**PETROPERÚ S.A. - INVESTMENT PROJECT SHEET**

TALARA REFINERY MODERNIZATION

1. Description

The Talara Refinery Modernization Project is an engineering, supply and construction megaproject, which consists of the installation of new process units and facilities aimed at improving the quality of products, increasing the refinery's production capacity and new more complex processes. with more advanced technology. The economic and socio-environmental benefits are as follows:

* Process heavier and cheaper crude oils.
* Improve the octane value of gasoline.
* Reduce the production of residuals.
* Implement new facilities that the Modernized Refinery will require.
* Produce cleaner fuels with higher commercial value.
1. Components
	* Feasibility Study.
	* Environmental Management.
	* Social Management.
	* Financial Consulting
	* Interest on Financing.
	* FEED - EPC.
	* PMC - PMO.
	* Social Projects
	* Complementary Facilities.
	* Administrative costs of surety letter.
	* Fees for materials and equipment.
	* Improves spent soda treatment.
	* Basic services.
	* Sanitation of operating systems.
	* Acquisition of laboratory equipment.
	* Auxiliary units.
2. Funding sources.

The financing structure of the PMRT is as follows:

* The financial structure of the PMRT is as follows:
* Capital Contribution: USD 325 MM
* Own Resources: USD 671 MM
* Bond Issue I (15 and 30 years): USD 2,000 MM
* Financing guaranteed by the Compañía de Seguros de Crédito a la
* Exportación (CESCE): USD 1,300 MM
* FIEM loans: USD 285 MM (in the structuring process)
* Bond Issue II: USD 1,000 MM
1. **Physical and financial progress to the second quarter of 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| DESCRIPTION | Total Investment1 | Economic Advancement (Thousands of Soles) | **Physical Progress %2** |
| Execution Jan - Dec 21(cut as of Jun-2021) | Pres.2021 | Exec. Accum.(as of Jun-2021) | Exec. June 2021 | Prog. June - 2021 | Exec. Accum. to June 2021 |
| Project management | 378,305 | 36,003 | 86,939 | 319,487 | LOE 3 | LOE 3 | - |
| Financial Consulting | 35,661 | 4,480 | 11,627 | 16,658 | LOE 3 | LOE 3 | - |
| FEED services | 46,679 | 176 | 300 | 40,803 | LOE 3 | LOE 3 | - |
| PMC Services | 1'181,921 | 52,487 | 108,330 | 1'009,416 | LOE 3 | LOE 3 | - |
| Technologies and Licenses  | 90,030 | 3,357 | 30,395 | 36,609 | LOE 3 | LOE 3 | - |
| PMRT Social Projects | 70,241 | 1,785 | 10,730 | 43,288 | LOE 3 | LOE 3 | - |
| Acquisition of real estate in Talara | 30,491 | 3,259 | 3,746 | 27,632 | LOE 3 | LOE 3 | - |
| Interest on Financing | 2'449,701 | 365,043 | 672,750 | 2'150,607 | LOE 3 | LOE 3 | - |
| EPC Phase - PMRT - USD  | 5'774,808 | 9,509 | 96,255.00 | 5'443,958 | 1.59% | 2.69% | 97.43% |
| EPC phase - PMRT - EUR  | 2,746,269 | 3,661 | 34,327.50 | 2'585,484 |
| EPC Phase - PMRT - YEN  | 147,027 | 58 | 1,839.41 | 138,348 |
| Variations Approved by PO  | 630,154 | 10,910 | 419,554.50 | 197,986 |
| EURO 6 impact on EPC Process Units | 71,497 | 41,869 | 47,679.00 | 76,260 |
| Jobs Assumed by PP by Agreement of Principles  | 28,072 | 7,190 | 74,175.00 | 9,707 |
| Amount for longer term of execution EPC (Agreement of Principles: P&M, EoT, Risks, Vendors)  | 978,992 | 193,205 | 216,004.97 | 968,378 |
| Complementary PMRT Facilities | 151,455 | 712 | 15,000 | 137,927 | LOE 3 | LOE 3 | - |
| EPC Bond Letter Costs | 102,469 | 8,417 | 27,600 | 63,396 | LOE 3 | LOE 3 |   |
| PMO services | 114,708 | 2 | 2 | 114,707 | LOE 3 | LOE 3 | - |
| Fees for materials and equipment. | 9,271 | 24 | 2,760 | 3,986 | LOE 3 | LOE 3 | - |
| Sanitation of operating systems | 107,615 | 586 | 3,500 | 95,207 | LOE 3 | LOE 3 | - |
| New buildings technical area  | 179,812 | 15,357 | 12,998 | 178,155 | 6.57% | 9.40% | 88.05% |
| Complementary Works  | 452,764 | 51,113 | 116,442 | 344,042 | 6.57% | 9.40% | 88.05% |
| Basic services TR camps | 9,673 | 110 | 2,058 | 2,419 | LOE 3 | LOE 3 | - |
| Access control | 10,618 | 744 | 1,800 | 7,196 | LOE 3 | LOE 3 | - |
| Exec. Auxiliary Units  | 2'537,640 | 111,603 | 155,904 | 2'260,327 | 6.57% | 9.40% | 88.05% |
| Cerro el Faro | 44,274 | 0 | 0 | 44,278 | 100.00% | 100.00% | 100.00% |
| Services and Supplies for Commissioning | 206,561 | 18,994 | 137,118 | 52,727 | LOE 3 | LOE 3 | - |
| Principles Agreement - Cobra | 85,736 | 67,653 | 29,120 | 124,865 | (\*) | (\*) | - |
| Change Orders - Cobra | 284,875 | 197,253 | 306,389 | 208,287 | (\*) | (\*) | - |
| O&M Services for COM and Start-up | 16,648 | 0 | 16,134 | 0 |   |   |   |
| Acquisition of PMRT Vehicles | 330 | 0 | 0 | 330 | LOE 3 | LOE 3 | - |
| Demolition and Construction of Villarreal School Buildings | 14,006 | 0 | 0 | 13,999 | 100.00% | 100.00% | 100.00% |
| Demolition and Construction of DICAPI Buildings  | 12,142 | 0 | 7,990 | 0 | (\*\*) | (\*\*) | - |
| Insurance and Guarantees to be contracted by PETROPERU | 42,591 | 0 | 12,779 | 30,851 | LOE 3 | LOE 3 | - |
| Temporary Utilities for Pre-Commissioning | 54,262 | 7,637 | 21,735 | 38,178 | LOE 3 | LOE 3 |   |
| PMRT Contingencies | 261,909 | 0 | 0 | 0 | LOE 3 | LOE 3 | - |
| TOTAL PMRT | 19'359,206 | 1'213,442 | 2'683,980 | 16'785,747 | 2.53% | 4.50% | 95.27% |

On 02.05.2021 with Board Agreement 014-2021-PP, the Investment Amount of the PMRT was approved.

2 Progress calculated based on the Work Breakdown Structure (WBS) of the Project.

3 LOE (Level of Effort): Activity that does not produce final final products and that is measured over time, that is, it does not generate physical progress. These activities are directly related to the integrated progress of the Project.

(\*) Physical progress is reported within Cobra's comprehensive advance.

(\*\*) These data will be reported once the contractor in charge of executing this work presents the contractual execution schedule.

1. Situation as of 06.30.2021
* In the period between 03.16.2020 and 06.14.2020, the construction activities of the project were suspended, due to the declaration of the State of National Emergency as part of the measures established by the Government to stop the advance of COVID- 19, maintaining only the activities necessary to protect the industrial safety of the facilities and equipment. In June, the works were progressively restarted, complying with the protocols approved and established in the Project's Plan for the Surveillance, Prevention and Control of COVID-19.
* The approval of the change proposals of Técnicas Reunidas and Cobra for the impacts on time and costs originated by the State of National Emergency due to COVID-19 during the year 2021 is being managed.
* To date, the Level 3 Rev. Master Schedule is technically accepted.9 presented by Técnicas Reunidas and is in the process of approval by the corresponding levels of PETROPERÚ. For Auxiliary Units, there is an estimate by Cía. Supervisora CPT and is subject to modification when the EPC Cobra-SCL Contractor presents its updated Master Schedule. At the same time, it is necessary to indicate that the rev. 10 of the schedule proposed by Técnicas Reunidas.
* The EPC Contract of the Processing Units, in charge of Técnicas Reunidas (TR), presented an advance of 97.43% and its advance at the component level is as follows:
	+ Engineering: 100% (certified).
	+ Procurement of equipment: 99.97%.
	+ Construction: 97.54%.
* The progress of the EPC of the Auxiliary Units and Complementary Works, in charge of the Cobra SCL-UA & TC Consortium, presented an advance of 88.05%, and its progress at the component level is as follows:
	+ Engineering: 98.33%.
	+ Procurement of equipment: 94.36%.
	+ Construction: 84.84%.
* Social Responsibility and Community Relations
	+ As of 06.29.2021, the total workforce was 6,867 jobs; local unskilled labor had a 96% share (out of a total of 973 unskilled), exceeding the minimum established in the EIS (70%). Meanwhile, local skilled labor had a 44% share (out of a total of 5,894 skilled).