

IMPORTANT NOTICE

THE EXCHANGE OFFER AND CONSENT SOLICITATION ARE BEING MADE, AND THE NEW NOTES ARE BEING OFFERED AND WILL BE ISSUED, ONLY (A) IN THE UNITED STATES TO HOLDERS OF EXISTING NOTES WHO ARE “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) OUTSIDE THE UNITED STATES TO HOLDERS OF EXISTING NOTES WHO ARE PERSONS OTHER THAN U.S. PERSONS IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the exchange offer memorandum and consent solicitation following this page, and you are advised to read this carefully before reading, accessing or making any other use of the exchange offer memorandum and consent solicitation. In accessing the exchange offer memorandum and consent solicitation, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION AND THE OFFER OF THE NEW NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC, AS AMENDED) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES (“QUALIFIED INVESTORS”). IN ADDITION, IN THE UNITED KINGDOM THE EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. THE FOLLOWING EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the exchange offer memorandum and consent solicitation or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. The exchange offer memorandum and consent solicitation is being sent at your request and by accepting the e-mail and accessing the exchange offer memorandum and consent solicitation, you shall be deemed to have represented

to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which the exchange offer memorandum and consent solicitation has been delivered is not located in the U.S., and (2) that you consent to delivery of such exchange offer memorandum and consent solicitation by electronic transmission.

You are reminded that the exchange offer memorandum and consent solicitation has been delivered to you on the basis that you are a person into whose possession the exchange offer memorandum and consent solicitation may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the exchange offer memorandum and consent solicitation to any other person.

The materials relating to the exchange offer and consent solicitation do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this exchange offer and consent solicitation be made by a licensed broker or dealer and the dealer manager and solicitation agent or any of its affiliates is a licensed broker or dealer in that jurisdiction, the exchange offer and consent solicitation shall be deemed to be made by such dealer manager and solicitation agent or such affiliate on behalf of the Company in such jurisdiction.

This exchange offer memorandum and consent solicitation has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the dealer manager and solicitation agent, nor any person who controls it nor any of its directors, officers, employees nor any of its agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between the exchange offer memorandum and consent solicitation distributed to you in electronic format and the hard copy version available to you on request from the dealer manager and solicitation agent.



Pesquera Exalmar S.A.A.

(incorporated with limited liability under the laws of Peru)

Offer to Exchange any and all of its outstanding 7.375% Senior Notes due 2020 held by Eligible Holders for its newly issued 7.625% Senior Notes due 2025 and Solicitation of Consents to Proposed Amendments to the Indenture for its 7.375% Senior Notes due 2020

THE EXCHANGE OFFER (AS DEFINED BELOW) AND RELATED CONSENT SOLICITATION (AS DEFINED BELOW) WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JANUARY 23, 2018, UNLESS EXTENDED BY US (SUCH TIME AND DATE, AS THE SAME MAY BE EXTENDED BY US, THE “EXPIRATION DATE”). IN ORDER TO BE ELIGIBLE TO RECEIVE THE TOTAL EXCHANGE CONSIDERATION, ELIGIBLE HOLDERS MUST VALIDLY TENDER THEIR EXISTING NOTES AND DELIVER THEIR CONSENTS (AS DEFINED BELOW) ON OR PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON JANUARY 8, 2018, UNLESS EXTENDED BY US (SUCH TIME AND DATE, AS THE SAME MAY BE EXTENDED BY US, THE “EARLY EXPIRATION DATE”). EXISTING NOTES (AS DEFINED BELOW) THAT HAVE BEEN VALIDLY TENDERED MAY BE WITHDRAWN AND RELATED CONSENTS (AS DEFINED BELOW) DELIVERED PURSUANT TO THE CONSENT SOLICITATION MAY BE REVOKED AT ANY TIME PRIOR TO THE EFFECTIVE TIME (AS DEFINED BELOW), BUT NOT THEREAFTER.

The Exchange Offer

Pesquera Exalmar S.A.A., an open stock corporation (*sociedad anónima abierta*) incorporated with limited liability under the laws of Peru (the “Company”), is offering to Eligible Holders (as defined below), upon the terms and subject to the conditions set forth in this exchange offer memorandum and consent solicitation statement (as modified, amended or supplemented by the information in Annex A hereto, this “exchange offer memorandum and consent solicitation”), to exchange (the “Exchange Offer”) any and all of its outstanding 7.375% Senior Notes due 2020 (the “Existing Notes”) for its newly issued 7.625% Senior Notes due 2025 (the “New Notes”) and is conducting a simultaneous solicitation of consents with respect to certain amendments (the “Proposed Amendments”) to the indenture governing the Existing Notes. If you validly tender your Existing Notes into the Exchange Offer, you will be deemed to have delivered your consents to the Proposed Amendments with respect to such Existing Notes tendered. As described more fully in this exchange offer memorandum and consent solicitation, the consummation of the Exchange Offer is conditioned upon, among other things, the valid tender, without subsequent withdrawal, of not less than a majority in aggregate principal amount of outstanding Existing Notes.

CUSIP No.	ISIN No.	Existing Notes	Outstanding Principal Amount	New Notes	Consideration per U.S.\$1,000.00 Principal Amount of Existing Notes Tendered	
					Total Exchange Price if Tendered Prior to or on the Early Expiration Date	Total Exchange Price if Tendered After the Early Expiration Date
715795 AA8 (Rule 144 A) P7744A AA4 (Reg S)	US715795AA83 (Rule 144 A) USP7744AAA45 (Reg S)	7.375% Senior Notes due 2020	U.S.\$170,000,000	7.625% Senior Notes due 2025	U.S.\$1,010.00 ⁽¹⁾	U.S.\$970.00

(1) Consisting of U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 cash payment.

The New Notes will bear interest at the rate of 7.625% per year. Interest on the New Notes will be payable on January 25 and July 25 of each year, beginning on July 25, 2018. The New Notes will mature on January 25, 2025. We may redeem some or all of the New Notes at any time on or after January 25, 2022, at the prices described under the caption “Description of the New Notes— Optional Redemption.” Prior to January 25, 2022, we may also redeem some or all of the New Notes at any time at a redemption price based on a “make-whole” premium. In addition, prior to January 25, 2021, we may redeem up to 35% of the New Notes from the proceeds of certain equity offerings. The New Notes also may be redeemed, in whole but not in part, at par at any time upon the occurrence of specified events relating to the tax laws of Peru or other relevant jurisdictions. The New Notes will be our unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness.

There is currently no market for the New Notes. Application is expected to be made for the listing and quotation of the New Notes on the Singapore Exchange Securities Trading Limited (“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 exchange offer memorandum and consent solicitation. Approval in-principle granted for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the New Notes. For so long as the New Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the New Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in foreign currencies).

Eligible Holders who validly tender Existing Notes on or prior to the Early Expiration Date and do not validly withdraw their tender prior to the Effective Time will receive the Total Exchange Consideration. “Total Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted by us, U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 in cash payment.

Eligible Holders who validly tender Existing Notes after the Early Expiration Date but prior to the Expiration Date and do not validly withdraw their tender prior to the Effective Time will receive the Exchange Consideration. “Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted by us, U.S.\$970.00 principal amount of New Notes. In addition to the Total Exchange Consideration and the Exchange Consideration, Eligible Holders who validly tender Existing Notes and do not validly withdraw their tender prior to the Effective Time will also receive a cash payment equal to accrued and unpaid interest on Existing Notes accepted for exchange from the last interest payment date of the Existing Notes up to but excluding the Settlement Date.

The Consent Solicitation

In conjunction with the Exchange Offer and on the terms and subject to the conditions set forth in this exchange offer memorandum and consent solicitation, the Company hereby solicits (the “Consent Solicitation”) consents (the “Consents”) from Eligible Holders of Existing Notes to the Proposed Amendments to the indenture dated as of February 1, 2013, by and between the Company and The Bank of New York Mellon, as trustee (the “Existing Notes Indenture”), pursuant to which the Existing Notes were issued. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain events of default and related provisions contained in the Existing Notes Indenture. In order to be adopted, the Proposed Amendments require the consents (the “Requisite Consents”) of holders of not less than a majority in aggregate in principal amount of the outstanding Existing Notes (excluding any Existing Notes held by the Company or its affiliates) to the Proposed Amendments. See “Description of the Exchange Offer and Consent Solicitation—The Proposed Amendments.”

If you tender your Existing Notes into the Exchange Offer, you will be deemed to have given your Consent to the Proposed Amendments with respect to those tendered Existing Notes. In addition to the foregoing, delivery of a Consent will constitute an express waiver with respect to all claims against the Company of any breach that may otherwise arise under the Existing Notes Indenture.

The Company expects to execute with the trustee a supplemental indenture to the Existing Notes Indenture (the “Existing Notes Supplemental Indenture”), providing for the Proposed Amendments, promptly after receipt of the Requisite Consents. The Existing Notes Supplemental Indenture will be effective immediately upon execution thereof, but the provisions thereof will not be operative until all of the Existing Notes that have been validly tendered prior to the execution of the Existing Notes Supplemental Indenture have been accepted for exchange and exchanged in accordance with the terms of this exchange offer memorandum and consent solicitation.

Eligible Holders may not tender their Existing Notes without delivering a Consent with respect to the Existing Notes tendered, and Eligible Holders may not deliver a Consent without tendering the related Existing Notes. The consummation of the Exchange Offer and the Consent Solicitation are subject to the satisfaction of the special conditions and the satisfaction or waiver of a number of other conditions, in each case, as set forth in this exchange offer memorandum and consent solicitation. See “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and the Consent Solicitation.” Subject to applicable law, the Company has the right to terminate or withdraw the Exchange Offer and the Consent Solicitation at any time and for any reason, including if any of the conditions described under the “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and the Consent Solicitation” are not satisfied.

Tendered Existing Notes may not be withdrawn and Consents may not be revoked subsequent to the time of execution and delivery of the Existing Notes Supplemental Indenture (the time of such execution and delivery, which we expect will occur promptly after receipt of Requisite Consents, the “Effective Time”), except as required by applicable law. Prior to the Effective Time, if an Eligible Holder withdraws its tendered Existing Notes, such Eligible Holder will be deemed to have revoked its Consents and may not deliver Consents without re-tendering its Existing Notes.

Participating in the Exchange Offer and Consent Solicitation involves risks. See “Risk Factors” beginning on page 18.

The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom. See “Transfer Restrictions.”

The Exchange Offer and Consent Solicitation is being made, and the New Notes are being offered and will be issued, only (a) in the United States to Eligible Holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) and (b) outside the United States to Eligible Holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. The Eligible Holders of Existing Notes who have certified to the Company that they are eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are referred to as “Eligible Holders.” Only Eligible Holders are authorized to receive or review this exchange offer memorandum and consent solicitation and to participate in the Exchange Offer and Consent Solicitation.

The New Notes and the information contained in this exchange offer memorandum and consent solicitation have not been and will not be registered with or approved by the Peruvian Superintendence of Securities (*Superintendencia del Mercado de Valores*) (“SMV”) or the Lima Stock Exchange (*Bolsa de Valores de Lima*) (“BVL”). Accordingly, the New Notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru. The New Notes may not be offered or sold in the Republic of Peru or in any other jurisdiction except in compliance with the securities laws thereof. Therefore, institutional investors, as defined by Peruvian legislation, must rely on their own examination of the terms of the offering of the New Notes to determine their ability to invest in them.

Sole Dealer Manager and Solicitation Agent for the Exchange Offer and Consent Solicitation

Santander

The date of this exchange offer memorandum and consent solicitation statement is February 7, 2018.

TIMETABLE FOR EXCHANGE OFFER AND CONSENT SOLICITATION

Please take note of the following important dates and times in connection with the Exchange Offer and Consent Solicitation. We reserve the right to extend any of these dates.

Date	Calendar Date	Event
Early Expiration Date	5:00 p.m., New York City time, January 8, 2018.	The deadline for Eligible Holders to validly tender their Existing Notes and deliver Consents in order to receive the Total Exchange Consideration.
Effective Time	The time of execution and delivery of the Existing Notes Supplemental Indenture, which we expect will occur promptly after receipt of Requisite Consents.	The deadline for Eligible Holders to withdraw validly tendered Notes and revoke related Consents. Eligible Holders will be permitted to withdraw validly tendered Existing Notes and revoke related Consents at any time prior to the Effective Time, but not thereafter, except as may be required by applicable law.
Expiration Date.....	11:59 p.m., New York City time, January 23, 2018.	The deadline for Eligible Holders to validly tender their Existing Notes and deliver Consents in order to receive the Exchange Consideration.
Settlement Date	Within three business days after the Expiration Date, or as promptly as practicable thereafter.	The date on which New Notes will be issued to Eligible Holders in exchange for Existing Notes accepted in the Exchange Offer.

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In this exchange offer memorandum and consent solicitation, except where otherwise specified or the context otherwise requires, “we,” “us,” “our,” “Pesquera Exalmar,” “Exalmar,” and the “Company” refer to Pesquera Exalmar S.A.A. and its subsidiaries as of the date of such reference. References to the “dealer manager and solicitation agent” are to Santander Investment Securities Inc. and its affiliates.

In addition, references to “Central Reserve Bank” are to the Central Reserve Bank of Peru (*Banco Central de Reserva del Perú*). All references to “sol,” “soles” or “S/” are to the Peruvian *Sol*, the official currency of Peru and all references to “U.S. dollar,” “U.S. dollars” or “U.S.\$” are to U.S. dollars, the official currency of the United States.

This exchange offer memorandum and consent solicitation is confidential and has been prepared by us solely for use in connection with the Exchange Offer and Consent Solicitation. Subject to applicable law, we may terminate or withdraw in our sole discretion the Exchange Offer or the Consent Solicitation at any time and for any reason, including if any Condition is not satisfied on or after the Expiration Date. This exchange offer memorandum and consent solicitation is personal to each offeree and does not constitute an offer to exchange or a solicitation of an offer to exchange any Existing Note to any other person or to the public generally. You are authorized to use this exchange offer memorandum and consent solicitation solely for the purpose of considering your participation in the Exchange Offer and Consent Solicitation. Distribution of this exchange offer memorandum and consent solicitation by you to any other person other those persons retained to advise you with respect to its Exchange Offer and Consent Solicitation is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. By accepting delivery of this exchange offer memorandum and consent solicitation, you agree to the foregoing and to make no photocopies of this exchange offer memorandum

and consent solicitation or any documents referred to in this exchange offer memorandum and consent solicitation.

In making an investment decision, you must rely on your own examination of the Company and the terms of the Exchange Offer and Consent Solicitation, including the merits and risks involved. You should not construe anything in this exchange offer memorandum and consent solicitation as legal, business or tax advice. You should consult your own advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in the Exchange Offer and Consent Solicitation and the purchase of the New Notes under applicable legal investment or similar laws or regulations.

We have furnished the information in this exchange offer memorandum and consent solicitation. You acknowledge and agree that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this exchange offer memorandum and consent solicitation;
- you have not relied on the dealer manager and solicitation agent or its respective agents or any person affiliated with the dealer manager and solicitation agent or its respective agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the New Notes other than those as set forth in this exchange offer memorandum and consent solicitation. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the dealer manager and solicitation agent or its respective agents.

This exchange offer memorandum and consent solicitation may only be used for the purposes for which it has been prepared. Neither the dealer manager and solicitation agent nor any of its agents is making any representation or warranty or assuming any responsibility as to the accuracy or completeness of the information contained in this exchange offer memorandum and consent solicitation, and nothing contained in this exchange offer memorandum and consent solicitation is, or shall be relied upon as, a promise or representation by the dealer manager and solicitation agent.

This exchange offer memorandum and consent solicitation contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

We have prepared the information contained in this exchange offer memorandum and consent solicitation. Neither we nor the dealer manager and solicitation agent has authorized anyone to provide you with any other information and neither we nor the dealer manager and solicitation agent takes any responsibility for other information others may give you.

The distribution of this exchange offer memorandum and consent solicitation and the Exchange Offer and Consent Solicitation in certain jurisdictions may be restricted by law. We and the dealer manager and solicitation agent require persons into whose possession this exchange offer memorandum and consent solicitation comes to inform themselves about and to observe any such restrictions. This exchange offer memorandum and consent solicitation does not constitute an offer to exchange of, or an invitation to an offer to exchange, any of the Existing Notes for New Notes in any jurisdiction in which such offer or sale would be unlawful.

The New Notes have neither been approved or disapproved, nor recommended by the Securities and Exchange Commission ("SEC"), nor any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this exchange offer memorandum and consent solicitation. Any representation to the contrary is a criminal offense.

The offering is being made in reliance upon an exemption from registration under the Securities Act, for an offer and sale of securities that does not involve a public offering. The New Notes are subject to restrictions on

transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. In participating in the Exchange Offer, you will be deemed to have made certain acknowledgments, representations and agreements set forth in this exchange offer memorandum and consent solicitation under the caption “Transfer Restrictions.” You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a “relevant member state”) with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the “Relevant Implementation Date”), no offer to the public for exchange of the Existing Notes and offer to purchase the New Notes, which are the subject of the offering contemplated by this exchange offer memorandum and consent solicitation, may be made or will be made in that relevant member state prior to the publication of a prospectus, in relation to the Exchange Offer and Consent Solicitation and the New Notes, that has been approved by the competent authority in that relevant member state and published in accordance with the Prospectus Directive as implemented in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that an exchange offer to the public in that relevant member state of the Existing Notes for the New Notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant member state:

- (a) to legal entities that are qualified investors as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer or the dealer manager and solicitation agent for any such offer; and
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such exchange offer will result in a requirement for the publication by the Company or the dealer manager and solicitation agent or its respective affiliates of a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice, the expression an “offer to the public” in relation to the New Notes in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the exchange offer and the New Notes to be offered so as to enable an investor to decide to participate in the Exchange Offer and Consent Solicitation, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in the relevant member state.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The New Notes are only available to, and any invitation, offer or agreement to subscribe, participate in the Exchange Offer and Consent or otherwise acquire such New Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN PERU

THE NEW NOTES AND THE INFORMATION CONTAINED IN THIS EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION WILL NOT BE SUBJECT TO A PUBLIC OFFERING IN PERU AND 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 NEW NOTES. THIS EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE NEW 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 NEW NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF (I) SUCH NEW NOTES WERE PREVIOUSLY REGISTERED WITH THE SMV, OR (II) SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE PERUVIAN SECURITIES LAWS AND REGULATIONS. THE PERUVIAN SECURITIES LAWS ESTABLISH, AMONG OTHER THINGS, THAT AN OFFER DIRECTED EXCLUSIVELY TO 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 NEW NOTES TO DETERMINE THEIR ABILITY TO INVEST IN THE NEW NOTES. NO OFFER OR INVITATION TO SUBSCRIBE FOR OR SELL THE NEW NOTES OR BENEFICIAL INTERESTS THEREIN CAN BE MADE IN THE REPUBLIC OF PERU EXCEPT IN COMPLIANCE WITH THE PERUVIAN SECURITIES LAWS.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation (*sociedad anónima abierta*) organized and registered under the laws of Peru. The majority of our directors and officers and certain other persons named in this exchange offer memorandum and consent solicitation reside in Peru and all or a significant portion of the assets of the directors and officers and certain other persons named in this exchange offer memorandum and consent solicitation and substantially all of our assets are located in Peru. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments 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, Miranda & Amado Abogados, 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 respective obligations under the federal securities laws of the United States or under the New Notes, which are governed by New York law, will, upon request, be deemed valid and enforceable in Peru through an *exequatur* judiciary proceeding (which does not involve the reopening of the case); provided that: (1) there is a treaty in effect between the country where said 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 recognized by the Peruvian Courts (*Cortes de la República del Perú*). Such recognition and enforceability will occur provided that the following conditions and requirements are met:

- (a) the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this exchange offer memorandum and consent solicitation or the New Notes are not matters under the exclusive jurisdiction of Peruvian courts);
- (b) such foreign court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;
- (c) we have received service of process in accordance with the laws of the place where the proceeding took place, have been granted a reasonable opportunity to appear before such foreign court and have been guaranteed due process rights;
- (d) the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- (e) 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;
- (f) 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;
- (g) the judgment is not contrary to Peruvian public policy (*orden público*) or good morals;
- (h) it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof;
- (i) the judgment has been duly apostilled and is accompanied by a certified and officially translated copy of such judgment into Spanish by a Peruvian certified translator or certified for jurisdictions not part of the Apostille Convention; and
- (j) the applicable court taxes and fees have been paid.

We have no reason to believe that any of the obligations relating to the New 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 unenforced 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 may 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 principles of reciprocity and comity.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This exchange offer memorandum and consent solicitation includes (1) our restated audited financial statements as of and for the years ended December 31, 2016 and 2015 (the “Audited Financial Statements”) and (2) our unaudited financial statements as of September 30, 2017 and for the nine-month period ended September 30, 2017 and 2016 (the “Unaudited Financial Statements,” and together with our Audited Financial Statements, our “Financial Statements”).

Our Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS”) and our Unaudited Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting, in accordance with IFRS. See also “Independent Auditors.” Our audited financial statements as of and for the year ended December 31, 2016 and our Unaudited Financial Statements include the proportional financial results of Corporación del Mar S.A. (“Cormar”), in which we hold a 50% interest.

Restatement of Financial Statements

Our financial statements as of and for the years ended December 31, 2016 and 2015 have been restated to reflect corrections of errors and changes in accounting practices corresponding to differences identified upon review of the balances of deferred income tax at December 31, 2016 and 2015 and at January 1, 2015, mainly related to the recognition of temporary differences that arise in the initial recognition of intangible assets as part of a business combination previously formed by us and in the non-monetary assets mainly property, plant and equipment and intangible assets that, for financial purposes, are measured in our functional currency (U.S. dollar) and for tax purposes are measured in Peruvian soles. We also revalued our business considering the type of fishing activity and concluded that the business segments to report are indirect human consumption and direct human consumption. Previously, we had considered that direct human consumption was not a reporting segment, therefore determined we only had one reporting operating segment and thus omitted the disclosure of operating segments. See Note 30 to our Audited Financial Statements.

Special Note Regarding Non-IFRS Financial Measures

This exchange offer memorandum and consent solicitation makes reference to certain non-IFRS measures, namely Adjusted EBITDA and Adjusted EBITDA Margin. These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. Adjusted EBITDA and Adjusted EBITDA Margin 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 on the New Notes or as a substitute for analysis of our results under IFRS. In addition, because other companies may calculate Adjusted EBITDA and Adjusted EBITDA Margin (or similarly titled measures) differently than we do, these measures may not be comparable to measures reported by other companies. Moreover, the definitions of these measures used in this exchange offer memorandum and consent solicitation may not be the same definitions as those we use for purposes of establishing covenant compliance under our financing agreements or for other purposes.

Our Adjusted EBITDA consists of our operating income *minus* other income *plus* other expenses *plus* employees’ net profit sharing and depreciation. We calculate Adjusted EBITDA Margin by dividing Adjusted EBITDA by net sales. See “Selected Financial and Other Information —Adjusted EBITDA” for a reconciliation between Adjusted EBITDA and the operating income reported in our financial statements.

Functional Currency and Rounding

The U.S. dollar is our functional currency and the currency based upon which our financial statements are prepared.

We have made rounding adjustments to certain figures included in this exchange offer memorandum and consent solicitation. As a result, numerical figures presented as totals may not always be exact arithmetic aggregations of their components, as presented.

Market and Industry Information

We make statements in this exchange offer memorandum and consent solicitation about the Peruvian and global fishing, fishmeal and fish oil industries. These statements are based on statistics and other information from third-party sources that we believe to be generally reliable. We derive this third-party information principally from reports published by the International Fishmeal and Fish Oil Organization (“IFFO”), the Peruvian Ministry of Production (*Ministerio de la Producción*) (“Ministry of Production”), the Food and Agricultural Organization of the United Nations (“FAO”), Oil World, China Feed Online, the Global Organization for Eicosapentaenoic Acid (“GOED”), and Docosahexaenoic Acid (“DHA”), the Central Reserve Bank, the National Institute of Statistics and Information (*Instituto Nacional de Estadística e Informática*) (“INEI”), and the Peruvian Marine Institute (*Instituto del Mar del Perú*) (“IMARPE”).

Although we believe that such facts and statistics are accurately reproduced from such sources, they have not been independently verified by us, the dealer manager and solicitation agent or our respective advisors and therefore we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods and other problems, the statistics herein may be inaccurate, incomplete or may not be comparable to statistics produced from other sources and should not be unduly relied upon. In addition, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Other Information

In this exchange offer memorandum and consent solicitation, a “metric ton” is equal to 1,000 kilograms or 2,204.62 pounds; “m³” means a cubic meter, which is equal to 1,000 liters or approximately 35.3 cubic feet; “MT” and “MT/h” refers to metric tons and metric tons per hour, respectively; references to fishmeal and fish oil prices are to “free on board” (“FOB”); “center-north” refers to the area along the Peruvian coastline extending from the northernmost part of the country to parallel 16°00’00”; “south” refers to the area along the southern Peruvian coastline, extending from parallel 16°00’00” to the southernmost part of Peru; and, except as otherwise specified or if the context otherwise requires, “quota” refers to the anchovy fishing quota established by the Peruvian government for the center-north region of Peru.

FORWARD-LOOKING STATEMENTS

This exchange offer memorandum and consent solicitation contains statements that constitute estimates and forward-looking statements, including but not limited to the sections “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These statements appear in a number of places in this exchange offer memorandum and consent solicitation and include statements regarding our intent, belief or current expectations, and those of our officers and employees, with respect to, among other things: (i) our growth strategy; (ii) future trends that may affect our business and results of operations; (iii) the impact of competition and laws on our results; (iv) planned capital investments; and (v) our liquidity. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results and developments may be substantially different from the expectations described in the forward-looking statements for a number of reasons, many of which are not under our control, among them the activities of our competition, the future global economic situation, weather conditions, market conditions, exchange rates, and operational and financial risks. The unexpected occurrence of one or more of the above-mentioned events may significantly change the results of our operations on which we have based our estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by the following factors, including, among others:

- our dependency on the aquaculture, hog and poultry farming industries, which affect the prices of fishmeal and fish oil;
- our ability to develop our direct human consumption business;
- our ability to increase our individual fishing quota;
- our purchase of raw material from third parties in order to produce fishmeal and fish oil;
- the existence of substitutes for fishmeal and fish oil such as soy, which can be used by the hog and poultry industries;
- the availability of qualified crew for the fishing vessels we operate, and qualified personnel for our fish processing plants;
- our ability to improve our vessels and fish processing facilities;
- risks incident to the operation of vessels, including the total loss of vessels or the discharge of pollutants;
- weather conditions, such as *El Niño*, which can affect the availability of raw material to produce fishmeal and fish oil;
- changes in the Individual Transferable Quota system (“ITQ system”), and the Legislative Decree N°. 1084 – Law of Maximum Catch Limits by Vessel (*Ley Sobre Límites Máximos de Captura por Embarcación*);
- decreases in our assigned fishing quota due to our inability to catch 80% of our quota for four subsequent seasons;
- current and future environmental rules and regulations;
- our need for short-term bank financing for working capital;
- changes in laws and regulations, both in Peru and abroad;

- increases in our operating costs or our inability to meet efficiency or cost reduction objectives, including increases in the cost of, or interruptions in the supply of, fuel used for the fishing vessels we operate and manage;
- possible disruptions to commercial activities due to natural and human-induced disasters, including terrorist activities and armed conflict;
- changes in regional and international market conditions, including the effects of economic, political or social conditions and changes in foreign exchange policy or other conditions affecting China and our other principal export markets; and
- other factors described under “Risk Factors” and elsewhere in this exchange offer memorandum and consent solicitation.

The words “believe,” “will,” “may,” “may have,” “would,” “estimate,” “continues,” “anticipates,” “intends,” “hopes,” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and none of us or the dealer manager and solicitation agent undertake any obligation to update or revise any estimate or forward-looking statement due to new information, future events or otherwise. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements.

In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this exchange offer memorandum and consent solicitation may or may not occur, and our business performance and results of operation may differ materially from those expressed in our estimates and forward-looking statements, due to factors that include but are not limited to those mentioned above. None of us or the dealer manager and solicitation agent undertakes any obligation to publish, after the date hereof, an update or review of the estimates or forward-looking statements in order to reflect subsequent or unexpected events and circumstances.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this exchange offer memorandum and consent solicitation. It does not contain all of the information that may be important to you. Before deciding to invest in the New Notes, you should read this entire exchange offer memorandum and consent solicitation carefully for a more complete understanding of our business and the offering, including our financial statements and the related notes and the sections “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business” included elsewhere in this exchange offer memorandum and consent solicitation.

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the third largest producer of fishmeal and fish oil in Peru as of September 30, 2017 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as “vikings”) that do not operate their own fishmeal processing plants. In 2015 and 2016, our sales totaled U.S.\$156.2 million and U.S.\$136.1 million, respectively. In 2016, our sales of fishmeal totaled U.S.\$102.9 million, while our sales of fish oil totaled U.S.\$14.3 million. For the nine-month period ended September 30, 2017, our sales from fishmeal and fish oil totaled U.S.\$225.1 million, of which U.S.\$204.0 million was from sales of fishmeal and U.S.\$21.1 million was from sales of fish oil.

Our business is seasonal. In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April and July, with the catch being sold during the same year. The second fishing season occurs generally between the months of November and January, with the catch being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period. In accordance with the ITQ system for the harvesting of anchovy, pursuant to which the government combines the establishment of a global catch quota with individual quotas and allocates quotas based on each company’s fleet capacity and historical catch, our anchovy fishing quota in September 2017 was 6.70209% in the center-north of Peru and 4.6141% in the south of Peru. We operate 22 vessels with a total holding capacity of 7,253 m³ in each fishing season.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, or fish farming, particularly in Asia, where aquaculture has grown significantly. Our fishmeal production totaled approximately 98,507 metric tons, 77,979 metric tons and 94,788 metric tons, respectively, in the nine-month period ended September 30, 2017 and in 2016 and 2015. Our sales of fishmeal represented 82.4%, 75.6% and 75.4% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 8.5%, 10.5% and 11.3% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

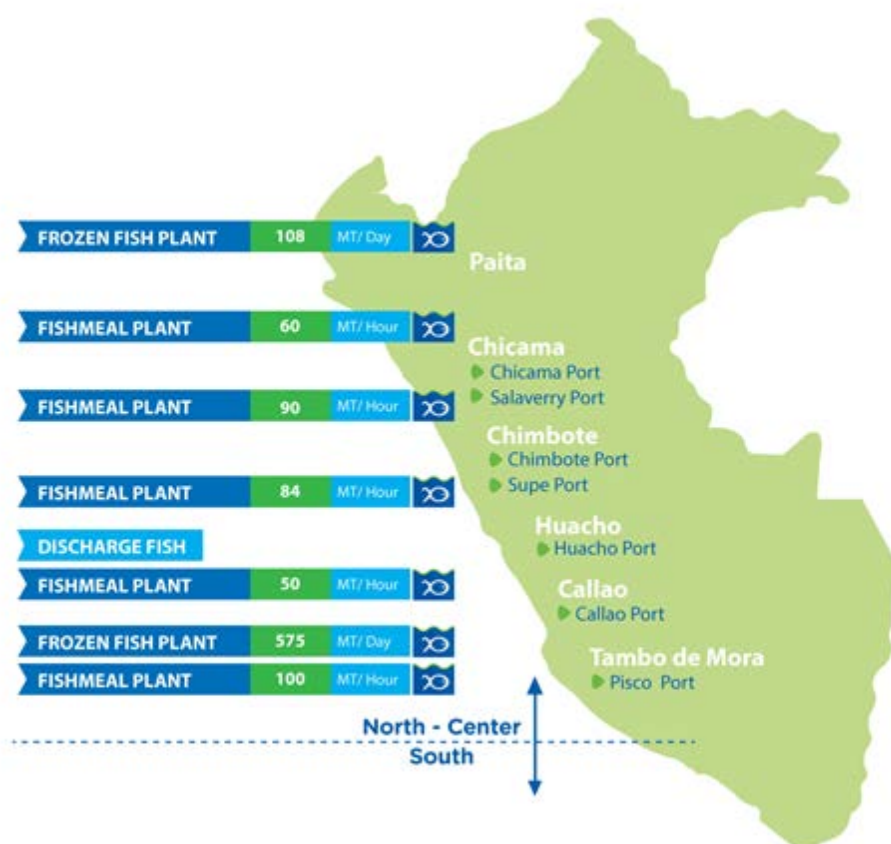
In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption were not significant in the nine-month periods ended September 30, 2017 and in 2016 and 2015, respectively.

Direct Human Consumption (Frozen and Fresh Seafood)

We process and produce frozen seafood for direct human consumption, focusing on mackerel and jack mackerel, giant squid and mahi-mahi at our Tambo de Mora and Paita processing plants. Our Tambo de Mora plant is designed for the processing of mackerel and jack mackerel from our own catch, and giant squid caught by third party vessels, and has a processing capacity of 575 metric tons per day and a cold storage capacity of 6,739 metric tons. Our Paita plant is designed for the processing of giant squid and mahi-mahi caught by third parties and has a processing capacity of 108 metric tons per day and a cold storage capacity of 4,500 metric tons. We have six vessels equipped with Refrigerated Sea Water (“RSW”) and storage systems, which we utilize to catch jack mackerel and mackerel, as well as anchovies for fishmeal production. Vessels equipped with RSW storage systems better preserve our catch. Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. Our sales of frozen and fresh fish for direct human consumption accounted for 8.5%, 13.0% and 11.1% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively. Due to scarcity of giant squid in 2016 and 2017, we suspended operations of the Paita plant in June 2016 and have limited the operations of our Tambo de Mora plant to the processing of mackerel and jack mackerel, in each case until the availability and price of the giant squid in the local market returns to profitable levels.

Our Plants

The map below illustrates the distribution of our processing plants in Peru, comprising five fishmeal and fish oil processing plants and two frozen seafood processing plants in Paita and Tambo de Mora. Our five fishmeal and fish oil processing plants have a total processing capacity of approximately 384 metric tons per hour and our two frozen seafood processing plants have a combined processing capacity of 683 metric tons per day and a combined cold storage capacity of 11,239 metric tons.



In the nine-month period ended September 30, 2017 and in 2016 and 2015, exports accounted for almost all of our sales volume with China, our principal export market for fishmeal, accounting for approximately 77.5%, 66.5% and 58.4% of our consolidated sales volume, respectively. Our other important export markets include Germany (for 2016 and 2015 only), Japan and Chile, which accounted for approximately 3.2% and 7.4%, respectively, of our consolidated sales volume for fishmeal in the nine-month period ended September 30, 2017; 14.7%, 0.8% and 6.3%, respectively, in 2016; and 16.4%, 2.8% and 7.9%, respectively, in 2015.

We also produce and export fish oil. Our main export markets are China, Belgium, Denmark and Chile, which represented 37.9%, 19.9%, 17.9% and 17.1%, respectively, of our volume of sales of fish oil in the nine-month period ended September 30, 2017 and 3.3%, 17.3%, 49.6% and 19.9%, respectively, of our volume of sales of fish oil in 2016. In 2015, our main export markets were Belgium, Denmark and Chile, which represented 7.8%, 80.7% and 5.7%, respectively, of our volume of sales of fish oil for that year.

We currently export the frozen seafood we produce from our Tambo de Mora processing plant primarily to Spain, China and Japan with exports to these countries representing 22.1%, 18.4% and 13.5%, respectively, of our volume of sales of frozen seafood in the nine-month period ended September 30, 2017.

Financial and Operational Highlights

In the nine months ended September 30, 2017 and in 2016, we had a net profit of U.S.\$5.5 million and U.S.\$1.3 million, respectively, and in the 12 months ended September 30, 2017 and in 2016 we had a net loss of U.S.\$11.8 million and U.S.\$24.7 million, respectively, primarily due to the impact of *El Niño* on the fishing population in 2016 and its corresponding effect on our net sales for the relevant periods, including the first quarter of 2017. Notwithstanding the difficulties experienced during these periods due to *El Niño*, our Adjusted EBITDA remained positive amounting to U.S.\$61.3 million in the nine months ended September 30, 2017, U.S.\$60.7 million in the 12 months ended September 30, 2017, U.S.\$20.7 million in the year ended December 31, 2016 and U.S.\$38.7 million in the year ended December 31, 2015. As the effect of *El Niño* on the fishing population has been reduced in 2017, our profit and EBITDA margins have started to recover and return to normal levels.

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Twelve- Month Period Ended September 30,	For the Years Ended December 31,	
	2017	2016	2017 ⁽¹⁾	2016	2015
<i>(in millions of U.S.\$, except for ratios and percentages)</i>					
Financial highlights					
Net sales	247.6	121.2	262.4	136.1	156.2
Adjusted EBITDA ⁽²⁾	61.3	21.3	60.7	20.7	38.7
Adjusted EBITDA Margin ⁽³⁾	24.8%	17.6%	23.1%	15.2%	24.8%
Net profit	18.0	(4.5)	(11.8)	(24.7)	1.3
Total debt ⁽⁴⁾	197.6	240.8	197.7	264.4	234.2
Net debt ⁽⁵⁾	189.2	233.8	189.2	257.6	232.5
Total debt/Adjusted EBITDA ⁽⁶⁾	3.22	11.31	3.26	12.77	6.05
Net debt/Adjusted EBITDA ⁽⁷⁾	3.09	10.98	3.12	12.44	6.01
Operational highlights					
Fishmeal production (in metric tons)	98,507	33,788	142,698	77,979	94,788
Fish oil production (in metric tons)	11,655	4,535	18,990	11,870	11,912
Frozen/fresh seafood production (in metric tons) .	20,109	10,030	28,043	17,964	22,226
Employees	1,078	1,143	n.a.	1,158	1,324

(1) Amounts for each line item and operational data were calculated by adding the applicable line item/data amount for the nine-month period ended September 30, 2017 to the corresponding line item/data amount for the year ended December 31, 2016, and then subtracting the corresponding line item/data amount for the nine-month period ended September 30, 2016.

(2) Adjusted EBITDA means operating income minus other income plus other expenses plus employee's net profit sharing and depreciation. Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of

liquidity. Our definition of EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market. See “Selected Financial and Other Information —Adjusted EBITDA” for a reconciliation between Adjusted EBITDA and the operating income reported in our financial statements.

- (3) Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by net sales.
- (4) Total debt is the sum of total financial obligations without interests accrued.
- (5) Net debt is total debt minus cash and cash equivalents.
- (6) Total debt/Adjusted EBITDA ratio is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.
- (7) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

Our Strengths

We believe our principal business strengths include the following:

Leading competitive position.

- We are the third largest producer of fishmeal and fish oil in Peru in terms of volume, increasing our share of national production via third-party catch from independent vessel owners. We have the sixth largest anchovy fishing quota in Peru under the ITQ system, totaling 6.70209% in the center-north coast and 4.6141% in the south coast of Peru.
- We have a solid presence in the indirect human consumption business through our operation of five fishmeal and fish oil processing plants and 22 vessels. In the 12-month period ended September 30, 2017 and in the year ended 2016, our net sales deriving from this business totaled U.S.\$234.1 million and U.S.\$117.3 million, respectively. Our processing volume in the center-north area accounted for 14.4% of the total ITQ system fishing quota during the first fishing season of 2017. Moreover, we export substantially all of our fishmeal to investment grade countries.

Strategically located and advanced manufacturing facilities.

- We are located in Peru, which benefits from geographic and climatic conditions that are favorable for the fishing industry. The cold ocean current known as Humboldt makes the ocean off the Peruvian coast rich in nutrients, especially those necessary for the development of anchovies, which is the species used in Peru to produce fishmeal and fish oil. As a result, Peruvian fishing companies have access to an abundant anchovy biomass off the Peruvian coast. Peru is the largest producer and exporter of fishmeal in the world and, in 2015, it accounted for approximately 25.4% of world exports, followed by Denmark and Chile with 7.3% and 6.9%, respectively, according to the IFFO.
- Our five fishmeal and fish oil processing plants are strategically located along the center-north coast of Peru, a region that accounted for 99.9%, 94.3% and 91.9% of the total fishing in Peru as of May 2017, and in 2016 and 2015, respectively, allowing us to receive and process our catch and catch from third parties efficiently and quickly, reducing the transportation time from the catch to our facilities and ensuring a high quality product. Our fishmeal plants currently have an aggregate processing capacity of 384 metric tons per hour and our plants for the processing of frozen seafood for direct human consumption have an aggregate processing capacity of 683 metric tons per day and a cold storage capacity of 11,239 metric tons. We have six vessels equipped with RSW and storage systems, which better preserve our catch, improving the quality of the fishmeal and fish oil we produce.

Experienced management, with strong corporate governance and direct involvement in the key aspects of our value chain.

- We have an experienced and independent management team with extensive knowledge of the fishing industry in Peru. In addition, our management team is supported by our founder and principal shareholder, Víctor Matta Curotto, who has over 35 years of experience in the sector. Our management team is experienced in monitoring the industry and our operations, allowing them to respond to market

developments with agility. Our management team members have an average of 10 years of experience in the fishing industry and are involved in all of the key aspects of our business value chain, including supply, production and sales. In addition, in May 2017, we received a corporate governance score of 89% from Mercado de Capitales, Inversiones y Finanzas (“MC&F”).

Effective and efficient financial management regardless of industry conditions.

- Throughout our expansion, we have maintained strong financial performance even in light of industry conditions related to the ITQ system or the effects of *El Niño* on our net sales. We have been one of the leading Peruvian fishing companies in terms of optimizing efficiencies and achieving an efficient cost structure. We were one of the first companies to reduce its fleet as a strategic response to the adoption of the ITQ system, eventually reducing our fleet holding capacity by 50% and the number of vessels in operation by 60% and we have six vessels equipped with RSW and storage systems, which better preserve our catch. Throughout our expansion, we have also maintained a strong credit profile and have been successful in meeting our financing needs.
- For the nine months ended September 30, 2017, our total debt and net debt without interests accrued was U.S.\$197.7 million and U.S.\$189.2 million, respectively, which corresponded to a total leverage ratio and net leverage ratio of 3.22 and 3.09, respectively, as of September 30, 2017. In the nine months and 12 months ended September 30, 2017 and in 2016 and 2015, our net sales totaled U.S.\$247.6 million, U.S.\$262.4 million, U.S.\$136.1 million and U.S.\$156.2 million, respectively, corresponding to an operating margin of 17.6%, 12.03%, (6.1)% and 8.6%, respectively. Likewise, our Adjusted EBITDA in the these periods totaled U.S.\$61.3 million, U.S.\$60.70 million, U.S.\$20.7 million and U.S.\$38.7 million, respectively, corresponding to an Adjusted EBITDA Margin of 24.8%, 23.12.8%, 15.2% and 24.8%, respectively. Our strong financial performance has enabled us to significantly invest in our operations, with our capital expenditures in the nine months ended September 30, 2017 and in 2016 and 2015 totaling U.S.\$10.0 million, U.S.\$15.3 million and U.S.\$8.0 million, respectively.

Proven ability to create value.

- While the ITQ system quotas limit the fishing catch, they do not limit the volume of production of fishmeal and fish oil. Since the ITQ system became effective in 2009, we have focused on production of increased volumes of a higher quality and more profitable fishmeal. We have done this in part through acquiring additional catch from independent vessel owners via purchases of catch and quota leases. We have also reduced the amount of time between catch and processing, which has reduced the amount of raw material required to produce one metric ton of fishmeal (the “conversion rate”). Through these and other efforts, we have maximized production capacity with marginal cost increases.
- Moreover, our ability to purchase third-party catch allows us to increase or share of production beyond our assigned quota, make better use of our facilities and obtain a higher total Adjusted EBITDA. We were the first company in the Peruvian fishing industry to develop a loyalty program with independent vessel owners, which has enhanced our ability to make catch purchases and enter into quota leases with these owners. We strengthen our relationships with independent vessel owners through the provision of advisory services, off-season loans, logistics support and customized purchase agreements.

Attractive global conditions for the fishmeal and fish oil industries as a result of growing international demand and limited global supplies of fish.

- *Growing Demand:* From January 2006 to September 2016, the FOB value of Peruvian fishmeal grew by 100.0% due to increased demand for fish and meat as a source of protein, which primarily resulted from an increase in the population and improvement of the per capita income in developing countries. The FOB value of Peruvian fish oil during the same period decreased from U.S.\$2,300 in January 2015 to U.S.\$2,100 in September 2016, representing a 8.7% decrease. There are currently few protein-rich, efficiently produced substitutes for fishmeal, which is primarily used as feed for fish, chicken and hogs. This is particularly the case of feed for shrimp and fish raised in the aquaculture industry, which

constitutes the majority of our sales. Substitutes such as soybean meal, ground nut meal and corn gluten are generally not considered adequate substitutes for fishmeal and fish oil products in aquaculture, as shrimp and fish depend on a fish-based diet. Furthermore, there has been an increase in demand for fish oil from the pharmaceutical industry, as fish oil nutritional supplements become increasingly popular.

- *Limited Supply:* Currently, only anchovies are used to produce fishmeal and fish oil in Peru. In addition, the supply of anchovies is limited because of environmental conditions and fishing regulatory restrictions, creating significant barriers to entry into the industry.

Business Strategy

We believe our principal business strategies include the following:

Maintain and improve the position of our core business in the market.

We believe that the long-term demand and price outlook for fishmeal and fish oil is likely to continue to strengthen, driven by demand for fish-related protein sources for aquaculture, poultry and hog farming. As a result, we intend to maintain our focus on our core business, the production of fishmeal and fish oil. Since 2011, we have improved our ranking from being the fourth largest producer of fishmeal and fish oil by volume in Peru, to the third largest producer in 2017, according to the Ministry of Production. We believe that maintaining this focus will enable us to fully utilize our industry experience over the last 30 years.

Improve operating efficiencies and margins.

We will continue to seek to improve our margins in the extraction and processing of anchovy biomass by maximizing the productivity of our existing processing plants and fishing fleet and reducing our expenses. Since the implementation of the ITQ system in 2009, we have adopted a number of important measures to improve our production, such as enhancing our relationship with independent vessel owners in order to more efficiently utilize the processing capacity of our plants and optimizing our processing volumes in order to improve the quality of our fishmeal. These measures have included decreasing the number of vessels in operation by 60% and our holding capacity by 50%. At the same time, we continuously seek to improve the maintenance system of our vessels in order to implement preventive practices that reduce costs. We will also seek to improve our margins by continuing to strategically deleverage our debt. For example, in September 2016 we participated in a partial repurchase of our Existing Notes in an amount of U.S.\$30.0 million.

Focus on increasing the quality and value of our fishmeal and fish oil production.

We seek to maximize the value of our current anchovy fishing quota by increasing our production of high quality fishmeal and fish oil. We plan to make investments in our fishmeal facilities and in vessels in order to improve the quality of the fishmeal we produced and therefore increase its value.

Continue to develop a profitable customer base with long-term customer relationships.

Although fishmeal and fish oil are perceived as a commodity, we intend to continue to develop stable and long-term relationships with key customers to provide them with a value-added offer and a level of service that increases their demand for our products. Our strategy is supported by periodic customer visits by our sales representatives that enable us to promote brand awareness and gain a deeper level of understanding of the specific needs of our customers.

Ensure our supply sources through independent vessel owners.

Approximately 20% of the authorized catch under the ITQ system is allocated to independent vessel owners, and in the nine-month period ended September 30, 2017 and in 2016, 49.5% and 52.0%, respectively, of the fish we processed was supplied by third parties. We intend to continue to strengthen our relationships with independent vessel owners in order to increase our processing volume. We continuously seek ways to improve and strengthen our relationship with these vessel owners, including through our innovative loyalty program and

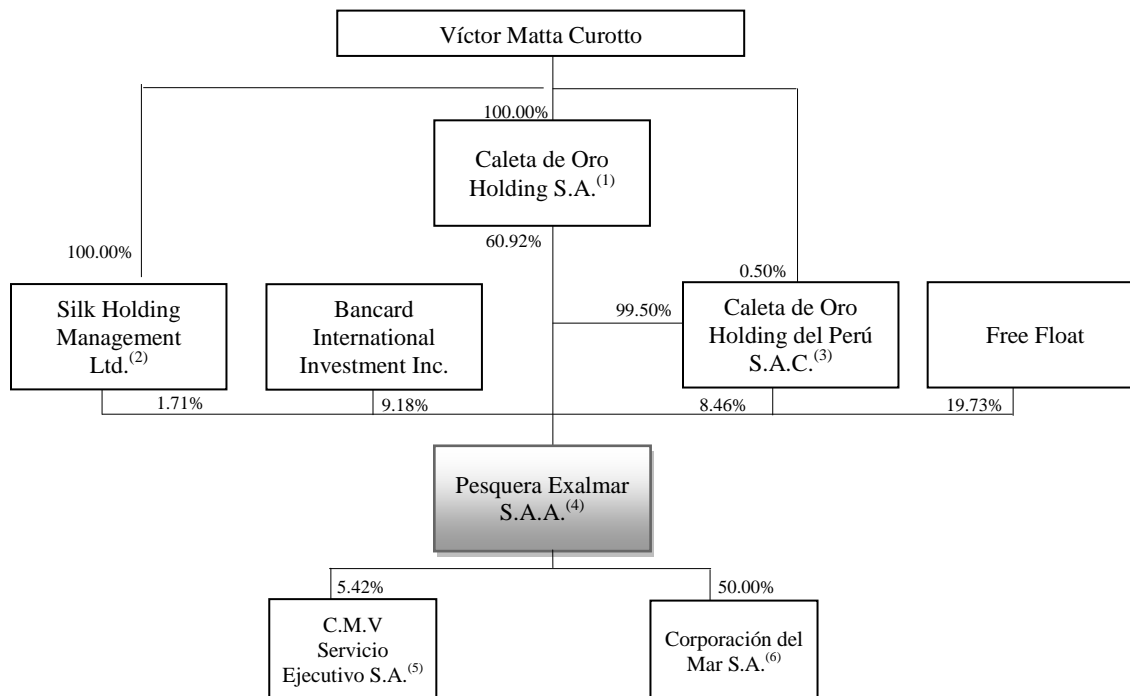
by providing independent vessel owners operational advisory services, onshore and offshore fishing logistics support and through the structuring of customized anchovy purchase agreements.

Recent Developments

On November 17, 2017, the Ministry of Production announced the quota for the second season of 2017 in accordance with the ITQ system. We have been assigned a second quota for 2017 of 1.5 million metric tons, which represents a total aggregate quota of 3.9 million metric tons for the year 2017 and is consistent with the end of the *El Niño* effect on the fishing population.

Our Corporate Structure

The following chart reflects our current corporate structure:



(1) A company incorporated under the laws of Panama, held in its entirety by Víctor Matta Curotto.

(2) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Victor Matta Curotto.

(3) A company incorporated under the laws of Peru, held in its entirety by Víctor Matta Curotto.

(4) Issuer of the New Notes in this offering.

(5) The remaining equity interests in this subsidiary are held by (a) Víctor Matta Curotto's spouse, María del Carmen Dall'Orso Gonzáles (53.36%) and (b) Rossana Ortiz, our chief executive officer (41.2%).

(6) The remaining equity interest in this subsidiary is held by Austral Group S.A.A.

Company Information

Our principal executive offices are located at Avda. Victor Andres Belaunde 214, 6th floor, San Isidro, Lima, Peru. Our telephone number is +51 (1) 211-5300 and our fax number is +51(1) 441-4643. Our email address is central@exalmar.com.pe. Information on our website is not incorporated into this exchange offer memorandum and consent solicitation and should not be relied upon in determining whether to make an investment in the New Notes.

THE NEW NOTES OFFERING

The following summary contains basic information about the New Notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the New Notes, please refer to the section of this exchange offer memorandum and consent solicitation entitled “Description of the New Notes.”

Company	Pesquera Exalmar S.A.A.
New Notes Offered	We will initially issue an aggregate principal amount of New Notes in an amount equal to the sum of (i) 100% of the aggregate principal amount of Existing Notes accepted in the Exchange Offer on or prior to the Early Exchange Date and (ii) 97% of the aggregate principal amount of Existing Notes accepted in the Exchange Offer after the Early Exchange Date but prior to the Expiration Date.
Maturity Date	January 25, 2025.
Interest	The New Notes will bear interest at the annual rate of 7.625%, payable semi-annually in arrears on each interest payment date.
Interest Payment Dates	Interest on the New Notes will be payable semi-annually on January 25 and July 25 commencing on July 25, 2018. Interest on the New Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.
Ranking	The New Notes will be unsecured obligations and will rank senior in right of payment to any obligations of the Company expressly subordinated in right of payment to the New Notes; will rank at least <i>pari passu</i> in right of payment with all unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); will be subordinated to existing and future secured obligations of the Company to the extent of the value of the assets serving as security therefor; and will be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. The New Notes will not have the benefit of any collateral securing any of our existing or future secured indebtedness.
Change of Control	If we experience a Change of Control (as defined in the indenture governing the New Notes (the “New Indenture”), we must offer to repurchase the New Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. See “Description of the New Notes—Repurchase of New Notes Upon a Change of Control.”
Additional Amounts	All payments in respect of the New Notes, whether of principal or interest, will be made without withholding or deduction for or on account of any present or future taxes, duties, levies, or other governmental charges and any interest, penalties or other liabilities with respect thereto, except to the extent required by applicable law. If withholding or deduction is required by applicable law, subject to certain exceptions and limitations, we will pay

additional amounts so that the net amount received by the Eligible Holders of the New Notes is no less than the amount they would have received in the absence of such withholding or deduction. See “Description of the New Notes—Additional Amounts.”

Optional Redemption

We may redeem the New Notes, at any time and from time to time prior to January 25, 2022, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes plus the applicable “make-whole” premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time on or after January 25, 2022, we may redeem the New Notes, in whole or in part, at the redemption prices set forth in “Description of the New Notes — Optional Redemption.”

We may also redeem, at any time prior to January 25, 2021, up to 35% of the aggregate principal amount of the New Notes at any time with the net cash proceeds of one or more equity offerings at a redemption price of 107.625% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65.0% of the aggregate principal amount of the New Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Redemption for Tax Reasons

We may redeem the New Notes in whole, but not in part, at any time at a redemption price equal to 100% of the principal amount, plus and unpaid accrued interest, if any, upon the occurrence of specified events relating to the tax laws of Peru or other relevant jurisdictions applicable to us. See “Description of the New Notes — Redemption for Taxation Reasons.”

Certain Covenants

Under the terms of the New Notes and the New Indenture, we will agree to observe certain covenants, such as limitations on the incurrence of certain indebtedness, the incurrence of certain liens and reduction of indebtedness for so long as the New Notes are outstanding. These covenants are subject to a number of important limitations and exceptions. See “Description of the New Notes — Certain Covenants.”

Events of Default.....

The New Indenture governing the New Notes will set forth events of default applicable to the New Notes. For a discussion of certain events of default that will permit acceleration of the principal of the New Notes plus accrued interest, see “Description of the New Notes —Events of Default.”

Denomination, Book-Entry Delivery and Form

The New Notes will be issued in fully registered form without interest coupons and with a minimum denomination of U.S.\$200,000 and in multiples of U.S.\$1,000 in excess thereof. The New Notes may be sold only (i) to qualified institutional buyers in reliance on Rule 144A under the Securities Act and (ii) to certain non-U.S. persons in offshore transactions in reliance on

Regulation S under the Securities Act. New Notes sold to qualified institutional buyers in reliance on Rule 144A will be issued in the form of beneficial interests in one or more permanent global securities in fully registered form and deposited with a custodian for, and registered in the name of a nominee of, DTC. New Notes sold in offshore transactions in reliance on Regulation S will be issued in the form of beneficial interests in one or more permanent global securities in fully registered form and deposited with a custodian for, and registered in the name of a nominee of, DTC.

Transfer Restrictions; No Registration Right

The New Notes have not been and will not be registered under the Securities Act or any state securities laws. The New Notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See “Transfer Restrictions.”

We will not be required to, nor do we intend to, register the New Notes for resale under the Securities Act or to offer to exchange the New Notes for New Notes registered under the Securities Act or the securities laws of any jurisdiction.

Further Issuances

Subject to the covenants in the New Indenture governing the New Notes, we may from time to time, without the consent of the Eligible Holders of the New Notes, issue further securities having the same terms and conditions as the New Notes in all respects. Any further issue may be consolidated with, and form a single series with, the New Notes sold in this offering.

Listing

Application is expected to be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. For so long as the New Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the New Notes will be traded in a minimum board lot size of U.S.\$200,000 (or its equivalent in foreign currencies).

Governing Law; Submission to Jurisdiction.....

The New Indenture and the New Notes will be governed by New York law. We will submit to the non-exclusive jurisdiction of the United States federal and state courts located in the Borough of Manhattan in The City of New York, in respect of any action arising out of or based on the New Notes.

Trustee, Paying Agent, Registrar and Transfer Agent.....

The Bank of New York Mellon.

Singapore Listing Agent.....

Colin Ng & Partners LLP.

Risk Factors

Investing in the New Notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this exchange offer memorandum and consent solicitation for a discussion of factors you should carefully consider before deciding to purchase any New Notes.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER AND THE CONSENT SOLICITATION

The summary below describes the principal terms of the Exchange Offer and the Consent Solicitation. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more complete understanding of the terms and conditions of the Exchange Offer and the Consent Solicitation, you should read this entire exchange offer memorandum and consent solicitation.

Exchange Offer	The Company is offering to exchange newly issued 7.625% Senior Notes due 2025 for any and all of its validly tendered and accepted outstanding 7.375% Existing Notes due 2020).
Total Exchange Consideration	Eligible Holders who validly tender Existing Notes prior to 5:00 p.m., New York City time, on January 8, 2018 (as it may be extended by us), and do not validly withdraw their tender and revoke their consents subsequent to the time of execution and delivery of the Existing Notes Supplemental Indenture will receive the Total Exchange Consideration for Existing Notes accepted in the Exchange Offer. “Total Exchange Consideration” means, for each U.S.\$1,000 principal amount of Existing Notes tendered and accepted by us, U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 in cash payment.
Exchange Consideration	Eligible Holders who validly tender Existing Notes after the Early Expiration Date but on or prior to 11:59 p.m., New York City time, on January 23, 2018 (as it may be extended by us), and do not validly withdraw their tender and revoke their consents subsequent to the time of execution and delivery of the Existing Notes Supplemental Indenture will receive the Exchange Consideration for Existing Notes accepted in the Exchange Offer. “Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes tendered and accepted by us, U.S.\$970.00 principal amount of New Notes.
Accrued and Unpaid Interest	In addition to the Total Exchange Consideration or the Exchange Consideration, as the case may be, Eligible Holders whose Existing Notes are validly tendered and accepted for exchange will receive a separate cash payment equal to the accrued and unpaid interest on their Existing Notes accepted for exchange from the last interest payment date of the Existing Notes up to but excluding the Settlement Date.
Minimum Denominations	The amount of New Notes to be issued to any participating Eligible Holder will be issued in minimum denominations of U.S.\$200,000. The aggregate principal amount of New Notes issued to each participating Eligible Holder for all Existing Notes properly tendered (and not withdrawn) and accepted by the Company will be rounded down, if necessary, to U.S.\$200,000 or the nearest whole multiple of U.S.\$1,000 in excess thereof. This rounded amount will be the principal amount of New Notes you will receive. Any fractional portion of New Notes not received as a result of rounding down will be paid in cash.

Consent Solicitation	Upon the terms and subject to the conditions described in this exchange offer memorandum and consent solicitation, the Company is soliciting Consents of Eligible Holders of Existing Notes to the Proposed Amendments. Eligible Holders may not tender their Existing Notes without delivering a Consent with respect to the Existing Notes tendered and Eligible Holders may not deliver a Consent with respect to any Existing Notes without tendering the related Existing Notes. See “Description of the Exchange Offer and Consent Solicitation—Procedures for Tendering Existing Notes and Delivering Consents” for more information.
Proposed Amendments	The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain events of default and related provisions contained in the Existing Notes Indenture. In addition to the foregoing, delivery of a Consent will constitute an express waiver with respect to all claims against the Company of any breach that may otherwise arise under the Existing Notes Indenture. For a detailed description of the Proposed Amendments for which Consents are being sought pursuant to the Consent Solicitation, see “Description of the Exchange Offer and Consent Solicitation—The Proposed Amendments.”
Requisite Consents; Existing Notes Supplemental Indenture	<p>In order to be adopted, the Proposed Amendments require the Requisite Consents of holders of not less than a majority in aggregate in principal amount of the outstanding Existing Notes (excluding any Existing Notes held by the Company or its affiliates) to the Proposed Amendments. See “Description of the Exchange Offer and Consent Solicitation—The Proposed Amendments.”</p> <p>The Company expects to execute with the trustee an Existing Notes Supplemental Indenture to the Existing Notes Indenture, providing for the Proposed Amendments, promptly after receipt of the Requisite Consents. The Existing Notes Supplemental Indenture will be effective immediately upon execution thereof, but the provisions thereof will not be operative until all of the Existing Notes that have been tendered prior to the date of the Existing Notes Supplemental Indenture have been accepted for exchange and exchanged in accordance with the terms of this exchange offer memorandum and consent solicitation.</p>
Early Expiration Date	To tender by the Early Expiration Date, Eligible Holders must validly tender (and not withdraw) their Existing Notes and deliver their Consents on or prior to 5:00 p.m., New York City time, on January 8, 2018, unless extended by us.
Expiration Date	The Exchange Offer and the Consent Solicitation will expire at 11:59 p.m., New York City time, on January 23, 2018, unless extended by us.
Settlement Date	Subject to the terms and conditions of the Exchange Offer and Consent Solicitation, the Settlement Date for the Exchange Offer will be within three business days after the Expiration Date, or as

promptly as practicable thereafter.

New Notes For a description of the terms of the New Notes, see “Summary of the New Notes Offering” and “Description of the New Notes.”

Conditions to Exchange Offer and Consent Solicitation Consummation of the Exchange Offer and Consent Solicitation are conditioned upon the valid tender, without subsequent withdrawal of not less than a majority in aggregate principal amount of outstanding Existing Notes and certain other conditions. The consummation of the Exchange Offer and Consent Solicitation are also subject to the satisfaction or waiver of a number of other conditions described under “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and the Consent Solicitation.”

In addition, subject to applicable law, the Company has the right to terminate or withdraw the Exchange Offer and the Consent Solicitation at any time and for any reason, including if any of the conditions described under “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and the Consent Solicitation” are not satisfied. The Company also has the right to waive any of the general conditions, but not the special conditions, to the Exchange Offer and Consent Solicitation, at its sole and absolute discretion, but subject to applicable law.

Eligible Holders The Exchange Offer and Consent Solicitation is being made, and the New Notes are being offered and will be issued, only (a) in the United States to Eligible Holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) and (b) outside the United States to Eligible Holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. Only Eligible Holders who have certified to the Company that they are eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are authorized to receive or review this exchange offer memorandum and consent solicitation and to participate in the Exchange Offer and Consent Solicitation.

Procedure for Exchange of Existing Notes and Delivery of Consents If an Eligible Holder wishes to participate in the Exchange Offer and Consent Solicitation, and such Eligible Holder’s Existing Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, such Eligible Holder must instruct such custodial entity (pursuant to the procedures of the custodial entity) to tender the Existing Notes and deliver the related Consents on such Eligible Holder’s behalf. Custodial entities that are participants in The Depository Trust Company (“DTC”) must tender Existing Notes and deliver the related Consents through DTC’s Automated Tender Offer Program, known as “ATOP,” by which the custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound to the terms and conditions set forth herein. For

further information, see “Description of the Exchange Offer and Consent Solicitation—Procedures for Tendering Notes and Delivering Consents.”

Withdrawal and Revocation Rights

Tenders of Existing Notes may be withdrawn at any time prior to the Effective Time. A valid withdrawal of tendered Existing Notes prior to the Effective Time will constitute the concurrent valid revocation of an Eligible Holder’s related Consent. To revoke Consents delivered in connection with tendered Existing Notes, Eligible Holders must withdraw the related tendered Existing Notes. Any Existing Notes that are tendered prior to the Effective Time but not validly withdrawn prior to the Effective Time may not, subject to limited exceptions, be withdrawn thereafter. Under no circumstances may Consents be revoked after the Effective Time. We may extend the Early Expiration Date or the Expiration Date without extending the Effective Time, unless required by law. For withdrawal procedures, see “Description of the Exchange Offer and Consent Solicitation—Withdrawal of Tenders and Revocation of Consents.”

Consequences of Failure to Exchange Existing Notes

If the Proposed Amendments become operative, holders of Existing Notes left outstanding following the consummation of the Exchange Offer will no longer be entitled to the benefits of the restrictive covenants, events of default and other provisions that are eliminated pursuant to the Proposed Amendments. For a description of the consequences of failing to tender your Existing Notes pursuant to the Exchange Offer, see “Risk Factors—Risks Relating to the Exchange Offer and the Consent Solicitation.”

Amendment; Waiver and Termination

Subject to applicable law, the Company has the right to terminate or withdraw, in its sole discretion, the Exchange Offer and the Consent Solicitation at any time and for any reason, including if the conditions to the Exchange Offer and the Consent Solicitation are not met by the Expiration Date. The Company reserves the right, subject to applicable law, (i) to waive any and all of the general conditions of the Exchange Offer and the Consent Solicitation, in whole or in part, at any time and from time to time on or prior to the Expiration Date and (ii) to amend the terms of the Exchange Offer and the Consent Solicitation. In the event that the Exchange Offer and the Consent Solicitation are terminated, withdrawn or otherwise not consummated, no consideration will be paid or become payable to Eligible Holders who have properly tendered their Existing Notes pursuant to the Exchange Offer. In any such event, the Existing Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders and any executed supplemental indentures will not become operative with respect to the Existing Notes and the related Consents will be deemed voided. See “Description of the Exchange Offer and Consent Solicitation—General—Extension, Termination or Amendment.”

Use of Proceeds

The Company will not receive any cash proceeds from the Exchange Offer. Any Existing Notes that are validly tendered, and not validly withdrawn, in connection with the Exchange Offer,

will be retired and cancelled and will not be reissued.

Taxation..... For a discussion of certain U.S. federal and Peruvian income tax consequences of the Exchange Offer and Consent Solicitation and of the ownership and disposition of New Notes, see “Taxation—Certain Peruvian Tax Consequences” and “Taxation—Certain United States Federal Income Tax Considerations.”

Information Agent and Exchange Agent..... D.F. King & Co., Inc.

Risk Factors See “Risk Factors” for a discussion of factors you should carefully consider before deciding to participate in the Exchange Offer and deliver your Consents.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary consolidated financial and other information. The consolidated financial information as of and for the years ended December 31, 2016 and 2015 has been derived from our Audited Financial Statements contained elsewhere in this exchange offer memorandum and consent solicitation. The financial information as of September 30, 2017 and for the nine-month period ended September 30, 2017 and 2016 has been derived from our Unaudited Financial Statements contained elsewhere in this exchange offer memorandum and consent solicitation.

The results of operations presented in this exchange offer memorandum and consent solicitation are not necessarily indicative of any future performance. This information should be read in conjunction with our Financial Statements, including the notes thereto, contained elsewhere in this exchange offer memorandum and consent solicitation and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,	
	2017	2016	2016	2015
	<i>(in millions of U.S.\$)</i>			
Income Statement Data				
Net sales	247.6	121.2	136.1	156.2
Cost of sales.....	(168.7)	(79.7)	(90.8)	(97.3)
Costs incurred in non-production periods.....	(12.7)	(22.6)	(28.2)	(24.3)
Gross profit	66.2	18.9	17.1	34.6
Selling expenses	(15.0)	(6.6)	(8.5)	(9.6)
Administrative expenses	(7.0)	(5.7)	(7.7)	(7.1)
Other expenses, net.....	(0.5)	(2.9)	(9.2)	(4.4)
Operating income	43.6	3.7	(8.3)	13.5
Financial gain	0.0	7.1	7.1	0.2
Financial expenses.....	(13.4)	(16.9)	(22.1)	(18.5)
Foreign exchange difference net effect	(0.7)	(0.6)	2.1	(1.8)
Income before income tax	29.5	(6.7)	(21.2)	(6.6)
Income tax	(11.4)	2.3	(1.1)	(1.0)
Net profit	18.2	(4.5)	(22.3)	(7.6)

	As of September 30, 2017	As of December 31, 2016 <i>(in millions of U.S.\$)</i>	2015
Balance Sheet Data			
<i>Current assets</i>			
Cash and cash equivalents	8.5	6.8	1.7
Trade receivables, net	20.6	2.3	2.2
Other receivables, net	1.1	22.9	20.5
Amounts due from related parties	2.8	2.1	3.0
Inventories, net	22.6	73.4	50.6
Prepaid expenses		2.4	2.1
Total current assets	55.6	109.9	80.1
<i>Non-current assets</i>			
Other Receivables	13.5	17.2	16.4
Property, vessels, machinery and equipment, net	209.3	216.5	222.7
Intangible assets, net	118.3	114.6	112.1
Goodwill	113.3	113.3	113.3
Other Assets	1.5	1.6	1.4
Total non-current assets	455.9	463.2	466.0
Total assets	511.5	573.1	546.0
<i>Current liabilities</i>			
Financial obligations	8.0	78.6	37.2
Trade payables	16.2	35.2	24.6
Amounts due to related parties	0.0	0.1	0.1
Provisions	16.4	8.4	7.0
Total current liabilities	40.6	122.3	68.9
<i>Non-current liabilities</i>			
Financial obligations	189.6	191.5	200.3
Deferred tax liabilities	53.7	50.0	47.0
Provisions	3.6	3.6	2.2
Total non-current liabilities	247.0	245.2	249.5
Total liabilities	287.7	367.5	318.4
<i>Shareholders' equity</i>			
Share capital	89.8	89.8	89.8
Capital surplus	69.7	69.7	69.7
Other capital reserves	29.5	29.5	29.0
Retained earnings	34.9	16.7	39.0
Total shareholders' equity	223.9	205.7	227.6
Total liabilities and shareholders' equity	511.5	573.1	546.0

RISK FACTORS

An investment in our New Notes involves risks. Before deciding whether to exchange your Existing Notes and grant your consent to the Consent Solicitations, you should carefully consider the risks and uncertainties described below and the other information in this exchange offer memorandum and consent solicitation. Any or all of the following risk factors could have a material adverse effect on our business, financial condition, results of operations and prospects. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

This exchange offer memorandum and consent solicitation also contains forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing the issuer or investments in Peru described below and elsewhere in this exchange offer memorandum and consent solicitation.

Risks Related to our Business and Industry

We are dependent on continuing global demand for fishmeal and fish oil products.

Our business depends on continued global demand for fishmeal and fish oil. Consumption of our products has expanded in recent years; however, it is possible that this trend may not continue and that present consumption levels may not be maintained in the future. Demand for fishmeal and fish oil is affected by numerous factors beyond our control, including fluctuations resulting from adverse changes in general economic conditions, evolving consumer preferences and nutritional and health-related concerns. Fishmeal and fish oil are primarily used as feed for farmed fish, poultry and hogs. Our business is also highly dependent on the aquaculture industry. According to the IFFO, in 2015, the aquaculture industry consumed approximately 70% of the total world production of fishmeal. As a result, future downturns in the aquaculture, poultry or hog farming industries could reduce demand for our products which could adversely affect our results of operations and cash flows.

Also, current demand for fishmeal reflects the scarcity of cost-effective substitutes for animal, shrimp and fish aquaculture feeds. Fishmeal faces increasing competition from grain-based materials such as soybean meal, ground nut meal or corn gluten, which are used as protein sources and are therefore substitutes for our fishmeal and fish oil products for use by animals such as poultry and hogs (which do not depend on a fish-based diet to the same extent as fish and shrimp). Grain-based products or other new products may gain greater acceptance among our customers which would force the price of fishmeal to remain competitive with substitute products. We believe that the significant increase in fishmeal and fish oil prices in recent years is likely to lead to a search for more cost-effective animal, shrimp and fish aquaculture feeds. If more effective substitutes for fishmeal and fish oil in aquaculture and agriculture emerge, demand for fishmeal and fish oil could decline significantly, which could materially and adversely affect prices, and consequently our business, results of operations and financial condition.

Our fishmeal and fish oil products are subject to price fluctuations.

Most of our revenues are derived from the sale of fishmeal and fish oil, and the prices we obtain for our products are directly related to world market prices for such products. Although fishmeal prices have risen in the past decade, fishmeal and fish oil prices are subject to fluctuation. Prices for fishmeal increased 59.4% in 2015, from U.S.\$1,335 per metric ton in January 2014 to U.S.\$2,128 per metric ton in January 2015, but then declined by 29.4% in 2016, from U.S.\$1,913 per metric ton in February 2015 to U.S.\$1,350 per metric ton in February 2016. Fishmeal prices are determined by factors beyond our control, including, among others, global demand and supply of fishmeal and fish oil, our customers' access to credit, international economic trends, global economic conditions, particularly in China which is the world's largest consumer of fishmeal, currency exchange fluctuations, expectations of inflation, actions of commodity markets participants, consumption and demand patterns and political events in major producing countries.

Historically, fish oil prices have followed the prices of vegetable oils since fish oil competes with vegetable as nutrition for aquaculture. Consequently, fish oil prices have been greatly influenced by crude oil prices as vegetable oils are also used as another energy source. In recent years, fish oil prices have also been affected by demand for omega-3 products. Due to these variables, fishmeal and fish oil prices may rise or fall in the future and prices for these products may not continue to maintain their current levels.

We do not currently hedge the price at which our fishmeal and fish oil products are sold, and as a result we are exposed to the effects of changes in prevailing market prices for fishmeal and fish oil. A decline in the market price of fishmeal and fish oil would adversely impact our revenues, net profit and cash flows and could have a material adverse effect on our ability to repay our debt and meet our other financial obligations.

Our operations are dependent on the total allowable anchovy catch and the individual quota assigned by the Ministry of Production, each of which may be affected by factors outside our control, including climatic events such as El Niño and La Niña.

Our operations depend on the catch of anchovies, the raw material for fishmeal and fish oil, which is limited by individual quotas established by the Ministry of Production in accordance with the ITQ system. Because our operations include anchovies from our own catch and from the catch purchased from independent vessel owners, we are dependent on both the total and the individual quotas assigned by the Ministry of Production for each fishing season. The allowable anchovy catch is determined by the Ministry of Production according to ocean conditions and the health and size of the biomass as determined by IMARPE, which depends on, among other things, the reproductive cycle of the anchovies, the presence of necessary nutrients in the water to sustain the biomass and climatic conditions that affect the waters off the Peruvian coastline.

Major climatic events, such as *El Niño* and *La Niña* episodes, can cause significant decreases in biomass worldwide and particularly off the Peruvian coast. According to the Climate Prediction Center of the U.S. National Oceanic and Atmospheric Administration, *El Niño* and *La Niña* episodes typically occur every two to seven years, frequently lasting approximately six to ten months. The occurrence of *El Niño*, or a strong positive temperature deviation of equatorial Pacific waters, causes ocean water temperatures to rise forcing anchovies to deeper waters, while *La Niña* is characterized by unusually cold temperatures in the equatorial Pacific, causing anchovies to spread out at different depths in search of warmer waters. *El Niño* effects have had a material adverse effect on the Peruvian fishing industry, particularly in 1998 and in 2011. A recent prolonged *El Niño*, which began in mid-2014, has affected the levels of fishing quotas and catches through mid-2016, causing the total allowable anchovy catch to fall at the lowest levels in the last 15 years. The total quota was 2.2 million metric tons in 2014, 3.6 million metric tons in 2015 and 2.8 million metric tons in 2016. Furthermore, of the 1.8 million metric tons in the first fishing season of 2016, only 51% was caught. The effect of *El Niño* was such that the Peruvian government took the unprecedented action of refusing to establish a quota for the second season of 2014. Although the levels of quotas after this period have started to recover, with the second quota of 2016 established at 2.0 million metric tons, the first quota of 2017 established at 2.4 million metric tons and the second quota of 2017 established at 1.5 million metric tons, another strong *El Niño* or *La Niña* phenomenon may occur in the future, which could result in a reduction of the total or individual quotas, negatively impacting our, financial condition, business and results of operations.

The ITQ system was established in 2008 and came into effect in 2009. Pursuant to this system, the government combines the establishment of a global catch quota with the allocation of individual quotas, based on each company's fleet capacity and historical catch during the previous years. While there is no evidence that the current ITQ system will be changed in the near future, we cannot assure you that this system will remain in place indefinitely. A change in the ITQ system would adversely affect our business, results of operations and financial condition.

Furthermore, under the ITQ system, if a quota holder fails to catch at least 80% of its quota for four consecutive fishing season (other than as a result of unforeseen events and *force majeure* under Peruvian law), its quota will then be reduced by an amount equal to an average of the unfulfilled quota during each of those four consecutive fishing seasons. In such case, the Ministry of Production will re-allocate the reduced portion of the

quota among all other quota holders on a pro rata basis. Although we have not experienced any difficulties in fulfilling our quota, events beyond our control may cause us to not meet our quota.

A reduction of our quota, due to a decrease biomass, catches or otherwise, would reduce the amount of raw material we are able to obtain and consequently would limit our fishmeal and fish oil production volumes and would have a material adverse effect on our business, results of operations and financial condition.

Our operations may be adversely affected by changes in ocean temperatures and major climatic trends.

Our principal raw materials include anchovy, giant squid, mackerel, jack mackerel and mahi-mahi. A reduction in the biomass of these fishes could reduce our catch or the catch we purchase from independent vessel owners, reducing our inventories and sales volumes. In addition, abnormal ocean temperatures, caused by *El Niño* or *La Niña*, or currents that cause fish to disperse from their customary depths and locations, could adversely affect the efficiency of fishing vessels by causing them to spend more time at sea and use more fuel in harvesting fish, which could cause an increase in the price of this raw material from third parties or a reduction in the quality of the anchovy. For example, due to the scarcity of giant squid in 2016 and 2017, we suspended operations of the Paíta plant in June 2016 and have limited operations of our Tambo de Mora plant to mackerel and jack mackerel, until the availability of the giant squid and its price in the local market return to adequate levels for this business to be profitable.

In addition to natural phenomena, from time to time the Peruvian biomass migrates from one location to another, resulting in a mismatch between the locations of the biomass and our processing plants. Our fishmeal and fish oil processing plants are distributed along the center-north coast of Peru. A significant migration of biomass to the southern coastline of Peru would adversely affect our access to this raw material and our business and results of operations.

We face intense competition.

The fishing industry in Peru is characterized by intense competition and increasing pressure on profit margins. Competition occurs on the basis of price, quality of products, product lines, etc. We face strong competition from domestic fishing operators, including Tecnológica de Alimentos, Corporación Pesquera Inca S.A.C./CFG Investment S.A.C., Pesquera Diamante S.A., Austral Group S.A.A. and Pesquera Hayduk S.A. See “Industry—Fishmeal and Fish Oil Production and Export Markets—Major Peruvian Fishing Companies.” Some of our competitors have greater financial resources than we do and could use these resources to take steps that could adversely affect us. In addition, we face competition from international producers of fishmeal and fish oil. In 2015, more than 48% of the worldwide production of fishmeal originated from Peru, China, Thailand, Chile and Vietnam, with Peru and Denmark being the leading export countries in 2015, with approximately 0.7 million metric tons and 0.2 million metric tons, respectively, according to IFFO.

We compete with lower-priced alternative products. The price of fishmeal and fish oil depends to an extent on its quality, which is classified according to technical and commercial specifications and the type of drying process used to process fishmeal, with the average price of super prime fishmeal, a high-quality fishmeal product, approximately U.S.\$337 higher than that of standard fishmeal, the lowest quality fishmeal on the market, in 2016. Our products generally provide higher value and/or quality to our consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and/or quality between our products or those of our competitors change in favor of our competitors or if consumers perceive this type of change. If consumers choose these lower-priced and lower-quality products, then we could lose market share or sales volumes, which could materially and adversely affect our product sales, financial condition and operating results.

As other companies expand their operations in Peru or other international companies enter the Peruvian market, competition will continue to intensify. Our inability to respond effectively to competitive pressures and changes in our markets could materially and adversely affect us or cause us to lose market share. We cannot assure you that future market consolidation and competition will not materially and adversely affect us.

Increased competition in the markets in which we operate, whether through new competitors or existing competitors expanding their operations, could adversely affect our market shares, our profit margins and our business.

Our results of operations and cash flows could be adversely affected by existing regulatory requirements or changes in laws and regulations in Peru or any of our principal export markets.

Our industry is subject to complex statutes, rules, and regulations in Peru and internationally. In order to operate our fleet and production plants, we must comply with certain operational obligations of an administrative or regulatory nature, such as obtaining various permits, licenses, concessions, authorizations, certifications, registrations, and payment rights some of which are granted for fixed terms and therefore require periodic renewal. Changes to any of the laws, regulations, rules, or policies regarding the granting and renewal of authorizations, licenses, permits, concessions for the extraction, production, processing, preparation, distribution, packaging, or labeling of our products, or environmental matters, or a stricter interpretation or enforcement thereof, may increase our operating costs or impose restrictions on our operations which, in turn, could have a material adverse effect on our business. See “Regulatory Environment.”

In addition, we are subject to extensive food quality and safety regulations as part of our direct human consumption business, which consists of the production and processing of frozen seafood. We are also subject to extensive regional and national laws, rules, regulations and standards of hygiene and quality regulation in the food safety area and oversight by authorities where we operate regarding the processing, packaging, labeling, storage, distribution and advertising of our frozen seafood products. These authorities enact and enforce regulations with respect to our operations by, among other things, licensing our plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses. Consequently, we are required to maintain various registries, licenses and permits in order to operate our business. In addition, if we are required to comply with future material changes in food safety or health-related regulations, we could be subject to material increases in operating costs and also be required to implement regulatory changes on schedules that cannot be met without interruptions in our operations. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, could increase our costs and adversely affect our business, financial condition and results of operations.

We are dependent on exports to China and our other main export markets.

In 2015 and 2016 and the first nine months of 2017, the principal markets for our products were China, Germany, Chile and Denmark. In particular, our business is highly dependent on China, as it is the largest importer of fishmeal. According to IFFO, in 2015, China imported 1,030.5 million metric tons of fishmeal, representing approximately 35.5% of the total world imports during such year. In the nine-month period ended September 30, 2017 and in 2016 and 2015, our fishmeal exports to China, our principal export market for fishmeal, accounted for approximately 77.2%, 66.5% and 58.4% of our consolidated sales volume, respectively. Imposition of tariffs, quotas, trade barriers, import bans or any other restrictions in China or any of our export countries would affect our pricing structure, competitiveness and our ability to sell into these countries, rendering it difficult to place our products in other countries.

Our ability to compete effectively in our export markets could be materially and adversely affected by a number of factors beyond our control, including deterioration in macroeconomic conditions, exchange rate volatility or government subsidies. Moreover, demand for our products may decrease substantially upon the occurrence of any unforeseen events such as outbreak of wars, terrorist attacks or other political, economic or social events in our principal markets that lead to a protracted economic downturn. If our ability to sell our products competitively in one or more of our significant export markets were impaired by any such development, we might not be able to reallocate our products to other markets on equally favorable terms, and our business, financial condition and results of operations could be adversely affected.

Failure to comply with applicable environmental regulations could adversely affect our business and reputation.

Our operations are subject to environmental regulations at the local and national levels. These regulations apply to our fleet and processing plants and govern, among other things, emissions into the atmosphere, disposal of solid waste and aqueous effluents, management and disposal of hazardous wastes, and other activities incident to our business. Our future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our results of operations and cash flows. In addition, failure to comply with these regulations could, based on the frequency or severity of such non-compliance, subject us to warnings from relevant authorities, impositions of fines, specific performance, civil or criminal liability, and closure of facilities or the temporary or permanent suspension of our fishing and processing activities, among other things, which would have adverse effects on our business, financial condition and results of operation. Complying with remediation obligations associated with the investigation and clean-up of contaminated properties, as well as with damage claims arising out of the contamination of properties or any impact on natural resources can result in significant costs. These expenditures may not be recoverable and may consequently divert funds away from planned investments in a manner that could adversely affect our business, results of operation and financial condition.

Our results are seasonal, and any circumstance that adversely affects our business during our fishing seasons would have a material adverse effect on our annual results of operations and cash flows.

Our business is seasonal and depends on two annual fishing seasons which are typically authorized to occur in the second and fourth quarters of each year. As a result, we have experienced, and expect to experience in the future, significant quarterly variations in our revenues and cash flows. We seek to manage our processing activities and inventories to adapt to the seasonal variations in our sales and we generally have increased sales activity during the first and third quarters of the year. Conversely, we usually experience a decrease in sales during the second and fourth quarters of each year due to our focus on harvesting and processing activities during the fishing season during such quarters. For example, in 2016, the quarterly sales volume of our fishmeal and fish oil was distributed as follows:

- 38.1% in the first quarter;
- 24.3% in the second quarter;
- 31.1% in the third quarter; and
- 6.5% in the fourth quarter.

As a result of the foregoing, we do not have evenly distributed quarterly cash flows and are vulnerable to any adverse events at sea or in our processing plants, business interruptions or other unforeseen circumstances which impact our harvesting activities during the fishing seasons. If any such events were to occur, they would likely have a disproportionately material and adverse effect on our financial condition and results of operations. In addition, during the two fishing seasons, companies prepare their inventory for sale throughout the year according to their sale agreements and market trends. Delays in starting fishing activities may affect our cash flows, as the financial system usually finances the fishing industry based on completed inventories.

We may undertake acquisitions in the future that may be significant in size, may change the scale of our business and/or may cause disruptions in our ongoing business.

Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions. Although we believe that future acquisition opportunities to acquire businesses, quotas and processing plants in Peru are more limited, we regularly evaluate potential opportunities to acquire additional vessels, processing plants and businesses in the future. If those future acquisitions were significant, they could change the scale of our business and could expose us to new geographic, political, operating and financial risks.

Our ability to make any such acquisitions depends on our ability to identify suitable candidates for acquisition, acquire them on acceptable terms and successfully integrate their operations. Any acquisitions would be accompanied by risks, including risks related to the quality of the assets being acquired; difficulties in assimilating the operations and personnel of any acquired companies; the potential disruption of our ongoing business; the inability of management to maximize our financial and strategic position through the successful integration of the acquired businesses; the inability of management to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new personnel; and the potential unknown liabilities associated with acquired assets or businesses. In addition, we would need additional capital to finance potential acquisitions. Debt financing related to any acquisition will expose us to the risks associated with borrowing money, while an additional equity financing may cause existing shareholders to suffer dilution. We may not be successful in overcoming these risks or any other problems associated with such acquisitions.

Our business requires working capital and capital expenditures, and our inability to access short-term and long-term financing could adversely affect our results of operations.

We have ongoing working capital needs to operate our business, and we may require additional financing in the future to support our working capital and capital expenditures. In addition, the fishing operations, maintenance of vessels, machinery and equipment and compliance with applicable laws and regulations requires ongoing capital expenditures. Our working capital requirements for 2017 may reach up to U.S.\$65 million, which will be met primarily through pre-shipment and post-shipment facilities, together with fishmeal or fish oil warrants, or export credit letters. Currently, we obtain our working capital financing from uncommitted credit facilities, in the total amount of U.S.\$183 million with the following banks: Banco de Crédito del Perú S.A., Banco Internacional del Perú S.A.A. (“Interbank”), BBVA Banco Continental, Banco Santander Perú, S.A., Scotiabank Perú S.A.A., Banco Financiero and Banco Interamericano de Finanzas. We also have committed credit facilities in the amount of U.S.\$20 million with Scotiabank Perú S.A.A. and a U.S.\$20 million factoring line with various banks. These credit facilities may no longer be available to us in the future. The availability of future financing is subject to many uncertainties beyond our control, including, among others, international, regional, macroeconomic and political conditions of the capital markets.

The cost and availability of financing for Peruvian companies are influenced by economic and market conditions in other emerging market countries, especially those in Latin America. Although economic conditions are different in each country, investors’ reactions to developments in one country may affect the cost and availability of financing to issuers in other countries, including Peru. As a result, additional capital or other types of financing may not be available when needed or, if available, the terms of such financing may not be favorable to us. Difficulty or failure to obtain sufficient financing on attractive terms could result in postponing required improvements or expansions of our production facilities or increasing our financial expenses which could adversely affect our results of operations.

We may not continue to successfully develop our direct human consumption business.

We began operations of our direct human consumption business in 2011 with the production and processing of frozen seafood in our Paita processing plant primarily of giant squid and mahi-mahi available in the northern coast of Peru, and in 2014 we expanded our business with the start of operations of our Tambo de Mora processing plant of mackerel and jack mackerel caught by our specialized fleet. We have also equipped six vessels with freezer and storage systems in order to develop our operations in this market. Our net sales of human consumption represented 8.5%, 13.3% and 12.0% of our net sales for the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015, respectively. We face risks inherent to a new business and to the direct human consumption business and cannot guarantee our continued or future performance. We may experience difficulties in availability of marine species to be processed in our freezing plants, developing successful business relationships, attracting customers, establishing operating procedures, hiring qualified employees, as well as take other measures necessary to successfully and efficiently conduct our operations in this business.

For example, due to scarcity of giant squid in 2016 and 2017, we suspended operations of the Paita plant in June 2016 and have limited operations of our Tambo de Mora plant to mackerel and jack mackerel until the availability of the giant squid and its price in the local market return to adequate levels for this business to be profitable. Moreover, we face strong competition in this business from both domestic and international producers that possess more experience in the direct human consumption business.

In the event we are unable to overcome these and any other risks we may face in the operation of our direct human consumption business, our operations, financial condition and results of operation may be materially adversely effected.

The loss of significant customers would adversely affect our revenue from exports.

We have a highly concentrated client base, with most of our clients located in China and Western Europe. In the nine-month period ended September 30, 2017 and in the years 2016 and 2015, our top 10 clients by sales volume represented 58.0%, 67.0% and 74.0%, respectively, of our fishmeal sales. If one or more of our customers were to decide to acquire its fishmeal or fish oil from a different producer, to acquire substitute products in lieu of our fishmeal or fish oil or to discontinue purchases from us for any other reason, we may be unable to sell our production to other customers on comparable terms, and our financial condition and results of operations could be materially and adversely affected.

An increase in the price of fish we purchase from third parties could adversely affect our operating margins.

In addition to the fish we harvest with our own vessels, which is limited to our anchovy fishing quota of 6.70209% of the total allowable anchovy catch for each fishing season in the center-north of Peru, we purchase fish at market prices from third parties. In the nine-month period ended September 30, 2017 and in the years 2016 and 2015, we supplemented our own catch by purchasing anchovies from third parties that represented approximately 49.5%, 52.0% and 46.7%, respectively, of the total volume of anchovies we processed during such periods. As a result, our sales volume depends to a certain degree on our ongoing ability to purchase quantities of raw material at prices we deem reasonable and that are in line with international prices of fishmeal. If we are unable to acquire sufficient quantities of fish from third parties in the future, we would have less fish to process, which in turn would decrease our production and our sales. If the price of the raw materials we acquire from third parties were to increase any further, it would increase our cost of sales and adversely affect our cash flows and operating margins.

Increases in our fuel costs or disruptions in our fuel supply would adversely affect our results of operations.

Fuel costs represent a significant portion of our operating expenses. For example, excluding the cost of the raw material, fuel accounted for 25.1%, 28.1% and 27.6% of our fishmeal production costs in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively. Increases in fuel costs could adversely affect our results of operations. Fuel costs have been subject to wide fluctuations as a result of increases in demand and sudden disruptions in, and other concerns about, global supply, as well as market speculation. Both the cost and availability of fuel are subject to many economic and political factors and events occurring throughout the world that we can neither control nor accurately predict, such as instability in oil prices in the primary oil-exporting countries in the Middle East, Latin America and Africa. As a result of factors of this nature, fuel costs continue to exhibit substantial volatility and could significantly increase above their current levels. In any event, we may not be able to offset any future increases in the cost of fuel by passing through to our customers all or a substantial portion of the increasing fuel costs. Consequently, increases in fuel costs may have a material adverse effect on our future financial condition and results of operations.

The fishing vessels and processing plants we operate or manage may suffer loss or damage which may not be covered by our insurance policies, and future coverage may be difficult or expensive to maintain.

We may experience vessel loss, or the operation of our vessels or processing plants may be temporarily interrupted, arising from a number of causes, including adverse weather, collision, stranding, fire, mechanical failure and human error. Any such event could result in direct losses and liabilities, loss of revenue or increased

costs. With respect to our vessels, our insurance specifically covers damage to the hull and machinery on the vessel, loss or damage to property, illness, death or injury to crew members, negligence of crew members, pollution and collision liability. Nevertheless, our insurance policies are subject to certain potentially significant deductible exclusions from coverage such as negligence. Therefore, if any of the above-mentioned events occurs, our insurance may not compensate us for all of our losses and our contingency plan may not be sufficient, in which case such events could have a material adverse effect on our business, results of operations and financial condition.

We renew our insurance policies on an annual basis. The cost of coverage may increase to an extent that we may choose to reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, adverse political developments, security concerns and natural disasters may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage. As a result, our insurance coverage may prove to be inadequate for events that may cause significant disruption to our operations, which may have a material adverse effect on our business.

We are exposed to foreign exchange rate risk.

Substantially all of our revenues are denominated in U.S. dollars, and approximately 50% of our costs (including electricity, labor, maintenance, local contractors and fuel) in 2016 were denominated in *soles*. Our exposure to foreign exchange rate risk arises mainly from our commercial accounts payable, labor and tax obligations, other accounts payable and other financial obligations denominated in *soles*.

As of September 30, 2017, several balances under our assets and liabilities are expressed in our financial statements in U.S. dollars at the exchange rate published by the SBS as of such date, which was S/3.263598 for sale and S/3.267 for purchase per U.S. dollar. The U.S. dollar to *sol* exchange rate has fluctuated significantly over the last 10 years. See “Exchange Rates.” Devaluations of the U.S. dollar in the future could have an impact on our local and total costs and ability to meet our obligations denominated in *soles*, causing a material adverse effect on our results of operations and financial condition.

We are subject to food and feed industry-related risks such as contamination and product recalls, which could subject us to significant liabilities.

We are subject to food and feed industry risks which include, but are not limited to, spoilage, contamination, tampering or other adulteration of products, product recalls, government regulation, shifting customer and consumer preferences and concerns, including concerns regarding trans-fatty acids, and potential product liability claims, especially involving mercury and other contaminants in our fish oil which may be used for human consumption. In addition, any contamination, recall or other event affecting any of our products could lead to significant harm to our corporate image, business interruption or unforeseen liabilities. We cannot assure you that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Moreover, claims or liabilities of this nature might not be covered by any rights of indemnity or contribution that we may have against others. Any such event could have a material adverse effect on our financial condition and results of operations.

Food and drug safety concerns and related unfavorable publicity may adversely affect us.

We could be materially adversely affected if our customers or consumers lose confidence in the safety and quality of our products. Adverse publicity about these concerns, whether or not ultimately based on fact, and whether or not involving our products, could discourage consumers from buying our products. The real or perceived sale of contaminated products by us could result in a loss of consumer confidence and product liability claims, which could have a material adverse effect on our sales and operations. To the extent that we are unable to maintain appropriate sanitation and quality standards in our plants, food and quality issues could involve expense and damage to our brand names. Products that we sell could become subject to contamination, product tampering, mislabeling, recall or other damage. Damage to our reputation in the event of a judgment against us or a product recall could have an adverse effect on our business.

We may be exposed to disruption in the delivery of our products to the markets.

Our products are delivered by trucks to the ports and shipped in chartered and container-vessels to markets in Asia and Europe, among other destinations. If there is any disruption in the shipping delivery due to weather conditions, port conditions, union strikes, social unrest or any other factors, our sales may be adversely affected. For example, in January 2017, record rainfalls related to *El Niño Costero*, a type of *El Niño* common in coastal areas, caused devastating floods in Peru, which caused significant damage to Peruvian infrastructure leading to substantial delays in the delivery of products transported by land. The damage to roads and highways forced hundreds of trucks and buses to cease activities for long periods until access to the regions affected by rain was restored. Similar effects on the infrastructure could cause disruption or delays in our supply chain, any of which may potentially increase our operating costs and adversely impact our business, causing a material adverse effect in our results of operations and financial condition.

We are substantially dependent on our processing plants, and any interruption or operational failure in any of these plants may result in a reduction of our production volume and, therefore, materially and adversely affect us.

Most of our profit is derived from the fishmeal, fish oil and frozen seafood that we produce in our processing plants. Shortage in the supply of key spare parts, adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements could materially and adversely affect our operations and development projects. Moreover, if an accident, unanticipated repair, equipment malfunction, or natural or climatic disaster occurs in one or more of our processing plants, we may be materially and adversely affected and all or part of our operations may be interrupted, and we cannot assure you that such damage will be covered under our insurance policies.

In addition, we are subject to labor strikes and other operational incidents, such as equipment failures, fires, explosions, pipe ruptures and transportation accidents. These and other operational accidents may result in physical injury, death, material loss and destruction of our properties and equipment, and/or, in the case of environmental accidents, which may result in the suspension of our operations and/or the imposition of civil, labor and administrative penalties and criminal liability. Irregularities in our processing plants' environmental licensing, municipal licensing and our failure to comply with regulations applicable to our business may also result in the suspension of our operations and/or the imposition of civil, administrative and criminal penalties.

We depend on the expertise of our senior management, directors and skilled crew personnel, and our business may be disrupted if we lose their services.

Our senior management team possesses extensive experience and industry knowledge. We depend on our senior management and directors, including Víctor Matta Curotto, our controlling shareholder (through Caleta de Oro Holding, S.A.) to set our strategic direction and management of our business, which are crucial to our success. Furthermore, our continued success also depends upon our ability to attract and retain a large group of experienced professionals and personnel to form the crew for each of our vessels. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on our operations and profitability. Our ability to retain senior management as well as experienced personnel will partially depend on our ability to maintain appropriate staff compensation and benefit schemes. Our current compensation and benefit schemes may not be sufficient to retain the services of our experienced personnel in the future.

Future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements against us.

We currently are, and may in the future become, involved in lawsuits, regulatory inquiries and governmental and other legal proceedings arising out of the ordinary course of our business. Some of these proceedings raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to lawsuits, regulatory inquiries and governmental and other legal proceedings in Peru is generally uncertain. While we do not consider any of the legal proceedings in which we are currently involved,

individually or collectively, material, the possible outcomes of, or resolutions to, these proceedings could include adverse judgments or settlements, either of which could require substantial payments and could affect our reputation and business standing.

Our controlling shareholder may have conflicts of interest relating to our business.

As of September 30, 2017, Caleta de Oro Holding, S.A., Caleta de Oro Holding del Perú S.A.C. and Silk Holding Management Ltd., which are held by our controlling shareholder, Víctor Matta Curotto, hold 70.7% of our share capital. Although Víctor Matta Curotto does not have the exclusive power to determine the outcome of any action requiring shareholder approval, he has historically exercised substantial influence at our shareholder meetings as a result of being our largest shareholder. The interests of Victor Matta Curotto may in some cases differ from those of the Eligible Holders of the New Notes. In circumstances involving a conflict of interest between Victor Matta Curotto and the Eligible Holders of the New Notes, Victor Matta Curotto may exercise his rights in a manner that would benefit his interests to the detriment of the Eligible Holders of the New Notes.

We may incur additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding debt obligations.

After the Exchange Offer and the offering of the New Notes, we may incur additional indebtedness which may have the following direct or indirect effects on you:

- limit our ability to satisfy our obligations under the New Notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to servicing and repaying our indebtedness which may place us at a competitive disadvantage to our competitors with less debt;
- limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds, and
- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditure, selling assets, restructuring or refinancing our indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of our financing arrangements impose operating and financial restrictions on our business, and the New Indenture governing the New Notes impose substantial limitations on our ability to, among other things, incur additional debt, make restricted payments, pay dividends or make distributions on our capital stock, repurchase our capital stock or sell or transfer property or assets, guarantee indebtedness, enter into transactions with our affiliates, reduce our indebtedness, create liens on our assets to secure debt, sell assets, make investments, and merge or consolidate with another company. See “Description of the New Notes—Certain Covenants.” These provisions may negatively affect our ability to react on a timely basis to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business, any of which could materially and adversely affect our business, results of operations and financial condition. In addition, our agreements with respect to future indebtedness may contain additional affirmative and negative covenants that could be more restrictive than those contained in the New Indenture governing the New Notes.

In the future, we may from time to time incur substantial additional indebtedness. Although the New Indenture governing the New Notes restricts us and our subsidiaries from incurring additional debt, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness could further intensify.

Risks Related to Peru

Poor economic conditions in Peru could adversely affect our operations.

The vast majority of our operations are located in Peru and our sales are mainly conducted in Asia and Europe. As a result, our business, financial position and results of operations are dependent upon economic and social climate in Peru, including price stability, inflation, interest rates, exchange rates, regulations, taxation, social stability, political unrest, economic downturns and other developments in or affecting Peru, over which we have no control.

According to data published by the Central Reserve Bank, Peruvian gross domestic product (“GDP”) grew at a rate of 6.0% in 2012, 5.8% in 2013, 2.4% in 2014, 3.3% in 2015 and 3.9% in 2016. The annualized GDP growth of Peru through the six month period ended June 30, 2017 was 3.0% as compared to 4.0% in the corresponding period of 2016. Metals have represented more than 55% of Peru’s exports in each year since 2012, which makes the Peruvian economy vulnerable to a sharp fall in metal commodity prices.

In the past, Peru has experienced periods of weak economic activity. We cannot assure you that such conditions will not return or that such conditions will not have a material and adverse effect on our business, results of operations, financial condition and ability to repay the New Notes.

Political and social developments in Peru could adversely affect our operations.

Our financial condition and results of operations may be adversely affected by changes in Peru’s political climate to the extent that such changes affect the nation’s economic policies, growth, stability, outlook or regulatory environment.

Peru has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Despite Peru’s ongoing economic growth and stabilization, social and political tensions, high levels of poverty and unemployment and social conflicts with local communities continue to be pervasive problems in Peru. Future governmental policies to preempt or respond to social unrest could include, among other things, expropriation or nationalization of private assets and property, suspension of the enforcement of creditors’ rights or new taxation policies. These policies could adversely and materially affect the Peruvian economy and, as a result, our business and financial condition.

The president of Peru has considerable power in determining governmental policies and actions that relate to the Peruvian economy. During the past several decades, Peru has experienced economic and political instability that has included a succession of administrations with differing economic policies and programs. Peru’s current president, Pedro Pablo Kuczynski of the Peruanos por el Cambio political coalition, has been in office since July 28, 2016. The election of President Kuczynski generated a favorable political and economic climate. President Kuczynski’s administration ratified Julio Velarde to continue in his role as president of the Central Reserve Bank and appointed Fernando Zavala as Minister of Economy and Finance. In his first year in office, President Kuczynski confronted some difficulties generated by corruption scandals in the construction section, as well as the effects of *El Niño Costero* in March and April 2017, which had a significant impact on Peru’s infrastructure, especially the northern part of the country. His administration has substantially maintained the economic policies of former president Ollanta Humala, which was characterized by business-friendly and open-market economic policies that sustained and fostered economic growth, while controlling the inflation rate at historically low levels. However, we cannot assure you that the current or any future administration will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Peruvian economy or the Peruvian government’s economic policies may have a negative effect on our business, financial condition and results of operations.

In addition, because in the most recent election for congress the opposition obtained a clear majority, government gridlock and political uncertainty may occur which will require the current administration to seek political support from such opposition parties for its economic proposals. This creates further uncertainty in the ability of the current administration to pass measures that it expects to implement. We cannot provide any assurances that political or social developments in Peru, over which we have no control, will not have an adverse effect on Peru's economic situation and on our business, results of operations, financial condition and ability to repay the New Notes.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

Financial and securities markets in Peru are influenced, to varying degrees, by economic and market conditions in regional or global markets. In particular, the Peruvian economy has recently suffered the effects of lower commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves and an increase in its current account deficit. Adverse developments in regional or global markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, economic and financial condition and results of operations.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on our business, financial condition and results of operations.

Since 1991, the Peruvian economy has experienced a significant transformation from a highly protected and regulated system to a free market economy. Prior to 1991, Peru exercised control over foreign exchange markets by imposing restrictions to multiple exchange rates and restrictions to the possession and use of foreign currencies. 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 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 private sector and market forces. The Peruvian economy has generally responded positively to this transformation, having increased its GDP by an average annual rate of over 4.6% during the period from 2011 to 2016. Exchange controls and restrictions on remittances of profits, dividends and royalties are no longer imposed, except for restrictions applicable to companies that have been convicted or have admitted to and/or acknowledged committing crimes against the Peruvian public administration or money laundering or equivalent crimes, as set forth in Urgency Decree No. 003-2017 (Urgency Decree to Ensure Continuity of Public Utility Investment Projects and Safeguard Compensation to the State in Cases of Corruption), which restricts the transfer of both local and foreign currency abroad. Except for the restrictions set forth in such Urgency Decree, companies having operations in Peru may freely transfer foreign currency from Peru to other countries. However, 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 have a material adverse effect on our business, financial condition and results of operations.

Inflation could adversely affect our financial condition and results of operations.

In the past, Peru has suffered through periods of high inflation and hyperinflation, which has materially weakened the Peruvian economy and the Peruvian government's ability to create conditions that would support economic growth. As a result of reforms initiated in the 1990s, Peruvian inflation has decreased significantly in recent years from four-digit inflation during the 1980s. The Peruvian economy experienced annual inflation of 3.7% in 2012, 2.8% in 2013, 3.2% in 2014, 3.5% in 2015, 3.6% in 2016 and 3.2% in the nine-month period ended September 30, 2017, as measured by the Peruvian Consumer Price Index (*Índice de Precios al Consumidor del Perú*) ("CPI"). Over the five-year period ended on December 31, 2016, the Peruvian economy experienced annual inflation averaging approximately 3.4% per year as measured by the Peruvian CPI. This index is calculated by INEI and measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. The Central Reserve Bank establishes on an annual basis a target inflation rate for each fiscal year and announces the target rate in effect in order to shape market expectations.

A return to a high inflation environment would undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment. Additionally, in response to increased inflation, the Peruvian Central Bank may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth. If Peru experiences substantial inflation in the future, our costs could increase and our operating margins could decrease, which could adversely affect our business, financial condition and results of operations. Inflationary pressures may also limit our ability to access foreign financial markets and may cause government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. Our results of operations and the value of our securities may be adversely affected by higher inflation.

Any closure of ports in Peru could significantly affect our business.

A significant part of our business strategy consists in the export of our products through different ports along the Peruvian coast, particularly the Callao port, located in the Lima Department. Therefore, the success of this strategy is very sensitive to any closure of ports, which could occur as a consequence of governmental decisions or social unrest activities, such as strikes or others. A closure of any of the ports that we use to export our products would affect our sales and could have material adverse effects on our results of operations.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.

The Peruvian government regularly implements changes to the tax regulations that may increase our tax burdens. These changes include modifications in the tax rates, methods for tax audits and, from time to time, the enactment of temporary taxes that in some cases have become permanent. The effects of any tax reforms proposed in the future and any other changes resulting from the enactment of additional tax reforms have not been, and cannot be, quantified. Pursuant to the last major tax reform enacted on December 2016, the tax rate on business income increased from 28.0% to 29.5%. Although this rate became applicable on January 1, 2017 and is not expected to change in upcoming years, we cannot assure you that future administrations will retain the tax reform. Any current and future changes to our tax regime may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

All of our processing plants are located in Peru and could be adversely affected by earthquakes or other natural disasters.

Peru is located in an area of intense seismic activity and other natural phenomena, and is affected by earthquakes and floods from time to time. On August 15, 2007, an earthquake of 7.9 on the Richter scale affected the central coast of Peru, severely damaging the Ica region. Such earthquake affected the facilities of our Tambo de Mora processing plant, particularly the processing machinery and warehouse areas, damaging all the underground electric apparatus, displacing base structures and cracking concrete foundations where equipment was located. Damages in our Tambo de Mora plant amounted to approximately U.S.\$4.8 million, of which, U.S.\$4.6 million were covered by insurance. Additionally, as a consequence of this event, in some cases we had to renegotiate with clients to delay the delivery of our products. Another major earthquake could damage the infrastructure necessary for our operations.

We are also vulnerable to damage from other types of disasters, including fires, droughts, floods, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously, or potentially completely impaired. Although we are insured against possible damages caused by earthquakes and other natural disasters, accidents or similar occurrences (including coverage for losses caused by strikes), the occurrence of an earthquake or any other natural disaster could result in damage to, or destruction of, properties and equipment, or losses not covered by our insurance policies, as well as temporary disruption to our services, which may have a material adverse effect in our business, results of operations, financial condition, and prospects.

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 New 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 New Notes. Economic instability in Peru and in other emerging-market countries has been caused by many different factors, including high interest rates, changes in currency values, high levels of inflation, exchange controls, wage and price controls, changes in economic or tax policies, the imposition of trade barriers and internal security issues. Any of these factors, as well as volatility in the markets for securities similar to the New Notes, may adversely affect the value of the New 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 investors' interest in the New Notes, in particular.

In addition, economic and political developments in other emerging countries in Latin America such as Argentina, Bolivia, Brazil, Ecuador, Colombia and Venezuela may have an adverse effect on other countries in the region, including Peru. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may substantially affect capital flows into, and the demand for securities issued by issuers in other countries, including Peru. Recently, emerging markets have seen investors significantly reduce their exposure to those markets as a result of rising interest rates in the United States, political turmoil and concerns that emerging market economies as a whole have not reformed fast enough to make growth sustainable. Peru's economy continues to be affected by events in the economies of its major regional partners, in the economies of developed countries that are its trading partners, or that affect the global economy. We cannot assure you that investors' interest in Peru, and in the New Notes, will not be adversely affected by events in other emerging markets or the global economy in general.

Corruption and ongoing high profile corruption investigations may hinder the growth of the Peruvian economy and have a negative impact on our business and operations.

Peruvian authorities are currently conducting several high profile corruption investigations relating to the activities of certain Brazilian companies and their Peruvian partners in the construction and infrastructure sectors, which have resulted in the suspension or delay of important infrastructure projects that were otherwise operational and permitted. The overall delay relating to such projects has resulted in a drop in GDP growth and overall infrastructure investment. In addition, such corruption investigations could result in currently unknown liabilities for us or our clients and have a negative impact on our business and operations. In July 2017, former President Ollanta Humala and his wife were detained in connection with a corruption probe. Furthermore, corruption and corruption investigations could directly affect the Peruvian government, divert resources that would otherwise be focused on developing the economy, and result in slower or negative economic growth, such as has recently happened in Brazil. We cannot provide any assurances that such events will not have an adverse effect on Peru's economic situation and on our business, results of operations, financial condition and ability to repay the New Notes.

Risks Related to the New Notes

Our obligations under the New Notes will be subordinated to certain statutory liabilities.

Under Peruvian bankruptcy law, our obligations under the New Notes are subordinated to certain statutory preferences. In the event of our liquidation, the New Notes will be subordinated to the following categories of obligations, which are granted preferential treatment under Peruvian law:

- labor claims and pension and social security contributions;

- existing and future secured indebtedness, which seniority extends only to the value of the assets securing such indebtedness; and
- tax claims.

The New Notes will be effectively subordinated to our secured debt.

The New 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 other than obligations for which preferential treatment is given under applicable law. The payment of principal and interest on the New Notes will be effectively subordinated in right of payment upon our bankruptcy to all of our secured indebtedness other than obligations for which preferential treatment is given under applicable law. If we become insolvent or are liquidated, or if payment in respect of our secured indebtedness is accelerated, our secured lenders 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 New Notes. As a result, you may receive less, ratably, than the lenders of our secured indebtedness.

There is no existing market for the trading of the New Notes, and we cannot assure you that you will be able to sell your New Notes in the future.

There is no existing market for trading of the New Notes, and we cannot assure you that in the future a market for the New Notes will develop, or that you will be able to sell any New Notes you have purchased, or that any such New Notes may be sold for any particular price. Although application is expected to be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST, no assurance can be given that the New Notes will be approved for listing and quotation on the SGX-ST and we cannot assure you that a trading market will develop. The dealer manager and solicitation agent has advised us that it currently intends to make a market in the New Notes but they are not under any obligation to do so, and any market-making with respect to the New Notes may be discontinued at any time without notice at its sole discretion.

In addition, trading or resale of the New Notes (or beneficial interests therein) may be negatively affected by other factors described in this exchange offer memorandum and consent solicitation arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you the level of liquidity of any trading market for the New Notes and, as a result, you may be required to bear the financial risk of your investment in the New Notes indefinitely.

The liquidity and price of the New Notes following the offering may be volatile.

The price and trading volume of the New Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the New Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the New Notes will trade.

We cannot assure you that the credit ratings for the New Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the New Notes may change after issuance. Such ratings are limited in scope and do not address all material risks relating to an investment in the New Notes but rather reflect only the views of the rating agencies at the time the ratings are issued. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency and for any reason, including a lowering of our credit ratings or the credit ratings of the New Notes. An explanation of the significance of such 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 New Notes.

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

Your rights under the New Notes will be subject to the insolvency and administrative laws of Peru, and we cannot assure that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Peru may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of third-party and related-party creditors, treatment of intercompany debt, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of those jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. Such issues may adversely affect your ability to enforce your rights under the New Notes in Peru or limit any amounts that you may receive.

We may redeem the New Notes prior to maturity.

The New Notes may be redeemable at our option for certain reasons, and with certain limitations, as specified in “Description of the New Notes”. We may choose to redeem those New Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the New Notes.

The New Notes are subject to certain restrictions on transfer.

The New Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. You may not offer the New Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. It is your obligation to ensure that your offers and sales of the New Notes within the United States and other countries comply with applicable securities laws.

Different disclosure principles in Peru and the United States may provide you with different or less information about us than you expect.

Securities disclosure requirements in Peru differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. 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 Securities Exchange Act of 1934 (as amended, the “Exchange Act”) and, therefore, are not required to comply with the information disclosure requirements that it imposes.

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

We are a company organized and existing under the laws of Peru. None of our directors or executive officers is a resident of the United States and all or a substantial portion of our assets and those of our directors and executive officers are located outside of the United States. As a result, it may not be possible for investors in the New Notes to effect service of process within the United States upon such persons or entities or to enforce judgments in U.S. courts or predicated upon the civil liability provisions of the federal securities laws of the United States against them. 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 Civil Liabilities.”

If certain changes to tax laws were to occur, we would have the option to redeem the New Notes as a whole.

The New Notes may be redeemed, in whole but not in part, at our option, if, subject to certain conditions and as a result of (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder)

of Peru affecting taxation; or (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), we or any applicable Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date (as defined herein) would be, required to pay Additional Amounts (as defined herein) with respect to taxes of Peru at a rate in excess of (x) 4.99% in the aggregate with respect to interest paid on the New Notes or (y) 30% in the aggregate with respect to any payments other than interest on the New Notes that a holder of the New Notes would realize were such New Notes redeemed on such Interest Payment Date. See “Description of the New Notes—Redemption for Taxation Reasons.”

We are not able to determine whether an increase in the withholding tax rate will ultimately occur; however, if such an increase were to occur, and certain other conditions are met, the New Notes would be redeemable at our option at a redemption price equal to 100% of the principal amount thereof; together with accrued and unpaid interest (including any Additional Amounts). Further, the New Notes may be redeemed, in whole but not in part, at our option, if the value-added tax exemption on interest paid on securities issued through an international offering by companies incorporated or established in Peru expires or it is not renewed.

Peruvian capital gains tax may apply on transfers of definitive notes.

In the event beneficial interests in the Global Notes are exchanged for definitive notes, the non-Peruvian holders of such definitive notes may be subject to Peruvian capital gains tax on any transfer of such definitive notes. See “Taxation— Certain Peruvian Tax Considerations.”

Risks Related to the Exchange Offer and the Consent Solicitation

Eligible Holders may not receive New Notes in the Exchange Offer if such Eligible Holders do not follow the procedure for the Exchange Offer set forth in this exchange offer memorandum and consent solicitation.

To participate in the Exchange Offer Eligible Holders must tender their Existing Notes through the relevant custodian banks and clearing systems prior to the expiration of the Exchange Offer. Eligible Holders are responsible for complying with all of the procedures for tendering Existing Notes for exchange. None of the Information and Exchange Agent, the dealer manager and solicitation agent nor we are under any duty to give notice of defects or irregularities with respect to tenders of Existing Notes for exchange. No alternative, conditional, irregular or contingent tenders will be accepted. Beneficial owners of Existing Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, that wish to tender into the Exchange Offer, should promptly contact the person in whose name such Existing Notes are registered to instruct that person to tender on their behalf in accordance with the procedures established by each clearing system. See “Description of the Exchange Offer and Consent Solicitation—Procedures for Tendering Existing Notes and Delivering Consents.”

The exchange ratio for the Exchange Offer does not reflect any independent valuation of the Existing Notes or the New Notes.

We have not obtained or requested a fairness opinion from any banking or other firm as to the fairness of the exchange ratio or the relative value of the Existing Notes or the New Notes, as the case may be. If you tender your Existing Notes, you may not receive more or as much value than if you choose to keep them.

If the Proposed Amendments become operative, holders of Existing Notes will no longer benefit from the protections provided by substantially all of the existing restrictive covenants, certain events of default and other provisions in the Existing Notes Indenture.

The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain events of default in the Existing Notes Indenture, including, among other things, covenants that limit our ability to incur indebtedness, make restricted payments, create or incur liens and engage in mergers or consolidations or transfers of all or substantially all of our property and assets. The elimination of these protections could permit us, subject to restrictions in our other debt instruments (including the New Indenture governing the New Notes), to take certain actions previously prohibited that could materially increase our credit risk or could otherwise be materially

adverse to holders, and could adversely affect the market prices and credit ratings of the remaining Existing Notes. The Proposed Amendments will not relieve the issuer from its obligation to make scheduled payments of principal and interest on the Existing Notes not exchanged pursuant to the Exchange Offer in accordance with the terms of the Existing Notes Indenture as currently in effect.

The Exchange Offer may be cancelled, delayed or changed.

We have the right to terminate or withdraw at our sole discretion the Exchange Offer at any time and for any reason or if any condition to the Exchange Offer is not satisfied prior to the Expiration Date. See “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and Consent Solicitation.”

Accordingly, we cannot provide any assurance that the exchange of Existing Notes for New Notes will be completed. Even if the Exchange Offer is consummated, since we have the right to extend the Expiration Date, we cannot assure the Eligible Holders of Existing Notes that the Exchange Offer will be completed in accordance with the time schedule and terms set forth in this exchange offer memorandum and consent solicitation. Hence, Eligible Holders may have to wait longer than expected to receive their New Notes after the Settlement Date. In this period, Eligible Holders of Existing Notes will not be able to effect transfers of their Existing Notes tendered in the Exchange Offer.

If the conditions for the Exchange Offer are not satisfied or waived, the Exchange Offer will not be completed.

No assurance can be given that the Exchange Offer will be completed. Completion of the Exchange Offer is conditional upon the valid tender, without subsequent withdrawal, of not less than a majority in aggregate principal amount of outstanding Existing Notes, among certain other conditions. See “Description of the Exchange Offer and Consent Solicitation—Conditions of the Exchange Offer and Consent Solicitation.” In addition, as provided herein, we may, in our sole discretion, amend or terminate the Exchange Offer at any time prior to the Expiration Date and may, in our sole discretion, waive each and any of the conditions to the Exchange Offer. See “Description of the Exchange Offer and Consent Solicitation—General—Extension, Termination or Amendment.”

We may purchase Existing Notes in the future at different prices.

Subject to existing contractual restrictions, we may from time to time purchase any Existing Notes that remain outstanding after consummation of the Exchange Offer through open market or privately negotiated transactions, one or more tender or exchange offers or otherwise, on terms that may be more advantageous to holders than the terms of the Exchange Offer.

Upon consummation of the Exchange Offer and Consent Solicitation, liquidity of the market for outstanding Existing Notes will likely be reduced, and market prices for outstanding Existing Notes may decline as a result.

To the extent the Exchange Offer and Consent Solicitation are consummated, the aggregate principal amount of outstanding Existing Notes will be reduced. A reduction in the amount of outstanding Existing Notes would likely reduce the liquidity of the trading markets for the non-tendered Existing Notes. An issue of securities with a small outstanding principal amount available for trading, or float, generally commands a lower price than does a comparable issue of securities with a greater float. Therefore, the market price for Existing Notes that are not tendered or not accepted by us may be adversely affected. A reduced float may also make the trading prices of Existing Notes that are not exchanged more volatile. We cannot assure you of the liquidity, or even the continuation, of the trading markets for the Existing Notes following the Exchange Offer.

USE OF PROCEEDS

The Company will not receive any cash proceeds from the issuance of the New Notes in exchange for the Existing Notes. Any Existing Notes that are validly tendered, and not validly withdrawn, in connection with the Exchange Offer, will be retired and cancelled and will not be reissued.

EXCHANGE RATES

The Peruvian *sol* is freely traded in the exchange market. We maintain our books and records in U.S. dollars. However, for tax purposes in Peru we must have books and records in *soles*, as this is the legal currency of Peru. As such, our financial results presented in our financial statements are affected by fluctuations of the *sol*/U.S. dollar exchange rates.

Although the *sol* has significantly appreciated against the dollar between 2007 and 2013, since 2014 until September 2017, the *sol* has depreciated by an average 3.6% per year against the U.S. dollar. Future fluctuations in the value of the *sol* against the U.S. dollar may adversely affect our results of operations and financial conditions and that of our subsidiaries, as there would be a difference between assets and liabilities denominated in foreign currencies. See “Risk Factors—Risks Related to our Business and Industry—We are exposed to foreign exchange rate risk.”

Since March 1991, Peru has not applied exchange control practices and there has been free market trading in the country. During the previous two decades, however, the Peruvian currency experienced a significant number of large devaluations and Peru has adopted and operated under various exchange rate control practices and exchange rate determination policies. These policies have ranged from strict control over exchange rates to market determination of rates. Currently, investors are allowed to purchase foreign currency at free market exchange rates through any person or entity.

The following table shows, for the periods indicated, certain information regarding the exchange rates for *soles* per U.S. dollar.

	Low ⁽¹⁾	High ⁽¹⁾	Period Average ⁽²⁾	Period End
Year:				
2012.....	2.551	2.710	2.640	2.551
2013.....	2.539	2.819	2.7000	2.794
2014.....	2.760	2.987	2.837	2.981
2015.....	2.981	3.408	3.184	3.408
2016.....	3.248	3.536	3.373	3.352
	Low ⁽¹⁾	High ⁽¹⁾	Period Average ⁽³⁾	Period End
Month:				
June 2017.....	3.250	3.276	3.266	3.251
July 2017	3.239	3.260	3.247	3.239
August 2017.....	3.235	3.247	3.240	3.239
September 2017	3.230	3.273	3.245	3.263
October 2017	3.233	3.270	3.250	3.248
November 2017	3.231	3.250	3.239	3.231
December 2017 (until December 19, 2017	3.230	3.287	3.242	3.266

Source: SBS.

- (1) Exchange rates are the actual low and high rates, on a day-by-day basis, for each period.
- (2) Calculated as the average of the month-end exchange rates during the relevant period.
- (3) Calculated as the monthly average rate published by the SBS.

On December 19, 2017, the exchange rate was S/3.266 per U.S. dollar.

We make no representation that the *sol* or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or *soles*, as the case may be, at the rates indicated above, at any particular rate or at all.

CAPITALIZATION

The following tables set forth our capitalization as of September 30, 2017, derived from our unaudited interim financial statements as of September 30, 2017 prepared in accordance with IFRS:

- on an actual basis; and
- as adjusted to reflect the issuance of U.S.\$153.0 million aggregate principal amount of New Notes, cancellation of certain of the outstanding Existing Notes (which assumes Eligible Holders representing 90% of the aggregate principal amount of the Existing Notes will participate in the Exchange Offer) and the payment of fees and expenses estimated at U.S.\$1.9 million in connection with this offering.

You should read this table in conjunction with “Use of Proceeds,” “Selected Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Audited Financial Statements and Unaudited Financial Statements and the related notes thereto, which are included in this exchange offer memorandum and consent solicitation.

	As of September 30, 2017	
	(unaudited)	
	Actual	As Adjusted
	(in thousands of U.S.\$)	(in thousands of U.S.\$)
Cash and cash equivalents	8,455	5,055
<i>Current liabilities</i>		
Loans and financing ⁽¹⁾	7,988	5,910
Other short-term liabilities ⁽²⁾	32,637	32,637
Total short-term liabilities	40,625	38,547
<i>Non-current liabilities</i>		
Existing Notes.....	167,794	151,015
New Notes	--	16,779
Loans and leasing	21,842	21,842
Other long-term liabilities ⁽³⁾	57,395	57,395
Total long-term liabilities	247,031	247,031
Total liabilities.....	287,656	285,578
Total equity	223,864	223,864
Total capitalization⁽⁴⁾	511,520	509,442

(1) Includes current portion of the Existing Notes (accrued interest), loans, promissory notes and leaseings.

(2) Comprised trade payables, amounts due to related parties and provisions

(3) Comprised deferred income taxes and provisions.

(4) Total capitalization is the sum of total indebtedness and total equity.

There has been no material change in our capitalization since September 30, 2017, except as disclosed above.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present our selected consolidated financial and other information. The consolidated financial information as of and for the years ended December 31, 2016 and 2015 has been derived from our Audited Financial Statements contained elsewhere in this exchange offer memorandum and consent solicitation. The financial information as of September 30, 2017 and for the nine-month period ended September 30, 2017 and 2016 has been derived from our Unaudited Financial Statements contained elsewhere in this exchange offer memorandum and consent solicitation.

The results of operations presented in this exchange offer memorandum and consent solicitation are not necessarily indicative of any future performance. This information should be read in conjunction with our Financial Statements, including the notes thereto, contained elsewhere in this exchange offer memorandum and consent solicitation and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,	
	2017	2016	2016	2015
	<i>(in millions of U.S.\$)</i>			
Income Statement Data				
Net sales	247.6	121.2	136.1	156.2
Cost of sales.....	(168.7)	(79.7)	(90.8)	(97.3)
Costs incurred in non-production periods.....	(12.7)	(22.6)	(28.2)	(24.3)
Gross profit	66.2	18.9	17.1	34.6
Selling expenses	(15.0)	(6.6)	(8.5)	(9.6)
Administrative expenses	(7.0)	(5.7)	(7.7)	(7.1)
Other expenses, net.....	(0.5)	(2.9)	(9.2)	(4.4)
Operating income	43.6	3.7	(8.3)	13.5
Financial gain	0.0	7.1	7.1	0.2
Financial expenses.....	(13.4)	(16.9)	(22.1)	(18.5)
Foreign exchange difference net effect.....	(0.7)	(0.6)	2.1	(1.8)
Income before income tax	29.5	(6.7)	(21.2)	(6.6)
Income tax	(11.4)	(2.3)	(1.1)	(1.0)
Net profit	18.2	(4.5)	(22.3)	(7.6)

	As of September 30,	As of December 31,	
	2017	2016	2015
	<i>(in millions of U.S.\$)</i>		
Balance Sheet Data			
<i>Current assets</i>			
Cash and cash equivalents	8.5	6.8	1.7
Trade receivables, net	20.6	2.3	2.2
Other receivables, net	1.1	22.9	20.5
Amounts due from related parties.....	2.8	2.1	3.0
Inventories, net	22.6	73.4	50.6
Prepaid expenses.....	—	2.4	2.1
Total current assets	55.6	109.9	80.1
<i>Non-current assets</i>			
Other receivables	13.5	17.2	16.4
Property, vessels, machinery and equipment, net	209.3	216.5	222.7
Intangible assets, net.....	118.3	114.6	112.1
Goodwill.....	113.3	113.3	113.3
Other assets.....	1.5	1.6	1.4
Total non-current assets	455.9	463.2	466.0
Total assets	511.5	573.1	546.0

	As of September 30, 2017	As of December 31, 2016	As of December 31, 2015
<i>Current liabilities</i>			
Financial obligations.....	8.0	78.6	37.2
Trade payables.....	16.2	35.2	24.6
Amounts due to related parties	0.0	0.1	0.1
Provisions	16.4	8.4	7.0
Total current liabilities.....	40.6	122.3	68.9
<i>Non-current liabilities</i>			
Financial obligations.....	189.6	191.5	200.3
Deferred tax liabilities	53.7	50.0	47.0
Provisions	3.6	3.6	2.2
Total non-current liabilities	247.0	245.2	249.5
Total liabilities.....	287.7	367.5	318.4
<i>Shareholders' equity</i>			
Share capital	89.8	89.8	89.8
Capital surplus	69.7	69.7	69.7
Other capital reserves	29.5	29.5	29.0
Retained earnings	34.9	16.7	39.0
Total shareholders' equity	223.9	205.7	227.6
Total liabilities and shareholders' equity.....	511.5	573.1	546.0

	Nine-Month Period Ended September 30, 2017	2016	Year Ended December 31, 2016	2015
Cash Flows				
Net cash provided by (used in):				
Operating activities	84.6	11.1	(16.7)	9.8
Investing activities.....	(9.9)	(12.9)	(15.4)	(11.2)
Financing activities	(73.0)	7.1	37.1	(26.1)
Increase (decrease) in cash and cash equivalents	1.7	5.3	5.0	(27.5)
Cash and cash equivalents at beginning of period	6.7	1.7	1.7	29.1
Cash and cash equivalents at the end of period.....	8.4	7.0	6.7	1.7

Adjusted EBITDA

Adjusted EBITDA means operating income minus other income (expenses) plus other expenses plus employee's net profit sharing and depreciation.

The following table presents the reconciliation between Adjusted EBITDA and the operating income reported in our financial statements for the periods shown:

	For the Nine-Month Period Ended September 30, 2017	2016	For the Year Ended December 31, 2016	2015
Operating income	43.6	3.7	(8.3)	13.5
(+/-) Other income (expenses), net.....	0.5	2.9	9.2	4.4
(+) Employee profit sharing, net.....	2.9	0.0	0.0	0.5
(+) Depreciation.....	14.3	14.7	19.8	20.3
Adjusted EBITDA	61.3	21.3	20.7	38.7

- (1) Amounts for each line item were calculated by adding the applicable line item amount for the nine-month period ended September 30, 2017 to the corresponding line item amount for the year ended December 31, 2016, and then subtracting the corresponding line item amount for the nine-month period ended September 30, 2016.

Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of Adjusted EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market.

Selected financial ratios and working capital

The following table sets for certain financial ratios and our working capital for the periods shown:

	As of September 30,	As of December 31,	
	2017	2016	2015
<i>(in millions of U.S.\$, except for ratios)</i>			
Liquidity ratios and working capital			
Current liquidity ⁽¹⁾	1.37	0.90	1.16
Working capital ratio ⁽²⁾	14.93	(12.4)	11.2
Debt ratios			
Short-term indebtedness ratio ⁽³⁾	0.18	0.59	0.30
Long-term indebtedness ratio ⁽⁴⁾	1.10	1.19	1.10
Total indebtedness ratio ⁽⁵⁾	1.28	1.79	1.40
Debt to assets ratio ⁽⁶⁾	0.56	0.64	0.58
Total debt/Adjusted EBITDA ⁽⁷⁾	3.22	12.77	6.05
Net debt/Adjusted EBITDA ⁽⁸⁾	3.09	12.44	6.01
Profit ratios			
Return on investment ⁽⁹⁾	3.6%	(3.9)%	(1.4)%
Return on equity ⁽¹⁰⁾	8.1%	(10.8)%	(3.3)%
Gross margin ⁽¹¹⁾	26.7%	12.6%	22.1%
Net margin ⁽¹²⁾	7.3%	(3.7)%	(4.9)%
Net profit per share ⁽¹³⁾	0.06	(0.08)	(0.03)

(1) Current liquidity equals current assets divided by current liabilities.

(2) Working capital ratio equals current assets minus current liabilities.

(3) Short-term indebtedness ratio equals current liabilities divided by total shareholders' equity.

(4) Long-term indebtedness ratio equals non-current liabilities divided by total shareholders' equity.

(5) Total indebtedness ratio equals total liabilities divided by total shareholders' equity.

(6) Debt to assets ratio equals total liabilities divided by total assets.

(7) Total debt/Adjusted EBITDA is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

(8) Net debt/Adjusted EBITDA is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

(9) Return on investment is calculated by dividing net profit by total assets.

(10) Return on equity is calculated by dividing net profit by total shareholders' equity.

(11) Gross margin is calculated by dividing gross profit by net sales.

(12) Net margin is calculated by dividing net profit by net sales.

(13) Net profit per share is calculated by dividing net profit by the number of shares outstanding at period end.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our Audited Financial Statements and our Unaudited Financial Statements and the notes thereto included elsewhere in this exchange offer memorandum and consent solicitation, as well as with the information presented under "Presentation of Financial and Other Information" and "Selected Financial and Other Information." Our financial statements have been prepared in accordance with IFRS. Our functional currency is the U.S. dollar. Unless otherwise indicated, our financial statements and other financial information concerning us and our subsidiaries included in this exchange offer memorandum and consent solicitation are presented in U.S. dollars.

The following discussion 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 those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the third largest producer of fishmeal and fish oil in Peru as of September 30, 2017 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as "vikings") that do not operate their own fishmeal processing plants. In 2015 and 2016, our sales totaled U.S.\$156.2 million and U.S.\$136.1 million, respectively. In 2016, our sales of fishmeal totaled U.S.\$102.9 million, while our sales of fish oil totaled U.S.\$14.3 million. For the nine-month period ended September 30, 2017, our sales from fishmeal and fish oil totaled U.S.\$225.1 million, of which U.S.\$204.0 million was from sales of fishmeal and U.S.\$21.1 million was from sales of fish oil.

Our business is seasonal. In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April to July, with the catch being sold during the same year. The second fishing season occurs generally between the months of November to January, with the catch being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period. In accordance with the ITQ system for the harvesting of anchovies, pursuant to which the Peruvian government combines the establishment of a global catch quota with individual quotas and allocates quotas based on each company's fleet capacity and historical catch, our anchovy fishing quota as of the date hereof is 6.70209% in the center-north of Peru and 4.6141% in the south of Peru. We operate 22 vessels with a total holding capacity of 7,253 m³ in each fishing season.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, or fish farming, particularly in Asia, where aquaculture has grown significantly. Our fishmeal production totaled approximately 98,507 metric tons, 77,979 metric tons and 94,788 metric tons, respectively, in the nine-month period ended September 30, 2017 and in 2016 and 2015. Our sales of fishmeal represented 82.4%, 75.6% and 75.4% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 8.5%, 10.5% and 11.3% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

In addition to the production and sale of fishmeal and fish oil, our livestock and aquaculture business, which we also refer to as our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption were not significant in the nine-month period ended September 30, 2017 and in 2016.

Direct Human Consumption (Frozen and Fresh Seafood)

We process and produce frozen seafood for direct human consumption, focusing on mackerel and jack mackerel, giant squid and mahi-mahi at our Tambo de Mora and Paita processing plants. Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. Our sales of frozen and fresh fish for direct human consumption accounted for 8.5%, 13.0% and 11.1% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively. Due to scarcity of giant squid in 2016 and 2017, we suspended operations of the Paita plant in June 2016 and have limited the operations of our Tambo de Mora plant to the processing of mackerel and jack mackerel, in each case until the availability and price of the giant squid in the local market returns to profitable levels.

Factors Affecting our Results of Operations

The primary factors affecting our results of operations include:

- the volume of raw materials we are able to obtain and process during each fishing season;
- the demand for, and prices of, our finished products in the market;
- the price of raw materials we purchase from third parties;
- the cost of fuel;
- the yield of fishmeal and fish oil; and
- exchange rates between the *sol* and the U.S. dollar and inflation in Peru.

Volume of Raw Material Processed

The volume of raw material that we can process is determined by (1) the total allowable anchovy catch determined by the Ministry of Production for each fishing season and the individual quota assigned by the Ministry of Production to us, (2) the actual catch of our fleet and (3) the volume of fish we buy from third parties, all of which may vary from period to period.

The total allowable anchovy catch is determined according to ocean conditions and the health and size of the biomass as determined by IMARPE, and varies from year to year. For example, the total allowable anchovy catch was 3.7 million metric tons in 2012, 4.8 million metric tons in 2013, 2.2 million metric tons in 2014, 3.6 million metric tons in 2015 and 2.8 million metric tons in 2016. The total allowable anchovy catch reached the lowest volumes in the last 15 years in 2014 and 2016 due to the effects of *El Niño* in the fishing population. The allowable anchovy catch is set by the Peruvian government for two seasons each year (April to July and November to January) and is divided between the south and the center-north of Peru and the allowable catch differs by season and by region. Our anchovy processing operations (including anchovies from our own catch and from the catch purchased from independent vessel owners) accounted for 14.4%, 11.1% and 12.7% of the total Peruvian anchovy fishing quota in the center-north during the first fishing season of 2017, 2016 and 2015, respectively, and 14.0% and 12.7% of the total Peruvian anchovy fishing quota in the center-north during the second fishing season of 2016 and 2015.

As of the date hereof, our individual anchovy fishing quota is 6.70209% for the center-north of Peru and 4.6141% for the south of Peru.

As a percentage of the total fish processed in our plants, raw material obtained from third parties accounted for 52.0% and 46.7% in 2016 and 2015 of all metric tons processed, respectively. The following table sets forth the source of the fish processed in our plants for the periods indicated:

	Nine-Month Period Ended September 30,		Year Ended December 31,			
	2017		2016		2015	
	(processed metric tons)	(%)	(processed metric tons)	(%)	(processed metric tons)	(%)
Own vessels	212,358	50.5	161,596	48.0	222,454	53.3
Third parties.....	208,487	49.5	175,268	52.0	195,036	46.7
Total	420,845	100.0	336,864	100.0	417,490	100.0

Source: Pesquera Exalmar S.A.A.

Seasonality

Fishing activity in Peru consists of two fishing seasons per year for which anchovy fishing quotas are established by the Peruvian government. Through investigation cruises along the coastline of Peru, IMARPE monitors the behavior of the biomass, the spawning period, the development stage of the anchovies, incidence of young fish, and general ocean climate conditions. These studies are used to determine the quantity of resources that are permitted to be harvested, and the date each fishing season may commence to preserve the biomass for the following season and maintain the sustainability of the resources. These two seasons generally occur between the months of April and June and November and January.

During fishing seasons, companies accumulate the inventories that will be sold throughout the year pursuant to sales contracts and taking into consideration market demand. Delays in the beginning of fishing seasons may result in liquidity or cash difficulties for Peruvian fishing companies given that advances of cash to fishing companies are generally secured by inventory. In addition, delays in the beginning of fishing seasons may also affect the results of operations of Peruvian fishing companies given that the first fishing season generally occurs between April and July of each year and the fish caught during this season is generally sold in the same year. Likewise, the second fishing season generally occurs between November and January of the following year and the fish caught during this season is generally sold during the first quarter of the year commencing that January.

The duration of the fishing seasons has varied over the past years as shown in the table below:

	2016		2015	
	Total allowable anchovy catch (in millions of metric tons)	Duration	Total allowable anchovy catch (in millions of metric tons)	Duration
First season quota	0.914	June 26 to July 27	2.508	April 9 to July 31
Second season quota	1.954	Nov. 15 to Jan. 27	1.084	Nov. 17 to Jan. 31
Total	2.868		3.592	

Source: Produce/Pesquera Exalmar S.A.A.

Prices of our Final Products

Prices of our final products are determined by market demand, driven principally by the demand from China, and by existing supply being produced mainly in Peru, Chile, Denmark and Norway.

The main industries driving demand for fishmeal are the aquaculture and hog farming industries, while the main industry driving demand for fish oil (other than aquaculture) is the pharmaceutical industry, which is primarily interested in omega-3 for direct human consumption.

The following table sets forth our average sales price of fishmeal, fish oil, frozen seafood and fresh fish for the periods indicated.

	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
		<i>(in U.S.\$ per metric ton)</i>		
Fishmeal.....	1,426.57	1,577.58	1,578.27	1,662.98
Fish oil.....	1,331.63	2,168.19	1,970.18	1,693.23
Frozen fish, seafood.....	1,208	2,031.30	1,485.22	1,068.03

Prices of Raw Material Purchased from Third Parties

Prices of raw material purchased from third parties have fluctuated significantly since the implementation of the ITQ system in 2009. Prior to the implementation of the ITQ system, fishing companies in Peru fished aggressively, particularly during the beginning of the season, attempting to catch the largest amount of fish in the shortest period of time possible, resulting in an over-supply of fish at the processing plants. The processing capacity limits led to reduced demand for fish from third-parties, which drove down its price. As a result of the ITQ system, the fishing season in Peru has been extended significantly. In addition, since fishing quotas are individually fixed, companies, including ours, have been able to better distribute their fishing activities throughout the fishing season and plan processing at their plants. As a consequence, the capacity to process raw material and demand for fish from third parties has increased. Also, since the implementation of the ITQ system, the average price of fish has increased relative to the price of fishmeal, from approximately 12% to approximately 18%. However, the average price of fish obtained by us from third parties decreased from U.S.\$296.6 per metric ton in 2015 to U.S.\$266.4 per metric ton in 2016, primarily reflecting the price of fishmeal and the related global quota for that period. In the nine-month periods ended September 30, 2017 and 2016, the average price of fish paid by us was U.S.\$241.5 and U.S.\$249.83, respectively, per metric ton.

Fuel Costs

Fuel is one of the principal production costs for both our fleet and our processing plants, and the cost of fuel as a percent of our harvesting costs and total production costs has been increasing since 2010. The cost of diesel fuel used by our fleet accounted for 17.5%, 22.2% and 22.7% of our harvesting cost in the nine-month periods ended September 30, 2017 and in 2016 and 2015, respectively. With respect to our plants, fuel accounted for 22.9%, 24.0% and 22.8% of our total production cost in the nine-month periods ended September 30, 2017 and in 2016 and 2015, respectively, excluding the cost of raw materials. With respect to our fishmeal, fuel accounted for 5.9%, 6.4% and 6.3% of our total production costs in the nine-month periods ended September 30, 2017 and in 2016 and 2015, respectively.

Fishmeal and Fish Oil Yields

Yield is the quantity of raw material required to obtain one unit of fishmeal or fish oil. Fishmeal and fish oil yields are determined by (1) the freshness of processed fish and (2) the technology used in the production process. In the case of fish oil, yields are also determined by the fat content of anchovies, which varies according to ocean conditions. In recent years, our fishmeal and fish oil yields have remained relatively stable.

The table below sets forth the fishmeal yields we have achieved in our respective processing plants for the periods indicated:

Plant	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
	<i>(ratio of tons of anchovy used per ton of fishmeal)</i>			
Tambo de Mora.....	4.257	4.313	4.338	4.408
Callao.....	4.264	4.255	4.279	4.349
Huacho.....	4.272	4.246	4.311	4.415

Plant	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
Chimbote	4.287	4.309	4.357	4.444
Chicama	4.278	4.694	4.298	4.467
Average	4.272	4.302	4.320	4.404

The table below sets forth the fish oil yields we have achieved in our respective processing plants for the periods indicated:

Plant	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
	<i>(percentage of oil obtained per ton of anchovy)</i>			
Tambo de Mora.....	1.492%	2.99%	2.915%	2.341%
Callao	2.159%	2.530%	2.498%	3.276%
Huacho.....	2.968%	2.971%	2.932%	3.122%
Chimbote	3.756%	4.049%	3.976%	2.827%
Chicama	3.391%	2.897%	4.743%	4.467%
Average	2.769%	3.12%	3.524%	2.853%

Critical Accounting Policies

Our critical accounting policies used in the preparation and presentation of our Financial Statements are as follows:

Interests in Joint Ventures

We and our subsidiaries recognize interests in joint ventures through the application of the proportionate consolidation method whereby the venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements, as follows: the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venturer includes its share of the income and expenses of the jointly controlled entity. Balances and transactions between us and our subsidiaries and joint ventures have been eliminated upon consolidation.

Cormar is an entity jointly controlled pursuant to an agreement between us (50%) and Austral Group S.A.A. (50%). We report on their joint participation in jointly controlled entities using proportionate consolidation. The accounting policies of participation in joint ventures have been modified to the extent necessary to ensure consistency with our policies.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are presented net of accumulated depreciation. Initial disbursements as well as those subsequently incurred should be recognized as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. Disbursements for maintenance and repairs are expensed during the period as incurred. The gain or loss arising on the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement upon realization of the sale.

Depreciation is determined by the straight-line method based on the useful life of assets, represented by equivalent depreciation rates.

The annual depreciation is recognized as an expense and calculated considering the estimated useful lives of the different captions:

	<u>Years</u>
Buildings and other constructions	33
Vessels	2-29

	<u>Years</u>
Machinery and equipment.....	2-35
Vehicles.....	5
Furniture and fixtures.....	10
Miscellaneous equipment.....	5-10

The estimated useful lives, residual values and depreciation method are periodically reviewed by our management based on the economic results expected for the items comprising property, plant and equipment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible Assets

Our primary intangible assets are our fishing quota licenses and software licenses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, represented by equivalent amortization rates.

Useful lives and amortization method are periodically reviewed to guarantee that the amortization method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Intangible assets of indefinite useful life are not amortized, and their recoverability is periodically reviewed to determine if events, circumstances and flows do not require a provision for impairment.

Goodwill

Goodwill, resulting from the acquisition of business combination, is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized at cost and subsequently presented at cost less any impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of our cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If we are in the measurement process of a business combination, during the measurement period, retroactively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances existing at the acquisition date and, if they were known, would have affected the measurement of the amounts recognized at that time. We also recognize additional assets or liabilities during the measurement period if new information about facts and circumstances that existed at the acquisition date and, if they had known, would have resulted in the recognition of those assets and liabilities at that date. The measurement period ends as soon as we receive information about facts and circumstances that existed at the acquisition date or learns that it is possible to obtain more information. However, the measurement period shall not exceed one year from the acquisition date.

Recognition of Revenues, Costs and Expenses

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of Goods

Revenue from the sale of goods is recognized when the goods are delivered and transfer of title has occurred, at which time all the following conditions are satisfied:

- we and our subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- we and our subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us and our subsidiaries; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Income derived from a financial asset's interest is recognized when it is probable that the economic benefits will flow to us and our subsidiaries and its amount can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Costs and Expenses

The cost of sales is recorded in profit or loss upon goods delivery and revenue recognition. Expenses are recorded in income for the period as incurred, irrespective of the date of payment.

Results of Operations

The following table provides a breakdown of our consolidated results of operations, including the percentage of consolidated sales, for the periods indicated:

	For the Nine-Month Periods Ended September 30,				For the Years Ended December 31,			
	2017		2016		2016		2015	
	(in thousands of U.S.\$, except percentages)							
Net sales								
Fishmeal	203,956	82.4%	99,367	82.0%	102,927	75.6%	117,809	75.4%
Fish oil	21,113	8.5%	10,429	8.6%	14,340	10.5%	17,731	11.3%
Fish	655	0.3%	102	0.1%	475	0.3%	2,356	1.5%
Quota lease	656	0.3%	—	0.0%	—	0.0%	695	0.4%
Frozen seafood.....	20,986	8.5%	10,774	8.9%	17,738	13.0%	17,351	11.1%
Fresh seafood.....	139	0.1%	175	0.1%	211	0.2%	1	0.0%
Others	57	0.0%	406	0.3%	440	0.3%	290	0.2%
Total net sales.....	247,563	100.0%	121,253	100.0%	136,131	100.0%	156,237	100%
Cost of sales								
Fish	153,507		69,603		75,255		75,920	
Frozen seafood.....	15,168		10,120		15,546		21,425	
Non-production costs.....	12,733		22,626		28,204		24,304	
Gross profit	66,155		18,904		17,126		34,588	
Selling expenses	15,043		6,598		8,508		9,638	

	For the Nine-Month Periods Ended September 30,		For the Years Ended December 31,	
	2017	2016	2016	2015
	<i>(in thousands of U.S.\$, except percentages)</i>			
Administrative expenses	7,036	5,732	7,702	7,096
Other income	2,578	1,801	3,745	13,104
Other expenses	3,056	4,660	12,953	17,456
Operating income	43,598	3,715	(8,292)	13,502
Financial expenses	13,361	16,942	22,071	18,463
Financial gain	41	7,076	7,079	79
Foreign exchange net effect	(693)	(598)	2,062	(1,764)
Income before income tax	29,585	(6,749)	(21,222)	(6,646)
Income tax	(11,396)	2,259	(1,120)	(982)
Net profit	18,189	(4,490)	(22,342)	(7,628)

The table below provides a breakdown of our consolidated sales and production volumes by product for the periods indicated. This information relates only to our sales and not to the sales of our subsidiaries, as sales of our subsidiaries were not material.

	For the Years Ended December 31,					
	2016			2015		
	Sales	% of Total	Volume	Sales	% of Total	Volume
	<i>(in thousands of U.S.\$)</i>	<i>(%)</i>	<i>(in MT)</i>	<i>(in thousands of U.S.\$)</i>	<i>(%)</i>	<i>(in MT)</i>
Pesquera Exalmar						
Indirect human consumption						
Fishmeal	102,927	75.6%	65,266	117,809	75.4%	70,670
Fish oil	14,340	10.5%	7,278	17,731	11.3%	10,475
Sub-total	117,267	86.1%	72,544	135,540	86.8%	81,145
Direct human consumption						
Frozen seafood	17,738	13.0%	11,943	17,351	11.1%	16,227
Others	1,126	0.8%	—	3,346	2.1%	—
Total	136,131	100.0%	84,487	156,237	100.0%	97,372

	For the Nine-Month Periods Ended September 30,					
	2017			2016		
	Sales	% of Total	Volume	Sales	% of Total	Volume
	<i>(in thousands of U.S.\$)</i>	<i>(%)</i>	<i>(in MT)</i>	<i>(in thousands of U.S.\$)</i>	<i>(%)</i>	<i>(in MT)</i>
Pesquera Exalmar						
Indirect human consumption						
Fishmeal	203,956	82.4%	142,969	99,367	82.0%	63,038
Fish oil	21,113	8.5%	15,856	10,429	8.6%	4,810
Sub-total	225,069	90.9%	158,825	109,796	90.6%	67,848
Direct human consumption						
Frozen seafood	20,986	8.5%	17,377	10,774	8.9%	5,304
Others	1,508	0.6%	—	683	0.6%	—
Total	247,563	100.0%	176,202	121,253	100.0%	73,152

Nine-Month Period Ended September 30, 2017 Compared to Nine-Month Period Ended September 30, 2016

The following discussion is based on information contained in our Unaudited Financial Statements and should be read in conjunction therewith. Our results of operations for the nine-month period ended September 30, 2017, benefited mainly from an increase in our anchovy fishing quota during the first fishing season, from 1.8 million

metric tons in the first fishing season of 2016 (of which 51% was fished) to 2.8 million metric tons in the corresponding fishing season in 2017 (of which 86% was fished).

Sales

Our total net sales increased significantly by 104.2%, or U.S.\$126.3 million, from U.S.\$121.3 million in the nine-month period ended September 30, 2016 to U.S.\$247.6 million in the corresponding period in 2017, for the reasons set forth below.

Fishmeal

Our sales of fishmeal increased significantly by 105.3%, or U.S.\$104.6 million, from U.S.\$99.4 million in the nine-month period ended September 30, 2016 to U.S.\$203.9 million in the corresponding period in 2017, primarily due to an increase in our individual fishing quota in the second season of 2016, from 1.1 million metric tons for the second season of 2015 to 2.0 million metric tons for the second season of 2016, and in the first season of 2017, from 1.8 million metric tons for the first season of 2016 to 2.8 million metric tons for the second season of 2017, which resulted in an increase of 126.8% in sold production of fishmeal from 63,038 metric tons in the nine-month period ended September 30, 2016 to 142,969 metric tons in the corresponding period in 2017.

Fish Oil

Our sales of fish oil increased significantly by 102.4%, or U.S.\$10.7 million, from U.S.\$10.4 million in the nine-month period ended September 30, 2016 to U.S.\$21.1 million in the corresponding period in 2017, primarily due to a 230% increase in the volume of fish oil sold, from 4,810 metric tons in the nine-month period ended September 30, 2016 to 15,856 metric tons in the corresponding period in 2017, primarily as a result of an increase in sales from inventory due to the increase in our individual fishing quota.

Frozen Seafood

Our sales of frozen seafood for direct human consumption doubled from U.S.\$10.7 million in the nine-month period ended September 30, 2016 to U.S.\$20.9 million in the corresponding period in 2017. The increase in our sales of frozen seafood for direct human consumption was primarily due to an increase in the volume of frozen seafood sold for direct human consumption from 5,705 metric tons in the nine-month period ended September 30, 2016 to 17,377 metric tons in the corresponding period in 2017.

Cost of Sales

Our cost of sales increased by 111.6%, from U.S.\$79.7 million in the nine-month period ended September 30, 2016 to U.S.\$168.7 million in the corresponding period in 2017. As a percentage of total sales, our cost of sales increased from 65.7% in the nine-month period ended September 30, 2016 to 68.1% in the corresponding period in 2017. This increase was primarily a result of a 189.5% increase in production, from 145,352 metric tons in the nine-month period ended September 30, 2016 to 420,845 metric tons in the corresponding period in 2017, due to the increase in our individual fishing quota for the period and an increase in the total amount of fish bought from third parties, from U.S.\$19.1 million in the nine-month period ended September 30, 2016 to U.S.\$50.2 million in the corresponding period in 2017, primarily as a result of an increase in the global anchovy fishing quota for the first season in 2016 of 0.914 million metric tons to 2.408 million metric tons compared to the same season in 2017.

This increase was partially offset by a 15.0% reduction in the price of fish bought from third parties from U.S.\$286.77 per metric ton in the nine-month period ended September 30, 2016 to U.S.\$243.87 per metric ton in the corresponding period in 2017, and a reduction in the unitary cost of sales for fishmeal and fish oil from U.S.\$1,026 per metric ton in the nine-month period ended September 30, 2016 to U.S.\$966.5 per metric ton in the corresponding period in 2017 due to increased production volumes.

Non-Production Costs

Non-production costs include expenses related to fixed and maintenance expenses relating to vessels, facilities, machinery and equipment incurred during the off-fishing season or periods of time during which there is an absence of raw material. These expenses were previously recognized as expenses for the year in which they were incurred. However, following a disposition from the Peruvian National Customs and Tax Administration Superintendence (*Superintendencia Nacional de Aduanas y de Administración Tributaria*) (“SUNAT”), these expenses are now included in the value of inventory and are considered necessary for the production of the following fishing season. This change in accounting policy is expected to improve our profits, as non-production expenses are no longer recorded at the time they are incurred but are instead included as inventory values.

As a percentage of total sales, non-production costs represented 18.7% in the nine-month period ended September 30, 2016 and 5.1% in the corresponding period in 2017. Non-production costs decreased by 43.7% from U.S.\$22.6 million in the nine-month period ended September 30, 2016 to U.S.\$12.7 million in the corresponding period in 2017, primarily due to:

- shorter ban periods during which in the nine-month period ended September 30, 2017 (148 days), compared to the corresponding period in 2016 (211 days); and
- decreased costs of our frozen fish processing plants from U.S.\$6.1 million in the nine-month period ended September 30, 2016 to U.S.\$5.6 million in the corresponding period in 2017 due to increased utilization capacity.

Gross Profit

As a result of the foregoing, our gross profit increased significantly by 249.8%, or U.S.\$47.3 million, to U.S.\$66.2 million in the nine-month period ended September 30, 2017 from U.S.\$18.9 million in the corresponding period in 2016. Gross margin increased from 15.6% in the nine-month period ended September 30, 2016 to 26.7% in the corresponding period in 2017, primarily due to an increase in sales by 104.2% while total costs (cost of sales plus non-production costs) increased by 77.2% during the period.

Selling Expenses

Selling expenses increased by 127.9%, or U.S.\$8.4 million, to U.S.\$15.0 million in the nine-month period ended September 30, 2017 from U.S.\$6.6 million in the corresponding period in 2016. As a percentage of sales, selling expenses increased from 5.4% in the nine-month period ended September 30, 2016 to 6.1% in the nine-month period ended September 30, 2017 primarily due to a U.S.\$2.2 million increase in expenses for the transportation of finished products and a U.S.\$3.6 million increase in stowing and packing expenses.

Our total selling expenses per metric ton decreased by 4.8%, from U.S.\$89.70 per metric ton in September 2016 to U.S.\$85.37 per metric ton in September 2017.

The following table sets forth the breakdown of our selling expenses for the periods indicated:

	For the Nine-Month Period Ended September 30,		Variation (%)
	2017	2016	
	<i>(in thousands of U.S.\$)</i>		
<i>Fishmeal and fish oil</i>			
Personnel	643	409	57.2%
Transportation of finished products	3,291	960	242.8%
Communications	13	6	116.6%
Fees	49	53	(7.5)%
Sale commissions for finished products	406	167	143.1%
Maintenance and repairs	215	17	1164.7%
Rental expenses	4	—	n.m.
Security and surveillance	745	290	156.9%
Inspection and analysis	1,186	538	120.4%

For the Nine-Month Period Ended September 30,			
	2017	2016	Variation
	(in thousands of U.S.\$)		(%)
Stowing and packing.....	401	176	127.8%
Export shipment services	4,395	1,626	170.3%
Storage of finished products	104	31	235.5%
Other third-party services	57	39	46.1%
Tax expenses	1	—	n.m.
Other operational charges	64	45	42.2%
Depreciation	75	46	63.0%
Miscellaneous materials.....	115	79	45.6%
Subtotal fishmeal and fish oil.....	11,764	4,482	162.5%
<i>Frozen fish</i>			
Personnel	536	479	11.9%
Transportation of finished products	270	411	(34.3)%
Communications	65	66	(1.5)%
Fees.....	13	21	(38.1)%
Sale commissions for finished products.....	151	86	75.6%
Maintenance and repairs	34	17	100.0%
Rental expenses	—	—	—
Electricity	343	348	(1.4)%
Security and surveillance	—	—	—
Inspection and analysis	214	73	193.1%
Stowing and packing.....	(1)	6	(116.7)%
Export shipment services	1,120	276	305.8%
Storage of finished products	10	14	(28.6)%
Other third-party services	128	20	540.0%
Tax expenses	4	2	100.0%
Other operational charges	94	81	16.0%
Depreciation	257	186	38.2%
Other provisions	—	2	n.m.
Miscellaneous materials.....	41	28	47.0%
Subtotal frozen fish	3,279	2,116	55.0%
Total	15,043	6,598	128.0%

Administrative Expenses

Administrative expenses increased by 22.7%, or U.S.\$1.3 million, from U.S.\$5.7 million in the nine-month period ended September 30, 2016 to U.S.\$7.0 million in the corresponding period in 2017. As a percentage of sales, administrative expenses decreased from 4.7% in the nine-month period ended September 30, 2016 to 2.8% in the nine-month period ended September 30, 2017. The increase in administrative expenses was primarily due to:

- a U.S.\$1.0 million increase in personnel expenses resulting from certain extraordinary liquidation payment and an increase in wages and administrative staff; and
- a U.S.\$0.3 million increase in third-party services and other management charges.

The following table sets forth the breakdown of our administrative expenses for the periods indicated:

For the Nine-Month Period Ended September 30,			
	2017	2016	Variation
	(in thousands of U.S.\$)		(%)
Personnel	3,776	2,747	37.5%
Communications	181	166	9.0%
Fees.....	376	685	(45.1)%
Maintenance and repairs	145	69	110.1%
Rental expenses	475	467	1.7%

For the Nine-Month Period Ended September 30,			
	2017	2016	Variation
	(in thousands of U.S.\$)		(%)
Third-party services	781	502	55.6%
Tax expenses	4	6	(33.3)%
Insurance	22	21	4.8%
Depreciation	451	429	5.1%
Other	825	640	28.9%
Total	7,036	5,732	22.7%

Other Income

Other income increased by U.S.\$0.8 million, from U.S.\$1.8 million in the nine-month period ended September 30, 2016 to U.S.\$2.6 million in the corresponding period in 2017, primarily due to the income from quota valorization granted by PRODUCE and the collection of the insurance policy for the vessel “Maria Mercedes 2” damages in December 2016.

The following table sets forth the breakdown of our other income for the periods indicated:

For the Nine-Month Period Ended September 30,			
	2017	2016	Variation
	(in thousands of U.S.\$)		(%)
Insurance proceeds	918	554	65.7%
Provisions adjustment	92	294	(68.7)%
Income on sale of equipment	335	188	78.2%
Miscellaneous	1,233	765	(2.0)%
Total	2,578	1,801	43.1%

Other Expenses

Other expenses decreased by 34.4%, or U.S.\$1.6 million, from U.S.\$4.7 million in the nine-month period ended September 30, 2016 compared to U.S.\$3.0 million in the corresponding period in 2017 primarily due to a 82.7% decrease in tax and penalties and a decrease in costs from the sale of assets.

The following table sets forth the breakdown of our other expenses for the periods indicated:

For the Nine-Month Period Ended September 30,			
	2017	2016	Variation
	(in thousands of U.S.\$)		(%)
Tax penalties and fines incurred	265	1,532	(82.7)%
Costs from the sale of assets, net	—	1,520	(100.0)%
Losses	121	148	(18.2)%
Networks	584	—	n.m
Equipment and machinery	1,115	—	n.m
Miscellaneous	971	1,460	(33.5)%
Total	3,056	4,660	(34.4)%

Operating Income

As a result of the foregoing, operating income increased significantly by U.S.\$39.9 million, from U.S.\$3.7 million in the nine-month period ended September 30, 2016 to U.S.\$43.6 million the corresponding period in 2017. Our operating margin increased from 8.9% in the nine-month period ended September 30, 2016 to 17.6% in the corresponding period in 2017, primarily due to a U.S.\$1.6 million decrease in our other expenses and a U.S.\$47.3 million increase in our gross profit.

Financial Expenses

Financial expenses decreased by U.S.\$3.6 million in the nine-month period ended September 30, 2017 compared to the corresponding period in 2016. As a percentage of sales, financial expenses decreased from 14.0% in the nine-month period ended September 30, 2016 to 5.4% in the corresponding period in 2017. The decrease in our financial expenses was primarily due to the partial repurchase of Existing Notes in September 2016.

Financial Gain

Financial gain decreased by U.S.\$7.0 million in the nine-month period ended September 30, 2017 compared to the corresponding period in 2016, primarily due to the partial repurchase of Existing Notes in September 2016.

Foreign Exchange Difference Net Effect

The U.S. dollar is our functional currency and our financial statements are therefore presented in U.S. dollars. As a result of exchange rate variations between the U.S. dollar and the Peruvian *Sol*, we recorded a loss of U.S.\$0.7 million in the nine-month period ended September 30, 2017 compared to a loss of U.S.\$0.6 million in the corresponding period in 2016.

Income Taxes

Income taxes increased by U.S.\$13.6 million in the nine-month period ended September 30, 2017 compared to the corresponding period in 2016, primarily due to the translation effect of the non-monetary items at the close of each fiscal year (NIC12).

Net Profit

As a result of the foregoing, net profit increased from a loss of U.S.\$4.5 million in the nine-month period ended September 30, 2016 to a gain of U.S.\$18.0 million in the corresponding period in 2017. As a percentage of sales, net profit increased from (3.7)% in the nine-month period ended September 30, 2016 to 7.3% in the corresponding period in 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

The following discussion is based on information contained in our Audited Financial Statements and should be read in conjunction therewith.

Our results of operations in 2016 were significantly impacted by the results of our fishing activities during the second fishing season of 2015, as the catch from this season was sold almost entirely during the year commencing in January 2016. The anchovy fishing quota in 2016 was slightly higher than in 2015. For the first fishing season of 2016, the Peruvian government established an anchovy fishing quota of 1.8 million metric tons, compared to an anchovy fishing quota of 2.6 million metric tons in the corresponding season of 2015, while the anchovy fishing quota for the second season of 2016 was 2.0 million metric tons, compared to 1.1 million metric tons in the corresponding season of 2015. However, our results of operations for 2016 were negatively impacted by the results of the first fishing season of 2016 during which only 0.914 million metric tons (or 50.8% of the quota) of fish were caught despite a global fishing quota of 1.8 million metric tons, largely as a result of climatic factors, which was already negatively affected by the reduced fishing quota in the second season of 2015. The decreased catch during this period resulted in lower inventories for the year 2016 and, consequently, decreased sales during the period.

Sales

Our total sales decreased by 12.9%, or U.S.\$20.1 million, from U.S.\$156.2 million in 2015 to U.S.\$136.1 million in 2016, for the reasons set forth below.

Fishmeal

Our consolidated sales of fishmeal decreased by 12.6%, or U.S.\$14.8 million, from U.S.\$117.8 million in 2015 to U.S.\$102.9 million in 2016, primarily due to a 7.6% decrease in volume of fishmeal sold, from 70,670 metric tons in 2015 to 65,266 metric tons in 2016, due to reduced inventory levels, and a 5.1% decrease in the average price of fishmeal from U.S.\$1,663 per metric ton in 2015 to U.S.\$1,578 per metric ton in 2016. The decrease in the average price of fishmeal during the period resulted primarily from the announcement of a higher-than-anticipated 1.8 million metric ton anchovy fishing quota for the first season of 2016.

Fish Oil

Our sales of fish oil decreased by 19.1%, or U.S.\$3.4 million, from U.S.\$17.7 million in 2015 to U.S.\$14.3 million in 2016, primarily due to a 30.8% decrease in the volume of fish oil sold, from 10,500 metric tons in 2015 to 7,300 metric tons in 2016, due to reduced inventories.

Frozen Seafood

Our sales of frozen seafood for direct human consumption increased slightly by 2.2%, from U.S.\$17.3 million in 2015 to U.S.\$17.7 million in 2016, primarily due to a 33.4% increase in the average price of frozen seafood sold for direct human consumption from U.S.\$1,110 per metric ton in 2015 to U.S.\$1,481 per metric ton in 2016, which partially offset a decrease in sales volumes from 16,227 metric tons in 2015 to 11,546 metric tons in 2016.

Cost of Sales

Our cost of sales decreased by 6.7%, from U.S.\$97.3 million in 2015 to U.S.\$90.8 million in 2016. As a percentage of total sales, our cost of sales increased from 62.3% in 2015 to 66.7% in 2016, primarily due to:

- a decrease in sales volumes of 12.9% due to a reduced catch during the first season of 2016 (representing 50.8% of the global fishing quota of 1.8 million metric tons), which significantly affected the results of operations for 2016, as well as a small global fishing quota of 1.1 million metric tons for the second season of 2015; and
- a 27.4% decrease in the cost of sale per metric ton of frozen seafood for direct human consumption, from U.S.\$21.4 million in 2015 to U.S.\$15.5 million in 2016 due to reduced inventories.

Non-Production Costs

As a percentage of total sales, non-production costs represented 15.6% in 2015 and 20.7% in 2016. Non-production costs increased by 16.1% from U.S.\$24.3 million in 2015 to U.S.\$28.2 million in 2016, primarily due to:

- a longer ban period in 2016 (256 days), compared to 2015 (206 days);
- a 122.7% increase in third-party services from U.S.\$4.2 million in 2015 to U.S.\$9.4 million in 2016 due to maintenance during the season; and
- a U.S.\$3.8 million decrease in depreciation expenses in 2016 compared to 2015, which for the frozen seafood for direct human consumption business represented an increase of U.S.\$748,000.

Gross Profit

As a result of the foregoing, our gross profit decreased by 50.5%, or U.S.\$17.5 million, in the year ended December 31, 2016 compared to the corresponding period in 2015. Gross margin decreased from 22.1% in 2015 to 12.6% in 2016, primarily due to a slight decrease in total costs (cost of sales plus non-production costs) of 2.2%, with a decrease in sales of 12.9%.

Selling Expenses

Selling expenses increased by 13.3%, or U.S.\$1.1 million, in 2016 compared to 2015. As a percentage of sales, selling expenses remained at 6.2% in 2016 and 2015. This increase was primarily due to a significant increase in storage costs of finished products.

The following table sets forth the breakdown of our selling expenses for the periods indicated:

	For the Years Ended December 31,		
	2016	2015	Variation
	(in thousands of U.S.\$)		(%)
<i>Fishmeal and fish oil</i>			
Personnel	559	516	8.3%
Transportation of finished products	1,094	1,257	(13.0)%
Communications	7	8	(12.5)%
Fees.....	68	47	44.7%
Sale commissions for finished products.....	173	144	20.1%
Maintenance and repairs	17	48	(64.6)%
Rental expenses	—	28	n.m.
Security and surveillance	332	408	(18.6)%
Inspection and analysis	734	731	0.4%
Stowing and packing.....	290	325	(10.8)%
Export shipment services	1,732	1,894	(8.5)%
Storage of finished products	58	159	(63.5)%
Other third-party services	44	94	(53.2)%
Tax expenses	—	1	n.m.
Other operational charges	53	66	(19.7)%
Depreciation	78	44	77.3%
Miscellaneous materials.....	101	38	165.8%
Subtotal fishmeal and fish oil.....	5,340	5,808	(8.1)%
<i>Frozen fish</i>			
Personnel	631	598	5.5%
Transportation of finished products	428	79	441.8%
Communications	72	71	1.4%
Fees.....	27	13	107.7%
Sale commissions for finished products.....	148	223	(33.6)%
Maintenance and repairs	19	39	(51.3)%
Rental expenses	—	107	n.m.
Electricity	462	353	30.9%
Security and surveillance	—	—	—
Inspection and analysis	136	108	25.9%
Stowing and packing.....	36	4	800.0%
Export shipment services	718	936	(23.3)%
Storage of finished products	22	599	(96.3)%
Other third-party services	33	208	(84.1)%
Tax expenses	2	3	(33.3)%
Other operational charges	99	173	(42.8)%
Depreciation	265	217	22.1%
Other provisions	—	17	n.m.
Miscellaneous materials.....	70	82	(14.6)%
Subtotal frozen fish.....	3,168	3,830	(17.3)%
Total	8,508	9,638	(11.7)%

Administrative Expenses

Administrative expenses decreased by 7.9%, or U.S.\$0.6 million, in 2016 compared to 2015, primarily as a result of a 25.2%, or U.S.\$0.2 million, decrease in professional fees and a U.S.\$0.3 million decrease in third-party services.

The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	For the Years Ended December 31,		
	2016	2015	Variation
	<i>(in thousands of U.S.\$)</i>		<i>(%)</i>
Personnel	3,703	3,593	3.1%
Communications	248	282	(12.1)%
Fees.....	910	681	33.6%
Maintenance and repairs	82	160	(48.7)%
Rental expenses	625	662	(5.6)%
Third-party services	667	350	90.6%
Tax expenses	6	7	(14.3)%
Insurance	29	36	(19.4)%
Depreciation	576	460	25.2%
Other	856	865	(1.0)%
Total	7,702	7,096	8.5%

Other Income

Other income decreased by 71.4%, or U.S.\$9.3 million, in 2016 compared to 2015, primarily due an extraordinary gain in 2015 of U.S.\$4.2 million due to the valuation of the quota, which did not occur in 2016, and a payment of U.S.\$3.7 million received in 2015 as insurance proceeds from the claim in connection with the Costa de Oro vessel, compared to a payment of U.S.\$0.5 million received in 2016 as insurance proceeds from the claim in connection with the Don Alfredo vessel.

The following table sets forth the breakdown of our other income for the periods indicated:

	For the Years Ended December 31,		
	2016	2015	Variation
	(in thousands of U.S.\$)		(%)
Provisions adjustment.....	1,341	2,556	(47.5)%
Income from recovery of drawback.....	600	877	(31.6)%
Insurance proceeds	554	3,761	(85.3)%
Income from valuation of quota.....	—	4,203	(100.0)%
Income on sale of equipment.....	13	416	(96.9)%
Miscellaneous	1,237	1,291	(4.2)%
Total	3,745	13,104	(71.4)%

Other Expenses

Other expenses decreased 25.8%, or U.S.\$4.5 million, in 2016 compared to 2015 primarily due to the elimination of accounts receivables with related parties in 2016 and a 68.2% decrease in tax penalties and fines from U.S.\$5.4 million in 2015 to U.S.\$1.7 million in 2016.

The following table sets forth the breakdown of our other expenses for the periods indicated:

	For the Years Ended December 31,		
	2016	2015	Variation
	(in thousands of U.S.\$)		(%)
Costs from the sale of assets, net	4,152	3,900	6.5%
Contingency reserves.....	2,582	992	160.3%
Estimated devaluation of investments.....	1,769	—	n.m.
Tax penalties and fines incurred	1,733	5,447	(68.2)%
Costs assumed taxes	924	732	26.2%
Estimated devaluation of inventory	—	302	(100.0)%
Accounts receivables with related parties	—	4,975	100.0%
Miscellaneous	1,793	1,108	61.8%
Total	12,953	17,456	(25.8)%

Operating Income

As a result of the foregoing, our operating income decreased by 161.4%, or U.S.\$21.8 million, in 2016 compared to 2015. Our operating margin decreased from 8.6% in 2015 to (6.1)% in 2016, primarily due to a decrease in our total sales of U.S.\$20.1 million, which resulted in a decrease of U.S.\$17.5 million of our gross profit.

Financial Expenses

Financial expenses increased by U.S.\$3.6 million in 2016 compared to 2015. As a percentage of sales, financial expenses increased from 11.8% in 2015 to 16.2% in 2016. This increase primarily resulted from U.S.\$3.9 million costs associated with the partial repurchase of the Existing Notes in September 2016.

Financial Gain

Financial gain increased by U.S.\$7.0 million in 2016 compared to 2015, primarily due to the partial repurchase of Existing Notes in September 2016.

Foreign Exchange Difference Net Effect

The U.S. dollar is our functional currency and our financial statements are therefore presented in U.S. dollars. As a result of exchange rate variations between the U.S. dollar and the Peruvian *Sol*, we recorded a gain of U.S.\$2.1 million in 2016 compared to a loss of U.S.\$1.8 million in 2015.

Income Taxes

Income taxes increased by 14.1% from U.S.\$(1.0) million in 2015 to U.S.\$1.1 million in 2016, primarily due to the regularization of income tax of previous years to account for certain taxable and non-taxable items recognized by Peruvian legislation for financial statements presented in Soles. At December 31, 2016 and 2015, the annual income tax rate was 28%.

	For the Years Ended December 31,		Variation
	2016	2015	
	<i>(in thousands of U.S.\$)</i>		<i>(%)</i>
Regularization of the current income tax of previous years.....	—	1,458	n.m.
Deferred.....	1,120	(476)	335.3%
Total.....	1,120	982	14.1%

Net Profit

As a result of the foregoing, our net profit decreased from U.S.\$(7.6) million in 2015 to U.S.\$(22.3) million in 2016. As a percentage of sales, net profit decreased from (4.9)% in 2015 to (16.4)% in the corresponding period in 2016.

Liquidity and Capital Resources

Over the past three years, we have met our cash requirements for working capital, debt service and capital expenditures mainly with a combination of funds provided by our operations and outside financing, and we believe that the same combination of funds from our operations and outside financing are likely to be sufficient to meet our working capital, debt service and capital expenditure requirements for the foreseeable future.

Our liquidity may be materially adversely affected as a result of a reduction in the anchovy biomass and the occurrence of the *El Niño* effect. See “Risk Factors—Risks Related to our business and industry—Our operations may be affected by climatic events such as El Niño and La Niña and unexpected migrations of the anchovy biomass.”

Our business cycle drives our working capital requirements. In order to meet our requirements we enter into working capital financing agreements with local banks under terms and conditions that are consistent with our risk and debt profile. We enter into short-term, pre-shipment and post-shipment financings, each conditioned on the requisite amount of inventory and sales. We also enter into working capital financing not conditioned on inventory or sales. These financings support our liquidity when adverse climactic conditions prevent us from fishing.

Our cost structure and ability to enter into working capital financing allow us to manage our fixed costs in the event of a fishing ban or a general reduction in the global anchovy fishing quota. In the event Peru experiences the effects of El Niño, our long-term financings contain provisions that grant us a grace period for the payment of interest and principal for the duration of any such effect.

As an exporter, we obtain our revenues in U.S. dollars and our debt incurrence policy is focused on entering into U.S. dollar debt instruments to avoid any impacts to our cash position as a result of foreign exchange risk. We may enter into debt financing in our local currency in respect of receivables in *Soles*.

Cash Flow Information

The following table presents selected cash flow information for the periods indicated:

	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
	<i>(in thousands of U.S.\$)</i>			
Net cash provided by (used in):				
Operating activities	84,671	11,1061	(16,713)	9,826
Investing activities	(9,939)	(12,864)	(15,353)	(11,154)
Financing activities	(73,020)	7,119	37,116	(26,123)
Increase (decrease) in cash and cash equivalents.....	1,712	5,316	5,050	(27,451)
Cash and cash equivalents at beginning of period	6,743	1,693	1,693	29,215
Foreign exchange differences (net).....	—	—	—	(71)
Cash and cash equivalents at the end of period.....	8,455	7,009	6,743	1,693

Cash Flow from Operating Activities

Cash flow from operating activities increased by 665.5%, from U.S.\$11.1 million cash provided by operating activities in the nine-month period ended September 30, 2016 to U.S.\$84.7 million cash provided by operating activities in the corresponding period in 2017, primarily due to a 113.8% increase in accounts payables from U.S.\$107.3 million in the nine-month period ended September 30, 2016 to U.S.\$229.3 million in the nine-month period ended September 30, 2017, which were offset by a 65.3% increase in payments to providers from U.S.\$63.1 million in the nine-month period ended September 30, 2016 to U.S.\$104.2 million in the nine-month period ended September 30, 2017.

Our cash flow from operating activities in 2016 decreased by 270.1%, from U.S.\$9.8 million cash provided by operating activities in 2015 to U.S.\$16.7 million cash used in operating activities in 2016, primarily as a result of a U.S.\$31.4 million decrease in accounts payables from reduced sales volumes and a U.S.\$8.3 million increase in interest payments.

Cash Flows from Investing Activities

Cash flow used in investing activities decreased from U.S.\$12.8 million in the nine-month period ended September 30, 2016 to U.S.\$9.9 million in the nine-month period ended September 30, 2017, largely as a result of a decrease in the acquisition of real estate, equipment and machinery.

Cash flow used in investing activities increased from U.S.\$11.1 million in 2015 to U.S.\$15.3 million in 2016 largely as a result of increased improvements in our fleet and facilities during the year 2016.

Cash Flow from Financing Activities

Cash flow used in financing activities decreased from U.S.\$7.1 million cash from financing activities in the nine-month period ended September 30, 2016 to U.S.\$73.0 million cash used in financing activities in the corresponding period in 2017. This decrease was primarily due to a repayment of short-term debt.

Our cash flow from financing activities increased from U.S.\$26.1 million used in financing activities in 2015 to U.S.\$37.1 million cash provided by financing activities in 2016, primarily due to a the negative cash flow provided by operating activities.

Borrowings from Banks and Other Financial Institutions

We incur short-term and long-term debt with local and international financial institutions to meet working capital requirements and to purchase assets.

In order to meet our short-term indebtedness requirements, we primarily enter into loans from local institutions with a maximum term of 180 days, guaranteed by our fishmeal and/or fish oil or by export letters of credit. Our short-term debt is typically at its highest levels at the end of the second and fourth quarters due to the stagnant production. Our short-term debt is incurred at the beginning of each fishing season and is repaid prior to the commencement of the following fishing season.

As of September 30, 2017, our lines of credit for working capital totaled an aggregate of U.S.\$183 million, including a U.S.\$20 million committed credit facilities with Scotiabank Perú S.A.A. and a U.S.\$20 million factoring line with various banks, which we believe is sufficient to meet our working capital requirements given that these facilities have been structured based on maximum utilization which occurs during the first and third quarters of the year when our capital requirements are highest. In 2016, we utilized approximately 60% of the funds available under the lines of credit. As of September 30, 2017, our total indebtedness was U.S.\$198 million, all of which corresponded to long-term debt.

The following table sets forth our indebtedness structure as of the dates indicated:

	As of September 30,		As of December 31,			
	2017		2016		2015	
	(in thousands of U.S.\$, except percentages)					
Current portion of long-term debt	7,888	4.0%	11,555	4.3%	8,854	3.7%
Long-term debt.....	189,636	96.0%	191,486	70.9%	200,312	84.3%
Total debt	197,524	99.9%	203,041	75.2%	209,166	88.0%
Working capital debt.....	100	0.1%	67,078	24.8%	28,399	12.0%
Total	197,624	100.0%	270,119	100.0%	237,565	100.0%

Our current long-term debt primarily comprises our Existing Notes and an international syndicated loan. We issued U.S.\$200 million 7.375% senior notes due 2020 (the “Existing Notes”) on February 1, 2013, to repay all of our outstanding indebtedness under a certain syndicated loan facility, to finance acquisitions in order to increase our anchovy fishing quota and for general corporate purposes. We entered into the international syndicated loan on August 31, 2016, with Interbank, Banco Santander Perú, S.A., Banco de Crédito del Perú S.A. and Credicorp Capital Servicios Financieros S.A. for U.S.\$25 million, which we used for the partial repurchase of the Existing Notes in an amount of approximately U.S.\$30 million. This syndicated loan was guaranteed by an asset trust (vessels were transferred to the trust).

The following table sets forth our outstanding financial indebtedness by purpose as of September 30, 2017:

Bank	General Corporate Purposes	Working Capital	Total
	<i>(in thousands of U.S.\$)</i>		
Long-term debt			
Existing Notes	169,872	0	169,872
Syndicated loan	23,000	0	23,000
Leasing	4,652	0	4,652
Total long-term debt	197,524	0	197,524
Short-term debt			
Banco de Crédito del Perú	0	0	0
Scotiabank	0	0	0
BBVA Continental	0	0	0
Interbank	0	0	0
Banco Santander	0	0	0
Banco Interamericano de Finanzas	0	0	0
Others	0	100	100
Total short-term debt	197,524	100	197,624

Financial Leases

We enter into financial leases with financial institutions to purchase assets such as vessels, vehicles, equipment and machinery. Financial leases have the benefit of an accelerated depreciation of the assets within the term of the agreement. We also enter into leaseback transactions to purchase different types of assets. Our financial leases are guaranteed by the assets which are the object of the financial leases.

As of September 30, 2017, the aggregate amount outstanding under our financial leases was U.S.\$4.7 million.

Contractual Obligations

The following table summarizes our contractual obligations by maturity as of September 30, 2017:

Payments Due by Period as of September 30, 2017			
Less than 1 year	1-3 years	3-5 years	Total
	<i>(in thousands of U.S.\$)</i>		
Existing Notes	169,872	—	169,872
Bank and other loans	—	23,000	23,000
Leases	2,674	—	4,652
Total financial debt	172,546	23,000	197,524
Working capital debt	—	—	100
Total	172,546	23,000	197,624

Capital Expenditures

We have made significant investments in our plants dedicated to production for indirect human consumption to renew and refurbish processing equipment. With respect to our fleet, we have realized investments to repair our fishing nets, improve the refrigeration capabilities of our vessels and maintain essential equipment. In particular, we acquired the Maria Mercedes vessel (PL-11393-CM) on June 5, 2017. The following table sets forth our capital expenditures for the periods indicated.

	For the Nine-Month Period Ended September 30,	For the Years Ended December 31,	
	2017	2016	2015
	<i>(in thousands of U.S.\$)</i>		
Plants – Indirect Consumption ⁽¹⁾	2,815	6,797	3,892
Fleet – Indirect Consumption ⁽²⁾	3,388	9,241	2,943
Plants – Direct Consumption ⁽³⁾	504	1,382	494
Fleet – Direct Consumption ⁽⁴⁾	299	184	10
Others ⁽⁵⁾	289	242	695

	For the Nine-Month Period Ended September 30,	For the Years Ended December 31,	
	2017	2016	2015
	<i>(in thousands of U.S.\$)</i>		
Vessels ⁽⁶⁾	3,171	0	0
Total	10,466	17,845	8,035

- (1) Refers to buildings and equipment used for our indirect human consumption business.
- (2) Refers to fishing nets, vessels and new equipment used for our indirect human consumption business.
- (3) Refers to buildings and equipment used for our direct human consumption business.
- (4) Refers to fishing nets, vessels and new equipment used for our direct human consumption business.
- (5) Refers to administrative office buildings and equipment.
- (6) Refers to the purchase of the Maria Mercedes vessel (PL-11393-CM) on June 5, 2017.

Quantitative and Qualitative Disclosure about Market Risk

Price Risk

We do not have any financial instruments subject to fluctuations in market prices. Therefore, we are not exposed to the price risk.

Exchange Rate Risk

Our sales are denominated in U.S. dollars and our debt is generally denominated in U.S. dollars. Our exchange rate risk exposure is primarily related to the value-added tax, (IGV in Peru) we have to pay, the acquisition of goods and services we need, trade accounts payable, other accounts payable, income tax and statutory employees' profit sharing denominated in *Soles*.

Interest Rate Risk

The interest rate of our syndicated loan is indexed to LIBOR. In order to cover our exposure against significant variations in LIBOR, we entered into a U.S.\$9.1 million swap transaction that fixed LIBOR plus 1.175% for the five remaining years of the loan. As a result of this swap transaction, we have partially offset the interest rate risk of our syndicated loan

BUSINESS

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the third largest producer of fishmeal and fish oil in Peru as of September 30, 2017 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as “vikings”) that do not operate their own fishmeal processing plants. In 2015 and 2016, our sales totaled U.S.\$156.2 million and U.S.\$136.1 million, respectively. In 2016, our sales of fishmeal totaled U.S.\$102.9 million, while our sales of fish oil totaled U.S.\$14.3 million. For the nine-month period ended September 30, 2017, our sales from fishmeal and fish oil totaled U.S.\$225.1 million, of which U.S.\$204.0 million was from sales of fishmeal and U.S.\$21.1 million was from sales of fish oil.

Our business is seasonal. In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April and July, with the catch being sold during the same year. The second fishing season occurs generally between the months of November and January, with the catch being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period. In accordance with the ITQ system for the harvesting of anchovy, pursuant to which the government combines the establishment of a global catch quota with individual quotas and allocates quotas based on each company’s fleet capacity and historical catch, our anchovy fishing quota in September 2017 was 6.70209% in the center-north of Peru and 4.6141% in the south of Peru. We operate 22 vessels with a total holding capacity of 7,253 m³ in each fishing season.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, or fish farming, particularly in Asia, where aquaculture has grown significantly. Our fishmeal production totaled approximately 98,507 metric tons, 77,979 metric tons and 94,788 metric tons, respectively, in the nine-month period ended September 30, 2017 and in 2016 and 2015. Our sales of fishmeal represented 82.4%, 75.6% and 75.4% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 8.5%, 10.5% and 11.3% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

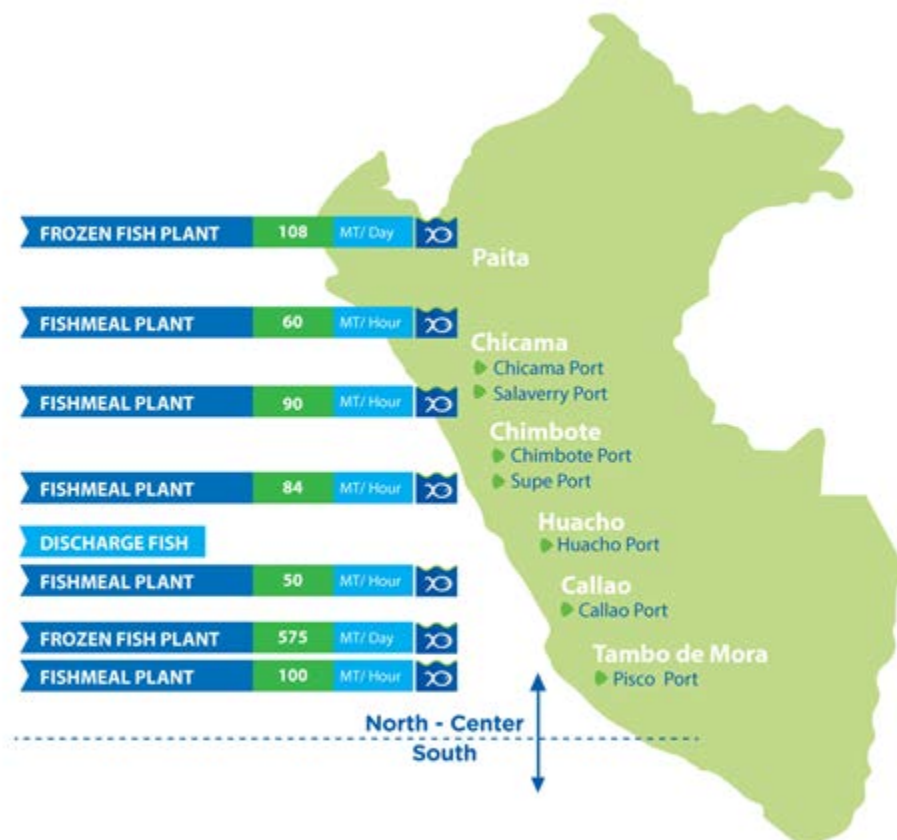
In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption were not significant in the nine-month periods ended September 30, 2017 and in 2016 and 2015, respectively.

Direct Human Consumption (Frozen and Fresh Seafood)

We process and produce frozen seafood for direct human consumption, focusing on mackerel and jack mackerel, giant squid and mahi-mahi at our Tambo de Mora and Paita processing plants. Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. Our sales of frozen and fresh fish for direct human consumption accounted for 8.5%, 13.0% and 11.1% of our total sales in the nine-month period ended September 30, 2017 and in 2016 and 2015, respectively.

Our Plants

The map below illustrates the distribution of our processing plants in Peru, comprising five fishmeal and fish oil processing plants and two frozen seafood processing plants in Paita and Tambo de Mora. Our five fishmeal and fish oil processing plants have a total processing capacity of approximately 384 metric tons per hour and our two frozen seafood processing plants have a combined processing capacity of 683 metric tons per day and a combined cold storage capacity of 11,239 metric tons. Due to scarcity of giant squid in 2016 and 2017, we suspended operations of the Paita plant in June 2016 and have limited the operations of our Tambo de Mora plant to the processing of mackerel and jack mackerel, in each case until the availability and price of the giant squid in the local market returns to profitable levels.



In the nine-month period ended September 30, 2017 and in 2016 and 2015, exports accounted for almost all of our sales volume, with China, our principal export market for fishmeal, accounting for approximately 77.5%, 66.5% and 58.4% of our consolidated sales volume, respectively. Our other important export markets include Germany (for 2016 and 2015 only), Japan and Chile, which accounted for approximately 3.2% and 7.4%, respectively, of our consolidated sales volume for fishmeal in the nine-month period ended September 30, 2017; 14.7%, 0.8% and 6.3%, respectively, in 2016; and 16.4%, 2.8% and 7.9%, respectively, in 2015.

We also produce and export fish oil. Our main export markets are China, Belgium, Denmark and Chile, which represented 37.9%, 19.9%, 17.9% and 17.1%, respectively, of our volume of sales of fish oil in the nine-month period ended September 30, 2017 and 3.3%, 17.3%, 49.6% and 19.9%, respectively, of our volume of sales of fish oil in 2016. In 2015, our main export markets were Belgium, Denmark and Chile, which represented 7.8%, 80.7% and 5.7%, respectively, of our volume of sales of fish oil for that year.

We currently export the frozen seafood we produce from our Tambo de Mora processing plant primarily to Spain, China and Japan with exports to these countries representing 22.1%, 18.4% and 13.5%, respectively, of our volume of sales of frozen seafood in the nine-month period ended September 30, 2017.

Financial and Operational Highlights

In the nine months ended September 30, 2017 and in 2016, we had a net profit of U.S.\$5.5 million and U.S.\$1.3 million, respectively, and in the 12 months ended September 30, 2017 and in 2016 we had a net loss of U.S.\$11.8 million and U.S.\$24.7 million, respectively, primarily due to the impact of *El Niño* on the fishing population in 2016 and its corresponding effect on our net sales for the relevant periods, including the first quarter of 2017. Notwithstanding the difficulties experienced during these periods due to *El Niño*, our Adjusted EBITDA remained positive amounting to U.S.\$61.3 million in the nine months ended September 30, 2017, U.S.\$60.7 million in the 12 months ended September 30, 2017, U.S.\$20.7 million in the year ended December 31, 2016 and U.S.\$38.7 million in the year ended December 31, 2015. As the effect of *El Niño* on the fishing population has been reduced in 2017, our profit and EBITDA margins have started to recover and return to normal levels.

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	For the Nine-Month Periods Ended September 30,		For the Twelve- Month Periods Ended September 30,	For the Years Ended December 31,	
	2017	2016	2017 ⁽¹⁾	2016	2015
	(in millions of U.S.\$, except for ratios and percentages)				
Financial highlights					
Net sales	247.6	121.2	262.4	136.1	156.2
Adjusted EBITDA ⁽²⁾	61.3	21.3	60.7	20.7	38.7
Adjusted EBITDA Margin ⁽³⁾	24.8%	17.6%	23.1%	15.2%	24.8%
Net profit	18.2	(4.5)	(11.8)	(22.3)	(7.6)
Total debt ⁽⁴⁾	197.7	240.8	197.7	264.4	234.2
Net debt ⁽⁵⁾	189.2	233.8	189.2	257.6	232.5
Total debt/Adjusted EBITDA ⁽⁶⁾	3.22	11.31	3.26	12.77	6.05
Net debt/Adjusted EBITDA ⁽⁷⁾	3.09	10.98	3.12	12.44	6.01
Operational highlights					
Fishmeal production (in metric tons).....	98,507	33,788	142,698	77,979	94,788
Fish oil production (in metric tons)	11,655	4,535	18,990	11,870	11,912
Frozen/fresh seafood production (in metric tons).....	20,109	10,030	28,043	17,964	22,226
Employees	1,078	1,143	n.a.	1,158	1,324

(1) Amounts for each line item and operational data were calculated by adding the applicable line item/data amount for the nine-month period ended September 30, 2017 to the corresponding line item/data amount for the year ended December 31, 2016, and then subtracting the corresponding line item/data amount for the nine-month period ended September 30, 2016.

(2) Adjusted EBITDA means operating income minus other income plus other expenses plus employee's net profit sharing and depreciation. Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market. See "Selected Financial and Other Information —Adjusted EBITDA" for a reconciliation between Adjusted EBITDA and the operating income reported in our financial statements.

(3) Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by net sales.

(4) Total debt is the sum of total financial obligations without interests accrued.

(5) Net debt is total debt minus cash and cash equivalents.

(6) Total debt/Adjusted EBITDA ratio is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

(7) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

Our Strengths

We believe our principal business strengths include the following:

Leading competitive position.

- We are the third largest producer of fishmeal and fish oil in Peru in terms of volume, increasing our share of national production via third-party catch from independent vessel owners. We have the sixth largest anchovy fishing quota in Peru under the ITQ system, totaling 6.70209% in the center-north coast and 4.6141% in the south coast of Peru.
- We have a solid presence in the indirect human consumption business through our operation of five fishmeal and fish oil processing plants and 22 vessels. In the 12-month period ended September 30, 2017 and in the year ended 2016, our net sales deriving from this business totaled U.S.\$234.1 million and U.S.\$117.3 million, respectively. Our processing volume in the center-north area accounted for 14.4% of the total ITQ system fishing quota during the first fishing season of 2017. Moreover, we export substantially all of our fishmeal to investment grade countries.

Strategically located and advanced manufacturing facilities.

- We are located in Peru, which benefits from geographic and climatic conditions that are favorable for the fishing industry. The cold ocean current known as Humboldt makes the ocean off the Peruvian coast rich in nutrients, especially those necessary for the development of anchovies, which is the species used in Peru to produce fishmeal and fish oil. As a result, Peruvian fishing companies have access to an abundant anchovy biomass off the Peruvian coast. Peru is the largest producer and exporter of fishmeal in the world and, in 2015, it accounted for approximately 25.4% of world exports, followed by Denmark and Chile with 7.3% and 6.9%, respectively, according to the IFFO.
- Our five fishmeal and fish oil processing plants are strategically located along the center-north coast of Peru, a region that accounted for 99.9%, 94.3% and 91.9% of the total fishing in Peru as of May 2017, and in 2016 and 2015, respectively, allowing us to receive and process our catch and catch from third parties efficiently and quickly, reducing the transportation time from the catch to our facilities and ensuring a high-quality product. Our fishmeal plants currently have an aggregate processing capacity of 384 metric tons per hour and our plants for the processing of frozen seafood for direct human consumption have an aggregate processing capacity of 683 metric tons per day and a cold storage capacity of 11,239 metric tons. We have six vessels equipped with RSW and storage systems, which better preserve our catch, improving the quality of the fishmeal and fish oil we produce.

Experienced management, with strong corporate governance and direct involvement in the key aspects of our value chain.

- We have an experienced and independent management team with extensive knowledge of the fishing industry in Peru. In addition, our management team is supported by our founder and principal shareholder, Víctor Matta Curotto, who has over 35 years of experience in the sector. Our management team is experienced in monitoring the industry and our operations, allowing them to respond to market developments with agility. Our management team members have an average of 10 years of experience in the fishing industry and are involved in all of the key aspects of our business value chain, including supply, production and sales. In addition, in May 2017, we received a corporate governance score of 89% from Mercado de Capitales, Inversiones y Finanzas (“MC&F”).

Effective and efficient financial management regardless of industry conditions.

- Throughout our expansion, we have maintained strong financial performance even in light of industry conditions related to the ITQ system or the effects of *El Niño* on our net sales. We have been one of the leading Peruvian fishing companies in terms of optimizing efficiencies and achieving an efficient cost structure. We were one of the first companies to reduce its fleet as a strategic response to the adoption of

the ITQ system, eventually reducing our fleet holding capacity by 50% and the number of vessels in operation by 60% and we have six vessels equipped with RSW and storage systems, which better preserve our catch. Throughout our expansion, we have also maintained a strong credit profile and have been successful in meeting our financing needs.

- For the nine months ended September 30, 2017, our total debt and net debt without interests accrued was U.S.\$197.7 million and U.S.\$189.2 million, respectively, which corresponded to a total leverage ratio and net leverage ratio of 3.22 and 3.09, respectively, as of September 30, 2017. In the nine months and 12 months ended September 30, 2017 and in 2016 and 2015, our net sales totaled U.S.\$247.6 million, U.S.\$262.4 million, U.S.\$136.1 million and U.S.\$156.2 million, respectively, corresponding to an operating margin of 17.6%, 12.3%, (6.1)% and 8.6%, respectively. Likewise, our Adjusted EBITDA in the these periods totaled U.S.\$61.3 million, U.S.\$60.7 million, U.S.\$20.7 million and U.S.\$38.7 million, respectively, corresponding to an Adjusted EBITDA Margin of 24.8%, 23.1%, 15.2% and 24.8%, respectively. Our strong financial performance has enabled us to significantly invest in our operations, with our capital expenditures in the nine months ended September 30, 2017 and in 2016 and 2015 totaling U.S.\$10.0 million, U.S.\$15.3 million and U.S.\$8.0 million, respectively.

Proven ability to create value.

- While the ITQ system quotas limit the fishing catch, they do not limit the volume of production of fishmeal and fish oil. Since the ITQ system became effective in 2009, we have focused on production of increased volumes of a higher quality and more profitable fishmeal. We have done this in part through acquiring additional catch from independent vessel owners via purchases of catch and quota leases. We have also reduced the amount of time between catch and processing, which has reduced the amount of raw material required to produce one metric ton of fishmeal (the “conversion rate”). Through these and other efforts, we have maximized production capacity with marginal cost increases.
- Moreover, our ability to purchase third-party catch allows us to increase or share of production beyond our assigned quota, make better use of our facilities and obtain a higher total Adjusted EBITDA. We were the first company in the Peruvian fishing industry to develop a loyalty program with independent vessel owners, which has enhanced our ability to make catch purchases and enter into quota leases with these owners. We strengthen our relationships with independent vessel owners through the provision of advisory services, off-season loans, logistics support and customized purchase agreements.

Attractive global conditions for the fishmeal and fish oil industries as a result of growing international demand and limited global supplies of fish.

- *Growing Demand:* From January 2006 to September 2016, the FOB value of Peruvian fishmeal grew by 100.0% due to increased demand for fish and meat as a source of protein, which primarily resulted from an increase in the population and improvement of the per capita income in developing countries. The FOB value of Peruvian fish oil during the same period decreased from U.S.\$2,300 in January 2015 to U.S.\$2,100 in September 2016, representing a 8.7% decrease. There are currently few protein-rich, efficiently produced substitutes for fishmeal, which is primarily used as feed for fish, chicken and hogs. This is particularly the case of feed for shrimp and fish raised in the aquaculture industry, which constitutes the majority of our sales. Substitutes such as soybean meal, ground nut meal and corn gluten are generally not considered adequate substitutes for fishmeal and fish oil products in aquaculture, as shrimp and fish depend on a fish-based diet. Furthermore, there has been an increase in demand for fish oil from the pharmaceutical industry, as fish oil nutritional supplements become increasingly popular.
- *Limited Supply:* Currently, only anchovies are used to produce fishmeal and fish oil in Peru. In addition, the supply of anchovies is limited because of environmental conditions and fishing regulatory restrictions, creating significant barriers to entry into the industry.

Business Strategy

We believe our principal business strategies include the following:

Maintain and improve the position of our core business in the market.

We believe that the long-term demand and price outlook for fishmeal and fish oil is likely to continue to strengthen, driven by demand for fish-related protein sources for aquaculture, poultry and hog farming. As a result, we intend to maintain our focus on our core business, the production of fishmeal and fish oil. Since 2011, we have improved our ranking from being the fourth largest producer of fishmeal and fish oil by volume in Peru, to the third largest producer in 2017, according to the Ministry of Production. We believe that maintaining this focus will enable us to fully utilize our industry experience over the last 30 years.

Improve operating efficiencies and margins.

We will continue to seek to improve our margins in the extraction and processing of anchovy biomass by maximizing the productivity of our existing processing plants and fishing fleet and reducing our expenses. Since the implementation of the ITQ system in 2009, we have adopted a number of important measures to improve our production, such as enhancing our relationship with independent vessel owners in order to more efficiently utilize the processing capacity of our plants and optimizing our processing volumes in order to improve the quality of our fishmeal. These measures have included decreasing the number of vessels in operation by 60% and our holding capacity by 50%. At the same time, we continuously seek to improve the maintenance system of our vessels in order to implement preventive practices that reduce costs. We will also seek to improve our margins by continuing to strategically deleverage our debt. For example, in September 2016 we participated in a partial repurchase of our Existing Notes in an amount of U.S.\$30.0 million.

Focus on increasing the quality and value of our fishmeal and fish oil production.

We seek to maximize the value of our current anchovy fishing quota by increasing our production of high-quality fishmeal and fish oil. We plan to make investments in our fishmeal facilities and in vessels in order to improve the quality of the fishmeal we produced and therefore increase its value.

Continue to develop a profitable customer base with long-term customer relationships.

Although fishmeal and fish oil are perceived as a commodity, we intend to continue to develop stable and long-term relationships with key customers to provide them with a value-added offer and a level of service that increases their demand for our products. Our strategy is supported by periodic customer visits by our sales representatives that enable us to promote brand awareness and gain a deeper level of understanding of the specific needs of our customers.

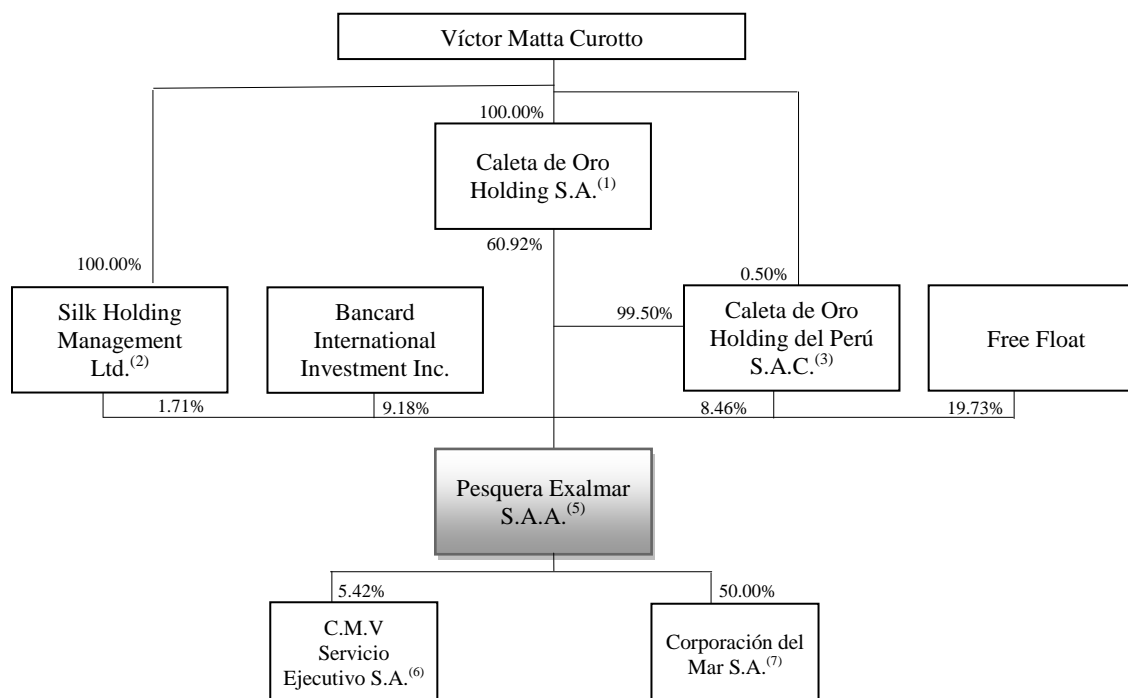
Ensure our supply sources through independent vessel owners.

Approximately 20% of the authorized catch under the ITQ system is allocated to independent vessel owners, and in the nine-month period ended September 30, 2017 and in 2016, 49.5% and 52.0%, respectively, of the fish we processed was supplied by third parties. We intend to continue to strengthen our relationships with independent vessel owners in order to increase our processing volume. We continuously seek ways to improve and strengthen our relationship with these vessel owners, including through our innovative loyalty program and by providing independent vessel owners operational advisory services, onshore and offshore fishing logistics support and through the structuring of customized anchovy purchase agreements.

Our Corporate Structure

In November 2010, we completed the initial public equity offering of our Class A common shares in Peru, through which we raised S/341 million from the offer and sale of 71,889,667 Class A common shares at a price of S/4.75 per Class A common share. We believe that the public offering of our Class A common shares marked an important milestone in the development of our business, increasing our public profile, credibility and transparency.

The following chart reflects our current corporate structure:



(1) A company incorporated under the laws of Panama, held in its entirety by Víctor Matta Curotto.

(2) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Víctor Matta Curotto.

(3) A company incorporated under the laws of Peru, held in its entirety by Víctor Matta Curotto.

(5) Issuer of the New Notes in this offering.

(6) The remaining equity interests in this subsidiary are held by (a) Víctor Matta Curotto's spouse, María del Carmen Dall'Orso Gonzáles (53.36%) and (b) Rossana Ortíz, our chief executive officer (41.2%).

(7) The remaining equity interest in this subsidiary is held by Austral Group S.A.A.

History

We were incorporated and began operating in 1997 as Pesquera Exalmar S.A. Our experience in the fishing industry began in 1976, when our principal shareholder, Víctor Matta Curotto, bought the fishing vessel Cuzco 4. In 1992, we began a vertical integration strategy and became one of the first private companies in Peru to begin industrial fishing operations, a line of business that was previously reserved for government entities. In 1992, we initiated construction of our first fishmeal and fish oil processing plant in Casma. The initial processing capacity of our Casma plant was 80 metric tons per hour, but we strategically decided to transfer that capacity to two different plants: our Chicama and Tambo de Mora, which at the time had a processing capacity of 60 metric tons per hour each, which we have increased to their current processing capacity of 100 metric tons per hour.

Our fishmeal plant at Tambo de Mora was built in 1995, and in 1997, following a privatization process by the Peruvian government, we acquired Pesca Perú Huacho S.A., whose main asset was our Huacho plant. The acquisition of our Huacho plant, which allowed us to increase our processing capacity to 224 metric tons per hour, was executed through the entity Pesquera María del Carmen S.A.

From 1998 to 2006, we continued to expand through acquisitions of plants and fishing companies, including our Chicama and Chimbote plants, several fishing vessels, Pesquera San Francisco S.A., Pesquera Cabo Peñas S.A. and certain entities held by Víctor Matta Curotto. In 2006, we increased our processing capacity by 90 metric tons per hour, to a total of 374 metric tons per hour.

In April 2007, CVCI, the private equity investor, acquired 22.71% of our share capital for an aggregate of U.S.\$30.0 million. This initial capital contribution allowed us to acquire vessels with an additional 1,055 m³ of holding capacity, increasing our total holding capacity to 8,895 m³.

In 2008, we purchased 50% of the shares of Cormar, our most important acquisition to date. Initially, we leased certain assets from Cormar (including fishing vessels and their licenses) prior to segregating those assets from Cormar and merging them into us in April 2009. As a result of the Cormar acquisition, our holding capacity increased by 2,221 m³ to a total of 11,116 m³, and our fish processing capacity increased by 100 metric tons per hour to a total of 474 metric tons per hour. Furthermore, in 2008, the Peruvian government changed the fishing regulatory framework from an industry-wide quota system to the ITQ system, which is similar to the regime in effect in Chile and Norway. Under the ITQ system, each license holder was allocated an individual quota based on fleet capacity and catch volumes in the previous five years. See “Regulatory Environment—ITQ System.” As a result of the implementation of the ITQ system, we reduced our fixed costs by reducing the number of our vessels in operation in 2009.

In 2009, we initiated investments to diversify our operations into direct human consumption by equipping three vessels with RSW, including holding capacity of 1,266 m³. In addition, in December 2009, we acquired Pesquera Virgen de la Peñas S.A.C., owner of Marco Antonio, a vessel that represented 0.04941% and 0.22847% of the anchovy fishing quotas in the center-north and south, respectively, and in June 2010, we acquired Pesquera San Martin de Porras S.A.C., Pesquera Mar Adentro S.A.C and Pesquera Ollanta S.A.C.

In November 2010, we successfully completed the initial public offering of our Class A common shares on the Lima Stock Exchange (*Bolsa de Valores*) (“BVL”), resulting in total net proceeds of U.S.\$122.0 million of which 80% corresponded to the primary offering of Class A common shares by us and 20% corresponded to the secondary offering of Class A common shares by our selling shareholder, CVCI. We utilized the net proceeds of this important offering to repay indebtedness we incurred to finance our acquisitions and to acquire additional companies and vessels, thereby increasing our anchovy fishing quota by 0.70502% and 1.54949% in the center-north and south, respectively.

In 2011, we acquired Walda, Inversiones Poas, Pesquera del Sur, Inversiones Pesquera Valentina, Negocios y Servicios Generales Antonia, Pesquera Porto Novo, Pesquera Statefuri, Inversiones Pesqueras Vimarot, Pesquera Hades, Pesquera Cabasoni and Empresa Pesquera Caliche, increasing our anchovy fishing quota. During the same year, we concluded the construction of our frozen seafood processing plant in Paita in the north of Peru, which has a processing capacity of 108 metric tons per day and a storage capacity of 2,500 metric tons. Through this plant, we process a variety of frozen seafood, primarily giant squid and mahi-mahi. In addition, we equipped an additional three vessels with RSWs in 2011, increasing the aggregate frozen storage capacity of our fleet to 2,570 m³.

In 2013, we placed U.S.\$200.0 of the Existing Notes in the international capital markets. The Existing Notes are scheduled to mature on January 31, 2020 and have an interest rate of 7.375% per annum payable in semi-annual installments. The proceeds of the offering were used to repay all of our outstanding indebtedness under a certain syndicated loan facility, to finance acquisitions in order to increase our anchovy fishing quota and for general corporate purposes. In addition, in February 2014 we began operations of our frozen seafood facility in Tambo de Mora, having a processing capacity of 575 metric tons per day and a storage capacity of 6,739 metric tons for the processing and storage of mackerel and jack mackerel. However, we suspended operations of our Paita facility in June 2016 because of the scarcity of resources to be processed in our freezing plants, particularly the giant squid, and we have suspended the processing of species other than mackerel and jack mackerel in Tambo de Mora since August 2017, in each case until the availability of the giant squid and its price in the local market return to adequate levels for this business to be profitable.

Our total anchovy fishing quota in the center-north and south is currently 6.70209% and 4.6141%, respectively.

Products

The following chart sets forth our sales and sales volumes per product for the periods indicated.

	Nine-month Period Ended September 30,			Year Ended December 31,					
	2017			2016			2015		
	Sales ⁽¹⁾	%	Volume ⁽²⁾	Sales ⁽¹⁾	%	Volume ⁽²⁾	Sales ⁽¹⁾	%	Volume ⁽²⁾
Indirect Human Consumption									
Fishmeal	203.96	82.4%	142.97	102.93	75.6%	65.27	117.81	75.4%	70.67
Fish oil	21.11	8.6%	15.86	14.33	10.5%	7.28	17.73	11.4%	10.47
Fish	0.65	0.3%	2.55	0.48	0.4%	1.78	2.36	1.5%	8.40
Others	0.66	0.3%					0.70	0.4%	
Sub-total	226.38	91.6%	161.38	117.75	86.5%	74.33	138.60	88.7%	89.54
Direct Human Consumption									
Frozen seafood	20.99	8.4%		17.74	13.0%		17.35	11.1%	
Fresh fish	0.14	0.0%		0.21	0.2%		0.0	0.0%	
Others	0.06	0.0%		0.44	0.3%		0.29	0.2%	
Sub-total	21.19	8.4%		18.39	13.5%		17.64	11.3%	
Total	247.58	100.0%		136.14	100.0%		156.24	100.0%	

(1) In thousands of U.S.\$.

(2) In thousands of metric tons.

Fishmeal and Fish Oil

Historically, we have derived almost all of our income from the sale of fishmeal and fish oil. Sales of fishmeal in the nine-month period ended September 30, 2017, and in 2016 and 2015, represented 82.4%, 75.6% and 75.4% of our consolidated sales, respectively, while sales of fish oil represented 8.6%, 10.5% and 11.4% of our consolidated sales in the same periods, respectively.

Frozen Seafood

In 2011, capitalizing on synergies with our fishing operations, particularly our fleet management experience and our extensive relationship with artisan vessel owners, we commenced operations in the production and processing of frozen seafood for direct human consumption, on mackerel and jack mackerel, giant squid and mahi-mahi at our Tambo de Mora and Paita processing plants. Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. Our net sales of human consumption represented 8.5%, 13.3% and 12.0% of our net sales for the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015, respectively.

Primary Assets

We currently operate 22 fishing vessels with an aggregate storage capacity of 7,253 m3 (including six vessels equipped with RSWs and an aggregate of 2,590 m3 of storage capacity), six of which we utilize for both our direct and indirect human consumption operations. We also have three fishing vessels stored at the former site of our Casma plant. We also own five fishmeal and fish oil processing plants with a total capacity of 384 metric tons per hour. Our operations represent 6.70209% and 4.6141% of the total anchovy fishing quota in the center-north and south, respectively.

Fishing

Indirect Human Consumption

We catch fish in the center-north region to produce fishmeal and fish oil for indirect human consumption, and we sell all of the fish we catch in the southern region to companies with processing plants along the southern coast of Peru.

Anchovies are currently the raw material authorized for the processing of fishmeal in Peru. Although other suitable species for producing fishmeal and fish oil include mackerel and jack mackerel, the Peruvian government has limited the harvesting of these other species for direct human consumption only. In the past, unusual circumstances, such as significant climatic changes resulting from *El Niño*, have prompted the Ministry of Production to temporarily allow the harvesting of certain other species for the production of fishmeal and fish oil.

On average, it takes one full day (around 20 hours) for a vessel to travel to the fishing zone, fish, return to port and unload its catch. The crew size of our vessels varies between 14 and 22 people.

In June 2008, the Peruvian government established the ITQ system and awarded individual quotas to each licensed vessel which are transferable among vessels controlled by the same company. Under the ITQ system, each vessel with a valid license must fish a minimum percentage of its assigned quota. On September 30, 2017, our aggregate anchovy fishing quota represented 6.70209% of the total allowable anchovy catch in the center-north coast of Peru and 4.6141% in the south coast of Peru.

The ITQ system was implemented during the first fishing season of 2009, which started in April of that year. Since the establishment of the ITQ system, the number of fishing days in both fishing seasons has increased to approximately 180 days, with the second season generally extending into the beginning of the following year, a phenomenon that did not occur prior to the establishment of the ITQ system. Consequently, the ITQ system has allowed us to significantly increase the number of days that we fish during any given season and better plan our harvesting strategy and process our catch accordingly. Additionally, since the amount of fish produced is spread over a greater period of time, the raw material spends less time between catch and processing, which allows for an increased conversion rate and reduces the incidence of raw material spoilage. As a result of these developments and our strategy of purchasing fish from independent producers, our plants are more efficient, production volumes have increased, our fixed costs are diluted over a greater volume of fish produced and the quality of our fishmeal has improved.

The global anchovy fishing quotas established by the Ministry of Production have varied since 2009 as a result of climatic changes and marine conditions. For example, the total allowable anchovy catch in the last five years was 3.7 million metric tons in 2012, 4.8 million metric tons in 2013, 2.2 million metric tons in 2014, 3.6 million metric tons in 2015 and 2.8 million metric tons in 2016. The total allowable anchovy catch was the lowest volumes in the last 15 years for 2014 and 2016 due to the effects of *El Niño* in the fishing population. The levels of quotas after this period have started to recover, with the second quota of 2016 established at 2.0 million metric tons, the first quota of 2017 established at 2.4 million metric tons, and the second quota of 2017 established at 1.5 million metric tons. Including our purchases of fish from independent fishers, our processing percentage during the second season of 2016 and the first season of 2017 was approximately 14.0% and 14.4%, respectively, representing the highest level of processing in our history.

Direct Human Consumption

The Ministry of Production also regulates fishing for direct human consumption, and has declared a special interest in promoting this segment of the fishing industry. It has also reserved fishing of certain species exclusively for this purpose, such as giant squid, mackerel and jack mackerel. In addition, although no specific regulation has been enacted, the industry practice is to reserve fishing of mahi-mahi for direct human consumption only.

The Ministry of Production assigns a global fishing quota for giant squid, mackerel and jack mackerel based on supply levels, preservation objectives and the recommended exploitation levels of these species pursuant to scientific reports prepared by IMARPE. Currently, only artisan vessels are permitted to fish mahi-mahi and giant squid, however, in the future other vessels may be granted an authorization to fish giant squid through a public auction conducted by the Ministry of Production. In all cases, fishing activities within the first five nautical miles of Peruvian waters are dedicated exclusively to direct human consumption and only artisan vessels are permitted in those waters.

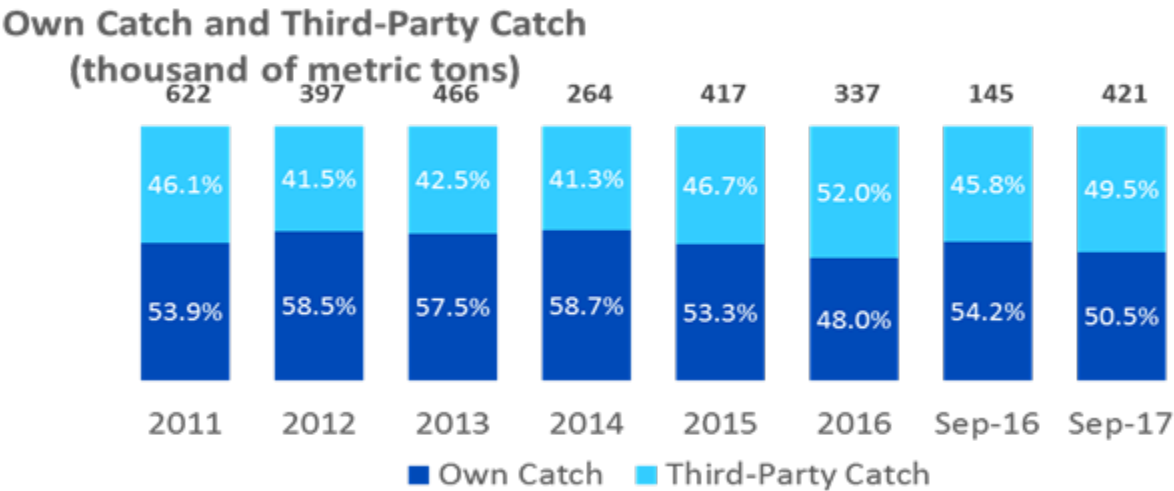
Due to scarcity of giant squid in 2016 and 2017, we have suspended processing of giant squid until its availability and price returns to profitable levels.

Fish Purchased from Independent and Artisan Vessel Owners

Indirect Human Consumption

We purchase and process anchovies from independent vessel owners as part of our indirect human consumption business, given that the processing capacity of our plants is greater than the amount of anchovies we are allowed to catch in any given season, taking into account the quotas for both the center-north and south coast of Peru. These third parties represent approximately 20% of the global anchovy fishing quota, and generally comprise small operators that do not own any fishmeal processing plants and therefore sell their catch to companies with processing plants. In the nine-month period ended September 30, 2017, and in 2016 and 2015, 49.5%, 52.0% and 46.7% of the fish processed in our plants came from anchovies purchased from third-party suppliers.

The following graph sets forth the portion of our catch purchased from third parties during the years indicated.



Source: Pesquera Exalmar S.A.A.

The ITQ system has allowed us to increase our purchases from third-party suppliers and to increase our production of fishmeal and fish oil. We use our experience with third-party suppliers to design a consistent strategy in order to develop a closer relationship with independent vessel owners. In addition, we enter into supply agreements with independent vessel owners for the fishing season. Through this strategy we have been able to significantly increase the percentage of the global anchovy fishing quota that we process, which in the first fishing season in 2017, and in 2016 and 2015, totaled 14.4%, 11.1% and 12.9%, respectively.

Since 2009, we have observed an increase in prices of fish from third-party suppliers, due to greater competition from buyers. The increase in competition was mainly due to the introduction of the ITQ system, which has allowed companies with processing plants to operate these plants for a longer period of time. As such, these companies are able to process a larger volume of fish than they did in the past. In 2008, the average price of fish purchased from third-party suppliers was approximately 12% of the price of fishmeal, compared to an average price that has fluctuated between 18% and 20% in following years.

The following table sets forth the volume of anchovies processed from third-party suppliers and from our own catch and the total processed fish for the periods indicated at our plants in the center-north region.

	Nine-month Period Ended September 30,		Year Ended December 31,			
	2017		2016		2015	
	Volume	%	Volume	%	Volume	%
<i>(in metric tons, except percentages)</i>						
Anchovies caught by our fleet	214.91	–	162.998	–	224.51	–
Anchovies sold to third parties	(2.55)	–	(1.38)	–	(2.05)	–
Anchovies bought from third parties	208.49	49.5%	175.27	52.0%	195.04	46.7%
Total processed fish	420.85	–	336.88	–	417.49	–

We occasionally sell our own catch to third parties in order to avoid over-production at our own plants and to preserve the quality of our fishmeal.

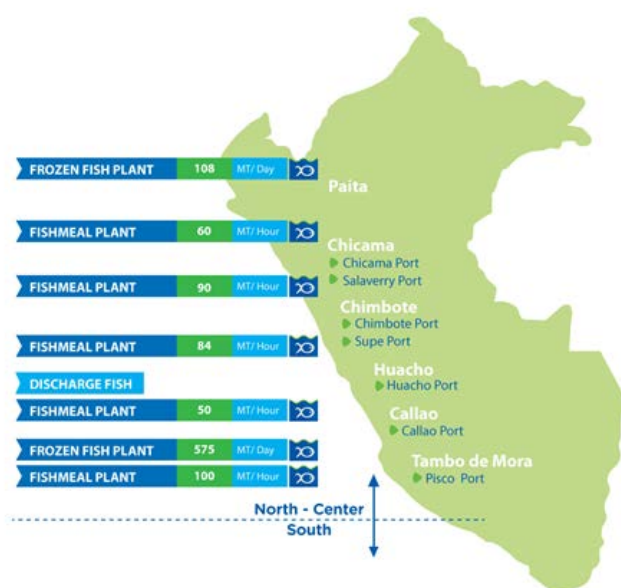
Direct Human Consumption

We have established and integrated our supply chains with fishermen in the north of Peru for purchases of fish for direct human consumption, leveraging our experience in sourcing fish from artisan fishermen, avoiding intermediaries and generating greater value for ourselves and the fishermen. We offer artisan fishermen various types of training, including health and safety training. In the past, we also provided facilities for unloading at our own dock within our frozen seafood plant in Paita, in addition to fuel, water and ice. Due to scarcity of giant squid in 2016 and 2017, we have suspended processing of giant squid until its availability and price returns to profitable levels.

Processing Plants

We have five fishmeal and fish oil processing plants distributed along the center-north coast of Peru, a region that accounted for 99.9%, 94.3% and 91.9% of the total fishing in Peru in May 2017, and in 2016 and 2015, respectively. We have plants in Chicama, Chimbote, Huacho, Callao and Tambo de Mora. These plants are located in regions where fishing is permitted for two seasons per year, with each season comprising approximately six non-consecutive months of the year.

The map below sets forth the locations of our processing plants in Peru and the year each plant was constructed.



The following table sets forth the location, processing capacity and other operating information of the fishmeal processing plants we currently operate:

Plant	Location	SD Processing capacity <i>(metric tons per hour)</i>
Callao.....	Lima	50
Chicama.....	La Libertad	60
Chimbote.....	Ancash	90
Huacho.....	Lima	84
Tambo de Mora.....	Ica	100
Total.....		384

Fishmeal Processing

We produce fishmeal using anchovies, which are caught by our own vessels or purchased from third-party suppliers, as raw material. The anchovies are delivered directly from the fishing vessels to our plants through environmentally friendly pumping systems installed in barges. This system ensures less deterioration of the raw material and, therefore, less residue. Following delivery, the anchovies are weighed by continuous systems, stored in concrete storage bins and quickly processed.

The anchovies are then cooked at temperatures of 92 to 95 degrees Celsius, which sterilizes the product and coagulates the proteins. The product is then mechanically pressed, separating the liquids and the solids. The liquid is processed to produce fish oil in a separate room equipped with decanters and centrifuges and sent into storage tanks. The liquid is then centrifuged to separate the oil from the rest of the liquid substance (stick water). The solid, known as “press cake,” is combined with the other solids from the press cake. Stick water is evaporated, concentrated and added to the press cake and separator cakes, making the whole cakes, which is conveyed into the dryers. The purpose of the drying process is to evaporate the liquid part of the cake achieving optimum moisture levels and producing fishmeal.

The SD production process for fishmeal uses an indirect drying system (steam and/or hot air). After drying, the fishmeal mixture is fed into a grinding mill and an antioxidant is added to stabilize the mixture and prevent oxidation or self-combustion. Finally, the fishmeal is packed into 50 kilogram polypropylene bags. In the past, we have produced approximately one ton of fishmeal per 4.45 tons of anchovies, in the nine-month period ended September 30, 2017 we reduced the yield to 4.27 tons of anchovy. The finished product contains approximately 65% to 71% of protein making it a good feed source for aquaculture and livestock.

The following table sets forth production volumes of fishmeal in each of our processing plants for the periods indicated:

	For the Nine-Month Period Ended September 30,	For the Year Ended December 31,	
	2017	2016	2015
	<i>(in metric tons, unless otherwise indicated)</i>		
Processing Plant			
Callao.....	19,647	13,294	22,918
Chicama.....	21,370	14,671	6,660
Chimbote.....	22,337	24,261	12,602
Huacho.....	14,483	18,547	26,533
Tambo de Mora.....	20,670	7,206	26,075
Total.....	98,597	77,979	94,788
Yield (tons of anchovy per 1 ton fishmeal).....	4.27	4.32	4.40

Fish Oil Processing

Fish oil is obtained during the process of making fishmeal. Cooking the fish at temperatures between 92 and 95 degrees Celsius separates the fat from the solids. The solid is converted to fishmeal and the liquid is processed in the fish oil room, which is equipped with decanters and centrifuges. The fat (transformed into a liquid oily substance) is sent to a decanter that separates the solids from the oil, which contains substantial amounts of water

at this stage in the process. The liquid is then centrifuged to separate the oil from the rest of the liquid substance (stick water). Finally, the fish oil is sent to a polisher in order to reduce and, if possible, eliminate small quantities of water and solids to produce a more stable product.

Fish oil made out of anchovies is valued for its omega-3 properties which are rich in EPA and DHA. Our fish oil is used largely as fish feed in the aquaculture industry. However, in recent years, the demand for fish oil has grown due to a recent interest in the health benefits of omega-3 fatty acids, EPA and DHA in the human diet. Certain studies suggest that EPA may regulate brain functions, triglycerides, blood pressure and inflammatory and allergic reactions, and that DHA aids certain phases of human development, from pregnancy to old age.

Fish oil is one of the richest available sources of highly unsaturated fatty acids, EPA and DHA, and Peruvian anchovy oil has a high concentration of these fatty acids compared to fish oil from many other marine species. Real-time analysis of anchovy fish oil reveals high concentrations of EPA and DHA. Through optimal production processes it is possible to obtain one ton of omega-3 from 3.5 tons of fish oil.

Fish oil yield ranges from approximately 2% to approximately 6% of the fish weight, depending on the size and fat contents of the anchovies, as well as the point in its life-cycle. As a result of the increasing market for omega-3 for human consumption, we have invested in technology to segment fish oil according to its EPA and DHA content in order to target the omega-3 market for high-quality fish oil. All of our fishmeal and fish oil processing plants are certified to produce fish oil for direct human consumption.

The following table sets forth the production volume of fish oil in each of our processing plants for the periods indicated:

Processing Plant	For the Nine-Month Period Ended September 30,	For the Year Ended December 31,	
	2017	2016	2015
	<i>(in metric tons, except percentages)</i>		
Callao.....	1,809	1,421	3,265
Chicama.....	3,100	2,991	715
Chimbote.....	3,596	4,203	1,583
Huacho.....	1,836	2,344	3,658
Tambo de Mora.....	1,313	911	2,691
Total.....	11,654	11,870	11,912
Yield.....	2.8%	3.5%	2.9%

Processing of Seafood for Direct Human Consumption

We obtain the raw materials used in our frozen seafood for direct human consumption using two different methods, depending on the species caught. In the case of mackerel and jack mackerel, vessels are specially equipped for several days of fishing, as these species are found at greater distances from the coast than anchovy populations. Once caught and refrigerated, the fish are either brought to our plant at Tambo de Mora to be processed as frozen seafood, or they are delivered to our Callao plant to be sold mostly as fresh fish. This decision depends on the location of the catch, the volume caught and the price of fresh fish at the time of the catch. At our Tambo de Mora plant, mackerel and jack mackerel are selected, packaged and frozen immediately before being stored in facilities built specifically for this purpose.

We also purchase giant squid and mahi-mahi fish from artisan fishing vessels in the area of Paita, in northern Peru. These catches are unloaded at the dock at our plant, where they undergo selection and cutting, allowing us to produce the specific cuts of fish meat that are demanded by our target markets. Afterwards, they are packed, frozen and stored at our facilities for export. Due to scarcity of giant squid in 2016 and 2017, we suspended operations of the Paita plant in June 2016 and we have suspended the processing of species other than mackerel and jack mackerel in Tambo de Mora since August 2017, in each case until the availability of the giant squid and its price in the local market return to adequate levels for this business to be profitable.

The following table sets forth the production volume of frozen and fresh seafood for the periods indicated:

	For the Nine-Month Period Ended	
	September 30,	
	2017	2016
	<i>(in metric tons)</i>	
Tambo de Mora		
Frozen Mackerel	7,287	7,470
Fresh Mackerel	203	297
Giant Squid	5,362	4,465
Paíta		
Frozen Mackerel	0	0
Frozen Giant Squid	0	1,086
Frozen Mahi-Mahi	0	200
Total	12,852	13,518

Vessels

We currently operate a total of 22 vessels. Our operational vessels have a total holding capacity of approximately 7,253 m³. Six of these vessels are equipped with RSWs, which support our direct human consumption business. Under the ITQ system, each vessel is awarded a fixed anchovy fishing quota, which is transferable among vessels controlled by the same company.

The following table sets forth the key characteristics of our vessels in operation and their respective anchovy fishing quota for the center-north and the south:

Vessel	Holding Capacity (m ³)	Anchovy Fishing Quota	
		Center-North	South
Ancash 2	373.73	0.31950%	0.0000%
Arequipa 5	372.00	0.293598%	0.410907%
Caribe	374.65	0.323092%	0.577564%
Carmencita	422.03	0.3753%	0.484205%
Claudia	362.00	0.341463%	0.0000%
Costa Brava	307.17	0.305840%	0.481969%
Creta	441.18	0.343840%	0.013989%
Cuzco 4	367.75	0.31253%	0.0000%
Don Alfredo	563.20	0.490730%	0.14678%
Don Victor	330.19	0.323877%	0.0000%
Dorado	366.38	0.312295%	0.121213%
Guanay	375.66	0.331410%	0.465275%
Ipanema	374.46	0.272499%	0.475093%
Junin 2	372.00	0.303385%	0.0000%
Merlin	371.93	0.286733%	0.0000%
Nuevo San Telmo	278.96	0.305273%	0.322496%
Rodas	422.03	0.37522%	0.061408%
Samanco 3	360.00	0.320285%	0.028728%
Maria Luz	109.99	0.124020%	0.099951%
Valentina	109.99	0.178160%	0.201823%
Milagrosa Concepción II	93.55	0.126090%	0.0%
Pontevedra	104.33	0.057050%	0.093926%
Operative Vessels for the Fishing Season	7,253.18	6.422190%	3.985327%
Lobos de Afuera 2	241.41	0.106930%	0.447755%
Maria Mercedes	108.23	0.071260%	0.090816%
Jamil	91.9	0.039260%	0.025308%
Maria Mercedes 2 (shipwreck)	104.03	0.062450%	0.064885%
Parking and Shipwreck Vessels	534.39	0.279900%	0.628764%
Total Vessels Owned	7,787.57	6.70209%	4.61410%

Customers and Export Markets

We export substantially all of our production. In 2016 and 2015, China was our largest fishmeal export market. Moreover, in 2016 and 2015, our largest export markets for fish oil were Denmark, Belgium and Chile.

Other major countries to which we export our fishmeal and fish oil products include Germany, Indonesia and Vietnam. We currently export the frozen seafood we produce primarily to Spain, China and Japan. Once our products arrive at the port of destination, they may be distributed to other countries through multiple channels.

Importers generally take physical ownership of the stock at the time of sale and act as wholesalers or distributors. Traders, on the other hand, take title and immediately sell the product to an importer or feed mill. In 2014, 87% of our total sales were to traders and 13% were directly to feed-mill plants. In 2015, 73% of our total sales were to traders and 27% were directly to feed-mill plants. In 2016, 80% of our total sales were to traders and 20% were directly to feed-mill plants. In the nine-months period ended September 30, 2017, 68% of our total sales were to traders and 32% were directly to feed-mill plants. We pay variable commissions to traders, with these commissions totaling U.S.\$0.2 million, U.S.\$0.13 million and U.S.\$0.17 million in 2014, 2015 and 2016 respectively. In the nine-month period ended September 30, 2017, these commissions totaled U.S.\$0.23 million.

Our main distribution channels consist of traders, brokers, direct sales, agents and representatives. Brokers are the only external intermediaries who receive a sales commission from us. Agents do not work with any company on an exclusive basis and may represent various clients. Representatives, in contrast, are agents who work on an exclusive basis for a specific buyer. In 2014, approximately 13% of our sales were sold directly to our customers, 36% were sold through representatives, and 51% were channeled through a broker. In 2015, approximately 27% of our sales were sold directly to our customers, 28% were sold through representatives and 45% were channeled through a broker. In 2016, 20% of our sales were sold directly to our customers, 22% were sold through representatives and 58% were channeled through a broker. In the nine-months period ended September 30, 2017, approximately 32% of our sales were sold directly to our customers, 14% were sold through representatives and 54% were channeled through a broker.

In 2016, our single largest customer accounted for 13% of our total sales volume, our five largest customers accounted for 41% of our total sales volume and our 10 largest customers accounted for 63% of our total sales volume, considering total sales for both fishmeal and fish oil. In the nine-month period ended September 30, 2017, our single largest customer accounted for 13% of our total sales volume, our five largest customers accounted for 38% of our total sales volume and our 10 largest customers accounted for 54% of our total sales volume, considering total sales for both fishmeal and fish oil.

The following chart sets forth our export sales volume of fishmeal, by country, for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Years Ended December 31,			
	2017		2016		2015	
			(in metric tons, except percentages)			
China	103,265	77.2%	39,109	66.5%	37,447	58.4%
Germany	0	0.0%	8,625	14.7%	10,500	16.4%
Japan	4,3109	3.2%	450	0.8%	1,775	2.8%
Turkey	369	0.4%	210	0.4%	0	0.0%
Chile	9,917	7.4%	3,688	6.3%	5,034	7.9%
Taiwan	2,661	2.0%	819	1.4%	1,762	2.7%
Vietnam	3,656	2.7%	305	0.5%	3,771	5.9%
Indonesia	912	0.7%	3,560	6.1%	2,523	3.9%
Ecuador.....	3,525	2.6%	1,204	2.0%	0	0.0%
Others	5,117	3.8%	805	1.3%	1,273	2.0%
Total.....	133,733	100.0%	58,775	100.0%	64,085	100.0%

The following chart sets forth our sales volume of fish oil, by country, for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Years Ended December 31,			
	2017		2016		2015	
	<i>(in metric tons, except percentages)</i>					
Denmark	2,000	17.9%	1,877	49.6%	5,684	80.7%
Chile	1,911	17.1%	754	19.9%	397	5.7%
Belgium	2,223	19.9%	656	17.3%	549	7.8%
Canada	793	7.2%	250	6.6%	0	0.0%
China	4,226	37.9%	125	3.3%	0	0.0%
Others	0	0.0%	121	3.3%	411	5.8%
Total.....	11,153	100.0%	3,783	100.0%	7,041	100.0%

The following chart sets forth our exports of frozen seafood by country for the nine-month period ended September 30, 2017, and years ended December 31, 2016 and 2015:

	For the Nine-Month Period Ended September 30,		For the Years Ended December 31			
	2017		2016		2015	
	<i>(in metric tons, except percentages)</i>					
China	4,245.3	21.4%	3,188.8	19.2%	9,084.0	55.9%
Spain.....	4,819.1	24.3%	3,410.6	20.6%	2,589.9	15.9%
Japan.....	2,332.8	11.8%	2,828.5	17.1%	83.7	0.5%
U.S.A.	1,316.1	6.6%	1,710.6	10.3%	77.9	0.5%
Nigeria.....	1,076.7	5.4%	1,827.9	11.0%	0.0	0.0%
Others	6,045.0	30.5%	3,604.8	21.8%	4,419.0	27.2%
Total.....	19,835.02	100.0%	16,571.2	100.0%	16,254.5	100.0%

Sales

Indirect Human Consumption

We sell fishmeal, fish oil and fish caught in the south region as part of our indirect human consumption business. Our indirect human consumption sales department consists of our Chief Commercial Officer and our sales executives, who collectively service a client portfolio of over 80 customers. The indirect human consumption sales management team is in charge of contacting our clients, evaluating market conditions to establish our sales prices, effecting sales and actively engaging in developing a close and strong relationship with all of our clients. Sales assistants are in charge of coordinating the logistics of shipping and delivery of the product from its point of sale to its final destination.

We establish fishmeal prices with our customers using weekly pricing reports published, among others, by IFFO, Oilworld, China Feed Online and JCI China. Prices are established pursuant to International Commercial terms, a series of pre-defined commercial terms published by the International Chamber of Commerce, and depend on varying characteristics, such as the loading port, the quality of the fishmeal, and the volume of the shipment. Once the product is ready for shipment, customers deliver shipping instructions in accordance with the payment terms agreed in the contract (through a letter of credit).

We typically commit a portion of our sales volume in advance through supply contracts with our key customers for a maximum of 30.0% of our anchovy fishing quota, which percentage we may increase or decrease depending upon market conditions. Our sales are made as forward sales (without physical inventory) one to three months prior to production or as spot sales (against physical inventory). Forward sales are fixed based on our own anchovy fishing quota in order to hedge against any future price volatility. We generally fix approximately 30.0% of our sales prior to the start of the fishing season, 40.0% during the season and 30.0% by the end of the season in order to obtain an average price for each fishing season.

In the nine-month period ended September 30, 2017, and in 2016 and 2015, all of our sales were in U.S. dollars. We do not extend credit to our customers and all payments are made upon execution of a purchase order,

with the exception of certain customers in Chile that produce feed for salmon and from whom we accept payment plus interest within 90 days from the date of sale.

Direct Human Consumption

We sell mackerel and jack mackerel, giant squid and mahi-mahi for direct human consumption. We process and sell this catch as either fresh or frozen seafood, depending on the location of the catch, the volume caught and the price of fresh fish at the time of the catch.

Our direct human consumption business is led by our Chief Executive Officer and two employees responsible for negotiations with customers and daily monitoring of our clientele in search of sales opportunities. Monitoring our client relationships is important because the market is frequently changing, especially with regards to price and the presentation and packaging of our products. We are also continuously engaged in market research. For example, our sales team attends major international fairs in Boston, Brussels and China and follows the development of fisheries and markets around the world. We use this information in determining our sales strategies for each product we offer for direct human consumption.

Depending on market conditions, the sale of fresh fish, mostly mackerel and jack mackerel, takes place at the docking area of our Callao plant. These sales are carried out in cash immediately following unloading. In contrast, we export most of our frozen seafood for direct human consumption based on spot market prices. We export mackerel and jack mackerel whole, while giant squid and mahi-mahi is exported in accordance with the regulations of each of our export markets. In most cases, our sales are paid on demand or by using import letters of credit, though 30% of the giant squid we sell is purchased through advance agreements.

Our sales strategy for our frozen seafood depends on the type of product. The main market for mackerel is West Africa, principally Nigeria and Ghana. Due to the high credit risks associated with these countries, we sell our mackerel through major European traders, who currently control the supply of seafood in Africa. We negotiate with the three largest traders and then sell to the purchaser who offers the most favorable terms and price. Mahi-mahi is consumed mainly in United States. We are currently negotiating with major U.S. distributors and retailers to offer mahi-mahi under their respective brands, which would provide added value. We also cater to mid-sized distributors and the restaurant sector, principally in the State of Florida. In most cases, we work directly with distributors and retailers. We sell most of our giant squid in China, Mexico, Venezuela and Thailand. We have contracted an agent in China that negotiates with small brokers and traders on our behalf. We sell our giant squid by the container given the smaller purchase volumes of this product.

Our sales team has specific expertise in dealing with frozen seafood and direct human consumption products, given that the process of marketing, pricing and executing sales of these products is distinct from that of fishmeal and fish oil.

Shipping and Handling

We transport our products from the packaging area to warehouses and then from the warehouses to the port. The warehouses are located either within the plant complex, as is the case of our Callao, Huacho, Paita and Tambo de Mora plants, or close to our plants or close to a main port of export, as is the case of our Chicama and Chimbote plants. Transportation within the plant and nearby locations is handled by small local companies. The majority our products are shipped FOB Peru.

Neptunia, Imupesa and Tramarsa give us an integral logistical transportation service for our products from the warehouses to the port for loading in containers. Each of these companies is certified by Business Alliance for Secure Commerce (“BASC”), and Good Manufacturing Practices 13 certification (“GMP B2”). The cost of transportation includes insurance arranged by the service provider. In order to ensure the highest level of security for our products, we supervise every step of the process and provide additional security vehicles that accompany the product from the warehouses to the port.

Quality, Safety, Occupational Health and the Environment

Dedicated divisions within our operations are responsible for providing the necessary support to our operating plants in order to ensure that optimal functioning of our integrated management system, which comprises:

- quality assurance;
- health and occupational safety; and
- the environment.

We employ 64 professionals in these areas across our five fishmeal and fish oil processing plants as well as our central office. Our dedicated divisions are the principal support for our operating plants, enabling them to eliminate work accidents, obtain safe products, and minimize the effect of our activities on the environment.

We have implemented the Environmental Compliance and Management Program (“PAMA”) in three of our fishmeal and fish oil processing plants, Callao, Tambo de Mora (fishmeal plant) and Huacho, in compliance with environmental regulations, which we believe will result in better solid and oil recovery in our production processes and a reduction in our emissions. We seek to continuously invest and improve our production processes to minimize the impact of our operations on the environment.

Our export products are certified by independent national and international entities at the loading ports, according to the specifications and tonnage agreed in each of our contracts.

GMP+ B2

To meet increasingly stringent requirements of the European market, our five fishmeal and fish oil processing plants have obtained GMP+ B2 certification, verifying the implementation of a quality control system applied by feed manufacturers to guarantee the safety of food products supplied to final consumers. This system is based on the principles of the Good Manufacturing Practice (“GMP”), Standard Operating Procedures (“SOP”), and Hazard Analysis and Critical Control Points (“HACCP”). The GMP+ B2 system is a preventive control system that seeks to ensure the safety of feed for animals and, indirectly, for humans who consume the animals. GMP+ B2 certification applies to the entire production process, from the unloading of raw material to the shipping of finished products. As part of the certification process, the entity issuing GMP+ B2 certification conducts annual control audits and re-certifications every three years assessing if the management system complies with the necessary quality standards.

BASC

Currently, all of our plants have obtained BASC certification. In particular, in 2017 we received an award as a BASC certified company for 10 continuous years. This certification addresses and seeks to prevent the risks associated with narcotics, terrorism and smuggling of merchandise. BASC aims to anticipate the risks associated with our product shipments, by monitoring operating processes, personnel, access, infrastructure, suppliers and customers. BASC is a business program established by the private sector with the support of U.S. customs as well as national and international public organizations.

OHSAS 18001

Since 2007, our plants have obtained Quality Management System certification based in accordance with Law No. 009-2005-TR. In addition, we intend to have all of our plants obtain the Occupational Health and Safety Assessment System 18001:2007 (“OHSAS 18001:2007 certification”). OHSAS 18001:2007 certification is an internationally accepted management system on occupational health and safety to improve the health and safety conditions of businesses.

Currently, four out of five of our plants have the OHSAS 18001:2007 certification, with one (Chimbote) currently in process, which is expected to be obtained in 2018.

SO 14001

In order to reduce the negative impact of our activities on the environment, we have assessed our environmental footprint and certified all five of our plants with the International Organization for Standardization 14001 ("ISO 14001") v2004. We are in the process of updating our certification to a new standard ISO 14001 v2015, which we expect will be certified across our operations by May 2018.

Both OHSAS 18001 and ISO 14001 certifications are supported by a committee created for each plant, with the respective plant manager, area chiefs and workers meeting on a regular basis to monitor progress and assess appropriate actions.

IFFO RS: Standard Certification for Responsible Supplies

IFFO has developed a global certification standard and program for the responsible supply of fishmeal and fish oil, with the goal having global fishing companies show their commitment to the responsible farming of raw materials and the safe production of ingredients for aquaculture, agriculture and the manufacturing of products for the end consumer. An inspection and certification program has been developed by independent third parties to assure the integrity and transparency of the implementation of this program by all members of the IFFO. The certification program has been designed to comply with all requirements from the Guide ISO/IEC 65:1996, which sets general requirements for the entities implementing product certification programs.

According to the program, the requirements for the certification of responsible practices are subject to review and continuous improvement to ensure the needs of the members and interested parties of IFFO are met, thus providing safe fishmeal and fish oil supplied in a responsible manner to the international market.

All of our fishmeal and fish oil processing plants have this IFFO RS certification.

Certification to Export Fish Oil for Human Consumption to the European Union

Each of our processing plants is qualified to export omega-3 oil to the European Union. Licenses to export omega-3 (fish oil for human consumption) are granted by the Fishing Technology Institute (*Instituto Tecnológico Pesquero*) ("ITP"), the Peruvian health authority.

Insurance

We carry global insurance coverage on each of our operating fishing vessels and processing plants. We also carry business interruption insurance. We believe that we carry adequate insurance coverage for our business activities, consistent with the customary standards in our industry.

Employees

In respect of both our indirect and direct human consumption business, as of September 30, 2017, we had 1,079 employees, including administrative employees, processing plant workers, crew members and temporary employees.

Currently, 192 of our employees are members of the National Union for Workers of Exalmar S.A. (*Sindicato Nacional de Trabajadores de Exalmar S.A.*). To date, we have not had any conflicts that have resulted in the suspension of our operations. We have entered into a collective bargaining agreement with National Union for Workers of Exalmar S.A. (*Sindicato Nacional de Trabajadores de Exalmar S.A.*), which is set to expire on April 26, 2018.

The following table provides a breakdown of our employees (including seasonal employees) by main category of activity as of the end of each of the periods indicated:

	As of September 30,	As of December 31,	
	2017	2016	2015
Administrative employees	280	291	311
Crew members	391	413	414
Plant workers	408	452	632
Total.....	1,079	1,156	1,357

The following table sets forth a breakdown of our employees differentiating between temporary and permanent employees:

	As of September 30,	As of December 31,	
	2017	2016	2015
Administrative employees			
Temporary	25	4	94
Permanent.....	255	287	217
Ship Members			
Temporary	128	137	124
Permanent.....	263	276	290
Plant Workers			
Temporary	25	20	394
Permanent.....	383	432	238
Total	1,079	1,156	1,357
Total			
Temporary	178	161	612
Permanents	901	995	745
Total	1,079	1,156	1,357

Legal Proceedings

We currently are party to several labor proceedings and a number of tax, environmental and administrative proceedings incidental to the normal conduct of our business, including certain administrative sanction proceedings related to all of our fishing vessels and fishing plants, which, in the aggregate, could result in the suspension of operations by those vessels for a limited period or fines. We believe that none of these other proceedings is likely to have, individually or in the aggregate, a material impact on our business or results of operation.

INDUSTRY

Overview

The global trade of fishmeal and fish oil represents approximately 4.0 to 4.5 million metric tons per year, of which approximately 85% to 90% is fishmeal.

Peru is the leading global exporter of fishmeal. In 2015, it accounted for 25.4% and 14.3% of the worldwide exports of fishmeal and fish oil, respectively, according to IFFO. Peru is followed by Chile, Germany and Denmark, with average export volumes of 282 thousand, 200 thousand and 193 thousand metric tons per year, respectively, between 2011 and 2015. The principal importer of fishmeal is China, which imports approximately 1.1 million metric tons per year, followed by Japan, which imports approximately 236 thousand metric tons per year, and Norway, with approximately 220 thousand metric tons per year.

The primary exporters of fish oil are Peru, Denmark, Norway and Chile, which exported an average of 188 thousand, 139 thousand, 75 thousand and 73 thousand metric tons per year, respectively, from 2011 to 2015. Norway is the largest importer of fish oil, with 182 thousand metric tons per year, followed by Denmark, with 121 thousand metric tons per year during the same period.

All or a portion of the fishmeal and fish oil produced by certain countries is directed to domestic consumption, such as the salmon industry in Norway and Chile.

Peru is also the largest producer of fishmeal and fish oil in the world. In 2015, it accounted for approximately 18.0% and 12.5% of the worldwide production of fishmeal and fish oil, respectively, according to IFFO. Taking into consideration average annual production volumes from 2011 to 2015, Peru accounted for an average of 20.8% and 13.3% of the world's annual fishmeal and fish oil production.

Peru's fishing industry benefits from favorable geographic and climatic conditions, particularly its cold, shallow, plankton-rich waters. A current of cold water from the Antarctic known as the Humboldt Current flows up the coasts of Chile and Peru, causing deep, cold, nutrient-rich waters to rise up along the coast. These currents are rich in mineral salts from the seabed, including nitrates, phosphates and silicates. This upwelling creates favorable conditions for anchovies, the only species allowed by the Peruvian government for the production of fishmeal.

Peru's fishing industry is an important component of the country's economy, representing approximately 4.2% and 3.4% of the country's total exports in 2015 and 2016, respectively, according to the Central Reserve Bank. The sector's traditional importance has been sustained mainly by natural resources found in Peru's territorial waters, such as anchovies, mackerel and jack mackerel, which have contributed to the growth and development of the Peruvian fishing industry.

The Peruvian fishing industry is occasionally affected by *El Niño*, which is a climactic disturbance that occurs in the South Pacific every seven to twelve years. It affects the Peruvian sea and coastline, through changes in ocean and atmospheric temperatures, currents and marine life migrations. *El Niño* typically brings heavy rain along the equator and the coastline of Peru. While the intensity and strength of *El Niño* varies, it generally results in the reduction of fish and anchovy biomass. Due to *El Niño*, the nutrient-rich waters of the Humboldt Current are trapped and do not reach the surface. As a result, the plankton is greatly diminished, adversely affecting the rest of the food chain and resulting in a reduction of fish and anchovy biomass.

El Niño occurs approximately every two to seven years and usually lasts approximately six to ten months. However, once the *El Niño* effect has passed, the anchovy biomass often returns in greater amounts in the following fishing season. See "Risk Factors—Risks Related to our Business and Industry—Our operations may be affected by climatic events such as *El Niño* and *La Niña* and unexpected migrations of the anchovy biomass."

In Peru, fishmeal and fish oil are the main products processed from anchovies. Anchovies are the only raw material used in fishmeal and fish oil production in Peru, which involves a process of cooking, pressing, drying and milling the anchovies. In the global context, these products are obtained almost exclusively from small and

bony species of oily fish, such as anchovies and mackerel, for which there is little demand for direct human consumption. Fishmeal is a primary source of easily-digestible proteins, beneficial fatty acids and essential vitamins and minerals. Fish oil is extracted during the fishmeal production process.

Fishmeal is mainly used as a protein source in the aquaculture industry and in hog and poultry farming. With high quantities of digestible protein content, fishmeal contains more energy than many other protein sources. It is also a rich source of omega-3 fatty acids, which contains DHA and EPA, considered to be valuable compounds for rapid animal growth.

History of the Peruvian Anchovy Fishing Industry

Improved fishing technology and an increased demand for livestock feed after the Second World War made fishmeal a valuable product in the 1950s. In the 1960s, due to its diverse and rich marine resources, Peru became one of the world's leading fishing nations in terms of volume. Fish and marine resources became a leading export sector in Peru, and anchovies accounted for substantially all of Peru's fishmeal production. However, by the mid-1960s, signs of over-fishing began to appear in the north and central coast of Peru. From 1970 to 1973, the anchovy catch collapsed, causing the anchovy industry to struggle economically in the 1970s. A strong *El Niño* in 1984 marked a historical low in the anchovy biomass catch. Following this dramatic decrease, the Peruvian government and the fishing industry started to collaborate to recover the biomass in order to support a sustainable industry in terms of catch and processing of the resources.

In order to encourage a sustainable industry, the government introduced strict global fishing quotas in the 1990s and restricted or banned new fishing licenses and permits for processing plants. In addition, seasonal bans were introduced to allow fish to spawn. However, in 1998, the strongest *El Niño* ever recorded in Peru resulted in a sharp decline in the anchovy biomass. This caused the annual catch to be reduced by approximately 79.6%, from an annual catch of seven million metric tons in 1993 to 1.2 million metric tons in 1998, according to IMARPE and PRODUCE. Despite another *El Niño* occurrence in 2002 to 2003, the biomass of anchovies remained healthy in the early 2000's, partially as a result of improved scientific monitoring, greater surveillance of the extraction process, and the application of information technologies to preserve the anchovy biomass.

In 2008, the Peruvian government modified the regulatory framework governing anchovy catch activities, moving from a regulation based on an industry-wide quota system to the ITQ system, where the government combines the establishment of a global catch quota with the allocation of individual quotas. The goals of the ITQ system are preserving the anchovy biomass, protecting the environment, promoting clean technologies and developing the sustainable use of marine resources. Under the ITQ system, each holder of a valid license for the operation of a fishing vessel is allocated an individual anchovy fishing quota, which in the case of steel vessels is based the following criteria: (i) 40% according to authorized holding capacity and (ii) 60% according to the historical catch registered during the period from 2004 to 2007. In the case of wooden vessels, the quotas are determined according to their historical catch. For more information on regulation of the Peruvian fishing industry under the ITQ system, see "Regulatory Environment—ITQ System."

Individual quotas are transferrable between the fishing vessels, with certain administrative limits based on control and inspection principles. Currently, our authorized anchovy fishing quota represents approximately 6.70209% of the total anchovy catch in the center-north region of Peru and 4.6141% of the total allowed anchovy catch in the south. These changes have succeeded in taking the pressure off the natural marine resources, allowing us to improve safety conditions for our crew members, and consequently causing fishing companies to achieve a more efficient use of resources.

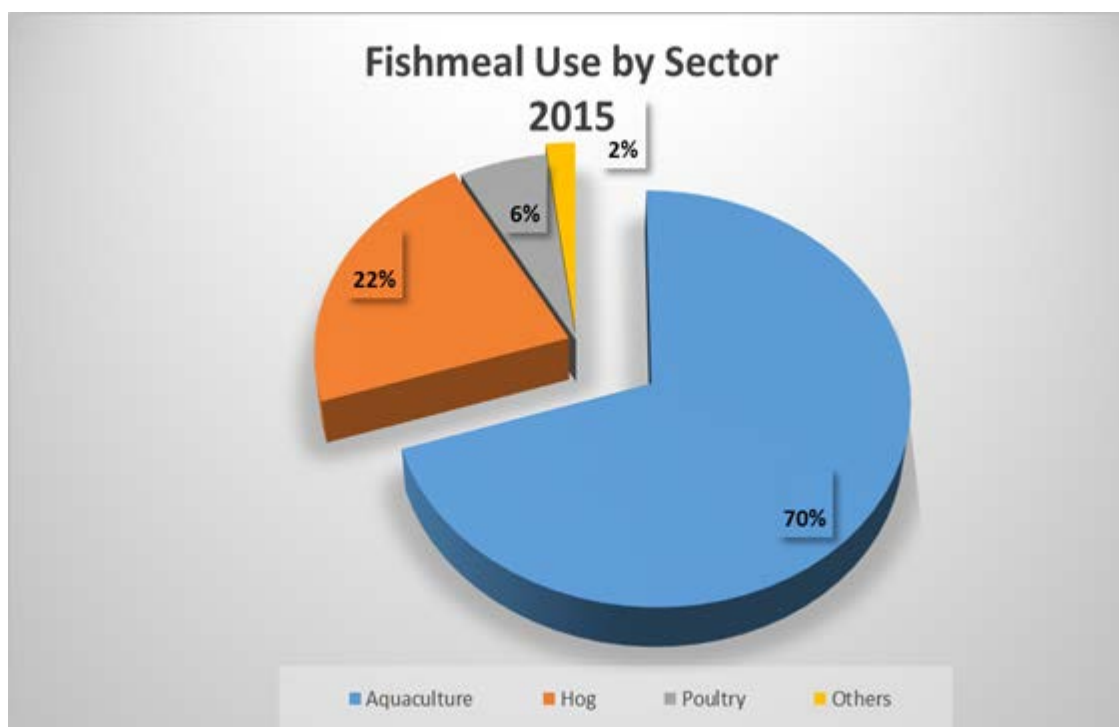
The chart below sets forth the historical catch of anchovies for the periods indicated.



Source: Ministry of Production

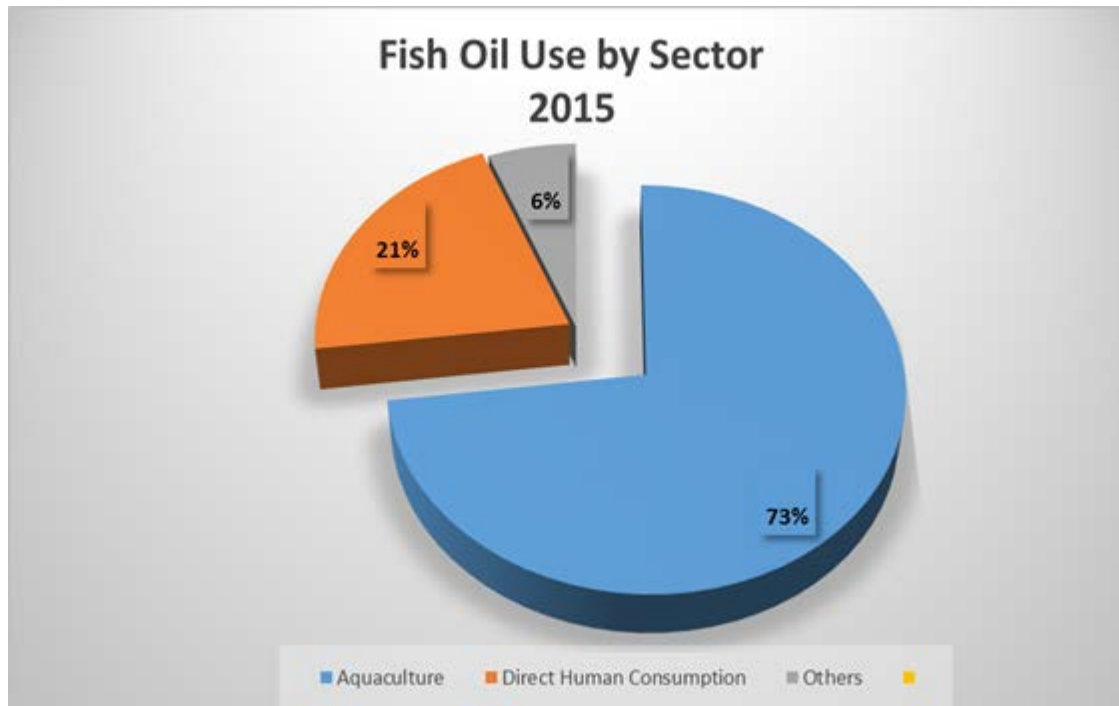
Supply and Demand of Fishmeal and Fish Oil

Fishmeal and fish oil are primarily used as protein and energy sources for fish and animal feed. According to IFFO, in 2015, the aquaculture industry was the primary consumer of fishmeal, representing 70% of the total worldwide demand of fishmeal, followed by the hog and poultry industries, accounting for 22% and 6%, respectively. The chart below shows the global use of fishmeal in 2011, according to IFFO.



Source: IFFO 2016

Likewise, according to Oil World, aquaculture represented 73% of the world's total fish oil consumption in 2015, followed by direct human consumption, which accounted for 21% of total global fish oil consumption. The following chart sets forth the global use of fish oil by sector in 2015:



Source: Oil World 2012

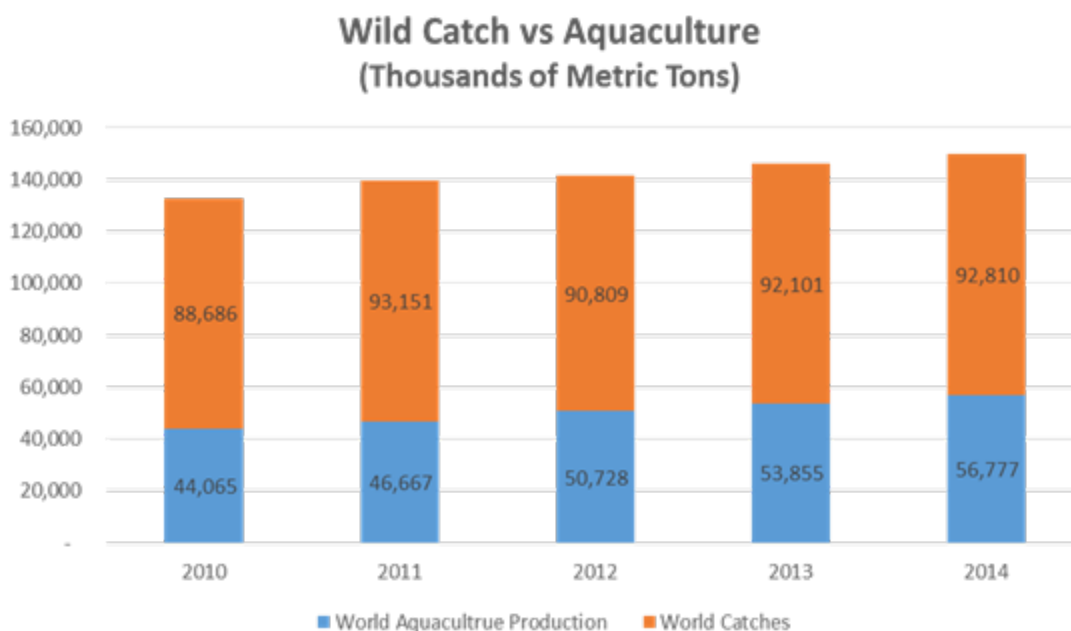
According to IFFO, China is the largest worldwide producer of aquaculture, considering both fish and crustaceans, accounting for approximately 55.0% of worldwide production in 2014.

The rise in aquaculture demand has significantly outpaced what has been essentially a fixed supply of fishmeal. Wild-catch, on the other hand, has remained relatively constant since the 1980s due to quota restrictions set by governments and a decline in wild-catch inventory.

Fishmeal and fish oil are highly favored ingredients in aquafeeds for a number of reasons, including high protein content, essential amino acids, mineral and essential fatty acids. Fishmeal and fish oil also have high palatability and digestibility compared to other protein sources, which enhances fish growth and reduces feed waste. They also provide health benefits, such as improved immunity, survival rate and reduced incidences of deformities.

Aquaculture is highly dependent on fishmeal for fish feeds. Within this sector, the main fish meal consumers are crustaceans (shrimp) (30%), marine fish (18%) and salmonids (22%). We believe that the production of fishmeal and fish oil may not meet the growing demand of the aquaculture and livestock industries in the future, since the capture of forage fish used to produce fishmeal and fish oil is declining.

Until 2004, the demand for aquafeed ingredients gradually increased. While grain production and farm yields increased, they remained insufficient to meet demand. Meanwhile, the fishmeal and fish oil supply entering global markets from the main producing countries diminished, adding greater upward pressure on fishmeal and fish oil prices. The following graph sets forth the volumes of fish production through aquaculture and wild catch.



Source: IFFO Fishmeal and Fish Oil Statistical

In 2014, global aquaculture production (fish and crustaceans) reached 56.8 million metric tons, growing at a rate of 28.8% from 2010 to 2014 and accounting for 38.0% of the total fisheries' production. The significant contribution to total fisheries' production over the last few decades is due to growing demand in Asia, which accounted for approximately 87% of total world aquaculture production in 2014. Within Asia, aquaculture production is overwhelmingly concentrated in China.

Urbanization, lifestyle and dietary habits are the driving forces that influence consumer behavior and lead to an increase in demand for various types of fish and meat. However, the forces that influence fish consumption vary between developing and developed countries. In developing countries, increasing income and urbanization are the leading factors contributing to increased demand for fish and meat. In developed countries, increased demand is likely driven by greater consumer awareness of the health and nutritional benefits of seafood, increased standardization and availability of products and cheaper prices. The increasing demand in developed countries, where urbanization is high, has been mostly for high-value fish species.

We believe several factors have contributed to the growing demand for fishmeal and fish oil, and including the following:

- an increase in direct and indirect consumption of seafood driven by worldwide population growth;
- an increased interest in the unique advantages to human and animal health provided by a diet rich in omega-3 fatty acids;
- a greater demand for fish products as part of a healthy lifestyle;
- the growth of middle-class populations, particularly in emerging markets, which are consuming more protein due to greater available income;
- wild-fishing of many species approaching maximum sustainable levels, making aquaculture an attractive source for supply growth;
- fishing quotas implemented by many countries have limited the growth of fishmeal supply;

- limited substitution of fishmeal by soy-related proteins due to their lower protein content of soy and the need for a minimum percentage of fish-based protein in aquaculture; and
- an increase in product quality due to the traceability of the production and sales chain.

Pricing

Fishmeal

Fishmeal prices are generally determined by the market. Prices are established using weekly pricing reports published by IFFO and other third-party sources, such as China Feed Online, JCI China and IFFO. The price of fishmeal depends to an extent on its quality, which is classified according to technical and commercial specifications and the type of drying process used to process fishmeal.

Restrictions on the catch of anchovies have limited fishmeal production, and, together with increased demand for fishmeal largely driven by the aquaculture industry in China, have led to a gradual increase in fishmeal prices over the past few years. During 2016, the average price of super prime fishmeal, a high-quality fishmeal product, was approximately U.S.\$1,725 per metric ton and this price was approximately U.S.\$337 higher than that of standard fishmeal. The price of standard fishmeal, the lowest quality fishmeal on the market, decreased from approximately U.S.\$1,387 per metric ton in January 2016 to approximately U.S.\$1,346 per metric ton in December 2016. The average price for super prime fishmeal ranged between U.S.\$549 and \$676 per metric ton from 2000 to 2005 and between U.S.\$1,596 and U.S.\$1,6790 per metric ton per metric ton from 2010 to 2016. The average price for super primer fishmeal between 2010 and 2016 was U.S.\$1,692 per metric ton.

The chart below sets forth the spot prices of Peruvian standard fishmeal for the years indicated, as well as the volume of fishmeal sold in Peru under the applicable regulations for the years indicated.



Source: IFFO and Produce

In 2002, the aquaculture sector consumed 46% of total fishmeal produced while the hog and poultry sectors consumed 24% and 22%, respectively. In 2015, the aquaculture industry consumed 70% of worldwide fishmeal production, while the hog and poultry industries consumed 22% and 6%, respectively.

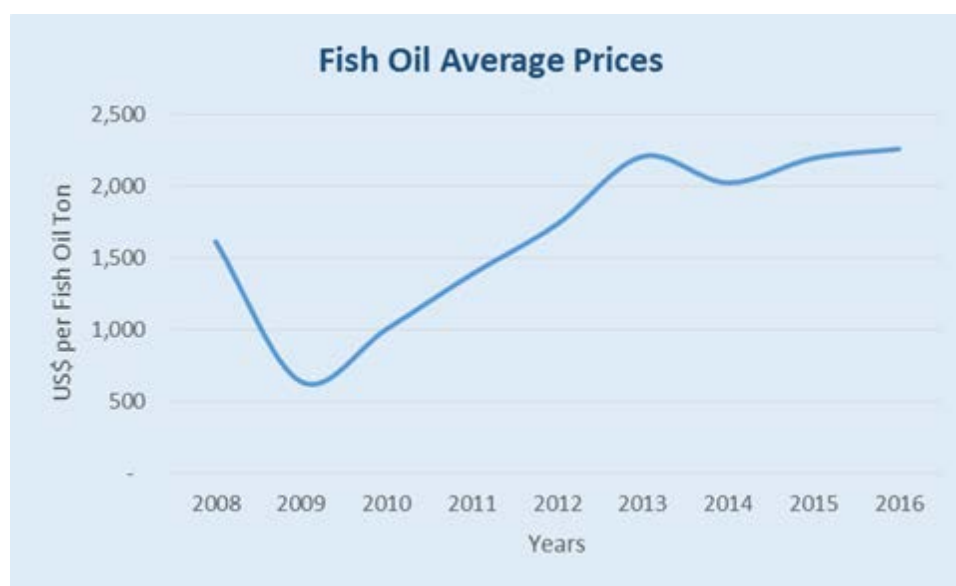
Fish Oil

The supply of fish oil is limited by the amount of fish available to produce fishmeal. Seasonality and the composition of species used to produce fishmeal influence the quantity or yield of oil than can be recovered. The production of fish oil declined by 22% to 855.8 thousand metric tons in 2015 from 1,103.8 thousand metric tons in 2011.

Due to the greater use of fish oil in aquaculture, especially in the farming of carnivorous species such as salmon and trout, demand for fish oil has increased steadily in the past fifteen years. The average price for fish oil has increased from U.S.\$1,004 per ton in 2010 to U.S.\$2,259 in 2016. The average price for the last five years was U.S.\$2,84 per ton.

Recent demand for omega-3 products, largely due to increased awareness of omega-3 benefits supported by certain clinical studies, has also caused fish oil prices to increase. Fish oil that meets a certain profile of EPA and DHA contents commands higher market prices. According to the Global Fish Oil Market Report published by Variant Market Research, the global omega-3 market is expected to reach U.S.\$2,364 million by 2024 from U.S.\$1,524 million in 2016, growing at a compound annual growth rate (“CAGR”) of 5.6% from 2016 to 2024.

The chart below sets forth the spot prices of fish oil for the years indicated.

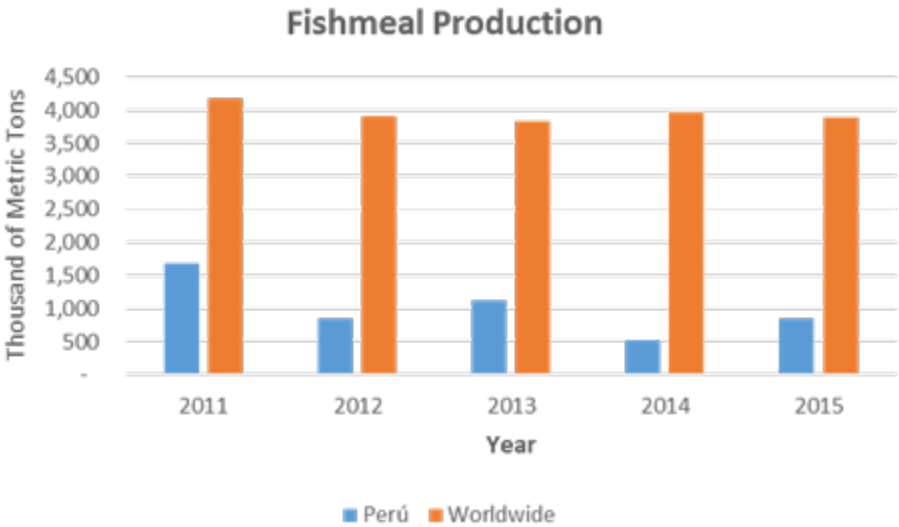


Source: IFFO

Fishmeal and Fish Oil Production and Export Markets

According to IFFO, the worldwide production of fishmeal amounted to approximately 5.0 million metric tons in average between 2011 and 2015. Peru has been the largest worldwide fishmeal producer, with an average production of approximately 1.0 million metric tons per year from 2011 to 2015, accounting for approximately 20.8% of the total annual worldwide production during this period. Unlike countries such as Chile and Norway, which use their own production of fishmeal and fish oil for domestic aquaculture, Peru’s production of fishmeal and fish oil is mostly exported.

The chart below shows the fishmeal production for Peru relative to the rest of the world for the years indicated, according to IFFO.

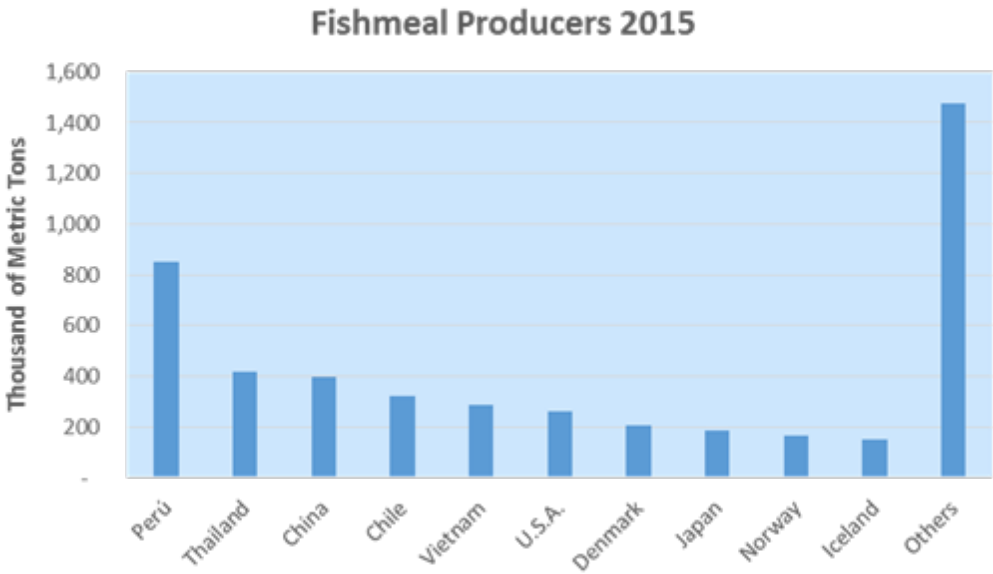


Source: IFFO 2016

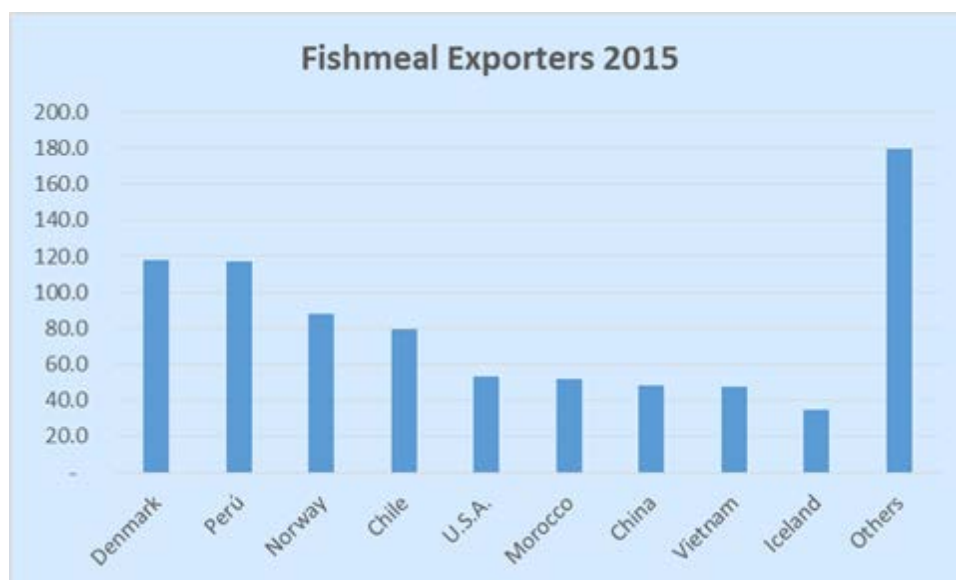
In 2015, more than 48% of the worldwide production of fishmeal originated from five countries, with Peru and China being the largest producers, followed by Thailand, Chile and Vietnam.

According to IFFO, the main producers of fishmeal in 2015 were Peru, with 0.85 million metric tons, and China, with 0.42 million metric tons. Likewise, the leading export countries in 2015 were Peru and Denmark, with approximately 0.7 million metric tons and 0.2 million metric tons, respectively, according to IFFO.

The charts below show the main fishmeal producers and exporters in 2015:



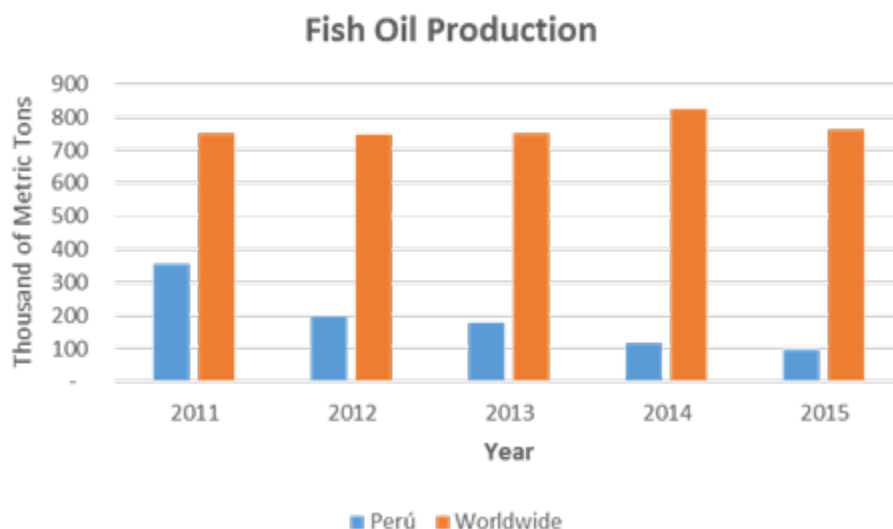
Source: IFFO 2016



Source: IFFO 2016

According to IFFO, Peru is the largest worldwide producer of fish oil, with an average production of approximately 187.6 thousand metric tons per year, representing 19.7% of global production from 2011 to 2015.

The chart below shows the Peruvian and worldwide production of fish oil for the years indicated, according to IFFO.

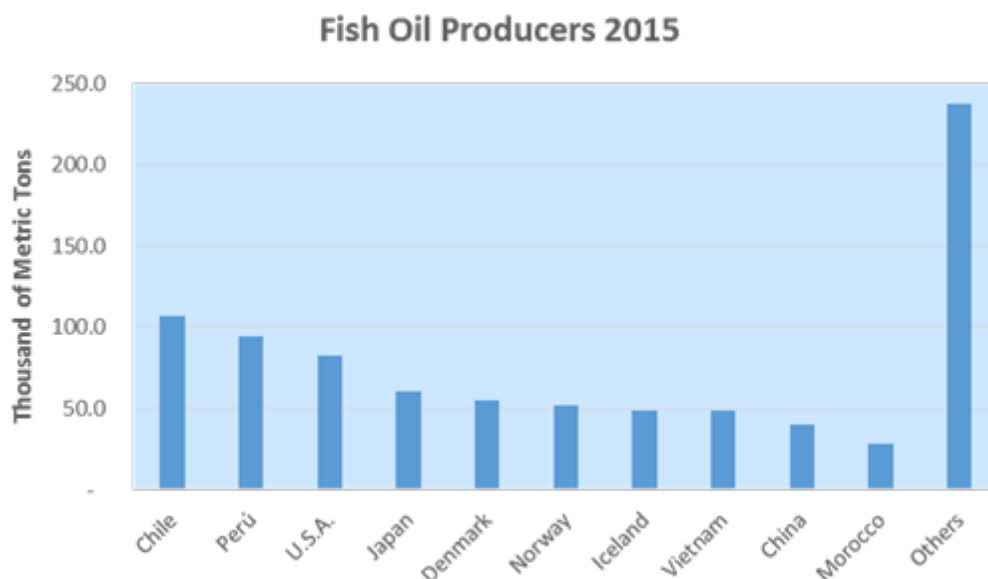


Source: IFFO 2016

In 2015, more than 50% of the worldwide production of fish oil originated from five countries, with Peru and Chile being the largest producers, followed by the Chile, United States, Japan and Denmark.

The leading producer of fish oil in 2015 was Chile, with 107.2 thousand metric tons per year, followed by Peru, with 94.7 thousand metric tons. Peru and Chile together accounted for 45.6% of the world fish oil production. However, Peru was lower than Chile in 2015 and 2014 because *El Niño* affected the biomass during those years.

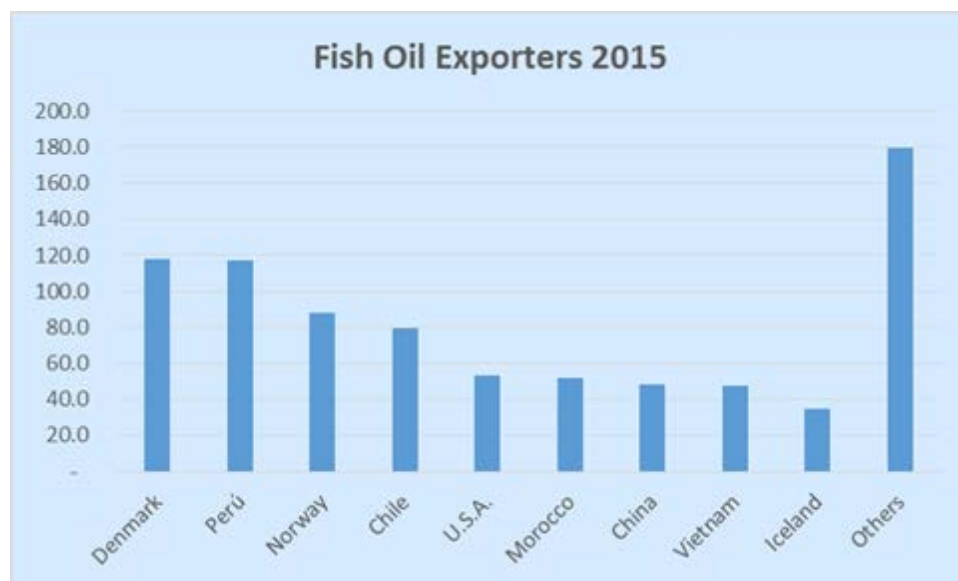
The chart below shows the principal producers of fish oil in 2015.



Source: IFFO 2016

The principal fish oil exporters in 2015 were Peru, which exported 117.0 thousand metric tons per year, Denmark, which exported 118.2 thousand metric tons per year, and Norway, which exported approximately 87.8 thousand metric tons each per year.

The chart below shows the principal exporters of fish oil in 2015.

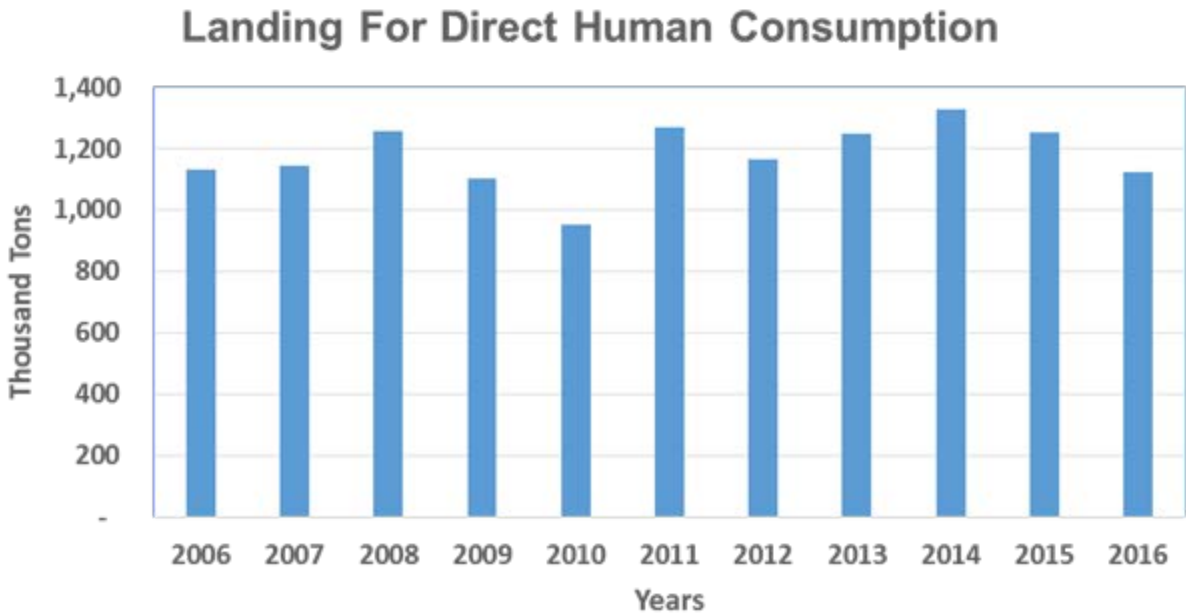


Source: IFFO 2016

Direct Human Consumption

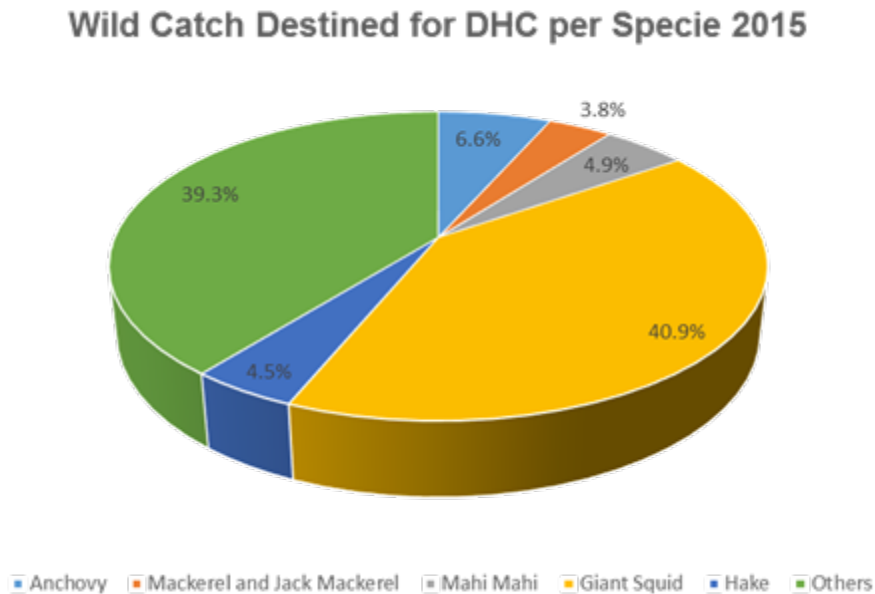
The Peruvian ocean is rich in nutrients and benefits from the Humboldt Current, resulting in a wide array of species available for fishing. Fishing for direct human consumption has grown over the past few years as companies seek to diversify their revenue. By 2016, 29% of the fish caught in Peru were destined for direct human consumption, as compared to 16% in 2006. It is estimated that direct human consumption generates approximately 20,000 direct jobs and approximately 64,000 indirect jobs.

The following graph sets forth Peruvian wild catch destined for direct human consumption from 2006 to 2016:



Source: Produce

In Peru, the principal fish species destined for direct human consumption are “pota” (or giant squid) and anchovy, which together represented 56.5% of Peru’s wild catch in 2015, as set forth in the graph below.

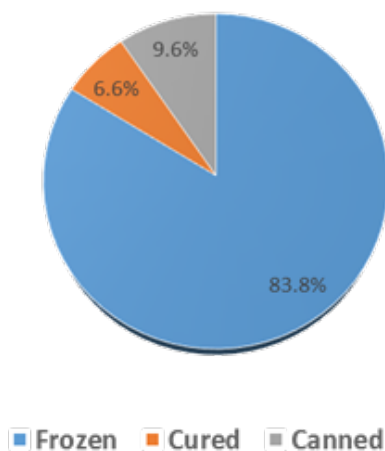


Source: PRODUCE 2015

Exports for direct human consumption have grown at a CAGR of 8.7% from 2005 to 2015. This increase is largely due to an increase in prices and the larger volumes of fish caught. While exports largely consist of frozen and canned seafood, fresh fish is mostly destined for internal consumption.

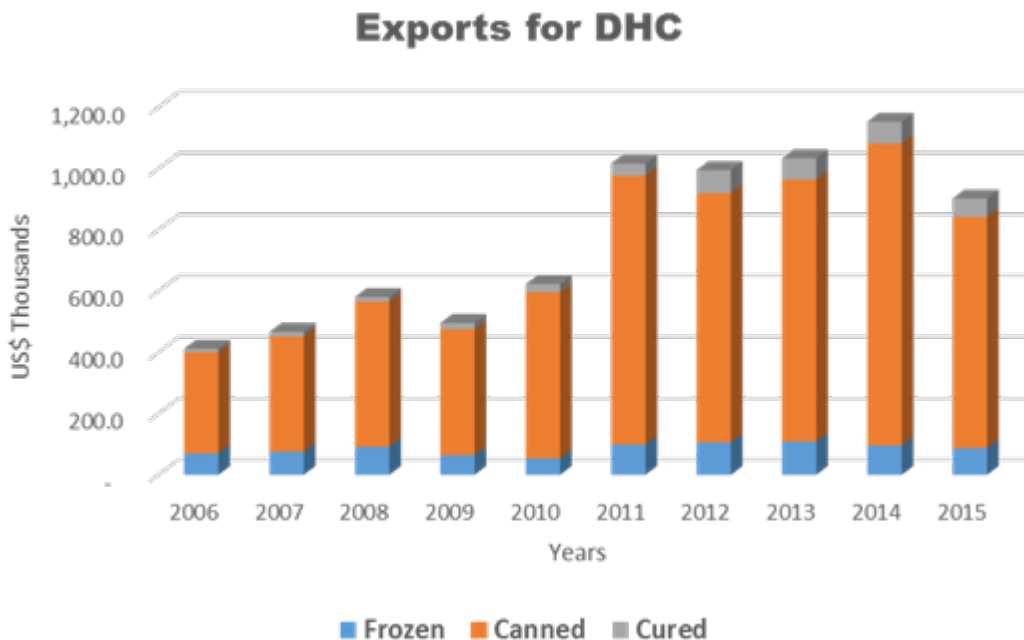
As set forth in the graph below, frozen crustaceans and mollusks accounted for 83.8% of Peruvian direct human consumption exports in 2015:

2015 DHC Exports By Product Type



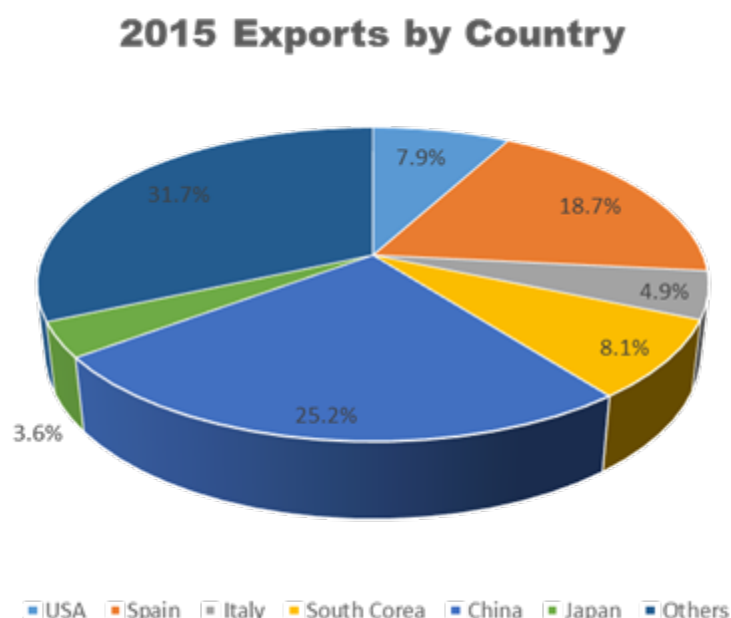
Source: Produce 2015

Peruvian exports sales for direct human consumption have increased steadily since 2006 when export sales totaled U.S.\$411 million, to 2015 when export sales totaled U.S.\$902, an increase of 119.5%, as set forth in the following graph:



Source: Produce 2015

In 2015, the primary direct human consumption export markets for frozen and canned Peruvian products were China (at 25.2%), Spain (at 18.7%) and the United States (at 7.9%), as set forth in the graph below:



Source: PRODUCE 2015

Major Peruvian Fishing Companies

As a result of the change in the regulatory regime from the industry-wide quota system to the ITQ system in 2009, companies no longer compete against each other to harvest anchovies within the authorized limits, which resulted in an inefficient use of economic and human resources under the former system. Under the ITQ system, each licensed vessel has its own anchovy fishing quota and does not compete with other vessels for available anchovies, resulting in a more rational and efficient utilization of resources.

In addition, under current laws and regulations, the Peruvian government may not issue new fishing licenses for anchovies. The only way to obtain a larger anchovy fishing quota in Peru is by acquiring other licensed vessels holding a fishing quota or otherwise establishing a venture with an existing quota holder.

The table below shows the current anchovy fishing quota distribution for the center-north coastline and the percentage of the anchovy fishing quota processed during the first fishing season of 2017:

Company	Center-North Quota	Processing
Tecnológica de Alimentos S.A.	14.2%	25.3%
Corporación Pesquera Inca S.A.C./CFG Investment SAC.....	16.9%	22.1%
Pesquera Diamante S.A.	8.5%	11.5%
Pesquera Exalmar S.A.	6.7%	14.4%
Austral Group S.A.A.	6.8%	9.0%
Pesquera Hayduk S.A.	6.5%	10.7%
Others	40.4%	7.0%
Total.....	100.0%	100.0%

Source: Ministry of Production

REGULATORY ENVIRONMENT

Overview

Fishing Industry Regulations

The General Fishing Law, approved by Legislative Decree No. 25977, and the Law Establishing Limits on Maritime Holding Capacities, approved by Legislative Decree No. 1084 (“ITQ Law”), together with their respective regulations, are the primary laws and regulations governing fishing activities in Peru. The Ministry of Production sets guidelines and policies regarding fishing and the processing of marine species in accordance with these laws. The Ministry of Production is also responsible for regulating and supervising all fishery activities, including, but not limited to, granting licenses, authorizations, concessions and permits for catching and processing fish.

Anchovy biomass can be found along the Peruvian coast, with two primary fishing areas established by the fishery regulatory framework: the first area is located in the center-north part of Peruvian coastline, which extends from the northernmost part of the country to parallel 16°00’00”, southern latitude. The second area is located in the southern Peruvian coastline, which extends from parallel 16°00’00” to the southern border of Peru. The Ministry of Production establishes the dates marking the beginning and end of each fishing season as well as the fishing quota for each season. In 2015, 2016 and 2017, the total annual allowable anchovy catch of anchovies was 3.6 million metric tons, 2.8 million metric tons and 3.9 million metric tons, respectively.

In 2008, the Peruvian government modified the regulations governing the catch of anchovies with the enactment of Legislative Decree Law No. 1084 effective as of the first fishing season of 2009, from a regulation based on an industry-wide quota system to a mixed system. Pursuant to this law and its regulations, a global catch quota is combined with individual transferable quotas allocated to each fishing vessel, a system similar to the systems used in other fishing countries, such as Chile and Norway. The ITQ system grants fishing license holders harvesting rights up to the individual quota allocated.

Pursuant to the former “Olympic Race” system, fishing companies were competed themselves to maximize anchovy fishing before reaching the total allowed fishing amount. Accordingly, we and other fishing companies were required to invest considerably in both fleets and processing plants in order to harvest and process anchovies in a short period, resulting in short, costly and inefficient production cycles. Under the former industry-wide quota system, we were required to operate our vessels and plants without interruption over the relatively brief fishing season.

The negative characteristics of the industry-wide quota system can be summarized as:

- inadequate control over the fishing of anchovies (including white anchovies);
- absence of an efficient legal framework for fishing activities;
- absence of incentives for the development of better labor conditions in the fishing industry;
- excess of installed capacity in order to process catches during the short fishing seasons;
- low quality fishmeal and fish oil and low levels of production of special fishmeal given that fish reached the processing stage when it was generally not fresh;
- negative environmental impacts; and
- lack of industry competitiveness due to the absence of adequate mechanisms to encourage the necessary investments for adequate and constant technological innovation of the participating players in the industry.

As a result, the Peruvian government determined to reorganize the fishing industry to reduce or eliminate the negative consequences caused by harvesting and processing activities. In order to improve the legal framework

for fishing anchovies and white anchovies, Legislative Decree No. 1084 established catch limits for the fishing license holders in addition to the existing rules of the current legal framework. Our current individual anchovy fishing quota is 6.70209% for the center-north of Peru and 4.6141% for the south of Peru.

We may use any number of vessels we deem appropriate for our operations. During the first fishing season of 2017, we utilized 22 vessels to harvest our anchovy fishing quota. Fishing companies may also purchase fishing vessels from third parties, thereby acquiring that vessel's corresponding quota.

We believe that the ITQ system has benefited the entire industry and has allowed us to reduce the number of vessels required to harvest our anchovy fishing quota, consequently reducing our operating costs and maximizing production efficiency. Under the ITQ system, the quality of the fishmeal has increased because it is possible to process the same volume of anchovies during an extended period of time, obtaining a fresher end-product. This regulatory framework has also resulted in:

- less pressure on anchovy and white anchovy resources (including associated species), allowing the preservation of these resources, ensuring that harvesting and processing activities are carried out in accordance with the current environmental policies, and partially reducing the excess fleet with the reduction of the fishing efforts;
- strengthening of the control over marine resources exercised by local authorities, allowing the enforcement of compliance with environmental objectives as a result of more organized fishing activities;
- better environmental management by public and private parties, allowing compliance with the maximum allowable limits established for the fishing industry; and
- improvements in technology and production processes in the fishing industry and the creation of a better value-added business in line with an ongoing adaptation of the industry to the growing international market requirements.

Additionally, the ITQ system has allowed us to plan not only fishing activities but also production activities. Following its enactment, we identified an opportunity to significantly increase the percentage of fish we acquire from independent vessel owners, a strategy that has allowed us to increase our market share in the production of fishmeal from 6.0% in 2008 (prior to the enactment of the ITQ system) to 14.4% during the first season of 2017. In addition, under the ITQ system, the fishing season in the center-north region of Peru increased from approximately 49 days in the 2008 season to approximately 110 days in 2016. This change has allowed us to decrease the daily volumes of processed fish and to concentrate on the production of a better quality fishmeal with increased value.

Differences between Wooden Vessels and Steel Vessels

There are two types of fishing vessels: steel vessels and wooden vessels. In addition to being regulated by the aforementioned laws, wooden vessels must comply with the requirements of Law No. 26920.

The main difference between wooden fishing vessels and steel fishing vessels is their maximum holding capacity. Wooden fishing vessels may have a maximum holding capacity of 110 m³ under applicable laws and regulations, while steel fishing vessels generally have a holding capacity ranging between 100 m³ and 800 m³, with no maximum holding capacity established by law or regulation.

Under the current ITQ system, steel fishing vessels are not permitted to merge or join (either temporarily or permanently) their fishing quotas with those of wooden fishing vessels and vice-versa in order to protect the fishing activities of wooden vessels.

Industry-Wide Quota System

For decades, the Peruvian fishing industry operated under an industry-wide quota system, which governed the fishing of anchovies. Under this system, the Ministry of Production would set the maximum quantity of fish that

could be caught during a given fishing season, as well as the duration of the fishing season. However, it did not limit the amount of fish that each vessel could catch (the only limitation being each vessel's authorized capacity). As a result, the old system promoted a race to fish as much as possible in the least amount of time in order to maximize the share of allowable anchovy catch prior to exhausting the global limit.

ITQ System

Anchovy catch is currently regulated by an individual transferable quota, globally known as the ITQ system, which was established by the ITQ Law on July 28, 2008. This new regulatory system became effective and was put into place during the first fishing season in the center-north of Peru in 2009. Under the ITQ system, Peruvian authorities combine the industry-wide catch system with the allocation of individual anchovy fishing quotas to each vessel holding a valid fishing license.

The Peruvian fishing territory is divided into the center-north and south regions, which are located on each side of parallel 16°00'00". Under the ITQ law, in the center-north, individual quotas were awarded to each vessel according to the following criteria: 60% based on historical catch statistics of each vessel (taking into account the best performing year during the period from 2004 to 2007) and 40% based on the licensed capacity of each vessel.

The south represents approximately 11% of the national catch of anchovies. Individual quotas for the southern area were awarded based solely on the catch statistics of each licensed vessel (taking into account the best performing year during the period from 2004 to 2007).

For each fishing season, the Ministry of Production determines the total catch allowed for the season, based on a technical report provided by IMARPE. IMARPE surveys the area to test for the health and size of the biomass twice a year. The maximum volume that each vessel is allowed to catch (*Límite Máximo por Embarcación*) is calculated by multiplying the total catch allowance set by the Ministry of Production by the individual quota (*Porcentaje Máximo de Captura por Embarcación*) awarded to the vessel at the time the law was enacted. Individual anchovy fishing quotas are transferable and divisible among vessels owned by the same company. Fishing companies may transfer quotas to other vessels within their fleet, allowing them to concentrate fishing quotas in certain vessels, thus optimizing costs and efficiency. Vessels whose operations are terminated by a vessel owner under the ITQ system may be used for other fishing activities, such as the harvesting of other marine species for human consumption, or for non-extractive activities, such as research, recreation or other purposes. These vessels may also return to fishing anchovies if the owner holds an existing right granted by the Ministry of Production to increase its fleet. The quotas awarded under the ITQ system are not transferable to other vessels, and no vessel other than those awarded quotas at the time the law was enacted is allowed to catch anchovies. As such, a company may only enter the anchovy fishing business or increase its awarded quota through the acquisition of licensed companies or vessels holding an anchovy fishing quota.

In addition, under the ITQ system and assuming normal fishing conditions without the influence of adverse natural events like *El Niño*, if a vessel catches less than 80% of its awarded quota during four consecutive fishing seasons, the vessel's fishing quota will be reduced by the average of its unfulfilled during those seasons. On the other hand, if a quota holder exceeds its fishing quota during a given season, its quota in the following season will be reduced by three times the amount that the catch exceeded the quota limit, in addition to the applicable fine.

Direct Human Consumption

Under the General Fishing Law and its regulations, areas between zero and five nautical miles from shore are reserved for artisan fishing vessels engaged in fishing for direct human consumption. According to Supreme Decree No. 011-2007-PRODUCE and Supreme Decree No. 014-2011-PRODUCE, fishing of giant squid, mackerel and jack mackerel is reserved exclusively for direct human consumption. The Ministry of Production assigns a global fishing quota for mackerel and jack mackerel based on supply levels, preservation objectives and recommended exploitation levels of these species pursuant to scientific reports prepared by IMARPE. Artisanal vessels with a fishing permit are the only vessels allowed to fish mahi-mahi and giant squid. Fishing of giant squid by other vessels requires an additional authorization from the Ministry of Production, which may only be awarded through a public auction conducted by the Ministry of Production. In all cases, vessels fishing for direct

human consumption will need to comply with certain health and hygiene requirements to preserve an optimum product quality.

Government Agencies and Enforcement

In order to strengthen the Fish Catch Surveillance, the Peruvian government established a Control and Unloading Program (*Programa de Vigilancia y Control de las Actividades Pesqueras y Acuícolas en el Ambito Nacional*), and contracted Consorcio Bureau Veritas del Perú S.A., S.G.S. del Perú S.A.C. and Intertek Testing Services Perú S.A, to execute the Control and Unloading Program.

These companies have established offices along the Peruvian coast, recruiting and training inspectors, implementing procedures to control fishing and unloading, and collecting daily statistics for the Ministry of Production. Peruvian fishing companies have agreed to pay for this service and contributions vary according to the volume of fish caught by each company in each fishing season. Inspectors monitor fishing and unloading procedures at processing plants, these supervisors also inspect commercial fishing permits, species caught, catch quantities, the percentage of juvenile fish caught and, to a limited extent, by-catch levels of fishing vessels authorized by the Ministry of Production. On the quays, inspectors control and report the tonnage being unloaded and verify the accuracy of the weighing instruments being used.

IMARPE was created in 1964 by the Peruvian government to ensure the sustainability of Peruvian fishing resources. IMARPE is a public specialized entity and its role is not to supervise, inspect or control the catch activities, but rather to study and monitor the environment and marine biodiversity. IMARPE evaluates fishing resource conditions and based upon its research reports recommends to the Ministry of Production the total allowable biomass for each season, as well as the commencement date and length of each fishing season. Additionally, IMARPE recommends the establishment of fishing bans when deemed necessary.

Sanctions

Pursuant to the General Fishing Law, as amended, and the Regulation for Fishery and Aquaculture Inspection and Sanctions (*Reglamento de Inspecciones y Sanciones Pesqueras y Acuícolas*) (“RISPAC”), approved by Supreme Decree No. 019-2011-PRODUCE along with other relevant regulations, and the Regulation for Fishery and Aquaculture Inspection and Sanctions (*Reglamento de Inspecciones y Sanciones Pesqueras y Acuícolas*), approved by Supreme Decree No. 16-2007-PRODUCE along with other relevant regulations, the Ministry of Production is authorized to bring administrative proceedings against violations to the current fishing laws and regulations. Sanctions resulting from such proceedings may vary depending on the degree of the violation and whether the violator has a history of noncompliance, and could range anywhere from the imposition of a fine to the revocation of fishing authorizations, operating licenses and permits on a temporary basis or until their expiration, and/or confiscation of hydric biological resources.

On November 10, 2017, the Regulation for the Control and Sanction of the Fishing and Aquaculture Activities, approved by Supreme Decree No. 017-2017-PRODUCE, was published in the Peruvian official gazette “El Peruano” and will enter into effect on December 1, 2017. Such regulation will replace the RISPAC and the Regulation for Fishery and Aquaculture Inspection and Sanctions and are expected to be substantively the same as those being replaced.

Preservation of fishing resources

The Ministry of Production enacted Supreme Decree No. 008-2012-PRODUCE in order to strengthen measures taken by the Ministry of Production to preserve fishing resources. Pursuant to this regulation, fishing bans or suspensions of fishing activities are approved under a fast track proceeding, and, during each fishing season, the Ministry of Production is allowed, among others powers, to limit the amount of fishing days or limit the number of vessels that are permitted to fish. In addition, the Ministry of Production, in coordination with IMPARPE, has developed a system for on-board inspections of fishing vessels.

Supreme Decree No. 008-2012-PRODUCE also strengthened existing regulations relating to young fish species. In accordance with this regulation, owners of fishing vessels that catch above the maximum quantity of

young species permitted in any given season must communicate this violation to the relevant authority and suspend any fishing activities. Owners that do not comply with this mandate are subject to the cancellation of their fishing permit. In addition, new regulations on young species provide that industrial fishing vessels must gradually install image recording devices to detect the disposal of these species.

Pursuant Supreme Decree No. 024-2016-PRODUCE, the Peruvian government established complementary measures to increase control and surveillance of extractive activities for the conservation and sustainable use of anchovy, with the purpose of the progressive introduction of automated control and surveillance methods, providing new obligations for companies such as: (i) register and communicate to the Ministry of Production the capture information through the electronic binnacle, (ii) acquire an information mechanism connected to the communication channel of the Ministry of Production (iii) include, in the declarations of departure, to the inspectors of IMARPE or the Ministry of Production; and, finally, empower to the Ministry of Production to suspend all extractive activities (preventively for five-days periods) in areas with high incidence of young fish species reported.

Environmental Regulations

General Considerations

The environmental legal framework consists of, among others, the General Environmental Law, enacted by Law No. 28611 and the Environmental Impact Assessment National System Law, enacted by Law No. 27446, and its regulations enacted by Supreme Decree No. 019-2009-MINAM. The Peruvian government, in collaboration with the Ministry of the Environment and other administrative entities, has the authority to enact implementing regulations related to environmental matters.

The environmental aspects of the fishing industry are specifically governed in the General Fishing Law, enacted by Decree Law 25977 and its regulation, approved by Supreme Decree No. 012-2001-PE. These environmental regulations govern, among other matters, the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of hazardous materials into the ground, air or water; the protection of migratory birds and endangered and threatened species and plants; and the environmental quality standards for noise, water, air and soil.

According to the aforementioned environmental regulations, fishing companies must elaborate and obtain the approval of an Environmental Impact Assessment (“EIA”) or Environmental Compliance and Management Program (“PAMA”) approved by the Ministry of Production for activities that were ongoing before these regulations were approved. The EIA or PAMA must explain the procedures that we will use in order to attain the goals established by the new regulations.

Fishing companies are required to comply with several environmental regulations. In particular, fishing companies that produce fishmeal must comply with new allowed effluent and emission limits set by the Ministry of the Environment following the recommendation of the Ministry of Production.

Environmental Liability Regime

Since March 16, 2012, OEFA is the competent authority in charge of regulating, supervising and imposing sanctions to fishing companies with respect to their non-compliance to the applicable environmental legislation. In addition, there are other competent governmental agencies or authorities on specific environmental matters such as water, forestry resources, and aquatic environment, among others that regulate and supervise environmental compliance and liability.

By means of Resolution 005-2017-OEFA/CD, OEFA issued the new Regulations for Supervision, which establish that the role of direct supervision is to prevent environmental damage and promote voluntary correction of alleged breaches of environmental obligations in order to ensure adequate environmental protection. It promotes the correction of the infringements in order to avoid initiating unnecessary administrative sanctioning proceedings.

In addition, in accordance with the Peruvian Civil Code, a civil claim may be filed against the titleholder of a project in the fishing sector on the grounds of environmental damages. Therefore, any third party, under the principles of tort liability, could file a civil claim against the titleholder of a project for causing environmental damages due to the use or develop of an asset or activity that implies a risk or danger.

Likewise, the Peruvian Criminal Code contains a section that classifies different types of environmental crimes and their corresponding sanctions (i.e., environmental contamination). They generally require a severe breach of applicable laws and regulations and the production of damages that harm the environment.

The sanctions for committing environmental crimes vary from two to 10 years of imprisonment, depending on the specific crime, and may include the imposition of community service hours and fines. Criminal liability shall apply to the members within the company's business structure (including managers) that had decision-making power over environmental matters at the time in which the infringement was committed; that is, the decision-making officers of the companies that carry out activities in the fishing sector are the ones exposed to criminal investigation, prosecution and, eventually, liability if there is a gross infraction that is typified as a crime.

MANAGEMENT

Directors

Our Board of Directors is currently comprised of seven directors all duly elected by the General Shareholders' Meeting for a one-year term. The Board of Directors is required to convene an extraordinary general meeting upon request by the Chairman of the Board, any other Board Member or the Chief Executive Officer. The Board of Directors is responsible, among other things, for determining our general strategy and commercial policies, the appointment and removal of our executive officers and chief executive officer, the overall supervision and administration of our business activities, the review and audit of our financial statements, and the approval of our budget and any material real estate acquisition or disposition that we may undertake.

The following table sets forth the current members of our Board of Directors and their respective positions:

Name	Position	Year of Birth	Year of Election
Víctor Matta Curotto.....	Chairman	1943	1990
Víctor Matta Dall'orso.....	Vice Chairman	1980	2015
Cecilia Blume Cillóniz	Member	1958	2010
Rodrigo Sarquis Said	Member	1963	2011
Andrés Muñoz Ramirez.....	Member	1962	2013
Martin Ramos Rizo Patron	Member	1980	2015
Cristián Celis Morgan.....	Member	1969	2007

Biographical Information

The following sets forth selected biographical information for each of the members of our Board of Directors:

Víctor Matta Curotto. Mr. Matta is our chairman and a businessman with over 35 years of experience in the fishing industry, agro-industry and services industry. He is the founding partner of Pesquera María del Carmen, Pesquera Alfa y Exalmar (companies that merged to make Pesquera Exalmar S.A.), Complejo Agroindustrial Beta and Empacadora Beta (companies that merged with and into Complejo Agroindustrial Beta S.A.), Agrocítricos S.A., Alpine Perú S.A. and Compañía Hotelera El Sausal. He is also chairman of Complejo Agroindustrial Beta S.A. and Corporación Exalmar S.A.

Victor Matta Dall'orso. Mr. Matta is our Vice Chairman and was elected to our Board of Directors in 2015. He has a degree in business administration from Universidad de Lima. He is currently Deputy General Manager in connection with Fleet Operations, Fishing Catch of Third Parties and Legal. He joined us in 2005 as Deputy to the Comptroller's Office. Between 2003 and 2005, he worked in the Corporate Banking Sector of Banco de Crédito del Perú S.A.A.

Cecilia Blume Cillóniz. Ms. Blume has been a member of our Board of Directors since 2010. She has a law degree from Pontificia Universidad Católica del Perú and has studied Political Science at the Universidad de Salamanca and Regulation of Public Services at the Harvard John F. Kennedy School of Government. She has worked for the government of Peru at the Ministry of Mining and Energy, the Regulating Body for Energy Investment ("OSINERG"), and the Peruvian Ministry of Economy and Finance, where she was a legal advisor, director of the Legal Office and Chief of Staff. Ms. Blume has also been chief of staff of the advisors to the Ministerial Council and board member of several government companies, member of the Comisión de Acceso al Mercado de INDECOPI; board member of CONITE; and member of Consejo Empresarial de PROINVERSIÓN. She is also a shareholder of CB Consult S.A.C., a legal and financial consulting, and of Ambiental Peruana an environmental management company. Ms. Blume is a board member of Fiduciaria del Perú; Renting Perú S.A.C.; Leasing Perú SA; Amrop Hever Peru S.A.C.; and Make A Wish Perú. She received the Prime Minister Fellowship from New Zealand in 2006 and the Bernardo O'Higgins medal from Chile.

Rodrigo Sarquis Said. Mr. Said was elected to our Board of Directors in 2011. He has a degree in engineering from Universidad Adolfo Ibáñez in Chile (1985). He is currently the President of Blumar Seafood and has served as Vice President of Pesquera ITATA S.A., a company specializing in salmon fishing and cultivation that merged with Golfo to create Blumar Seafood in 2011. Mr. Sarquis also serves as a director for

Sinergia Inmobiliaria S.A., Agroindustrial Siracusa S.A. and the Association of Industrial Fishing Companies (*Asociación de Industriales Pesqueros*) in Region VIII. He is currently active in the olive oil industry in the Bío Bío Region of Chile. In the past, Mr. Sarquis has served as a director of the National Fishing Society of Chile (*Sociedad Nacional de Pesca de Chile*), as an industry advisor to the National Fishing Council of Chile (*Consejo Nacional de Pesca*), advisor and board member of several companies. Mr. Sarquis is one of 30 executives that form the Business Advisory Council at the Universidad del Desarrollo in Chile.

Andrés Muñoz Ramirez. Mr. Ramirez has been member of our Board of Directors since 2013. He has a degree in commercial engineering in business administration from the University of Chile (1986) and a post-graduate degree in administration and business management from the University of Development of Chile (1995). He is currently Chairman of Financiera TFC. Between 1999 until 2011, he worked at Interbank as Executive Commercial Vice President and was responsible for opening the Representation Office in China. During that time, he developed the corporate finance group (capital markets and M&A) and acted as Executive Vice President of Risks, being responsible for the acquisition of Banco Latino and restructuring the loan portfolio of the bank. He has experience in housing mortgages, acting as Director of URBI (Interbank Real State Group) at Interbank. Previously, he worked as Risk Manager at Grupo Santander Perú. In 2008, he participated in Kellogg Graduate School of Management, the CEO's Management. He was a visiting professor at the School of Economics for the course "Topics on Applied Economy" at the University of Lima.

Martin Ramos Rizo Patron. Mr. Ramos has been a member of our Board of Directors since December 2015. He has a degree in science and electrical engineering and management science, focused on finance, from the Massachusetts Institute of Technology (MIT). He also has a master's degree in electrical and computing engineering from MIT. Since 2012, he has worked as investment professional with The Rohatyn Group (TRG), an international assets manager, managing the private equity fund LAPEF and participating in the strategic direction of the companies in their investments portfolio. Previously he was in the team of Corporate Finance and Investment Banking for Latin America Region at the Investment Bank Morgan Stanley, based in New York. Before that, he worked in the group of Investment Banking and Corporate Finance, focusing on Technology Sector customers in the American market, based in Boston and New York. He has more than 13 years of experience in corporate finance, mergers and acquisitions, strategic business direction, and analysis and execution of investment in the United States and Latin America.

"Cristián Celis Morgan. Mr. Celis was member of our Board of Directors between 2007 and 2014, and was reelected to our Board of Directors again in 2016. He has a degree in engineering from Pontificia Universidad Católica de Chile (1991) and a master's degree in finance from the London Business School (1996). Mr. Celis has held several positions at Citi and is currently an executive officer of CVCI, which is part of the Citi Capital Advisors division at Citigroup and indirectly controls Stafedouble S.L. He has been a board member of several companies, including: Salmenes Tecmar S.A. (salmon farming); Compañía Minera Las Luces (copper mining); Sociedad Punta de Lobos S.A. (salt production and extraction); Grupo GTD (telecommunications and fiber optic networks); Hidroeléctricas del Sur S.A. (power generation); and Dream S.A. (gaming and entertainment). Previously, he worked in Citi's investment banking area.

Executive Officers

Our executive officers are appointed by the Board of Directors. The following are the current executive officers of Exalmar.

Name	Position	Year of Birth	Year of Election
Rossana Ortiz Rodríguez	Chief Executive Officer	1962	1995
Raúl Briceño Valdivia	Chief Financial Officer	1961	2000
Rafael Ormeño Durand	Production Officer	1972	2017
Jose Angulo Delgado	Fleet Officer	1964	2012
Judith Vivar Ramirez	Commercial Officer	1971	2009
Demian Ballón Espinoza	Technology	1974	2014

Biographical Information

The following sets forth selected biographical information for each of our executive officers:

Rossana Ortiz Rodríguez. Ms. Ortiz has been our Executive Officer since 1996 and, on January 1, 2006, became our Chief Executive Officer. She graduated as a public accountant from Universidad de Lima (1983) has a specialized degree from Programa de Alta Dirección de la Universidad de Piura (1992), and has attended several courses, including strategic planning, accounting, and systems and taxes, in Sweden, Japan and the United States. In addition, she has attended Arthur Andersen's training program both in Peru and abroad and several other training institutes in Peru. Before working for Exalmar, she was Financial and Business Manager of Fima S.A. and a Senior Auditor at Arthur Andersen & Co.

Raúl Briceño Valdivia. Mr. Briceño has been our Administrative and Financial Officer since October 2000. He has a degree in economics from Universidad de Lima and a Master's in Business Administration from ESAN. He has attended courses at the Programa de Desarrollo Directivo-Universidad de Piura (1991), and has a degree in Quality Management – AOTS, from Osaka, Japan (2003). Previously, he worked in the financial department of Minsur S.A. (1988-1999) and was Deputy Business Officer at Interbank (1983-1988). He is currently a member of the Board of Directors of Procapitales, an entity that represents companies participating in the capital markets and that promotes the development of the capital markets in Peru.

Rafael Ormeño Durand. Mr. Durand is our Production Officer since August 2017. He has a degree in industrial engineering from the Pontifical Catholic University of Peru (1995) and participated in the Senior Management Program of the University of Piura (2001-2002). Additionally it has several certifications in Strategic Planning, Project Management, Continuous Improvement Methodologies: TPM, Lean Manufacturing and Six Sigma. He previously acted as Project Manager at San Miguel Industrias PET SA (2016-2017), Operations Manager at Peruplast (which was acquired by Amcor Flexible Packaging in June 2016) (2011-2016), Operations Manager and Director of San Cristobal Textile Cia (2010 -2011), Procter & Gamble Peru Operations Manager (2009), Regional Project Manager for Latin America in Procter & Gamble LA in Caracas, Venezuela (2005-2008), Logistics Manager Procter & Gamble Ukraine in Kiev, Ukraine (2002-2005), and in various roles of Operations, Logistics and Planning at Procter & Gamble Peru (1996-2002).

Jose Angulo Delgado. Mr. Delgado has been our Fleet Officer since November 2012. He graduated with honors and a degree in maritime sciences from Escuela de Marina Mercante (1987). Before joining our management team, he served as a Fleet Superintendent at TRAMARSA (2001-2012), Chief of Engineering at Ravenscroft Shio Management (1994-2001) and Second and Third Engineer at Empresa Naviera Santa (1988-1994). Mr. Angulo specializes in the design and implementation of quality control and port security systems, such as the ISO 900, the ISPS Code and the ISA Code.

Judith Vivar Ramirez. Ms. Vivar has been our Commercial Officer since 2009. She has a degree in business administration and a master's in International Business from Universidad Peruana de Ciencias Aplicadas. She has broad experience in fishing companies in Peru and her career has been focused primarily in marketing, quality and commercialization of fishmeal and fish oil, as well as in the management and implementation of logistic operators in the distribution chain. In addition, she has worked in imports and exports of soy and fertilizers for well-known Peruvian companies. She has been working for our company since June 2009.

Demian Ballón Espinoza. Mr. Ballón was our Controller from 2014 to May 2017 and is currently our Innovation and Technology Officer. He has a degree in Administration from Universidad Ricardo Palma and a master's degree in Corporate Finances from Universidad Peruana de Ciencias Aplicadas. He was head of Management Control in Inretail Perú Corp and Deputy Manager of Management Control and Projects at Intercorp Retail.

Management Compensation

The following table sets forth the compensation of the members of the board of directors and executive officers and its percentage of our gross sales, as of December 31, 2016.

	Total	Total gross profit of Exalmar (%)
	<i>(in thousands of U.S.\$)</i>	<i>(%)</i>
Compensation of Executive Officers	2,008	1.47%
Compensation of Board of Directors	159	0.12%
Total gross sales of Exalmar	136,131	—

PRINCIPAL SHAREHOLDERS

Principal Shareholders

Our share capital consists of 295,536,144 common shares, fully subscribed and paid-in, at a par value of S./1.00 per share. Our common shares are registered in the Monthly Stock Market Report (*Reporte Mensual del Mercado de Valores*) and listed on the BVL.

The following table sets forth certain information concerning our shareholders as of September 30, 2017:

Shareholder	Number	Share Capital (%)
Caleta de Oro Holding, S.A. ⁽¹⁾	180,048,423	60.92%
Caleta de Oro Holding del Perú S.A.C. ⁽²⁾	25,000,000	8.46%
Bancard International Investment Inc	27,156,338	9.18%
Silk Holding Management Ltd. ⁽³⁾	5,058,466	1.71%
Free Float.....	58,272,917	19.73%
Total	295,536,144	100.00%

- (1) A company (*sociedad anónima*) incorporated under the laws of Panama, held in its entirety by Víctor Matta Curotto, holds our shares through a guaranty trust agreement (*contrato de fideicomiso en administración y garantía*) dated September 14, 2011, (the “Exalmar Trust 1”) among Caleta de Oro Holding, S.A. and Silk Holding Management Ltd., as grantors, La Fiduciaria S.A., as trustee, and Banco Internacional del Perú S.A.A. - INTERBANK, as beneficiary.
- (2) A company (*sociedad anónima cerrada*) incorporated under the laws of Peru, held in its entirety by Víctor Matta Curotto, holds our shares through a guaranty trust agreement (*contrato de fideicomiso en administración y garantía*) dated December 26, 2012, (the “Exalmar Trust 2”) among Caleta de Oro Holding del Perú S.A.C., as grantor, La Fiduciaria S.A., as trustee, and Banco Santander Perú S.A., as beneficiary.
- (3) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Victor Matta Curotto, holds our shares through the Exalmar Trust 1.

RELATED PARTY TRANSACTIONS

As a general policy, we do not enter into transactions with related parties, including our board members and officers, on terms that are more advantageous than those we would offer other third parties. Our related party transactions have been entered into in the ordinary course on terms and conditions that are comparable with transactions that we would enter with non-related parties.

As of September 30, 2017, our total non-commercial accounts receivable with related parties was U.S.\$2.8 million mainly from Comercializadora Global S.A., Compañía Hotelera El Sausal S.A., Complejo Agroindustrial Beta S.A., Corporación Exalmar S.A., Corporación del Mar S.A. and Inmobiliaria Seville S.A.

As of September 30, 2017, our total non-commercial accounts payable with related parties was U.S.\$26 thousand mainly in favor of Complejo Agroindustrial Beta S.A. and C.M.V. Servicios Ejecutivos S.A. and our total accounts receivable from shareholders was U.S.\$3.6 million.

For additional information relating to our related party transactions, see notes 9 and 10 to our Unaudited Financial Statements.

DESCRIPTION OF THE EXCHANGE OFFER AND CONSENT SOLICITATION

Upon the terms and subject to the conditions set forth in this exchange offer memorandum and consent solicitation, the Company is offering to exchange validly tendered and accepted outstanding Existing Notes listed in the below table for its New Notes described below.

CUSIP No.	ISIN No.	Existing Notes	Outstanding Principal Amount	New Notes	Consideration per U.S.\$1,000.00 Principal Amount of Existing Notes Tendered	
					Total Exchange Price if Tendered Prior to or on the Early Expiration Date	Total Exchange Price if Tendered After the Early Expiration Date
715795 AA8	US715795AA83	7.375% Senior		7.625% Senior		
P7744A AA4	USP7744AAA45	Notes due 2020	U.S.\$170,000,000	Notes due 2025	U.S.\$1,010.00 ⁽¹⁾	U.S.\$970.00

(1) Consisting of U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 cash payment.

General

Eligible Holders may not tender their Existing Notes without delivering a Consent with respect to the Existing Notes tendered, and Eligible Holders may not deliver a Consent without tendering the related Existing Notes. The consummation of the Exchange Offer is conditioned upon, among other things, the valid tender, without subsequent withdrawal of not less than a majority in aggregate principal amount of outstanding Existing Notes. See “—Conditions of the Exchange Offer and the Consent Solicitation.” Subject to applicable law, we have the right to terminate or withdraw the Exchange Offer and the Consent Solicitation at any time and for any reason, including if any of the conditions described under the “—Conditions of the Exchange Offer and the Consent Solicitation” are not satisfied.

We are also soliciting consents to amend the Existing Notes Indenture. The purpose of the Consent Solicitation is to obtain the Consents required to adopt the Proposed Amendments, which would, among other things, eliminate substantially all of the restrictive covenants and certain events of default and related provisions contained in the Existing Notes Indenture. The Proposed Amendments with respect to the Existing Notes will be set forth in the Existing Notes Supplemental Indenture. We expect that the Existing Notes Supplemental Indenture will be executed promptly after receipt of the Requisite Consents.

The Existing Notes Supplemental Indenture will be effective immediately upon execution thereof, but the provisions thereof will not be operative until the Settlement Date. In order to be adopted, the Proposed Amendments require the consent of the holders of not less than a majority in aggregate principal amount of outstanding Existing Notes not owned by us or any of our affiliates. See “—Proposed Amendments.”

Tendered Existing Notes may not be withdrawn and Consents may not be revoked subsequent to the time of execution of the Existing Notes Supplemental Indenture (the time of such execution, which is expected to occur promptly after receipt of the Requisite Consents, the “Effective Time”), except as required by applicable law. Prior to the Effective Time, if an Eligible Holder withdraws its tendered Existing Notes, such Eligible Holder will be deemed to have revoked its Consents and may not deliver Consents without re-tendering its Existing Notes.

Eligible Holders may not withdraw previously tendered Existing Notes without revoking any Consents relating to such Existing Notes. In each instance, any revocation is subject to the procedures described under “Withdrawal of Tenders and Revocation of Consents.” **For the avoidance of doubt, to the extent that an Eligible Holder has tendered its Existing Notes and delivered its corresponding Consent, in order for such Eligible Holder to either withdraw the tender of its Existing Notes or revoke its Consent with respect to such Existing Notes, the Eligible Holder must withdraw both its previously delivered tender and Consent.**

All Existing Notes validly tendered in accordance with the procedures set forth under “—Procedures for Tendering Existing Notes and Delivering Consents” and not properly withdrawn in accordance with the procedures set forth under “—Withdrawal of Tender and Revocation of Consents” prior to the Effective Time, will, upon the terms and subject to the conditions hereof, be accepted by us.

If the Requisite Consents are received and the Existing Notes Supplemental Indenture has become operative, the Proposed Amendments will be binding on all Eligible Holders of such Existing Notes.

Accordingly, consummation of the Exchange Offer and the adoption of the Proposed Amendments may have adverse consequences for holders who elect not to tender Existing Notes affected thereby in the Exchange Offer. See “—Proposed Amendments.”

From time to time after the Expiration Date, we or our affiliates may acquire any Existing Notes that are not tendered and accepted in the Exchange Offer or any New Notes issued in the Exchange Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemption or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in the Existing Notes Indenture or the New Indenture), which with respect to the Existing Notes may be more or less than the consideration to be received by Eligible Holders in the Exchange Offer and, in either case, could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives or combinations thereof we or our affiliates may choose to pursue in the future.

Consideration — Exchange Offer

Eligible Holders who validly tender Existing Notes on or prior to the Early Expiration Date and do not validly withdraw their tender prior to the Effective Time will receive the Total Exchange Consideration. “Total Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes tendered and accepted by us, U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 in cash payment. Eligible Holders who validly tender Existing Notes after the Early Expiration Date but prior to the Expiration Date and do not validly withdraw their tender prior to the Effective Time will receive the Exchange Consideration. “Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes tendered and accepted by us, U.S.\$970.00 principal amount of New Notes. The Total Exchange Consideration and the Exchange Consideration will be paid together with the payment, in cash, of Accrued Interest. See “—Accrued Interest”.

The amount of New Notes to be issued to any participating Eligible Holder will be issued in minimum denominations of U.S.\$200,000. The aggregate principal amount of New Notes issued to each participating Eligible Holder for all Existing Notes validly tendered (and not withdrawn) and accepted by us will be rounded, if necessary, to U.S.\$200,000 or the nearest whole multiple of U.S.\$1,000 in excess thereof. This rounded amount will be the principal amount of New Notes you will receive. Any fractional portion of New Notes not received as a result of rounding down will be paid in cash.

Extension, Termination or Amendment

We expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether any events preventing satisfaction of the conditions to the Exchange Offer and the Consent Solicitation shall have occurred or shall have been determined by us to have occurred, to extend the period during which the Exchange Offer and Consent Solicitation are open by giving oral (to be confirmed in writing) or written notice of such extension to the Exchange Agent and by making public disclosure by press release or other appropriate means of such extension to the extent required by law. During any extension of the Exchange Offer or Consent Solicitation, all Existing Notes previously tendered and not withdrawn will remain subject to the Exchange Offer and all Consents previously delivered and not revoked will remain subject to the Consent Solicitation and may, subject to the terms and conditions of the Exchange Offer and the Consent Solicitation, be accepted by us. See also “—Announcements.”

Any waiver, amendment or modification of the Exchange Offer or the Consent Solicitation will apply to all Existing Notes tendered pursuant to the Exchange Offer and all Consents delivered pursuant to the Consent Solicitation. If we make a change that we determine to be material in any of the terms of the Exchange Offer or the Consent Solicitation, or waive a Condition of the Exchange Offer or the Consent Solicitation that we determine to be material, we will give oral (to be confirmed in writing) or written notice of such amendment or such waiver to the Exchange Agent and will disseminate additional Exchange Offer documents and extend the Exchange Offer or the Consent Solicitation and withdrawal rights as we determine are necessary and to the extent required by law. Any such extension, amendment, waiver or decrease or change will not result in the

reinstatement of any withdrawal or revocation rights if those rights had previously expired, except as specifically provided above.

Subject to applicable law, we may terminate or withdraw at our sole discretion the Exchange Offer or the Consent Solicitation at any time and for any reason, including if any Condition is not satisfied on or after the Expiration Date.

There can be no assurance that we will exercise our right to extend, terminate or amend the Exchange Offer and the Consent Solicitation. During any extension and irrespective of any amendment to the Exchange Offer or the Consent Solicitation, all Existing Notes previously tendered and not withdrawn will remain subject to the Exchange Offer and all Consents previously delivered and not revoked will remain subject to the Consent Solicitation and may be accepted thereafter by us, subject to compliance with applicable law. In addition, we may waive certain Conditions without extending the Exchange Offer and the Consent Solicitation in accordance with applicable law.

Announcements

Any extension, termination or amendment of the Exchange Offer or the Consent Solicitation will be followed as promptly as practicable by announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled Expiration Date. Without limiting the manner in which we may choose to make such announcement, we will not, unless otherwise required by law, have any obligation to publish, advertise or otherwise communicate any such announcement other than by making a release to an appropriate news agency or another means of announcement that we deem appropriate. See also “—Extension, Termination or Amendment.”

The Proposed Amendments

The following summarizes the Proposed Amendments to the Existing Notes Indenture for which consents are being sought pursuant to the Consent Solicitation. The summary set forth below of the provisions of the Existing Notes Indenture that are affected by the Proposed Amendments is qualified in its entirety by reference to the full and complete terms in the Existing Notes Indenture, copies of which are available upon request without charge from the Information Agent. The Proposed Amendments, if adopted by the Eligible Holders, would, among other things, eliminate substantially all of the restrictive covenants, certain events of default and related provisions in the Existing Notes Indenture.

Pursuant to the terms of the Existing Notes Indenture, the Proposed Amendments set forth below require the Requisite Consents. The Proposed Amendments constitute a single proposal, and a tendering and consenting Eligible Holder must consent to the Proposed Amendments as an entirety and may not consent selectively with respect to certain of the Proposed Amendments. If the Proposed Amendments become effective, the Eligible Holders of any Existing Notes that are not tendered and accepted for purchase pursuant to the Exchange Offer will be bound by the Proposed Amendments.

The valid tender of Existing Notes by an Eligible Holder pursuant to the Exchange Offer and Consent Solicitation will be deemed to constitute a consent by such Eligible Holder to the Proposed Amendments. We are not soliciting and will not accept consents from holders who are not tendering their Existing Notes pursuant to the Exchange Offer and Consent Solicitation.

The Proposed Amendments will, in substance, eliminate the following sections and subsections from the Existing Notes Indenture:

- Section 4.1(a) – Limitation on Indebtedness and Disqualified Stock
- Section 4.1(b) – Limitation on Restricted Payments
- Section 4.1(c) – Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries
- Section 4.1(d) – Limitation on Issuances of Guarantees by Restricted Subsidiaries

- Section 4.1(e) – Limitation on Transactions with Affiliates
- Section 4.1(f) – Limitation on Liens
- Section 4.1(g) – Limitation on Sale of Assets
- Section 4.1(h) – Limitation on Business Activities
- Section 4.1(j) – Designation of Restricted and Unrestricted Subsidiaries
- Section 4.1(l) (other than Section 4.1(l)(3)) – Provision of Financial Statements and Reports
- Section 4.1(m) – Maintenance of Books and Records
- Section 4.1(n) – Luxembourg Listing
- Section 4.3(ii) and (iii) – Consolidation, Merger and Sale of Assets
- Section 4.4 – Repurchase of Notes Upon a Change of Control
- Section 5.1(a)(iv), 5.1(a)(v), and 5.1(a)(vi) – Events of Default and Remedies

The Proposed Amendments to the Existing Notes Indenture would eliminate any references in the Existing Notes Indenture and the Existing Notes to the deleted sections or subsections and any defined terms in the Existing Notes Indenture that are used solely in those deleted sections or subsections.

The foregoing is qualified in its entirety by reference to the Existing Notes Indenture and the form of Existing Notes Supplemental Indenture, copies of which are available upon request without charge from the Information Agent.

Acceptance of Existing Notes; Acceptance of Consents

If the Conditions to the Exchange Offer and Consent Solicitation are satisfied or, if permitted hereunder, waived by us, we will accept for exchange on the Settlement Date, after the Exchange Agent receives Agent's Messages (as defined below) with respect to any and all of the Existing Notes properly tendered (and not withdrawn), the Existing Notes to be exchanged by notifying the Exchange Agent of our acceptance, subject to the terms and conditions set forth in the Exchange Offer. The notice may be oral if we promptly confirm such notice in writing.

We expressly reserve our right, in our sole discretion, to delay acceptance for exchange of Existing Notes tendered under the Exchange Offer and Consent Solicitation (subject to Rule 14e-1(c) under the Exchange Act, which requires that we issue or pay the offered consideration, as applicable, or return the Existing Notes deposited pursuant to the Exchange Offer promptly after termination or withdrawal of the Exchange Offer), or, subject to applicable law, to terminate the Exchange Offer and not accept any Existing Notes not previously accepted, (1) if any of the Conditions to the Exchange Offer shall not have been satisfied or validly waived by us or (2) in order to comply in whole or in part with any applicable law.

In all cases, the Total Exchange Consideration or Exchange Consideration, as applicable, for Existing Notes tendered pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of timely Book-Entry Confirmation of the Existing Notes into the Exchange Agent's account at DTC, (2) an Agent's Message, and (3) any other documents required by us. The Exchange Offer and Consent Solicitation are scheduled to expire on the Expiration Date, unless extended by us.

For purposes of the Exchange Offer, we will have accepted validly tendered (and not withdrawn) Existing Notes if, as and when we give oral or written notice to the Exchange Agent of our acceptance of the Existing Notes for exchange pursuant to the Exchange Offer. In all cases, exchange of, and payment for, Existing Notes pursuant to the Exchange Offer will be made by the deposit of any Total Exchange Consideration or Exchange Consideration, as applicable, with the Exchange Agent, which will act as your agent for the purposes of receiving payments and New Notes from us, and delivering New Notes to you. If, for any reason whatsoever, acceptance for exchange of any Existing Notes tendered pursuant to the Exchange Offer is delayed or we extend the Exchange Offer and Consent Solicitation, then, without prejudice to our rights set forth herein, we may instruct the Exchange Agent to retain tendered Existing Notes, and those Existing Notes may not be withdrawn, subject to the limited circumstances described in “—Withdrawal of Tenders and Revocation of Consents” below.

Existing Notes may be validly tendered and consents with respect to the Existing Notes may be delivered only in principal amounts equal to minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Eligible Holders who validly tender less than all of their Existing Notes must continue to hold Existing Notes in the minimum authorized denomination of U.S.\$200,000 principal amount. Any fractional portion of New Notes not received as a result of rounding down will be paid in cash.

We will pay or cause to be paid all transfer taxes with respect to the tender of any Existing Notes.

Accrued Interest

The Total Exchange Consideration and the Exchange Consideration will be paid together with the payment, in cash, of accrued and unpaid interest on Existing Notes accepted for exchange from and including the last interest payment date of the Existing Notes up to but excluding the Settlement Date (the “Accrued Interest”). Under no circumstances will any special interest be payable because of any delay in the transmission of funds to any Eligible Holder of Existing Notes with respect to the New Notes to be received in exchange for the Existing Notes or otherwise.

Procedures for tendering Existing Notes and delivering Consents

General

In order to participate in the Exchange Offer and the Consent Solicitation, you must validly tender your Existing Notes and properly deliver your Consents to the Exchange Agent as further described below. It is your responsibility to properly tender your Existing Notes and deliver your Consents. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

Eligible Holders may not tender their Existing Notes without delivering a Consent with respect to the Existing Notes tendered, and Eligible Holders may not deliver a Consent with respect to any Existing Notes without tendering the related Existing Notes.

If you have any questions or need help in tendering your Existing Notes, please contact the Information Agent or the Exchange Agent whose addresses and telephone numbers are listed on the back cover of this exchange offer memorandum and consent solicitation.

Valid Tender of Existing Notes and Delivery of Consents

Except as set forth below with respect to ATOP procedures, for an Eligible Holder to properly tender Existing Notes pursuant to the Exchange Offer and Consent Solicitation, an Agent’s Message must be received by the Exchange Agent at the address or facsimile number set forth on the back cover of this exchange offer memorandum and consent solicitation prior to the Expiration Date (or the Early Expiration Date, if the Eligible Holder wishes to receive the Total Exchange Consideration), and the Existing Notes must be transferred pursuant to the procedures for book-entry transfer described below and a Book-Entry Confirmation must be received by the Exchange Agent, in each case on or prior to the Expiration Date (or the Early Expiration Date, if the Eligible Holder wishes to receive the Total Exchange Consideration).

In all cases, exchange of Existing Notes tendered and accepted pursuant to the Exchange Offer and Consent Solicitation will be made only after timely receipt by the Exchange Agent of:

1. a Book-Entry Confirmation with respect to such Existing Notes;
2. an Agent’s Message; and
3. any other documents required by us.

Tender of and/or Delivery of Consents for Existing Notes Held in Physical Form

We do not believe any Existing Notes exist in physical form. If you believe you hold Existing Notes in physical form, please contact the Exchange Agent regarding procedures for participating in the Exchange Offer and/or delivering Consents.

Tendering and Consenting With Respect to Existing Notes Held through a Custodian

Any Eligible Holder whose Existing Notes are held by a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender Existing Notes or deliver Consents should contact such custodial entity promptly and instruct such custodial entity to tender the Existing Notes or deliver Consents on such Eligible Holder's behalf.

Book-Entry Transfer

The Exchange Agent has or will establish an account with respect to the Existing Notes at DTC for purposes of the Exchange Offer, and any financial institution that is a participant in the DTC system and whose name appears on a security position listing as the record owner of the Existing Notes may make book-entry delivery of Existing Notes by causing DTC to transfer the Existing Notes into the Exchange Agent's account at DTC in accordance with DTC's procedure for transfer. Although delivery of Existing Notes may be effected through book-entry transfer into the Exchange Agent's account at DTC, an Agent's Message, along with any required signature guarantees and any other required documents, must be transmitted to and received by the Exchange Agent at one of the addresses set forth on the back cover of this exchange offer memorandum and consent solicitation on or prior to the Expiration Date (or the Early Expiration Date, if the Eligible Holder wishes to receive the Total Exchange Consideration).

Tender of Existing Notes through ATOP

DTC participants may electronically transmit their acceptance of the Exchange Offer through DTC's ATOP, for which the transaction will be eligible. In accordance with ATOP procedures, DTC will then verify the acceptance of the Exchange Offer and send an Agent's Message (as hereinafter defined) to the Exchange Agent for its acceptance.

An "Agent's Message" is a message transmitted by DTC, received by the Exchange Agent and forming part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgement from you that you have received this exchange offer memorandum and consent solicitation and agree to be bound by the terms herein, and that we may enforce such agreement against you.

If an Eligible Holder of Existing Notes transmits its acceptance through ATOP, delivery of such tendered Existing Notes must be made to the Exchange Agent (either physically or pursuant to the book-entry delivery procedures set forth herein). Unless such Eligible Holder delivers (either physically or by book-entry delivery) the Existing Notes being tendered to the Exchange Agent, we may, at our option, treat such tender as defective for purposes of delivery of acceptance for exchange and for the right to receive New Notes. Delivery of documents to DTC (physically or by electronic means) does not constitute delivery to the Exchange Agent. If you desire to tender your Existing Notes and deliver your Consent on the day that the Early Expiration Date or the Expiration Date occurs, you must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date. We will have the right, which may be waived, to reject the defective tender of Existing Notes as invalid and ineffective.

We have not provided guaranteed delivery procedures in conjunction with the Exchange Offer or under this exchange offer memorandum and consent solicitation. Eligible Holders must timely tender their Existing Notes in accordance with the procedures set forth in this exchange offer memorandum and consent solicitation.

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Existing Notes and delivery of Consents pursuant to any of the procedures described above, and the form and validity (including time of receipt of notices of withdrawal) of all documents will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any or all tenders of any Existing Notes or delivery of Consents determined by us not to be in proper form, or if the acceptance of or exchange of such Existing Notes may, in the opinion of the our counsel, be unlawful. We also reserve the right to waive any of the Conditions to the Exchange Offer that we are permitted to waive under applicable law.

Your tender and/or delivery of Consents will not be deemed to have been validly made until all defects or irregularities in your tender have been cured or waived. All questions as to the form and validity (including time of receipt) of any delivery or withdrawal of a tender will be determined by us in our sole discretion, which determination shall be final and binding. None of us, the Exchange Agent, the Information Agent or any other person or entity is under any duty to give notification of any defects or irregularities in any tender or withdrawal of any Existing Notes or revocation of Consents, or will incur any liability for failure to give any such notification. **Please send all materials to the Exchange Agent and not to us.**

Withdrawal of tenders and Revocations of Consents

Exchange Offer

An Eligible Holder may not revoke a Consent without withdrawing the previously tendered Existing Notes to which such Consent relates. Existing Notes that have been validly tendered may be withdrawn, and related Consents may be revoked at any time prior to the Effective Time, but not thereafter. A valid withdrawal of tendered Existing Notes effected prior to the Effective Time will constitute the concurrent valid revocation of such Eligible Holder's Consent. In order for a holder to revoke a Consent, such Eligible Holder must withdraw the related tendered Existing Notes prior to the Effective Time.

Prior to the Effective Time, if an Eligible Holder withdraws its tendered Existing Notes, such Eligible Holder will be deemed to have revoked its Consents and may not deliver Consents without re-tendering its Existing Notes.

Existing Notes validly withdrawn may thereafter be retendered and Consents thereby given at any time on or prior to the Early Expiration Date or the Expiration Date, as the case may be, by following the procedures described herein; provided, however, that if an Eligible Holder's Existing Notes are not properly retendered pursuant to the Exchange Offer on or prior to the Early Expiration Date or the Expiration Date, as the case may be, such Eligible Holder will not receive the Total Exchange Consideration or the Exchange Consideration, as applicable.

If, for any reason whatsoever, acceptance for exchange of, or exchange of, any Existing Notes tendered pursuant to the Exchange Offer or any Consents delivered pursuant to the Consent Solicitation, as applicable, is delayed (whether before or after our acceptance for exchange of Existing Notes) or we extend the Exchange Offer or Consent Solicitation, or are unable to accept for exchange, or exchange the Existing Notes tendered pursuant to the Exchange Offer, we may instruct the Exchange Agent to retain tendered Existing Notes, and those Existing Notes may not be withdrawn, and all Consents previously delivered and not revoked will remain subject to the Consent Solicitation, except to the extent that you are entitled to the withdrawal and revocation rights set forth herein.

For the avoidance of doubt, to the extent that an Eligible Holder has tendered its Existing Notes and thereby delivered its corresponding Consent, in order for such Eligible Holder to either withdraw the tender of its Existing Notes or revoke its Consent with respect to such Existing Notes, the Eligible Holder must withdraw both its previously delivered tender and Consent.

To be effective, a written or facsimile transmission notice of withdrawal of a tender or revocation of a Consent or a properly transmitted “Request Message” through DTC’s ATOP system for a withdrawal of a tender must:

- be received by the Exchange Agent at one of the addresses specified on the back cover of this exchange offer memorandum and consent solicitation prior to the Effective Time;
- specify the name of the Eligible Holder of the Existing Notes to be withdrawn;
- contain the description of the Existing Notes to be withdrawn or revoked, as applicable, the number of the account at DTC from which the Existing Notes were tendered and the name and number of the account at DTC to be credited with the Existing Notes withdrawn, and the aggregate principal amount represented by such Existing Notes; and
- be accompanied by documents of transfer sufficient to have the trustee for the Existing Notes register the transfer of the Existing Notes into the name of the person withdrawing the Existing Notes.

If the Existing Notes to be withdrawn have been delivered or otherwise identified to the Exchange Agent, a signed notice of withdrawal or revocation, as applicable, is effective immediately upon receipt by the Exchange Agent of written or facsimile transmission of the notice of withdrawal (or receipt of a Request Message) even if physical release is not yet effected. A withdrawal of Existing Notes and the revocation of Consents can only be accomplished in accordance with the foregoing procedures.

If you withdraw Existing Notes, you will have the right to re-tender them on or prior to the Expiration Date (or on or prior to the Early Expiration Date, if you wish to receive the Total Exchange Consideration) in accordance with the procedures described above for tendering Existing Notes. If we amend or modify the terms of the Exchange Offer or the Consent Solicitation, or the information concerning the Exchange Offer or Consent Solicitation in a manner determined by us to constitute a material change to holders of Existing Notes, we will disseminate additional Exchange Offer materials and extend the period of the Exchange Offer or Consent Solicitation, including any withdrawal or revocation rights, to the extent required by law and as we determine necessary. An extension of the Early Expiration Date or the Expiration Date will not affect an Eligible Holder’s withdrawal rights unless otherwise provided herein or in any additional Exchange Offer materials or as required by applicable law.

Conditions of the Exchange Offer and Consent Solicitation

The Exchange Offer and Consent Solicitation and the effectiveness of the Existing Notes Supplemental Indenture containing the Proposed Amendments are subject to the satisfaction or waiver of the Conditions (as defined below), in each case, as described below.

In order to be adopted, the Proposed Amendments require the Consents of holders of not less than a majority in aggregate principal amount of the outstanding Existing Notes (excluding any Existing Notes held by us or our affiliates) to the Proposed Amendments.

In addition, subject to applicable law, we have the right to terminate or withdraw the Exchange Offer and the Consent Solicitation at any time and for any reason, including if any of the Conditions described below are not satisfied. We also have the right to waive any of the Conditions to the Exchange Offer and Consent Solicitation, at our sole and absolute discretion, as described below.

Notwithstanding any other provisions of the Exchange Offer and the Consent Solicitation, we will not be required to accept for exchange or to exchange Existing Notes properly tendered (and not withdrawn) pursuant to the Exchange Offer and the Consent Solicitation, and may, subject to applicable law, in its sole discretion, terminate, amend or extend the Exchange Offer or delay or refrain from accepting for exchange or exchanging the Existing Notes for any reason, including if the Conditions shall not have been satisfied or waived.

Conditions

The “Conditions” mean any of the following:

- the valid tender, without subsequent withdrawal, of not less than a majority in aggregate principal amount of outstanding Existing Notes;
- there shall not have been instituted, threatened or be pending any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) (or there shall not have been any material adverse development to any action, application, claim, counterclaim or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, domestic or foreign, or by any other person, domestic or foreign, in connection with the Exchange Offer or the Consent Solicitation that, in our reasonable judgment, (a) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects, (b) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or the Consent Solicitation or (c) would materially impair the contemplated benefits of the Exchange Offer or the Consent Solicitation to us or be material to holders in deciding whether to participate in the Exchange Offer or provide its Consents;
- no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in our reasonable judgment, either (a) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or the Consent Solicitation or (b) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects;
- there shall not have occurred or be likely to occur any event or condition affecting our or our subsidiaries’ business or financial affairs that, in our reasonable judgment, (a) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects, (b) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or the Consent Solicitation, (c) would materially impair the contemplated benefits of the Exchange Offer or the Consent Solicitation or (d) would result in a default under any of our material agreements; or
- there shall not have occurred (a) any general suspension of, or limitation on prices for, trading in securities in the United States or Peruvian securities or financial markets, (b) any significant adverse change in the price of securities in the United States, Peru or other major securities or financial markets, (c) a material impairment in the trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States, Peru or other major financial markets, (e) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in our reasonable judgment, might affect the extension of credit by banks or other lending institutions, (f) a commencement of a war, armed hostilities, terrorist acts or other national or international calamity directly or indirectly involving the United States or Peru or (g) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

In addition, our obligation to pay any Total Exchange Consideration or Exchange Consideration is conditioned upon our acceptance of Existing Notes for exchange.

The Conditions are for our benefit and may be asserted by us or may be waived by us, including any action or inaction by us giving rise to any condition, in whole or in part at any time and from time to time, in its sole discretion. We may additionally, subject to applicable law, terminate the Exchange Offer and the Consent Solicitation if any Condition is not satisfied on or after the Expiration Date. Under the Exchange Offer and the Consent Solicitation, if any of these events occur, subject to the termination rights described above, we may

(i) return Existing Notes tendered to you, (ii) extend the Exchange Offer or the Consent Solicitation and retain all tendered Existing Notes until the expiration of the extended Exchange Offer or the Consent Solicitation (as applicable), or (iii) amend the Exchange Offer or the Consent Solicitation in any respect by giving oral or written notice of such amendment to the Exchange Agent and making public disclosure of such amendment to the extent required by law.

We have not made a decision as to what circumstances would lead us to waive any Condition, and any such waiver would depend on circumstances prevailing at the time of such waiver. Although we have no present plans or arrangements to do so, we reserve the right to amend, at any time, the terms of the Exchange Offer and the Consent Solicitation. We will give holders notice of such amendments as may be required by applicable law.

EXCHANGE AGENT, INFORMATION AGENT, DEALER MANAGER AND SOLICITATION AGENT

Information and Exchange Agent

D.F. King & Co., Inc. has been appointed as Information and Exchange Agent for the Exchange Offer and Consent Solicitation and is receiving a customary fee therefor, as well as reimbursement for reasonable out-of-pocket expenses. Questions concerning tender procedures and requests for additional copies of this exchange offer memorandum and consent solicitation should be directed to the Information and Exchange Agent at the address and telephone numbers set forth on the back cover page of this exchange offer memorandum and consent solicitation. Eligible Holders of Existing Notes may also contact their custodian bank, depository, broker, trust company or other nominee for assistance concerning the Exchange Offer.

Dealer Manager and Solicitation Agent

We have retained Santander Investment Securities Inc. to act as the dealer manager and solicitation agent in connection with the Exchange Offer and Consent Solicitation and will pay to the dealer manager and solicitation agent for soliciting tenders in the Exchange Offer and Consent Solicitation a fixed fee in a customary amount conditioned upon completion of the Exchange Offer and Consent Solicitation. We will also reimburse the dealer manager and solicitation agent for certain expenses. With respect to jurisdictions located outside of the United States, the dealer manager and solicitation agent may perform its functions through its affiliates that are registered and/or licensed in such jurisdictions. The obligation of the dealer manager and solicitation agent to perform its function is subject to customary conditions. We have agreed to indemnify the dealer manager and solicitation agent against various liabilities, including those under U.S. federal securities laws.

From time to time, we or our affiliates may enter into other relationships with the dealer manager and solicitation agent and its affiliates, including investment banking and other financial advisory services or commercial banking services in the ordinary course of business for which they have received, and in the future may receive, customary fees and commissions. At any given time, the dealer manager and solicitation agent may trade the Existing Notes for its accounts or for accounts of its customers and, accordingly, hold a long or short position in the Existing Notes.

In addition, in the ordinary course of its business activities, the dealer manager and solicitation agent and its 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 its own account and for the accounts of its customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The dealer manager and solicitation agent or its affiliates that have a lending relationship with us routinely hedge its credit exposure to us consistent with its customary risk management policies. Typically, the dealer manager and solicitation agent and its 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 potentially the New Notes offered hereby. Any such short positions could adversely affect future trading prices of the New Notes offered hereby. The dealer manager and solicitation agent and its 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.

None of the dealer manager and solicitation agent or the Information and Exchange Agent assumes any responsibility for the accuracy or completeness of the information concerning us contained or incorporated by reference in this exchange offer memorandum and consent solicitation or for any failure by us to disclose events that may have occurred and may affect the significance or accuracy of such information.

NONE OF THE COMPANY, THE DEALER MANAGER AND SOLICITATION AGENT, THE INFORMATION AND EXCHANGE AGENT OR THE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES MAKE ANY RECOMMENDATION AS TO WHETHER OR NOT ELIGIBLE HOLDERS SHOULD OFFER TO EXCHANGE THEIR EXISTING NOTES. ELIGIBLE HOLDERS MUST MAKE THEIR OWN DECISION AS TO WHETHER TO, AND IN WHAT AMOUNT THEY SHALL, TENDER EXISTING NOTES IN EXCHANGE FOR NEW NOTES.

DESCRIPTION OF THE NEW NOTES

For purposes of this “Description of the New Notes,” the term “Issuer” refers only to Pesquera Exalmar S.A.A. and any successor obligor to the Notes, but excluding its Subsidiaries, “Indenture” refers to the New Indenture and the “Notes” refers to the New Notes. Certain terms used in this description are defined below under “—Definitions.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Indenture is not required to be nor will it be qualified under the Trust Indenture Act.

The following is a summary of certain provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. Whenever particular defined terms of the Indenture not otherwise defined herein are referred to, such defined terms are incorporated herein by reference. Copies of the Indenture are available for inspection during normal business hours at the Issuer’s principal office and at the Corporate Trust Office of the Trustee in New York City, New York.

Brief Description of the Notes

The Notes are:

- senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- effectively subordinated to existing and future secured obligations of the Issuer to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Notes will mature on January 25, 2025 (the “Maturity Date”), unless earlier redeemed pursuant to the terms of the Indenture. The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “—Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the New Notes” include any Additional Notes that are actually issued.

The Notes will bear interest at 7.625% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on January 25 and July 25 of each year (each, an “Interest Payment Date”), commencing on July 25, 2018.

Interest will be paid to Holders of record at the close of business on July 10 or January 10, immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. If the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date payment was due. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be issued only in fully registered form, without coupons, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. No service charge will be made for any registration of

transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

The Subsidiary Guarantees

Although on the Original Issue Date all the Issuer's Subsidiaries will be Restricted Subsidiaries, none of the Issuer's Subsidiaries will provide a Subsidiary Guarantee on the Original Issue Date (the "Initial Non-Guarantor Subsidiaries" and, together with any future Restricted Subsidiary that do not execute a Subsidiary Guarantee, the "Non-Guarantor Subsidiaries"). In the event that any Non-Guarantor Subsidiary subsequently provides a Subsidiary Guarantee, such Subsidiary shall be excluded from the definition of Non-Guarantor Subsidiary and be added to the definition of Subsidiary Guarantor. Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date is referred to as a "Future Subsidiary Guarantor" and upon execution of the applicable supplemental indenture to the Indenture will become a "Subsidiary Guarantor." Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. If the Issuer designates any Subsidiary Guarantor as an Unrestricted Subsidiary, the guarantee of such Subsidiary will be released as described under "—Release of Subsidiary Guarantees." In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

The Subsidiary Guarantee of each Future Subsidiary Guarantor will be:

- senior in right of payment to any obligations of such Future Subsidiary Guarantor expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Future Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to existing and future secured obligations of such Future Subsidiary Guarantor to the extent of the value of the assets serving as security therefor.

A Restricted Subsidiary is required to become a Subsidiary Guarantor if it guarantees certain Indebtedness of the Issuer as described below in "—Certain Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries." Any Future Subsidiary Guarantor will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under a supplemental indenture to the Indenture, each Future Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- discharge or defeasance as described under “—Satisfaction and Discharge” and “—Defeasance”;
- the liquidation or dissolution of such Subsidiary Guarantor; *provided* that no Event of Default occurs as a result thereof or has occurred and is continuing;
- upon the designation by the Issuer of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with terms of the Indenture;
- a sale or disposition (including by way of consolidation or merger) of all or a portion of the Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Subsidiary of the Issuer;
- a sale or disposition (including by way of consolidation or merger) of all or substantially all of the assets of such Subsidiary Guarantor to a Person that is not the Issuer or a Restricted Subsidiary; or
- upon the release of the guarantee of Indebtedness that required such Subsidiary to become a Subsidiary Guarantor.

As of the Original Issue Date, all of the Issuer’s Subsidiaries will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries,” the Issuer will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” If so designated, the Issuer’s Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

Further Issues

The Issuer may, from time to time, without notice to or the consent of the Holders, issue Additional Notes having the same terms as the Notes (including the benefit of any Subsidiary Guarantees then in effect) in all respects (or in all respects except that the following may differ: issue date, issue price, the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes will then be permitted under the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock” covenant described below. Such Additional Notes may be issued in one or more series and with the same or different CUSIP number; provided, however, that unless such Additional Notes are issued under a separate CUSIP, either such Additional Notes are part of the same “issue” for U.S. federal income tax purposes or are issued pursuant to a “qualified reopening” for U.S. federal income tax purposes.

Optional Redemption

At any time and from time to time prior to January 25, 2022, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 25, 2021, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds from one or more Equity Offerings at a redemption price of 107.625% of the principal amount of the Notes, *plus* accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

At any time and from time to time on or after January 25, 2022, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, *plus* accrued and unpaid interest, if any, to (but excluding) the redemption date if redeemed during the twelve-month period beginning on January 25 of the years indicated below.

<u>Year</u>	<u>Percentage</u>
2022	103.813%
2023	101.906%
2024 and thereafter	100.000%

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. Notes for redemption shall be selected in accordance with the procedures of DTC. A Note of U.S.\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the remaining portion of such Note shall not be less than U.S.\$200,000 in principal amount. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption.

In addition, the Issuer must pay accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed.

The Issuer and its Subsidiaries may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (i) 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 that are applicable to a Change of Control Offer to be made by the Issuer and such third party purchases all Notes validly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption for all outstanding Notes has been given pursuant to the Indenture and the Notes have been discharged or defeased as described under "—Satisfaction and Discharge" and "—Defeasance." Notwithstanding anything to the contrary contained herein, the Issuer may make a Change of Control Offer in advance of a Change of Control and conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

Debt of the Issuer or its Subsidiaries may also (i) prohibit the Issuer from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require the repurchase of such debt upon a Change of Control. Moreover, the exercise by Holders of their right to require the Issuer to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. The ability of the Issuer to pay cash to Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Related to the Notes — We may not have the ability to raise funds necessary to finance any change of control offer required by the Indenture."

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Additional Amounts

All payments of principal of, premium (if any) and interest on the Notes and all payments under any future Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within Peru or any jurisdiction in which the Issuer or any applicable Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holders of such amounts as would have been received by the Holders had no such withholding or deduction been required, except that no Additional Amounts will be payable:

- (a) for or on account of:
 - (i) any withholding or deduction that is imposed on payments of interest (as opposed to any withholding or deduction that is imposed on the proceeds of a redemption of a Note) at a rate that exceeds 4.99% in the aggregate to a Holder of Notes that does not qualify for the Peruvian income tax withholding rate of 4.99% (the “4.99% Rate”) on payments of interest on the Notes, unless failure to qualify for the 4.99% Rate is due to a change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Peru affecting taxation and such change or amendment occurs after the Holder or beneficial owner acquires the Notes (however, for the avoidance of doubt, the Issuer will, subject to the conditions below, be obligated to pay Additional Amounts in such case with respect to the amounts that are deducted or withheld in respect of the first 4.99% of the interest payment);
 - (ii) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Note Guarantee, as the case may be, and the Relevant Jurisdiction, including, without limitation, such Holder or beneficial owner being or having been a citizen or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note or the receipt of payments thereunder or under the Guarantee;
 - (B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any day within such 30-day period;
 - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer or any Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request under applicable law, regulation or administrative practice would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

- (iii) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charges;
- (iv) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) or interest on the Notes;
- (v) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal, premium (if any) or interest on the Note, if such tax, assessment or other governmental charge results from the presentation of such Note for payment (where presentation is required) and the payment can be made without such withholding or deduction by the presentation of such Note for payment to at least one other paying agent;
- (vi) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or
- (vii) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii); (iv), (v) and (vi).

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, except to the extent that such Peruvian value-added tax is payable as described in items (i) through (vii) above.

- (b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Guarantee to a Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of such payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or another beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer intends to withhold Peruvian taxes from interest payments on the Notes at a rate 4.99% and to pay Additional Amounts, subject to the conditions above, with respect thereto for so long as the Notes are held through DTC or its nominee. See “Taxation—Certain Peruvian Income Tax Considerations.”

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer for redemption (the “Tax Redemption Date”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, the official application or interpretation of such laws, regulations or rulings (including without limitation a holding, judgment or order by a court of competent jurisdiction or other governmental authority),

which change or amendment in (1) or (2) above becomes effective (i) with respect to the Issuer or any applicable Guarantor, on or after the Original Issue Date and (ii) with respect to any successor of the Issuer or any applicable Guarantor, wherein any successor assumes the obligations of the Notes and the Indenture following a merger, consolidation or transfer, lease or conveyance of substantially all of the predecessor's assets (each a "Surviving Person"), on or after the day such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes, the Indenture or the Notes Guarantees, and the Issuer or any applicable Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts with respect to taxes of Peru at a rate in excess of (x) 4.99% in the aggregate with respect to interest paid on the Notes or (y) 30% in the aggregate with respect to any payments other than interest or principal on the Notes that a Holder would realize were such Notes redeemed on such Interest Payment Date, and such requirement cannot be avoided by the Issuer or any applicable Guarantor, as the case may be, taking reasonable measures available to it; provided that for the avoidance of doubt changing the jurisdiction of the Issuer or any applicable Guarantor is not a reasonable measure for the purposes of this section; and provided further that no such notice of redemption will be given earlier than 30 days prior to the earliest date on which the Issuer or any applicable Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; or

- (3) any termination of an exemption from value-added tax, Additional Amounts are payable in respect of value-added taxes or if payment of principal of or premium, if any, or interest on the Notes is subject to value-added taxes and, in each case, the Issuer is not entitled to a tax credit with respect to such value-added taxes paid due to an action or event not attributable to the Issuer.

Prior to delivering of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or any applicable Guarantor, as the case may be, will deliver to the Trustee:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant each of recognized standing with respect to tax matters of Peru, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

Such certificate and opinion shall constitute sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders. The notice, once delivered to the Holders, will be irrevocable.

Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Certain Covenants

Pursuant to the Indenture, the Issuer and its Restricted Subsidiaries will agree to certain restrictive covenants.

During any period of time that (i) the Notes have Investment Grade Ratings from two Rating Agencies and (ii) no payment default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Issuer and its Restricted Subsidiaries will not be subject to the following provisions (collectively, the "Suspended Covenants") of the Indenture:

- "—Limitation on Indebtedness and Disqualified Stock";
- "—Reduction of Indebtedness";

- “—Limitation on Restricted Payments”;
- “—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- “—Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- “—Limitation on Transactions with Affiliates”;
- “—Limitation on Asset Sales”;
- “—Limitation on Business Activities;” and
- clause (3) of the first paragraph of “—Consolidation, Merger and Sale of Assets.”

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) one of the Rating Agencies withdraws its Investment Grade rating or downgrades its rating assigned to the Notes below an Investment Grade rating and as a result the Notes have an Investment Grade rating from fewer than two Rating Agencies, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the “Suspension Period.” Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period). During the Suspension Period, the Issuer will not be entitled to make any designation of Unrestricted Subsidiaries.

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred pursuant to clause (a) of “—Limitation on Indebtedness and Disqualified Stock” below or one of the clauses set forth in clause (b) of “—Limitation on Indebtedness and Disqualified Stock” below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to clause (a) or (b) of “—Limitation on Indebtedness and Disqualified Stock,” such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under sub-clause (2) of clause (b) of “—Limitation on Indebtedness and Disqualified Stock.” Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under “—Limitation on Restricted Payments” will be made as though the covenant described under “—Limitation on Restricted Payments” had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of “—Limitation on Restricted Payments.”

The Issuer shall give the Trustee written notice of any Covenant Suspension Event and in any event not later than five (5) Business Days after such Covenant Suspension Event has occurred. In the absence of such notice, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. The Issuer shall give the Trustee written notice of any occurrence of a Reversion Date not later than five (5) Business Days after such Reversion Date. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect.

Limitation on Indebtedness and Disqualified Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) or Disqualified Stock; *provided* that the Issuer and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, immediately after giving effect on a *pro forma* basis to the Incurrence of such Indebtedness and application of the proceeds therefrom, the Consolidated Leverage Ratio of the Issuer is not greater than 3.5 to 1.0.

Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries may Incur each and all of the following (“Permitted Indebtedness”):

- (1) Indebtedness under the Notes (excluding any Additional Notes) and the Note Guarantees;
- (2) Indebtedness outstanding on the Original Issue Date;
- (3) Indebtedness owed to the Issuer or any Restricted Subsidiary; *provided* that (i) any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Restricted Subsidiary will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) and (ii) if the Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Subsidiary Guarantor, such Indebtedness must expressly be subordinated in right of payment to the Notes and Note Guarantees;
- (4) Indebtedness (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness Incurred under the immediately preceding paragraph (a) or clauses (1), (2), (9) or (14) of this paragraph (b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (i) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or Note Guarantees, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Note Guarantees at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Note Guarantees and (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not have a Stated Maturity prior to the earlier of (A) the Stated Maturity of the Indebtedness to be refinanced or refunded and (B) the Maturity Date of the Notes, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded or does not have any repayment obligations prior to the Maturity Date of the Notes;
- (5) Hedging Obligations entered into for non-speculative purposes;
- (6) Indebtedness in respect of any obligations under workers’ compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, regulatory or other legal obligations, bankers’ acceptances, promissory notes, performance, surety or similar bonds, appeal or similar bonds, letters of credit or completion or performance guarantees and factoring and other financing of payables or receivables, or similar obligations in the ordinary course of business;
- (7) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five (5) Business Days of its Incurrence;
- (8) Indebtedness arising under agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the acquisition or disposition of a business, assets or Capital Stock of a Restricted Subsidiary; *provided* that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Issuer or such Restricted Subsidiary in connection with such disposition;
- (9) Acquired Indebtedness; *provided* that immediately after giving effect on a *pro forma* basis to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the

Consolidated Leverage Ratio would be not greater than the Consolidated Leverage Ratio determined immediately before such Incurrence and the consummation of the related acquisition;

- (10) Permitted Subsidiary Indebtedness;
- (11) Guarantees of any Indebtedness permitted to be Incurred under this “Limitation on Indebtedness and Disqualified Stock” covenant;
- (12) Indebtedness to the extent that the net proceeds thereof are deposited to defease or to satisfy and discharge the Notes in accordance with the Indenture simultaneously with the incurrence of such Indebtedness;
- (13) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply agreements in the ordinary course of business;
- (14) purchase money Indebtedness (including Capital Stock) and Capitalized Lease Obligations in an aggregate principal amount not to exceed at one time outstanding the greater of (i) U.S.\$20.0 million and (ii) 4% of the Consolidated Assets of the Issuer; and
- (15) Other Indebtedness (including, but not limited to, secured Indebtedness consisting of receivables financing in connection with the Issuer’s working capital needs) Incurred by the Issuer or its Restricted Subsidiaries in an aggregate principal amount not to exceed the greater of (a) U.S.\$70.0 million and (b) 14.5% of the Consolidated Assets of the Issuer.

For purposes of determining compliance with this “Limitation on Indebtedness and Disqualified Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of this covenant, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence and may, in its sole discretion, divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant at such time. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values after the date of Incurrence of such Indebtedness. It is further understood that for purposes of determining any particular amount of Indebtedness under paragraphs (a) and (b) above, guarantees of (or obligations with respect to letters of credit supporting) Indebtedness otherwise included in the determination of such amount shall not also be included. Accrual of interest, accrual of dividends, payment of interest in the form of additional Indebtedness, payment of dividends in the form of shares of Preferred Stock, accretion or amortization of original issue discount will not be deemed to be an Incurrence of Indebtedness for purposes of the “—Limitation on Indebtedness and Disqualified Stock” covenant.

Reduction of Indebtedness

So long as any of the Notes remain outstanding, during each fiscal year of the Issuer ending December 31 (a “Relevant Fiscal Year”) through the Maturity Date, the Issuer shall reduce its Indebtedness (other than Indebtedness consisting of the Notes or Indebtedness in connection with the Issuer’s working capital needs) (the “Refinanced Indebtedness”) as follows:

- (1) If the Issuer’s Consolidated EBITDA during the Relevant Fiscal Year is equal to or greater than U.S.\$65.0 million and equal to or less than U.S.\$70.0 million, the Issuer shall reduce its Refinanced Indebtedness as of December 31 of the subsequent fiscal year (compared to its Refinanced Indebtedness as of December 31 of the Relevant Fiscal Year), in an aggregate principal amount of at least U.S.\$5.0 million;
- (2) If the Issuer’s Consolidated EBITDA during the Relevant Fiscal Year is greater than U.S.\$70.0 million and equal to or less than U.S.\$80.0 million, the Issuer shall reduce its Refinanced Indebtedness as of December 31 of the subsequent fiscal year (compared to its Refinanced

Indebtedness as of December 31 of the Relevant Fiscal Year), in an aggregate principal amount of at least U.S.\$10.0 million;

- (3) If the Issuer's Consolidated EBITDA during the Relevant Fiscal Year is greater than U.S.\$80.0 million, the Issuer shall reduce its Refinanced Indebtedness as of December 31 of the subsequent fiscal year (compared to its Refinanced Indebtedness as of December 31 of the Relevant Fiscal Year), in an aggregate principal amount of at least U.S.\$15.0 million; and
- (4) If the Issuer's Consolidated EBITDA during the Relevant Fiscal Year is less than U.S.\$35.0 million, the Issuer shall not declare or pay any dividend or make any distribution on or with respect to the Issuer's Capital Stock.

provided, however, that for each 1.0% increase in the fishing quota of the Issuer that is in effect during a full Relevant Fiscal Year (compared to the fishing quota allocated to the Issuer in the prior full Relevant Fiscal Year) that results in an increase in the Issuer's Consolidated EBITDA in excess of the amounts set forth above, then the aggregate principal amount of Refinanced Indebtedness to be reduced by the Issuer in the subsequent fiscal year in accordance with clauses (1), (2) and (3) above shall increase by U.S.\$1.5 million, U.S.\$2.0 million and U.S.\$2.5 million, respectively.

For the avoidance of doubt, if the Issuer's Consolidated EBITDA during any Relevant Fiscal Year is less than U.S.\$65.0 million, then the Issuer shall not be required to reduce its Indebtedness for the subsequent fiscal year.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

- (1) declare or pay any dividend or make any distribution on or with respect to the Issuer's or any of its Restricted Subsidiaries' Capital Stock held by Persons other than the Issuer or any of its Restricted Subsidiaries (other than (i) dividends or distributions payable in shares of the Issuer's or any of its Restricted Subsidiaries' Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock or (ii) dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary);
- (2) purchase, redeem, retire or otherwise acquire for value any shares of Capital Stock of the Issuer (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Issuer or any of its Restricted Subsidiaries;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is expressly subordinated in right of payment to the Notes or any Note Guarantees (excluding (i) any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries and (ii) the purchase, repurchase, redemption, defeasance or other acquisition of such Indebtedness made in anticipation of satisfying a sinking fund obligation, a principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

- (B) the Issuer could not Incur at least U.S.\$1.00 of Indebtedness under the proviso in the first paragraph of the covenant under the caption “—Limitation on Indebtedness and Disqualified Stock;” or
- (C) such Restricted Payment, together with the aggregate amount of all Restricted Payments declared or made by the Issuer and its Restricted Subsidiaries after the Original Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7) and (8) of the succeeding paragraph) will exceed the sum of:
 - (1) 50% of the aggregate amount of the Consolidated Net Income of the Issuer (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the full fiscal quarter immediately preceding the Original Issue Date and ending on the last day of the Issuer’s most recently ended fiscal quarter for which financial statements of the Issuer are available; *plus*
 - (2) 100% of the aggregate Net Cash Proceeds, and the Fair Market Value of any property (other than cash), received by the Issuer or any Restricted Subsidiary after the Original Issue Date as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to, a Person who is not a Subsidiary of the Issuer, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Issuer into Capital Stock (other than Disqualified Stock) of the Issuer or any Restricted Subsidiary, or (y) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Issuer or any Restricted Subsidiary; *plus*
 - (3) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from (a) repurchases or redemptions of such Investments by such Person, proceeds realized upon the sale or other disposition and such Investments, releases of Guarantees, payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), or (b) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries or the designation of any entity as a Restricted Subsidiary, not to exceed, in each case, the amount of Investments made by the Issuer or a Restricted Subsidiary after the Original Issue Date in any such Person; *plus*
 - (4) the amount by which Indebtedness is reduced on the consolidated balance sheet of the Issuer upon the conversion or exchange subsequent to the Original Issue Date of any Indebtedness of the Issuer or any Restricted Subsidiary for Capital Stock (other than Disqualified Stock); *plus*
 - (5) 100% of any dividends received by the Issuer or any of its Restricted Subsidiaries from an Unrestricted Subsidiary; *provided, however* that no amount will be included under this clause (5) to the extent it is already included in Consolidated Net Income.

The foregoing provision will not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any of the Restricted Subsidiary with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than a capital contribution by or sale to the Issuer or to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer or any of the Restricted Subsidiaries (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;
- (4) the payment of annual dividends by the Issuer in respect of any fiscal year of the Issuer ending on or after December 31, 2017, in an aggregate amount for any such fiscal year of up to (x) 50% of Consolidated Net Income for such fiscal year plus (y) U.S.\$10.0 million; provided, however that the amounts used in clause (y) shall not exceed U.S.\$30.0 million since the Original Issue Date;
- (5) any purchase or redemption of Subordinated Indebtedness at a purchase price of up to 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a change of control event under such Indebtedness simultaneous with the purchase of Notes made under a Change of Control Offer or the payment or redemption of Subordinated Indebtedness permitted by the covenant “—Reduction of Indebtedness”;
- (6) purchases deemed to occur as a result of exercises of stock options, warrants or other convertible securities or other payments under employee benefit plans of the Issuer or any Restricted Subsidiary;
- (7) any Restricted Payments made with the Capital Stock of an Unrestricted Subsidiary (or from the proceeds of a sale thereof); and
- (8) other Restricted Payments in an aggregate amount not to exceed U.S.\$10.0 million since the Original Issue Date;

provided that, in the case of clauses (4), (5) and (8) of this paragraph, no Event of Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Notwithstanding the foregoing, if the Issuer’s Consolidated EBITDA during the Relevant Fiscal Year is less than U.S.\$35.0 million, the Issuer shall not declare or pay any dividend or make any distribution on or with respect to the Issuer’s Capital Stock. See “—Reduction of Indebtedness.”

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary;

- (2) pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;
 - (3) make loans or advances to the Issuer or any other Restricted Subsidiary; or
 - (4) sell, lease or transfer any of its property or assets to the Issuer or any other Restricted Subsidiary.
- (b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:
- (1) existing on the Original Issue Date, in the Notes or the Indenture, and any extensions, refinancings, supplements, amendments, renewals or replacements of any of the foregoing; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are not materially less favorable to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, supplemented, amended, renewed or replaced;
 - (2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order applicable to the relevant Restricted Subsidiary;
 - (3) resulting from restrictions on cash or other deposits or other customary requirements imposed by customers or suppliers under contracts entered into in the ordinary course of business;
 - (4) existing with respect to any Person or the property or assets of such Person, or relating to or existing under any Indebtedness or other obligations acquired or incurred by the Issuer or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, supplements, amendments, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are not materially less favorable to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, supplemented, amended, renewed or replaced;
 - (5) that (x) otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise or are agreed to in the ordinary course of business, (y) that (i) restrict in a customary manner the subletting, assignment or other transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Indebtedness, Lien, agreement to transfer, option or similar right with respect to any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, or (z) do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or its Restricted Subsidiaries taken as a whole;
 - (6) imposed by any agreement governing Indebtedness of any Restricted Subsidiary that is permitted to be Incurred by the covenant described under “—Limitation on Indebtedness and Disqualified Stock”; *provided* that the encumbrance or restriction, taken as a whole, is not materially more restrictive than comparable financings and will not materially affect the Issuer’s ability to pay interest or principal, when due, on the Notes;
 - (7) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a joint venture or other similar agreement with respect to such Restricted Subsidiary that was entered into in the ordinary course of business; or
 - (8) imposed pursuant to an agreement that has been entered into for a sale or disposition that is permitted by the “—Limitation on Asset Sales” covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (“Guaranteed Indebtedness”) of the Issuer or any other Restricted Subsidiary unless (1) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clauses (b)(2), (3) or (10) of the “— Limitation on Indebtedness and Disqualified Stock” covenant. Under the supplemental indenture, each Subsidiary Guarantee will be limited to an amount that (i) would not render such Subsidiary Guarantor’s obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws, or (ii) would not result in a breach or violation by such Subsidiary Guarantor of any then-existing agreement to which it is party.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Any Subsidiary Guarantee executed and delivered pursuant to the first paragraph of this covenant may provide that it shall automatically terminate upon termination of any and all obligations of the Subsidiary Guarantor under the Guarantee of the relevant Guaranteed Indebtedness.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any Affiliate of the Issuer (each, an “Affiliate Transaction”), unless:

- (a) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Issuer or such Restricted Subsidiary; and
- (b) the Issuer delivers to the Trustee:
 - (1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$5.0 million, an Officer’s Certificate stating that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the members of the Board of Directors; and
 - (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$15.0 million, an opinion as to the fairness to the Issuer of such Affiliate Transaction from a financial point of view issued by an internationally recognized accounting, consulting, appraisal or investment banking firm.

The foregoing paragraphs do not limit, and will not apply to:

- (a) the payment of reasonable fees, compensation, benefits or indemnity to officers, employees and directors of the Issuer or any of its Restricted Subsidiaries;
- (b) transactions between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries;
- (c) any issuance or sale of Capital Stock of the Issuer to any Permitted Holder or any director, officer, employee or consultant (other than Disqualified Stock);

- (d) any Permitted Investments and Restricted Payment permitted by the covenant “—Limitation on Restricted Payments;
- (e) transactions with customers, clients, suppliers, distributors, generators, transporters or purchasers or sellers of goods or services, in each case in the ordinary course of business;
- (f) payments (including loans and advances) to officers, directors and employees of the Issuer or any Subsidiary (i) in the ordinary course of business or (ii) otherwise not exceeding the greater of (i) U.S.\$4.0 million and (ii) 1% of the Consolidated Assets of the Issuer in the aggregate in any fiscal year;
- (g) any agreement in effect as of the Original Issue Date or any amendment, supplement, restatement, replacement, renewal, extension, refinancing thereof or thereto (provided, that the renewed or replaced agreement, when taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement in effect on the Original Issue Date) or any transaction contemplated thereby; and
- (h) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers, directors and employees of the Issuer or any of its subsidiaries approved by the Board of Directors in an aggregate amount not to exceed U.S.\$3.0 million during any fiscal year, calculated at the time of such award or grant and without giving effect to subsequent changes in value.

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on any of its assets or properties, whether owned at the Original Issue Date or thereafter acquired securing any Indebtedness, except Permitted Liens, unless the Notes are equally and ratably secured by (or, if the obligation so secured is subordinated in right of payment to the Notes or the Subsidiary Guarantees, prior to) such Lien for so long as such Indebtedness is so secured.

Limitation on Asset Sales

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (a) the consideration received by the Issuer or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (b) at least 75% of the consideration received consists of cash or Temporary Cash Investments. For purposes of this provision, each of the following will be deemed to be cash:
 - (1) any liabilities, as shown on the Issuer’s most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such Restricted Subsidiary from further liability;
 - (2) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are to be converted by the Issuer or such Restricted Subsidiary into cash within 365 days of closing; and
 - (3) the Fair Market Value of (i) any assets or rights (including without limitation a present or future interest in raw materials) received by the Issuer or any Restricted Subsidiary to be used by it in a Permitted Business, (ii) Capital Stock in a Person that is a Restricted Subsidiary or in a Person engaged in a Related Business that shall become a Restricted Subsidiary immediately upon the

acquisition of such Person by the Issuer or any Restricted Subsidiary or (iii) a combination of (i) and (ii).

Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (a) permanently repay Senior Indebtedness of the Issuer or a Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Issuer or a Restricted Subsidiary; and/or
- (b) acquire properties or other assets that replace the properties and assets that were the subject of such Asset Sale or other properties or assets that will be used or useful in a Permitted Business (“Replacement Assets”); provided that a binding commitment to apply Net Cash Proceeds to purchase Replacement Assets shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment so long as the Issuer or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Cash Proceeds will be applied to satisfy such commitment within 270 days of the end of such 365-day period (an “Acceptable Commitment”) and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Cash Proceeds are applied in connection therewith, then the Issuer or such Restricted Subsidiary shall be permitted to apply the Net Cash Proceeds in any manner set forth in this clause (b) or in clause (a) above before the expiration of such 270-day period and, in the event the Issuer or such Restricted Subsidiary fails to do so, then such Net Cash Proceeds shall constitute Excess Proceeds (as defined below).

Any Net Cash Proceeds from Asset Sales that are not applied or invested (or irrevocably committed to be invested) as provided in clauses (1) and (2) in the paragraph above will constitute “Excess Proceeds.” Excess Proceeds of less than U.S.\$15.0 million will be carried forward and accumulated. When accumulated Excess Proceeds exceed U.S.\$15.0 million, within 30 days thereof, the Issuer must make an Offer to Purchase Notes having a principal amount equal to:

- (a) accumulated Excess Proceeds, multiplied by;
- (b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and *all pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, such Notes and such other *pari passu* Indebtedness to be purchased shall be selected in accordance with the procedures of DTC. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Limitation on Business Activities

The Issuer and its Restricted Subsidiaries, taken as a whole, will continue to be primarily engaged in Permitted Businesses; *provided* that the Issuer or any Restricted Subsidiary may own Capital Stock of an

Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “—Limitation on Restricted Payments.”

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; provided that (i) such designation would not cause a Default and (ii) one of the following: (a) the Subsidiary to be so designated has total assets of U.S.\$1,000 or less or (b) if such Subsidiary has total assets greater than U.S.\$1,000, the Issuer would be permitted under the covenant described under “—Limitation on Restricted Payments” to make a Restricted Payment and/or Permitted Investment in the amount equal to the aggregate Fair Market Value of all Investments by the Issuer or any Restricted Subsidiary in such Subsidiary.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (i) such designation will not cause or result in a Default; (ii) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;” (iii) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “—Limitation on Liens;” and (iv) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

Provision of Financial Statements and Reports

(a) So long as any of the Notes remain outstanding, the Issuer will provide to the Trustee in English:

- (1) within ten (10) Business Days of the earlier of (i) the date on which such audited financial statements are required to be delivered to the SMV and (ii) the date on which such audited financial statements are delivered to the SMV and, in case the Issuer is no longer obliged to deliver such audited financial statements to the SMV, within 120 calendar days after the end of the fiscal year of the Issuer, copies of its audited financial statements in respect of such financial year (including a statement of income, balance sheet and cash flow statement);
- (2) within ten (10) Business Days of the earlier of (i) the date on which such quarterly financial statements are required to be delivered to the SMV and (ii) the date on which such quarterly financial statements are delivered to the SMV and, in case the Issuer is no longer obliged to deliver such quarterly financial statements to the SMV, within 60 days of the end of each of the first three fiscal quarters of each fiscal year of the Issuer, copies of its unaudited financial statements (including a statement of income, balance sheet and cash flow statement); and
- (3) in addition, so long as any of the Notes remain outstanding, the Issuer will provide to the Trustee concurrently with the delivery of financial statements pursuant to (1) above, an Officer’s Certificate, stating that no Event of Default has occurred and is continuing, or, if an Event of Default has occurred and is continuing, specifying each such Event of Default and the nature and status thereof. The Issuer will also be obligated to notify the Trustee in writing of any Event of Default that has occurred and is continuing in respect of the performance of any material covenants or agreements under the Indenture within 10 Business Days of the occurrence of such Event of Default specifying the nature and status thereof.

Further, the Issuer and each Subsidiary Guarantor have agreed that, for as long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Issuer or such Subsidiary Guarantor is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer or such Subsidiary Guarantor, as the case may be,

shall supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the U.S. Securities Act upon the request of any Holder or beneficial owner of a Note.

Notwithstanding the foregoing, if the Issuer makes available the reports described above of this covenant on the Issuer's website, it will be deemed to have satisfied the reporting requirement set forth in such applicable clause.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest (or Additional Amounts, if any) on any Note when the same becomes due and payable, and such default continues for a period of 30 days;
- (c) default in the performance or breach of the provisions of the covenant described under "—Consolidation, Merger and Sale of Assets;"
- (d) default in the performance or breach of any other material covenant or agreement in the Indenture (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 consecutive days after written notice is received by the Issuer from the Trustee at the written request of the Holders or from the Holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any Indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of U.S.\$15.0 million or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, an event of default that has resulted in the acceleration of such Indebtedness prior to its Stated Maturity;
- (f) one or more final, non-appealable judgments or orders for the payment of money are rendered against the Issuer or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final, non-appealable judgment or order that causes the aggregate amount for all such final, non-appealable judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$15.0 million (to the extent not covered by insurance or self-insurance) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Issuer with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, bankruptcy, trustee, sequestrator or similar official of the Issuer or for all or substantially all of the property and assets of the Issuer and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Issuer (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for all or substantially all of the property and assets of the Issuer or (C) effects any general assignment for the benefit of creditors; or
- (i) a Subsidiary Guarantor denies in writing its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, such Subsidiary Guarantee is determined to be unenforceable or invalid.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable, subject always to the Trustee having been indemnified and/or provided security to its satisfaction. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Issuer, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or pursue any remedy with respect to the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee security and/or indemnity satisfactory to the Trustee against any loss, costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security and/or indemnity; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Consolidation, Merger and Sale of Assets

- (a) The Issuer will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its

Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Issuer will be the continuing Person, or the Person (if not the Issuer) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of Peru, the United States of America, any state thereof or the District of Columbia or any other country that is a member country of the European Union and will expressly assume or guarantee, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of Issuer under the Indenture;
 - (2) immediately after giving effect to such transaction, no Event of Default will have occurred and be continuing;
 - (3) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, (i) will be permitted to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to the Consolidated Leverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Indebtedness and Disqualified Stock" or (ii) shall have a Consolidated Leverage Ratio equal to or less than the Consolidated Leverage Ratio of the Issuer immediately prior to such transaction; and
 - (4) the Issuer delivers to the Trustee (x) an Officer's Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision.
- (b) Notwithstanding the restriction described in clauses (2) and (3) of the first paragraph of this covenant, any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer, the Issuer may merge into a Restricted Subsidiary for the purpose of reincorporating the Issuer in another jurisdiction, and any Restricted Subsidiary may consolidated with, merge into or transfer all or part of its properties and assets to another Restricted Subsidiary.

No Payments for Consents

The Issuer will not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment; provided, that such restriction shall not apply to an exchange offer with respect to the Notes made pursuant to any exemption from registration under the Securities Act where the exchange offer is not made to Holders who do not qualify for such exemption.

Redeemed or Repurchased Notes

A Note does not cease to be outstanding because the Issuer or any Affiliate of the Issuer holds the Note, *provided* that in determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer or any Affiliate of the Issuer shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a responsible officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes that the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or an Affiliate of the Issuer.

The Issuer or any Affiliate of the Issuer may, at any time, purchase any Note in the open market or otherwise at any price.

The resale by the Issuer of any Notes repurchased by the Issuer or its Affiliates shall be part of the same “issue” for U.S. federal income tax purposes unless such Notes are sold under a separate CUSIP; *provided* that the resale by the Issuer of any Notes will not be subject to the “—Limitation on Indebtedness and Disqualified Stock” covenant described above.

Defeasance

The Issuer may, at its option and at any time, elect to have the obligations of the Issuer discharged with respect to the Notes (“Legal Defeasance”). Such Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the Notes, except for:

- (1) the rights of the Holders to receive payments in respect of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes when such payments are due;
- (2) the Issuer’s 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 and immunities of the Trustee, as set forth in the Indenture, and the Issuer’s obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants that are described in the Indenture (“Covenant Defeasance”) and thereafter the failure by the Issuer or any Restricted Subsidiary to comply with such obligations shall not constitute an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership 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:

- (a) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts and at such times (without the need for investment) as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or investment bank, to pay the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes on the stated date for payment thereof or on the applicable Redemption Date, as the case may be;
- (b) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee, confirming that:
 - (1) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or
 - (2) since the date of the Indenture, 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 confirm that, the Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States 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;

- (c) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United States confirming that the Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be

subject to United States 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;

- (d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit pursuant to clause (a) of this paragraph (except such Default or Event of Default resulting from the failure to comply with “—Limitation on Indebtedness and Disqualified Stock” as a result of the borrowing of funds required to effect such deposit) under the Indenture or any other material agreement to which the Issuer is a party or by which the Issuer is bound;
- (e) the Trustee shall have received an Officer’s Certificate of the Issuer stating that the deposit was not made with the intent of preferring the Holders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer; and
- (f) the Trustee shall have received an Officer’s Certificate of the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with, such opinion to be subject to customary assumptions and exceptions.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in such Indenture) when:

- (1) the Issuer has irrevocably deposited or caused to be deposited with the Trustee as funds in trust for such purpose an amount in U.S. dollars, U.S. Government Obligations or combination thereof sufficient to pay and discharge (without the need for investment) the entire Indebtedness on the Notes that have not, prior to such time, been delivered to the Trustee for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Maturity Date, as the case may be, and the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at the applicable installment date or on the Redemption Date, as the case may be, and either:
 - (a) all Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation; or
 - (b) all Notes that have not been delivered to the Trustee for cancellation (x) have become due and payable (by reason of delivering of a notice of redemption or otherwise), (y) will become due and payable at the Maturity Date within one year or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the Issuer’s name, and at our expense;
- (2) the Issuer or any Restricted Subsidiary has paid or caused to be paid all sums payable by the Issuer under the Indenture; and
- (3) the Issuer has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes or any Subsidiary Guarantees may be amended by the Issuer and the Trustee, without the consent of any Holder, to:

- (1) cure any ambiguity, or to correct or supplement any provision in the Indenture or the Notes, that may be defective or inconsistent with any other provision in the Indenture or the Notes or to conform the text of the Indenture to any provision of this “Description of the New Notes”;
- (2) add to the Issuer’s covenants and those of any other obligor of the Notes for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any other obligor of the Notes, as applicable, in the Indenture or in the Notes for the benefit of the Holders of the Notes;
- (3) comply with the provisions described under “—Consolidation, Merger and Sale of Assets;”
- (4) evidence and provide for the acceptance of appointment by a successor Trustee;
- (5) add any Guarantor or any Guarantee or release any Guarantor from any Guarantee as provided or permitted by the terms of the Indenture;
- (6) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture or the Notes in a manner necessary to comply with the procedures of DTC; or
- (9) make any other change that does not materially and adversely affect the rights of the Holders.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes or any Note Guarantees may be made by the Issuer and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer or any Note Guarantees with any provision of the Indenture, the Notes or any Guarantee; *provided* that no such modification or amendment may, without the consent of each Holder directly and adversely affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or stated rate of interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or Subsidiary Guarantees;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture, the Notes or any Subsidiary Guarantee;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) change or extend the redemption date or reduce the redemption price of the Notes from that stated under the caption “—Optional Redemption.”

The Trustee

The Bank of New York Mellon is to be appointed as Trustee, registrar, paying agent and transfer agent under the Indenture. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. So long as no Default has occurred and is continuing, the Issuer may remove the Trustee and promptly appoint a successor trustee, which shall comply, at time of the appointment, with the eligibility requirements set forth in the Indenture.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder has offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

Payments; Registration of Transfer

The Trustee will be responsible for (among other things) (a) maintaining a record of the aggregate holdings of Notes represented by the Global Notes and accepting Notes for exchange and registration of transfer, (b) making payments in respect of the Notes to the Holders to the extent funds are available therefor (as contemplated by the Indenture) and (c) transmitting notices to Holders and from Holders to the Issuer (in each case as contemplated by the Indenture).

The Trustee will keep at its office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee will provide for the registration of the Notes and registration of transfers and exchanges of the Notes. In the event of a partial transfer of a Definitive Note, new Notes will be obtainable at the office of the Trustee in connection with such transfer. In accordance with the Indenture, the Issuer may terminate the appointment of the Trustee or appoint additional trustees or other such agents. The Issuer will cause notice of any resignation, termination or appointment of the Trustee, and of any change in the office through which any such agent will act, to be provided to Holders in accordance with "—Notices" below.

Appointment to Fill Vacancy in Office of Trustee

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer will promptly appoint a successor Trustee meeting certain eligibility requirements by notifying the Trustee in writing. Within one year after the successor Trustee takes office, Holders representing at least 50% of the aggregate principal amount of the Notes then outstanding may appoint a successor Trustee reasonably acceptable to the Issuer to replace the successor Trustee appointed by the Issuer and the failure of the Holders to do so will constitute acceptance of the successor Trustee appointed by the Issuer.

Each successor Trustee shall execute, acknowledge and deliver to the Holders, the Issuer and to its predecessor Trustee an instrument accepting such appointment and, upon the resignation or removal of the predecessor Trustee, such appointment shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Trustee. Upon written request of any such successor Trustee, the Holders and the Issuer shall execute any and all instruments in writing for fully and certainly vesting in and confirming to such successor Trustee all such rights and powers.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a "Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a “Restricted Global Note;” and together with the Regulation S Global Notes, the “Global Notes”) and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC.

Each Restricted Global Note (and any Notes issued for exchange therefore) will be subject to certain restrictions on transfer set forth therein as described under “Transfer Restrictions.”

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“participants”) or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in a Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such system. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC’s applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, nor any of the Guarantors, the Trustee nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes which results in an acceleration of the Notes, DTC will exchange the applicable Global Note for certificated notes, which it will distribute to its participants and which may be legended as set forth under the heading “Transfer Restrictions.”

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are

under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any Subsidiary Guarantor, the Trustee or any Paying Agent will have any responsibility or liability for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes, the Issuer will use reasonable efforts to appoint a successor depositary within 90 days. If a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue certificated notes in registered form, which may bear the legend referred to under “Transfer Restrictions,” in exchange for the Global Notes. Holders of an interest in a Global Note may receive certificated notes, which may bear the legend referred to under “Transfer Restrictions,” in accordance with the DTC’s rules and procedures in addition to those provided for under the Indenture.

Upon redemption of any certificated note, the Issuer may request certain information from the Holder to establish the Holder’s tax basis in its certificated note in order to calculate the Peruvian capital gains tax withholding obligation the Issuer may have with respect to any capital gain realized by the Holder. Regardless of whether the Holder provides the requested information, the Issuer will, subject to the exceptions listed under the heading “Additional Amounts”, be required to pay Additional Amounts with respect to any amounts withheld or deducted to pay Peruvian taxes on such capital gain.

Listing

Application will be made prior to the issue date of the Notes to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. No assurance can be given that the Notes will be approved for listing and quotation on 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 exchange offer memorandum and consent solicitation. Approval-in principle from the SGX-ST for listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Issuer, and its subsidiaries, their respective associated companies, their respective joint venture companies or the Notes. The Notes will be in denominations of U.S.\$200,000 each or integral multiples of U.S.\$1,000 in excess thereof. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or the equivalent in other currencies) 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 purposes of Directive 2004/39/EC.

In the event that the global notes representing such Notes are exchanged for definitive notes and so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption. In addition, in the event that the global notes are exchanged for definitive notes, an announcement of such exchange will be made by, or on behalf of, the Issuer through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore.

Paying Agent, Transfer Agent and Registrar

The Bank of New York Mellon will initially act as principal paying agent, transfer agent and registrar for the Notes. The Issuer may appoint other paying agents.

Lost, Stolen and Mutilated Notes

In case any Note shall become mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and the Trustee will, upon written direction by the Issuer, authenticate, register and deliver a new definitive Note of like tenor (including the same date of issuance) and equal principal amount registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such Note, in exchange and substitution for such Note (upon surrender and cancellation thereof in the case of mutilated or defaced notes) or in lieu of and in substitution for such Note. In case a Note is destroyed, lost or stolen, the applicant for a substitute Note shall furnish the Issuer and the Trustee (a) such security or indemnity as may be required by them to save each of them harmless and (b) satisfactory evidence of the destruction, loss or theft of

such Note and of the ownership thereof. Upon the issuance of any substituted Note, the Trustee may require the payment by the registered Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any fees and expenses (including those of the Trustee) connected therewith.

With respect to mutilated, defaced, destroyed, lost or stolen definitive Notes, a Holder thereof may obtain new definitive registered Notes from the office of the registrar.

Notwithstanding any statement herein, the Issuer and the Trustee reserve the right to impose such transfer, certificate, exchange or other requirements, and to require such restrictive legends on Notes, as they may determine are necessary to ensure compliance with the securities laws of the United States and the states therein and any other applicable laws.

The Clearing Systems

General

The Issuer understands as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC’s participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the dealer manager and solicitation agent. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly (“indirect participants”). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Notices

Notices to holders of Notes will be delivered to them at their registered addresses. In addition, from and after the date the Notes are listed on the SGX-ST and so long as it is required by the rules of such exchange, all notices to Holders of the Notes will be disclosed by us to the SGX-ST via SGXNET (the online announcement portal of the SGX-ST).

Notices will be deemed to have been given on the date of transmitting or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Consent to Jurisdiction; Service of Process

The Issuer and each Future Subsidiary Guarantor will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. Federal or New York State court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Guarantee, the Indenture or any transaction contemplated thereby and (ii) designate and appoint Cogency Global Inc., 10 East 40th Street, 10th Floor, New York, New York 10016 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Immunity Waiver

The Issuer and each Future Subsidiary Guarantor will waive any immunity, to the fullest extent permitted by applicable law, from suit, action, proceeding or jurisdiction to which it might otherwise be entitled in any such suit, action or proceeding in any U.S. federal or New York State court in the Borough of Manhattan, the City of New York or in any competent court in Peru.

No Personal Liability of Directors, Officers, Employees and Shareholders

No past, present or future director, officer, partner, employee, incorporator, shareholder or member of the Issuer or any Subsidiary of the Issuer shall have any liability for any obligations of the Issuer or any Subsidiary of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes, by accepting a Note, waives and releases all such liability. Such waivers and releases are part of the consideration for issuance of the Notes. The waivers may not be effective to waive liabilities under the U.S. federal securities laws or under the laws of Peru.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or interest and Additional Amounts in respect of the Notes or the Guarantee, as the case may be, will be prescribed unless made within six years of the due date for payment of such principal or interest and Additional Amounts.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the New Notes” for which no definition is provided.

“Acceptable Commitment” has the meaning given to it under “—Limitation on Asset Sales.”

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of the Issuer or a Restricted Subsidiary assumed in connection with an Asset Acquisition whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary or such acquisition.

“Additional Amounts” has the meaning given to it under “—Additional Amounts.”

“Additional Notes” has the meaning given to it under “—Brief Description of the Notes.”

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity 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.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Affiliate Transaction” has the meaning given to it under “—Certain Covenants—Limitation on Transactions with Affiliates.”

“Applicable Premium” means with respect to a Note at any redemption date, the excess of: (A) the present value at such redemption date of (i) the redemption price of such Note at January 25, 2022 (such redemption price being set forth in the table appearing under the caption “—Optional Redemption”) plus (ii) all required interest payments due on such Note through January 25, 2022 (excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points; over (B) the principal amount of such Note.

“Asset Acquisition” means (1) an investment by the Issuer or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or will be merged into or consolidated with the Issuer or any of its Restricted Subsidiaries, or (2) an acquisition by the Issuer or any of its Restricted Subsidiaries of the property and assets of any Person (other than the Issuer or any of its Restricted Subsidiaries) that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Issuer or any of its Restricted Subsidiaries (other than to the Issuer or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Issuer and its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its property or assets (including Capital Stock of any Subsidiary) in one transaction or a series of related transactions by the Issuer or any of its Restricted Subsidiaries to any Person (other than the Issuer or any Restricted Subsidiary); *provided* that “Asset Sale” will not include:

- (1) sales or other dispositions of inventory, receivables and other assets in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant under the caption “—Certain Covenants—Limitation on Restricted Payments”;
- (3) any sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.\$3.0 million in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Restricted Subsidiaries;
- (5) the incurrence of any Lien permitted by the covenant under the caption “—Certain Covenants—Limitation on Liens”;
- (6) a transaction permitted by the covenant under the caption “—Consolidation, Merger and, Sale of Assets”;

- (7) the issuance of Disqualified Stock permitted by the covenant under the caption “—Certain Covenants—Limitation on Indebtedness and Disqualified Stock;”
- (8) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;
- (9) the concurrent sale, transfer, purchase or exchange of assets for non-cash consideration used or useful in a Permitted Business and at least equal to the Fair Market Value of such assets;
- (10) the disposition of any shares of Capital Stock of an Unrestricted Subsidiary;
- (11) of the sale or disposition Temporary Cash Investments; or
- (12) a sale, transfer or other disposition to the Issuer or a Restricted Subsidiary, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary to the Issuer or any Restricted Subsidiary.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment (including, without limitation, any sinking fund requirements) of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The term “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means a resolution certified by the management of the Issuer to have been duly adopted by the Board of Directors of the Issuer and to be in full force and effect on the date of such certification.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, New York or Lima, Peru are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with IFRS, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock (but excluding any debt securities convertible into such equity).

“Change of Control” means the occurrence of one or more of the following events:

- (1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole to any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than to one or more Permitted Holders; or
- (2) the Permitted Holders cease to Beneficially Own a majority of the Voting Stock of the Issuer.

“Change of Control Offer” has the meaning given to it under “—Repurchase of Notes Upon a Change of Control Triggering Event.”

“Clearstream” means Clearstream Banking, *société anonyme*, Luxembourg or any successor securities clearing agency.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes 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 comparable to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any redemption date:

- (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities;” or
- (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Consolidated Assets” means the total consolidated assets of the Issuer and its Restricted Subsidiaries, determined in accordance with IFRS, based (i) on the balance sheet for the fiscal quarter most recently ended and (ii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Issuer and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, without duplication to the extent such amount was deducted in calculating such Consolidated Net Income for such period:

- (1) provision for taxes based on income, profits or capital paid or accrued during such period determined in accordance with IFRS; plus
- (2) Consolidated Interest Expense; plus
- (3) Other Expenses; plus
- (4) Employees’ profit sharing; plus
- (5) the total amount of depreciation and amortization expense in such period determined in accordance with IFRS; minus
- (6) Other Income;

all as determined on a consolidated basis for the Issuer and its Restricted Subsidiaries in conformity with IFRS; provided that if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with IFRS) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any of its Restricted Subsidiaries.

“Consolidated Interest Expense” means, for any period, the amount that would be reflected as “Interest Expense,” net of interest income, on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Leverage Ratio” means, on any Transaction Date, the ratio of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDA for the then most recent four fiscal quarters ending on or prior to the Transaction Date for which financial statements of the Issuer are available (the “Four Quarter Period”).

In making the foregoing calculation:

(A) *pro forma* effect will be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Issuer or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness; provided, further, that interest on any Indebtedness bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(B) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation would have occurred on the first day of the relevant Four Quarter Period;

(C) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(D) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Issuer or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such Asset Dispositions or Asset Acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; provided that to the extent that clause (C) or (D) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition, such *pro forma* calculation will be determined in good faith by the chief financial officer, the treasurer or another accounting officer of the Issuer and based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person or division or line of business of the Person that is acquired or disposed for which financial information is available.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS.

“Consolidated Total Indebtedness” means, the sum of the total principal amount of Indebtedness (or, in the case of Indebtedness issued at less than its principal amount at maturity, the accreted value thereof) and the total amount of Disqualified Stock outstanding of the Issuer and its Restricted Subsidiaries on a consolidated basis and determined in accordance with IFRS on the Transaction Date.

“Covenant Suspension Event” has the meaning given to it under “—Certain Covenants.”

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for, at the option of the holder of such class or series of Capital Stock, Capital Stock referred to in clause (1) or (2) above or Indebtedness having a Stated Maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “—Limitation on Asset Sales” and “—Repurchase of Notes upon a Change of Control” covenants.

“DTC” means The Depository Trust Company and its successors.

“Equity Offering” means an issuance and sale for cash of Capital Stock (other than Disqualified Stock) of the Issuer to any Person (other than a Restricted Subsidiary) pursuant to (i) a public offering in accordance with applicable laws, rules and regulations or (ii) a private offering in accordance with Rule 144A, Regulation S and/or another exemption under the Securities Act.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor securities clearing agency.

“Excess Proceeds” has the meaning given to it under “—Limitation on Asset Sales.”

“Exchange Act” means the United States Securities and Exchange Act of 1934, as amended.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith and with respect to any amount in excess of U.S.\$4.0 million as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“Fitch” means Fitch Ratings Ltd. and its Affiliates.

“Global Notes” has the meaning given to it under “—Book-Entry; Delivery and Form.”

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Hedging Obligations” of any Person means the obligations of such Person under any agreement relating to any swap, option, forward sale, forward purchase, index transaction, cap transaction, floor transaction, collar transaction or any other similar transaction, in each case, for purposes of hedging or capping against inflation, interest rates, currency or commodities price fluctuations.

“Holder” means the Person in whose name a Note is registered in the Note register.

“IFRS” means International Financial Reporting Standards, as issued and interpreted by the International Accounting Standards Board (IASB), as in effect from time to time.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit and bankers’ acceptances;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services which purchase price is due more than nine months after the date of placing such property in service or taking delivery and title thereto or such services are completed, except Trade Payables;
- (5) all Capitalized Lease Obligations;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons to the extent such Indebtedness is guaranteed by such Person; and
- (8) to the extent not otherwise included in this definition, Hedging Obligations

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations; *provided*

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with IFRS;

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and

(C) that the amount of Indebtedness with respect to any Hedging Obligation will be equal to the net amount due and payable if such Hedging Obligation terminated at that time due to default by such Person.

“Indenture” has the meaning given to it in the preamble.

“Initial Non-Guarantor Subsidiaries” has the meaning given to it under “—The Subsidiary Guarantors.”

“Interest Payment Date” has the meaning given to it under “—Brief Description of the Notes.”

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit (including a guarantee) to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others); or
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer.

“Investment Grade” means a rating equal to or higher than (a) BBB-, by S&P or Fitch and (b) Baa3, by Moody’s.

“Issuer” means Pesquera Exalmar S.A.A.

“Legal Defeasance” has the meaning given to it under “—Defeasance.”

“Lien” means any mortgage, pledge, security interest, lien, charge or similar encumbrance.

“Maturity Date” has the meaning given to it under “—Brief Description of the Notes.”

“Moody’s” means Moody’s Investors Service, Inc. and its Affiliates.

“Net Cash Proceeds” means with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, in each case net of:

- (1) brokerage commissions and all accounting, legal, investment banking, title and recording tax expenses, commissions and other fees and expenses related to such Asset Sale;
- (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
- (4) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any

indemnification obligations associated with such Asset Sale, all as determined in conformity with IFRS;

- (5) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of counsel, accountant, underwriter or placement agent fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof; and
- (6) all expenditures actually made to inspect, repair or modify a Vessel or production facility and bring such Vessel or production facility to the condition as may be specified in the related purchase and sale agreement or otherwise as the Issuer or any Restricted Subsidiary shall determine advisable in connection with such transaction.

“Non-Guarantor Subsidiary” has the meaning given to it under “—The Subsidiary Guarantors.”

“Offer to Purchase” means an offer to purchase Notes by the Issuer from the Holders commenced by the Issuer mailing a notice by first class mail, postage prepaid (or otherwise transmitted in accordance with DTC procedures), to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is sent) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date; and
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date.

On the Offer to Purchase Payment Date, the Issuer will (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase, (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted and (c) deliver, or cause to be delivered, to the Trustee, all Notes or portions thereof so accepted together with an Officer’s Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent will promptly deliver to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and deliver to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued will be in a principal amount of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

To the extent that the provisions of any securities laws or regulations conflict with the requirements of the relevant Offer to Purchase, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Guarantees and the Indenture by virtue of their compliance with such securities laws or regulations.

“Officer” means one of the executive officers of the Issuer or, in the case of a Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor.

“Officer’s Certificate” means a certificate signed by a duly authorized Officer and delivered to the Trustee.

“Opinion of Counsel” means a written opinion in a form reasonably satisfactory to the Trustee from legal counsel who is reasonably acceptable to the Trustee, such counsel may be internal counsel of the Issuer.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Other Expenses” means, for any period, non-cash or non-recurring expenses that would be reflected as “Other Expenses,” on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries.

“Other Income” means, for any period, non-cash or non-recurring income that would be reflected as “Other Income,” on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer or its Restricted Subsidiaries on the Original Issue Date (including without limitation the production, distribution or commercialization, for direct or indirect human consumption of fishmeal, fish oil, seafood products, other proteins derived from fish or other marine products, products derived from or using as an ingredient any of the foregoing), and the ownership, lease or operation of Vessels.

“Permitted Holder” means (a) Victor Matta Curotto and his spouse, brothers, sisters, children and other family members, descendants, heirs, legatees and successors of such persons, and the respective spouses, descendants, heirs, legatees and successors of each of the foregoing (and any trust or other entity organized for the benefit of any one or more of the foregoing), (b) the executor, administrator or other personal representative of any person described in (a) above who is deceased or incompetent and (c) any Affiliate of any one or more of the persons described in (a) and (b) above.

“Permitted Indebtedness” has the meaning given to it under “—Limitation on Indebtedness and Disqualified Stock.”

“Permitted Investment” means:

- (1) any Investment in the Issuer or any of its Restricted Subsidiaries or a Person which will, upon the making of such Investment, become a Restricted Subsidiary or to be merged with or into or transfer or convey all or substantially all its assets to, or as a result the financial statements will be consolidated with, the Issuer or any of its Restricted Subsidiaries;
- (2) any investment in Temporary Cash Investments;
- (3) loans or advances pursuant to any employee, officer or director compensation or benefit plans, entered into the ordinary course of business;
- (4) any advance, loan or extension of credit in connection with the purchase of inventory, equipment or supplies, including, without limitation, extensions of credit to customers, in each case, in accordance with customary trade terms in the industry, any loans or advances to fishermen or payroll, travel and similar advances in the ordinary course of business;
- (5) any Investment received in compromise, settlement or resolution of (or foreclosure with respect to) (a) obligations created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments including as a result of the bankruptcy or reorganization of any Person or (b) litigation, arbitration or other disputes;
- (6) any Investment existing on the Original Issue Date and any extension, modification or renewal of any such Investments (but not any such extension, modification or renewal to the extent it involves additional advances, contributions or other investments of cash or property, other than reasonable

expenses incidental to the structuring, negotiation and consummation of such extension, modification or renewal);

- (7) any Investment pursuant to a Hedging Obligation permitted to be entered into under the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;”
- (8) receivables owing to the Issuer or any Restricted Subsidiary, if created or acquired in the ordinary course of business;
- (9) any Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;
- (10) any Investments made as a result of the receipt of consideration from sales or other dispositions of property or assets, including Asset Sales made in compliance with the covenant described under “—Limitation on Asset Sales;”
- (11) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—Limitation on Liens;”
- (12) any Investment to the extent the consideration therefore consists of Capital Stock (other than Disqualified Stock) of the Issuer or a Restricted Subsidiary;
- (13) guarantees permitted to be incurred under the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;”
- (14) Investments held by a Person at the time such Person becomes a Restricted Subsidiary of the Issuer or is merged with or into the Issuer or any Restricted Subsidiary and not made in contemplation of such Person becoming a Restricted Subsidiary; and
- (15) Investments in any Person engaged in a Permitted Business the Fair Market Value of which, when taken together with all other Investments made pursuant to this clause (15), do not exceed 3% of the Consolidated Assets of the Issuer and its Restricted Subsidiaries, calculated as of the end of the most recent fiscal quarter ending prior to the date of such Investment.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith and for which a reserve or other appropriate provision, if any, to the extent required by IFRS, has been made;
- (2) pledges or deposits in connection with workers’ compensation laws, unemployment insurance laws or similar legislation and statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other Liens imposed by law;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, letters of credit, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) Liens arising solely by virtue of any statutory or common law provision relating to bankers’ liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

- (5) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (6) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or its Restricted Subsidiaries relating to such property or assets;
- (7) Liens on any property or assets acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction; *provided* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;
- (8) Liens securing Indebtedness permitted to be Incurred under clause (9) of paragraph (b) of the covenant described under the caption entitled “—Limitation on Indebtedness and Disqualified Stock”; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (9) Liens in favor of the Issuer or any Restricted Subsidiary;
- (10) Liens arising from the rendering of a judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;
- (11) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (4) of paragraph (b) of the covenant described under the caption entitled “— Limitation on Indebtedness and Disqualified Stock”; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (14) Encumbrances, ground leases, easements or reservations of, or right of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of the Issuer or any Subsidiary of the Issuer or to the ownership of its properties which do not individually or in the aggregate materially and adversely affect the value of such properties or materially impair their use in the operation of the business of the Issuer or any Subsidiary of the Issuer;
- (15) Liens for the purpose of securing the payment of all or a part of the purchase price of, purchase money obligations or other Indebtedness Incurred to finance the acquisition, lease, improvement or construction of, assets or property acquired, leased, improved or constructed in the ordinary course of business to the extent permitted under the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;”
- (16) Liens securing Indebtedness under Hedging Obligations permitted to be Incurred under the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;”
- (17) Liens arising under any retention of title, hire, purchase or conditional sale arrangement or arrangements having similar effect in respects of goods supplied to the Issuer or a Restricted Subsidiary in the ordinary course of business;

- (18) Liens securing Indebtedness which is permitted to be Incurred under clauses (14) and (15) of paragraph (b) of the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock;”
- (19) Liens arising from Uniform Commercial Code financing statements and similar filings regarding operating leases and Vessel charters entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business; and
- (20) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary arising from Vessel chartering, drydocking, maintenance, the furnishing of supplies and bunkers to Vessels, repairs and improvements to Vessel, repairs and improvements to Vessels, crews’ wages and maritime Liens.

“Permitted Refinancing Indebtedness” has the meaning given to it under “—Limitation on Indebtedness and Disqualified Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness of Restricted Subsidiaries, other than a Subsidiary Guarantor (but excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses (b)(2), (3), (4) and (9) and any guarantees permitted under clause (11) of paragraph (b) of the covenant described under the caption “—Limitation on Indebtedness and Disqualified Stock”); *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness does not exceed an amount equal to 15% of the Consolidated Assets of the Issuer and its Restricted Subsidiaries.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Peru” means the Republic of Peru.

“Peruvian Government Obligations” means securities that are (1) direct obligations of Peru for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of Perú the payment of which is unconditionally guaranteed as a full faith and credit obligation by Peru, which, will also include a depository receipt issued by a bank or trust company as custodian with respect to any such Peruvian Government Obligation or a specific payment of interest on or principal of any such Peruvian Government Obligation held by such custodian for the account of the holder of a depository receipt.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Rating Agencies” means any of S&P, Moody’s and Fitch.

“Record Date” has the meaning given to it under “—Brief Description of the Notes.”

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer, 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 Issuer by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

“Relevant Jurisdiction” has the meaning given to it under “—Additional Amounts.”

“Replacement Assets” has the meaning given to it under “—Limitation on Asset Sales.”

“Restricted Global Note” has the meaning given to it under “—Book-Entry; Delivery and Form.”

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“Reversion Date” has the meaning given to it under “—Certain Covenants.”

“S&P” means Standard & Poor’s Ratings Services and its Affiliates.

“Senior Indebtedness” of the Issuer or a Restricted Subsidiary, as the case may be, means any Indebtedness of the Issuer or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Subordinated Indebtedness.

“SGX-ST” means the Singapore Exchange Securities Trading Limited.

“SMV” means the Peruvian *Superintendencia del Mercado de Valores*, or any successor entity.

“Stated Maturity” means, with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Issuer or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary Guarantor” means any subsidiary of the Issuer that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

“Suspended Covenant” has the meaning given to it under “—Certain Covenants.”

“Suspension Period” has the meaning given to it under “—Certain Covenants.”

“Surviving Person” has the meaning given to it under “—Redemption for Taxation Reasons.”

“Tax Redemption Date” has the meaning given to it under “—Redemption for Taxation Reasons.”

“Temporary Cash Investment” means investments in any of the following:

- (1) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations, or securities issued directly and fully guaranteed or insured by any member of the European Union, or any agency or instrumentality thereof (*provided* that the full faith and credit of such member is pledged in support of those securities or other sovereign debt obligations (other than those of Argentina) rated “A” or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act, in each case with maturities not exceeding one year from the date of acquisition;
- (2) Peruvian Government Obligations (including those of the Central Bank) or certificates representing an ownership interest in Peruvian Government Obligations with maturities not exceeding one year from the date of acquisition;
- (3) demand deposits, (b) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (c) bankers’ acceptance with maturities not exceeding one year from the date of acquisition, and (d) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of (x) Peru or any political subdivision thereof or (y) the United States, any state thereof or member state of the European Union whose short-term debt is rated “investment grade” or higher or such the local equivalent thereof by at least one recognized statistical rating organization;

- (4) repurchase obligations with a term of not more than 30 days for underlying securities of the type described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated “A-2” or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act and maturing within six months after the date of acquisition;
- (6) money market funds at least 90% of the assets of which consist of investments of the type described in clauses (1) through (5) above; and
- (7) similar investments of comparable credit quality, denominated in the currency of any jurisdiction in which such Person conducts business.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trustee” means The Bank of New York Mellon or any successor trustee under the Indenture.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Vessel” means one or more vessels whose primary purpose is fishing or which are otherwise engaged, used or useful in any business activities of the Issuer and its Restricted Subsidiaries, in each case together with all related spares, equipment and any additions or improvements.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership, directly or indirectly, of 99% of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or *de minimis* Investments by particular residents or citizens mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

FORM OF THE NEW NOTES

New Notes sold in offshore transactions in reliance on Regulation S will be represented by a permanent global note or notes in fully registered form without interest coupons (the “Regulation S Global Note”), and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. New Notes sold in reliance on Rule 144A will be represented by a permanent global note or notes in fully registered form without interest coupons (the “Restricted Global Note”), and, together with the Regulation S Global Note, the “global notes,” and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC. The New Notes will also be registered in the register of holders of the New Notes held at the registered office of the issuer (the “Note Register”). In case of discrepancies between the Note Register and any other register, the Note Register shall prevail for evidence of ownership.

The New Notes will be subject to certain restrictions on transfer as described in “Transfer Restrictions.” On or prior to the 40th day after the later of the commencement of the offering and the closing date of this offering, a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the registrar of a written certification from the transferor (in the form provided in the New Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, or a Restricted Global Note Certificate. After such 40th day, this certification requirement will no longer apply to such transfers. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before, on or after such 40th day, only upon receipt by the registrar of a written certification from the transferor (in the form provided in the New Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (a “Regulation S Global Note Certificate”). Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under “—Global Notes,” owners of the beneficial interests in global notes will not be entitled to receive physical delivery of individual definitive notes. The New Notes are not issuable in bearer form.

Global Notes

Upon the issuance of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the dealer manager and solicitation agent. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC (“DTC Participants”), or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the New Notes represented by such global note for all purposes under the New Indenture and the New Notes. Unless DTC notifies the issuer that it is unwilling or unable to continue as depositary for a global note, or ceases to be a “clearing agency” registered under the Exchange Act, or any of the New Notes becomes immediately due and payable in accordance with “Description of the New Notes —Events of Default,” owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of New Notes in individual definitive form and will not be considered the owners or holders of the global

note (or any New Notes represented thereby) under the New Indenture or the New Notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to the procedures under the New Indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold interests in the Regulation S Global Note through Euroclear or Clearstream, if they are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in the Restricted Global Note directly through DTC, if they are DTC Participants, or indirectly through organizations which are DTC Participants.

Payments of the principal of and interest on global notes will be made to the paying agent who will forward such payments to the trustee who will forward such payments to DTC or its nominee as the registered owner thereof. Neither the issuer, the dealer manager and solicitation agent nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The issuer anticipates that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any New Notes held by its nominee, will immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. The issuer also expects that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the New Notes described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear and Clearstream account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during

such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised that it will take any action permitted to be taken by a holder of New Notes (including the presentation of New Notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the New Notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described above, DTC will exchange the global notes for individual definitive notes (in the case of New Notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the New Notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “Clearing Agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“indirect participants”).

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the issuer nor the trustee, the paying agent or any other paying agent will have any responsibility for the performance of DTC, Euroclear or Clearstream or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Definitive Notes

If (i) DTC or any successor to DTC is at any time unwilling or unable to continue as a depository for the reasons described in “—Global Notes” and a successor depository is not appointed by the issuer within 90 days or (ii) any of the New Notes has become immediately due and payable in accordance with “Description of the New Notes—Events of Default,” the issuer will issue individual definitive notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC or any paying agent, as the case may be, the issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the global notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to holders. Persons exchanging interests in a global note for individual definitive notes will be required to provide the registrar with (a) written instruction and other information required by the issuer and the registrar to complete, execute and deliver such individual definitive notes and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A. In all cases, individual definitive notes delivered in exchange for

any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

In the case of individual definitive notes issued in exchange for the Restricted Global Note, such individual definitive notes will bear, and be subject to, the legend described in “Transfer Restrictions” (unless the issuer determines otherwise in accordance with applicable law). The holder of a restricted individual definitive note may transfer such note, subject to compliance with the provisions of such legend, as provided in “Description of the New Notes.” Upon the transfer, exchange or replacement of New Notes bearing the legend, or upon specific request for removal of the legend on a New Note, the issuer will deliver only New Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Before any individual definitive note may be transferred to a person who takes delivery in the form of an interest in any global note, the transferor will be required to provide the registrar with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC.

JURISDICTIONAL RESTRICTIONS

The distribution of this exchange offer memorandum and consent solicitation is restricted by law in certain jurisdictions. Persons into whose possession this exchange offer memorandum and consent solicitation comes are required to inform themselves of and to observe any of these restrictions.

This exchange offer memorandum and consent solicitation does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or solicitation. Neither us nor the dealer manager and solicitation agent accepts any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

In any jurisdiction in which the Exchange Offer is required to be made by a licensed broker or dealer and in which the dealer manager and solicitation agent or any of its affiliates is so licensed, it shall be deemed to be made by such dealer manager and solicitation agent or such affiliates on our behalf.

Selling Restrictions

We are not making an offer to sell, or seeking offers to buy, the New Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the New Notes or possess or distribute this exchange offer memorandum and consent solicitation, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the New Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We will not have any responsibility therefor.

Notice to Prospective Investors in Chile

The New Notes may not be offered or sold in Chile, directly or indirectly, by means of a “Public Offer” (as defined under Chilean Securities Market Law (Law No. 18,045 and regulations from the *Superintendencia de Valores y Seguros* of the Republic of Chile). Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the New Notes.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “Relevant Implementation Date”) an offer to the public of New Notes which are the subject of the offering contemplated by this exchange offer memorandum and consent solicitation may not be made in that Member State except that an offer to the public in that Member State may be made at any time with effect from and including the Relevant Implementation State under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer manager or dealer managers nominated by the issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Notes shall require us or the dealer manager and solicitation agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any New Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe the New Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Member

This EEA selling restriction is in addition to any other selling restrictions set out in this exchange offer memorandum and consent solicitation.

Notice to Prospective Investors in the United Kingdom

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The New Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this exchange offer memorandum and consent solicitation nor any other offering material relating to the New Notes described in this exchange offer memorandum and consent solicitation has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The New Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this exchange offer memorandum and consent solicitation nor any other offering material relating to the New Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the New Notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The New Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The New Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the New Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The New Notes offered in this exchange offer memorandum and consent solicitation have not been registered under the Securities and Exchange Law of Japan. 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 Singapore

This exchange offer memorandum and consent solicitation has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this exchange offer memorandum and consent solicitation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, nor may the New Notes be offered or sold, 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 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), 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, in each case subject to compliance with conditions set forth in the SFA.

Where the New Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Notes pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in Peru

The New Notes will not be subject to a public offering in Peru. The New Notes and the information contained in this exchange offer memorandum and consent solicitation have not been and will not be registered with or approved by the SMV or the BVL. Accordingly, the New Notes cannot be offered or sold in Peru, except if (i) such New 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 New Notes to determine their ability to invest in the New Notes.

No offer or invitation to subscribe for or sell the New Notes or beneficial interests therein can be made in the Republic of Peru except in compliance with the Peruvian securities laws.

TRANSFER RESTRICTIONS

The New Notes have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws (other than Peru), and the New Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction. Accordingly, the New Notes are being offered and sold only:

- in the United States to qualified institutional buyers in reliance on Rule 144A; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of New Notes (other than the dealer manager and solicitation agent in connection with the initial issuance and sale of New Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- It is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person that is outside the United States.
- It acknowledges that the New Notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction (other than Peru) 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.
- It understands and agrees that New Notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that New Notes offered outside the United States in reliance on Regulation S will also be represented by one or more global notes.
- It will not resell or otherwise transfer any of such New Notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.
- It agrees that it will give to each person to whom it transfers the New Notes notice of any restrictions on transfer of such New Notes.
- It acknowledges that prior to any proposed transfer of New Notes (other than pursuant to an effective registration statement or in respect of New Notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such New Notes may be required to provide certifications relating to the manner of such transfer as provided in the New Indenture.
- It acknowledges that the trustee, registrar or transfer agent for the New Notes will not be required to accept for registration transfer of any New Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with.
- It acknowledges that we, the dealer manager and solicitation agent and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the New Notes are no longer accurate, it will promptly notify us and the dealer manager and solicitation agent. If it is acquiring the New Notes as a fiduciary or agent for one or more investor

accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

- Either: (i) no assets of a Plan or of a non-U.S. plan, governmental plan, church plan or other plan have been used to acquire the New Notes or any interest therein or (ii) the acquisition, holding and disposition of the New Notes, or any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“This Note has not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other securities laws (other than Peru). The holder hereof, by purchasing this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to us, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act (“Rule 144A”), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act afforded by Rule 144 under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note on satisfaction of the conditions specified in the indenture referred to herein.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (I) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (“THE CODE”), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER PLAN HAVE BEEN USED TO ACQUIRE THIS NOTE OR ANY INTEREST HEREIN, OR (II) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE).”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“This Note has not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other securities laws (other than Peru). The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

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 this Note.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (I) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (“THE CODE”), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER PLAN HAVE BEEN USED TO ACQUIRE THIS NOTE OR ANY INTEREST HEREIN, OR (II) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE).”

TAXATION

The following discussion contains a description of the material Peruvian and United States federal income tax considerations that may be relevant to the acquisition, ownership and disposition of New Notes by a noteholder. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult an independent tax advisor about the tax consequences of investing in and holding the New Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

This summary is based upon tax laws of Peru and the United States as in effect on the date of this exchange offer memorandum and consent solicitation, which are subject to change, possibly with retroactive effect, and to differing interpretations. You should consult an independent tax advisor as to Peruvian, the United States or other tax consequences of the purchase, ownership and disposition of New Notes.

Certain Peruvian Tax Considerations

The discussion in this exchange offer memorandum and consent solicitation regarding Peruvian tax considerations is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of this offering.

The following is a general summary of certain material Peruvian tax consequences that may be relevant with respect to the ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes.

For purposes of this section, “non-Peruvian holder” means (i) any individual who is not domiciled in Peru for tax purposes; and (ii) any legal entity incorporated outside of Peru, provided that it does not conduct any trade or business through a permanent establishment in Peru or hold the notes through a Peruvian branch. A non-Peruvian individual will be deemed domiciled in Peru for tax purposes, as from January 1 of the following year, if such individual has resided or has remained in Peru for more than 183 calendar days during any twelve-month period.

Income tax

Exchange of the Existing Notes for New Notes

Any premium received upon the exchange of Existing Notes for New 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 Existing Notes is considered to be related to us.

We have agreed, subject to specific exceptions and limitations, to pay Additional Amounts in respect of certain Peruvian income taxes mentioned above. See “Description of the New Notes —Payment of Additional Amounts.”

Payment of Interest on the New Notes

Interest paid on the New Notes to non-Peruvian holders will be treated as Peruvian-source income and will be subject to a Peruvian withholding income tax at a rate of 4.99%, except that if the non-Peruvian holder of the notes is considered to be related to us under Peruvian tax laws or if the non-Peruvian holder is an individual and the interest derives from “or through a tax haven” the withholding income tax rate will be of 30%.

We are required to act as withholding agent for income tax payable in connection with interest paid on the notes to non-Peruvian holders.

Sale of the New Notes

Proceeds received by a non-Peruvian holder on a 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 definitive notes by non-Peruvian holders would be subject to Peruvian income tax at a preferential rate of 5% if the following requirements are satisfied: (i) the definitive notes are registered with the Peruvian Securities Public Registry, and (ii) the definitive notes are negotiated in a Peruvian Stock Market. Otherwise, capital gains will be taxable at a 30% rate.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the definitive notes, and (ii) the purchase price paid for the notes, which must be certified by the Peruvian tax administration pursuant to a form submitted by the seller along with back-up documentation evidencing, among others, that the purchase price has been paid in a Peruvian bank account, unless the sale, exchange or disposition is made through the Peruvian Stock Market.

Redemption or Repurchase of the New Notes

Any premium received upon redemption or repurchase of the New 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 New Notes is considered to be related to us.

We have agreed, subject to specific exceptions and limitations, to pay Additional Amounts in respect of certain Peruvian income taxes mentioned above. See “Description of the New Notes —Payment of Additional Amounts.”

Non-Peruvian holders of the notes should consult an independent tax advisor regarding the specific Peruvian income tax considerations of acquiring, owning or disposing of the notes.

Value added tax

Interest paid on the notes is not subject to Peruvian value added tax (*Impuesto General a las Ventas*) (“VAT”).

The sale, exchange or disposition of the notes is not subject to VAT.

Financial transaction tax

In Peru, there is a financial transactions tax (“FTT”), which taxes at a rate of 0.005% any debit or credit made in an account opened with a Peruvian bank or any other financial institution, either in Peruvian or foreign currency. Likewise, if the issue price paid for the notes is deposited in a Peruvian Financial System (“PFS”) bank account, such credit will also be levied at the corresponding FTT rate. The taxpayer of the FTT is the holder of the PFS bank account.

Certain United States Federal Income Tax Consequences

General

The following is a description of certain U.S. federal income tax considerations relevant to Exchange Offer and Consent Solicitation that may be relevant to a U.S. Holder of Existing Notes, as defined below. This description applies only to Existing Notes or New Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as: financial institutions; insurance companies; real estate investment trusts; regulated investment companies; certain former citizens or long-term residents of the United States; grantor trusts; tax-exempt

organizations; dealers or traders in securities or currencies, including those that mark-to-market; holders that will hold Existing Notes or New Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; persons that hold or are treated as holding 10% or more of our stock by vote or by value; holders that will hold Existing Notes or New Notes through a partnership or other pass-through entity; or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the Exchange Offer and Consent Solicitation or the ownership, disposition or retirement of New Notes. This description is based on the Code, existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, and differing interpretations, which could affect the tax consequences described herein.

For purposes of this description, a “U.S. Holder” is a beneficial owner of Existing Notes or New Notes that is, for U.S. federal income tax purposes: an individual who is a citizen or resident of the United States; a corporation or any other entity treated as a corporation for U.S. federal income tax purposes organized in or under the laws of the United States or any State thereof, including 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 (1)(a) the administration of which is subject to the primary supervision of a U.S. court and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control or (2) that has validly elected to be treated as a United States person for U.S. federal income tax purposes.

A “Non-U.S. Holder” is a beneficial owner of the Existing Notes or New Notes that is neither a U.S. Holder nor a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Existing Notes or New Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult an independent tax advisor regarding the specific consequences of the acquisition, ownership and disposition of the Existing Notes or New Notes.

U.S. Holders

Exchange of the Existing Notes for New Notes

For U.S. federal income tax purposes, an issuer’s exchange of a new debt instrument for an existing debt instrument is generally treated as significant modification of the existing debt instrument if the newly issued instrument differs materially either in kind or in extent from the original debt instrument (a “Significant Modification”). A modification or exchange of a debt instrument that is not a Significant Modification does not create a deemed exchange. Under the applicable rules, a Significant Modification includes a change in the timing of payments on a debt instrument if it results in the material deferral of scheduled payments either through an extension of the final maturity or through deferral of payments due prior to maturity. The materiality of the deferral depends on all the facts and circumstances, including the length of the deferral, the original term of the instrument, the amounts of the payments that are deferred, and the time period between the modification and the actual deferral of payments. Pursuant to a safe harbor in the regulations, a deferral of a scheduled payment for a period equal to the lesser of fifty percent (50%) of the original term of the instrument and five (5) years from the original due date of the first payment that is deferred is not treated as a material deferral. The Existing Notes have a maturity of seven (7) years. The New Notes have a maturity that is five years longer than that of the Existing Notes. Accordingly, the exchange of the Existing Notes for New Notes will likely constitute a Significant Modification of the Existing Notes for U.S. federal income tax purposes.

The U.S. federal income tax consequences of the Significant Modification of the Existing Notes will depend on whether the exchange of Existing Notes for New Notes constitutes a recapitalization. An exchange of

securities by the same corporate issuer generally qualifies as a recapitalization for U.S. federal income tax purposes. Whether a debt instrument constitutes a “security” is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether the instrument is a security for U.S. federal income tax purposes. The Internal Revenue Service (“IRS”) has taken the position that an instrument with a term of less than five years generally is not a security, but that longer-term debt instruments generally do qualify as securities. Accordingly, whether an exchange of the Existing Notes for New Notes will qualify as a recapitalization is subject to uncertainty.

An exchange qualifying as a recapitalization generally will not result in the recognition of gain or loss, except to the extent of cash received in exchange for accrued interest on the Existing Notes, which will be subject to tax as ordinary interest income to the extent not previously included in income. A U.S. Holder’s initial tax basis in the New Notes will be the same as the U.S. Holder’s tax basis in the Existing Notes. A U.S. Holder’s holding period for a New Note will include its holding period for the Existing Note surrendered therefor.

If the exchange of the Existing Notes for New Notes does not qualify as a recapitalization, the exchange of Existing Notes for New Notes will be treated as a taxable exchange and a U.S. Holder will recognize gain or loss on the exchange equal to the difference between (i) the issue price of the New Notes (determined as described below under “Tax Consequences of Holding and Disposing of New Notes—Issue Price of the New Notes”) and (ii) the Holder’s adjusted basis in the Existing Notes. The gain or loss generally will be capital gain or loss and will be long-term gain or loss if the U.S. Holder’s holding period for the Existing Notes exceeds one year at the time of the exchange, except that any gain on the exchange will be ordinary income to the extent of accrued market discount (as described below) on the Existing Notes that has not previously been taken into income. Value received that is attributable to accrued but unpaid interest on the Existing Notes will be taxable as such. A U.S. Holder that is considering a tender of Existing Notes in exchange for New Notes should consult its tax advisors about the possibility that the IRS would require such holder to recognize gain on the exchange on the ground that the exchange should be treated as a taxable disposition of the Existing Notes, or deny the recognition of loss on the exchange on the ground that the exchange should be treated as a recapitalization.

If the U.S. Holder’s basis in the New Notes, determined as described above, is less than the New Notes’ issue price by more than the de minimis amount, the New Notes will also be treated as market discount bonds. In that case, accrued market discount on the Existing Notes exchanged for New Notes will be treated as accrued market discount on the New Notes exchanged therefor. The U.S. Holder may elect to accrue the market discount on the New Notes using a constant-yield basis. If the U.S. Holder makes this election, it will apply only to the note with respect to which such election is made and the U.S. Holder may not revoke it without the permission of the IRS. If the U.S. Holder does not make this election, as discussed below under “Tax Consequences of Holding and Disposing of the New Notes—Disposition of the New Notes,” any gain upon the disposition of the New Notes, or payments of principal prior to maturity, will be treated as ordinary income to the extent of the accrued market discount on the New Notes. Accrued market discount will generally equal the ratable portion of the note’s market discount, based on the number of days the Eligible Holder has held the note, as a percentage of the number of days from the date the Eligible Holder acquired such note to its date of maturity.

If a U.S. Holder purchased the Existing Notes with market discount and the New Notes exchanged therefor are not treated as market discount bonds (as described above), accrued market discount on the Existing Notes will be treated as ordinary income on the disposition of the New Notes exchanged therefor. In such event, the U.S. Holder will not be eligible to make the election described above to accrue the market discount using a constant-yield basis.

Tax Consequences of Holding and Disposing of the New Notes

Issue Price of the New Notes

The issue price of the New Notes will be their fair market value on the date of the deemed exchange if the New Notes are “traded on an established market.” Debt instruments are considered to be traded on an established market if, at any time during the 31-day period ending 15 days after the date of the deemed exchange there is a sales price for the debt or there are one or more firm or indicative quotes for the debt instrument. We expect that the New Notes will be treated as traded on an established market, and as issued for par. If we conclude that either of those is not the case, within 90 days of the issuance of the New Notes we will make available on our website our determination that the New Notes are not considered publicly traded or the issue price of the New Notes.

Interest Payments on the New Notes

Interest payments on the New Notes (including Additional Amounts with respect thereto, if any, as described under “Description of the New Notes—Additional Amounts”) will be includible in the gross income of a U.S. Holder as ordinary interest income in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes. The interest, including any Additional Amounts will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating such U.S. Holder’s foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, interest paid on the New Notes generally will constitute “passive category income.” U.S. Holders should consult with an independent tax advisor with regard to the availability of a credit or deduction in respect of foreign taxes and, in particular, the application of the foreign tax credit rules in their particular situations.

If the stated redemption price at maturity of the New Notes exceeds the issue price of the New Notes (as discussed above) by more than a de minimis amount equal to 0.25% of the New Notes’ stated redemption price at maturity multiplied by the number of complete years until maturity), the New Notes will be treated as issued with original issue discount (“OID”). The stated redemption price at maturity of a New Note is the aggregate amount of all payments due under such New Note at or prior to its maturity, other than interest payments that (among other requirements) are actually and unconditionally payable at least annually. Interest meeting these requirements is referred to as “qualified stated interest.” The stated interest payments on the New Notes are qualified stated interest. If the New Notes are treated as issued with OID, all U.S. Holders of New Notes would be required to include OID in income calculated on a constant-yield basis before the receipt of cash attributable to the income (regardless of a U.S. Holder’s method of accounting for U.S. federal income tax purposes), and generally will have to include in income increasingly large amounts of OID over the life of the New Notes. The amount of OID includible in income is the sum of the daily portions of OID with respect to a New Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds a New Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to an New Note may be of any length selected by the U.S. Holder and may vary in length over the term of the New Note with OID as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the New Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the New Note’s adjusted issue price at the beginning of the accrual period and the New Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the New Note allocable to the accrual period.

The “adjusted issue price” of an New Note at the beginning of any accrual period is the issue price of the New Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the New Note that were not qualified stated interest payments.

A U.S. Holder may make an election to accrue OID and the qualified stated interest on the New Notes on a constant yield basis. This election is complicated, and U.S. Holders should consult their own tax advisors regarding such election.

Disposition of the New Notes

Upon the sale, exchange, retirement, or other taxable disposition of a New Note, a U.S. noteholder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement, or other taxable disposition (other than accrued but unpaid interest which will be taxable as ordinary interest income) and such noteholder’s adjusted tax basis in the note, increased by any market discount previously included in income and the amount of any OID and reduced by any bond premium previously amortized (as discussed below under “—Bond Premium” and any payments previously made on the New Note (including payments of principal) other than payments of qualified stated interest. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period for the note exceeds one year. For non-corporate U.S. Holders, the maximum marginal U.S. federal income tax rate applicable to long-term

capital gains will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income. The deductibility of capital losses is subject to limitations. If any gain from the sale or exchange of the New Notes is subject to Peruvian tax, U.S. Holders may not be able to credit such taxes against their U.S. federal income tax liability under the U.S. foreign tax credit limitation provisions of the Code because such gain generally will be treated as U.S. source income.

Bond Premium

If a U.S. Holder's initial tax basis in a New Note is greater than its stated principal amount, the holder will be considered to have acquired the New Note with "amortizable bond premium." A U.S. Holder may elect to amortize the premium (as an offset to interest income), using a constant-yield method, over the remaining term of the New Note (or, if it results in a smaller amount of amortizable premium, until an earlier call date). This election, once made, generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in a New Note by the amount of the premium amortized during its holding period. With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. Holder's tax basis when the New Note matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortize such premium and that holds the New Note to maturity generally will be required to treat the premium as capital loss when the New Note matures. U.S. Holders should consult their tax advisors about the election to amortize bond premium.

Treatment of Non-Tendering U.S. Noteholders

The tax treatment of a U.S. Holder who does not participate in the Exchange Offer will depend upon whether the modification of the Existing Notes pursuant to the Proposed Amendments results in a Significant Modification, as described above under "Exchange of the Existing Notes for New Notes." A modification that adds, deletes or alters customary accounting or financial covenants is not a Significant Modification.

The Proposed Amendments only involve modifications that add, delete or alter customary accounting or financial covenants. Accordingly, the modification of the Indentures pursuant to the Proposed Amendments should not cause a deemed exchange of the Existing Notes because the Proposed Amendments should not constitute a Significant Modification to the terms of the Existing Notes for U.S. federal income tax purposes. Accordingly, a U.S. Holder should not recognize any gain or loss, for U.S. federal income tax purposes, upon the adoption of the Proposed Amendments, regardless of whether the U.S. Holder consents to the Proposed Amendments, and should have the same adjusted tax basis and holding period in the Existing Notes after the adoption of the Proposed Amendments that the U.S. Holder had in the Existing Notes immediately before the adoption.

U.S. Backup Withholding and Information Reporting

In the case of a U.S. Holder, payments of interest on, or the proceeds of the sale or other disposition of, a New Note generally will be subject to information reporting unless the U.S. Holder is an exempt recipient. Such payments may also be subject to U.S. federal backup withholding at the then-applicable rate if the recipient of such payment fails to provide a taxpayer identification number, certified under penalties of perjury, and certain other information, or otherwise fails to establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a holder's U.S. federal income tax liability, if any, provided that certain required information is timely furnished to the IRS.

U.S. Holders should consult an independent tax advisor regarding the application of the backup withholding and information reporting rules in their particular circumstances.

In the case of payments to certain trusts or certain partnerships, the persons treated as the owners of the trust or the partners of the partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from the backup withholding tax and information reporting requirements.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the New Notes, subject to certain exceptions (including an exception for New Notes held in accounts maintained by U.S. financial institutions), by filing a completed IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they held an interest in the New Notes. U.S. Holders should consult their tax advisors regarding information reporting requirements relating to their ownership and disposition of the New Notes.

Tax on Net Investment Income

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross interest income and its net gains from the disposition of the New Notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. Holders that are individuals, estates or trusts are urged to consult their own tax advisors regarding the applicability of this tax to their income and gains in respect of their investment in the New Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the New Notes. Holders considering a tender of Existing Notes in exchange for New Notes should consult an independent tax advisor concerning the tax consequences of such an exchange in their particular situations.

UNITED STATES ERISA AND CERTAIN OTHER CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans by reason of the investment by Plans (as defined below) in such entity, or, collectively, the ERISA Plans, and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, together with ERISA Plans, or the Plans) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or Section 4975 of the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the New Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and church plans, while not subject to fiduciary provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nonetheless be subject to other federal, non-U.S., state, or local laws, regulations or rules that are similar to Section 406 of ERISA or Section 4975 of the Code (collectively, “Similar Law”). Fiduciaries of such plans should consult with counsel before purchasing any New Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such laws, regulations or rules.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any New Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Company, the underwriters, the agents or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the New Notes on behalf of a Plan, Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption (“PTCE”) 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the “Class Exemptions”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the New Notes.

By its purchase of New Notes, the purchaser thereof will be deemed to have represented and agreed that either: (i) no assets of a Plan or of a non-U.S. plan, governmental plan, church plan or other plan have been used to acquire such New Notes or any interest therein or (ii) the acquisition, holding and disposition of the New Notes, or any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NEW NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING IN THE NEW NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

INDEPENDENT AUDITORS

Our financial statements as of and for the years ended December 31, 2016 and 2015, included elsewhere in this exchange offer memorandum and consent solicitation, have been audited by Gaveglío Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada, a firm member of PricewaterhouseCoopers, as stated in their report included elsewhere in this exchange offer memorandum and consent solicitation.

LEGAL MATTERS

The validity of the New Notes offered and sold in this offering will be passed upon for the issuer by White & Case LLP, and for the dealer manager and solicitation agent by Skadden, Arps, Slate, Meagher & Flom LLP. Certain matters of Peruvian law relating to the New Notes will be passed upon for the issuer by Miranda & Amado Abogados and for the dealer manager and solicitation agent by J&A Garrigues Perú S. Civil de R.L.

ANNEX A—PRESS RELEASES

PESQUERA EXALMAR S.A.A. ANNOUNCES AMENDMENT OF EARLY EXPIRATION DATE TO THE EXCHANGE OFFER AND CONSENT SOLICITATION FOR ANY AND ALL OF ITS 7.375% SENIOR NOTES DUE 2020

LIMA, January 9, 2018 – Pesquera Exalmar S.A.A. (the “Company”) announces today that it has amended the previously announced private exchange offer (the “Exchange Offer”) of any and all of its outstanding U.S.\$170,000,000 7.375% Senior Notes due 2020 (the “Existing Notes”) for its newly issued 7.625% Senior Notes due 2025 (the “New Notes”) and its concurrent solicitation of consents (the “Consent Solicitation”) with respect to certain amendments (the “Proposed Amendments”) to the Existing Notes and the indenture governing the Existing Notes upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Statement dated December 22, 2017 (as amended or supplemented, the “Exchange Offer Memorandum”).

The early expiration deadline for the Exchange Offer and Consent Solicitation was originally scheduled to occur at 5:00 p.m., New York City time, on January 8, 2018 (the “Early Expiration Date”) and the Exchange Offer and Consent Solicitation is scheduled to expire at 11:59 p.m., New York City time, on January 23, 2018, unless extended or earlier terminated by the Company (this date and time, including as extended or earlier terminated, the “Expiration Date”). The Company announces that the Early Expiration Date of the Exchange Offer and Consent Solicitation will now expire at the same time as the Expiration Date, at 11:59 p.m., New York City time, on January 23, 2018, unless extended by the Company. Eligible Holders who validly tender Existing Notes on or prior to the Expiration Date and do not validly withdraw their tender prior to the Expiration Date will now be eligible to receive the Total Exchange Consideration. “Total Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted by us, U.S.\$1,000.00 principal amount of New Notes and U.S.\$10.00 in cash payment. In addition to the Total Exchange Consideration, Eligible Holders who validly tender Existing Notes and do not validly withdraw their tender prior to the Expiration Date will also receive a cash payment equal to accrued and unpaid interest on Existing Notes accepted for exchange from the last interest payment date of the Existing Notes up to but excluding the settlement date.

Eligible Holders who have validly tendered any Existing Notes and delivered consents with respect to the Proposed Amendments may validly withdraw their tender and consent at any time prior to the Expiration Date. The deadline for Eligible Holders to withdraw validly tendered Existing Notes and revoke related consents is extended to the Expiration Date. Eligible Holders will be permitted to withdraw validly tendered Existing Notes and revoke related consents at any time prior to the Expiration Date, but not thereafter, except as may be required by applicable law. Prior to the Expiration Date, if an Eligible Holder withdraws its tendered Existing Notes, such Eligible Holder will be deemed to have also revoked its consent to the Proposed Amendments and may not deliver consents without re-tendering its Existing Notes.

The Exchange Offer and Consent Solicitation is being made, and the New Notes are being offered and will be issued, only (a) in the United States to holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) and (b) outside the United States to holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. The holders of Existing Notes who have certified to the Company that they are eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are referred to as “Eligible Holders.”

The Exchange Offer and Consent Solicitation and the New Notes have not been, and will not be, registered with or approved by the Peruvian Superintendence of Securities (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange (*Bolsa de Valores de Lima*). The New Notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru.

The New Notes have not been registered under the Securities Act or any state securities laws. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

This press release is neither an offer to sell nor the solicitation of an offer to buy any security. This press release is also not a solicitation of any consent to the proposed amendments to the indenture governing the Existing Notes. The Exchange Offer and Consent Solicitation are being made solely pursuant to the Exchange Offer Memorandum. No recommendation is made as to whether the holders of Existing Notes should tender their Existing Notes for exchange and deliver their consents in the Exchange Offer and Consent Solicitation.

D.F. King & Co., Inc. has been appointed as the information agent and the exchange agent for the Offer. Holders may contact the information agent to request the eligibility letter at (212) 269-5550 or toll free at (866) 864-7964 or the website www.dfking.com/pesqueraexalmar.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains statements that are forward-looking within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company that may cause the actual results to be materially different from any future results expressed or implied in such forward-looking statements. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to the Company's management, the Company cannot guarantee future results or events. The Company expressly disclaims a duty to update any of the forward-looking statements.

**PESQUERA EXALMAR S.A.A. ANNOUNCES AMENDMENT OF
EXCHANGE OFFER AND CONSENT SOLICITATION FOR
ANY AND ALL OF ITS 7.375% SENIOR NOTES DUE 2020**

LIMA, January 24, 2018 – Pesquera Exalmar S.A.A. (the “Company”) announces today that it has extended the expiration date and increased the interest rate of the New Notes (as defined below) of its previously announced private exchange offer (the “Exchange Offer”) and its related solicitation of consents (the “Consent Solicitation”) in connection with its U.S.\$170,000,000 7.375% Senior Notes due 2020 (the “Existing Notes”). The terms and conditions of the Exchange Offer and Consent Solicitation, including the proposed amendments (the “Proposed Amendments”) to the Existing Notes and the indenture governing the Existing Notes, are set forth in the Exchange Offer and Consent Solicitation Statement dated December 22, 2017 (as amended or supplemented, the “Exchange Offer Memorandum”).

Following further discussions with certain holders of the Existing Notes, the Company is now offering to exchange any and all of the Existing Notes for new 8.000% Senior Notes due 2025 (the “New Notes”). The amended interest rate of the New Notes reflects an increase of 0.375% from the interest rate of 7.625% initially offered by the Company. Furthermore, the Company is increasing the cash payment for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted to U.S.\$18.40, which reflects an increase of U.S.\$8.40 from the cash payment of U.S.\$10 initially offered by the Company for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted.

In addition, the expiration date of the Exchange Offer and Consent Solicitation is extended and will now expire at 11:59 p.m., New York City time, on February 6, 2018, unless extended by the Company (the “Expiration Date”). Eligible Holders who validly tender Existing Notes on or prior to the Expiration Date and do not validly withdraw their tender prior to the Expiration Date will be eligible to receive the Total Exchange Consideration. “Total Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted by the Company, U.S.\$1,000.00 principal amount of New Notes and U.S.\$18.40 in cash payment. In addition to the Total Exchange Consideration, Eligible Holders who validly tender Existing Notes and do not validly withdraw their tender prior to the Expiration Date will also receive a cash payment equal to accrued and unpaid interest on Existing Notes accepted for exchange from the last interest payment date of the Existing Notes up to but excluding the settlement date.

Furthermore, the Company has decided to waive the condition requiring the valid tender, without subsequent withdrawal, of not less than a majority in aggregate principal amount of outstanding Existing Notes for the Exchange Offer and Consent Solicitation. If the Company does not receive the Requisite Consents (as defined in the Exchange Offer Memorandum), then the Proposed Amendments to the Indenture governing the Existing Notes would not be adopted, but the Company intends to still proceed with the settlement of the Exchange Offer, in its sole discretion.

The Exchange Offer and Consent Solicitation is being made, and the New Notes are being offered and will be issued, only (a) in the United States to holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) and (b) outside the United States to holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. The holders of Existing Notes who have certified to the Company that they are eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are referred to as “Eligible Holders.”

The Exchange Offer and Consent Solicitation and the New Notes have not been, and will not be, registered with or approved by the Peruvian Superintendence of Securities (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange (*Bolsa de Valores de Lima*). The New Notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru.

The New Notes have not been registered under the Securities Act or any state securities laws. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

This press release is neither an offer to sell nor the solicitation of an offer to buy any security. This press release is also not a solicitation of any consent to the proposed amendments to the indenture governing the Existing Notes. The Exchange Offer and Consent Solicitation are being made solely pursuant to the Exchange Offer Memorandum. No recommendation is made as to whether the holders of Existing Notes should tender their Existing Notes for exchange and deliver their consents in the Exchange Offer and Consent Solicitation.

D.F. King & Co., Inc. has been appointed as the information agent and the exchange agent for the Offer. Holders may contact the information agent to request the eligibility letter at (212) 269-5550 or toll free at (866) 864-7964 or the website www.dfking.com/pesqueraexalmar.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains statements that are forward-looking within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company that may cause the actual results to be materially different from any future results expressed or implied in such forward-looking statements. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to the Company's management, the Company cannot guarantee future results or events. The Company expressly disclaims a duty to update any of the forward-looking statements.

PESQUERA EXALMAR S.A.A. ANNOUNCES FINAL RESULTS OF EXCHANGE OFFER AND CONSENT SOLICITATION

LIMA, February 7, 2018 – Pesquera Exalmar S.A.A. (the “Company”), announced today the final results in connection with its previously announced private exchange offer and consent solicitation (the “Exchange Offer and Consent Solicitation”) for any and all of its outstanding 7.375% Senior Notes due 2020 (the “Existing Notes”) for its newly issued 8.000% Senior Notes due 2025 (the “New Notes”) upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Statement dated December 22, 2017 (as amended or supplemented, the “Exchange Offer Memorandum”). The terms and conditions of the Exchange Offer and Consent Solicitation are described in the Exchange Offer Memorandum, previously distributed to holders of the Existing Notes.

The Exchange Offer and Consent Solicitation expired at 11:59 p.m., New York City time, on February 6, 2018 (the “Expiration Date”). The Company has been advised that, as of the Expiration Date, U.S.\$60,922,000 in aggregate principal amount of the Existing Notes, or approximately 35.84% of the outstanding Existing Notes, had been validly tendered and not validly withdrawn pursuant to the Exchange Offer and Consent Solicitation. The Company also announced that it has accepted for exchange all the Existing Notes that were validly tendered at or prior to the Expiration Date.

Holders who validly tendered their Existing Notes at or prior to the Expiration Date will receive the Total Exchange Consideration. “Total Exchange Consideration” means, for each U.S.\$1,000.00 principal amount of Existing Notes validly tendered and accepted by the Company, U.S.\$1,000.00 principal amount of New Notes and U.S.\$18.40 in cash payment. In addition to the Total Exchange Consideration, Eligible Holders will also receive a cash payment equal to accrued and unpaid interest on Existing Notes accepted for exchange from the last interest payment date of the Existing Notes up to but excluding the settlement date, which is expected to occur on or about February 9, 2018.

Because the Company did not receive the Requisite Consents (as defined in the Exchange Offer Memorandum), the proposed amendments to the Indenture governing the Existing Notes will not be adopted.

The Exchange Offer and Consent Solicitation was made, and the New Notes were offered and issued, only (a) in the United States to holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) and (b) outside the United States to holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. The holders of Existing Notes who certified to the Company that they were eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are referred to as “Eligible Holders.”

The Exchange Offer and Consent Solicitation and the New Notes have not been, and will not be, registered with or approved by the Peruvian Superintendence of Securities (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange (*Bolsa de Valores de Lima*). The New Notes cannot be offered or sold in Peru, except in compliance with the securities laws thereof.

The New Notes have not been registered under the Securities Act or any state securities laws. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

This press release is neither an offer to sell nor the solicitation of an offer to buy any security. This press release is also not a solicitation of any consent to the proposed amendments to the Existing Notes Indenture. The Exchange Offer and Consent Solicitation was made solely pursuant to the Exchange Offer Memorandum.

D.F. King & Co., Inc. acted as the information agent and the exchange agent for the Offer.

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ISSUER

Pesquera Exalmar S.A.A.

Avda. Victor Andres Belaunde 214 – 6th Floor
San Isidro, Lima, Peru

**TRUSTEE, REGISTRAR, TRANSFER AGENT
AND PAYING AGENT**

The Bank of New York Mellon
Global Americas
101 Barclay Street, Floor 7E
New York, New York
United States

SINGAPORE LISTING AGENT

Colin Ng & Partners LLP
600 North Bridge Road
#13-01, Parkview Square
Singapore 188778

LEGAL ADVISERS

*to the issuer
as to United States law*

White & Case LLP
1221 Avenue of the Americas
New York, NY 10020
United States

*to the issuer
as to Peruvian law*

Miranda & Amado Abogados
Av. Larco 1301– 20th Floor
Lima 18, Peru

*to the dealer manager and solicitation agent
as to United States law*

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
United States

*to the dealer manager and solicitation agent
as to Peruvian law*

J&A Garrigues Perú S. Civil de R.L.
Av. Victor Andres Belaunde 332, Office 701
Lima 27, Peru

INDEPENDENT AUDITORS

to the issuer

Gaveglío Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada
Avenida Santo Toribio 143
San Isidro, Lima
Lima 27, Peru

Pesquera Exalmar S.A.A.



Pesquera Exalmar s.a.a.

ANY REQUIRED DOCUMENTS SHOULD BE SENT OR DELIVERED BY EACH HOLDER OF EXISTING NOTES OR SUCH HOLDER'S BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE TO THE EXCHANGE AGENT AT ITS ADDRESS OR FACSIMILE NUMBER SET FORTH BELOW.

The Exchange Agent for the Exchange Offer and Consent Solicitation is:

D.F. King & Co., Inc.

*By Facsimile (Eligible Institutions Only):
(212) 709-3328
Confirm Facsimile Transmission by Telephone:
(212) 269-5550
Attn: Andrew Beck*

*By Mail, Overnight Courier or Hand Delivery:
48 Wall Street, 22nd Floor
New York, New York 10005
Attn: Andrew Beck*

QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE INFORMATION AGENT AT ITS TELEPHONE NUMBER AND MAILING AND DELIVERY ADDRESS LISTED BELOW. YOU MAY ALSO CONTACT YOUR BROKER, DEALER COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE FOR ASSISTANCE CONCERNING THE EXCHANGE OFFER AND CONSENT SOLICITATION.

The Information Agent for the Exchange Offer and Consent Solicitation is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005
Banks and Brokers call collect: (212) 269-5550
All others call toll free: (866) 864-7964
Email: pesquera@dfking.com

The Sole Dealer Manager and Solicitation Agent for the Exchange Offer and Consent Solicitation is:

Santander Investment Securities Inc.

45 East 53rd Street
New York, NY 10022
United States

Attn: Liability Management Group
Toll Free: 855-404-3636
Collect: 212-940-1442
Email: liabilitymanagement@santander.us
