of money relating to any obligations under any capital lease of real or personal property, (c) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction (other than any such agreements as are entered into in the ordinary course of business and are not for speculative purposes or the obtaining of credit) or (d) consisting of guarantees of obligations of the type described in the immediately preceding clauses (a) through (c) of other Persons; and (ii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (i) above. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount shall not be included.

"Lien" means any mortgage, pledge, lien or security interest.

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Principal Property" means any liquefaction facility, pipeline, gathering system, port, terminal, storage facility, processing plant or other plant or facility owned or leased by the Company or any of its Subsidiaries and used in transporting, distributing, terminalling, gathering, treating, processing, marketing or storing natural gas, natural gas liquids or liquified natural gas, except (y) any such assets consisting of inventories, furniture, office fixtures and equipment, including data processing equipment, vehicles and equipment used on, or useful with, vehicles, and (z) any other asset which, in the good faith opinion of the directors (or persons performing similar functions) of the Company, is not material in relation to the activities of Company and its Subsidiaries, taken as a whole.

"Sale and Leaseback Transaction" means the sale or transfer by the Company or any of its Subsidiaries of any Principal Property to a Person (other than the Company or any of its Subsidiaries) and the taking back by the Company or any of its Subsidiaries, as the case may be, of a lease of such Principal Property.

"Significant Subsidiary" means each subsidiary of a Person which would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the date of the Indenture, assuming the Person is the registrant referred to in such definition.

"Subsidiary" means any corporation or other business entity of which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the Voting Stock.

"S&P" means Standard & Poor's LLC, a subsidiary of The McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

Listing

Approval in-principle has been received for the listing of the notes on the SGX-ST. However, we cannot assure you that the notes will be listed and quoted on the SGX-ST prior to the issue date of the notes. Upon any listing of the notes we will use our commercially reasonable efforts to maintain listing of the notes on the SGX-ST.

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system other than the SGX-ST.

Defaults, Remedies and Waiver of Defaults

You will have special rights if an event of default with respect to the notes that you hold occurs and is not cured, as described below.

Events of Default

Each of the following will be an "event of default":

- we fail to pay the principal of (or premium, if any, on) the notes on its due date (whether upon acceleration, redemption or otherwise), including the failure to purchase notes pursuant to a Change of Control Offer as required by the provisions described under the caption "—Change of Control";
- we fail to pay interest (or additional amounts, if any) on the notes within thirty (30) days after the relevant due date;
- we remain in breach of any covenant in the Indenture (other than a payment default referred to in the two immediately preceding bullet points), for sixty (60) days after we receive a notice of default (sent by the trustee or the holders of not less than 25% in principal amount of the outstanding notes (with a copy to the trustee if given by the holders)) stating that we are in

breach and requiring such breach to be remedied and stating that such notice constitutes a notice of default under the Indenture;

- we or any of our Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or, subject to certain grace periods in the case of involuntary proceedings, other events of bankruptcy, insolvency, dissolution, liquidation or similar proceedings relating to us occur;
- we, or any of our Significant Subsidiaries, are in a default under any instrument relating to Indebtedness for money borrowed, or under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed, having an aggregate principal amount exceeding US$40.0 million (or its equivalent in other currencies) due to a failure to pay principal or interest when due or that results in the acceleration of such Indebtedness prior to its maturity and such default continues for more than the relevant period of grace, if any, applicable thereto and the period for payment has not been expressly extended; or
- a non-appealable final judgment is rendered against us or any of our Significant Subsidiaries in an aggregate principal amount exceeding US$40.0 million (or its equivalent in other currencies) and either (A) such final judgment is not stayed, bonded in full, fully escrowed for or discharged or covered by insurance and unconditionally assumed by the relevant insurer in writing within sixty (60) days after entry thereof or (B) there shall be any period of at least 60 consecutive days during which a stay of enforcement of such judgment or order shall not be in effect; or
- any governmental or regulatory authority of Peru shall have condemned, nationalized, seized or otherwise expropriated all or substantially all of the Company's assets, property, business, operations or capital stock, or shall have assumed control of such assets, property, business, operations or capital stock.

Remedies Upon Event of Default

If an event of default with respect to the notes occurs and is not cured or waived, the trustee, at the written request of holders of not less than 25% in principal amount of the outstanding notes, shall declare the entire principal amount of all the notes to be due and payable immediately, and upon any such declaration the principal, any accrued interest and any additional amounts shall become due and payable. If, however, an event of default occurs because of bankruptcy, insolvency, dissolution or liquidation relating to us, the entire principal amount of the notes and any accrued interest and any additional amounts will be automatically accelerated, without any action by the trustee or any holder and any principal, interest or additional amounts will become immediately due and payable.

Each of the situations described in the preceding paragraph is called an acceleration of the maturity of the notes. The right of the holders to give a declaration of acceleration shall terminate if the event giving rise to such right shall have been cured before such right is exercised. If the maturity of the notes is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the notes may cancel the acceleration for all the notes, provided that all amounts then due (other than amounts due solely because of such acceleration) have been paid, all other events of default have been cured or waived and the trustee has been reimbursed for its reasonable fees and expenses (including fees and expenses of counsel).

If any event of default occurs, the trustee will be obligated to use those of its rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use under the circumstances in conducting his or her own affairs.

The trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the trustee indemnity and/or security satisfactory to it, from expenses and liability. Subject to the terms of the Indenture, if the trustee receives an indemnity that is satisfactory to it, the holders of a majority in principal amount of the outstanding notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee or direct the trustee in exercising any trust or power conferred on the trustee.

No holder of notes will have any right to institute any proceeding or action, judicial or otherwise, or take other steps to enforce its rights or protect its interests relating to the notes, unless:

- the trustee shall have previously received written notice that an event of default has occurred and the event of default has not been cured or waived;
- the holders of not less than 25% in principal amount of the outstanding notes shall have requested in writing that the trustee take action with respect to the notes because of the default and they or other holders must offer to the trustee indemnity and/or security satisfactory to the trustee against the cost and other liabilities of taking that action;
- the trustee shall have failed to act for sixty (60) days after the above steps have been taken; and
- during those sixty (60) days, the holders of a majority in principal amount of the outstanding notes must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of the outstanding notes.

You will be entitled, however, at any time to bring a lawsuit for the payment of money due on your note on or after its due date.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

Waiver of Default

The holders of not less than a majority in principal amount of the outstanding notes may waive a past default for all the notes. If this happens, the default will be treated as if it had been cured. No one can waive a payment default on any note, however, without the approval of the particular holder of that note.

Modification and Waiver

There are three types of changes we can make to the Indenture and the outstanding notes under the Indenture.

Changes Requiring Each Holder's Approval

The following changes cannot be made without the approval of each holder of an outstanding note affected by the change:

- a change in the stated maturity of any principal or interest payment on the notes;
- a reduction in the principal amount, the interest rate or the redemption price for the notes;
- a change in the obligation to pay additional amounts;

- a change in the obligation and price for repurchase following the occurrence of a Change of Control Downgrade Event;
- a change in the prices at which the notes may be redeemed, or a change in the time at which any note may be redeemed;
- a change in the currency of any payment on the notes;
- a change in the place of any payment on the notes;
- an impairment of the holder's right to sue for payment of any amount due on its notes;
- a reduction in the percentage in principal amount of the outstanding notes needed to change the Indenture or the outstanding notes; and
- a reduction in the percentage in principal amount of the notes needed to waive our compliance with the Indenture or to waive defaults.

Changes Not Requiring Approval

The following changes can be made without the approval of the holders of outstanding notes:

- to cure any ambiguity, defect or inconsistency;
- to provide for uncertificated notes in addition to or in place of certificated notes;
- to provide for the assumption of the Company's obligations to holders of outstanding notes in the case of a merger or consolidation or sale of all or substantially all of properties and assets of the Company and its Subsidiaries taken as a whole, as applicable;
- to make any change that would provide any additional rights or benefits to the holders of outstanding notes or that does not adversely affect the legal rights under the indenture of any such holder or surrender any right or power conferred upon the Company, provided that any change to conform the text of the indenture or the notes to any provision of this "Description of the Notes" will be deemed not to adversely affect such legal rights;
- to make any change that would not adversely affect the holders of outstanding notes under the Indenture in any material respect;
- to secure the notes pursuant to the requirements of the covenant described above under the subheading "—Covenants—Limitation on Liens";
- to provide for the issuance of additional notes in accordance with the indenture;
- to add a Guarantor of the notes under the Indenture; or
- to evidence or provide for the acceptance of appointment under the indenture of a successor trustee.

Changes Requiring Majority Approval

Any other change to the Indenture or the notes will be required to be approved by the holders of a majority in principal amount of the outstanding notes. The required approval must be given by written consent.

The same majority approval will be required for us to obtain a waiver of any of our covenants in the Indenture, except as otherwise required under "—Changes Requiring Each Holder's Approval." Our covenants include, among other restrictions, restrictions on our ability to merge, create liens on our properties and enter into sale and leaseback transactions, which we describe above under "—Mergers, Consolidation or Sale of Assets" and "—Covenants." If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in the notes or the Indenture, as it affects any note, that we cannot change without the approval of each holder of that note as described under "—Changes Requiring Each Holder's Approval" above, unless each holder approves the waiver.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Indenture or the notes or request a waiver.

In executing an amendment or supplemental indenture, the trustee shall be entitled to receive and fully protected in relying upon an officer's certificate and an opinion of counsel stating that all conditions precedent to such amendment or supplement have been satisfied, that such amendment or supplement is authorized or permitted by the indenture, and, with respect to such opinion of counsel, that the amendment or supplement is our legal, valid and binding obligation, enforceable against us in accordance with its terms.

Special Rules for Actions by Holders

When holders take any action under the Indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding Notes are Eligible for Action by Holders

Only holders of outstanding notes will be eligible to vote or participate in any action by holders of notes. In addition, we will count only outstanding notes in determining whether the various percentage requirements for voting or taking action have been met. For these purposes, a note will not be "outstanding" if it has been surrendered for cancellation or if we have deposited or set aside, in trust for its holder, money for its payment or redemption and all other amounts due until such date. Notes held by us or any Affiliate are not eligible to vote, except that for purposes of determining whether the trustee shall be protected in relying on such vote, only notes that a responsible officer of the trustee actually knows to be so owned shall be so disregarded.

Determining Record Dates for Action by Holders

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the Indenture. In some limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any Global Notes may be set in accordance with procedures established by the depositary from time to time.

Legal Defeasance and Covenant Defeasance

We may, at our option and at any time, elect to have our obligations discharged with respect to the outstanding notes ("legal defeasance"). Such legal defeasance means that we will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of holders to receive payments in respect of the principal of, premium, if any, and interest (including additional amounts) on the notes when such payments are due;

(2) our obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties, indemnities and immunities of the trustee, the paying agent, the registrar, the transfer agent and the listing agent and our obligations in connection therewith; and

(4) the legal defeasance provisions of the Indenture.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to certain covenants that are described in the Indenture ("covenant defeasance") and thereafter any omission to comply with such obligations will not constitute a default or event of default with respect to the notes. In the event covenant defeasance occurs, certain events (not including nonpayment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an event of default with respect to the notes.

In order to exercise either legal defeasance or covenant defeasance:

(1) we must irrevocably deposit with the trustee, in trust, for the benefit of the holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the written opinion of a nationally recognized firm of independent public accountants or investment bank delivered to the trustee, to pay the principal of, premium, if any, and interest (including additional amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of legal defeasance, we must deliver to the trustee an opinion of counsel from counsel in the United States reasonably acceptable to the trustee and independent of us confirming that:

    (a) we have received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

    (b) since the issue date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(3) in the case of covenant defeasance, we must deliver to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(4) in the case of legal defeasance or covenant defeasance, the Issuer shall have delivered to the trustee an opinion of legal counsel in Peru to the effect that, based upon Peruvian law then in effect, the holders will not recognize income, gain or loss for Peruvian national, provincial or territorial or other tax purposes, and the amounts to be payable shall not be subject to any deposit or temporary freezing of funds, as a result of legal defeasance or covenant defeasance, as the case may be, and will be subject to Peruvian taxes on the same amounts and in the same manner and at the same time as would have been the case if such legal defeasance or covenant defeasance, as the case may be, had not occurred;

(5) no default, or event which with notice or lapse of time or both would become an event of default, shall have occurred and be continuing with respect to the notes on the date of deposit or, with respect to certain events of bankruptcy or insolvency, at any time during the period ending on the 121st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(6) such legal defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which we or any of our subsidiaries is a party or by which we or any of our subsidiaries is bound;

(7) we shall not have made the deposit with the intent of preferring the holders over any other creditors or with the intent of defeating, hindering, delaying or defrauding any other creditors; and

(8) we have delivered to the trustee an officer's certificate and an opinion of counsel from counsel in the United States, each stating that all conditions precedent provided for or relating to the legal defeasance or the covenant defeasance have been complied with.

If we elect either legal defeasance or covenant defeasance with respect to the notes, we must so elect it with respect to all of the outstanding notes.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable or will become due and payable within one year by reason of the giving of a notice of redemption or otherwise and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal, premium, if any, and interest in respect of the notes to the date of stated maturity or redemption date of deposit;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the trustee an officer's certificate and an opinion of counsel from counsel in the United States, each stating that all conditions precedent provided for or relating to the legal defeasance or the covenant defeasance have been complied with.

Payment Provisions

Payments on the Notes

Principal payments on the notes will be payable to the holders in whose names the notes are registered at the close of business on the March 15 and September 15 immediately preceding the related principal payment date. We will pay the amount of principal due at maturity to the holders of the notes against surrender of such notes at the proper place of payment.

Interest on the notes will be payable semi-annually in arrears on March 22 and September 22 of each year, beginning on September 22, 2018, to the holders in whose names the notes are registered at the close of business on the March 15 and September 15 immediately preceding the related interest payment date and at maturity to the persons or entities entitled to receive the principal of such notes. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 p.m., New York City time, on that day.

Payments on Global Notes

For notes issued in global form, we will make payments on the notes in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly or through the trustee or a paying agent to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the notes. An indirect holder's right to receive such payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Notes

For notes issued in certificated form, if any, we will pay any amount that becomes due on such notes by delivery of a check drawn on a bank in the city of New York to the holders at the addresses appearing in the register of the notes on the record date, *provided*, *however*, that payments on the notes may also be made, in case of a holder of at least US$10.0 million aggregate principal amount of notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such holder elects payment by wire transfer by giving written notice to the trustee or the paying agent to such effect designating such account no later than 10 Business Days immediately preceding the relevant payment date (or such other date as the trustee may accept in its discretion). In the case of interest payments due on interest payment dates, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the notes are surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Paying Agents

If we issue notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time, provided that if any notes are issued in certificated form, so long as such notes are outstanding, we will maintain a paying agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as our paying agent in New York.

Unclaimed Payments

Subject to abandoned payment laws, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us, upon our written request. After the expiration of such two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or any other Person.

The Trustee

Citibank, N.A. will be the trustee, registrar, paying agent and transfer agent for the Notes. Citibank, N.A. is located at 388 Greenwich St., 14th Floor, New York, NY 10013, and may be contacted at the above address, Attention: Agency & Trust—Peru LNG, and by facsimile at (347) 767-2639.

Pursuant to the Indenture, the trustee may resign at any time by written notice to the Company. The holders of a majority in remaining principal amount of the outstanding Notes may remove the trustee by written notice to the trustee and may appoint a successor trustee reasonably acceptable to the Company. The Company may remove the trustee and appoint a successor trustee if: (i) the trustee is no longer eligible, does not have a combined capital and surplus of at least US$100.0 million as set forth in its most recent published annual report or does not have a corporate trust office in the City of New York, New York or has a conflict of interest following the occurrence and continuation of an event of default; (ii) the trustee is adjudged bankrupt or insolvent; (iii) a receiver or other public officer takes charge of the trustee or its property; or (iv) the trustee becomes incapable of acting.

Transfer Agents

We may appoint one or more transfer agents, at whose designated offices any notes in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity. For so long as the notes remain outstanding, we will maintain a transfer agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as transfer agent. If we issue notes in certificated form, holders of notes in certificated form will be able to transfer their notes, in whole or in part, by surrendering the notes, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in the city of New York, at the corporate trust office of the trustee. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

As long as we issue notes in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue notes in certificated form, notices, including upon the occurrence of a Change of Control, to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the register maintained by the registrar, and will be deemed given when mailed. From and after the date the notes are listed on SGX-ST we will provide notices to holders as required by the rules of such exchange for so long as it is required by its rules.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

In addition, for so long as the notes are admitted to listing on SGX-ST, we will also publish such notice pursuant to any rules of the SGX-ST.

Governing Law

The Indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the notes or the Indenture (subject to the exceptions described below), we have agreed:

- to submit to the jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, the city of New York;
- that all claims in respect of such legal action or proceeding may be heard and determined in such New York state or U.S. federal court and that we will waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of the place of residence or domicile of us; and
- to appoint CT Corporation, with an office at 111 8th Avenue, 13th Floor, New York, New York 10011, as process agent.

The process agent will receive, on our behalf, service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York state or U.S. federal court sitting in the city of New York. Service may be made by mailing or delivering a copy of such process to us at the address specified above for the process agent.

A final judgment in any of the above legal actions or proceedings will be conclusive and may be enforced in other jurisdictions, in each case, to the extent permitted under the applicable laws of such jurisdiction.

In addition to the foregoing, the holders and the trustee may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder to bring any action or proceeding against us or our properties in other courts where jurisdiction is independently established.

To the extent that we have or hereafter may acquire or have attributed to us any sovereign or other immunity under any law, we have agreed to waive, to the fullest extent permitted by law, such immunity in respect to any claims or actions regarding our obligations under the notes.

Currency Indemnity

Our obligations under the Indenture and the notes will be discharged only to the extent that the relevant payee is able to purchase U.S. dollars with any other currency paid to that payee in accordance with any judgment or otherwise. If the payee cannot purchase U.S. dollars in the amount originally to be paid, we have agreed to pay the difference. The payee, however, agrees that, if the amount of U.S. dollars purchased exceeds the amount originally to be paid to such payee, the payee will reimburse the excess to us. The holder will not be obligated to make this reimbursement during the time we are in default of our obligations under the notes.

This indemnity, to the extent permitted by law, (i) constitutes a separate and independent obligation from our other obligations under the notes and the Indenture, (ii) gives rise to a separate cause of action, (iii) applies irrespective of any waiver granted by any holder of a note or the trustee from time to time, and (iv) will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note or any judgment or order.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The Notes will be issued in the form of two registered Notes in global form, without interest coupons, as follows:

- Notes sold to qualified institutional buyers under Rule 144A will be represented by the Rule 144A Global Note; and
- Notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S Global Note.

Upon issuance, each of the Global Notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to persons who have accounts with DTC, or the DTC participants, or persons who hold interests directly and indirectly through DTC participants (including Euroclear and Clearstream). We expect that under procedures established by DTC:

- upon deposit of each Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges Between the Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the Indenture.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law,

- a “banking organization” within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the Initial Purchasers; banks and trust companies; clearing corporations; and certain other organizations.

Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee will be considered the sole owner or holder of the notes represented by that Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the Notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the notes represented by a Global Note will be made by the trustee to DTC’s nominee as the registered holder of the Global Note. None of us, the trustee, the registrar, any paying agent or any transfer agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC’s procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. None of us, the trustee, the registrar, any paying agent or any transfer agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants of indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the Indenture should occur, including the occurrence and continuance of an event of default with respect to the notes, and a request for such exchange has been made by the holder.

In all cases, certificated Notes delivered in exchange for any Global Note will be registered in the names, and issued in any approved denominations, requested by the depositary and will bear a legend indicating the transfer restrictions of that particular Global Note, if required.

For information concerning paying agents and transfer agents for any Notes in certificated form, see "Description of Notes—Payment Provisions—Paying Agents" and "—Transfer Agents."

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

THIS DISCUSSION IS OF A GENERAL NATURE AND IS INCLUDED HEREIN SOLELY FOR INFORMATION PURPOSES. THIS DISCUSSION IS NOT INTENDED TO BE, AND SHOULD NOT BE, CONSTRUED TO BE LEGAL OR TAX ADVICE. NO REPRESENTATION WITH RESPECT TO THE CONSEQUENCES TO ANY PARTICULAR PURCHASER OF THE NOTES IS MADE. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

The following discussion summarizes certain material U.S. federal income tax considerations, as of the date of this offering memorandum, relating to the purchase, ownership and disposition of the Notes. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations promulgated thereunder, rulings, pronouncements, judicial decisions and administrative interpretations of the U.S. Internal Revenue Service (the "IRS"), each as in effect as of the date of this document, and all of which are subject to change, possibly on a retroactive basis, and may be subject to different interpretations. We cannot assure you that the IRS will not challenge the conclusions stated below, and no ruling from the IRS or opinion of counsel has been (or will be) sought on any of the matters discussed below. This discussion also relies on certain facts regarding our business and operations and our understanding of Peruvian law. If any of these significantly change or are challenged, it may change the treatment described below. For purposes of this discussion, "holder" means either a U.S. Holder (as defined below) or a Non-U.S. Holder (as defined below) or both, as the context may require.

This discussion is limited to holders purchasing the Notes pursuant to this offering at their "issue price" (i.e., the first price at which a substantial amount of notes is sold for cash to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and holding the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). The following discussion does not purport to be a complete analysis of all the potential U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. Without limiting the generality of the foregoing, this discussion does not address the U.S. federal income tax consequences to holders that may be subject to special treatment under U.S. federal income tax laws, including, without limitation, persons that hold our Local Bonds or that participate in the Consent Solicitation, persons that hold our Bank Debt, persons that are subject to the alternative minimum tax provisions of the Code, dealers and traders in securities or currencies, insurance companies, banks, financial institutions, thrifts, mutual funds, regulated investment companies, real estate investment trusts, broker-dealers, small business investment companies, tax-exempt entities, grantor trusts, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes and owners of interests therein, governmental bodies or agencies and instrumentalities thereof, U.S. Holders whose functional currency is not the U.S. dollar, U.S. expatriates or certain former long-term residents of the U.S., persons who hold the Notes as part of a straddle, hedge, constructive sale or conversion transaction, wash sale or other risk reduction or integrated investment transaction, investors in securities that elect to use a mark-to-market method of accounting for their securities holdings, personal holding companies, persons holding the Notes in a tax-deferred or tax-advantaged account, controlled foreign corporations or passive foreign investment companies. This discussion does not address the consequences arising under any non-U.S., state or local income or other tax laws, any applicable tax treaty or any U.S. federal taxes (such as the federal estate tax or the federal gift tax) other than U.S. federal income taxes.

If a partnership (including any entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds a Note, the tax treatment of a partner in that partnership generally will depend on the status of the partner, certain determinations made at the partner level and the activities of the partnership. Holders of the Notes that are partnerships and partners in those partnerships are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Certain Additional Payments

In certain circumstances (see "Description of the Notes—Payment of Additional Amounts," "Description of the Notes—Optional Redemption," and "Description of the Notes—Change of Control"), we may pay amounts on the Notes that are in excess of the stated interest or principal of the Notes. These potential payments and other characteristics of the Notes may implicate the provisions of the U.S. Treasury Regulations relating to contingent payment debt instruments. We do not intend to treat such characteristics and the possibility of paying such additional amounts as causing the Notes to be treated as contingent payment debt instruments. However, additional income will be recognized by U.S. Holders and certain other holders if any such additional payment is made. If it takes a contrary position, a holder may be required to disclose such position to the IRS in the manner that is required by applicable Treasury Regulations. Our determination is not binding on the IRS. It is possible that the IRS might take a different position from that described above, in which case, if such position is sustained, the tax consequences of purchasing, owning and disposing of the Notes may differ materially from those described below (including, e.g., that holders might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather than capital gain any gain realized on the taxable disposition of the Notes). U.S. Holders should consult their own tax advisors regarding the potential application to the Notes of the rules regarding contingent payment debt instruments and the consequences thereof. The remainder of this discussion assumes that the Notes are not contingent payment debt instruments.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual who is a citizen of the U.S. or who is a resident alien of the U.S.;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the U.S., any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in effect under applicable Treasury Regulations for the trust to be treated as a U.S. person.

Under recently enacted legislation, U.S. Holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although the precise application of this rule is presently unclear. This rule generally will be effective for tax years beginning after December 31, 2017. U.S. Holders that use an accrual method of accounting should consult their own tax advisors regarding the potential application of this legislation to their particular situation.

Taxation of Interest and Additional Amounts

If the Notes' "stated redemption price at maturity" (generally, the sum of all payments required under the Notes other than payments of stated interest) exceeds the issue price by more than a *de* *minimis* amount, a U.S. Holder will be required to include such excess in income as original issue discount ("OID") as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. We do not expect that the Notes will be issued with OID and the remainder of this discussion assumes that the Notes are not issued with OID.

Interest (including any additional amounts) on a Note will generally be includable in income of a U.S. Holder as ordinary income at the time it is accrued or actually or constructively received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. A U.S. Holder generally will be required to include in gross income any withholding tax imposed with respect to interest on a Note as though it were interest described in the preceding sentence. Interest income with respect to a Note generally will constitute foreign-source income for U.S. federal income tax purposes. The rules regarding foreign tax credits are complex. Prospective holders are urged to consult their own tax advisors concerning the availability of the foreign tax credit and limitations thereon (or, in the alternative, the ability to deduct withholding taxes imposed).

Sale, Exchange, or Retirement of a Note

A U.S. Holder will generally recognize capital gain or loss on a sale, exchange, redemption, retirement or other taxable disposition of a Note measured by the difference, if any, between:

- the amount realized on the sale, exchange, redemption, retirement or other taxable disposition (generally including any withholding tax imposed, but excluding any amount attributable to accrued but unpaid interest on the Note, which amount will be taxable as ordinary income to the extent not previously included in income); and
- the U.S. Holder's adjusted tax basis in the Note.

A U.S. Holder's adjusted tax basis in a Note generally will equal the amount the U.S. Holder paid for the Note, reduced (but not below zero) by payments of principal previously received in respect of such Note. A partial principal payment will give rise to gain to the extent that the payment exceeds a U.S. Holder's adjusted basis in a Note. Capital gain or loss recognized by a U.S. Holder will be U.S.-source capital gain or loss and treated as a long-term capital gain or loss if, at the time of the sale or exchange, the Note has been held by the U.S. Holder for more than one year. Non-corporate taxpayers may be subject to a lower federal income tax rate on their net long-term capital gains than that applicable to ordinary income.

The deductibility of capital losses may be subject to limitation.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments of interest on, and to the proceeds from the sale or other disposition (including a retirement or redemption) of, the Notes, unless the U.S. Holder is an exempt recipient (such as a corporation) and, if requested, the U.S. Holder certifies as to that status. Backup withholding may apply to such payments unless the U.S. Holder provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. federal income tax liability, and the U.S. Holder may be entitled to a refund of amounts withheld in excess of the U.S. Holder's U.S. federal income tax liability provided such U.S. Holder timely furnishes the required information to and/or files the necessary returns or claims with the IRS. We cannot refund amounts once withheld.

Foreign Financial Asset Information Reporting

A U.S. Holder that is an individual who holds "specified foreign financial assets" with values in excess of certain dollar thresholds will be required to report to the IRS information relating to the individual's investment in such assets. "Specified foreign financial assets" include any financial accounts held at a foreign financial institution, as well as interests in foreign issuers (such as the Notes) that are not held in accounts maintained by financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules. U.S. Holders should consult their own tax advisors regarding these reporting requirements.

Tax on Net Investment Income

A 3.8% tax is imposed on the "net investment income" of certain U.S. individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes interest and certain net gain from the disposition of property (which would include the Notes), less certain deductions.

Prospective holders should consult their own tax advisors with respect to the applicability of the tax described above.

Non-U.S. Holders

The following summary is limited to the U.S. federal income tax consequences relevant to a beneficial owner of a Note who is an individual, corporation, estate or trust for U.S. federal income tax purposes and, in each case, is not a U.S. Holder (a "Non-U.S. Holder").

Taxation of Interest and Additional Amounts

Subject to the discussion under "—Information Reporting and Backup Withholding" below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on the payment of interest (including any additional amounts and any withholding tax imposed with respect to interest on a Note) on a Note unless the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. (and, if an income tax treaty applies to the Non-U.S. Holder, the interest is attributable to a permanent establishment or fixed base, as applicable, maintained by the Non-U.S. Holder in the U.S.).

Non-U.S. Holders described above should consult their own tax advisors regarding the tax consequences of the payment of interest on a Note.

Sale, Exchange, or Disposition

Subject to the discussion under "—Information Reporting and Backup Withholding" below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, exchange, redemption, retirement or other disposition of a Note unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. (and, if an income tax treaty applies to the Non-U.S. Holder, the gain is attributable to a permanent establishment or fixed base, as applicable, maintained by the Non-U.S. Holder in the U.S.); or
- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

Non-U.S. Holders described above should consult their own tax advisors regarding the tax consequences of the sale, exchange, redemption, retirement or other disposition of a Note.

Information Reporting and Backup Withholding

Information reporting and backup withholding generally will not apply to payments of interest on a Note held by a Non-U.S. Holder or any proceeds from the sale, exchange, redemption, retirement or other disposition of a Note by a Non-U.S. Holder if such interest or proceeds are paid outside of the U.S. by a non-U.S. payor or non-U.S. middleman (as defined in the Treasury Regulations).

Any interest paid on a Note and any proceeds from the sale, exchange, redemption, retirement or other disposition of a Note received by a Non-U.S. Holder from a U.S. payor or U.S. middleman may be subject to information reporting and backup withholding unless (1) such Non-U.S. Holder provides the U.S. payor or U.S. middleman, as applicable, with a properly executed IRS Form W-8BEN, W-8BEN-E, W-8ECI or other applicable IRS Form W-8 (or appropriate substitute form), certified under penalties of perjury, as well as certain other information, and certain other conditions are satisfied, or (2) such Non-U.S. Holder otherwise establishes an exemption.

Non-U.S. Holders are urged to consult their own tax advisors regarding the application of information reporting and backup withholding in their particular situations. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against a Non-U.S. Holder's U.S. federal income tax liability, and the Non-U.S. Holder may be entitled to a refund of amounts withheld in excess of the Non-U.S. Holder's U.S. federal income tax liability provided such Non-U.S. Holder furnishes the required information to and/or files the necessary returns or claims with the IRS. We cannot refund amounts once withheld.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT LEGAL OR TAX ADVICE. ACCORDINGLY, PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN ADVISORS REGARDING THE U.S. FEDERAL (INCLUDING FEDERAL ESTATE TAX AND FEDERAL GIFT TAX), STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THEIR PURCHASE, OWNERSHIP, AND DISPOSITION OF THE NOTES, AND ON THE CONSEQUENCES OF ANY CHANGES IN APPLICABLE LAW.

CERTAIN PERUVIAN TAX CONSIDERATIONS

The following summary of certain Peruvian tax matters as in force on the date of this offering memorandum describes the principal tax consequences of an investment in the Notes by a person who is not a resident of Peru and does not hold the offered Notes or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Peru ("non-Peruvian holder"). This summary is not intended to be a comprehensive description of all of the tax considerations that may be relevant to a decision to make an investment in the offered Notes. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Peru or (b) applicable to a resident of Peru or to a person with a permanent establishment in Peru.

For purposes of this section, "non-Peruvian holders" means either: (i) a legal entity which has neither been incorporated or established in Peru, provided that it does not conduct any trade or business through a permanent establishment in Peru or holds the Notes through a Peruvian branch or (ii) an individual who is not a Peruvian tax resident. For Peruvian tax purposes, an individual is deemed to be a Peruvian tax resident if such individual is (i) a Peruvian citizen and has a regular residence in Peru, or (ii) a non-Peruvian citizen but has resided or has remained in Peru for more than 183 calendar days during any 12-month period.

Income Tax

Payment of interest

Interest, commissions, premiums, and other finance expenses (collectively, "Interest") in connection with the Notes are deemed to be Peruvian source income and are subject to Peruvian Withholding Tax.

Interest on the Notes received by non-Peruvian holders will be subject to a withholding tax at a rate of 4.99%. Similarly, interest received by non-Peruvian holders who are individuals will be subject to a 4.99% tax rate, provided that the interest is not considered derived from or through a tax haven under Peruvian income tax law. If the latter requirement is not fulfilled, the applicable tax rate will be 30%. In addition, in order to qualify for the preferential income tax withholding rate of 4.99%, the non-Peruvian holder and the issuer shall not deemed related parties.

The issuer will be required to act as withholding agent for the income tax due with respect to Interest on the Notes. We have agreed, subject to specific exceptions and limitations, to pay additional amounts to the holders of the Notes in respect of the Peruvian income taxes mentioned above. See "Description of the Notes—Additional Amounts."

Sale of the Notes

Proceeds received by a non-Peruvian holder on the sale, exchange or disposition of a beneficial interest in the Global Notes held through a clearing system will not be subject to any Peruvian withholding or capital gains tax. In the event that the beneficial interests in the Global Notes are exchanged for definitive Notes, any capital gain arising from the sale, exchange or other disposition of these Notes by non-Peruvian holders would be subject to Peruvian income tax with a 5% rate, only if these two requirements are satisfied: (i) the Notes are registered in the Securities Public Registry and (ii) the Notes are transferred through a Peruvian stock exchange. Otherwise, capital gains will be taxable at a 30% rate.

Taxable capital gain would be the positive difference between the sale value and the acquisition value, taking into consideration that the acquisition value has to be certified by Peruvian Tax Administration through a form submitted by the seller prior to receiving payment of the sale price. This certification is not required in the case of sales made through a Peruvian stock exchange and for early redemption of the Notes made by the issuer.

Redemption of the Notes

Any premium received upon an early redemption of the Notes will be subject to a withholding tax at a rate of either 4.99% or 30% depending on whether the premium is characterized as interest or capital gain. However, a 30% withholding tax rate will apply to any premium received if the non-Peruvian holder of the Notes is considered to be related to us.

We have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the holders of the Notes in respect of certain Peruvian income taxes mentioned above. See "Description of the Notes—Payment of Additional Amounts."

Non-Peruvian holders of the Notes should consult an independent tax advisor regarding the application of specific Peruvian income tax considerations of acquiring, owning or disposing of the Notes to their particular situation.

Value Added Tax

Interest payments under the Notes, as well as the sale, exchange or disposition of the Notes are not subject to VAT.

Financial Transaction Tax

In Peru there is a financial transactions tax ("FTT") with a 0.005% rate on debits and credits made in Peruvian bank -or other financial institutions- accounts, either in national or foreign currency. If the interest from the Notes or the issue price paid for the Notes is deposited in a Peruvian Financial System ("PFS") bank account, such amount will be levied at the corresponding FTT tax rate. The taxpayer of the FTT is the holder of the PFS bank account, but the PFS bank acts as withholding agent.

PLAN OF DISTRIBUTION

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credicorp Capital Sociedad Agente de Bolsa S.A., and J.P. Morgan Securities LLC are the Initial Purchasers. Subject to the terms and conditions set forth in a purchase agreement among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

Initial Purchaser	Principal Amount of Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	US$394,800,000
Citigroup Global Markets Inc.	206,800,000
Credicorp Capital Sociedad Agente de Bolsa S.A.	131,600,000
J.P. Morgan Securities LLC	206,800,000
Total	US$940,000,000

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the nondefaulting Initial Purchasers may be increased or the purchase agreement may be terminated.

The Initial Purchasers may offer and sell the notes through any of their affiliates. In addition, after the initial offering, the initial purchasers my change the offering price and other selling terms.

We have agreed to indemnify the Initial Purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their U.S. and Peruvian counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Credicorp Capital Sociedad Agente de Bolsa S.A., one of the Initial Purchasers, is not a broker-dealer registered with the U.S. Securities and Exchange Commission and will not, directly or indirectly, be offering or selling Notes in the United States or to U.S. nationals or residents.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchasers will not offer or sell the Notes except to (i) persons they reasonably believe to be qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Transfer Restrictions."

In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any national securities exchange or for inclusion of the Notes on any automated dealer quotation system. We have been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice.

Although approval in-principle has been received for the Notes to be listed on the SGX-ST, we cannot assure you that a liquid or active public trading market for the Notes will develop. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about March 22, 2018, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 120 days after the date of this offering memorandum, without first obtaining the prior written consent of the Representatives, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement. The Initial Purchasers in their sole discretion may release any of the securities subject to this agreement at any time without notice.

Stabilization Transactions

In connection with the offering of the Notes, the Initial Purchasers (or persons acting on their behalf) may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may have the effect of preventing or retarding a decline in the market price of the notes or cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers including potentially the Notes offered hereby. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates including potentially the Notes offered hereby. If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments including potentially the Notes offered hereby.

Banco de Crédito del Perú, the lender under our Working Capital Facility, is an affiliate of Credicorp Capital Sociedad Agente de Bolsa S.A., an Initial Purchaser.

Stamp Taxes

Purchasers of any Notes sold outside of the United States may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price paid by such purchasers for such Notes.

Notice to Prospective Investors in Chile

The offering of the Notes will begin on March 8, 2018 and is subject to General Rule No. 336 of the Chilean Securities Commission (*Superintendencia de Valores y Seguros de Chile*, or the "SVS"). The Notes being offered are not registered in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the Notes are not subject to the supervision of the SVS. As with all unregistered securities, the issuer of the Notes is not required to disclose public information about the Notes in Chile. The Notes may not be publicly offered in Chile unless they are registered in the corresponding securities registry.

La oferta de los valores comienza el 8 de Marzo, 2018 y está acogida a la NCG 336 de la superintendencia de Valores y Seguros de Chile (la "SVS"). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por 275 parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no puedenser objeto de oferta pública a menos que sean inscritos en el registro de valores correspondiente.

Notice to Residents in the Republic of Colombia

Neither the notes, nor the Offering Memorandum have been or will be registered with or approved by the Superintendence of Finance of Colombia (*Superintendencia Financiera de Colombia*) or the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Accordingly, the Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to offer privately the Notes to their Colombian clients.

Notice to Residents in the Republic of Panama

The Notes have not been, and will not be, registered for public offering in Panama with the National Securities Commission of Panama under Decree-Law 1 of July 8, 1999, as reformed by Law 67 of 2011 (the "Panamanian Securities Act"). Accordingly, the Notes may not be offered or sold in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The Notes do not benefit from tax incentives accorded by the Panamanian Securities Act and are not subject to regulation or supervision by the National Securities Commission of Panama as long as the Notes are offered to no more than 25 persons domiciled in Panama and result in the sale to no more than 10 of such persons.

Notice to Prospective Investors in Peru

The Notes will not be subject to a public offering in Peru. The Notes and the information contained in this offering memorandum have not been and will not be registered with or approved by the SMV or the BVL. Accordingly, the Notes cannot be offered or sold in Peru, except if (i) the Notes were previously registered with the SMV or (ii) such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities laws establish, among other things, that an offer directed exclusively at Peruvian institutional investors qualifies as a private offering. In making an investment decision, institutional investors (as defined by Peruvian law) must rely on their own examination of the terms of the offering of the Notes to determine their ability to invest in the Notes. No offer or invitation to subscribe for or sell the Notes or beneficial interests therein can be made in the Republic of Peru except in compliance with the Peruvian securities laws.

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Directive.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this offering memorandum and any other materials in relation to the offering of the Notes are being distributed only to, and are directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"), and/or to persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the Initial Purchasers from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Japan

The New Notes offered in this offering memorandum have not been registered under the Securities and Exchange Law of Japan, and the New Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law, and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Hong Kong

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offering may not be circulated or distributed, nor may the Notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the Notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other securities laws. Accordingly, the Notes are being offered and sold only (A) to QIBs in compliance with Rule 144A and (B) outside of the United States in offshore transactions in reliance upon Rule 903 or Rule 904 of Regulation S under the Securities Act. As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of the Notes (other than the Initial Purchasers in connection with the initial issuance and sale of the Notes) and each owner of any beneficial interest therein in the United States will be deemed to have represented and agreed as follows: the purchaser is either (1) a QIB and is aware that the sale of the Notes to it is being made in reliance on exemptions from the registration requirements of the Securities Act and such acquisition will be for its own account or for the account of a qualified institutional buyer or (2) a non-U.S. person who, at the time the buy order for the Notes was originated, was outside of the United States and was not purchasing the notes for the account or benefit of a U.S. person.

In making its decision to purchase the Notes, the purchaser understands and acknowledges that:

1. the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the Notes have not been registered and will not be registered under the Securities Act or any other securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
2. it shall not resell or otherwise transfer any of such Notes, except (A) to the Company or any of its subsidiaries, (B) to a QIB in a transaction complying with Rule 144A, (C) outside of the United States in compliance with Rule 903 or Rule 904 of Regulation S, (D) in accordance with another exemption from the registration requirements of the Securities Act (if available and based upon an opinion of counsel if the Company so requests) or (E) pursuant to an effective registration statement under the Securities Act;
3. it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;
4. prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Note in global form, or the Global Notes (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;
5. it understands that the Rule 144A Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE

MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

THE FOREGOING LEGEND WILL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

6. it understands that the Regulation S Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION. THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES.

7. the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes;

8. the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

9. they are purchasing notes for their own account, or for one or more investor accounts for which they are acting as a fiduciary or agent with sole investment discretion with respect to each such account, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of their property or the property of that investor account or accounts be at all times within their or their investor's control and subject to their or their investor's ability to resell the notes pursuant to Rule 144A under the Securities Act or any other available exemption from registration under the Securities Act;

10. we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify us and the Initial Purchasers; and

11. we, nor the Initial Purchasers, nor any person representing us or the initial purchasers has made any representation to the purchaser with respect to us or the offering of the notes, other than the information contained in this offering memorandum. Each purchaser represents that they are relying only on this offering memorandum in making their investment decision with

respect to the notes. They agree that they have had access to such financial and other information concerning us and the notes as they have deemed necessary in connection with their decision to purchase notes, including an opportunity to ask questions and request information from us.

Transfer Restrictions for Peruvian Purchasers

The Notes to be sold to "institutional investors" in Peru (as such term is defined in Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10.1), are subject to the transfer and resale restrictions set forth in Peruvian securities laws.

LISTING AND GENERAL INFORMATION

Since December 31, 2017, the date of our latest audited financial statements included herein, there has been no material adverse change, or any development involving a prospective material adverse change, in or affecting our condition, financial position, management, properties, Shareholders' equity, earnings, business affairs, business prospects or results of operations which is not otherwise disclosed herein.

We were formed under the laws of Peru on March 24, 2003. The issuance and offering of the Notes were duly authorized by resolution of the Management Committee of Peru LNG Company adopted on January 22, 2018.

The Notes sold in offshore transactions in reliance on Regulation S and represented by the Regulation S Global Note have been accepted for clearance through DTC, Clearstream and Euroclear under CUSIP number P7721B AE1 and ISIN No. USP7721BAE13. The CUSIP number for the Rule 144A Global Note sold to QIBs is 715604 AA2 and the ISIN No. is US715604AA27.

Approval in-principle has been received to have the Notes listed on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. The SGX-ST is not a regulated market for the purpose of Directive 2004/39/EC. There can be no assurances that the Notes will be listed and quoted on the SGX-ST prior to the issue date of the Notes.

For so long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered notes, we will appoint and maintain a paying agent in Singapore, where the certificates in definitive form in respect of Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Singapore.

Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor, so far as we are aware, is any such litigation or arbitration pending or threatened.

The PERU LNG Financial Statements and the audit reports thereon are included in this offering memorandum.

Copies of our latest and future audited annual financial statements and copies of our LLC Agreement, as well as the Indenture (including the forms of Notes) and the Purchase Agreement (as defined herein), will be available, free of charge, at the offices of the paying agents.

Copies of all the following documents may be obtained, free of charge, during normal business hours at our offices at Av. Víctor Andrés Belaúnde 147, Vía Real 185, Torre Real 12, Oficina 105, San Isidro, Lima 27, Perú:

(i) the LLC Agreement;

(ii) the Purchase Agreement, dated as of March 15, 2018 among us and the Initial Purchasers (the "Purchase Agreement");

(iii) the Indenture, dated as of the closing date among us, and Citibank, N.A., as trustee, registrar, paying agent and transfer agent;

(iv) the final versions of the Notes;

(v) the PERU LNG Financial Statements and any subsequent unaudited quarterly financial statements issued; and

(vi) any information required to be delivered pursuant to the listing rules of the SGX-ST.

LEGAL MATTERS

The validity of the Notes will be passed upon for us by Baker Botts L.L.P., Dallas, Texas, our U.S. counsel, and for the Initial Purchasers by Milbank, Tweed, Hadley & McCloy LLP, New York, New York, U.S. counsel for the Initial Purchasers. Baker Botts L.L.P. and Milbank, Tweed, Hadley & McCloy LLP will rely, as to all matters of Peruvian law, on the opinion of DLA Piper Pizarro Botto Escobar, our Peruvian counsel, and Miranda & Amado Abogados, Peruvian counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

The financial statements of PERU LNG as of and for the years ended December 31, 2017, 2016 and 2015 included in this offering memorandum have been audited by Caipo y Asociados SCRL, a member firm of KPMG International Cooperative, as stated in their report appearing herein.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Partners
PERU LNG S.R.L.

We have audited the accompanying financial statements of PERU LNG S.R.L. (a subsidiary of Perú LNG Company L.L.C. of the United States of America) (the "Company") which comprise the statement of financial position as of December 31, 2017, 2016 and 2015, and the related statements of Profit or loss and other comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PERU LNG S.R.L. as of December 31, 2017, 2016 and 2015, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Lima, Perú

February 28, 2018

Countersigned by:

/s/ Henry Córdova

Henry Córdova (Partner)
Peruvian Certified Public Accountant
Registration number 01-28989

PERU LNG S.R.L.

Statement of Financial Position

As of December 31, 2017, 2016 and 2015

In thousands of U.S. dollars	Note	2017	2016	2015
Assets				
Current assets				
Cash and cash equivalents	*6*	160,277	206,159	101,300
Other financial assets	*7*	189,728	175,451	188,334
Recoverable tax	*8*	16,256	14,345	22,309
Other accounts receivable		1,459	2,123	2,023
Accounts receivable from related parties	*24*	108,771	65,955	27,052
Inventories	*9*	20,355	16,095	14,789
Other non-financial assets	*10*	15,282	11,343	10,023
Total current assets		**512,128**	**491,471**	**365,830**
Non-current assets				
Property, plant and equipment, net	*11*	2,365,934	2,495,605	2,636,573
Deferred tax assets	*12*	50,061	25,868	408
Non-current portion of other non-financial assets	*10*	11,027	7,951	4,751
Total non-current assets		**2,427,022**	**2,529,424**	**2,641,732**
Total assets		**2,939,150**	**3,020,895**	**3,007,562**
Liabilities				
Current liabilities				
Trade accounts payable	*13*	105,431	89,507	42,931
Other accounts payable	*14*	20,190	17,640	2,336
Accounts payable to related parties	*24*	95,086	32,052	7,908
Loans and financing	*15*	181,481	182,238	184,994
Total current liabilities		**402,188**	**321,437**	**238,169**
Non-current liabilities				
Loans and financing	*15*	1,047,522	1,217,840	1,386,131
Accounts payable to related parties	*24*	110,000	110,000	44,660
Total non-current liabilities		**1,157,522**	**1,327,840**	**1,430,791**
Total liabilities		**1,559,710**	**1,649,277**	**1,668,960**
Equity				
Issued capital	*16*	1,461,435	1,461,435	1,401,435
Other equity reserves	*15*	(19,586)	(29,668)	(44,205)
Accumulated results	*17*	(62,409)	(60,149)	(18,628)
Total equity		**1,379,440**	**1,371,618**	**1,338,602**
Total liabilities and equity		**2,939,150**	**3,020,895**	**3,007,562**

The accompanying notes on pages F-8 to F-49 are an integral part of these financial statements.

PERU LNG S.R.L.

Statement of Profit or Loss and Other Comprehensive Income (Loss)

For the years ended December 31, 2017, 2016 and 2015

In thousands of U.S. dollars	Note	2017	2016	2015
Revenues	*18*	685,755	500,962	515,855
Cost of sales	*19*	(576,864)	(432,172)	(461,921)
Gross profit		**108,891**	**68,790**	**53,934**
Selling and distribution expenses	*20*	(25,250)	(25,221)	(25,390)
Administrative expenses	*21*	(23,484)	(28,801)	(35,818)
Other operating income		160	50	39
Profit (loss) from operating activities		**60,317**	**14,818**	**(7,235)**
Finance income	*3.H*	3,414	1,593	360
Finance cost	*22*	(64,946)	(71,577)	(77,334)
Exchange differences, net	*4.A*	830	(1,469)	(273)
Loss before income tax		**(385)**	**(56,635)**	**(84,482)**
Income tax	*23*	(1,875)	15,114	22,081
Net loss for the year		**(2,260)**	**(41,521)**	**(62,401)**
Other comprehensive income (loss)				
Derivative instruments		14,403	20,767	11,033
Income tax		(4,321)	(6,230)	(3,310)
Other comprehensive income		**10,082**	**14,537**	**7,723**
Total comprehensive income (loss)		**7,822**	**(26,984)**	**(54,678)**

The accompanying notes on pages F-8 to F-49 are an integral part of these financial statements.

PERU LNG S.R.L.

Statement of Changes in Equity

For the years ended December 31, 2017, 2016 and 2015

In thousands of U.S. dollars	Number of Ordinary shares	Issued capital (note 16)	Other equity reserves (note 15)	Accumulated results (note 17)	Total equity
Balance as of January 1, 2015	1,401,435	1,401,435	(51,928)	43,773	1,393,280
Comprehensive income:					
Net loss for the year	—	—	—	(62,401)	(62,401)
Other comprehensive income	—	—	7,723	—	7,723
Total comprehensive income (loss)	**—**	**—**	**7,723**	**(62,401)**	**(54,678)**
Balance as of December 31, 2015	**1,401,435**	**1,401,435**	**(44,205)**	**(18,628)**	**1,338,602**
Balance as of January 1, 2016	1,401,435	1,401,435	(44,205)	(18,628)	1,338,602
Comprehensive income:					
Net loss for the year	—	—	—	(41,521)	(41,521)
Other comprehensive income	—	—	14,537	—	14,537
Total comprehensive income (loss)	—	—	14,537	(41,521)	(26,984)
Capital contribution (notes 1.B and 16)	60,000	60,000	—	—	60,000
Balance as of December 31, 2016	**1,461,435**	**1,461,435**	**(29,668)**	**(60,149)**	**1,371,618**
Balance as of January 1, 2017	1,461,435	1,461,435	(29,668)	(60,149)	1,371,618
Comprehensive income:					
Net loss for the year	—	—	—	(2,260)	(2,260)
Other comprehensive income (loss)	—	—	10,082	—	10,082
Total comprehensive income (loss)	—	—	10,082	(2,260)	7,822
Balance as of December 31, 2017	**1,461,435**	**1,461,435**	**(19,586)**	**(62,409)**	**1,379,440**

The accompanying notes on pages F-8 to F-49 are an integral part of these financial statements.

PERU LNG S.R.L.

Statement of Cash Flows

For the years ended December 31, 2017, 2016 and 2015

In thousands of U.S. dollars	Note	2017	2016	2015
Cash flows from operating activities				
Cash receipts from operating activities				
Cash receipts from clients		707,020	464,170	546,041
Other cash receipts related to operating activities		87,537	128,797	111,441
Cash payments from operating activities				
Suppliers of goods and services		(561,269)	(335,156)	(467,813)
Other cash payments related to operating activities		(4,058)	(1,632)	(2,799)
Cash flows and cash equivalents from operating activities		**229,230**	**256,179**	**186,870**
Income tax paid	*23.C*	(25,165)	(959)	—
Interest paid		(56,092)	(61,073)	(65,783)
Cash flows and cash equivalents from operating activities		**147,973**	**194,147**	**121,087**
Cash flows from investing activities				
Cash payments from investing activities				
Acquisition of property, plant and equipment	*11*	(15,820)	(3,084)	(15,003)
Cash flows and cash equivalents used in investing activities		**(15,820)**	**(3,084)**	**(15,003)**
Cash flows from financing activities				
Cash payments from financing activities				
Payment of loans and financing		(164,143)	(159,065)	(154,308)
Other financial assets		(14,277)	12,883	(1,749)
Capital contribution	*16*	—	60,000	—
Cash flows and cash equivalents used in financing activities		**(178,420)**	**(86,182)**	**(156,057)**
Net increase (decrease) in cash and cash equivalents		(46,267)	104,881	(49,973)
Effect of exchange rate fluctuations on cash and cash equivalents		385	(22)	(501)
Cash and cash equivalents at beginning of the year	*6*	206,159	101,300	151,774
Cash and cash equivalents at end of the year		**160,277**	**206,159**	**101,300**

The accompanying notes on pages F-8 to F-49 are an integral part of these financial statements.

PERU LNG S.R.L.

Notes to the Financial Statements

December 31, 2017, 2016 and 2015

1. Reporting Entity

A. Background

PERU LNG S.R.L. (hereinafter the Company), formerly, Camisea LNG Company S.R.L. is a subsidiary of Peru LNG Company, LLC, a limited liability company duly incorporated and existing under the laws of the State of Delaware, United States of America, which holds 99.5% of shares. Peru LNG Company, L.L.C. (hereinafter the Parent Company), does not present financial statements to public markets; likewise, there is not any intermediary parent between PERU LNG S.R.L. and Peru LNG Company, LLC. PERU LNG S.R.L. Legal domicile is located at Av. Víctor Andrés Belaúnde 147 Vía Real 185 Torre Real Doce, office 105, San Isidro, Lima, Perú, where its administrative offices operate. The Company's economic activities are carried out at the Natural Gas Processing Plant located in the so-called Pampa Melchorita Km. 163 of Pan-American South highway, in the district of San Vicente de Cañete.

The Company was formed in 2003 to develop a project for construction, operation and maintain a natural gas processing plant for obtaining liquefied natural gas (LNG). The natural gas used for processing the LNG for export comes from the total reserves from Block 56 and the natural gas used from Block 88 is used only for internal production process. Block 88 and 56 are geographic areas within the territory of Peru where the gas producers obtained License Contract for the Exploitation of Hydrocarbons.

In June 2010, the Company started operations at Pampa Melchorita producing liquefied natural gas (LNG) at its liquefaction plant and completed its first methane tanker of LNG on June 22, 2010.

B. Business activity

Business activity of the Company consists in transportation and processing of natural gas into liquefied natural gas for its exportation.

At the end of 2015, the Company had a loss of US$ 62,401 thousand and cash on hand decreased by US$ 50,474 thousand. Although the Company had enough cash to meet its payments during 2016, the Company's management projected a potential cash deficit for mid-year of 2016 resulting from low LNG prices that was recovered by the increase in volumes of LNG produced by the end of 2016, resulting in a total cash of US$ 206,159 thousand at the end of 2016.

In order to anticipate and cover this potential cash deficit, on April 29, 2016, the Parent Company's partners signed a Written Consent, approving the modification of the 2016 budget and a capital contribution of US$ 60,000 thousand in cash. This was made in two equal installments of US$ 30,000 thousand in May and August 2016. Also, on the same date, the Company signed an amendment to modify the Quarterly Payment clause, from the LNG Sales and Purchase agreement, by increasing the limit of advances up to US$110,000 thousand (note 5.C).

On May 13, 2016, General Partners' Meeting approved the increase of capital through the capitalization of new cash contributions for US$ 30,000 thousand (note 16). Also, the first payment from SITME was received for the amount of US$ 29,000 thousand, according to calculation to date and under the aforementioned amendment to the Quarterly Payment included in the agreement.

Subsequently, on June 4, 2016, the Company signed the third amendment of the working capital facility with Banco de Crédito del Perú ("BCP") for US$ 37,500 thousand maturing on June 4, 2018.

1. Reporting Entity (Continued)

This revolving credit agreement will provide short-term financing and allow the Company to fund short-term cash flow shortfalls (note 15(b)).

On August 4, 2016, the second payment from SITME was received amounting to US$ 20,747 thousand. On August 5, 2016, General Partners' Meeting approved the increase of capital through the capitalization of new cash contributions in the amount of US$ 30,000 thousand (note 16).

Currently, the Company is negotiating with SITME the terms of the LNG Sale and Purchase Agreement in order to mitigate material price volatility risk to which the Company is exposed (note 4.A.iii).

C. Approval of financial statements

Financial statements have been issued with management approval on February 7, 2018, and they will be presented to General Partners' Meeting that will be held within the terms established by Law, for final approval. In management's opinion, the Partners will approve the accompanying financial statements as of December 31, 2017 without modifications.

2. Basis for the Preparation of Financial Statements

A. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

B. Information responsibility

The information contained in these financial statements is the responsibility of the Company's management that expressly states that all the principles and criteria included in the International Financial Reporting Standards have been applied.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis, except when stated otherwise.

D. Functional and presentation currency

The items included in the financial statements are measured in the currency of the primary economic environment in which the Company operates. The financial statements are presented in U.S. dollars (US$) which is the Company's functional and presentation currency. All the information are presented in thousands of U.S. dollars and have been rounded to the nearest unit, unless otherwise indicated.

2. Basis for the Preparation of Financial Statements (Continued)

E. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Review of accounting estimates are recognized in the period where estimates have been reviewed and in any future affected periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

- Financial instruments (note 3.A).
- Property, plant and equipment (note 3.B).
- Income tax (note 3.I)

3. Significant Accounting Policies

The accounting policies detailed below have been applied consistently to all years presented.

A. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit and loss, and loans and receivables.

The Company classifies non-derivatives financial liabilities into the loans and financing category.

i. Non-derivative financial assets and financial liabilities—recognition and de-recognition

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date when the Company becomes party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership and does not retains control over the transferred asset. Any interest in such derecognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, or cancelled or expire.

3. Significant Accounting Policies (Continued)

ii. Non-derivative financial assets—measurement

Financial assets at fair value through profit and loss	A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Direct attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, including any interest or dividend income, are recognized in profit or loss.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

iii. Non-derivative financial liabilities—measurement

Non-derivative financial liabilities are initially recognized at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

iv. Derivate financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognized initially at fair value; any direct attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

When a derivative is designated as a cash flow hedging instrument, the Company formally documents the hedging relationship between the hedging instruments and the hedged item, including the Company's risk management objective and strategy for undertaking the hedge, and the methods for assessing the hedging instrument's effectiveness.

The Company carries out an assessment at the inception of the hedging relationship and on a permanent basis, as to whether the hedge is expected to be highly effective to offset changes in the fair value or cash flows of hedged items during the period for which the hedge is designated and whether the actual results of each hedging are within a range of 80% and 125%.

For a cash flow hedge of a projected transaction, it should be highly probable that the transaction arises and it shall be necessary to present an exposure to cash flow variations that may affect the profit or loss for the year.

Derivative instruments are initially recognized at fair value; attributable transactions costs are recognized in the profit or loss when they occur. Subsequent to initial recognition, derivative financial instruments are measured at fair value and their changes are recorded as described below.

3. Significant Accounting Policies (Continued)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (loss) and accumulated in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in other equity reserves and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

B. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at acquisition cost less accumulated depreciation, and less residual value and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets constructed by the Company includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended usage and borrowing costs on qualifying asset.

Financing costs are recorded as part of the cost of assets if attributed directly to the acquisition or construction of a qualified good, otherwise, they are recorded as expense in the period when incurred.

The cost of software is capitalized, provided that is integral to the functionality of the related equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the income from disposal and the carrying amount of property, plant and equipment. They are recognized net in other operating income of the statement of profit or loss and other comprehensive income (loss).

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount, if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3. Significant Accounting Policies (Continued)

The cost of the general inspections or overhaul of the main assets of the Plant, are recognized as a separate item of property, plant and equipment within the main component and it is depreciated over the period until the following inspection or overhaul.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Land and permanent assets (linepack, LNG in Tank heel and LNG in loading arms) are not depreciated.

The useful lives estimated for the current and comparative years are as follows:

	Years
Building/premises	20, 10, 5 and 3
Plant and equipment	20, 6 and 3
Vehicles	5
IT equipment	4
Furniture and fixtures	10
Various equipment	10
Replacement units (includes essential and mandatory spares)	20, 6 and 3

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively if appropriate (note 11).

C. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method, and includes disbursement for the acquisition of inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of inventories of liquefied natural gas, cost includes an appropriate share of production overheads based on normal operating capacity.

Spare parts that are considered essential to ensure continuous plant operation, are classified under property, plant and equipment, and are depreciated using the straight line method in accordance with applicable rates.

Essential or insurance spare parts are those that remains in the warehouse to avoid any emergency that will cause losses to the Company for not having it. These spares are being depreciated in the same period of the equivalent equipment (20 years).

3. Significant Accounting Policies (Continued)

Mandatory spare parts that meet the definition of property, plant and equipment are classified as such and are individually depreciated as per useful life determined by the management.

Mandatory spare parts are those installed into the main equipment during the major overhaul periods (each 3 years). The useful life is determined by technical management between 3 and 6 years.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses (note 9).

D. Impairment loss

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (property, plant, and equipment) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate before taxes that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss. These losses are distributed to reduce the carrying amount of assets of the cash generating unit based on a prorate basis of carrying amounts.

3. Significant Accounting Policies (Continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Management has determined that the cash-generating units (CGU) is the LNG liquefaction Plant, which is located in the district of San Vicente de Cañete.

E. Employee benefits

The Company maintains short-term employee benefits which include wages, salaries, vacations and other benefits received for the rendering of services during the year.

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

F. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at present value of expenditures expected to be required to settle the obligation using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance cost in the statement of profit or loss and other comprehensive income (loss).

G. Revenues

Revenue is recognized when the Company has transferred the significant risks and rewards of the LNG sold, the amount can be measured reliably and it is probable that economic benefits will flow into the Company which is typically when the LNG has been loaded on board the ship. The related cost of sales and expenses are recognized in the year when the LNG was sold (notes 19 and 20).

According to the LNG Sales and Purchase agreement, certain quantities of LNG shall be delivered to Port of Manzanillo (Mexico) (hereinafter Manzanillo), following minimum quantities stated in the contract. In years in which SITME does not deliver said quantities to Manzanillo (Henry Hub—HH marker), the Company calculates an adjustment in order to fulfill the Minimum Manzanillo quantities. The calculation is done as of the end of the year and uses the Annual Delivery Program in order to identify the methane tankers that should have gone to Manzanillo but actually have a different destination in order to do the adjustment. The mentioned adjustment affects the market price with an impact in revenues.

H. Finance income

Finance income comprises interest income on deposits. Interest income is recognized in profit or loss when accrued.

3. Significant Accounting Policies (Continued)

I. Income tax

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using settled tax rates as mentioned in note 5.A and note 23. Tax rate applicable for the Company is 30%.

ii. Deferred income tax

Deferred tax reflects the effects of existing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the settled rates according to the signing date of the Investment Agreement (note 5.A and 23).

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

J. Fair value hierarchy

Fair value of financial instruments is determined by using valuation techniques. Fair values are categorized into different levels in a fair value hierarchy as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the assets or liability that are not based on observable market data.

K. Finance cost

Finance costs include interest accrued on long-term debt and corporate bonds, the effective portion of gains and losses on hedging instruments, amortization of transaction costs, interest on checking accounts and short-term credit line. Finance cost are recognized in profit or loss when accrued (note 22).

L. Foreign currency transactions

Foreign currency transactions are those transactions carried out in a currency that is different from the functional currency. Foreign currency transactions are translated into the functional currency at the

3. Significant Accounting Policies (Continued)

exchange rates at the dates of the transactions, published by the Banking, Insurance, and Pension Plan Agency—SBS.

Exchange difference gains or losses resulting from payment of such transactions and from translating monetary assets and liabilities stated in foreign currency at exchange rates ruling at period-end closing are recognized in the statement of profit or loss and other comprehensive income (loss) (note 4.A).

M. Operating segments, geographic and revenue information

Operating segments are defined as business activities which generate revenue and expenses and whose operating results are regularly reviewed by the chief operating decision maker ("CODM") of the Company in order to make decisions about the allocation of resources to the segments and to evaluate its performance.

Management has determined that the General Manager is the CODM. The CODM receives and reviews information about operating results and assesses performance on a total Company basis only. Consequently, management has determined the Company has no operating segments as that term is defined in IFRS.

The Company's revenue is derived mainly from one external customer that is geographically located in Dubai. Also, all non-current assets of the Company are located in Peru.

N. Reclassifications

For comparative purposes, the Company reclassified US$ 25,070 thousand from Accounts receivable from related parties to Account payable to related parties in its 2016 Statement of Financial Position; and same amount from the cash receipts from clients to cash payment of good and services in the Statement of Cash Flow.

This reclassification has been made for a better presentation of accounts receivables and payables arises from the Minimum Manzanillo adjustment (note 3.G).

O. New accounting pronouncements not yet adopted

The following standards and interpretations have been published, applicable for periods beginning after the presentation date of these financial statements.

New currently effective requirements

Effective date:	New standards or amendments
January 1, 2017	• Disclosure Initiative (Amendments to IAS 7) • Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) • Annual Improvements to IFRSs 2014-2016 Cycle—various standards (Amendments to IFRS 12)

3. Significant Accounting Policies (Continued)

Forthcoming requirements

Effective date:	New standards or amendments
January 1, 2018	• IFRS 15 Revenue from Contracts with Customers • IFRS 9 Financial Instruments • Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2). • Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) • Transfers of Investment Property (Amendments to IAS 40) • Annual Improvements to IFRSs 2014-2016 Cycle—various standards (Amendments to IFRS 1 and IAS 28) • IFRIC 22 Foreign Currency Transactions and Advance Consideration
January 1, 2019	• IFRS 16 Leases. • IFRIC 23 Uncertainty over Income Tax Treatments
January 1, 2021	• IFRS 17 Insurance Contracts.
To be determined	• Sale or Contribution of Assets between an Company and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Company's management is evaluating the impact, if any, of the adoption of these amendments and new International Financial Reporting Standards (IFRS) issued but not yet effective as of the date of the financial statements.

4. Financial Instruments—Fair Value and Risk Management

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities including their fair value hierarchy levels:

	Carrying amount								
	Current				Non-current				Fair value
In thousands of U.S. dollars	Cash	Loans and receivables	Other financial liabilities	Fair Value Hedging	Loans and receivables	Other financial liabilities	Fair Value Hedging	Total	Level 2
As at December 31, 2017									
Financial assets not measured at fair value									
Cash and cash equivalents	160,277	—	—	—	—	—	—	160,277	—
Other financial assets	189,728	—	—	—	—	—	—	189,728	—
Other accounts receivable	—	1,459	—	—	—	—	—	1,459	—
Accounts receivable from related parties	—	108,771	—	—	—	—	—	108,771	—
Other non-financial assets	—	15,282	—	—	11,027	—	—	26,309	—
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	—	—	—	11,918	—	—	17,862	29,780	29,780
Financial liabilities not measured at fair value									
Trade accounts payable	—	—	105,431	—	—	—	—	105,431	—
Other accounts payable	—	—	20,190	—	—	—	—	20,190	—
						-			
Accounts payable to related parties	—	—	95,086	—	—	110,000	—	205,086	—
Loans and financing(*)	—	—	169,563	—	—	1,051,516	—	1,221,079	1,221,664
	350,005	**125,512**	**390,270**	**11,918**	**11,027**	**1,161,516**	**17,862**	**2,068,110**	**1,251,444**

	Carrying amount								
	Current				Non-current				Fair value
In thousands of U.S. dollars	Cash	Loans and receivables	Other financial liabilities	Fair Value Hedging	Loans and receivables	Other financial liabilities	Fair Value Hedging	Total	Level 2
As at December 31, 2016									
Financial assets not measured at fair value									
Cash and cash equivalents	206,159	—	—	—	—	—	—	206,159	—
Other financial assets	175,451	—	—	—	—	—	—	175,451	—
Other accounts receivable	—	2,123	—	—	—	—	—	2,123	—
Accounts receivable from related parties	—	65,955	—	—	—	—	—	65,955	—
Other non-financial assets	—	11,343	—	—	7,951	—	—	19,294	—
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	—		—	18,096	—	—	26,779	44,875	44,875
Financial liabilities not measured at fair value									
Trade accounts payable	—	—	89,507	—	—	—	—	89,507	—
Other accounts payable	—	—	17,640	—	—	—	—	17,640	—
Accounts payable to related parties	—	—	32,052	—	—	110,000	—	142,052	—
Loans and financing(*)	—	—	164,142	—	—	1,221,079	—	1,385,221	1,386,189
	381,610	**79,421**	**303,341**	**18,096**	**7,951**	**1,331,079**	**26,779**	**2,148,277**	**1,431,064**

4. Financial Instruments—Fair Value and Risk Management (Continued)

	Carrying amount								
	Current				Non-current				Fair value
In thousands of U.S. dollars	**Cash**	**Loans and receivables**	**Other financial liabilities**	**Fair Value Hedging**	**Loans and receivables**	**Other financial liabilities**	**Fair Value Hedging**	**Total**	**Level 2**
As at December 31, 2015									
Financial assets not measured at fair value									
Cash and cash equivalents	101,300	—	—	—	—	—	—	101,300	—
Other financial assets	188,334	—	—	—	—	—	—	188,334	—
Other accounts receivable	—	2,023	—	—	—	—	—	2,023	—
Accounts receivable from related parties	—	27,052	—	—	—	—	—	27,052	—
Other non-financial assets	—	10,023	—	—	4,751	—	—	14,774	—
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	—	—		25,929	—	—	40,834	66,763	66,763
Financial liabilities not measured at fair value									
Trade accounts payable	—	—	42,931	—	—	—	—	42,931	—
Other accounts payable	—	—	2,336	—	—	—	—	2,336	—
Accounts payable to related parties	—	—	7,908	—	—	44,660	—	52,568	—
Loans and financing(*)	—	—	159,065	—	—	1,385,221	—	1,544,286	1,544,577
	289,634	**39,098**	**212,240**	**25,929**	**4,751**	**1,429,881**	**40,834**	**2,042, 367**	**1,611,340**

(*) Amounts do not include interest accrued and debt issue cost.

Financial Risk Management

The Company has exposure to the following risks related to the use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Capital management risk

A. Market risk

i. Currency risk

The functional currency of the Company is U.S. dollars and the Company reduces its currency risk when conducting the major part of their transactions in U.S. dollars.

The Company is exposed to currency risk of sol as it is the official currency in Peru, since part of its transactions is determined in such currency. Exposures of assets and liabilities stated in currencies other than the U.S. dollar were not significant as of December 31, 2017, 2016 and 2015 (note 3.L).

4. Financial Instruments—Fair Value and Risk Management (Continued)

As of December 31, 2017, 2016 and 2015, the exchange rates used by the Company to record balances in foreign currency, published by the Banking, Insurance and Private Pension Plan Agency—SBS, converting proportionally S/ 1 into U.S. dollars effective as of December 31 is as follows:

In U.S. dollars	2017	2016	2015
1 S/—Buy rate (assets)	0.2976	0.2983	0.2934
1 S/—Sell rate (liabilities)	0.2983	0.2976	0.2930

As of December 31, 2017, the Company recorded a gain on exchange difference, net of US$830 thousand (net loss of US$ 1,469 thousand and US$ 273 thousand in 2016 and 2015, respectively, which is presented in 'exchange differences, net' of the Statement of Profit or Loss and Other Comprehensive Income (Loss).

ii. Interest rate risk

The Company is exposed to interest rate risk through the use of variable—rate London Interbank Offered Rate (LIBOR) in long-term debts, acquired to finance the construction of the LNG Plant, Maritime Terminal and the gas pipeline. The Company mitigates such risk by entering into swap agreements with different financial entities (note 15 (a)).

These debt obligations expose the Company to variability in cash flow due to changes in interest rates. To limit this exposure, the Company entered into interest rate swaps in December 2008 to manage fluctuations in cash flows. It is the Company's objective to have 80% of its total senior loans effectively accrue interest at either a stated fixed rate or fixed through an interest rate swap.

Interest rate exposures for financial assets and liabilities are as follows:

In thousands of U.S. dollars	Fixed rate	Variable rate	Total	Weighted average interest rate (%)
2017				
Financial liabilities:				
Loans and financing(*)	122,727	1,098,352	1,221,079	Libor + 0.15 to 3.656 and Fixed:4.45% and 7.156
2016				
Financial liabilities:				
Loans and financing(*)	140,259	1,244,962	1,385,221	Libor + 0.15 to 3.656 and Fixed:4.45% and 7.156
2015				
Financial liabilities:				
Loans and financing(*)	157,792	1,386,494	1,544,286	Libor + 0.15 to 3.656 and Fixed:4.45% and 7.156

(*) Not considering the effect of interest rate, debt issue cost and swaps.

4. Financial Instruments—Fair Value and Risk Management (Continued)

The detail of instruments held by the Company as of December 31, 2017, 2016 and 2015 is as follows:

In thousands of U.S. dollars	2017	2016	2015
Unhedged variable rate instruments			
Loan	(132,047)	(150,911)	(169,774)
Bonds	(94,727)	(108,260)	(121,793)
	(226,774)	**(259,171)**	**(291,567)**

If as of December 31, 2017, 2016 and 2015 unhedged variable interest rates would have been 100bp higher/lower, and other variables would have remained constant, at the close of the year, the effect in the profit or loss before taxes would be as follows:

Year	Increase /decrease in interest rate	Effects in profit or loss before tax
		In thousands of US$
2017	+100bp	1,996
	−100bp	(1,996)
2016	+100bp	2,292
	−100bp	(2,292)
2015	+100bp	2,593
	−100bp	(2,593)

bp: basis point

iii. Price risk

The Company is exposed to the price risk due to the LNG Sale price is determined based on an international market price.

To mitigate the price risk, the Company determined the prices of the Gas Sales and Purchase Agreement and LNG Sales and Purchase Agreement based on the same market price.

In addition, due to the international price drop, the Company is under negotiation with SITME the terms of the LNG Sale and Purchase Agreement in order to mitigate material price volatility risk.

B. Credit risk

Credit risk is the risk that a counterparty to a financial instrument or contract of sale fails to meet its obligations, thus resulting in a financial loss.

The Company is exposed to concentration of credit risk, as it has only one client Shell International Trading Middle East Limited (SITME). In accordance to the LNG Sale and Purchase Agreement, the Company holds receipts with maturity that do not exceed 20 days. Likewise, as of the date of this report, the Company's client maintains high credit rating.

4. Financial Instruments—Fair Value and Risk Management (Continued)

As of December 31, 2017, 2016 and 2015 the Company does not have significant exposure to credit risk.

C. Liquidity risk

Liquidity risk results from the potential inability of the Company to meet financial obligations, such as payments to suppliers or employees. The Company's liquidity is administered by the treasury department. In addition to the policies for the administration of working capital and cash, the Company reduces its liquidity risk when subscribe a short-term financing contract with local financial institution that grant working capital facilities. Likewise, the Company maintains reserve accounts in financial institutions mainly to hedge short-term obligations.

4. Financial Instruments—Fair Value and Risk Management (Continued)

Contractual maturities of other financial liabilities do not exceed 2 months, and balances as of December 31, 2017, 2016 and 2015 (notes 13 and 14).

The Company's financial liabilities are classified based on their maturity, considering their maturity from the date of the statement of financial position until contractual maturity. The disclosed amounts correspond to the contractual undiscounted cash flows and include contractual interest payments:

In thousands of U.S. dollars	Carrying amount	Less than 1 year and not at sight	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2017							
Non-derivative financial liabilities:							
Trade accounts payable	105,431	105,431	—	—	—	—	—
Other accounts payable	20,190	20,190	—	—	—	—	—
Accounts payable to related parties	205,086	95,086	—	—	—	—	110,000
Loans and financing(*)	1,221,079	169,563	175,349	181,527	188,121	195,162	311,357
Derivative financial liabilities:							
Interest rate swaps used for hedging	29,780	11,918	6,431	4,576	3,365	2,245	1,245
Total	**1,581,566**	**402,188**	**181,780**	**186103**	**191,486**	**197,407**	**422,602**
2016							
Non-derivative financial liabilities:							
Trade accounts payable	89,507	89,507	—	—	—	—	—
Other accounts payable	17,640	17,640	—	—	—	—	—
Accounts payable to related parties	142,052	32,052					110,000
Loans and financing(*)	1,385,221	164,143	169,563	175,349	181,527	188,121	506,518
Derivative financial liabilities:							
Interest rate swaps used for hedging	44,875	18,096	9,260	4,820	2,458	1,207	9,034
Total	**1,679,295**	**321,438**	**178,823**	**180,169**	**183,985**	**189,328**	**625,552**
2015							
Non-derivative financial liabilities:							
Trade accounts payable	42,931	42,931	—	—	—	—	—
Other accounts payable	2,336	2,336	—	—	—	—	—
Accounts payable to related parties	52,568	7,908	—	—	—	—	44,660
Loans and financing(*)	1,544,286	159,165	164,143	169,563	175,349	181,527	694,539
Derivative financial liabilities:							
Interest rate swaps used for hedging	66,763	25,929	16,277	10,370	7,309	4,849	2,029
Total	**1,708,884**	**238,269**	**180,420**	**179,933**	**182,658**	**186,376**	**741,228**

(*) it does not include the interest accrued and debt issue cost.

4. Financial Instruments—Fair Value and Risk Management (Continued)

D. Capital management risk

The Company's objective in managing capital is to safeguard the capacity to continue as a going concern and provide the expected return to its partners and respective benefits to stakeholders, as well as maintaining an optimum structure to reduce capital cost.

The Company monitors its capital based on the debt-to-total-capital ratio. This ratio is determined from the division of (i) long-term financial liabilities and (ii) sum of mentioned in (i) plus capital.

No changes in objectives, policies and procedures have occurred for the years ended December 31, 2017, 2016 and 2015.

As of December 31, 2017, 2016 and 2015, the debt-capital ratios were as follows:

In thousands of U.S. dollars	2017	2016	2015
International loans	1,109,079	1,257,221	1,400,286
Bonds	112,000	128,000	144,000
Total(a)	**1,221,079**	**1,385,221**	**1,544,286**
International loans	1,109,079	1,257,221	1,400,286
Bonds	112,000	128,000	144,000
Issued capital	1,461,435	1,461,435	1,401,435
Total(b)	**2,682,514**	**2,846,656**	**2,945,721**
Debt—Capital ratio (a/b)	**45.52%**	**48.66%**	**52.42%**

Amounts of international loans and bonds do not include interest accrued and transaction cost.

E. Fair value measurement

The carrying amount of cash and cash equivalent, other accounts receivable, accounts receivable and payable to related parties, trade accounts payable and other accounts payable reported in the statement of financial position approximately fair values due to the short maturities of these instruments.

i. Valuation techniques and significant unobservable inputs

The following table shows the valuations techniques used in the determination of fair values of financial instruments—Level 2, as well as the significant unobservable inputs used.

4. Financial Instruments—Fair Value and Risk Management (Continued)

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable data	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate Swaps	The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Company.	Not applicable	Not applicable

Reconciliation of cash flow hedges derivatives:

The following table shows reconciliation from the opening balances to the closing balances for cash flow hedges derivatives:

In thousands of U.S. dollars	
Balance at January 1, 2015	(51,928)
Loss included in OCI	7,723
Balance at December 31, 2015	**(44,205)**
Loss included in OCI	14,537
Balance at December 31, 2016	**(29,668)**
Loss included in OCI	10,082
Balance at December 31, 2017	**(19,586)**

The statement of financial position includes the income tax of derivative in the account deferred income tax.

5. Long-term Agreements

A. Investment agreement for the installation, operation and maintenance of natural gas processing plant

General matters

On January 12, 2006, under Law 26221 Hydrocarbons Organic Act, and Law 28176 Law for Promotion of Investment in Natural Gas Processing Plant, the Company and the Peruvian State, through the Ministry of Energy and Mines, General Bureau of Hydrocarbons, and with the participation of the Central Reserve Bank of Peru, signed an Investment Agreement for the Installation, Operation and Maintenance of a Natural Gas Processing Plant.

On June 24, 2010, Supreme Decree 037-2010-EM approved the amendment to the Investment Agreement in order to implement the Capacity Use Agreement signed between the Company and Transportadora de Gas del Perú S.A. which will grant earlier open access to the Company's pipeline. This agreement was approved by Supreme Resolution 040-2010-EM, dated May 26, 2010, note 18.

On June 25, 2015, Supreme Resolution 034-2015-EM was issued approving the amendment to the Capacity Use Agreement in order to regulate technical operating issues. This amendment has been included in the Investment Agreement by public deed dated September 17, 2015, and approved by Supreme Decree 029-2015-EM.

The agreement will be effective for a forty-year term, beginning on the signing date, actually the Company is under the operation phase.

The Company will only be subject to the current tax regime applicable as of the date of signing. Any subsequent taxes, or changes made on the quantification of taxes, the exemptions, benefits, incentives, and amount of income not subject to taxation, except for the provisions set forth in the following paragraph, will not be applicable to the Company.

The Company may keep its accounting books in U.S. dollars, according to Supreme Decree 151-2002-EF.

The expenses and investments disbursed by the Company before the commercial production will be accumulated in an account whose amount will be amortized using the straight-line method for tax purposes, deducting it proportionally within a five-year period. Depreciation period for the main gas pipeline will be five years.

The Company will be able to assign its contractual position to a third party or make associations with third parties subject to a previous approval by Supreme Decree signed by the Ministers of Economy and Finance, as well as Energy and Mines.

B. Gas sales and purchase agreement

During 2006, the Company entered into natural gas supply agreement to purchase an aggregate of 244,550,000 MMBtu per year for 18 years with the Consortium that holds the Camisea Block 56 and Block 88 license contracts. The Company started the purchase of gas in February 2010 (no gas was purchased during 2006-2010 because the Company was under construction stage). The price of gas is calculated based on a "Reference Value" as defined in the agreement. Certain partners of the Parent Company are also members of the Block 56 and Block 88 Upstream Consortium.

5. Long-term Agreements (Continued)

On August 6, 2014, the Amended and Restated Block 88 Gas Sales Agreement became effective whereby the members of the Upstream Consortium committed to deliver to the Company only volumes of gas to be used in local consumption or as part of the production process. This contract has an expiration date of (i) June 30, 2028 or (ii) delivering of 0.33 trillion cubic feet of gas, whichever occurs first.

Likewise, on August 6, 2014, the Amended and Restated Block 56 Gas Sales Agreement entered into effect with the purpose of incorporating as part of its obligations of gas supply, the gas from Block 57 (as a substitute for the gas previously received from Block 88).

C. LNG Sales and purchase agreement

During 2006, the Company entered into an LNG Sale and Purchase Agreement (SPA) to sell 218,000,000 MMBtu per year of LNG to Repsol Comercializadora de Gas S.A. for a period of 18 years. Delivery of LNG under the SPA began upon commencement of Operations of the LNG plant.

The Contract states that LNG be indexed to Henry Hub price following the formula agreed by the parties. This agreement is on a "take-or-pay" and "deliver-or-pay" basis.

On April 1, 2011, the Company and Repsol Comercializadora de Gas S.A. signed a permanent amendment to the referred LNG Sale and Purchase agreement (Amended and Restated LNG Sale and Purchase Agreement). According to the addendum signed, the price of LNG sold and the price of natural gas purchased will be indexed to the same marker according to the ultimate delivery point of the LNG, eliminating entirely the price mismatch. The addendum also provides for revisions to clauses to maintain the above mentioned conditions, as well as other revisions agreed by both parties. The terms of the amendment are effective from April 1, 2011.

On December 31, 2013, the Company signed the Third Amended and Restated LNG Sale and Purchase Agreement in which Shell International Trading Middle East Limited acquired the position of Buyer in the referred contract. The effective date of this amendment was January 1, 2014.

The SPA contract states that if in any case in which the average contract sales price of the previous quarter is less than US$2.25 per MMBTu, Shell shall advance to the Company the amount of the difference between the contract sales price of said quarter and US$2.25, this difference is then multiplied by the quantity of the LNG sold during said quarter. If during the following quarters the average price is still less than US$2.25, Shell will continue make additional advances (cash) only up to the limit of $110,000 thousand (note 24).

The repayments in cash will start once the average contract sales price of the previous quarter is higher than $2.25 following the same procedure as the advances.

This advance is not related with futures LNG sales.

D. Gas transportation contract

In June 2007, the Company entered into a gas transportation agreement (GTA) with Transportadora de Gas del Perú S.A. (TGP). Under the GTA, TGP will provide firm transportation service of natural gas from the Malvinas Separation Plant located close to the Camisea gas fields to an

5. Long-term Agreements (Continued)

interconnection with the Company's Pipeline. The Services Start Date occurred on June 1, 2010 and the contract will remain in effect until December 28, 2033, subject to certain provisions of the contract. The Daily Reserved Capacity is 620,000,000 cubic meters per day, and has to be fully paid on a monthly invoice, no matter if it totally used or not. If the Company consumes more than the daily capacity, the additional volume will be assigned and charged to an interruptible contract paying only what the user consumes. The Tariff ranges from US$ 0.29 to US$ 0.48 per thousand cubic feet of gas depending upon value of gas at Henry Hub marker.

E. Plant maintenance services contracts

In January 2010, the Company signed a long-term service agreement with Wood Group Perú S.A.C. to provide a service and maintenance program to maximize machine availability of the gas turbines, compressors and generators for the LNG plant. Under the agreement, Wood Group Perú S.A.C. will implement a maintenance plan, remote monitoring and diagnostics, supply spare parts, carry out component repair, as well as inventory management, field service and major maintenance. The term of the agreement is for 15 years.

On November 30, 2014, the Company signed a service contract with General Electric International Perú for the maintenance of gas turbines, compressors and power generation of the Plant. The term of the contract is for 13 years.

In January 2015, the Company and Wood Group Peru S.A.C. executed the agreement to terminate the maintenance contract signed in January 2010, this termination involved a penalty payment of US$ 5,000 thousands showed in note 21. The effective date of this agreement was March 31, 2015.

6. Cash and Cash Equivalents

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Petty cash	11	11	13
Checking accounts(a)	32,344	39,635	33,749
Overnight deposits(b)	127,922	166,513	67,538
	160,277	**206,159**	**101,300**

(a) The Company maintains its banks accounts in local financial institutions and cash is readily available.

6. Cash and Cash Equivalents (Continued)

According to the information provided by Apoyo & Asociados Internacional S.A.C. (an authorized Peruvian Rating Agency) the rating of the financial institutions in which the Company deposits its cash is classified as follows:

In thousands of dollars	2017	2016	2015
A+ rating	32,314	8,984	11,646
A rating	30	30,651	22,103
	32,344	**39,635**	**33,749**

(b) As of December 31, 2017 and 2016, overnight deposits are maintained in a financial entity bank rated as A1 and A by Moody's and Standard & Poor's, respectively (2015: it was rated as A1 and A).

7. Other Financial Assets

These funds have been established as reserve accounts to guarantee payment of loans and financing and third party liabilities in accordance with requirements of financial obligations signed by the Company (note 15 (c) and 15 (d)).

8. Recoverable Tax

They comprise mainly refundable Value Added Tax (IGV, for its Spanish acronym) originated by the acquisition of new intermediate goods, property, plant and equipment, services and contracts that have been used in the Company's operations.

According to art. 34 of Consolidated Text of Sales Tax Law, Leg. Decree 821 and S.D. 126-94-EF Regulation of Negotiable Credits Notes, the Company recovers the IGV from its acquisitions by requesting the refund of the balance in favor of the Company.

Management estimates that the IGV receivable accumulated as of December 31, 2017 will be recovered in the short-term. The balance as of December 31, 2016 and 2015 was fully collected by the Company.

9. Inventories

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Natural gas	347	720	125
Liquefied natural gas	5,533	4,638	4,143
Supplies and materials	1,895	1,494	1,310
Spare parts	12,602	9,314	9,211
	20,377	16,166	14,789
Less, estimate for inventory obsolescence	(22)	(71)	—
	20,355	**16,095**	**14,789**

9. Inventories (Continued)

As of December 31, 2017, inventories comprise natural gas stored in the Pipeline for 96,600 MMBtu (2016: 274,412 MMBtu 2015: 210,665 MMBtu), LNG stored in the tanks of the liquefaction Plant for 1,172,900 MMBtu (2016:1,303,150 MMBtu and 2015: 2,653,094 MMBtu) and supplies and spares parts required for the production process of the plant and as part of regular maintenance (note 3.C).

The movement in the estimate for inventory obsolescence was as follows:

In thousands of U.S. dollars	2017	2016	2015
Opening balance	71	—	—
Additions	37	71	—
Write-offs	(86)	—	—
Final balance	**22**	**71**	**—**

It is the management's opinion that the estimate of inventory obsolescence recorded by the Company as of December 31, 2017, 2016 and 2015 is enough to cover the obsolescence risk as of the date of the statement of financial position.

10. Other Non-Financial Assets

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Vendor advances(a)	14,008	9,993	8,463
Prepaid insurance(b)	1,274	1,350	1,560
Prepaid expenses(c)	11,027	7,951	4,751
	26,309	19,294	14,774
Less, current portion	15,282	11,343	10,023
Non-current portion	**11,027**	**7,951**	**4,751**

(a) Corresponds mainly to advances granted to vendors for goods and services acquired.

(b) Corresponds to insurance purchased for the office and Plant of LNG.

(c) As of December 31, 2017, 2016 and 2015, it comprises prepaid compressors maintenance, as part of the compression service agreement signed with the Camisea Consortium.

11. Property, Plant and Equipment, Net

This caption comprises the following:

In thousands of U.S. dollars	Land	Buildings / Installations	Machinery and equipment	Vehicles	IT equipment	Furniture and fixtures	Miscellaneous equipment	Others	Replacement units	Work-in-progress	Total
Cost:											
At the beginning of the year	869	532,452	2,788,473	375	539	95	1,276	3,928	64,392	3,227	3,395,626
Additions	—	—	4,019	—	192	—	319	—	—	10,473	15,003
Transfer from inventory	—	—	—	—	—	—	—	—	9,141	—	9,141
Provisions	—	—	106	—	—	—	—	—	—	—	106
Transfers	—	1,062	33,936	—	175	—	312	—	(26,195)	(9,290)	—
Balance as of December 31, 2015	**869**	**533,514**	**2,826,534**	**375**	**906**	**95**	**1,907**	**3,928**	**47,338**	**4,410**	**3,419,876**
At the beginning of the year	869	533,514	2,826,534	375	906	95	1,907	3,928	47,338	4,410	3,419,876
Additions	—	—	—	—	—	—	26	—	—	3,058	3,084
Transfer from inventory	—	—	—	—	—	—	—	—	2,079	—	2,079
Provisions										745	745
Transfers	—	29	2,673	—	418	—	—	—	—	(3,120)	—
Disposals	—	—	—	—	—	—	—	—	(47)	—	(47)
Balance as of December 31, 2016	**869**	**533,543**	**2,829,207**	**375**	**1,324**	**95**	**1,933**	**3,928**	**49,370**	**5,093**	**3,425,737**
At the beginning of the year	869	533,543	2,829,207	375	1,324	95	1,933	3,928	49,370	5,093	3,425,737
Additions	—	—	—	—	5	—	36	—	—	15,779	15,820
Transfer from inventory and other assets	—	—	1,519	—	—	—	—	—	(428)	—	1,091
Transfers	—	579	756	1,029	258	37	750	—	—	(3,409)	—
Disposals	—	—	(26)	(28)	—	—	—	—	—	(186)	(240)
Balance as of December 31, 2017	**869**	**534,122**	**2,831,456**	**1,376**	**1,587**	**132**	**2,719**	**3,928**	**48,942**	**17,277**	**3,442,408**
Accumulated depreciation:											
At the beginning of the year	—	83,429	550,408	286	131	47	601	—	4,892	—	639,794
Additions	—	16,430	125,655	73	41	8	217	—	1,085	—	143,509
Balance as of December 31, 2015	**—**	**99,859**	**676,063**	**359**	**172**	**55**	**818**	**—**	**5,977**	**—**	**783,303**
At the beginning of the year	—	99,859	676,063	359	172	55	818	—	5,977	—	783,303
Additions	—	15,252	130,100	16	131	9	250	—	1,084	—	146,842
Disposals	—	—	—	—	—	—	—	—	(13)	—	(13)
Balance as of December 31, 2016	**—**	**115,111**	**806,163**	**375**	**303**	**64**	**1,068**	**—**	**7,048**	**—**	**930,132**
At the beginning of the year	—	115,111	806,163	375	303	64	1,068	—	7,048	—	930,132
Additions	—	15,294	128,330	1,029	157	8	287	—	1,265	—	146,370
Disposals	—	—	—	(28)	—	—	—	—	—	—	(28)
Balance as of December 31, 2017	**—**	**130,405**	**934,493**	**1,376**	**460**	**72**	**1,355**	**—**	**8,313**	**—**	**1,076,474**
Carrying amount, net:											
As of December 31, 2015	**869**	**433,655**	**2,150,471**	**16**	**734**	**40**	**1,089**	**3,928**	**41,361**	**4,410**	**2,636,573**
As of December 31, 2016	**869**	**418,432**	**2,023,044**	**—**	**1,021**	**31**	**865**	**3,928**	**42,322**	**5,093**	**2,495,605**
As of December 31, 2017	**869**	**403,717**	**1,896,963**	**—**	**1,127**	**60**	**1,364**	**3,928**	**40,629**	**17,277**	**2,365,934**

11. Property, Plant and Equipment, Net (Continued)

As of December 31, 2017, 2016 and 2015, permanent fixed assets comprise:

In thousands of U.S. dollars	
Natural gas in pipeline	1,868
LNG in tank heel	1,908
LNG in loading arms	152
	3,928

As of December 31, 2017, 2016 and 2015, the balance of natural gas in pipeline correspond with the volume of line pack of 828,235 MMBtu which will remain to assure operating capacity of transportation of gas into the liquefaction plant. Likewise, the LNG in tanks and loading arms comprises 528,057 MMBtu and 42,017 MMBtu, respectively, that is the minimum quantity of liquefied natural gas necessary to be retained in tanks and loading arms for purposes of temperature and/or pressure maintenance. These volumes are valued at the average cost of the month of June 2010 in which the LNG plant started operations.

The expense for depreciation for the years ended December 31, have been distributed in the Statement of Profit or Loss and Other Comprehensive Income (Loss) as follows:

In thousands of U.S. dollars	2017	2016	2015
Cost of sales (note 19)	127,757	128,379	125,201
Selling and distribution expenses (note 20)	18,152	18,100	18,093
Administrative expenses (note 21)	461	363	215
	146,370	**146,842**	**143,509**

As of December 31, 2017 additions of work-in-progress amount includes mainly works related with the construction of LNG truck loading facility. As of December 31, 2016 and 2015, correspond to minor projects as part of improving the Company's operations.

The Company has insured its main assets in accordance with the policies established by the Company's management.

As of December 31, 2017, 2016 and 2015, management performed an evaluation of the recoverable value of its property, plant and equipment and determined that no provision for impairment of assets is required (note 3.B).

12. Deferred Tax Assets

As of December 31, 2017, 2016 and 2015, the Company has accounted for deferred tax in respect of temporary differences between assets and liabilities and tax losses carry forward (note 3.I) as follows:

	Assets			Liabilities			Net		
In thousands of U.S. Dollars	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Property, plant and equipment(a)	—	—	—	(651,638)	(692,103)	(732,666)	(651,638)	(692,103)	(732,666)
Derivatives(b)	8,394	12,715	18,945	—	—	—	8,394	12,715	18,945
Tax loss carry forwards(c)	667,142	697,702	714,103	—	—	—	667,142	697,702	714,103
Others	26,163	7,554	26	—	—	—	26,163	7,554	26
Deferred tax assets (liabilities), net	**701,699**	**717,971**	**733,074**	**(651,638)**	**(692,103)**	**(732,666)**	**50,061**	**25,868**	**408**

(a) As of December 31, 2017, 2016 and 2015, the item results mainly from the difference between the depreciation rate of the investment recorded for financial purposes and amortization/depreciation rate stated in the Investment Agreement (note 5.A). Likewise, it includes expenses recorded during the construction stage that were deferred for tax purposes according to the mentioned Agreement.

(b) Corresponds to the deferred tax arising from the valuation of hedging derivatives as of December 31, 2017, 2016 and 2015.

(c) As of December 31, 2017, 2016 and 2015, the balance arises from accumulated tax losses incurred by the Company during its construction and operation stages. In 2017 and 2016, the Company had taxable income (note 23.D).

Movement in deferred tax assets (liabilities) is as follows:

In thousands of U.S. dollars	Balance 01.01.2015	Recognized in profit or loss	Recognized in comprehensive income	Balance 12.31.2015	Recognized in profit or loss	Recognized in comprehensive income	Balance 12.31.2016	Recognized in profit or loss	Recognized in comprehensive income	Balance 12.31.2017
Property, plant and equipment	(672,916)	(59,750)	—	(732,666)	40,563	—	(692,103)	40,465	—	(651,638)
Derivatives	22,255	—	(3,310)	18,945	—	(6,230)	12,715	—	(4,321)	8,394
Tax loss carry forwards	632,274	81,829	—	714,103	(16,401)	—	697,702	(30,560)	—	667,142
Others	24	2	—	26	7,528	—	7,554	18,609	—	26,163
	(18,363)	**22,081**	**(3,310)**	**408**	**31,690**	**(6,230)**	**25,868**	**28,514**	**(4,321)**	**50,061**

13. Trade Accounts Payable

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Provisions	95,439	80,473	37,568
Invoices payable	9,992	9,034	5,363
	105,431	**89,507**	**42,931**

See accounting policy in note 3.Ai.

14. Other Accounts Payable

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Taxes payable	18,937	16,428	949
Remuneration payable	339	297	291
Other accounts payable	914	915	1,096
	20,190	**17,640**	**2,336**

15. Loans and Financing

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Derivative financial instruments(a)	29,780	44,875	66,763
Credit lines(b)	—	—	—
Long-term debt(c)	1,088,198	1,228,650	1,362,411
Corporate bonds(d)	111,025	126,553	141,951
	1,229,003	**1,400,078**	**1,571,125**

(a) Derivative financial instruments

The Company uses variable-rate LIBOR long-term debt to finance the construction of the Plant, Pipeline and the Marine Terminal. These debt obligations expose the Company to variability in cash flow due to changes in interest rates. To limit this exposure, the Company entered into interest rate swaps in December 2008 to manage fluctuations in cash flows. It is the Company's objective to have 80% of its total senior loans effectively accrue interest at either a stated fixed rate or fixed through an interest rate swap. As of December 31, 2017, the notional amounts of swaps was US$ 871,577 thousand, US$ 985,791 thousand and US$ 1,094,927 thousand as of December 31, 2016 and 2015, respectively. Fixed rates to be paid under the swap agreements range from 2.75 to 4.08% (note 3.A iv).

15. Loans and Financing (Continued)

As of December 31, 2017, 2016 and 2015, the Company has recognized unrealized losses on the interest rate swaps of US$19,586 thousand, US$ 29,668 thousand and US$ 44,205 thousand, respectively, net of deferred taxes. These amounts are presented in the other equity reserves within the Statement of Financial Position.

As of December 31, 2017, 2016 and 2015, the Company recognized an unrealized gain of US$ 14,403 thousand, US$ 20,767 thousand and US$ 11,033 thousand, respectively, in the OCI.

(b) Available credit lines

On June 4, 2010, the Company signed an agreement with Banco de Crédito del Perú (BCP) and Scotiabank Perú S.A.A. for a working capital facility for the amount of US$ 75,000 thousand that includes a two—year revolving credit for short-term loans, notes, and guarantee letters according to the requirements of the operations phase of the Company.

On June 4, 2014, the Company signed a second addendum to the mentioned contract that extended the period of the working capital facility until 2016.

On June 4, 2016, the Company signed a third addenda to the working capital facility with Banco de Crédito del Perú ("BCP") for US$ 37,500 thousand extending it until June 4, 2018. This revolving credit agreement provide short-term financing and allow the Company to fund potential short-term cash flow shortfalls.

This facility is also part of the financing plan of the Company included in the Common Term Agreement (CTA), described in note 15(c) and therefore it is subject to the same guarantees and obligations described therein.

As of December 31, 2017, 2016 and 2015, there is no liability from this credit line.

(c) Long-term debt

In June 2008, the Company entered into certain loan agreements with the Inter-American Development Bank (IDB), the International Finance Corporation (IFC), The Export-Import Bank of Korea (K-Exim), the Export-Import Bank of The United States (US-Exim), and Sace S.P.A. Servizi Assicurativi Del Commercio Estero (SACE), for an aggregate amount of US$ 2,000,000 thousand in order to finance the construction project of the LNG Plant, Pilpeline and Marine Terminal.

15. Loans and Financing (Continued)

As of December 31, 2017, 2016 and 2015, summary information for each facility is as follows:

In thousands of U.S. dollars	2017	2016	2015	Interest rate	Maturity
Financial Institution—Loan term					
IDB—Loan Agreement—A Loan	245,491	272,174	297,150	LIBOR + 1.418%	November 2024
IDB—Loan Agreement—B Loan	204,466	238,056	269,556	LIBOR + 1.218%	November 2022
IFC—Loan Agreement	184,118	204,131	222,863	LIBOR + 1.418%	November 2024
K-Exim—Direct Loan Agreement	82,501	94,286	106,072	LIBOR + 1.35%	November 2024
K-Exim—Guaranteed Loan Agreement	67,500	77,143	86,786	LIBOR + 0.30%	November 2024
US-Exim—Loan Agreement	200,002	228,573	257,144	LIBOR + 0.15%	November 2024
SACE—Loan Agreement	105,455	120,519	135,585	Fixed 4.45%	November 2024
SACE—Loan Agreement	19,546	22,339	25,130	LIBOR + 0.20%	November 2024
	1,109,079	**1,257,221**	**1,400,286**		
Plus: Interest accrued	3,981	3,903	3,210		
Less: Transaction costs, net	(24,862)	(32,474)	(41,085)		
Long-term debt net of amortized cost	**1,088,198**	**1,228,650**	**1,362,411**		
Current portion	153,563	148,142	143,065		
Non-current portion	**934,635**	**1,080,508**	**1,219,346**		

The Company's notes payable are secured by several agreements that mainly include an Equity Pledge of the Company, a mortgage of the Production Unit Plant for an amount up to US$ 4,650,000 thousand.

As of December 31, 2017, 2016 and 2015, the Company has complied with the terms, covenants, provisions or conditions set forth in the sections of the Common Term Agreement (CTA) of June 26, 2008.

15. Loans and Financing (Continued)

The loans will be repaid with semi-annual payments of principal and interest beginning May 2011 and continuing through each facility's respective maturity date. As of December 31, 2017, future payments of long-term debts are as follows:

Year	In thousands of U.S. dollars
2018	153,563
2019	159,349
2020	165,527
2021	172,121
2022	179,162
2023 and thereafter	279,357
	1,109,079

(d) Corporate bonds

On November 20, 2009, the Company issued bonds with a total face value of US$ 200,000 thousand under its First Program of Corporate Bonds approved by the Peruvian Supervisory Commission of Companies and Securities (SMV, for its Spanish acronym), by virtue of the Resolution 064-2009-EF/94.06.3 and further to the approval of the General Partners' Meeting held on June 1, 2009. The bonds were issued in the domestic market through a public offering and the proceeds of the bonds issuance have been used to finance or reimburse project costs. The bonds are nominative, indivisible, and freely negotiable, and they are listed on the Lima Stock Exchange.

The Master and Complementary Indentures and the Master Prospectus signed by the Company and Banco de Crédito del Perú-BCP, as bondholders' intercreditor agent, stipulate the main features of the bonds placement.

15. Loans and Financing (Continued)

The table below shows the bonds issued as of December 31, 2017, 2016 and 2015:

In thousands of U.S. dollars	2017	2016	2015	Interest rate	Maturity
Bonds					
Third A	94,728	108,260	121,793	LIBOR + 3.65625%	November 2024
Fourth A	17,272	19,740	22,207	Fixed Rate 7.15625%	November 2024
	112,000	**128,000**	**144,000**		
Plus: Interest accrued	796	860	865		
Less: Transaction costs, net	(1,771)	(2,307)	(2,914)		
Long-term debt net of amortized cost	**111,025**	**126,553**	**141,951**		
Current portion	16,000	16,000	16,000		
Non-current portion	**95,025**	**110,553**	**125,951**		

* Bonds were issued at par value of US$ 1,000 (one thousand dollars).

The bonds accrue interest payable semiannually from May 2010 until their final maturity. The issuance of bonds is part of the senior financing program of the LNG Project. Consequently, the bonds are secured by the same guarantee agreements as those of the Long-term debt and shall at all times rank ("pari passu") with all other senior loans of the Company and without preference among themselves, as stipulated in the related financing documents signed by the Company, as part of its financing plan.

The obligations included in the Framework Contract includes the compliance with the debt-to-equity ratio, which should be met until the date of the Project Completion (note 4.D).

The contractual maturities of bonds are as follows:

Year	In thousands of U.S. dollars
2018	16,000
2019	16,000
2020	16,000
2021	16,000
2022	16,000
2023 and thereafter	32,000
	112,000

15. Loans and Financing (Continued)

Reconciliation of movement of liabilities to cash flow arising from financing activities:

In thousands of U.S. dollars	Loans and financings	Interest rate swap contracts used for hedging—liabilities	Total
Balance at January 1, 2017	1,355,203	44,875	1,400,078
Changes from financing cash flows			
Payment of loans and financing	(164,143)	—	(164,143)
Total changes from financing cash flows	**1,191,060**	**44,875**	**1,235,935**
The effect of changes in foreign exchange rate	**—**	**—**	**—**
Changes in fair value	**—**	**(14,403)**	**(14,403)**
Other changes			
Liability-related			
Interest expense	37,775	17,639	55,414
Interest paid	(37,761)	(18,331)	(56,092)
Transaction cost related to loans and financings	8,149	—	8,149
Total liability-related other changes	**8,163**	**(692)**	**7,471**
Balance at December 2017	**1,199,223**	**29,780**	**1,229,003**

16. Issued Capital

As of December 31, 2017 the authorized, subscribed, and paid-in share capital is represented by 1,461,435,077 shares, with a par value of US$ 1.00 each.

On May 13, 2016, General Shareholders' Meeting approved the increase of capital through the capitalization of new cash contributions in the amount of US$ 30,000 thousand.

On August 5, 2016, General Shareholders' Meeting approved the increase of capital through the capitalization of new cash contributions in the amount of US$ 30,000 thousand.

The shareholding structure is as follows:

Percentage of individual participation in capital	Number of partners	Percentage de participation
Peru LNG Partner Company LLC	1	0.50%
Peru LNG Company LLC	1	99.50%
	2	**100.00%**

17. Accumulated Results

According to current legislation in force as of signing date of the Investment Agreement, companies established in Peru that agree to distribute profits since January 1, 2003, shall withhold 4.1% of the amount to be distributed except if distribution is made in favor of domiciled companies.

17. Accumulated Results (Continued)

Likewise, the absence of restrictions to the remittance of dividends and to the repatriation of capital, are part of the exchange stability applicable to the Company.

18. Revenues

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Revenues from LNG sales(a)	683,085	498,306	513,354
Capacity use agreement, note 5A	2,670	2,656	2,501
	685,755	**500,962**	**515,855**

(a) The variation of LNG sales from 2016 to 2017 is explained mainly by the increase in the market prices.

See accounting policy in note 3.G.

19. Cost of Sales

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Variation in finished goods(a)	(895)	(495)	(1,342)
Purchase of materials and supplies(b)	373,411	228,891	241,712
Operator services	29,947	29,206	30,782
Depreciation (note 11)	127,757	128,379	125,201
Other costs(c)	46,644	46,191	65,568
	576,864	**432,172**	**461,921**

(a) The variation in finished goods reflects the movement of inventories according to the date of the last shipment and its destination, at the end of each period.

(b) This item mainly includes the natural gas utilized during the production process and its price is directly related with the sales destination. For the determination of the natural gas purchase price, the vendor use the same marker price of sales destination in accordance of the contract to achieve that the sales price of the natural gas acquisition cost will have the same trend. It also includes the cost of gas transportation and compression service.

(c) The main variation within the other indirect cost corresponds to repair and maintenance expenses.

See accounting policy in note 3.G.

20. Selling and Distribution Expenses

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Depreciation (note 11)	18,152	18,100	18,093
Services provided by third parties	6,115	6,278	6,386
Others	983	843	911
	25,250	**25,221**	**25,390**

See accounting policy in note 3.G.

21. Administrative Expenses

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Services provided by third parties	16,638	22,219	21,229
Social and environmental programs	3,764	3,818	6,043
Labor expenses	1,397	1,173	1,305
Depreciation (note 11)	461	363	215
Others(a)	1,224	1,228	7,026
	23,484	**28,801**	**35,818**

(a) As mentioned in note 5.E, in January 2015, the Company and Wood Group Perú S.A. signed an agreement to terminate the contract, this termination involve US$ 5,000 thousands of penalty payment.

See accounting policy in note 3.G.

22. Finance Cost

This caption comprises the following:

In thousands of U.S. dollars	2017	2016	2015
Financing interest(a)	63,561	69,857	75,656
Others	1,385	1,720	1,678
	64,946	**71,577**	**77,334**

(a) The decrease in accrued interest corresponds to the amortization of debt (note 3.K)

23. Tax Matters

Tax regime applicable to income tax (note 3.I)

Legal stability agreement

A. On January 12, 2006, the Company signed an Investment Agreement that stabilized current tax regime applicable as of that date. Any change during the consecutive years will not have impact in the financial statements.

Tax rates

B. Stabilized tax of corporate income tax for the Company is calculated on the basis of the taxable income at a rate of 30%.

Income tax determination

C. The Company computed its taxable base for the year ended December 31, 2017 and 2016, and determined a current income tax of US$ 30,389 thousand and US$ 16,576 thousand, respectively.

Income tax expense comprises:

In thousands of U.S. dollars	2017	2016	2015
Deferred (note 12(c))	28,514	31,690	22,081
Current	(30,389)	(16,576)	—
	(1,875)	**15,114**	**22,081**

As of December 31, 2017 and 2016, the Company has disbursed US$ 25,165 thousand and US$ 959 thousand, respectively as payment on account of the income tax for year 2017 and 2016.

Reconciliation of the effective rate of income tax to tax rate is as follows:

In thousands of U.S. dollars	2017		2016		2015	
Profit or loss before income tax	100.00%	(385)	100.00%	(56,635)	100.00%	(84,482)
Income tax (theoretical rate)	30.00%	116	30.00%	16,991	30.00%	25,345
Tax effects on additions and deductions of permanent differences:	(517.14)%	(1,991)	(3.31)%	(1,877)	(3.86)%	(3,264)
Income tax recorded as per effective rate	(487.14)%	(1,875)	26.69%	15,114	26.14%	22,081

Income tax related to components of other comprehensive income of the Statement of Profit or Loss and Other Comprehensive Income (Loss) as of December 31, 2017, 2016 and 2015 is as follows:

	2017			2016			2015		
In thousands of U.S. dollars	Before taxes	Tax benefit	Net of taxes	Before taxes	Tax benefit	Net of taxes	Before taxes	Tax benefit	Net of taxes
Derivative financial instruments	14,403	(4,321)	10,082	20,767	(6,230)	14,537	11,033	(3,310)	7,723

23. Tax Matters (Continued)

D. In accordance with the Income Tax Law and its amendments, companies established in Peru that have generated tax losses may apply it to reduce the income tax payable in future years through the one of the following methods:

(i) *Method A*

The tax loss may be used up to four years after its generation.

(ii) *Method B*

The tax loss can be annually offset with future profits until its maturity date, applying 50% of its taxable base.

As of December 31, 2017, the Company chose the System B and has determined its tax loss carryforward in US$ 2,223,806 thousand (2016: US$ 2,335,654 thousand, 2015: US$ 2,380,289 thousand).

The aging of tax loss carryforward accumulated by the Company is as follows:

In thousands of U.S. dollars	
2010	334,643
2011	482,552
2012	437,209
2013	363,813
2014	483,288
2015	278,784
2016	(44,635)
2017	(111,848)
	2,223,806

The deferred tax asset recognized for tax losses carryforward amounts to US$ 667,142 thousand in 2017, US$ 697,702 thousand in 2016 and US$ 714,103 thousand in 2015.

The deferred tax asset related to tax loss carryforward has been recognized because there is sufficient taxable temporary differences to offset the loss during the following years.

Transfer Pricing

E. For purposes of determining the income tax, transfer pricing with related parties and companies domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation methods and the criteria used for their determination. Until fiscal year 2016, the formal obligations of Transfer Pricing were the presentation of a Transfer Pricing Sworn Statement and Technical Study.

By means of Legislative Decree 1312, published on December 31, 2016 and effective January 1, 2017, the following formal obligations were established to replace the former ones: (i) presentation of a Local File (if accrued income exceeds 2,300 tax units (UIT, for its Spanish acronym),

23. Tax Matters (Continued)

(ii) presentation of a Master File (if accrued income of the group exceeds 20,000 UIT) and (iii) presentation of a Country-by-Country Reporting. The presentation of the Master File and the Country-by-country reporting will become obligatory in year 2018.

Likewise, the Decree also established that intra-group services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers must comply with the benefit test and provide the documentation and information under specific conditions for the deduction of costs or expenses.

Legislative Decree 1116 established that Transfer Pricing Standards are not applicable to Sales Tax (IGV, for its Spanish acronym).

Tax on financial transactions

F. Tax on financial transactions (ITF) was fixed at the rate of 0.005%. This tax is applied on charges and debits in bank accounts or movements of funds made through the financial system. The Company is not subject to ITF by virtue of its legal stability.

Tax assessment

G. The tax authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Company within the four years following the year of the tax return filing. The Company's income and sales tax returns for the years 2012 through 2017 are open for review by the Peruvian tax authority. In fact, in September 2017, the tax authorities (SUNAT) initiated an Income Tax Audit referred to fiscal year 2015, which as of December 31, 2017 is ongoing.

Due to the possible varied interpretations of the current legal regulations by the tax authorities, it is not possible to determine, to date, whether a future tax audit will result or not in liabilities for the Company; therefore, any major tax or surcharge that might arise from eventual tax audits would be applied to the profit or loss of the period in which it is determined. However, it is the opinion of management and its legal advisors that, any possible additional settlement of taxes would not be significant for the financial statements as of December 31, 2017, 2016 and 2015.

24. Related Parties

The Company undertakes transactions with related parties based on terms detailed in signed contracts, if applicable.

The following chart provides the total amount of material transactions that have been entered into with related parties:

In thousands of U.S. dollars	Transaction	Note	Transaction value 2017	2016	2015	Outstanding balance 2017	2016	2015
Revenue								
Shell International Trading Middle East Limited SITME	Sales of LNG	*5(C)*	683,085	498,306	513,353	108,771	65,955	27,052
	Mooring and Unmooring Service		2,023	2,110	1,686	—	—	—
Accounts receivable from related parties(a)						**108,771**	**65,955**	**27,052**
Expenses								
Hunt Oil Company of Perú L.L.C. Sucursal del Perú	Gas purchase / gas compression service		86,919	37,311	43,470	—	141	326
SK Innovation Sucursal Peruana	Gas purchase / gas compression service		60,711	25,789	30,360	656	—	1,477
Hunt LNG Company	Technical Assistance Services (TAA) and Administration Services (ASA)		349	797	88	133	76	17
Hunt Oil Exploration and Production	Advisory Services		—	187	544	—	—	45
Hunt LNG Operating Company S.A.C. (former Compañía Operadora de LNG del Perú S.A.C.)	Operator Service Agreement		42,360	43,679	46,076	7,021	6,617	6,043
Shell International Trading Middle East Limited(b)	Contractual obligations		452	501	—	197,236	135,093	44,660
Peru LNG Company LLC	Reimbursements of expenses		127	395	222	40	125	—
Accounts payable to related parties						**205,086**	**142,052**	**52,568**
Less, current portion						95,086	32,052	7,908
Non-current portion						**110,000**	**110,000**	**44,660**

(a) The Company's management considers that there is no requirement to make any estimates for impairment of accounts receivable from related entities as of December 31, 2017, 2016 and 2015.

(b) As a consequence of LNG low prices, the Company started to apply the Quarterly payment clause of the LNG Sale Agreement obtaining the first two advances for a total of US$ 44,660 thousand as of December 2015, then since prices were still low, additional advances were requested during 2016 until get to the limit of advances that amount to US$110,000 thousand.

Said Quarterly Payment does not accrue interest and is returned when the sales price according to contract exceeds US$ 2.25 (note 5.C).

A. Controlling Company and main controlling Company:

As of December 31, 2017, 2016 and 2015, there are no changes at the main company.

24. Related Parties (Continued)

B. Transactions with key management personnel:

i. Loans to directors

As of December 31, 2017, 2016 and 2015, there are no loans to directors.

ii. Key management personnel compensation

	Transaction value		
In thousands of U.S. dollars	**2017**	**2016**	**2015**
Short-term employee benefits	1,339	1,148	1,386

iii. Transactions with key management personnel

During years 2017, 2016 and 2015, there were no transactions between the Company and Key Management, other than those in point (ii).

25. Operating Leases

The Company's leases comprise administrative offices. The leases typically run for a period of 1 to 5 years with an option to renew the lease after that date. Office lease payments are increased every year based on a factor established in the contract. As of December 31, 2017, future minimum lease payments between one and five years, under non-cancellable operating leases amount to US$ 170 thousand (2016: 165 thousand, 2015: US$ 422 thousand).

26. Commitments and Contingencies

Contingent liabilities

As part of the Company's commitments included in the Abandonment Plan of the LNG Plant and Maritime Terminal of the Environmental Social Impact Assessment (ESIA), the Company shall establish an "environmental fund" for the closing of its operations, which shall be performed five years before either of the following events occur: a) the LNG sales are finished or b) the LNG reserves are depleted. The Company will be prepared to make a reliable estimate when one of the two events mentioned above occurs.

Also, all equipment and structures will be withdrawn as required by the governmental entity having jurisdiction over this; and applicable legislation in force at the time of abandonment or closure plan.

Concerning the Abandonment Plan of the gas pipeline, the ESIA only establishes the abandonment of "Surfaces Installations". In this regard, and following the Company's policy, the gas pipeline surface is restored on a permanent basis, before completion of the maximum operating term.

Arbitration procedure

On October 6, 2016, after agreeing on the terms of reference of the arbitration procedure, the Arbitration Court, composed of two Arbitrators and one President, established the procedural calendar that will govern the conduction of the arbitration procedure filed before The International Court of

26. Commitments and Contingencies (Continued)

Arbitration of the International Chamber of Commerce by the Company and Pluspetrol Peru Corporation S.A., Pluspetrol Lote 56 S.A., Tecpetrol Bloque 56 S.A.C. and Sonatrach Peru Corporation S.A.C. (hereinafter "the Companies"). In this arbitration procedure, the Company claims that invoices issued by the Companies in July and August 2015 include alleged additional payments in respect of gas sold in 2010 and 2011. The total amount in dispute is approximately US$ 90,300 thousand. On December 23, 2016, the Company presented before the Arbitration Court the defense arguments for this arbitration.

In the opinion of management and its legal advisors, the Company has solid arguments that support the non-obligation to pay the liability requested by the Companies (note 3.F).

Letters of guarantee

As of December 31, 2017, the Company has letters of guarantee issued by a local financial institution in favor of the SUNAT (Tax Authorities) and Inversiones Centenario S.A.A. for US$ 110 thousand and US$ 46 thousand, respectively (2016: US$59 thousand and US$43 thousand, 2015: US$ 90 thousand and US$ 41 thousand).

27. Subsequent Events

On February 21, 2018 General Shareholder's meeting approved the Liability Management process that will consist in negotiate an advance payment of the actual Senior Debt and Local Bonds through a repayment process, by launching a tender offer , early redemption, negotiated purchase or other repayment transaction. In addition, the termination of the actual swaps contracts and working capital facility, were approved.

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March 15, 2018