



EITI Timor-Leste

2019 Reconciliation Report

# Message from Timor-Leste Multi Stakeholders Working Group

The Multi-stakeholders Working Group (MSWG) is delighted to inform that it has approved and published the 12th Timor-Leste EITI Reconciliation Report which covers information for Fiscal Year 2019. This would be the second report to adhere requirements from 2019 EITI Standard, following the extension for publication granted by the EITI Board on 20 October 2021. The MSWG has decided to continue publishing a conventional report for FY 2019, similarly to FY2018 report publication in 2020, following the reporting mechanisms proposed by the Board due to Covid19 situation. The published report was produced by the Independent Administrator, Ernst & Young Audit & Associados – SROC, SA, which was selected on January 2021 in accordance with the 2019 EITI Standard.

In this report, the MSWG has considerably addressed the challenges in implementing the EITI requirements which showcase its best practices through the disclosure of disaggregated information by reporting entities, revenue types and project level(s) reporting. This report also covers the implementation of the new Standard requirement(s) that should be adhered in 2020-2021 such as: Beneficial Ownership (BO), contract transparency, gender and environmental payments. The reporting entities maintain disclosure of relevant oil and gas information as of the last TL-EITI report, with additional information on mining industry.

This report will serve as the main reference for the upcoming Timor-Leste EITI Validation that will be conducted in 1 July 2022. Based on the agreed materiality threshold (USD 100,000 and above), there are twenty two contractors, nineteen subcontractors and five government entities on scope that have reported revenue information for FY 2019.

Finally, with this report, MSWG has strived its best to address the majority issues identified from the last reporting periods and hope to maintain the successful experience of implementing the EITI Standard as of to meet the expectancy of the 2019 Standard objectives in the upcoming Validation.

Sincerely,

Members of MSG,

Industries

Government

Civil Society

TIMOR GAP E.P.

# 1. List of abbreviations

APT	Additional Profit Tax	DNRPM	Direção Nacional de Receitas Petrolíferas e Minerais
ASM	Artisanal Small Scale Mining	NPA	National Petroleum Authority
BOE	Barrel of Oil Equivalent	O&G	Oil & Gas
BCTL	Banco Central de Timor-Leste	PF	Petroleum Fund
CMATS	Certain Maritime Arrangement In The Timor Sea	PMC	Petroleum Mining Code
EITI	Extractive Industries Transparency Initiative	PSC	Production Sharing Contract
ESI	Estimated Sustainable Income	RDTL	Democratic Republic of Timor-Leste
ETRS	East Timor Revenue Services	SERN	Secretary of State for Natural Resources
FTP	First Tranche Petroleum	SOE	State-Owned Enterprise
GDP	Gross Domestic Product	SPT	Supplemental Petroleum Tax
GDS	General Directorate of Statistics	TDA	Taxes and Duties Act
Govt	Government	TL	Timor-Leste
IPMC	Interim Petroleum Mining Code	TLEA	Timor-Leste Exclusive Area
IUA	International Unitisation Agreement	TOR	Terms of Reference
JC	Joint Commission	TSDA	Timor Sea Designated Authority
JPDA	Joint Petroleum Development Area	TST	Timor Sea Treaty
LNG	Liquefied Natural Gas	UNTAET	United Nation Transition Administration in East Timor
MoF	Ministry of Finance	USD	United State Dollars
MOU	Memorandum of Understanding	VAT	Value Added Tax
MPMR	Ministry of Petroleum and Mineral Resources	WHT	Withholding Tax
MSWG	Multi-Stakeholder Working Group	ZOCA	Zone Cooperation Area
MBT	Maritime Boundary Treaty		

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# 1

## Executive Summary

The Extractive Industries Transparency Initiative (EITI), launched in 2003, promotes and supports improved governance and transparency in resource-rich countries through the full publication and audit of company payments and government revenues from oil, gas, and mining. As a voluntary commitment of stakeholders with shared goals, the global EITI structure comprises resource-rich countries, international and national extractive companies, civil society, investors, and supporting countries. Each participating country must issue a reconciliation report covering revenues for the most recent fiscal years prepared by an independent auditor in accordance with the EITI Standard.

This is Timor-Leste twelfth EITI report, covering the period from 1 January to 31 December 2019. In accordance with the EITI Standard, the reporting process has been overseen by a Multi-stakeholder Working Group (MSWG), and has been compiled by an Independent Administrator, EY in accordance with the service contract number dated 22nd December 2021.

The payments and revenues, disclosed in this report, include taxes and non-taxes payments, and other payments envisaged by the legislation of Timor-Leste.

Through participation in EITI, Timor-Leste is seeking to improve the transparency and accountability about how country's natural resources are governed, promote public debate and understanding of the extractive sector and improve the attractiveness of Timor-Leste as a destination for foreign investment.



# 1. Executive Summary

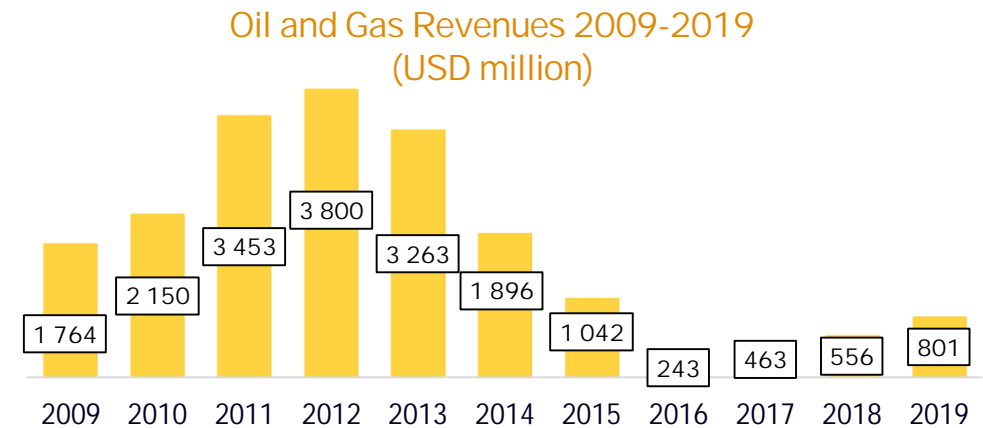
## 1.1 Revenue generated from the extractive sector

In 2019, Timor-Leste oil & gas revenues were 801 million dollars, from which 756 million dollars were Timor-Leste revenue and the remaining Australia share, a value higher from previous year. The oil revenues have been increasing since 2016. However, and regarding the production, there was a decrease, from 38.8 million BOE to 38 million, in 2019. Although the average oil price in 2019 was USD 64.4/b (lower than the previous year by USD 6.7/b) the increase of revenues is justified by higher sales. The increase of revenue is due to the ratification of the MBT, which increased Timor share of production and taxes from 90% to 100%. There was also a decrease in the cost recovery PSC (investment credit) resulting in higher PSC/royalty and lower APT and CIT deductions due to lower capex spend and lower tax depreciation respectively, resulting in higher APT and CIT payments, respectively.

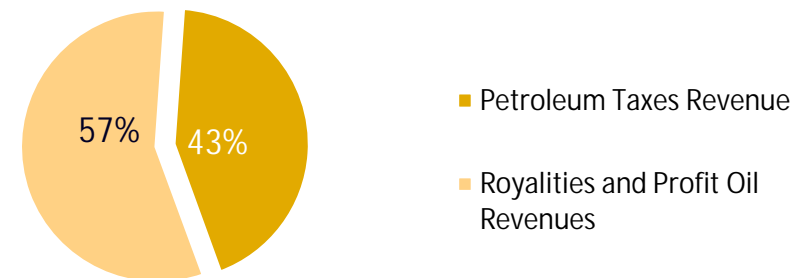
Sources: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf> &  
<http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML>

The first graph shows historical data revenues from the past ten years (from past EITI reports), demonstrating the severe decline of revenues since 2012 and the slightly increase since 2016.

In the second figure, it is displayed the structure of the cash flows received from Petroleum activities in 2019.



Structure of the cash flows 2019



# 1. Executive Summary

## 1.2 Production

In 2019, all of Timor-Leste's oil and gas was produced in Bayu-Undan gas field, located in the former offshore Joint Petroleum Development Area (JPDA).

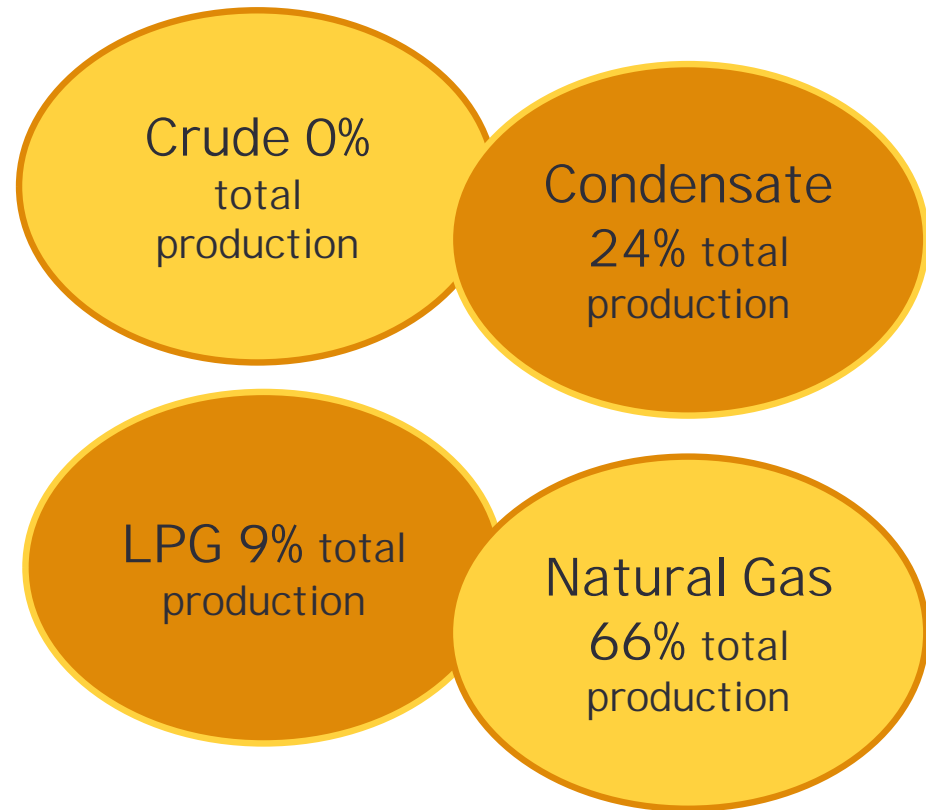
Bayu-Undan produces three petroleum products, namely Condensate, Liquefied Petroleum Gas and Natural Gas and represents the total production since the Kitan field was shut down in December of 2015.

Additionally, in the Bayu-Undan field the Natural Gas contributes with more than 66% (76% in 2018) to the total production (monetary amount) of the country.

Production in USD ('000) by commodity:

Commodity	2019	2018	Variation	Variation (%)
Crude oil	-	-	-	-
Condensate	354,723	233,730	120,993	52%
Natural Gas	968,823	1,139,586	-170,763	-15%
LPG	135,635	118,328	17,307	15%
Total	1,459,181	1,491,644	-32,463	-2%

Percentage of production by commodity (in monetary amount):



Source: Template provided by ANPM with 2019 data

# 1. Executive Summary

## 1.3 Reconciliation Process

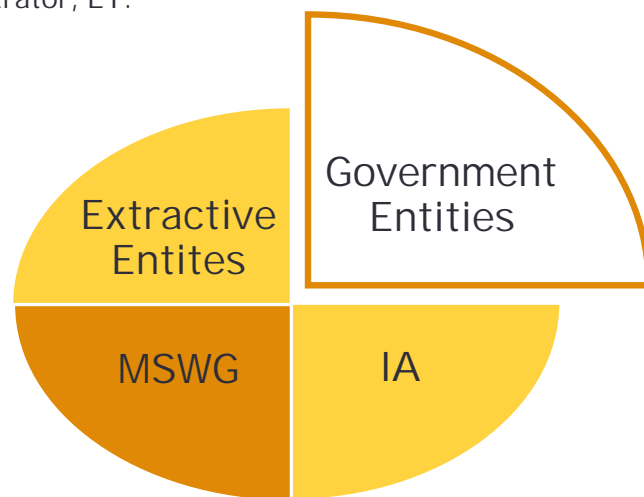
EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 12th and report and to produce the draft of the data collection report. This assignment was the first step to start the reconciliation process.

The procedures conducted were as follows:

Perform entities selection based on the MSWG approved threshold (payments and revenue streams above USD 100,000);

Obtain from extractive companies and government authorities 2019 information on taxes, non-taxes and other payments;

Ministry of Petroleum and Mineral (MPM) representative issued instructions requesting the extractive entities and governmental agencies to report according to the EITI requirements. The reporting templates were made electronically available by email and the entities were required to report directly to the administrator, EY.

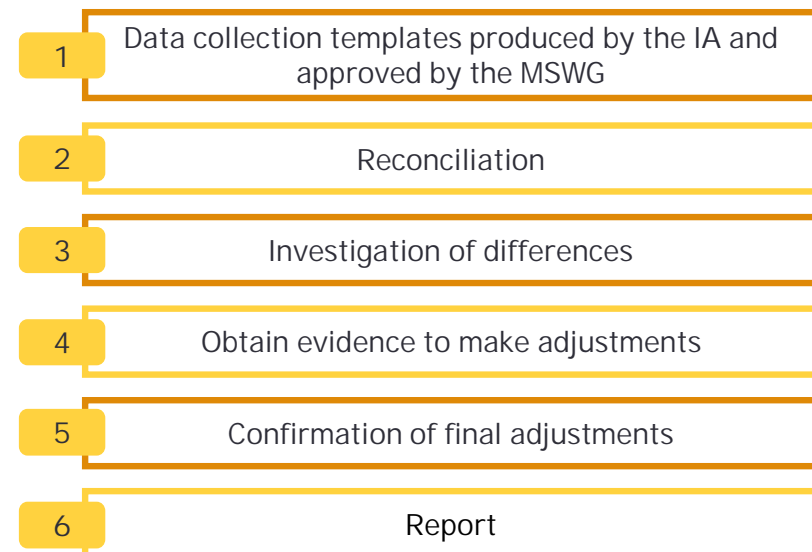


After data collection EY started the reconciliation process. Entities not responsive were reported to TL EITI secretariat and new efforts for contact were made in order to obtain information.

In case of discrepancies, direct contacts between IA and the reporting entities were made and adequate support was requested (if applicable) to support the adjustment.

If the explanations received were not conclusive, new address queries were made to the respective government authority to obtain detailed information of the payment.

If based on the explanations received from the companies and government authorities, discrepancies remain unexplained, then they were considered, on the EITI report, as an unreconciled difference.



# 1. Executive Summary

## 1.4 Scope (Revenue and Entities)

The Government entities involved in Timor oil and gas operations are the following:

Government Entities
Direção Nacional de Receitas Petrolíferas e Minerais (DNRPM)
Autoridade Nacional do Petróleo e Minerais (ANPM)
Banco Central de Timor-Leste (BCTL)
TIMOR GAP E.P. (SOE)
Petroleum Fund (PF)

Based on the information received by these entities and the threshold approved by MSWG, the entities in scope were selected as follows (please see Annex A for Companies in the Oil & Gas Sector).

The revenue streams for the contractors in scope are as follows:

OIL & GAS REVENUES STREAMS	
TAX REVENUE	NON-TAX REVENUE
Wages of Residents and Non-Residents Employees	FTP
Withholding Tax	Profit Oil & Gas Payments
VAT	Development Fee
Installment Income Tax	Contract Service Fee
Bayu Undan APT Installment	Surface Rental Fee
Annual Income Tax	Other Payments (Pipeline)
Annual APT	

OIL & GAS ENTITIES IN SCOPE	
Extractive Companies and their Affiliates involved in Timor oil and gas operations	
Conocophillips (03-12) Pty Ltd / Santos NA (19-12) Pty Ltd <sup>1</sup>	Inpex Sahul
Conocophillips JPDA Pty Ltd / Santos NA Bayu Undan Pty Ltd <sup>1</sup>	Inpex Timor Sea
Conocophillips ( Timor Sea ) Pty Ltd / Santos NA Timor Sea Pty Ltd <sup>1</sup>	Tokyo Timor Sea Resource Pty Ltd
Conocophillips (03-13) Pty Ltd / Santos NA (19-13) Pty Ltd <sup>1</sup>	Woodside Petroleum (Timor Sea 03-19) Pty Ltd
Conocophillips (Emet) Pty Ltd / Santos NA Emet Pty Ltd <sup>1</sup>	Woodside Petroleum (Timor Sea 03-20) Pty Ltd
Conocophillips Timor Leste Pty Ltd / Santos NA Timor Leste Pty Ltd <sup>1</sup>	Timor Resources Pty Ltd
Santos (JPDA 91-12) Pty Ltd	TIMOR GAP PSC 11 106 UNP Lda
Eni JPDA 03-13 Limited	TIMOR GAP Onshore Block, Unip Lda
Eni Timor Leste S.p.A	TIMOR GAP Offshore Block, Unip Lda
Eni JPDA 06-105 Pty Ltd.	TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda
Eni JPDA 11-106 B.V	TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda
<b>Other (Pipeline fee)</b>	
AusAid	

<sup>1</sup> In May 2020, Santos Ltd acquired ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. Santos is the name in force since 2020.

Source: <https://www.santos.com/news/santos-completes-conocophillips-northern-australia-acquisition/>

# 1. Executive Summary

## 1.4 Scope (Revenue and Entities)

As done in the previous years MSWG have decided to include on the reconciliation process the tax payments made by the Oil & Gas Subcontractors in order to capture their contribution for the sector revenue in 2019. (the same threshold for selecting the extractive entities in scope was used - payments made to significant revenue streams above USD 100,000):

OIL & GAS ENTITIES IN SCOPE SUB-CONTRACTORS	
Atlas Programmed Marine Unip Lda	KT Maritime services
Babcock offshore Service	Maersk Drilling International A/S
Brunel Energy Pty Ltd	MMA Offshore Vessel Operations P/L
CALTECH UNIP	Rigforce Pty Ltd
Cameron Services Int. Pty Ltd	SGS Australia P/L
Clough Amec Pty Ltd	Schlumberger australia P/L
Compass Group Australia Pty Ltd	Subsea 7 Australia Contracting Pty
Go Offshore Pty Ltd	Weatherford Australia Pty Ltd
Haliburton Australia Pty Ltd	Maersk Supply Services A/S
Hertel Modern Pty Ltd	

The revenue streams for the subcontractors in scope are as follows:

OIL & GAS REVENUES STREAMS IN SCOPE TAX REVENUE
Income Tax
Wages Withholding tax
Withholding Tax Payments
Additional Taxes

Based on the selection made we have concluded that the 2019 report covers 99,98% of the receivables of the contractors and subcontractors.

The total amount in scope is as follow:

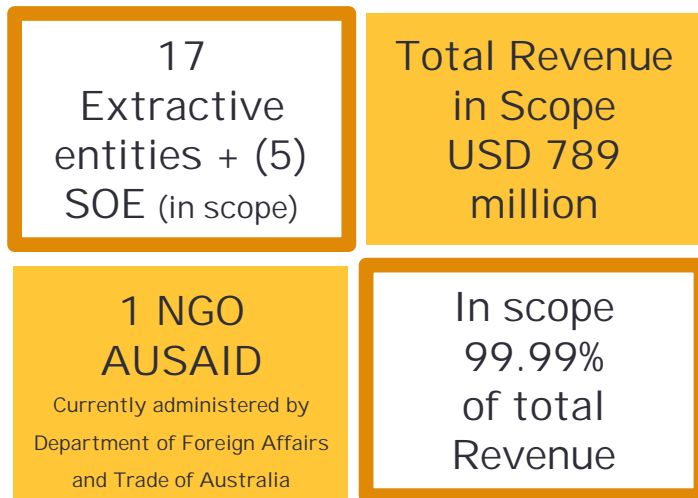
Revenues generated in 2019*	Total	Amount (Millions USD)	
		Scope	%Scope
Total Tax Revenue	316	316	99.99%
Total Non-Tax Revenue reported by ANPM	478	478	100.00%
Total Revenue Contractors	794	794	100.00%
Total Revenue Sub- contractors	11	10	95.85%

\*for the purpose of the selection total revenue generated, including the Australian share, was used.

# 1. Executive Summary

## 1.5 Summary of reconciliation reports:

### Contractors



Revenues generated in 2019	Total	Amount in US'000	
		Scope	%Scope
Total Tax Revenue	316	316	99.99%
Total Non-Tax Revenue reported by ANPM	478	478	100.00%
Total Revenue Contractors	794	794	99.99%

### Subcontractors



Revenues generated in 2019	Total	Amount in US'000	
		Scope	%Scope
Total Revenue Sub-contractors	11	10	95.85%

# 2

## Extractive Industries Transparency Initiative in Timor-Leste

The Extractive Industries Transparency Initiative (EITI) is a framework that encourages countries' transparency in the disclosure of revenues generated from the extraction of natural resources.

Timor-Leste adhered to EITI to provide clear and accountable report of the revenues and payments to the Government from oil, gas and mining companies, both from tax and Non tax payments derived from the production and sale of the extracted resources. A financial reconciliation, by external parties, is undertaken to verify the figures and the result reconciliation is published in an annual EITI report. The country's citizens and civil society organizations are also expected to play a role in monitoring the EITI process.

The TL-EITI Secretariat Office was created in July 2008, under the Ministry of Petroleum and Minerals Resources and the Multi-Stakeholder Working Group (MSWG). The MSWG includes representatives from government, extractive industry company associations and civil society organizations (CSOs).

# 2. Extractive Industries Transparency Initiative in Timor-Leste

## 2.1 EITI and Timor-Leste

Timor Leste joined EITI in 2008 and currently has a satisfactory progress, with the level of progress starting in no progress, inadequate, meaningful, satisfactory and beyond. In 2010, Timor-Leste became the first EITI compliant country in South-East Asia.

However, the country is yet to approve and publish an EITI Law. A draft of the legislation has already been prepared but, due to ongoing reforms, wider consultation has not yet been completed.

EITI's framework requires an independent administrator (IA) to reconcile financial data between payments of companies and the actual revenue that the Government has received. EY was appointed to establish the scope and prepare the reconciliation of the 12th Report covering the year 2019.

The 11th EITI Report was published in December 2020.

Regarding the responsible for the management of the EITI, the TL-EITI Secretariat office was established in 2008 with the aim of supporting the Multi Stakeholders Working Group (MSWG) by managing the contact with the entities in scope and making the final report available. In addition, the Secretariat is responsible for promoting the EITI in the public and private sectors, arrange meetings and organize workshops and seminars to raise awareness on the importance of the EITI for Timor Leste.

Furthermore, the Secretariat has been producing Annual Progress Reports since 2011 to clarify and evaluate the progress on fulfilling the requirements of the EITI Standard and on following the recommendations of IA (Independent Administrator).

Source: <http://tleiti.mpm.gov.tl/report/>

The previous annual EITI Reports cover the period of January 1st, 2008, until December 31st, 2018:

Years	Publication Date	Oil Revenues	Independent Auditor
		(USD million)	
2008	October 2009	2,510	Deloitte
2009	February 2011	1,764	
2010	November 2012	2,150	Moore Stephens LLP
2011	December 2012	3,453	
2012	February 2015	3,800	
2013	December 2015	3,263	
2014	June 2017	1,896	EY
2015	December 2017	1,042	
2016	June 2019	243	
2017	December 2019	463	
2018	December 2020	556	

Source: <https://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=pt>



# 3

## Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

Oil and gas revenues continues to play an important source of income to Timor-Leste. Petroleum Wealth Fund and its investment returns have been used to finance the national budget for construction of infrastructures. Despite Timor-Leste's obvious ongoing economic improvements, it remains a heavily oil-dependent country. For the last years, Timor-Leste has experienced a period of strong economic growth, based mostly on public expenditure and private sector activity driven by oil & gas revenue.

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.1 Overview of Government Revenue

Total government revenues was expected to decline as production from existing fields draws to a close. Therefore, the gradual trend of declining petroleum revenues is in general expected to continue, although this was not the fact occurred for 2019 (due to the increase of sales).

Regarding domestic revenues (Non-Oil & Gas revenues) there was a recovery during 2019, after the stagnation in the two preceding years. This growth is essentially due to the better macroeconomic performance in the country, as well as the improvement of conditions in the private sector and the return to normal amounts corresponding to public expenditure. Non-oil domestic revenues are expected to increase during the following years as well to grow positively every year, after a sharp drop during 2020, aggravated from the Covid-19 pandemic.

### Timor-Leste economy still heavily reliant on oil and gas

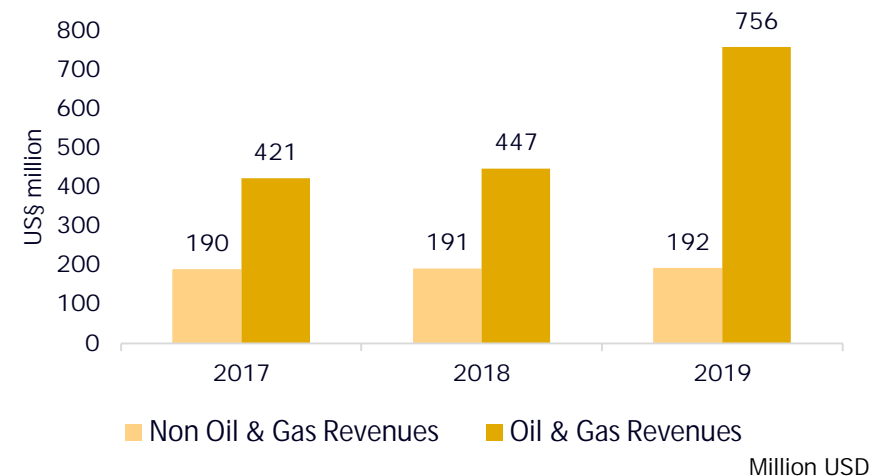
The Petroleum fund<sup>1</sup> remains the main source of income for the state budget, representing approximately 80% of total revenue in 2019. As the oil resources in Bayu-Undan are depleted, the strategy is to explore new fields in the Greater Sunrise area.

Although the investment costs are high, it is expected a transformation in the oil sector, from the current phase of pure extraction, to a viable and industrialized sector, which creates added value and guarantees energy independence.

In 2019, petroleum revenues amounted USD 756 million, with a positive PF investment return of USD 2,100 million, which represents an increase compared to 2018 (total oil revenues USD 447 million and negative PF investment return of USD 460 million).

Sources: State Budget 2019 in Timor Leste, State Budget 2020 in Timor Leste, State Budget 2021 in Timor Leste & State Budget 2022 in Timor Leste

Government Revenues Evolution



	2017	2018	2019
Total Petroleum Revenue <sup>2</sup>	421	447	756
PF Investment return <sup>1</sup>	1,612	-460	2,101
Total PF revenue	2,034	-13	2,857

Million USD

<sup>1</sup>PF ROI obtained from its investing activities. Please see section 4.6 for background on the Petroleum Fund

<sup>2</sup> On section 3.5 we provide a breakdown of the Petroleum revenues

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.2 Gross Domestic Product (GDP) – Timor-Leste

### Extractive Industry : GDP

#### Changes in Oil Compilation

In 2019, there was a change in oil compilation. In 2018, JPDA was considered a non-resident entity which implied that Oil GDP would not be reported, and the Non-Oil GDP represented the total GDP, including royalties. Oil revenues were only considered on the GNI (Gross National Income).

However, due to the new Maritime Boundary Treaty ratified in August 2019, JPDA and the respective projects are now fully managed under Timor Leste exclusive jurisdiction, meaning that from September 2019 the oil sector is now included in the GDP data compilation.

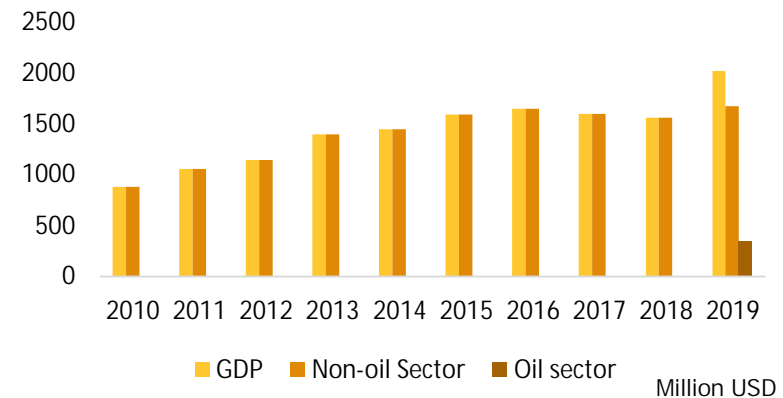
In order to facilitate the interpretation of the comparative data disclosed, we segregated oil and non-oil components on the 2019 GDP, readers should take in considerations that for 2018 and before the figures presented only include non-oil data for the reasons stated.

Source: [https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final\\_201008.pdf](https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final_201008.pdf)

### GDP

The Gross Domestic Product in 2019, at current prices, was USD 2,017.9 million in 2019, constituted by 1,674.2 million for non-oil industry and 343.7 million for oil industry. Compared to 2018, there was an increase of 7.3% in non-oil industries, going from USD 1,559.9 million in 2018 to 1,674.2 million.

GDP Evolution



The increase in non-oil GDP for 2019 was mainly due to a increment of consumption (6.8% -USD 131M) complemented with a decrease on Gross Capital formation (-17,7% - USD -80.4M) and a decrease on Non-oil Imports (-8% - USD -69.7M).

Furthermore, the overall GDP increase is due to the incorporation of a new sector (oil industry) which wasn't considered in the previous years USD 343.7M. This impact is expected to be more significant in coming years since in 2019 the Government figures only included petroleum exports occurred after the MBT ratification.

### GNI

The Gross National Income increased 20%, at current prices, going from USD 2,248.6 million in 2018 to USD 2,698.5 million.

In 2019 the GNI was constituted by USD 811.1 million of Property Income, which included USD 543.9 million of Royalties and Taxes from Oil and Gas activities.

Source: [https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final\\_201008.pdf](https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final_201008.pdf)

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.3 Extractive Industry

Timor-Leste is the 189th largest export economy in the world. (2019)

Source: <https://oec.world/en/profile/country/tls>

### Changes in Oil Compilation

In 2019, Timor-Leste exported USD 568 million and imported over USD 1,121 million, resulting in a negative trade balance.

Once again, please note that the exports and imports are also affected by the change in Oil Compilation. In 2019, exports are constituted in majority by the oil sector (93% in 2019). However, the oil sector represents a lower percentage of the imports (22% in 2019), which means that the imports were much less affected than the exports by the Oil Industry.

Therefore, according to the TL National Accounts 2019, the trade balance was always negative from 2000-2019, according to the new Oil Compilation.

We note that until 2017 the imports and exports reported on the National accounts included the oil and non-oil industries and even with this compilation method the trade balance was negative since 2000.

Source: [https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final\\_201008.pdf](https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final_201008.pdf)

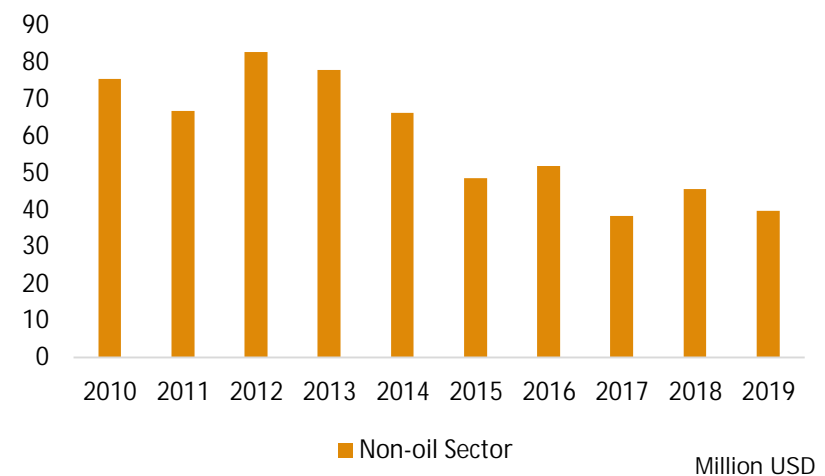
### Exports (Non-oil sector)

In 2019, the exports, at current prices, in non-oil sector decreased by 13.2% from USD 46 million to USD 40 million.

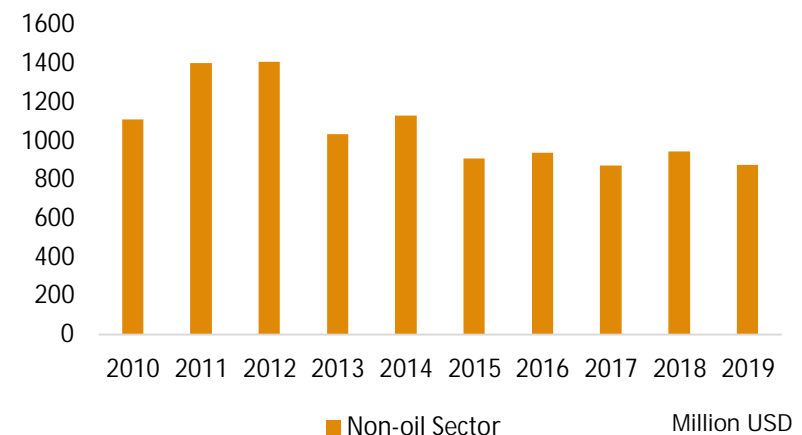
### Imports (Non-oil sector)

In 2019, the imports, at current prices, decreased by 7.4% from USD 944 million to USD 874 million.

### Exports of goods and services



### Imports of goods and services



# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.3 Extractive Industry

As mentioned before due to the change in Oil Compilation in 2019, the oil sector also had an affect on exports and imports.

In 2019 the total of exports, including oil and non-oil industry was USD 568 million. Exports in the oil sector amounted USD 529 million.

The exports of goods totalized USD 553 millions of which 529 millions were of mineral products (petroleum oil and gas). Although we draw your attention to the fact that, for the reasons explained on section 3.2, the amount formally reported by the Government only includes Bayu-Undan exports after the ratification of the MBT (i.e.- all BU exports until August are excluded from the General Directorate of Statistics reported figures). On section 3.4.2 we provide details on the total 2019 petroleum exports including the former JPDA area.

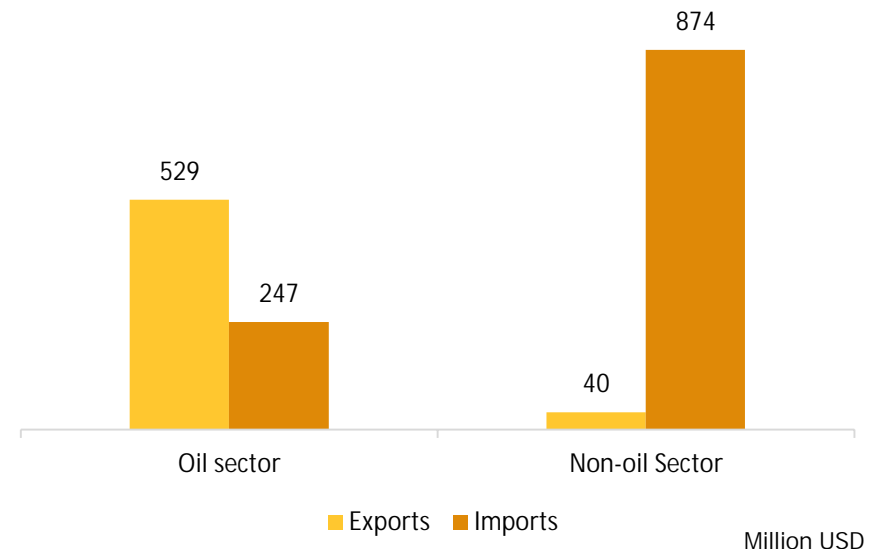
In 2019 the total of imports, including oil and non-oil industry was USD 1,121 million. Imports in the oil sector amounted to USD 247 million.

The imports of goods totalized USD 579 millions of which 47 millions refers to the oil sector.

Source: [https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final\\_201008.pdf](https://www.statistics.gov.tl/wp-content/uploads/2020/10/Timor-Leste-National-Accounts-2000-2019-Versaun-Final_201008.pdf)

\*current prices

## Exports and Imports of goods and services 2019\*



# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.4 Production

### Fields

In 2019, as well as in 2018, all of Timor-Leste's gas was produced in Bayu-Undan gas field, located in the Former offshore Joint Petroleum Development Area (JPDA). Government revenues are received in cash rather than in kind, with a 10 percent share going to Australia under the Timor Sea Treaty until 29th August 2019, when came into force the Maritime Boundary Treaty.

In 2019, there were twelve active PSCs (of which 2 in the Onshore Area, 8 in the Offshore Area and 2 in the Greater Sunrise Special Regime Area). In Annex F it is possible to find more detailed information about the PSCs.

### Bayu-Undan

The Bayu-Undan gas field is located in the Timor Sea, about 250km south of Timor-Leste and about 500km offshore from Darwin, Australia. The field is within contract areas PSC TL-SO-T 19-12 and PSC TL-SO-T 19-13 in the Former JPDA, which is operated by ConocoPhillips (03-12) Pty Ltd.

Bayu-Undan has generated the largest revenue of any Timor-Leste field and has been the only field in production since 2015. The initial discovery was in early 1995, when the Bayu-1 well intersected a 177m gas condensate column, at a reservoir depth of 3,923m. In July 1995, Undan was discovered 10km north-west of Bayu, where a 141m gross hydrocarbon column. The Bayu-Undan field at the reservoir level has an area around 160Km<sup>2</sup>, with water depths around 80m. The total recoverable field of reserves ranges between 350 and 400 million barrels of hydrocarbon liquids and 3.4tcf of gas.

In 2015, phase three development drilling added one subsea production well to maintain liquids and gas production.

The field facilities include a Central Production and Processing Complex (DPP and CUQ), FSO, WP1, subsea in-field pipelines and gas export pipeline to Darwin.

During 2018, 3 infill wells were drilled, resulting in an increase in liquids (condensate and LPG) production to an average of 26 kbpd in 2019 compared with 17 kbpd in 2018. Total lean gas production was steady at approximately 600 MMscf/d from 11 producing wells, 3 infill wells and 8 existing producing wells.

Sources: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

### Kitan

The Kitan Field was shut down on 16th of December 2015 due to the oil price drop. This field is located in permit PSC TL-SO 19-10 of JPDA, 170 km offshore the Timor-Leste coast.

ANPM and ENI (Contractor Operator) are analyzing the method and time for the final field abandonment and evaluate the field redevelopment options.

Sources: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.4 Production

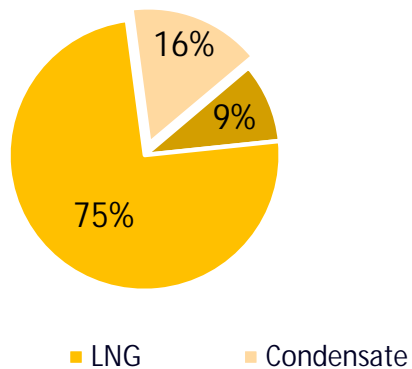


# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.4.1 Production in BOE

Bayu-Undan produces three petroleum products, namely Condensate, Liquefied Petroleum Gas and Natural Gas, with the depletion of liquids production since its peak in 2012.

Oil and gas production has decreased from 37.8 million barrels of oil equivalent in 2018 to 37.1 million barrels of oil equivalent in 2019 (see Production Data graph).

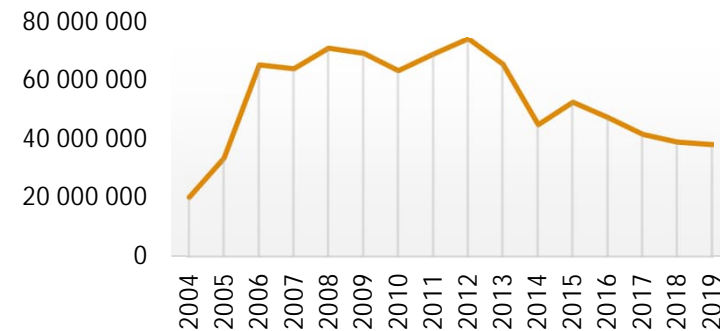


Commodity (BOE Thousands)	Production	Exports
Crude	0	0
Condensate	5,905	5,905
Natural Gas	27,650	27,650
LPG	3,519	3,519
<b>Total</b>	<b>37,074</b>	<b>37,074</b>

Production of petroleum products in Timor-Leste has decreased since 2012. The decrease was mainly due to the natural depletion of Bayu-Undan field.

The information related to total production is available at ANPM website (Lafaek Database) that contains information in relation to Bayu-Undan and Kitan field production, contracts, etc. This information is generally publicly accessible.

Total Production BOE Equivalent



Commodity (BOE Thousands)	2019	2018	Variation	Variation (%)
Crude	0	-		
Condensate	5,905	3,577	2,328	65%
Natural Gas	27,650	31,670	-4,020	-13%
LPG	3,519	2,511	1,008	40%
<b>Total</b>	<b>37,074</b>	<b>37,758</b>	<b>-684</b>	<b>-2%</b>

Sources: <http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> & 2019 Template of the IA received by ANPM

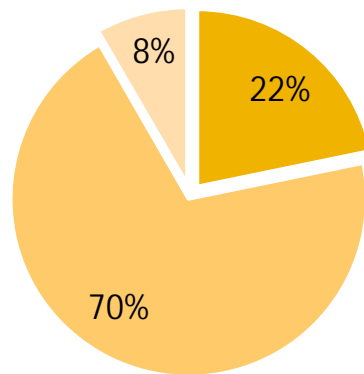


# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.4.2 Production in USD

Natural Gas is also the most significant commodity when compared in monetary amount (Millions of USD):

Production 2019



■ Crude oil ■ Condensate ■ Natural Gas ■ LPG

The production and sales in USD ('000) in 2019 were as follows:

Commodity (USD ('000))	Production	Exports
Crude	-	-
Condensate	354,723	354,723
Natural Gas	968,823	968,823
LPG	135,635	135,635
<b>Total</b>	<b>1,459,181</b>	<b>1,459,181</b>

The production in USD ('000) in 2019 and 2018 was as follows:

Commodity (USD ('000))	2019	2018	Variation	Variation (%)
Crude	-	-	-	-
Condensate	354,723	233,730	120,993	52%
Natural Gas	968,823	1,139,586	-170,763	-15%
LPG	135,635	118,328	17,307	15%
<b>Total</b>	<b>1,459,181</b>	<b>1,491,644</b>	<b>-32,463</b>	<b>-2%</b>

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.5 Revenue generated from extractive sector

The revenue in 2019 was higher than the previous year due to higher sales despite the average oil price was lower compared to 2018. The revenues generated from Oil & Gas Sector in 2019, including the amount received from the subcontractors, amounted USD 766 million. This value represents an increase of USD 237 million, or 45%, compared to 2018. The structure of the extractive sector's revenue is similar to 2018, with an increase of DNRPM's (27%) and ANPM (65%). In 2019, there wasn't revenue reported by BCTL, due to payment for the pipeline fee for 2019 took place in the beginning of 2020.

The increase of revenue is due to the ratification of the MBT, which increased Timor share of production and taxes from 90% to 100%. There was also a decrease in the cost recovery PSC (investment credit) resulting in higher PSC/royalty and lower APT and CIT deductions due to lower capex spend and lower tax depreciation respectively, resulting in higher APT and CIT payments, respectively.

Revenue	Amount in USD million					
	2019	%	2018	%	Variation	%
DNRPM	316	40%	250	46%	66	27%
ANPM	478	60%	290	53%	187	65%
BCTL	-	0%	6	1%	-6	-100%
<b>Total</b>	<b>794</b>	<b>100%</b>	<b>546</b>	<b>100%</b>	<b>248</b>	<b>45%</b>

Extractive sector revenues (\$US million)	2019	2018	Variation	Variation (%)
Direção Nacional de Receitas Petrolíferas (DNRPM)	316	250	66	27%
Autoridade Nacional do Petróleo e Minerais (ANPM)	478	290	187	65%
Banco Central de Timor-Leste (BCTL)		6	-6	-100%
Revenues generated from Oil & Gas extractive activities	794	546	248	45%
Revenues generated from Oil & Gas related activities (Sub Contractors)	11	10	1	13%
Revenues generated from Oil & Gas Sector	805	556	249	45%
Revenues generated from Mining Sector	2	2	1	44%
Revenues generated from Extractive Sector	808	558	250	45%
Part of the revenue allocated to Australia	-41	-28.65	-12	44%
Part of the revenue allocated to Timor-Leste	766	529	237	45%

The revenue allocated to Timor-Leste was USD 766 million, however there are subsequent adjustments (Cash by ANPM in the beginning and end of 2019; Mining; Fees) that need to be considered in order to obtain the total revenues in the petroleum sector by PF, which amounted USD 756 million.

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

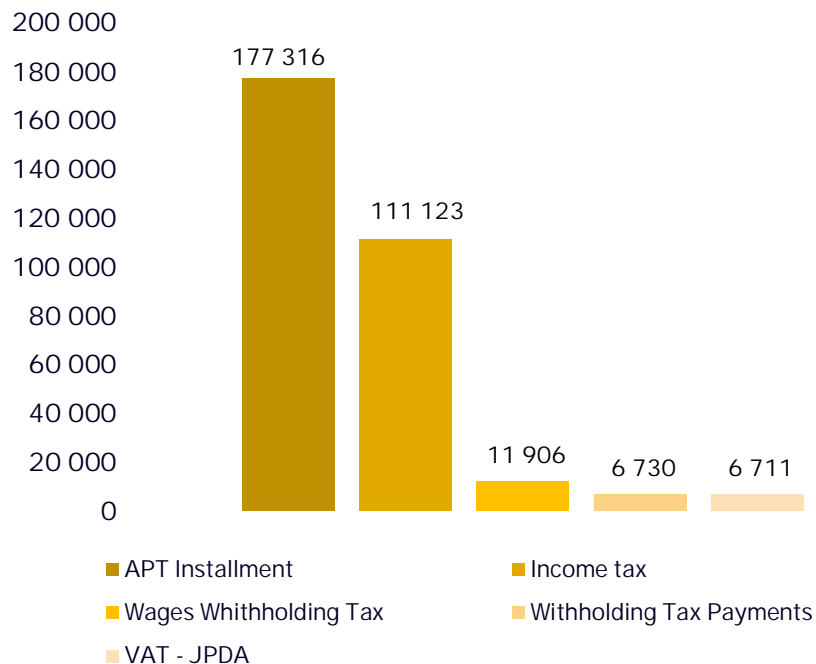
## 3.5 Revenue generated from extractive sector

### 3.5.1 Tax Revenue and Non-Tax Revenue

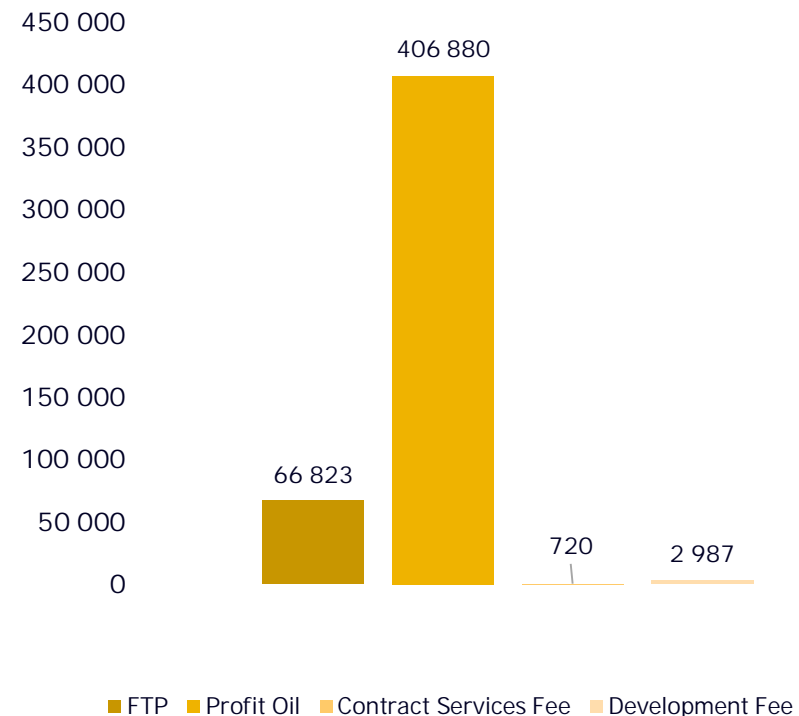
The charts below describe the tax and non-tax revenue. The most significant Tax Revenue in 2019 is APT, followed by the income tax.

Non-tax revenue as Profit oil and gas has been the main source of revenue stream contributor to the Petroleum Fund. FTP (First Tranche Petroleum) and fees collected from contract services and development fees are another source of revenue to the petroleum fund as outline in the figure below.

TAX Revenue (USD'000)



Non Tax Revenue (USD'000)



# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

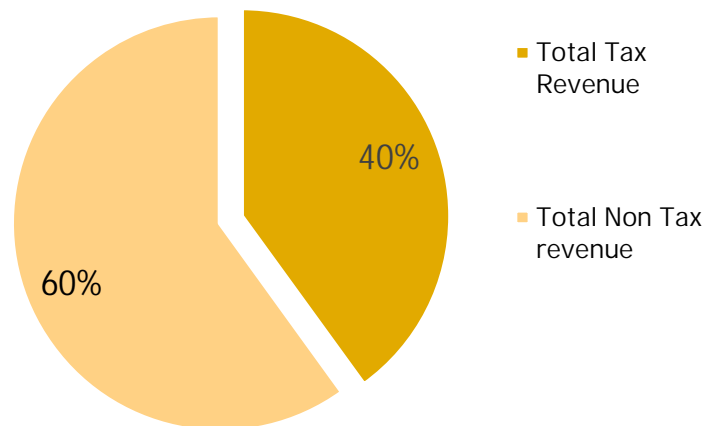
## 3.5 Revenue generated from extractive sector

### 3.5.1 Tax Revenue and Non-Tax Revenue

In 2019 the revenue received by Timor-Leste increased when compared to the previous year. In 2018, the part of revenue allocated to Timor-Leste was USD 529 million\*, however in 2019 amounted USD 766million\*.

See below petroleum extractive sector revenue structure:

Petroleum extractive sector revenues (% by revenue stream)

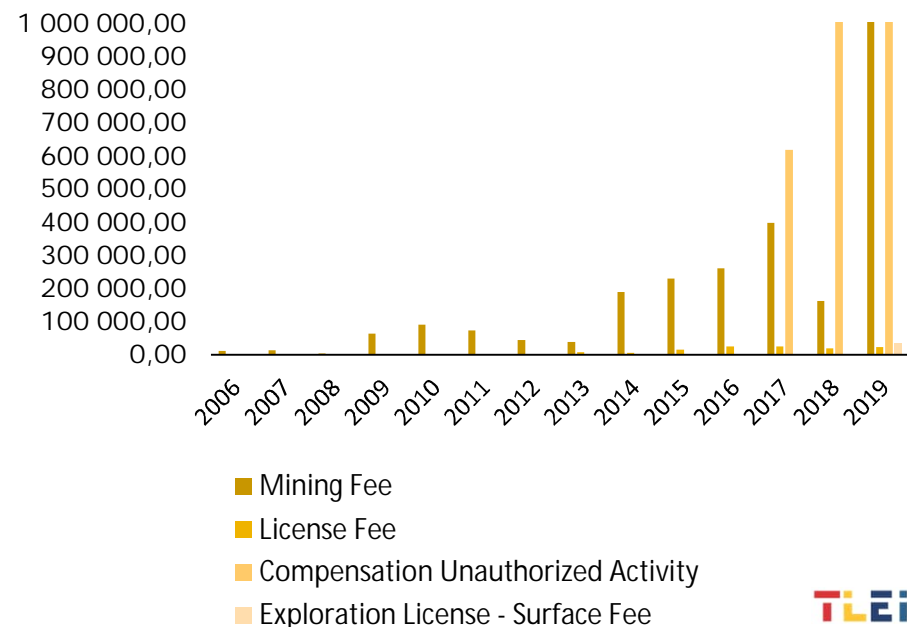


\* Please see the revenue reconciliation on page 26

### 3.5.2 Mining

In 2019 the revenue was the highest since 2006, accounting for 2,401,791.36 USD (please check Annex B). For the reconciliation of the mining sector, we have contacted ANPM for the detailed payments by fee and by entity (see Annex D). According to the Ministerial Diploma No. 64/2016 of 16 November, these activities are regulated as mining, which is the reason why ANPM is reporting them in the mining sector. See chapter 8.5 for more details of the mining sector. (Annex C and Annex D present all mineral payments during 2018 and 2019, respectively)

Source: <http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/>



# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.6 Employment generated from Oil & Gas Sector

In the templates prepared by the IA, one of the requested information for extractive companies and subcontractors in scope was to respond to the number of employees they had in 2019 related to Timor activities and the responses are as follows:

### Extractive Companies and their Affiliates involved in Timor oil and gas operations & SOE

Company Name	National		Expats		
	Male	Female	Male	Female	
ConocoPhillips (03-12) Pty Ltd	-	-	-	144	No breakout by gender for 2019
ConocoPhillips (03-13) Pty Ltd*	-	-	-	-	-
ConocoPhillips (Emet) Pty Ltd*	-	-	-	-	-
ConocoPhillips (Timor Sea) Pty Ltd*	-	-	-	-	-
ConocoPhillips JPDA Pty Ltd*	-	-	-	-	-
ConocoPhillips Timor-Leste Pty Ltd	30	7	1	-	-
Eni JPDA 03-13 Limited*	-	-	-	-	-
Eni JPDA 06-105 Pty Ltd	1	2	-	-	-
Eni JPDA 11-106 B.V.*	-	-	-	-	-
Eni Timor - Leste S.p.A.*	-	-	-	-	-
Inpex Sahul Ltd*	-	-	-	-	-
Inpex Timor Sea Ltd*	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd*	-	-	-	-	-
TIMOR GAP Onshore Block, Unip Lda	-	2	-	-	-
TIMOR GAP PSC JPDA 11-106	1	-	-	-	-
TIMOR GAP Offshore Block Unipessoal	-	1	-	-	-
TIMOR GAP Onshore Block B	-	1	-	-	-
TIMOR GAP Onshore Block C	-	1	-	-	-
TIMOR RESOURCES PTY LTD	205	39	3	-	1
Tokyo Timor Sea Resource Pty Ltd*	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	1	-	-	-	-
Woodside Petroleum (Timor Sea 03-20) Pty Ltd*	-	-	-	-	-
<b>TOTAL</b>	<b>238</b>	<b>53</b>	<b>148</b>	<b>1</b>	

\* The entity reported '0' in number of employees

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.6 Employment generated from Oil & Gas Sector Subcontractors

Company Name	National		Expats		
	Male	Female	Male	Female	
Atlas Programmed Marine Unip Lda***	-	-	-	-	-
Babcock offshore Service	16	3	32	-	-
Brunel Energy Pty Ltd*	-	-	-	-	-
Caltech Unipessoal Lda	99	38	1	-	1
Cameron Services International P/L***	-	-	-	-	-
Clough Amec P/L*	-	-	-	-	-
Compass Group (Australia) Pty Ltd*	-	-	-	-	-
Go Offshore P/L***	-	-	-	-	-
Halliburton Australia P/L*	-	-	-	-	-
Hertel Modern Pty Ltd***	-	-	-	-	-
KT Maritime Service ( Bayu Undan)***	-	-	-	-	-
Maersk Drilling International A/S***	-	-	-	-	-
MMA Offshore Vessel Operations P/L***	-	-	-	-	-
Rigforce Pty Ltd	21	-	-	-	-
Schlumberger australia P/L*	-	-	-	-	-
SGS Australia P/L***	-	-	-	-	-
Subsea 7 Australia Contracting Pty***	-	-	-	-	-
Weatherford Australia Pty limited*	-	-	-	-	-
Maersk Supply Services**	-	-	-	-	-
<b>TOTAL</b>	<b>136</b>	<b>41</b>	<b>33</b>	<b>1</b>	<b>1</b>

\*There was no response from these entities regarding employment information.

\*\* The entity reported '0' or 'N/A' in number of employees.

\*\*\* Entity didn't answer to the template.

# 3. Overview of Timor-Leste extractive industries in 2019 – Oil & Gas

## 3.7 Overview ANPM – Employment

The new 2019 EITI Standards came with new requirements related to the contribution of the extractive sector, namely the report of employment in the extractive industries, in absolute terms and as a percentage of the total employment. This information should be disaggregated by gender, company and occupational level, if possible, in the last two breakdowns.

In addition to the information disclosed by the contractors and subcontractors on the previous section, we gathered additional public information to complement the overview on the sector employment context in Timor-Leste with emphasis on the Bayu-undan field.

ANPM on its Annual report disclosed that during 2019 the Bayu-Undan operation had 343 nationals and permanent residents employed, 148 or 43% on offshore activities, 115 or 34% on onshore activities and 80 or 23% employed through service companies.

For Timor-Leste nationals there are 275 employees fully dedicated to the Bayu-Undan field (Full Time Equivalent) and 68 employees of Short-Term Workforce, including contracting companies that are not related to the core activities of this field.

On comparative terms, there was an increase during 2019 as a result of a successful implementation of training and career progression in the Bayu-Undan Consolidated Local Content Plan (BUCLCP). Clough Amec Pty Ltd, ConocoPhillips and Wood Group, were the main representatives on the increment of professional and skilled employees.

Please note that the reconciliation of this information with the previous section was impractical comparing to the information reported on section 3.6. since the breakdown of this information was not requested on the template submitted by ANPM and the fact that there were several entities (subcontractors only) that didn't report information for this requirement.

# 4

## Regulatory Framework Extractive industries in 2019

Timor-Leste officially recovered its sovereignty on May 20th, 2002. Following a referendum held in 1999, the administration of Timor-Leste had been delegated to the United Nations (UN) through the United Nations Transition Administration in Timor-Leste (UNTAET). During the transition period, UNTAET represented Timor-Leste's government in the renegotiation of the sharing of petroleum resources of the Joint Petroleum Development Area (JPDA).

Up until 2019, Timor-Leste and Australia had not defined the final maritime boundary in the Timor Sea. Previously, the two governments put in place a complex set of interim arrangements for the sharing of petroleum extracted from an overlapping joint development zones in the Timor Sea namely the Joint Petroleum Development Area (JPDA). Under the Timor Sea Treaty (TST) the area is governed under Production Sharing Contracts (PSCs) signed between the extractive companies and the ANPM. For Timor-Leste Exclusive Area (TLEA) the legal framework is in accordance with the Petroleum Activities Law (Law N°13/2005) and the area is governed under Production Sharing Contracts (PSCs) signed between the extractive companies and the Government.

In 2003, Timor-Leste and Australia established the Timor Sea Treaty (TST) that provided the framework for all petroleum exploration and development in JPDA. TST(article 4) provided that all petroleum produced in JPDA was split between Timor-Leste and Australia on a 90/10 basis.

In 2019, the Resolution No. 15/2019 of 27th August was created to perform a Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste, defining the sea borders between Australia and Timor Leste. Currently, the (1) Great Sunrise is governed by this Resolution and regulated by ANPM. The (2) Former JPDA falls under Timor-Leste exclusive jurisdiction and regulated also by ANPM.



# 4. Regulatory Framework Extractive industries in 2019

## 4.1 New Laws/Resolutions in 2019

### New Laws/Decrees since the publication of the 2016 EITI Report

1. Resolution No. 15/2019 of 27th August on Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste;
2. Law no. 4/2019 of 27th August on Labour and migration special regime applicable to the Bayu-Undan project;
3. Law No.5/2019 of 27th August First Amendment of Law no. 8/2008, of 30 June 2008, Approving the Tax and Duties Act, First Amendment of Law no. 3/2003, of 1 July 2003, on the Taxation of Bayu-Undan Contractors and First Amendment of Law no. 4/2003, of 1 July 2003 on the Petroleum Development of Timor Sea (Tax Stability);
4. Government Resolution No.22/2019 of 27th August on the approval of an agreement in a simplified form for the exchange of taxation information in light of the Maritime Boundaries Treaty between Australia and Democratic Republic Timor-Leste;
5. Government Resolution No.23/2019 of 27th August on the approval of Memorandum of Understanding between the Autoridade Nacional do Petróleo e Minerais of Timor-Leste, the Australian Commonwealth Department of Industry, Innovation and Science, and the Australian National Offshore Petroleum Safety and Environmental Management Authority on cooperation between regulatory authorities in relation to the Bayu-Undan Gas Field and Pipeline in light of implementation of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste;
6. Decree-law no. 24/2019 of 27th August on transition of petroleum titles and regulation of petroleum activities in the Bayu-Undan field;
7. Decree-Law No.25/2019 of 27th August on Transition of Petroleum Titles and Regulation of Petroleum Activities from the Joint Petroleum Development Area;
8. Decree-Law No. 26/2017 of 27th August on Transition of Petroleum Titles and Regulation of Petroleum Activities in the Buffalo Field;
9. Decree-Law No.27/2019 of 27th August 2nd Amendment of Decree-Law No 20/2008 of 19th June on the establishment of ANPM;
10. Law No.1/2019 of 18th January First Amendment of Law no. 13/2005, of 2nd September, on Petroleum Activities;

# 4. Regulatory Framework Extractive industries in 2019

## 4.2 Timor-Leste Exclusive Area Legal (TLEA)

TLEA refers to the Territory of Timor-Leste as defined by the Petroleum Act (Law No.13/2005 as amended from time to time) of the Democratic Republic of Timor-Leste. This Law applies to petroleum operations in the territorial sea, including its exclusive economic zone and continental shelf where, by International Law, Timor-Leste has sovereign rights for the purposes of resource exploration.

The relevant legal framework for petroleum operations that fall under the Autoridade Nacional do Petróleo e Minerais (ANPM) mandate and the existing petroleum contracts is as the following:

### Legislation

- Petroleum Activities Law (Law No.13/2005) - First Amendment by Law No.1/2019 of 18th January and Second Amendment by Law No.6/2019 of 4th December
- National Petroleum Authority (ANP) (Decree Law No.20/2008) – First Amendment by Decree-Law No.1/2016 of 9th February and second amendment by Decree-Law No.27/2019 of 27th August
- Public Tendering in Respect of Petroleum Contracts Award (Decree Law No.7/2005)
- Decree-Law on Offshore Petroleum Operations in Timor-Leste (Decree Law No. 32/2016)

### Production Sharing Contracts

- TLEA PSC TL-SO-T 15-01
  - TLEA PSC S-06-04 (Contract Area E)
- (more information about PSCs in Annex F)

### Petroleum Activities Law (Law N°13/2005)

Pursuant to international law, Timor-Leste has sovereign rights for the purpose of exploring, exploiting and managing its natural resources, including Petroleum resources. Timor-Leste has entitled to all Petroleum resources existing in the subsoil of its territory, both onshore and offshore. The Petroleum Activities Law no. 13/2005 applies to petroleum operations in the territorial sea, including its exclusive economic zone and continental shelf where, by International Law, Timor-Leste has sovereign rights for the purposes of exploring, exploiting and managing its natural resources, including Petroleum resources. Timor-Leste has entitled to all Petroleum resources existing in the subsoil of its territory, both onshore and offshore. The objective of the Law on Petroleum activities (the Law) is to provide as many benefits to Timor-Leste and its people as possible by establishing a regulatory regime that will allow petroleum companies to develop such petroleum resources. The Law empowers the Ministry to authorize petroleum companies to explore and exploit Petroleum resources. Other petroleum regimes have been taken into consideration in order to establish a regime that is internationally competitive and helps attract investments in the development of petroleum activities.

# 4. Regulatory Framework Extractive industries in 2019

## 4.2 Timor-Leste Exclusive Area Legal (TLEA)

### Petroleum Activities Law (Law N°13/2005)

The Petroleum resources owned by Timor-Leste are a strategic component of its economy, have a high-potential value and are expected to generate significant revenues for the country.

The objective of this Law on Petroleum activities (the Law) is to provide as many benefits to Timor-Leste and its people as possible by establishing a regulatory regime that will allow petroleum companies to develop such petroleum resources.

The Petroleum resources owned by Timor-Leste are a strategic component of its economy, have a high-potential value and are expected to generate significant revenues for the country. In addition to aiming to maximize Timor-Leste's oil revenues, the Law also envisages assisting in achieving the country's broad development goals. Oil revenues, and the development of this resource, will allow Timor-Leste to more effectively deal with developmental needs and priorities, further strengthen its human resources, consolidate the advancements made thus far, speed up and sustain economic growth, reduce poverty, and improve the well-being of the Timorese people.

Another objective of the Law is to ensure stability and transparency in regulating the development of Petroleum resources. In this respect, the Law is complemented with transparency requirements already being applied in Timor-Leste, or yet to be established, including those relating to the publication of information and the saving of oil revenues.

The first amendment to the law (No. 1/2019) continues to preserve the right of the participation of the State, of legal persons and any other legal persons wholly owned or controlled by them, to a maximum participation of 20%, in any authorization award under the terms of the law. Further, the participation may be higher than 20% based on the commercial transaction between parties under the awarded authorization. This law was immediately effective and started on the current reporting year 2019.

### Article 13 of Petroleum Activities Law: Invitations to Apply

1.(a) The Ministry shall invite, by public notice, applications for Authorizations.

(b) Notwithstanding paragraph 13.1(a) above, the Ministry may choose to award Authorizations through direct negotiation without issuing such invitations:

- (i) in the case of Access Authorizations; or
- (ii) in the case of all other types of Authorization where it is in the public interest to do so;

(c) If the Ministry awards an Authorization without inviting applications as set forth in paragraph 13.1(b) above, it shall provide substantiated reasons for so doing.

# 4. Regulatory Framework Extractive industries in 2019

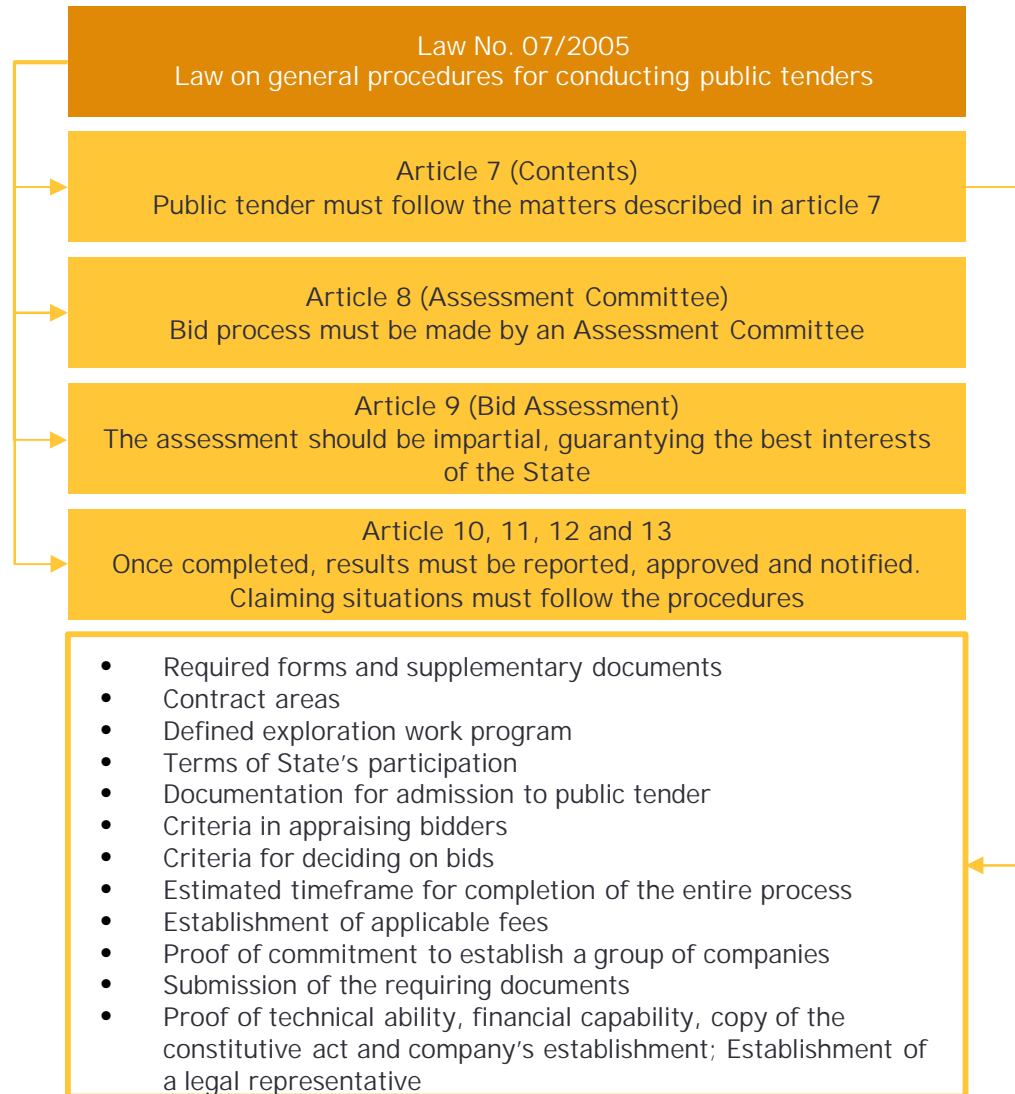
## 4.2 Timor-Leste Exclusive Area Legal (TLEA)

### Public Tendering in respect of Petroleum Contracts Award (Decree Law No.7/2005)

Law No. 13/2005, of September 2nd (Law on Petroleum Activities) stipulates that the granting of authorizations, including the award of petroleum contracts, be preceded by a public tender. This Law has established principles aiming to provide as many benefits to Timor-Leste and its population as possible, by establishing a regulatory regime for petroleum companies.

The Decree Law 7/2005 establishes the conditions on how the Ministry will proceed on authorizing petroleum activities, it states the State participation in petroleum activities and also how are they developed. Transparency and Public information is equally addressed, where misleading information will be penalizing as it is also declared.

The companies and/or groups of companies, shall be selected on the basis of submitted bids, and the public notice issued by the Minister of Petroleum and Mineral Resources, Minerals and Energy Policy regarding the relevant public tender. The referred Minister will be in charge of the entire bidding process and also be the one responsible for granting prospecting authorizations.



# 4. Regulatory Framework Extractive industries in 2019

## 4.3 Joint Petroleum Development Area Legal Framework (JPDA)

The Timor Sea Treaty between the Government of Timor-Leste and the Government of Australia was signed in 2002. The Treaty established the Joint Petroleum Development Area (JPDA) in the Timor Sea, enabling the exploration and exploitation of the petroleum resources in the JPDA for the benefits of the people of Timor-Leste and Australia.

The applied legislation for JPDA operation is the following:

- Timor Sea Treaty (TST)
- Interim Petroleum Mining Code
- Petroleum Mining Code
- Interim Regulations issued under Article 37 of the Interim Petroleum Mining Code
- Interim Directions issued under Article 37 of the Interim Petroleum Mining Code
- Interim Administrative Guidelines for the Joint Petroleum Development Area
- Certain Maritime Arrangements in the Timor Sea
- Greater Sunrise – Memorandum of Understanding
- Greater Sunrise - International Unitization Agreement (IUA)

## Production Sharing Contracts (PSC):

The petroleum contracts include:

- PSC TL-SO-T 19-12 (previously JPDA PSC 03-12)
- PSC TL-SO-T 19-13 (previously JPDA PSC 03-13)
- JPDA PSC 03-19
- JPDA PSC 03-20
- PSC TL-SO-T 19-10 (previously JPDA PSC 06-105)
- PSC TL-SO-T 19-11 (previously JPDA PSC 11-106)  
(more information about PSCs in Annex F and Annex G for undersea oil and gas resources)

Source: <http://www.anpm.tl/jpda2/> & [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

# 4. Regulatory Framework Extractive industries in 2019

## 4.4 Specific agreements with Australia regarding Oil & Gas Exploration

In 2006, Timor-Leste and Australia had agreed to sign on International Treaties regarding the maritime arrangement in the Timor Sea:

- The previously mentioned Timor Sea Treaty
- The Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS) (this agreement was no longer applicable from 2016)
- The International Unitization Agreement for Greater Sunrise (IUA)

Additionally, the Greater Sunrise Memorandum of Understanding (MOU) specifies additional arrangements on this field.

## Timor Sea Treaty (TST)

Formally known as the Timor Sea Treaty signed between the Government of Timor-Leste and the Government of Australia in Dili, on May 20th, 2002, the day Timor-Leste attained its independence from United Nations leadership, to join forces on petroleum exploration in Timor Sea by both countries.

The treaty entered into force on April 2nd, 2003, following an exchange of diplomatic notes. The treaty was to run for 30 years from the day it came into force or when a seabed boundary could be established, whichever came earlier.

The Timor Sea Treaty provides for the sharing of the proceeds of identified petroleum resource(s) in an agreed seabed area known as the Joint Petroleum Development Area and does not determine the sovereignty and maritime boundary between the two countries. The treaty expressly state that the right of either country to claim the overlapping portion of the seabed is maintained.

In 2019, the Resolution No. 15/2019 of 27th August on Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste was published to rectify the Timor Sea Treaty (see the new blocks in Annex I). Timor-Leste and Australia concluded a definitive delimitation of maritime borders between the two States through the Treaty and that delimitation had implications on ownership, jurisdiction and management of oil resources in the Timor Sea.

# 4. Regulatory Framework Extractive industries in 2019

## 4.4 Specific agreements with Australia regarding Oil & Gas Exploration

### Greater Sunrise - International Unitization Agreement (IUA)

The Sunrise and Troubadour gas and condensate fields, collectively known as the Greater Sunrise fields, are located approximately 150 kilometers south-east of Timor-Leste and 450 kilometers north-west of Darwin, Northern Territory.

In April 2019, the government of Timor Leste, through TIMOR GAP, purchased 56.56% of the Greater Sunrise gas and condensate, held by ConocoPhillips (30%) and Shell (26.56%). Woodside still holds a percentage of the fields.

The Greater Sunrise IUA, along with the other legal framework, regulates petroleum activities in the Unit Area and Unit Reservoirs.

In 2019, the Resolution No.15/2019 of 27th August was published to present a Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste. This Resolution rectifies the Timor Sea Treaty and the International Unitization Agreement by the definition of a new provisory geodesic line in the Greater Sunrise Area. The final geodesic line will only enter into force once Timor and Indonesia define boundaries on the continental platform and the depletion of the Greater Sunrise Field.

### Greater Sunrise - Memorandum of Understanding (MOU)

The Greater Sunrise MOU sets the fees value relating to the Unitization of the Greater Sunrise which the Government of Australia will transfer to the Government of Timor-Leste.

### Petroleum Mining Code (PMC)

In accordance with Article 7(a) of the Timor Sea Treaty, and subject to the terms of that Treaty, the following Petroleum Mining Code is adopted to regulate the exploration, development and exploitation of Petroleum within the JPDA, as well as the export of Petroleum from this same area.

### Interim Petroleum Mining Code (Interim PMC)

The Interim PMC regulates petroleum activities within JPDA. Despite the fact that the PMC was established, the Interim PMC continues to regulate the following PSCs:

- PSC TL-SO-T 19-12 (previously JPDA PSC 03-12)
- PSC TL-SO-T 19-13 (previously JPDA PSC 03-13)
- JPDA PSC 03-19
- JPDA PSC 03-20

# 4. Regulatory Framework Extractive industries in 2019

## 4.4 Specific agreements with Australia regarding Oil & Gas Exploration - new laws since 08/19

### Greater Sunrise

The Resolution No. 15/2019 of 27th August, as mentioned before relates to the Rectification of the Maritime Boundaries Treaty, between Australia and Democratic Republic of Timor-Leste. Regarding the Special Regime of the Greater Sunrise, Australia and Democratic Republic of Timor-Leste have the tittle to all petroleum oil produced by sharing the upstream revenues (specifically the first tranche petroleum, profit oil and taxation), derived from the upstream exploitation of Petroleum produced in the Greater Sunrise Fields:

- in the ratio of 70 per cent to Timor-Leste and 30 per cent to Australia in the event that the Greater Sunrise Fields are developed by means of a Pipeline to Timor-Leste; or
- in the ratio of 80 per cent to Timor-Leste and 20 per cent to Australia in the event that the Greater Sunrise Fields are developed by means of a Pipeline to Australia

Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Parlamento-Nacional-No-15-2019-de-27-de-Agosto.pdf>

### Under JPDA Area

According to the Resolution No. 15/2019 of 27th August, the JPDA Area will be 100% Timor-Leste Exclusive Jurisdiction and regulated by ANPM. Furthermore, it is required to have a "cooperation between the ANPM, DIIS and NOPSEMA in relation to the safe and efficient regulation of the Bayu-Undan Gas Field, including the Bayu-Undan Facilities and the Bayu-Undan Pipeline, the latter of which traverses both Timor-Leste's and Australia's continental shelf and over which Australia exercises exclusive jurisdiction over the Pipeline". As such:

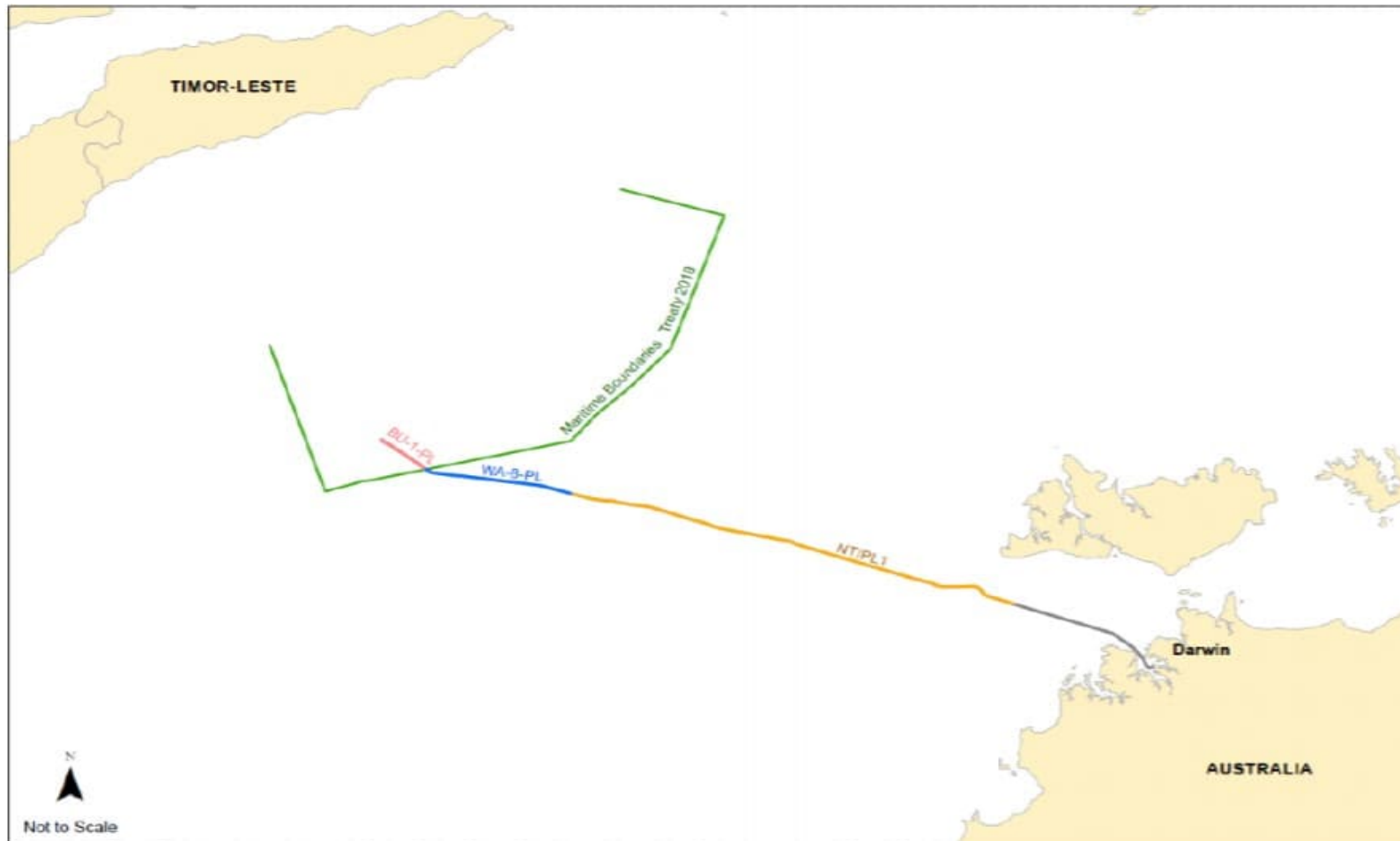
1. ANPM will be solely responsible for regulating the Bayu-Undan Facilities, that is, the upstream offshore infrastructure installed in the Bayu-Undan Gas Field which extracts and processes gas and liquids and stores liquids produced from the Bayu-Undan Gas Field, but does not include the Bayu-Undan Pipeline;
2. The Department of Industry, Innovation and Science of Commonwealth of Australia (DIIS) will be the responsible for the regime governing oil rights and activities in the watershed area Coastal (beyond 3 nautical miles after territorial sea) to the outer limit of the Australian Exclusive Economic Zone
3. Australian National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) will exclusively regulate the Bayu-Undan Pipeline, covered by the licenses BU-1-PL, WA-8-PL and NTPL1.

Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Governo-No-23-2019-de-27-de-Agosto.pdf>



# 4. Regulatory Framework Extractive industries in 2019

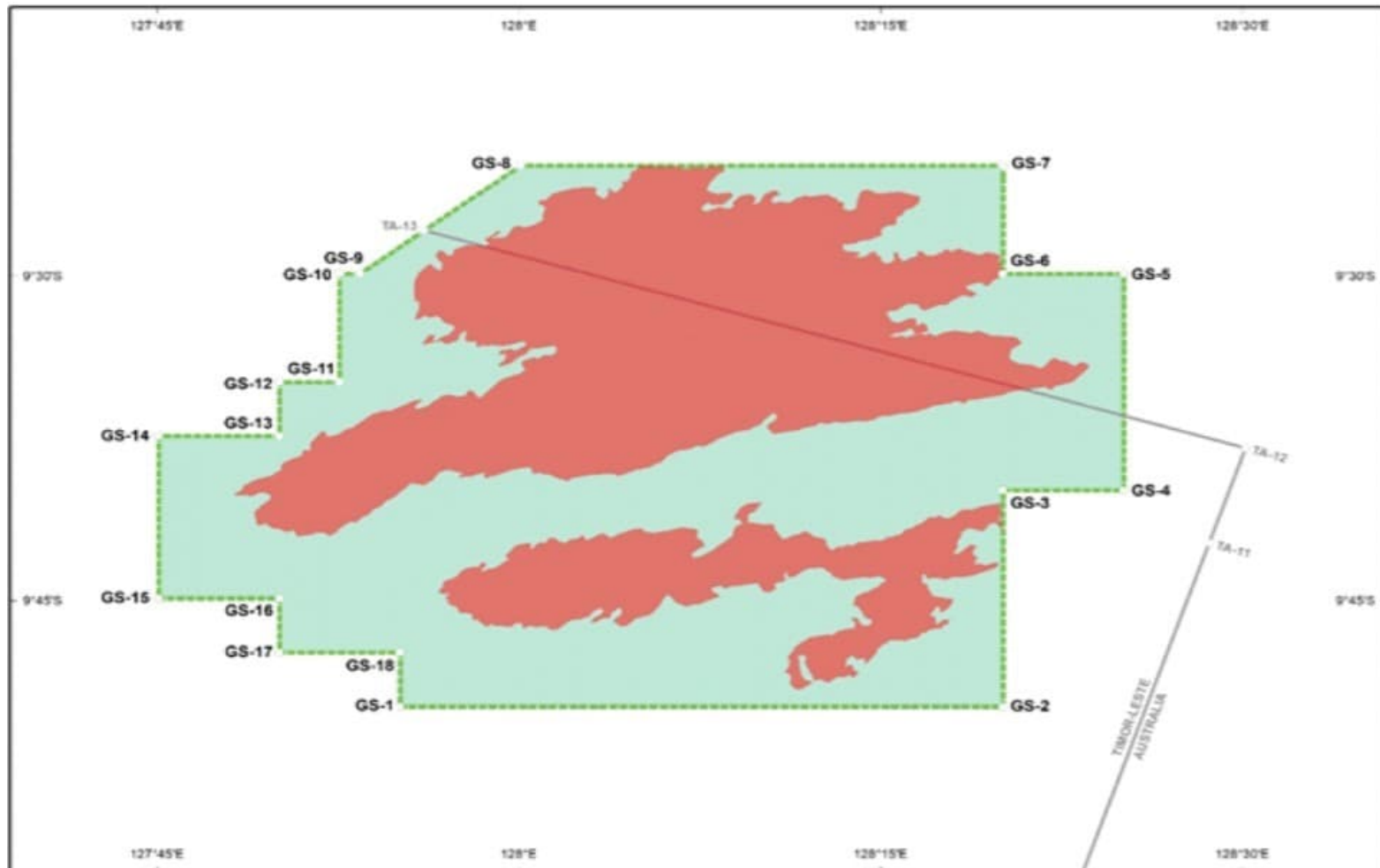
## 4.4 Specific agreements with Australia : Maritime Boundaries – Parliament Resolution 15/2019



Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolução-do-Governo-No-22-2019-de-27-de-Agosto.pdf>

# 4. Regulatory Framework Extractive industries in 2019

## 4.4 Specific agreements with Australia : Maritime Boundaries - Parliament Resolution 15/2019



Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolução-do-Parlamento-Nacional-No-15-2019-de-27-de-Agosto.pdf>

# 4. Regulatory Framework Extractive industries in 2019

## 4.5 ANPM

Autoridade Nacional do Petróleo e Minerais (ANPM) is a Timor-Leste public institution, created under Decree Law No. 1/2016 of February 9th (1st amendment of Decree-Law No.20/2008 of June 19th).

The decree-Law No. 20/2008, of 19 June, which created the Autoridade Nacional do Petróleo (ANP)\*, entrusted the same entity with, amongst others, the responsibility for regulating and supervising the sectors/industries pertaining to the petroleum and natural gas and their derivatives in the country, thus acting as the Country's regulatory authority.

Under Decree Law No. 1/2016 of 9th February, the 1st amendment of Decree-Law No. 20/2008 of 19th June, the public institution Autoridade Nacional do Petróleo e Minerais (ANPM) was known to be responsible for managing and regulating petroleum and mining activities in Timor-Leste area, both offshore and onshore and in the Joint Petroleum Development Area (JPDA) in accordance with the Decree Law on the establishment of the ANPM, the Timor-Leste Petroleum Activities Law, the Timor Sea Treaty and the Petroleum Mining Code.

Furthermore, under the Decree Law No. 27/2019, there was a second amendment to the original Law. This amendment relates to Timor-Leste and Australia definitive delimitation of maritime borders between the two States through the Treaty (Resolution No. 15/2019) and also implied delimitation on ownership, jurisdiction and management of oil resources in the Timor Sea. Therefore, when the Resolution No.15/2019 enters into force, ANPM will see its function of designated authority for the purposes of the Greater Sunrise Special Regime Area and holding its function of the Former JPDA, which became part of Timor-Leste Exclusive jurisdiction.

Hence, ANPM will be responsible for managing and regulate petroleum and mining activities in Timor-Leste Exclusive Jurisdiction, which includes the Former JPDA and the Greater Sunrise Special Regime Area, in accordance with the Decree Law (that established ANPM) and the following laws and regulations:

- Timor-Leste Petroleum Activities Law - First Amendment by Law No.1/2019 of 18th January and Second Amendment by Law No.6/2019 of 4th December;
- Resolution No. 15/2019 rectifying the Timor Sea Treaty;
- All new laws introduced with the rectification of the Maritime Boundary Treaty in August 2019;
- Other resolutions prior to August of 2019;
- Petroleum Mining Code including subsidiary legal frameworks for Greater Sunrise Special Regime Area;

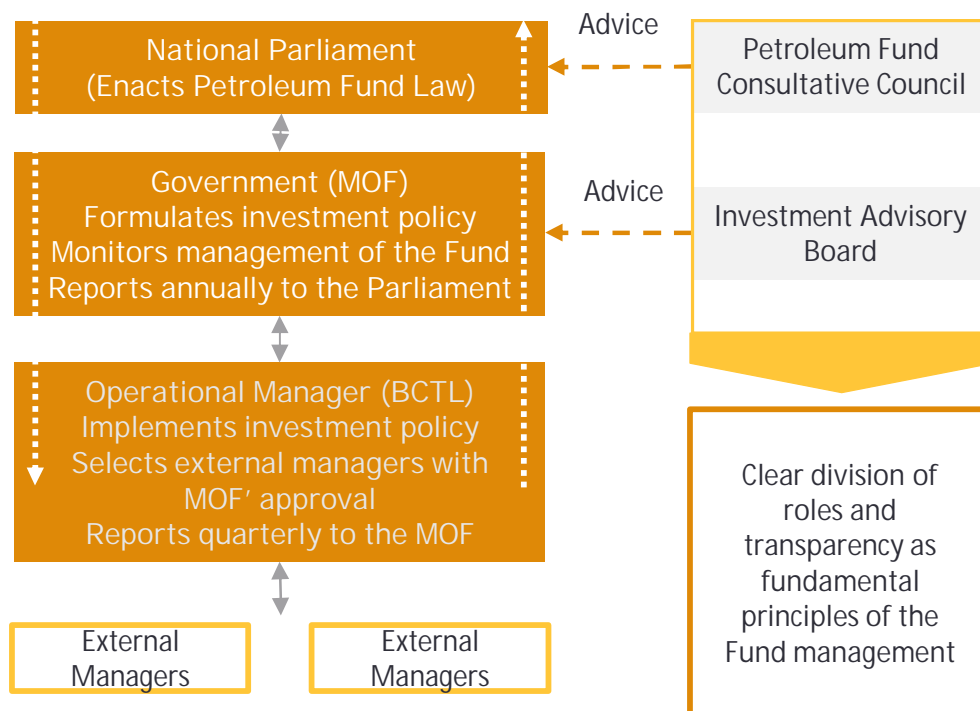
# 4. Regulatory Framework Extractive industries in 2019

## 4.6 Petroleum Fund

The Petroleum Fund was established to fulfill the constitutional requirement set by Article 139 of the Constitution of the Republic that mandates a fair and equitable use of the natural resources in accordance with national interests, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

The parliament of Timor-Leste established the legal framework for the Petroleum Fund through the Petroleum Fund Law, updated by amendments to the Petroleum Activities Law. The Fund is constituted as an account of the Ministry of Finance held in the Central Bank of Timor-Leste (BCTL, Banco Central de Timor-Leste).

### Petroleum's Fund's governance structure



### The Petroleum Fund Law:

- Provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenue
- Details the parameters for operating and managing the petroleum fund
- Defines the asset allocation and risk limits
- Governs the collection and management of receipts associated with petroleum wealth
- Regulates transfers to the state budget, and
- Provides for government accountability and oversight of these activities.
- The Petroleum Fund Law requires that all petroleum revenues are entirely transferred to the Fund and invested abroad in financial assets. The Fund's only outgoings are transfers back to the central government budget, pursuant to parliamentary approval by the Law No.9/2005 (August 3rd, 2005) .

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>

# 4. Regulatory Framework Extractive industries in 2019

## 4.6 Petroleum Fund

The Petroleum Fund Law provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenues, details parameters for operating and managing the Petroleum Fund, defines asset allocation guidelines and risk limits, governs collection and management of the receipts, regulates transfers to the State Budget, defines clear roles and responsibilities of entities involved in the management of the Fund and provides for government accountability and oversight of these activities.

The Fund separates the inflow of petroleum revenues from government spending. All petroleum income initially enters the Fund before any transfers are made to the State Budget. The amount of the transfers is guided by the Estimated Sustainable Income (ESI), set at 3% of total Petroleum Wealth.

### Estimated Sustainable Income (ESI)

Petroleum Wealth comprises the balance of the Petroleum Fund and the Net Present Value of expected future petroleum revenue. The rationale behind using the ESI is to smooth the spending of temporarily high petroleum income and shield against the volatility of petroleum inflows and safeguard the sustainable use of public finances. The Fund is invested only in international financial assets. The investment objective is to achieve a 3% real return over the long-run to contribute to the sustainability of the fiscal policy.

Based on a good management and a prudent investment policy (as the fulfilment of the ESI) it was possible to have a steady increase through the years of the Market value of the fund even noticing that the petroleum receipts have decreased after 2012 result from the decreases on the oil prices.

The Government has withdrawn 11,585 million USD from the Fund since its inception until the end of 2019. This exceeds the cumulative ESI over that period. The excess reflects the Government's policy to front-load expenditure to enable economic development. The excess withdrawals have contributed to a decline in Timor-Leste's Petroleum Wealth.

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>

### Petroleum Fund's Balance and Flows

In 2019 the Fund's balance has increased USD 1,888 million (from USD 15,804 million in 2018 to USD 17,692 million in 2019). The investment return was USD 2,101 million over the year.

The petroleum revenues collated was USD 756 million. This amount was constituted by USD 327 million in petroleum taxes and 429 million in royalties and profit from oil and gas.

The Petroleum Fund's balance increased by USD 1,888 million in 2019 to end the year at USD 17,692 million.

# 4. Regulatory Framework Extractive industries in 2019

## 4.6 Petroleum Fund

### Withdrawals

The withdrawals from the Petroleum Fund are the amounts that finance almost all Government's General State Budget. In 2019, were withdrawn USD 969 million.

As mentioned before, since the creation of the PF, the Government has withdrawn 11,585 million, which exceeds the ESI by 4,473 million USD, averaging 5% of the PF, instead of the defined 3%.

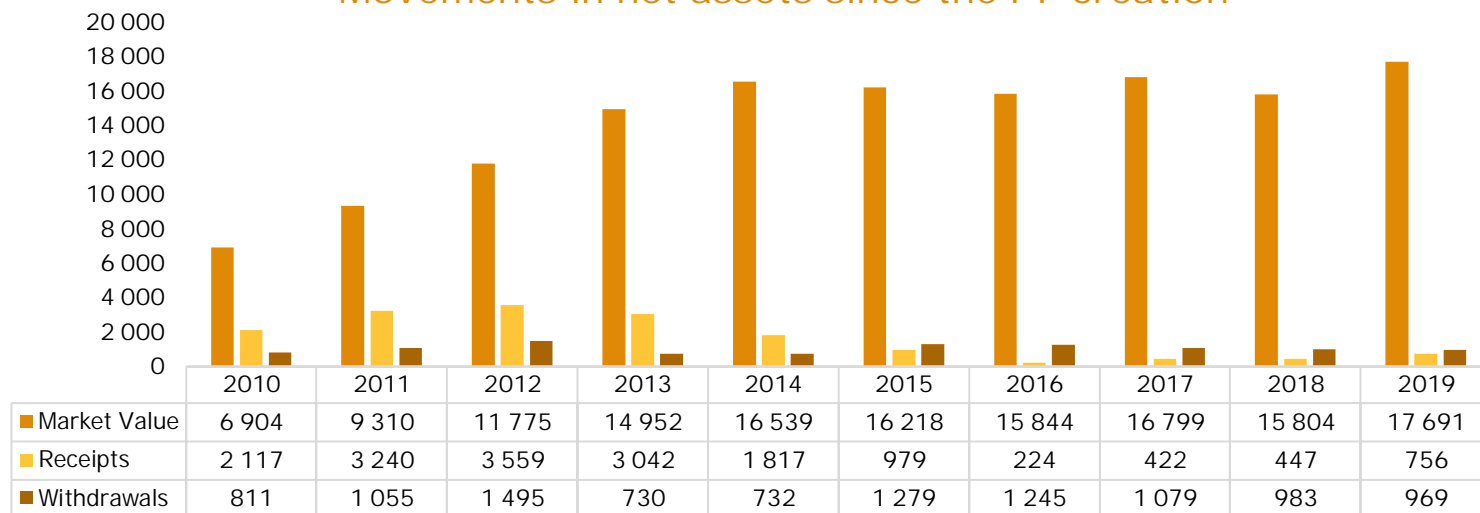
According to the PF Annual Report 2019, "The excess reflects the Government's policy to front-load expenditure to enable economic development. The excess withdrawals have contributed to a decline in Timor-Leste's Petroleum Wealth".

### Tax Refund

In 2018, the Government of Timor-Leste approved a tax refund related to the Corporate Income Tax (CIT) and Supplemental Petroleum Tax (SPT) overpayment during the fiscal periods of 2011, 2012 and 2013 from Kitan Operations. During 2019 there wasn't tax refunds regarding previous periods.

Sources: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>

### Movements in net assets since the PF creation



Market Value Receipts Withdrawals

Million USD

# 4. Regulatory Framework Extractive industries in 2019

## 4.6 Petroleum Fund

### Net Investment Return 2019

The Petroleum Fund's investment strategy is designed to generate an annual return that exceeds inflation by 3 per cent over the long run. The 3% real return objective follows from the ESI.

The Petroleum Fund's investments were initially fully invested in bonds (specially US) to limit the exposure to risk however a significant allocation to equities is required to reach the real return objective. However, when the 2005 Law was reviewed, which first required 90% of investments to be in the US dollar bonds, after a broad consultation with stakeholders, the Petroleum Fund Law was amended in 2011 to allow up to half of the Fund to be invested in listed equities. Correspondingly, no less than 50% of the Fund is to be invested in fixed interest.

The Petroleum Fund's investment return in 2019 was 13,25%, which is the highest annual return since the PF inception. This performance was mainly driven by the equity portfolio with 27,7% of return, which represents the strongest annual performance since the equities were introduced in 2010. The Bond portfolio had a positive return by 5,16%, in 2019.

### Petroleum Fund performance in 2019

The Fund's return since inception was 4,45% on an annualized basis, or 2,51% in real terms, after accounting for US inflation. Since 2010 the bond portfolio's annualized return was 2,68% and the equity allocation's annualized return was 10,18% since 2010.

Since October 2010 when equities were introduced, the return from bonds was 1.64% per annum.

Details and more information of the PF can be seen in PF Annual report 2019, published at the MoF website.

# 4. Regulatory Framework Extractive industries in 2019

## 4.6 Petroleum Fund

### Petroleum Fund Revenues

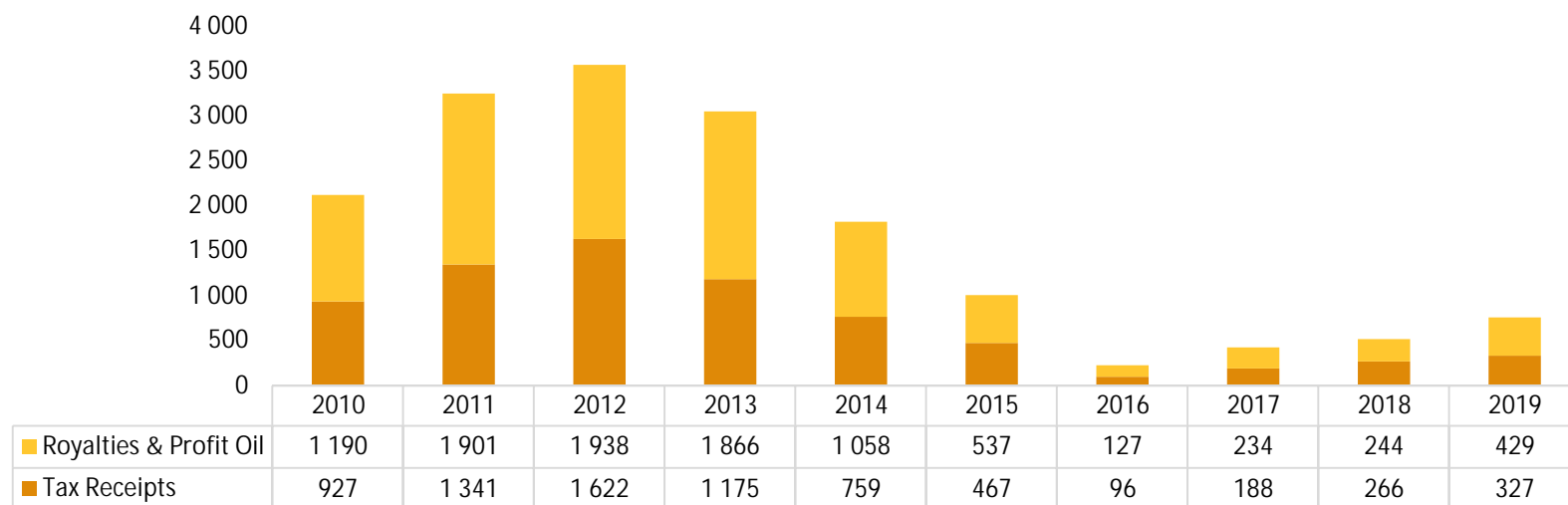
In 2019, also well in the last year, there is only one gas field in the production phase, Bayu- Undan. That field has started the production phase in 2004. Oil price, production volume and production costs are the three main factors that affect the Government’s inflow of petroleum revenues.

The petroleum revenues were a total of 756 million USD. This amount was constituted by 327 million in petroleum taxes and 429 million in royalties and profit oil. The production in barrels of oil decreased from USD 38.8 million BOE in 2018 to 38 million BOE in 2019. Since 2004 until 2019 the total production was USD 857 million BOE. The production level was maintained by the successful execution of the Bayu Undan infill well in 2018.

In 2019, 6 more condensate cargoes and 2 LPG cargoes were sold compared to the previous year, causing an increase of revenue during this period.

Since 2005, the total of petroleum receipts totalized 22,786 million, comprised of 9,659 million from petroleum tax receipts and 12,937 million of royalties and profit share. The split between the Tax and Non-Tax petroleum revenues since 2010 were as follows:

Annual Petroleum Revenue



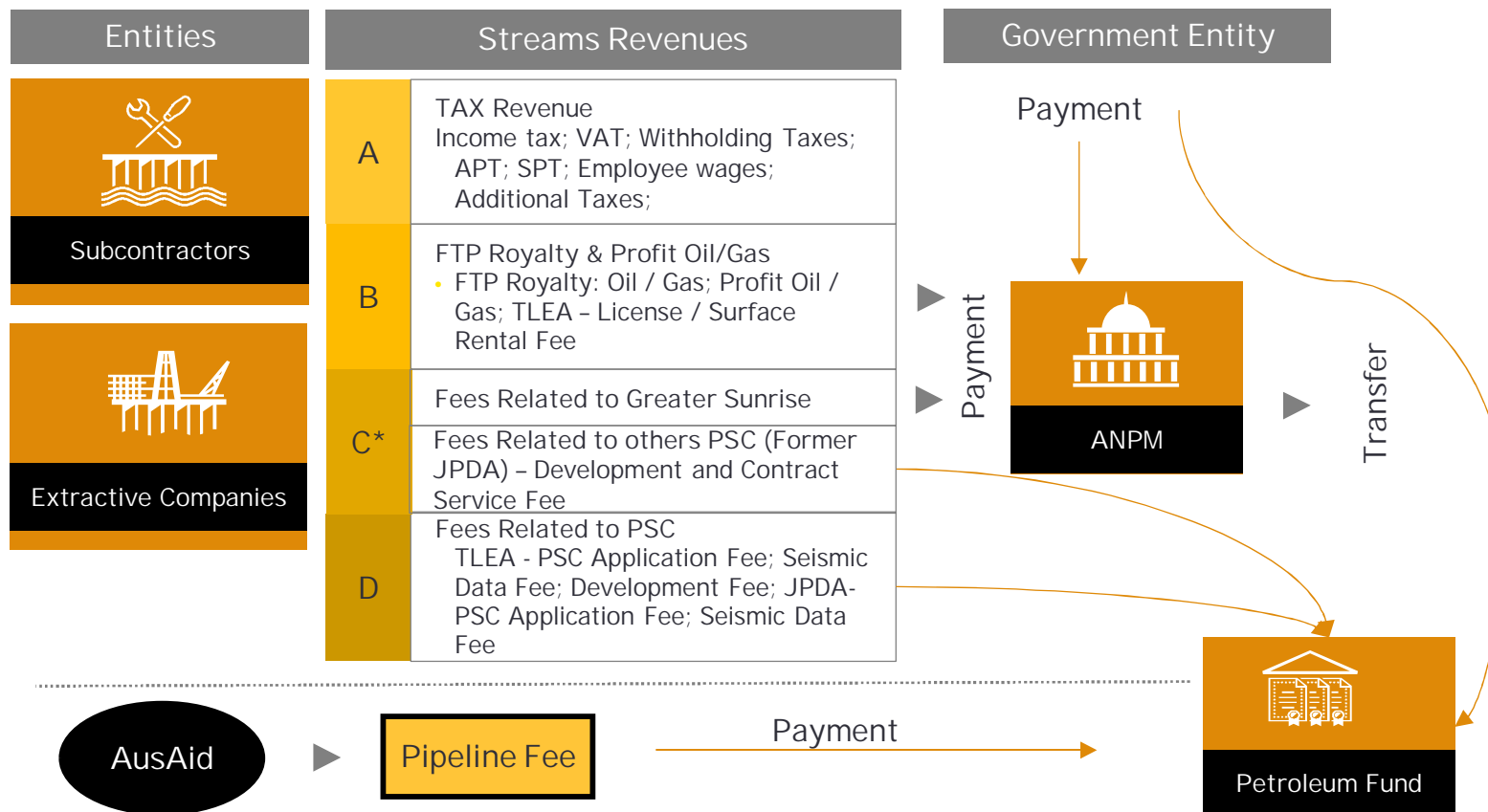


# 4. Regulatory Framework Extractive industries in 2019

## 4.7 Summary of the payment process

### Summary of Payment Process

There are almost no direct links from the petroleum sector to the rest of the economy. All petroleum production is offshore and outsourced to foreign companies. Petroleum revenues flow into Timor-Leste's offshore petroleum fund, from which a portion is drawn through the government budget, benefiting the non-oil sector.



C\* - Prior to August 2019 all Fees from JPDA PSCs were paid to ANPM, but since September 2019 ANPM only receives the payments of Fees from Greater Sunrise and the Fees from the Former JPDA are paid directly to Central Bank (PF)

# 4. Regulatory Framework Extractive industries in 2019

## 4.8 State Owned Enterprise (SOE's)

The Petroleum Act (Law No 2005/13) - Article 22 "State Participation in Petroleum Operations," allows a state-owned National Oil Company (NOC) to participate in joint ventures for exploring and exploiting petroleum resources in Timor-Leste. This law is not applicable to JPDA, since the coverage is only limited to Timor-Leste Jurisdiction. Further, with the creation of TIMOR GAP, the State is aiming to facilitate, through the NOC, the participation in any authorization issued under JPDA, and other jurisdictions, following the best industry practices.

### TIMOR GAP, E.P.

TIMOR GAP, E.P. was established as a national company of Timor-Leste by Decree-Law no 31/2011. Its main objective is to act on behalf of the State in conducting business within the Oil and Gas sector.

This company receives a government funding in the form of an annual public transfer for the purpose of supporting its operational activities in accordance with the State Budget Law. The public transfer to TIMOR GAP is made through to the Ministry of Petroleum and Mineral Resources' (MPRM) annual budget. The Funds allocated to TIMOR GAP are based on the company's annual plan that is approved by the Council of Ministers.

An agreement on the budget execution and reporting is signed every year between MPRM and the TIMOR GAP before the disbursement of the funds to the company's designated bank account. Under Art. 4 of the Decree Law no 31/2011, TIMOR GAP is obliged to submit the report on quarterly basis to MPRM on the use of the public transfer accordingly. Details of transfers are mentioned on TIMOR GAP's 2019 Annual Report.

The entity has subsidiaries engaged in upstream activities and oil & gas services.

Source: [https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/\\$File/AR19\\_English\\_with\\_Financial.pdf?openelement](https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/$File/AR19_English_with_Financial.pdf?openelement)

# 4. Regulatory Framework Extractive industries in 2019

## 4.8 State Owned Enterprise (SOE's)

### TIMOR GAP, E.P.

The entity has subsidiaries engaged in upstream activities and oil&gas services.

Upstream (Block interests SPVs)

The activities of the wholly owned subsidiaries by TIMOR GAP vary from Onshore to Offshore. In 2019 TIMOR GAP has interests on following PSCs:

- In 2012 TIMOR GAP established a fully owned subsidiary company, TIMOR GAP PSC 11-106 that is responsible for exploration, production of crude oil and natural gas and respective sale activities regarding to the PSC TL-SO-T 19-11 (replaced PSC 11-106 after MBT). The partnership between TIMOR GAP PSC 11-106, Eni and Inpex for this PSC in the former-JPDA area had an effective date on October 23rd, 2013. TIMOR GAP has 24% of share in the JV.
- Established in 2015, TIMOR GAP OFFSHORE BLOCK is a special purpose vehicle for the offshore block TL-SO-15-01. In 18th of December 2015, this subsidiary began the exploration offshore in the block TL-SO-15-01 holding a 100% of share in the PSC.
- TIMOR GAP ONSHORE BLOCK was founded in 2017 to participate in the exploration and exploitation activities in TLEA. Established in 2017, TIMOR GAP ONSHORE BLOCK C is a special purpose vehicle for the offshore block TL-OT-17-09. In April 2017, TIMOR GAP was awarded with two PSCs to initiate the exploration of the two onshore blocks TL-OT-17-08 (Block A) and TL-OT-17-09 (Block C). Both PSCs establish a 50% share partnership between the subsidiaries, TIMOR GAP ONSHORE BLOCK and TIMOR GAP ONSHORE BOLCK C, with Timor Resources. Please check Annex G for TIMOR GAP Onshore Blocks (please check Annex H).

- TIMOR GAP CHUDITCH established in 2016, to expand TIMOR GAP Exploration & Production portfolio. On 8 November 2019, TIMOR GAP CHUDITCH and its joint venture partner, SundaGas Banda Unipessoal, Lda., signed a PSC for the TL-SO-19-16 (PSC 19-16) contract area with ANPM. TIMOR GAP has 25% of share in the JV.
- Created in 2016, TIMOR GAP Offshore Block Resources is a SPV to cooperate in exploitation activities in the Kitan field redevelopment or other discoveries in the formerly JPDA area.
- In 2017, TIMOR GAP ONSHORE BLOCK B was created as a SPV to participate in the activities in the onshore Block B. TIMOR GAP continues to establish contact with potential JV partners to sign a new PSC regarding the Block B (Onshore).
- In 2018 were established four new subsidiaries with the purpose to hold participating interest in the Greater Sunrise fields.

Subsidiary	Participation
TIMOR GAP GREATER SUNRISE RL2	Retention Lease NT/RL2
TIMOR GAP GREATER SUNRISE RL	Retention Lease NT/RL4
TIMOR GAP GREATER SUNRISE 03-19	PSC JPDA 03-19
TIMOR GAP GREATER SUNRISE 03-20	PSC JPDA 03-20

Other upstream study is the technical study of post-PSC 2022 and the management of the Bayu-Undan Reservoir. The main objective is resource management and optimization through a full field review of the Bayu-Undan field.

# 4. Regulatory Framework Extractive industries in 2019

## 4.8 State Owned Enterprise (SOE's)

### TIMOR GAP, E.P.

#### Oil & Gas services

- In 2012, GAP-MHS Aviation, Lda was constituted with the aim to provide offshore petroleum aviation support operations in Timor Sea. The company is a 60% quota holder GAP-MHS Aviation Lda (GAP-MHS) and 40% interest is held by MHS Aviation Lda. Following the boards decision, this subsidiary was dissolved in January of 2020.
- Created in 2014, TIMOR GAP Oil & Gas Marine and Logistics provides general services for the marine industry and support services to the petroleum industry. In 2015, Timor GAP Oil & Gas Marine and Logistics established the South Horizon Offshore Services, Lda, a joint venture company with Siglar Offshore Services Timor, to provide support services to vessels and offshore installations operating in the Timor-Sea, to own and operate offshore support vessels and render any other services for the marine and Oil & Gas industry.
- Founded in October 2015, TIMOR GAP Seismic Services is owned by TIMOR GAP (60%) and a subsidiary of China National Petroleum Corporation, BGP Geopexplorer Pte, Ltd (40%) with the objective to provide seismic survey services within the Timor-Leste's territory.
- In 2017, TIMOR GAP Drilling & Services was created due to the complexity of supplying services in the upstream business. The main goal is to attract and improve the value of commercial economy.

TIMOR GAP received a government grant of 16,900,000 USD during the year ended 31 December 2019 (2018: 9,948,762 USD). Besides depending on the government grant to cover most project expenses, the company also generated income from fuel trading business which totalized 226,983 USD (2018: 406,175 USD) .

In the 2019 financial year no dividends from GAP MHS were received (2018: Also, no dividends), the only subsidiary that distributed dividends to the entity in the past.

On a group basis the Profit & Loss before tax was of -4,476,612 USD (2018: -1,514,899 USD) taking into account the decrease on the share of profit of associates (GAP-MHS Aviation).

*Source: [https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/\\$File/AR19\\_English\\_with\\_Financial.pdf?openement](https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/$File/AR19_English_with_Financial.pdf?openement)*

# 4. Regulatory Framework Extractive industries in 2019

## 4.8 State Owned Enterprise (SOE's)

### Brief Note on Onshore direct award to TIMOR GAP

TIMOR GAP, E.P., the national oil company of Timor-Leste, was awarded the exclusive hydrocarbon exploration rights to the Onshore Block (44/2015) by Government Resolution 44/2017 in December 2015. Subsequently the Onshore Block was divided into 3 sub-blocks (A, B & C), each with an area of approximately 1000km<sup>2</sup>.

Due to the nature of the entity, it was analyzed the Law 13/2005, which described that direct award is possible and allowed by law. According to petroleum activities law 13/2005 on art. 13 b):

"...Ministry may choose to award Authorizations through direct negotiation without issuing such invitations:

- (i) in the case of Access Authorizations; or
- (ii) in the case of all other types of Authorization, where it is in the public interest to do so."

Source: TIMOR GAP 2018 annual report & [http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law\\_2005\\_13\\_petroleum\\_activities\\_.pdf](http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_13_petroleum_activities_.pdf)

Taking into consideration the TIMOR GAP, E.P. mission and purpose, the Council of Ministers considered this award to be made on the national public interest and a significant milestone for TIMOR GAP, E.P. to develop as an oil and gas company.

The role of TIMOR GAP E.P. in the onshore exploration is key to achieving the maximum benefits for Timor and maximum participation of Timorese citizens. As noted in the Program of the Sixth Constitutional Government the operation and activity of the company is "central to the strategy of developing our petroleum industry" and provides "an avenue for Timor-Leste to have a direct business stake in and benefit from the expansion of the sector."

Acting pursuant to the Petroleum Activities Law, the Ministry herewith awards these petroleum contracts by means of direct negotiation based on public interest to TIMOR GAP Onshore Block (to enable the boost of its knowledge in the upstream sector and enhance its experiences and capabilities) incorporated and organized under the existing laws of the Democratic Republic of Timor-Leste, and TIMOR RESOURCES PTY LTD, a company incorporated in Australia, and both parties are collectively referred to as "Contractor" for the Production Sharing Contracts (PSC's) TL-OT-17-08, which covers Covalima and Bobonaro Municipalities and (PSC's) TL-OT-17-09, which covers Manufahi and Ainaro Municipalities.

Source: <http://timor-leste.gov.tl/?p=17711&lang=en>

# 4. Regulatory Framework Extractive industries in 2019

## 4.9 Licenses / Contract disclosure

ANPM is responsible for the public disclosure of contracts and licenses that provide the terms to the exploitation of oil, gas and minerals, in accordance with the applicable laws in force.

EITI standards 2019 require that there will be disclosures regarding licenses and contracts in order to provide relevant information to stakeholders. All information concerning to active contracts and licenses is available on the ANPM website.

Source: <http://www.anpm.tl/list-of-licenses-2006-2018/>

Source: <http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekPSCList>

Source: <http://www.anpm.tl/timor-leste-eiti/>

Following the requirement 2.2, Timor-Leste should disclose:

- I. Description of the process for transferring or awarding the license;
- II. Technical and financial criteria used;
- III. Information about the recipient(s) of the license that has been transferred or awarded;
- IV. Material deviations from the applicable legal and regulatory framework governing license transfers and awards.

In addition, the government should disclose the process for awarding or transferring a license of a bidding, and the rules that determinate how candidates are chosen.

Source: *EITI Standard 2019*

Consequently, ANPM discloses the documents needs to apply to a license or bidding, and the list of licenses and contracts on the following websites:

Source: <http://www.anpm.tl/category/annual-report/>

Source: <http://www.anpm.tl/how-to-apply-for-the-downstream-activity-license/>

Source: <http://www.anpm.tl/jpda2/> & <http://www.anpm.tl/tlea/>

Timor-Leste's Oil and Gas sector is governed under Production Sharing Contracts (PSCs) signed between the oil companies and the ANPM.

ANPM has disclose all contracts copies and other information relevant about the active licenses, in accordance with the applicable laws in force. Beside the links above mentioned it's also possible to, by request, ask for more information in their site:

Source: <http://web.anpm.tl/webs/anptlweb.nsf/pgRequest>

### Other Notes

Several PCSs were signed when Timor-Leste was still in occupancy and no much more information exists about the application date or the process. The 2006 PSC have an application date of May 2006. PSC 11-106 was awarded in 2013 and its decision process was disclosed on the EITI TL 2013 report.

ANPM on behalf of the Timor-Leste Government signed 6 PSC with the operators in August 2019. These contracts include 4 PSCs from the former-JPDA namely the Bayu-Undan Oil Field PSC (previously JPDA 03-12 and 03-13, which was converted to PSC TL-SO-T 19-12 and PSC TL-SO-T 19-13), the Kitan Oil Field PSC (previously JPDA 06-105, which it was converted to PSC TL-T 19-10) and the PSC JPDA 11-106 that was converted to PSC TL-SO-T 19-11. The other 2 contracts were originated in Australia's jurisdiction.

Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

# 4. Regulatory Framework Extractive industries in 2019

## 4.10 Civil Society's perspective

Currently, the MSWG is composed of seven civil society representatives, four industry representatives, four government representatives and three representatives of state-owned enterprises.

La'o Hamutuk in June 2019, presented the Implications of recent changes to Timor-Leste's Petroleum Fund to the Timor-Leste Studies association. The presentation was related to the recent legislative history and the lack of transparency, consultation and deliberation, and also identified possible imminent developments.

Furthermore, according to the EITI evaluation, concerning requirement 1.3 on CSO involvement "Civil society has made efforts to improve the quality of their participation in the EITI process as shown by the contributions to the discussions of the EITI Report, annual progress report and mainstreaming, consultations with local CSOs, regular participation in MSWG meetings and efforts to improve the process for selecting representatives to the MSWG." This demonstrates a stronger commitment by CSO to be part of the decision process and to improve transparency in their country.

Source: <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#2019> & <https://eiti.org/timorleste>

# 5

## Tax Regime

According to the requirement 2.1 of the EITI Standard 2019, Timor-Leste must disclose a description of the fiscal regime governing the extractive industries.

Timor-Leste's petroleum sector currently consists of two different jurisdictions with different legal and fiscal regimes:

1. The Joint Petroleum Development Area (JPDA) - jointly managed by Australia and Timor-Leste :
  - Covered by Timor Sea Treaty were covered on Bayu-Undan Kitan and PSC 11-106;
  - Covered by Timor Sea Treaty excluding Bayu-Undan and the international unitization agreement on Great Sunrise Filed project.
2. Timor-Leste Exclusive area (TLEA) managed by Timor-Leste on Offshore and Onshore.

Timor-Leste operates a Production Sharing Contract (PSC) system. Petroleum operations in the Joint Petroleum Development Area (JPDA) and Timor-Leste's exclusive areas are conducted according to PSCs concluded between the Autoridade Nacional do Petróleo e Minerais (ANPM) and Contractors.

In addition, the TST guarantees Timor-Leste taxation right of 90% of the petroleum revenues from the JPDA and 10% to Australia.

In 2019, a new Law entered into force due to the Resolution 15/2019 of the Ratification of the Maritime Boundary Treaty. According to the Law 5/2019, there were changes to the tax legislation for the Former JPDA contractors. As required under the Maritime Boundary Treaty and the new fiscal law, the Greater Sunrise Special Regime had to be formulated.

This section summarizes the fiscal regime for each jurisdiction.



# 5. Tax Regime

## 5.1. JPDA – Bayu-Undan & Greater Sunrise Fields

In the Annex F it is presented all PSCs covering the Bayu-Undan field and the Greater Sunrise field in 2019.

The applicable regime for these two fields is as follows:

### Bayu-Undan:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Law 3/2003 on Tax of Bayu-Undan Contractor (ToBuca)
- Law 4/2003 on Tax Stability
- UNTAET Regulation No. 18/2000
- Timor Sea Treaty replaced by the Maritime Boundary Treaty after August 30th, 2019
- Law 5/2019 (amends Law 3/2003 and 4/2003) after August 30th, 2019

### Greater Sunrise:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Timor Sea Treaty replaced by the Maritime Boundary Treaty after August 30th, 2019
- Income Tax Law on 25th Oct 1999
- UNTAET Regulation No. 18/2000

## JPDA – Bayu-Undan field tax regime

The Bayu-Undan field (covering PSCs TL-SO-T 19-12 and TL-SO-T 19-13 (former JPDA 03- 12 and 03-13 pre-MBT) was in the Former JPDA and as such was governed by the Timor Sea Treaty (TST) until August 30th, 2019, in which it legally becomes part of Timor-Leste territory MBT. The general taxation law (referred to as the Law on Income Tax - Indonesian tax laws on October 25th, 1999) has been subject to further modifications as a result of the ToBuca and the Law on The Petroleum Development of Timor Sea (Tax Stability Act), diplomas amended by Law 5/2019 after Resolution 15/2019. New law formalized the transition of the prior fiscal conditions to the new treaty.

### Income Tax

- Corporate Income Tax to Contractor at a flat rate 30% on annual Taxable Income;
- Corporate Income Tax to Subcontractors following progressive rate: 10%, 15% and 30% on annual Taxable Income.

### Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax. This allowances is reduced by the proportion of Timor-Leste shared under the TST of 90%.

# 5. Tax Regime

## 5.1. JPDA – Bayu-Undan & Greater Sunrise Fields

### JPDA – Bayu-Undan field tax regime

#### Additional Profit TAX (APT)

Bayu-Undan Contractors are also subjected to an APT (APT is also a supplemental tax in Timor-Leste payable by contractors on the upstream profits) and will be applied against a contractor who has a positive amount of accumulated net receipts for the petroleum operations of that year calculated according the following formula:

$ANR \times 21.50\% * (1-r)$ , and  $ANR = ((A \times 116.50\%) - (I \times (1-r))) + B$

Where:

ANR - accumulated net receipts of the contractor;

r - Income tax (currently 30%)

A - Accumulated net receipts from prior years;

B - Net receipts for the current year

I - Interest expense

Additionally, the rate before August 2019 was 22,50% and after August decreased to 21,5%.

#### VAT

VAT at a rate of 9% is applied to "taxable services" provided in the JPDA from the services rendered or goods by supplier company (i.e. Subcontractors).

#### Withholding tax

There are several rates that will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in JPDA.

There is an extensive number of retentions on Income of Goods and Services (WHT) for Subcontractors providing services in petroleum activities in article 8 of the revised Law 3/2003. The applicable WHT rates vary depending on the type of services (i.e. drilling services (rig); construction services; technical, management, legal and accounting services, royalties, and others). See article 8 on Law 5/2019.

#### Wages Income Tax

Employees providing services in respect of petroleum activities are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee's salaries or similar remuneration.

For example, in the case of an employee who is a non-resident the flat WIT rate is  $20\% \times 90\% = 18\%$  of the remuneration.

# 5. Tax Regime

## 5.1. JPDA – Bayu-Undan & Greater Sunrise Fields

### JPDA – Greater Sunrise field tax regime

The Greater Sunrise field (covering PSCs JPDA 03-19 and 03-20) is located partly within MBT (on the former JPDA) and partly outside and under Australia's exclusive jurisdiction. The tax regime is after August 30th, 2019, governed by the MBT.

#### Income Tax

- Income Tax Law is a flat rate 30% on taxable income to Contractor;
- Corporate Income Tax for subcontractors following progressive rate: 10%, 15% and 30% on taxable Income.

#### VAT

VAT at a rate of 9% is applied to "taxable services" provided in the JPDA from the services rendered or goods by supplier company (i.e. Subcontractors).

#### Branch Profits Tax (BPT)

Greater Sunrise Contractors are subject to a BPT of 20% on 90% of 20.1% of after-tax profits. Under the TST, the 20% BPT is reduced to 15% where the company is a resident of Australia or Timor-Leste.

#### Withholding tax

There are several rates that will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in JPDA and Great Sunrise Special Regime in future.

The applicable WHT rates vary depending on the type of services (i.e. drilling services (rig); construction services; technical, management, legal and accounting services, royalties, and others).

#### Wages Income Tax

Employees providing services in respect of petroleum activities are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee's salaries or similar remuneration.

If an employee is a non-resident the flat WIT rate is 20% x 90% = 18% of the remuneration, based on UNTAET Regulation No. 1999/1, 25th October.

# 5. Tax Regime

## 5.1. JPDA – Bayu-Undan & Greater Sunrise Fields

### JPDA – Other fields

The tax regime applicable to petroleum operations undertaken in the JPDA, other than Bayu Undan and Greater Sunrise, are also subject to a 90% basis due to the TST.

Tax regime in other fields of JPDA:

- Timor Sea Treaty
- UNTAET Regulation No. 2000/18
- Petroleum Tax Act No. 7/2005, replaced by Taxes and Duties Act on Decree law No. 8/2008 Amendment

### Income tax

- Income tax applies to Contractors at a rate of 30%;
- Subcontractors or all services providers are subjected to final withholding on 6% .

### Withholding tax

The rate of 5.4% will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in the JPDA.

The applicable WHT rates vary depending on the type of services (i.e. drilling services (rig); construction services; technical, management, legal and accounting services, royalties, and others).

### Wages Income Tax

Employees providing services in respect of petroleum activities are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee's salaries or similar remuneration.

For example, in the case of an employee who is a non-resident the flat WIT rate is  $20\% \times 90\% = 18\%$  of the remuneration.

### Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax. This allowances is reduced by the proportion of Timor-Leste shared under the TST of 90%.

# 5. Tax Regime

## 5.2 TLEA – Timor-Leste Exclusive Area

### MBT (Timor-Leste Exclusive Jurisdiction + former JPDA)

The tax regime applicable for exclusive jurisdiction of the Timor-Leste TLEA are:

- UNTAET Regulation No. 2000/18;
- Petroleum Tax Act No. 7/2005, replaced by Taxes and Duties Act on Decree law No. 8/2008, amended by Law No.5/2019.

For the Former JPDA, other than Bayu Undan and Greater Sunrise, the following tax provision is provided under the Law No.5/2019 of 27th August and First Amendment of Law No.8/2008 of 30 June 2008, approving the tax and duties Act. The specific changes introduced are:

- On the SPT the rate for Former JPDA is reduced from 22.5% to 19.8% and for Former Australian jurisdiction is reduced from 22.5% to 0%;
- Designated service taxes and withholding taxes are reduced at 90% during the exploitation and development phases. This rate reduction will not be applied until the date of first productions;
- Exemption of custom duties for all import for petroleum operations in the former JPDA Contract Area and will only be subject to custom duties when those import goods are permanently transfer into Timor-Leste territory other than the Former JPDA Contract Area.

### Income tax / Designated Service Tax / Sales Tax

Income tax applies to Contractors at a rate of 30%. The rate for designated services tax to a contractor is 12%. The rate for sales tax on imports of goods is 6%.

### Withholding tax

The rate of 6% will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in TLEA.

### Import Duty

Import duty applies to goods imported into Timor-Leste. The rate of import duty is 6%.

### Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax.

# 5. Tax Regime

## 5.2 TLEA – Timor-Leste Exclusive Area

MBT (Timor-Leste Exclusive Jurisdiction + former JPDA)

### Supplemental Petroleum TAX (SPT)

TLEA Contractors are also subject to an SPT (SPT is a supplemental tax in Timor-Leste payable by contractors on the upstream profits) and will be applied against a contractor who has a positive amount of accumulated net receipts for the petroleum operations of that year calculated according to the following formula:

$$\text{ANR} \times 22.50\% \times (1-r), \text{ and } \text{ANR} = ((A \times 116.50\%) - (I \times (1-r))) + B$$

Where:

ANR - accumulated net receipts of the contractor;

r - Income tax (currently 30%)

A - Accumulated net receipts from prior years;

B - Net receipts for the current year

I - Interest expense

### Wages Income TAX

Employees providing services in respect of petroleum activities in the TLEA are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10% (below USD 550) and 30% x amount wages (above USD 550) on gross income of the resident employee's salaries or similar remuneration.

A monthly tax credit of USD 10 is also applied to resident employee who is a natural person.

In the case of an employee who is a non-resident the flat WIT rate is 20% of the remuneration.

# 6

## Overview of Timor-Leste extractive industries in 2019 -Mining

Timor-Leste has already (through Ministerial Diploma) distinct between definitions of artisanal, medium and large. Small-scale mining are not considered in the definitions due to the actual activity (production and fees collected) being a small portion, compared to Oil & Gas sector and even comparing with other economy sectors.

Moreover, artisanal refers to pure manual mining with the maximum use of 60 tons/month of construction materials.

According to the available data, the mining sector in Timor-Leste is the artisanal small scale and the decision was to use EITI standard guidance (according with volume / activity) and disclose the information available about the sector with some additional information about revenue (licensing revenue).

# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.1 Legal Framework

Currently, ANPM is the responsible for managing and regulating petroleum and mining activities in Timor-Leste, under Decree Law No. 1/2016 of February 9th, 2016.

Regarding the regulation on mining, in 2008, the government approved the Ministerial Diploma No. 1/2008 of 30 July, on specific rules for the licensing of extraction activities of mineral masses (mines and quarries) and its mining at an industrial scale. This ministerial diploma was amended twice in:

- Ministerial Diploma 1/2009, of August 12th, 2009
- Ministerial Diploma 2/2014, of February 19th, 2014

The 1st amendment introduced prohibition on beach sand extraction to restore the maritime or coastal landscape and create conditions for the creation of infrastructures to improve the use of those areas, as a direct benefit for the population and to allow the development of the tourism sector.

The 2nd amendment introduced the forms for licensing purposes, covering the extraction activities of mid and large-scale minerals.

The Ministerial Diploma No. 1/2008 is no longer applicable as it has been revoked by the Ministerial Diploma No.64/2016 of November 16th.

The new Ministerial Diploma improves requirements for licensing and introduces principals that are more aligned with the draft Mining Code.

Applicable legislation:

- Ministerial Diploma No.64/2016 of 16 November
- Decree-Law No. 5/2011 Environmental Licensing

Source: <http://www.mj.gov.tl/jornal/?q=node/4914>



# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.1 Legal Framework

### Ministerial Diploma No.64/2016 of November 16th

The Timor-Leste Ministerial Diploma No.64/2016 of November 16 clarifies the need to further improve the administrative process for licensing, general obligations of the license holder, classification of activities and their associated fees' assessment, improve technical requirement for evaluation, planning, implementation and monitoring, inspection, audit and reporting of mining activities.

This Diploma promote participation of cooperatives or Timorese companies incorporated under the Law of Timor-Leste in research and exploration related to construction material with minimum participation interest of more than 50% owned and controlled by Timorese.

The license given by ANPM such as Prospecting License, Exploration License and Mining License, except for the dimension and ornamental stone, all licenses have duration of one (1) year, unless the respective approval order stipulates otherwise.

The Ministerial Diploma clarifies, in line with the country's constitution, that all mineral resources on public and private land within the territory of Timor-Leste are deemed to belong to the public domain of the state, and that the state may acquire, including through expropriation, the private land where those resources occur or are discovered.

# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.2 License process

Current Legislation: Ministerial Diploma No.64/2016 of November 16th

### 1. Fees and Classification

The Fees and Classification for Mineral License in 2016 apply according to Ministerial Diploma No. 2/2014 of 19 February from January to November 2016 and Diploma No. 64/2016 of November 16 applies from December 2016 to present.

The classification of the artisanal, medium and large scale and the license fees are as illustrated below.



### Licensee Fee – Art. 7

The license fees applied for the different activities as above classification are as follows:

Licensing fees for new/extension requests according to article 7	
No tax	USD
Artisanal	
500	1.500
Prospecting	Exploration
500	1.500
Mining/Extraction (Medium scale)	Mining/Extraction (large scale)

### Mining / Extraction Fee – Art. 8

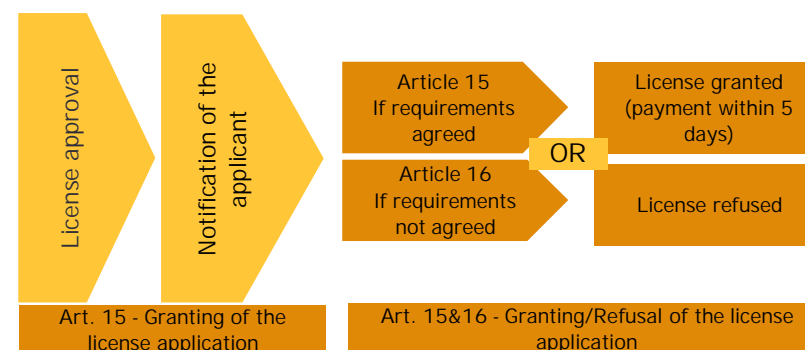
The mining exploration fee according to total ton mined classification are as follows:

*Jornal da República*

	MATERIAIS DE CONSTRUÇÃO (em USD/ton exploradas)		MATERIAIS DE TRANSFORMAÇÃO (em USD/ton exploradas)			ROCHAS ORNAMENTAIS (em USD/ton exploradas)	
	Outros 716mm	Areia (dimensão =16mm)	Calcário	Argila	Gesso	Calcário, Granito e Mármore	Outros previstos no artigo 28
Artisanal	0.00	0.00	N/A	N/A	N/A	N/A	N/A
Escala Média							
Grande Escala	3.00	2.00	0.75	0.50	0.75	8.00	7.00

### 2. Licensing

The license scope include scientific research, prospecting license and mining license (article 12 and 13 of DM 64/2016 of 16 November). The license requirement should be applied as the following:



# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.3 Environmental Legislation

### Decree Law No. 5/2011

In the light of the new requirement, 6.4, of the 2019 EITI Standard, it is vital to analyze the position of Timor-Leste regarding the environmental legislation.

The Decree Law No.5/2011 was published to disclose the creation of environmental licensing for preventing negative impacts on the environment instead of later fighting its effects.

This statute establishes the Environmental Licensing System conceived as an additional system for responding to the need to prevent the negative environmental impacts resulting from complex projects and meets the social and economic reality of East Timor. Furthermore, the system envisages the granting of environmental licenses and monitoring thereof as a logical consequence of the process for the environmental assessment of projects, thus creating an integrated process and a simplified procedure for preventing negative environmental impacts and controlling pollution from the projects.

Additionally, the 2019 EITI Standard requires that the environmental payments are disclosed, consequently, as the IA, we have added this requirement on the 2019 Template.

### Decree Law No. 26/2012

The Decree Law No. 26/2012 defines the principles of the environmental policy, guidelines for the conservation and protection of the environment and the preservation and sustainable use of natural resources.

Regarding to extractive industries, this law explains some measures that can minimize the direct environmental impact of this activities.

# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.4 Timor-Leste Mining Activity

### Number of licenses

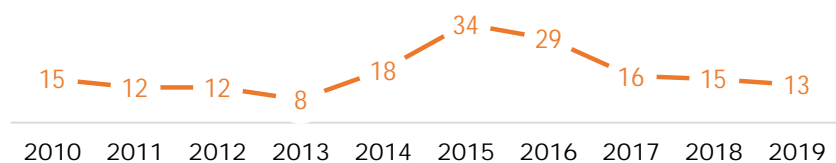
From 2006 to 2019, the number of licenses recorded by the Direcção Nacional de Minerais, MPM, of ANPM have been fluctuated. There was a significant increase verified in 2015 and 2016 comparing to the following years. This was justified by the introduction of the 2nd amendment and the new regulation which made the adjustments in the licensing application process easier and better guided. In 2019, 13 licenses were issued. See more details on licenses in Annex E.

Source: <http://www.anpm.tl/list-of-licenses-2006-2018/>

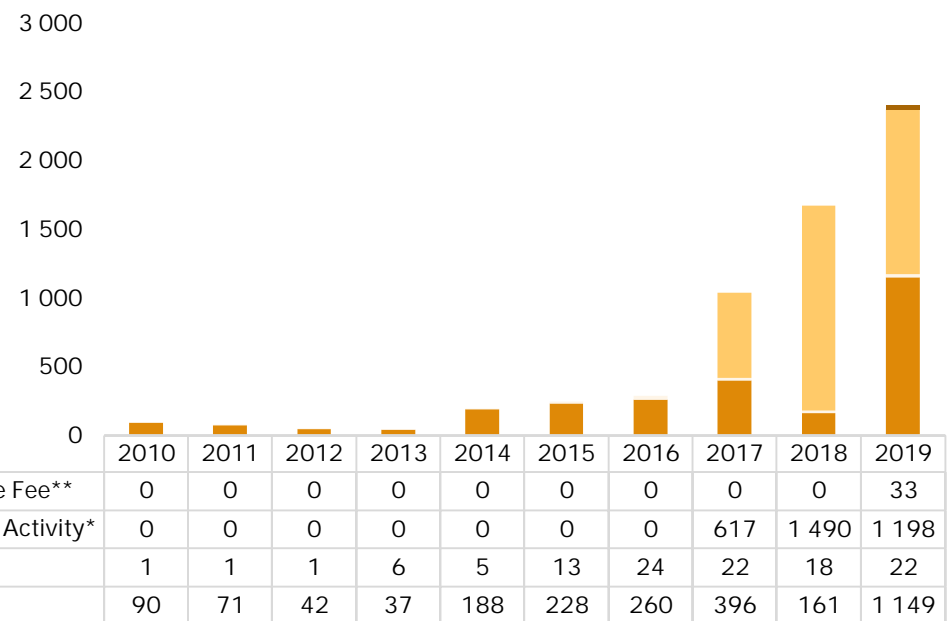
### Revenue

Since 2014, the revenue obtained from the extraction and the license fees in mineral sector has been growing as indicated in the following graph. This is mainly justified by the legislation and the several controls implemented by the Ministry of Petroleum and Minerals. In 2019, the total mineral amount collected by ANPM was higher than the previous year, from USD 1,668,804.28 in 2018 to USD 2,401,791.36. The amount of fees collected increased mainly due to the increment of the mineral fee. Despite the decrease in the compensation unauthorized activity, it is also a significant component of the total collected.

LICENSES ISSUED 2010-2019



Total Extractive and License fees



Thousands USD

Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement & http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement&http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/)

# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

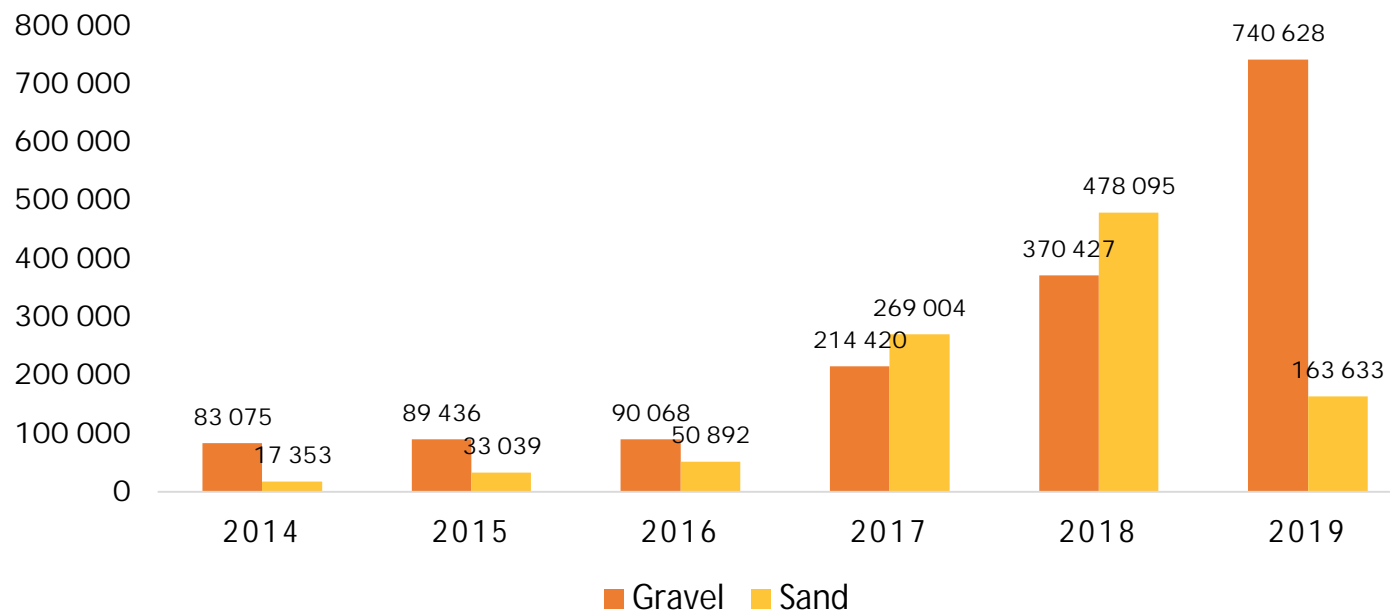
## 6.4 Timor-Leste Mining Activity

### Production

The production in 2019 of construction material extracted was 904,260.38 tons, including of 740.627,65 tons of gravel and 163.632,73 tons of sand. To support the Tibar bay project the demand for construction material was higher than the previous year, which led to an increase of the quantity of material extracted in 2019.

Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

### MINERAL PRODUCTION IN TONS



# 6. Overview of Timor-Leste extractive industries in 2019 - Mining

## 6.4 Timor-Leste Mining Activity

### Coverage of artisanal and small-scale mining (ASM)

According to the EITI Requirement 6.3 the EITI reports are expected to include “an estimate of informal sector activity, including but not necessarily limited to artisanal and small-scale mining.” in the information related to extractive industries contributions to the economy for the fiscal year covered.

In the scoping phase, the MSWG should evaluate if formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation should or should not be included in the EITI report. However, is still a typical informality sector with gaps in data (production statistics disaggregated by mine site and mineral, and those aggregated at the national levels) and formal revenues streams (derived from licensing permits and production fees at mine sites).

Timor-Leste already (through Ministerial Diploma) distinguishes the concepts of artisanal, medium and large. Small-scale mining are not considered in the definitions due to the actual activity (production and fees collected) being very little, compared to Oil & Gas sector and even other economy sectors. Moreover, artisanal refers to pure manual mining with use of maximum of 60Ton / month of construction materials. To define the classification on whether it is artisanal or not should also consider:

- If the activity is conducted on pure manual mining without any updated machinery to support the activity (artisanal);
- if the method of extraction uses updated machinery such as tractor and excavator, then and even knowing that the quantity is less than 60 ton/month is subject to license and fee payment.

At all times, the MSWG will need to consider issues of proportionality i.e., how much effort, time and resources, are appropriate for the amount the information to be used. Data collection can have significant cost implications so it is assumed that the scoping phase would rely on existing primary or secondary information available in Timor-Leste. With information available at this scoping phase, we have verified that the mining revenues are still immaterial as described below (and also see threshold and material considerations).

The recommended options for ASM / small scale applicable for Timor-Leste reporting are:

- Option 1 - Providing an overview of the ASM sector;
- Option 2 - Providing an overview of ASM activity, production and export data;
- Option 3 - Providing an overview of ASM activity, production, export and revenue data

According to the above mentioned the MSWG group agreed that mining sector in Timor-Leste is a ASM / small scale and option 3 is still the most appropriate, considering the information available with some additional information about revenue (licensing revenue).

# 7

## Methodology and approach

EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 11th Timor-Leste EITI Report. This assignment was the first step to do the reconciliation process.

The objective of the scoping study was to clearly define the scope of the EITI reconciliation exercise, the reporting templates, the data collection process and the working schedule, in accordance with EITI Requirements (EITI Standard 2019). This assessment also enabled the remediation of recommendations from prior EITI reports.

# 7. Methodology and approach

## 7.1 Scope and IA

### Independent Administrator

As Independent Administrator, EY performed the following tasks during the technical-economic evaluation:

- Identify the companies, State-owned enterprises and institutions that have to be in scope according to requirement 4.1 of the EITI standard
- Identify and list the oil and gas companies (extractive industry) and mining industries of Timor-Leste which have made substantial payments to the State and must be in scope for the reporting in accordance with the requirement 4.1 (c) of the EITI standard
- Identify and list the government bodies that received substantial payments from oil and gas companies and mining industries of Timor-Leste that must be in scope for reporting in accordance with the requirements of 4.1 (c) of the EITI standard
- Identify any legislative, regulatory, administrative or practical obstacles for the full disclosure of the total revenue derived from each stream of benefits agreed in the volume needed for the EITI report, including revenues that are below the agreed thresholds, significant to the reporting templates, according to requirement 4.1 (d) EITI standard.
- Advising the MSWG on how to define the disaggregation level to be applied to the data that will be published
- Identify the audit procedures and perform confirmation procedures within companies and public institutions involved in the preparation of the EITI report, in order to confirm the compliance with the requirements of 4.9 (a) EITI Standard. This includes the study of relevant laws and bylaws, any initiatives for reform or those that are being introduced, and whether these procedures meet international standards.

Finally, EY has issued a draft report that was the basis for the analysis made in the initial phase (scoping study report) which was submitted and approved for adoption by the MSWG.

### Scope of work

The scope of the 12th report is the 2019 fiscal year. A materiality threshold defined by the MSWG, includes all revenue streams above 100,000 USD and companies that have made payments (to the material revenues streams) above the same amount in 2019. This threshold permits to capture approximately 99% of the revenues received by the Government from petroleum activities in 2019.

Specifically, the following matters were considered:

- The national taxes paid to the DNRPM to be captured within the EITI process, and accordingly, all non-taxes paid to ANPM or to the Fund.
- All revenue streams from TL (DNRPM, ANPM and PF) were in the basis for the calculation of the material stream relevant to the EITI report.
- The information was reconciled (but not validated – this will be done only in the reconciliation phase) with information of receivables declared on the audit year end Financial Statements of the Petroleum Fund (that is considered as the total receivables in scope).
- The amount / % considered was the combination of number of revenues streams / number of entities in order to guarantee that the report will have in scope more than 99% of receivables. This number is achievable due to the size and concentration of the sector is only a few players.
- Mandatory social payments data is not yet collated by Government on an industry-wide basis. These costs are considerable to the companies. Accordingly, it would be useful for the EITI to be a mechanism to enable industry and government to collate this data on an annual, and systematic, basis. .

In accordance with the information received from the government entities as well as information from open sources concerning the receipt of tax and non-tax payments in 2019, the basis for determining the scope of the report was accomplished.



# 7. Methodology and approach

## 7.2 Materiality thresholds for company disclosures

### Materiality

The EITI Standard defines materiality as follows: “Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report.” Different ways could be used to define materiality for the 2019 Report. The MSWG have defined materiality in terms of a minimum value of payments to the government (100,000 USD).

### Sectors

The Oil & Gas sector covers more than 90% of tax and non-tax revenues received from the extractive industry in 2019.

In the mining sector the companies are, however with a high impact of revenue amounts received in 2019 that would create a significant cost (time effort) with the data collection.

Thus, considering the requirements of the standard (concerning the definition of significant reporting thresholds, and accountable entities), we recommend that only Oil and Gas sector should be included in the report and the mining sector should be included as a ASM with option 2 - Providing an overview of ASM activity, production and export.

### Subcontractors

The MSWG have decided to include the Subcontractors that have made payments to significant revenue streams (only Tax) of Oil & Gas activities above the threshold.

# 7. Methodology and approach

## 7.2 Materiality thresholds for company disclosures

### Scope Entities

The Oil & Gas list of entities (Contractors, Subcontractors and Government) in scope are as follows:

OIL & GAS ENTITIES IN SCOPE		
Contractors		
Conocophillips (03-12) Pty Ltd / Santos NA (19-12) Pty Ltd1	Inpex Sahul	TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda
Conocophillips JPDA Pty Ltd / Santos NA Bayu Undan Pty Ltd1	Inpex Timor Sea	TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda
Conocophillips ( Timor Sea ) Pty Ltd / Santos NA Timor Sea Pty Ltd1	Tokyo Timor Sea Resource Pty Ltd	
Conocophillips (03-13) Pty Ltd / Santos NA (19-13) Pty Ltd1	Woodside Petroleum (Timor Sea 03-19) Pty Ltd	<b>Government Entities</b>
Conocophillips (Emet) Pty Ltd / Santos NA Emet Pty Ltd1	Woodside Petroleum (Timor Sea 03-20) Pty Ltd	Direção Nacional de Receitas Petrolíferas e Minerais (DNRPM)
Conocophillips Timor Leste Pty Ltd / Santos NA Timor Leste Pty Ltd1	Timor Resources Pty Ltd	Autoridade Nacional do Petróleo e Minerais (ANPM)
Santos JPDA 91-12 Pty Ltd	TIMOR GAP PSC 11 106 UNP Lda	Banco Central de Timor-Leste (BCTL)
Eni JPDA 03-13 Limited	TIMOR GAP Onshore Block, Unip Lda	TIMOR GAP E.P. (SOE)
Eni Timor Leste S.p.A	TIMOR GAP Offshore Block, Unipessoal Lda	Petroleum Fund (PF)
Eni JPDA 06-105 Pty Ltd.		<b>Other (Pipeline fee)</b>
Eni JPDA 11-106 BV		AusAid
Subcontractors		
Atlas Programmed Marine Unip Lda	KT Maritime services	
Babcock offshore Service	Maersk Drilling International A/S	
Brunel Energy Pty Ltd	MMA Offshore Vessel Operations P/L	
CALTECH UNIP	Rigforce Pty Ltd	
Cameron Services Int. Pty Ltd	SGS Australia P/L	
Clough Amec Pty Ltd	Schlumberger australia P/L	
Compass Group Australia Pty Ltd	Subsea 7 Australia Contracting Pty	
Go Offshore Pty Ltd	Weatherford Australia Pty Ltd	
Haliburton Australia Pty Ltd	Maersk Supply Services A/S	
Hertel Modern Pty Ltd		

<sup>1</sup> In May 2020, Santos Ltd acquired ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. Santos is the name in force since 2020

# 7. Methodology and approach

## 7.2 Materiality thresholds for company disclosures

### Revenue Streams

Government revenues from the extractive industries consist of:

- Non-tax Revenues
- Tax Revenues

The Oil & Gas entities tax revenue streams in scope are as follows:

OIL & GAS REVENUES STREAMS	
TAX REVENUE	Description
Income Tax	Tax on taxable income of tax-payer for each tax year
Additional Profits Tax	Additional income tax payable by a Contractor that has a positive amount of accumulated net receipts derived from the Bayu-Undan Project for a tax year.
VAT	Tax on Goods and Services.
Wages Withholding tax	Withholding on wages income tax of employees (Resident and Non-Resident).
Withholding Tax Payments	This is a tax where any person or company making certain payments is required to deduct from such payments and remit to the DNRPM. The payments that attract WHT are payments to services which includes management and consultancy fees, commissions, rent dividends and payments to non-resident contractors.

The Oil & Gas entities non-tax revenue streams in scope are as follows:

OIL & GAS REVENUES STREAMS	
NON TAX REVENUE	Description
FTP	A production payment made pursuant to a PSC between the TL Government and a Company relating to sales of Oil and Gas.
Royalty	A royalty payment made according to their PSC between the TL Government and a Company relating sales of Oil and Gas.
Profit Oil & Gas Payments	A production payment made pursuant to a PSC between the TL Government and a Company relating to profit on sale of Oil and Gas cost oil recovery.
Fee's Payable	Contract service fee (JPDA) - Fee payable to Contract area acquired based on fix amount for JPDA and size /km in TLEA.
	Development Fee (JPDA) - Applies when a commercial discovery is declared by the contractor. Fees based on the size of the discovery of the oil and gas reserve.
	Seismic Data Fee - Fees based on the data acquired from the inventories system that collect all the relevant Seismic data.
Other payments (Pipeline Fee)	Fee payable by Australia government (in JPDA) agreed by both countries.

# 7. Methodology and approach

## 7.3 Data collection

The data collection process had the following steps:

- Preparation of the draft of the data collection templates by the IA (as part of the scoping study).
- Discussion and adjusted templates after comments, observations and recommendations provided by the MSWG.
- Preparation of separate requests to each government entity (DNRPM, Petroleum Fund, BCTL, ANPM), list of entities in scope and state-owned (TIMOR GAP E.P.).
- National Secretariat of Timor-Leste sent the data request templates with a cover letter signed by the Minister of Petroleum and Mineral Resources representative.
- Once completed by the entities in scope and government entities, the referred questionnaires (templates) were sent by email to the IA.
- Information processing was made by the Independent Administrator.
- Discussion of the discrepancies and adjustments of the differences by IA (involving both parts).
- Draft of the conclusions made by IA and discussed with MSWG.

Specific information requests were maintained in the reporting templates to address the EITI requirements and maintain the score issued by EITI's International secretariat on last validation.

## Data Quality

The overall data quality of the extractive sector is adequate. There are areas for improvement such as full contract disclosure and cadastral information, as described above in the contextual analysis. These areas for improvement are beyond the remit of the scoping study, particularly because they have not been agreed by the MSWG. However, improvements from last validation were already noted.

There is no significant difficulty in the oil and gas sector with respect to the templates for reporting of government entities and companies. They should be approved and in detail according to the EITI requirements.

## Data Assurance

According to the requirement 4.9 (a), the audit of the financial statements by an independent party, and the explanation of the assurance procedures is sufficient to guarantee the fulfillment of this requirement.

# 7. Methodology and approach

## 7.4 Data assurance

### Assurance Method in the Public Sector

There are government entities (as ANPM and the Petroleum Fund) that have a confirmation report, from their external auditor, produced as part of their normal auditing program and financial statements validation, confirming the revenues presented. Furthermore, BCTL (Banco Central Timor Leste), the Petroleum Fund and TIMOR GAP also have their financial statements audited, and the latest is audited by the Court of Audits.

The steps for assurance/audit processes mentioned before, should be implemented by law for all public entities in the extractive sector. Hence, the data requested from the independent administrator is expected to be subjected to scrutiny through the process mentioned above.

### Assurance Method in Private Sector

Different circumstances are applied for private companies involved in the extractive sector. Their operational and financial performances are captured in the annual and financial reports, especially for public listed companies or with reliance on the internal control system that is, in the majority of the entities, SOX compliance.

The laws and regulations regarding the audit process are not yet applicable for Timor-Leste. Since the EITI reconciliation process, requires data of high reliability we have:

- Requested and received the reporting templates signed off by the official in charge plus the monthly detail of payments (dates and amounts);
- We have requested the audited financial statements (when applicable) and/or auditors report;
- Made analytic review on the data and external available information;

For more relevant government and private entities (Santos, Eni, Woodside, ANPM, DNRPM, PF and BCTL) we questioned about the differences in the information reported, in order to assure that the data was being reported correctly and to establish internal controls for validation purposes.

Every time there were differences/doubts about the information reported, we request the entities to resend of the information updated;

# 7. Methodology and approach

## 7.5 Other considerations

### Transportation

Bayu-Undan field Development Plan, consisted on the installation of a subsea pipeline and the construction of the Darwin LNG plant. The 500 kilometer 26" pipeline supplies gas from Bayu-Undan to be processed into a 3.7 MTPA design capacity Natural Gas facility – Darwin Natural Gas, located in the Northern Territory of Australia. LNG continues to be sold under a long-term sale agreement (SPA) between Darwin LNG and Tokyo Gas (TG) and JERA. Natural gas is transported to Darwin, Australia, via a pipeline, where it is liquefied at an onshore processing plant in Darwin and then sold as LNG to customers such as Tokyo Electric (TE) and JERA.

Darwin and then sold as LNG to customers such as Tokyo Electric (TE) and JERA. Article 8 (b) of the Timor Sea Treaty states: "A pipeline landing in Timor-Leste shall be under the jurisdiction of Timor-Leste. A pipeline landing in Australia shall be under the jurisdiction of Australia".

Based on the analysis made and continuing the criteria used in prior years, no transportation revenue is identified. The pipeline fee is an agreement fee between both countries (payment made by AusAID) and not a transportation revenue. No other payments related to transportation, made by contractors or subcontractors, were identified.

### Infrastructure Provision and Barter Arrangement

For oil and gas, as previously referred, Timor-Leste follows the PSC mechanism. Under the PSC mechanism, all infrastructure and barter arrangements are owned by the contractor. The regulation on infrastructure provision by private companies is not yet prepared. To capture unilateral information, we have incorporated the request of the information in the reporting templates.

Based on the responses received we have concluded that in Timor-Leste the concept of barter arrangements for all practical purposes does not exist (confirmed by the information posted on the reporting templates received by all entities). However, there are Local Commitments (mandatory and voluntary) that are presented in Section 11.

### Sub-national Payments and Transfers

As prior reports, based on the procedures done for the scoping study report and, taking into consideration the actual structure of Timor-Leste governance (all centralized), no sub-national payments and transfers were detected.

# 8

## Reconciliation of tax and other payments

Agreed upon procedures in respect of taxes, non-taxes and other payments included the following:

- To obtain from extractive companies and government authorities information on taxes, non-taxes and other payments in 2019;
- To reconcile the data from extractive companies and government authorities on each type of payments for each company in 2019;
- In case of discrepancies on payments are identified, to address such company for explanations;
- If based on the explanations received from the companies (or if the company refused to provide such explanations) it's not possible to determine the cause of discrepancies, to address the respective government authority with a request to provide the detailed information on that type of payment;
- If based on the explanations received from the companies and government authorities (or if they refused to provide such explanations) the discrepancies remain unexplained, then this shall be indicated on the EITI report.
- This year, with the mining sector reporting more than 1 million dollars, we also reconciled the entities that ANPM reported to have paid above 100,000USD.

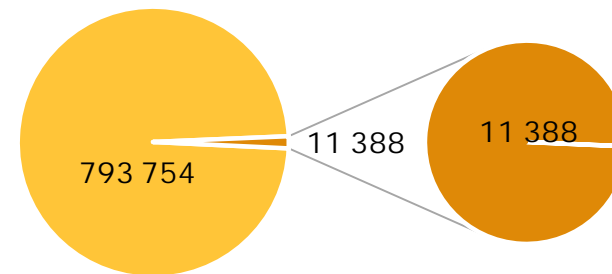
# 8. Reconciliation of tax and other payments

## 8.1 General results of payments reconciliation

In the table below there is a brief description and a summary of the total amount of revenue received by Government entities from the Oil & Gas sector and the amounts in scope:

Revenues generated in 2019 (Thousands USD)*	Total	Scope	% Scope
Total Non-Tax revenue reported by ANPM	478	478	100.00%
Total Tax Revenue Contractors	316	316	99.99%
Total Revenue Contractors	794	794	99.99%
Total Tax Revenue Sub-contractors	11	10	95.85%
Not in scope		1	0.06%
<b>Total</b>	<b>805</b>	<b>804</b>	<b>99.94%</b>

Total Revenue in USD



- Oil & Gas extractive activities
- Oil & Gas supported activities

\*for the purpose of the selection total revenue generated, including the Australian share, was used.



# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.1 Payments from Oil & Gas extractive companies in Scope – Reported by the Government

#### Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

Out of 24 companies that have payments on petroleum activities to Government entities (DNRPM, ANPM, BCTL and Petroleum Fund), 22 are in scope (accumulated payments above the threshold). The entity that is not in scope is: Japan Energy EP JPDA Pty Ltd and Paladin Resources Ltd. The payments from these entities represent 17 thousand USD of the total revenue.

The detail by company of the tax revenue amounts reported by Government is represented as follows:

Entities	Income Tax	Anual APT	VAT – JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
Inpex Sahul Ltd	6,898,164	864,416	-	-	-	18,580,857	26,343,437
Inpex Timor Sea Ltd	-	-	-	-	6,961	-	6,961
Conocophillips (03-12) Pty Ltd	32,232,457	1,600,000	4,574,955	6,210,842	709,395	48,733,152	94,060,801
Conocophillips ( Timor Sea ) Pty Ltd	9,526,905	750,000	-	-	-	15,687,684	25,964,589
Conocophillips (Emet) Pty Ltd	1,113,452	150,000	-	-	-	2,338,163	3,601,615
Conocophillips JPDA Pty Ltd	18,834,466	1,000,000	-	-	-	27,107,834	46,942,300
Conocophillips (03-13) Pty Ltd	6,768,301	400,000	-	-	-	9,271,415	16,439,716
Conocophillips Timor Leste	-	-	-	340,380	20,855	-	361,235
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	24,968	540	-	25,508
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	-	-	-	0
Santos JPDA (91-12) Pty Ltd	15,006,115	-	-	-	-	20,710,951	35,717,066
Tokyo Timor Sea Resources Pty Ltd	6,115,812	4,500,000	-	-	-	15,989,211	26,605,023
Eni JPDA 03-13 Ltd	14,233,051	-	-	-	-	18,896,325	33,129,377
Eni JPDA 06-105 Pty Ltd	-	-	-	57,781	55	-	57,836
ENI JPDA 11-106 B.V	-	-	2,136,450	-	4,252,901	-	6,389,350
ENI Timor - Leste S.P.A	-	-	-	-	17,182	-	17,182
TIMOR GAP Onshore Block, Unip Lda	-	-	-	44,506	-	-	44,506
TIMOR GAP PSC JPDA 11-106	-	-	-	6,488	-	-	6,488
TIMOR GAP Onshore Block C, Unip Lda	-	-	-	1,560	-	-	1,560
TIMOR GAP Onshore Block B Unip Lda	-	-	-	4,035	-	-	4,035
TIMOR GAP Offshore Block Unipessoal	-	-	-	123,553	2,663	-	126,216
TIMOR RESOURCES PTY LTD	-	-	-	106,340	191,381	-	297,721
<b>Total</b>	<b>110,728,723</b>	<b>9,264,416</b>	<b>6,711,405</b>	<b>6,920,454</b>	<b>5,201,932</b>	<b>177,315,592</b>	<b>316,142,522</b>

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.1 Payments from Oil & Gas extractive companies in Scope – Reported by the Government

Non-Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

The detail by company of non-tax revenue amounts reported by Government is represented as follows:

Entities	FTP	Profit Oil	Contract Services Fee	Development Fee	Surface Rental Fee	Total Non-Tax
Inpex Sahul Ltd	-	46,200,122	-	-	-	46,200,122
Inpex Timor Sea Ltd	-	-	-	-	-	0
Conocophillips (03-12) Pty Ltd	66,822,877	231,834,421	160,000	2,743,650	-	301,560,949
Conocophillips ( Timor Sea ) Pty Ltd	-	-	-	-	-	0
Conocophillips (Emet) Pty Ltd	-	-	-	-	-	0
Conocophillips JPDA Pty Ltd	-	-	-	-	-	0
Conocophillips (03-13) Pty Ltd	-	-	-	-	-	0
Conocophillips Timor Leste	-	-	-	-	-	0
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	160,000	-	-	160,000
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	160,000	-	-	160,000
Santos JPDA (91-12) Pty Ltd	-	46,587,811	-	-	-	46,587,811
Tokyo Timor Sea Resources Pty Ltd	-	37,583,380	-	-	-	37,583,380
Eni JPDA 03-13 Ltd	-	44,674,033	-	-	-	44,674,033
Eni JPDA 06-105 Pty Ltd	-	-	160,000	243,750	-	403,750
ENI JPDA 11-106 B.V	-	-	80,000	-	-	80,000
ENI Timor - Leste S.P.A	-	-	-	-	154,000	154,000
TIMOR GAP Onshore Block, Unip Lda	-	-	-	-	-	0
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-	0
TIMOR GAP Onshore Block C, Unip Lda	-	-	-	-	-	0
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	-	0
TIMOR GAP Offshore Block Unipessoal	-	-	-	-	110,370	110,370
TIMOR RESOURCES PTY LTD	-	-	-	-	60,030	60,030
<b>Total</b>	<b>66,822,877</b>	<b>406,879,767</b>	<b>720,000</b>	<b>2,987,400</b>	<b>324,400</b>	<b>477,734,444</b>

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.2 Payments from Oil & Gas extractive companies in Scope – Reported by the Entities

#### Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

Out of the 22 contractors in scope, all entities sent the templates with the 2019 data.

The detail by company of the tax revenue amounts reported by Government is represented as follows:

Extractive Companies	Income Tax	Annual APT	VAT – JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
Inpex Sahul Ltd	6,898,164	-	-	-	-	19,445,273	26,343,437
Inpex Timor Sea Ltd	-	-	-	-	6,961	-	6,961
Conocophillips (03-12) Pty Ltd	33,832,507	-	4,575,005	6,210,917	680,248	48,733,227	94,031,904
Conocophillips ( Timor Sea ) Pty Ltd	10,276,905	-	-	-	-	14,547,108	24,824,013
Conocophillips (Emet) Pty Ltd	1,263,477	-	-	-	-	1,721,491	2,984,968
Conocophillips JPDA Pty Ltd	19,834,466	-	-	-	-	28,248,560	48,083,026
Conocophillips (03-13) Pty Ltd	7,168,326	-	-	-	-	9,888,187	17,056,513
Conocophillips Timor Leste	-	-	-	330,817	30,438	-	361,255
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	23,399	2,160	-	25,559
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd	19,329,385	-	-	-	-	16,448,203	35,777,588
Tokyo Timor Sea Resources Pty Ltd	6,582,081	-	-	-	-	20,022,942	26,605,023
ENI JPDA 03-13 Limited	11,057,677	-	-	-	-	22,071,670	33,129,347
ENI JPDA 06-105 PTY LTD	-	-	-	57,481	55	-	57,536
ENI JPDA 11-106 B.V	-	-	3,695,144	-	2,694,231	-	6,389,375
ENI Timor - Leste S.P.A	-	-	-	-	17,182	-	17,182
TIMOR GAP Onshore Block, Unip Lda	-	-	-	32,495	12,086	-	44,581
TIMOR GAP PSC JPDA 11-106	-	-	-	7,043	290	-	7,333
TIMOR GAP Onshore Block C, Unip Lda	-	-	-	1,560	-	-	1,560
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	4,045	-	4,045
TIMOR GAP Offshore Block Unipessoal	-	-	-	27,068	99,213	-	126,281
TIMOR RESOURCES PTY LTD	-	-	-	106,340	191,381	-	297,721
Total	116,242,988	-	8,270,149	6,797,120	3,738,291	181,126,660	316,175,208

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.2 Payments from Oil & Gas extractive companies in Scope – Reported by the Entities

#### Non-Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

The detail by company of non-tax revenue amounts reported by Government is represented as follows:

Extractive Companies	FTP	Profit Oil	Contract Services Fee	Development Fee	Surface Rental Fee	Bank charges	Total Non-Tax
Inpex Sahul Ltd	-	46,200,122	-	-	-	-	46,200,122
Inpex Timor Sea Ltd	-	-	-	-	-	-	-
Conocophillips (03-12) Pty Ltd	66,822,860	111,373,157	160,000	3,658,200	-	-	182,014,217
Conocophillips ( Timor Sea ) Pty Ltd	-	32,109,460	-	-	-	-	32,109,460
Conocophillips (Emet) Pty Ltd	-	3,787,047	-	-	-	-	3,787,047
Conocophillips JPDA Pty Ltd	-	62,638,966	-	-	-	-	62,638,966
Conocophillips (03-13) Pty Ltd	-	21,925,792	-	-	-	-	21,925,792
Conocophillips Timor Leste	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	160,000	-	-	-	160,000
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	160,000	-	-	-	160,000
Santos JPDA (91-12) Pty Ltd	-	46,548,341	-	-	-	-	46,548,341
Tokyo Timor Sea Resources Pty Ltd	1,395,178	37,583,379	-	-	-	-	38,978,558
ENI JPDA 03-13 Limited	-	44,674,033	-	-	-	-	44,674,033
ENI JPDA 06-105 PTY LTD	-	-	160,000	243,750	-	300	404,050
ENI JPDA 11-106 B.V	-	-	80,000	-	-	-	80,000
ENI Timor - Leste S.P.A	-	-	-	-	154,000	-	154,000
TIMOR GAP Onshore Block, Unip Lda	-	-	-	-	-	-	-
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-	-	-
TIMOR GAP Onshore Block C, Unip Lda	-	-	-	-	-	-	-
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	-	-	-
TIMOR GAP Offshore Block Unipessoal	-	-	-	-	110,370	-	110,370
TIMOR RESOURCES PTY LTD	-	-	60,030	-	-	4,546	64,576
<b>Total</b>	<b>68,218,038</b>	<b>406,840,297</b>	<b>780,030</b>	<b>3,901,950</b>	<b>264,370</b>	<b>4,846</b>	<b>480,009,532</b>

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.3 Extractive companies – Reconciliation Results

Bellow are displayed the differences noted between amounts paid from oil & gas extractive activities and amounts received by Government Entities:

Entities	Reported by Entity	Reported by Government	Results of initial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Unreconciled differences
Inpex Sahul Ltd	72,543,559	72,543,559	0			72,543,559	72,543,559	0
Inpex Timor Sea Ltd	6,961	6,961	0			6,961	6,961	0
Conocophillips (03-12) Pty Ltd	276,046,121	395,621,750	119,575,629		- 119,546,714	276,046,121	276,075,035	28,914
Conocophillips ( Timor Sea ) Pty Ltd	56,933,473	25,964,589	- 30,968,884		30,968,884	56,933,473	56,933,473	-
Conocophillips (Emet) Pty Ltd	6,772,015	3,601,615	- 3,170,400		3,170,375	6,772,015	6,771,990	- 25
Conocophillips JPDA Pty Ltd	110,721,992	46,942,300	- 63,779,692		63,779,542	110,721,992	110,721,842	- 150
Conocophillips (03-13) Pty Ltd	38,982,305	16,439,716	- 22,542,589		22,542,464	38,982,305	38,982,180	- 125
Conocophillips Timor Leste	361,255	361,235	- 20			361,255	361,235	- 20
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	185,559	185,508	- 51			185,559	185,508	- 51
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	160,000	160,000	-			160,000	160,000	-
Santos JPDA (91-12) Pty Ltd	82,325,929	82,304,877	- 21,052			82,325,929	82,304,877	- 21,052
Tokyo Timor Sea Resources Pty Ltd	65,583,581	64,188,403	- 1,395,178	- 1,395,178		64,188,402	64,188,403	0
ENI JPDA 03-13 Limited	77,803,380	77,803,410	30			77,803,380	77,803,410	30
ENI JPDA 06-105 PTY LTD	461,586	461,586	-			461,586	461,586	-
ENI JPDA 11-106 B.V	6,469,375	6,469,350	- 25			6,469,375	6,469,350	- 25
ENI Timor - Leste S.P.A	171,182	171,182	-			171,182	171,182	-
TIMOR GAP Onshore Block, Unip Lda	44,581	44,506	- 75			44,581	44,506	- 75
TIMOR GAP PSC JPDA 11-106	7,333	6,488	- 846		826	7,333	7,314	- 20
TIMOR GAP Onshore Block C, Unip Lda	1,560	1,560	-			1,560	1,560	-
TIMOR GAP Onshore Block B Unip Lda	4,045	4,035	- 10			4,045	4,035	- 10
TIMOR GAP Offshore Block Unipessoal	236,651	236,586	- 65			236,651	236,586	- 65
TIMOR RESOURCES PTY LTD	362,297	357,751	- 4,546			362,297	357,751	- 4,546
Total	796,184,740	793,876,966	- 2,307,774	- 1,395,178	915,377	794,789,562	794,792,343	2,781

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.4 Extractive companies – Adjustments by the Government

Entities	APT Installment	VAT – JPDA	Wages Withholding Tax	Withholding Payments	Tax	Bayu Undan APT Installment	Annual IT	Profit Oil	Development Fee	Total	Notes
ConocoPhillips (03-12) Pty Ltd	- 1,600,000	-	-	-	-	-	1,600,000	- 120,461,264	914,550	- 119,546,714	1)
ConocoPhillips (03-13) Pty Ltd	400,000	-	-	-	-	616,672	- 400,000	21,925,792	-	22,542,464	
ConocoPhillips (Emet) Pty Ltd	150,000	-	-	-	-	- 616,672	- 150,000	3,787,047	-	3,170,375	
ConocoPhillips (Timor Sea) Pty Ltd	750,000	-	-	-	-	- 1,140,576	- 750,000	32,109,460	-	30,968,884	2)
ConocoPhillips JPDA Pty Ltd	1,000,000	-	-	-	-	1,140,576	- 1,000,000	62,638,966	-	63,779,542	
Conocophillips Timor Leste	-	-	- 9,563	9,563	-	-	-	-	-	-	
	700,000	-	- 9,563	9,563	-	-	- 700,000	0	914,550	914,551	
ENI JPDA 03-13 Limited	3,175,345	-	-	-	-	- 3,175,345	-	-	-	0.00	3)
ENI JPDA 11-106 B.V	-	- 1,558,694	-	1,558,694	-	-	-	-	-	0.00	
	3,175,345	- 1,558,694	-	1,558,694	- 3,175,345	-	-	-	-	-	
TIMOR GAP PSC JPDA 11-106	-	-	826	-	-	-	-	-	-	826	4)
TIMOR GAP Offshore Unipessoal	-	-	- 96,485	96,485	-	-	-	-	-	-	
TIMOR GAP, Onshore Block B	-	-	- 4,035	4,035	-	-	-	-	-	-	5)
TIMOR GAP Timor Gas E Petroleo EP	-	-	12,011	- 12,011	-	-	-	-	-	-	
	-	-	- 87,683	88,509	-	-	-	-	-	826	
Total	3,875,345	- 1,558,694	- 97,246	1,656,766	- 3,175,345	- 700,000	0	914,550	915,377		

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.4 Extractive companies – Adjustments by the Government

#### 1) Adjustments on the amount reported by the Government for ConocoPhillips

The adjustments correspond to incorrect classification by type of tax and by type of entity and also the segregation of profit oil by company. Additionally, ConocoPhillips (03-12) Pty Ltd paid during November 2019 one unit of development fee to ANPM, however since the ratification of the MBT on the 27th August, all JPDA fees should be transfer to PF, reason why ANPM didn't report this amount in 2019. Since the funds were paid in 2019, they were considered as an adjustment.

#### 2) Adjustments on the amount reported by the Government for ConocoPhillips

The adjustments correspond to incorrect classification by type of tax and by type of entity and also the segregation of profit oil by company

#### 3) Adjustments on the amount reported by the Government for Eni

The adjustments correspond to incorrect classification by type of tax.

#### 4) Adjustments on the amount reported by the Government for TIMOR GAP

The adjustment corresponds to the amount paid in December 2019, but not reported.

#### 5) Adjustments on the amount reported by the Government for TIMOR GAP

The adjustments correspond to incorrect classification by type of tax.

# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.5 Extractive companies – Adjustments by the Contractors

Entities	FTP	Total	Notes
Tokyo Timor Sea Resources Pty Ltd	- 1,395,178	- 1,395,178	1)
Total	<u>- 1,395,178</u>	<u>- 1,395,178</u>	

#### 1) Adjustments on the amount reported by Tokyo Timor Sea Resources Pty Ltd

The adjustment corresponds to amounts that should have not been reported by Tokyo Timor Sea Resources, due to the fact that they weren't paid directly to ANPM.



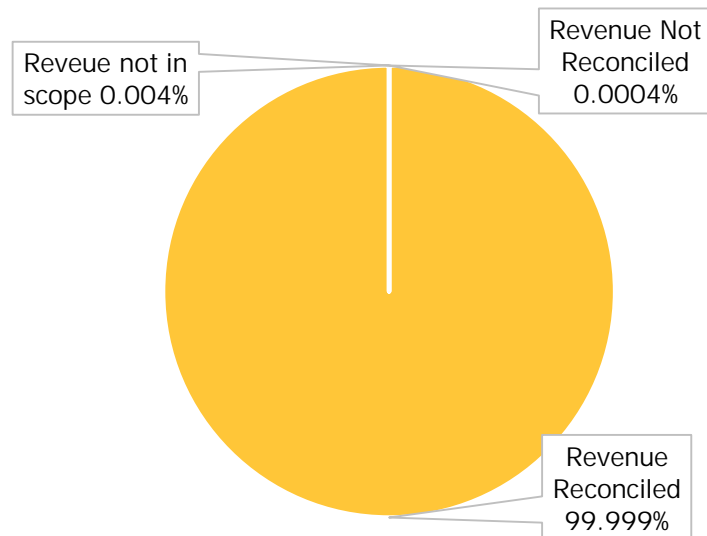
# 8. Reconciliation of tax and other payments

## 8.2 General results of payments reconciliation – Extractive Companies

### 8.2.6 Extractive companies – Unreconciled differences

Based on the final results the difference not reconciled are approximately 2,781 USD. This amount represents around 0.0004% of total revenue of extractive activities.

The chart below shows the final results and the fact that 99,999% of the payments from operators were reconciled.



■ Revenue not in scope   ■ Revenue Reconciled   ■ Revenue Not Reconciled

Entities	Amount in USD Unreconciled differences
Conocophillips (03-12) Pty Ltd	28,914
Conocophillips (Emet) Pty Ltd	-25
Conocophillips JPDA Pty Ltd	-150
Conocophillips (03-13) Pty Ltd	-125
Conocophillips Timor Leste	-20
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-51
Santos JPDA (91-12) Pty Ltd	-21,052
ENI JPDA 03-13 Limited	30
ENI JPDA 11-106 B.V	-25
TIMOR GAP Timor Gas E	
Petroleo EP	-75
TIMOR GAP PSC JPDA 11-106	-20
TIMOR GAP Onshore Block B	
Unip Lda	-10
TIMOR GAP Offshore Block	
Unipessoal	-65
TIMOR RESOURCES PTY LTD	-4,546
<b>Total</b>	<b>2,780</b>

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.1 Payments from Oil & Gas subcontractors in Scope – Reported by the Government

Out of 36 subcontractors that have paid tax amounts to DNRPM, we have identified 19 entities that have made payments (to the revenue streams) above the threshold to Government entities in scope.

The detail by company of the tax revenue amounts reported by Government is represented as follows:

Subcontractors Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total reported by Government
Atlas Programmed Marine Unip Lda	-	137,449	-	137,449
Babcock Offshore Services	-	610,509	371,317	981,826
Caltech Unipessoal Lda	85,484	455,700	91,179	632,363
Cameron Services Int. Pty Ltd	98,118	51,107	-	149,225
Clough Amec Pty Ltd	265,287	986,854	225,601	1,477,742
Compass Group Australia	180,443	133,354	-	313,797
Go Offshore Pty Lta	-	126,106	-	126,106
Haliburton Aust Pty Ltd	582,978	94,013	94,963	771,954
Hertel Mordern Pty Ltd	-	188,515	-	188,515
KT Maritime services	-	206,154	292,619	498,772
MMA Offshore Vessel Operations P/L	-	221,245	-	221,245
Rigforce Pty Ltd	-	318,128	7,691	325,819
SGS Australia P/L	35,069	80,366	-	115,435
Brunel Energy	14,383	86,371	-	100,753
Subsea 7 Australia Contracting	-	242,320	-	242,320
Maersk Drilling	-	367,146	396,222	763,368
Maersk Supply	-	155,047	10,778	165,825
Schlumberger Australia Pty Ltd	2,606,478	165,876	652	2,773,006
Weathford Australia Pty Ltd	484,891	24,183	-	509,074
Total	4,353,130	4,650,441	1,491,022	10,494,593

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.2 Payments from Oil & Gas subcontractors in Scope – Reported by the Entities

Out of the 19 subcontractors in scope, 10 sent the templates with 2019 data.

Extractive Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total reported by entities
Atlas Programmed Marine Unip Lda	-	-	-	-
Babcock Offshore Services	-	597,130	362,046	959,176
Caltech Unipessoal Lda	94,588	479,313	29,747	603,648
Cameron Services Int. Pty Ltd	-	-	-	-
Clough Amec Pty Ltd	291,815	1,221,407	58,714	1,571,937
Compass Group Australia	180,468	140,049	-	320,517
Go Offshore Pty Lta	-	-	-	-
Haliburton Aust Pty Ltd	583,068	82,444	107,127	772,639
Hertel Mordern Pty Ltd	-	-	-	-
KT Maritime services	-	-	-	-
MMA Offshore Vessel Operations P/L	-	-	-	-
Rigforce Pty Ltd	75,299	49,804	290	125,393
SGS Australia P/L	-	-	-	-
Brunel Energy	6,481	94,270	-	100,751
Subsea 7 Australia Contracting	-	-	-	-
Maersk Drilling	-	-	-	-
Maersk Supply	-	78,022	-	78,022
Schlumberger Australia Pty Ltd	2,606,478	165,615	912	2,773,005
Weathford Australia Pty Ltd	484,891	24,183	-	509,074
Total	4,323,088	2,932,238	558,836	7,814,162

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.4 Subcontractors – Reconciliation results

Bellow are displayed the differences noted between amounts paid from oil & gas subcontractors and amounts received by Government Entities.

Subcontractors Companies	Reported by Entity	Reported by Government	Results of inicial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Results after Reconciliation
Atlas Programmed Marine Unip Lda	-	137,449	137,449	-	-	-	137,449	137,449
Babcock Offshore Services	959,176	981,826	22,650	-	-	959,176	981,826	22,650
Caltech Unipessoal Lda	603,648	632,363	28,715	-	-	603,648	632,363	28,715
Cameron Services Int. Pty Ltd	-	149,225	149,225	-	-	-	149,225	149,225
Clough Amec Pty Ltd	1,571,937	1,477,742	- 94,194	- 94,195	-	1,477,742	1,477,742	0
Compass Group Australia	320,517	313,797	- 6,720	-	-	320,517	313,797	- 6,720
Go Offshore Pty Lta	-	126,106	126,106	-	-	-	126,106	126,106
Haliburton Aust Pty Ltd	772,639	771,954	- 685	-	-	772,639	771,954	- 685
Hertel Mordern Pty Ltd	-	188,515	188,515	-	-	-	188,515	188,515
KT Maritime services	-	498,772	498,772	-	-	-	498,772	498,772
MMA Offshore Vessel Operations P/L	-	221,245	221,245	-	-	-	221,245	221,245
Rigforce Pty Ltd	125,393	325,819	200,426	200,435	-	325,828	325,819	- 9
SGS Australia P/L	-	115,435	115,435	-	-	-	115,435	115,435
Brunel Energy	100,751	100,753	2	-	-	100,751	100,753	2
Subsea 7 Australia Contracting	-	242,320	242,320	-	-	-	242,320	242,320
Maersk Drilling	-	763,368	763,368	-	-	-	763,368	763,368
Maersk Supply	78,022	165,825	87,803	-	-	78,022	165,825	87,803
Schlumberger Australia Pty Ltd	2,773,005	2,773,006	1	-	-	2,773,005	2,773,006	1
Weathford Australia Pty Ltd	509,074	509,074	-	-	-	509,074	509,074	-
<b>Total</b>	<b>7,814,162</b>	<b>10,494,593</b>	<b>2,680,431</b>	<b>106,240</b>	<b>-</b>	<b>7,920,403</b>	<b>10,494,593</b>	<b>2,574,190.75</b>

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.5 Subcontractors – Adjustments by the Government

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Clough Amec Pty Ltd	-	171,519	- 171,519	-	1)
Haliburton Aust Pty Ltd	-	- 11,797	11,797	-	2)
Brunel Energy	- 7,900	7,900	-	-	3)
Rigforce Pty Ltd	82,705	- 75,293	- 7,412	-	4)
Schlumberger Australia Pty Ltd	-	- 260	260	-	5)
Total	74,805	92,069	- 166,874	-	

#### 1) Adjustments on the amount reported by the Government for Clough Amec Pty Ltd

The adjustment corresponds to incorrect classification by type of tax.

#### 2) Adjustments on the amount reported by the Government for Haliburton Australia Pty Ltd

The adjustment corresponds to incorrect classification by type of tax.

#### 3) Adjustments on the amount reported by the Government for Brunel Energy

The adjustment corresponds to incorrect classification by type of tax.

#### 4) Adjustments on the amount reported by the Government for Rigforce Pty Ltd

The adjustment corresponds to incorrect classification by type of tax.

#### 5) Adjustments on the amount reported by the Government for Schlumberger Australia Pty Ltd

The adjustment corresponds to incorrect classification by type of tax.

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.6 Subcontractors – Adjustments by the Subcontractors

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Clough Amec Pty Ltd	- 26,529	- 63,035	- 4,631	- 94,195	1)
Rigforce Pty Ltd		200,435		200,435	2)
Total	- 26,529	137,400	- 4,631	106,240	

#### 1) Adjustments on the amount reported by Clough Amec Pty Ltd

The adjustments correspond to the amount of 2018 Timor Leste tax refund that wasn't considered by the entity.

#### 1) Adjustments on the amount reported by Rigforce Pty Ltd

The adjustments correspond to the amounts paid in 2019, but not reported.

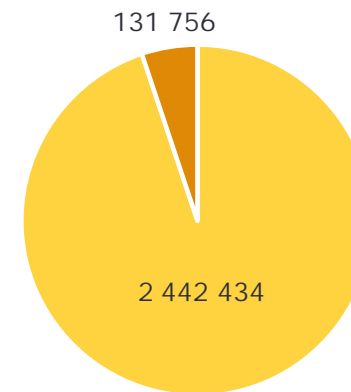
# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.7 Extractive companies – Unreconciled differences

The total amount of initial difference is represented as follow:

Description	Amount in US\$	% Final amount reported Government
Total amount reported initially by the Government	10,494,593	100%
Adjustments by the Government entities	-	0%
Final tax amount reported by the Government	<u>10,494,593</u>	
Total amount reported initially by Subcontractors	7,814,162	74%
Adjustments by the entities	<u>106,240</u>	1%
Final tax amount reported by the Subcontractors	<u>7,920,403</u>	
Entities not answered	2,442,434	23%
Amount not conciliated	2,574,191	25%



■ Entities not answered    ■ Differences not reconciled

- The total amount not reported by entities is 2,442,434 USD;
- The total amount not conciliated is 2,574,191 USD (including the entities that did not report). This amount was not validated since we were not able to obtain an answer from the respective entities.

# 8. Reconciliation of tax and other payments

## 8.3 General results of payments reconciliation – Subcontractors

### 8.3.7 Extractive companies – Unreconciled differences

Based on the results, the differences not reconciled are approximately USD 2,574,191 (considering the entities that did not report).

Subcontractors Companies	Reported by Entity	Reported by Government	Results after Reconciliation
<u>Differences not reconciled</u>			
Babcock Offshore Services	959,176	981,826	22,650
Brunel Energy	100,751	100,753	2
Caltech Unipessoal Lda	603,648	632,363	28,715
Compass Group Australia	320,517	313,797	- 6,720
Haliburton Aust Pty Ltd	772,639	771,954	- 685
Rigforce Pty Ltd	325,828	325,819	- 9
Maersk Supply	78,022	165,825	87,803
Schlumberger Australia Pty Ltd	2,773,005	2,773,006	1
Total Differences not reconciled			<u>131,756</u>
<u>Not reported</u>			
Atlas Programmed Marine Unip Lda	-	137,449	137,449
Cameron Services Int. Pty Ltd	-	149,225	149,225
Go Offshore Pty Lta	-	126,106	126,106
Hertel Mordern Pty Ltd	-	188,515	188,515
KT Maritime services	-	498,772	498,772
MMA Offshore Vessel Operations P/L	-	221,245	221,245
SGS Australia P/L	-	115,435	115,435
Subsea 7 Australia Contracting	-	242,320	242,320
Maersk Drilling	-	763,368	763,368
Total Not reported			<u>2,442,434</u>
			<u>2,574,191</u>
	Total		<u>2,574,191</u>



# 8. Reconciliation of tax and other payments

## 8.4 Summary of reconciliation results

The chart below represents the results of the tax and non-tax reconciliation segregated by contractors and subcontractors.

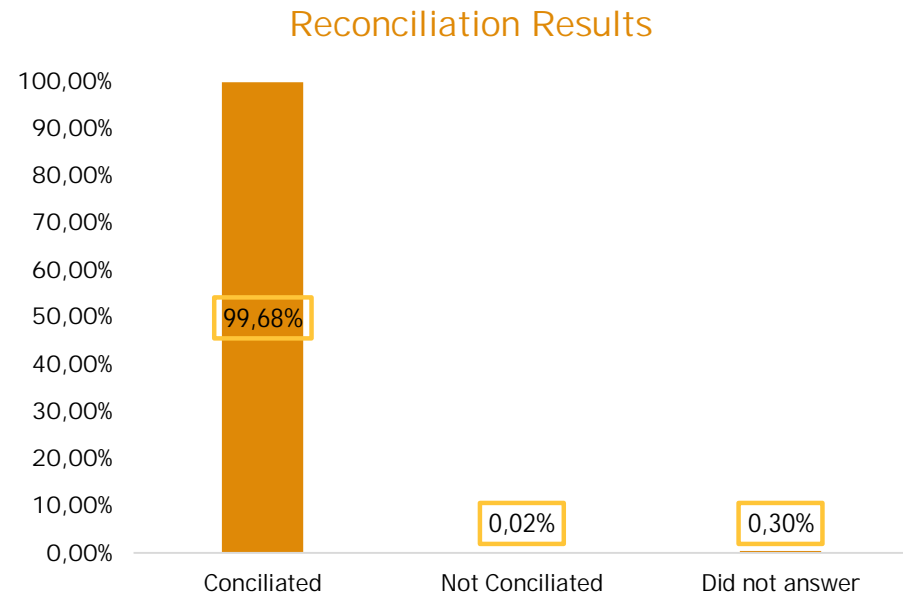
The amount conciliated is USD 801,795,414, considering tax and non-tax revenues, which is composed by USD 793,875,012 for contractors and USD 7,920,403 for subcontractors.

The amount not conciliated (USD 134,537) represents all the unreconciled differences from contractors, which amounted USD 2,781 and USD 131,756 for subcontractors.

The entities that did not report, amounted USD 2,442,434, which refers only to subcontractors.

Total Amounts	Amounts in USD	%
Contractors - revenue reconciled	793,875,012	98.69%
Contractors - revenue unreconciled	2,781	0.00%
Subcontractors - revenue reconciled	7,920,403	0.98%
Subcontractors - revenue unreconciled	131,756	0.02%
Subcontractors - Entities that did not answer	2,442,434	0.30%
<b>Total</b>	<b>804,372,386</b>	<b>100%</b>

The graph below represents the total amounts in percentage considering contractors and subcontractors.



# 8. Reconciliation of tax and other payments

## 8.5 Payments in the mining sector

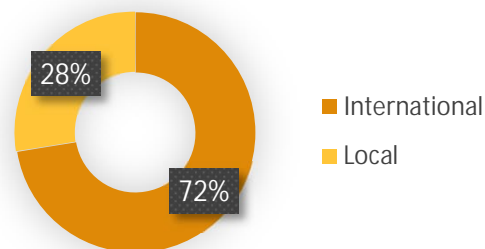
We have contacted ANPM to understand which companies paid above the threshold (100,000 USD) in 2019, which were compacted in the next table.

Name of Proponent	Total Amount Paid (USD \$)
Carya Timor Leste Lda.	137,978.46
China Harbour Timor Lda.	991,054.55
China Nuclear Industry 22nd Construction Co., Ltd., R.P.	110,184.75
COVEC-CRFG JV Lda.	442,555.27
King Construction, Unip., Lda.	126,635.87
Shanghai Construction Group Co., LTD., R.P	117,750.00
Starking Raw Material Industry Unip., Lda.	102,636.23

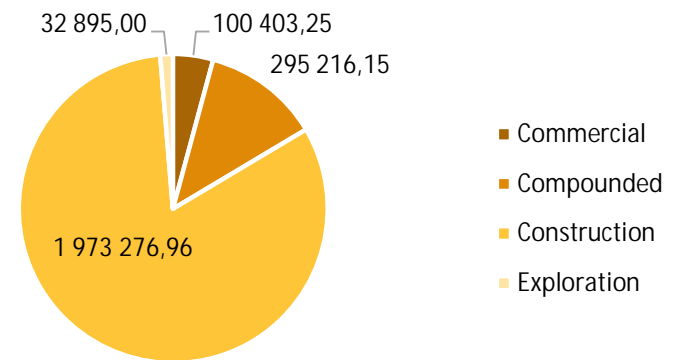
We have also obtained the detail of the payments received by this government entity in 2019 (please see Annex D).

According to the Ministerial Diploma No. 64/2016 of 16 November, these activities are regulated as mining, which is the reason why ANPM is reporting them in the mining sector.

Moreover, according to the information provided by ANPM regarding the payments in the mining sector, the origin is 72% (USD 1,739,456) international and 28% (USD 662,336) local.



Furthermore, there are four types of activities: construction, commercial, compounded and exploration. The first correspond to the entities that pay for construction material to finish a project related to mining, and the second correspond to the ones that sell material to public on a commercial purpose. The latter corresponds to a mix of both activities.

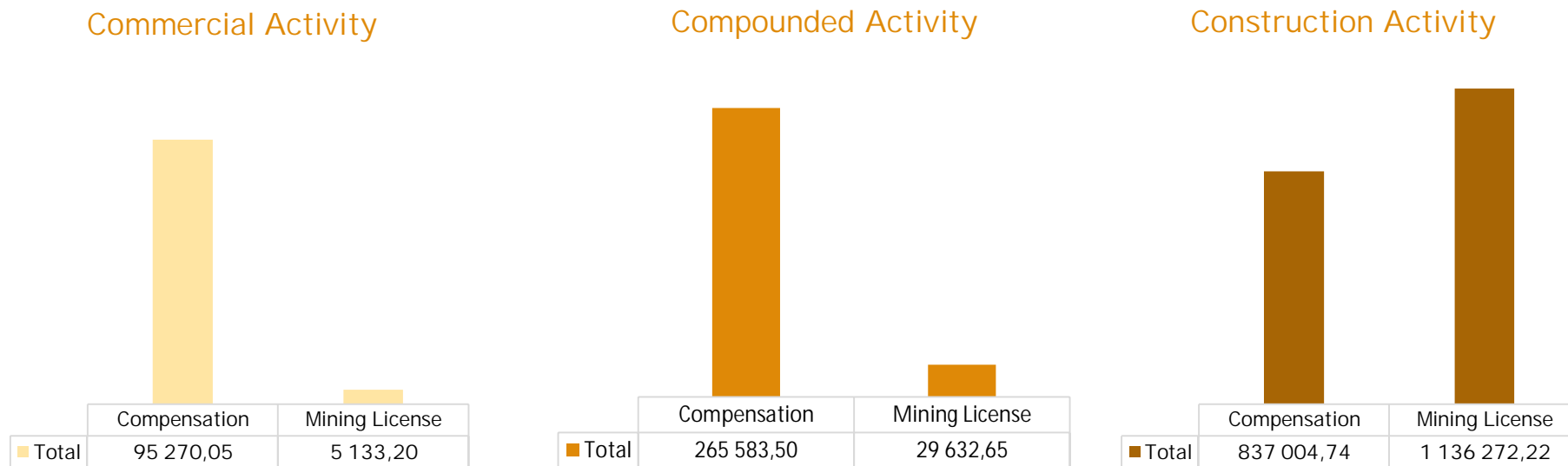


# 8. Reconciliation of tax and other payments

## 8.5 Payments in the mining sector

Regarding the type of payments, there are mining license payments (include mining and license fees) and compensation payments (include fees paid for unauthorized activity). There is also an annual surface fee, related to the exploration activity, which contributed with 32,895 USD.

Below are represented the type of payments regarding each activity in USD:

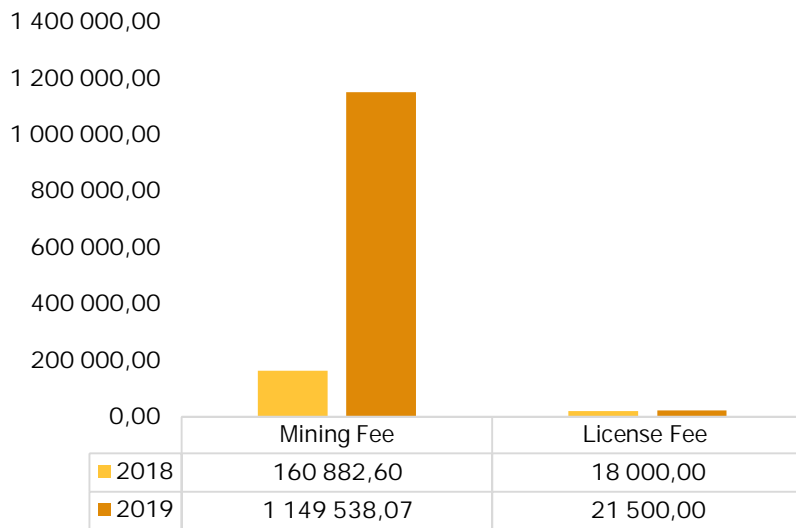


The mining license constitutes 49% of the total payments, in the amount of 1,171,038 USD, however the compensation contributes with 50% of the total payments (1,197,858 USD).

# 8. Reconciliation of tax and other payments

## 8.5 Payments in the mining sector

In comparison with 2018, there was an increase in mining fees by 988,655 USD and in license fees by 3,500 USD.

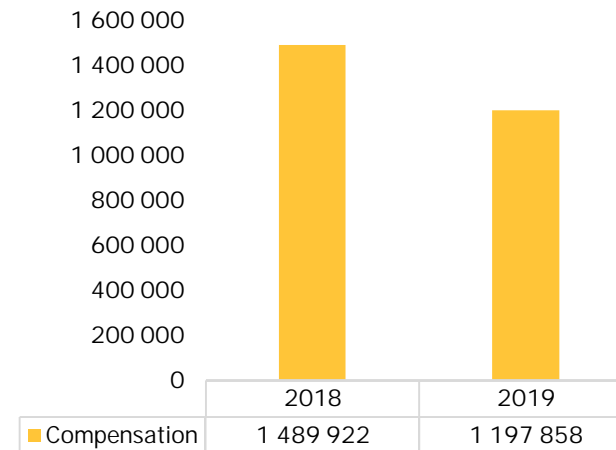


Related to mining license, there were two entities that paid fees above 100,000 USD, however both are related to constructions activities.

The compensation payment never occurred up until 2017 due to the fact that it was only required in consequence of the Art. 42.2 of Diploma Ministerial No. 64/2016 of November 16, which requires a Compensation for Unauthorized Mining Activity.

In 2018, the amount accounted for 1,489,921.68 USD, including two entities above 100,000 USD, whose activities were also related to construction.

However, in 2019 the amount decreased to 1,197,858 USD, including three entities above 100,000 USD, whose activities also related to construction and one to compunded.



# 9

## Beneficial Ownership

According to EITI 2.5 requirement, it is recommended that information is publicly available regarding beneficial owners of the corporate entities that bid for, operate or invest in extractive assets, including the identifies of their beneficial owners, the level of ownership and details about how ownership or control is exerted.

On Timor Leste, most of the Operators that are in scope (working in the JPDA and TLEA area) are subsidiaries of publicly listed companies on Stock Exchange. For those it is expected that the source and the information of the ownership is already available. However, the legal policies and practices regarding the disclosure of the beneficial ownership (Oil, gas and mining sector) are still only partially issued by the government.

Legal and practical obstacles may emerge in these sectors – depending on the depth of the beneficial ownership information to be disclosed.

In March 2017, the Multi-Stakeholder Working Group (MSWG) published a beneficial ownership roadmap, which documents activities and actions toward full beneficial ownership disclosures of extractive companies in the country.

In October 2019, EY Portugal produced a draft of the Feasibility Study on Beneficial Ownership with recommendations regarding the application of the BO in Timor-Leste. This report was finish in July 2020.

# 9. Beneficial Ownership

## 9.1 List of Extractive companies (listed) and its ultimate owners company

Company Name	Ultimate Beneficial Owner	Notes	Link
Eni JPDA 03-13 Limited Eni JPDA 06-105 Pty Ltd Eni JPDA 11-106 B.V. Eni Timor-Leste S.p.A	Eni S.p.A.	Eni is listed on both New York Stock Exchange (NYSE) and the FTSE MIB of the Milan Stock Exchange.	<a href="https://www.eni.com/en_IT/investors/eni-on-the-stock-markets.page">https://www.eni.com/en_IT/investors/eni-on-the-stock-markets.page</a>
ConocoPhillips ( Timor Sea ) Pty Ltd ConocoPhillips (03-12) Pty Ltd ConocoPhillips (03-13) Pty Ltd ConocoPhillips (Emet) Pty Ltd ConocoPhillips JPDA Pty Ltd ConocoPhillips Timor-Leste Pty Ltd	ConocoPhillips	ConocoPhillips is a US public company listed on the New York Stock Exchange. *On 28th May 2020 Santos Ltd completed its' acquisition of various ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste	<a href="http://www.conocophillips.com/investor-relations/">http://www.conocophillips.com/investor-relations/</a>
Inpex Timor Sea, Ltd Inpex Sahul Ltd	INPEX CORPORATION	INPEX CORPORATION holds a 100% shares of INPEX Timor Sea, Ltd; INPEX CORPORATION holds a 100% shares of INPEX Sahul, Ltd..	<a href="http://www.inpex.co.jp/english/ir/shareholder/stock.html">http://www.inpex.co.jp/english/ir/shareholder/stock.html</a>
Santos (JPDA 91-12) Pty Ltd	Santos Ltd	Santos is an Australian natural gas company. Established in 1954 and listed on the Australian Securities Exchange.	<a href="https://www.santos.com/investors/shareholder-information/">https://www.santos.com/investors/shareholder-information/</a>
TIMOR GAP	TIMOR GAP, E.P.	State Own Entity.	<a href="https://www.timorgap.com/databases/website.nsf/vwAll/Annual%20Reports">https://www.timorgap.com/databases/website.nsf/vwAll/Annual%20Reports</a>
Tokyo Timor Sea Resource Pty Ltd	Tokyo Gas Co. Ltd (33,33%) Tokyo Electric Power Company Holdings Inc (33,33%) Chubu Electric Power Co. Inc (33%)	Tokyo Gas Co. Ltd, Tokyo Electric Power Company Holdings Inc and Chubu Electric Power Co. Inc are companies listed on the Tokyo Stock Exchange.	<a href="https://www.tokyo-gas.co.jp/en/">https://www.tokyo-gas.co.jp/en/</a>
Woodside Petroleum (Timor Sea 19) Pty Ltd Woodside Petroleum (Timor Sea 20) Pty Ltd	Woodside Petroleum Ltd	Woodside Petroleum (entities) are a wholly-owned by Woodside Petroleum Ltd, which is also the ultimate holding company of the Woodside group of companies. Woodside Petroleum Ltd is an Australian public company listed on the Australian Stock Exchange.	<a href="https://www.woodside.com.au/investors">https://www.woodside.com.au/investors</a>
Timor Resources Pty Ltd	BO 1: Lyndall Margaret Fuller (48%) BO 2: Suellen Osborne (40%)	The BO own the entity through the following entities: VICTORIA PARK INVESTMENTS (48%) NEPEAN RESOURCES (12%) Nepean Resources Australia Pty Ltd (40%)	<a href="#">Timor Resources   Exploring East Timor's onshore oil basin</a>

# 9. Beneficial Ownership

## 9.2 Data Quality

For 2019, the entities followed the recommendations of the IA. Besides this, the MSGW asked for more information for the entities in scope. MSGW shared the template with EITI International and guaranteed the gathering of the necessary information for the compliance of the EITI standards. The following information was requested:

- The details that are required from a BO, which include the full name, identification number, tax ID, date of birth, nationality, residential or service address and means of contact.
- Information regarding if the BO is a PEP (Political Exposed Person), a family member or a close associate of one.

The following tables are part of the template that was sent out to the entities in scope for the 2019 EITI Report of Timor Leste:

Beneficial Owner number 1 or, in its absence a Top Manager	Description
Full name	
<b>ID Information</b>	
Identification number	
Identification Type	
ID validity date	
issuing entity of the ID	
<b>Information about how ownership is held or control over the company is exercised</b>	
number of shares	
% of shares	
% of direct voting rights	
% of indirect voting rights	
Other	
<b>Date when beneficial interest was acquired</b>	
Date	
<b>Means of contact</b>	
<b>General information</b>	
Taxpayer identification number	
Date of birth	
Nationality as stated in the ID	
Country of permanent residence	
Country of fiscal domicile	
Residential or service address	
Public office position and role:	
Date when office was assumed:	
Date when office was left, if applicable:	

<b>Political Exposed Person(s)</b>	
Is the beneficial owner a Politically Exposed Person (PEP) ?	Yes/ Not
Is the beneficial owner a family member of a PEP?	Yes/ Not
If yes	
Name:	
Relationship:	
Date of birth:	
Place of birth:	
Nationality:	
Position that qualifies you as PEP:	

Is the beneficial owner a Person known to be close associate of a PEP ?	Yes/ Not
If yes	
Name:	
Relationship:	
Date of birth:	
Place of birth:	
Nationality:	
Position that qualifies you as PEP:	

# 9. Beneficial Ownership

## 9.2 Data Quality

The BO and PEP definitions were approved by MSGW and are disclosed on the template that was sent out to the entities in scope for the 2019 EITI Report of Timor Leste, as follows:

Beneficial ownership definition
<p>Beneficial owner is the natural person or persons who ultimately own or control an entity, and or the natural person or persons on whose behalf a transaction or activity is carried out taking into consideration at least the following criteria:</p> <p>control:</p> <p>-If the counterpart is a corporate legal entity, the beneficial owners are as follows:</p> <p>Criteria for determining ownership or control:</p> <p>a) Criteria based on Capital</p> <p>The natural person or persons who ultimately own or control, directly or indirectly, more than 25% of the share capital or voting rights of the legal entity;</p> <p>A natural person or persons who, while not owning or directly or indirectly controlling more than 25%, jointly own more than 25% of the share capital or voting rights, when they are family members or have a close relationship that justifies the joint assessment;</p> <p>The natural person or persons holding top management positions, after all other criteria have been exhausted and provided that there are no grounds for suspicion.</p> <p>Please note that a natural person is defined as a Timorese or any person without taking into account their nationality.</p> <p>b) Criteria based on other control indicators:</p> <p>Control of the majority of the votes exercisable at the ordinary shareholders' meetings;</p> <p>Sufficient votes to exercise dominant influence in the ordinary shareholders' meetings;</p> <p>Having the right to appoint or remove a majority of the members of the administrative, management or supervisory bodies;</p> <p>Existence of particular contractual provisions that allow to exercise a dominant influence;</p> <p>Criteria of Administration/effective control:</p> <p>The person or natural persons holding the top management position or positions, if after all possible means have been exhausted and provided there is no reason to suspect, no person has been identified under the above criteria, or if there is any doubt that the person or persons identified are the beneficial owners;</p> <p>-If the counterpart is a non-corporate legal person (Foundations, Trusts or Associations) or a collective interest center without legal personality, the beneficial owners are as follows:</p> <p>The founder (settlor)</p> <p>The administrator (trustee, in case of trust funds)</p> <p>The curator, if applicable;</p> <p>Beneficiaries or, if they have not yet been determined, the category of persons in whose main interest the entity has been incorporated or is active.</p> <p>Any other natural person who has ultimate control of the entity through direct or indirect participation or through other means.</p>

"Politically Exposed Person" definition (PPE) as well as "Close Family Members" and "Persons known to be close associates"
<p>The political persons are persons who have held, or have performed in the last 12 months, in any country or jurisdiction, the following higher public functions:</p> <ul style="list-style-type: none"> <li>i. Heads of State, Heads of Government and members of the Government, namely Ministers, Secretaries and Undersecretary of State or equivalent;</li> <li>ii. Members of Parliament;</li> <li>iii. Judges of the Constitutional Court, the Supreme Court of Justice, the Supreme Administrative Court, the Court of Auditors, and members of supreme courts, constitutional courts and other high-level judicial bodies from other States and international organizations;</li> <li>iv. Representatives of the Republic and members of self-governing bodies of autonomous regions;</li> <li>v. Ombudsman, State Councilors, and members of the National Data Protection Commission, the Superior Council of the Judiciary, the Superior Council for Administrative and Tax Courts, the Attorney General's Office, the Superior Council of the Public Prosecutor's Office, the Superior Council for National Defense, the Economic and Social Council, and the Regulatory Entity for Social Communication;</li> <li>vi. Heads of diplomatic missions and consular posts;</li> <li>vii. General Officers of the Armed Forces in effective service;</li> <li>viii. Presidents and city councilmen with executive functions of city councils;</li> <li>x. Members of central bank administrative and supervisory bodies, including the European Central Bank;</li> <li>x. Members of administrative and supervisory bodies of public institutes, public foundations, public establishments and independent administrative bodies, whatever their designation;</li> <li>xi. Members of management and supervisory bodies of entities belonging to the public enterprise sector, including the business, regional and local sectors;</li> <li>xii. Members of the executive bodies of political party leadership at the national or regional level;</li> <li>xiii. Directors, deputy directors and members of the board of directors or persons performing equivalent functions in an international organization,</li> </ul> <p>The Close family members are:</p> <ul style="list-style-type: none"> <li>i. Direct ascendants and descendants of a politically exposed person;</li> <li>ii. The spouses or unmarried persons of a politically exposed person and of the persons referred to in the previous sub-item;</li> </ul> <p>The Persons known to be close associates:</p> <ul style="list-style-type: none"> <li>i. Any natural person, known as a co-owner, with a person politically exposed, a legal person or a collective interest center without legal personality;</li> <li>ii. Any natural person who owns share capital or holds voting rights of a legal person, or assets of a center of collective interests without legal personality, known as having a beneficial owner politically exposed person;</li> <li>iii. Any natural person, known as having corporate, commercial or professional relations with a politically exposed person;</li> </ul>



# 10

## Mainstreaming

EITI's disclosure requirements are met through routine and publicly available company and government reporting. This could include enabling access to EITI data through public financial reporting, annual company or government agency reports, information portals, and other open data and freedom of information initiatives. A key concern is to ensure that the published data is comprehensive and reliable.

The main goal, and the methodology expected to be used for publishing the EITI Report, is that the data can be easily found in one source with a high reliability. Transparency is a key for the extractive sector and having multiple data sources can difficult the collection and the accuracy of the information. Mainstreaming in Timor Leste should make it possible to provide a more flexible disclosure of the EITI data, within less time, and with reliable information, avoiding duplication and past information.

# 10. Mainstreaming

Timor Leste joined EITI in 2008 and since then it has published 11 reports, with a satisfactory progress, according to the EITI website.

The country followed a robust path to improve the transparency of the data disclosed by the country and by the entities. Indeed, EITI considered Timor Leste to be the mainstreaming pioneer in Asia due to the launch of the Transparency Portal in 2011 by the government. This portal discloses constant updated information regarding government's data, such as national budget and expenditures.

*Sources: EITI Timor Leste: <https://eiti.org/timorleste> & Transparency Portal: <http://www.transparency.gov.tl/english.html>*

Moreover, several national entities publicly release annual reports with audited financial statements, as well as monthly data. The main government agencies that display the financial and non-financial data, at least annually, are ANPM (Autoridade Nacional do Petróleo e Minerais), TIMOR GAP and the Central Bank. The mentioned entities publish a annual report with audited financial statements and ANPM also provides a website with monthly production and monthly revenue collection figures.

In addition, due to the minor differences unreconciled on the EITI annual reports and the size of the sector, it was created the expectation on EITI International secretariat that Timor Leste is one of the strong candidates to be one of the first country to implement the mainstream.

Furthermore, Timor Leste has been improving the publishing of data by increasing the quantity and quality throughout the years, with the aim of complying with the requirements of the EITI Standard 2016 and afterwards EITI Standardd 2019. In fact, the country has hired EY Portugal to publish a Feasibility Study on Mainstreaming on the current compliance with the requirements and to suggest a roadmap with recommendations, costs and timelines. The effort of Timor Leste is perfectly visible, and the progress is only expected to improve throughout the years.

# 11

## Social & Economic Expenditures

According to requirement 6 from EITI Standard social expenditures and the impact of the extractive sector on the economy should be disclosed helping readers to assess social and economic impacts and outcomes that this industries creates on the country. Those requirements include:

- Social and environmental expenditures by companies
- SOE quasi-fiscal expenditures
- The contribution of the extractive sector to the economy
- The environmental impact of extractive activities.

# 11. Social & Economic Expenditures

## 11.1 Social Expenditure

### Local content commitments (Mandatory)

There are expenditures to be forecasted within the annual plan agreed between Operators and the ANPM, which are considered as cost recoverable and controlled by the ANPM. (denominated local commitments or Local Content – LC).

Those expenditures are recommended under the Production Sharing Contract (PSC) and preapproved within the approved Work Program & Budget (WPB).

To all other social expenditures (voluntary) MSWG have decided to include in the data collection process and do a unilateral reporting from companies to enhance their contributions.

The summary of this report is as follows:

Social Expenditure	Amount reported in USD
Mandatory	13,831,081
Subtotal ConocoPhillips entities (Mandatory)	13,831,081
Non-cost recover project for BU	512,376
Cost Recoverable project for BU	661,199
BU Training	3,066,034
Subtotal ConocoPhillips entities (Voluntary)	4,239,608
Timor Resources Pty Ltd (Expenditure)	2,637,342
<b>Total</b>	<b>20,708,030</b>

\* These expenses were reported as voluntary by Santos, even though they were considered as cost recoverable.

Oil and Gas companies operating in both TLEA and Former JPDA are recommended to procure goods and services produced or supplied by providers in Timor-Leste (and Australia for JPDA). In TLEA, oil & gas companies are required to give preference in employing Timor-Leste nationals and training of Timorese. For the Former JPDA, companies are encouraged to employ and train Timorese.

ANPM works closely with Operators in Former JPDA and TLEA to measure Local Content performance in terms of local participation in procurement of goods and services as well as training and employment for petroleum activities in both jurisdictions.

The total amounts were confirmed by ANPM. For the purpose of this report, we published the disaggregation from ConocoPhillips entities. The breakdown from Timor Resources between mandatory and voluntary expenditure, was provided by Timor Resources, and not reported by ANPM. The local commitments reported are as follows:

Description of Social Expenditure	Company name of "beneficiaries"	Payments (Amounts in USD)
Others - COP Offshore Timor-Leste Employees	COP Offshore Timor-Leste Employees	1,458,446
Others - Local Goods & Services	Various vendors	2,308,798
Others - Contractors' Timor-Leste Employees	Various vendors	5,847,813
Others - Contractors' Timor-Leste Goods & Services	Various vendors	3,054,645
Others - COP Dili Office Employees	COP Dili Office Employees	821,050
Others - Local Goods & Services	Various vendors	340,328
	ConocoPhillips entities	13,831,081
Timor Leste Contract Area Procurement of Services and Goods for Seismic	-	610,778
Shipping charges and logistics movements (SDV, Bollore, Senway Barge)	-	89,559
Total Drilling - Civil Construction	-	198,576
Total Drilling IPM	-	142,713
Total Timor Leste General Contract Area Procurement of Services & Goods	-	108,590
Others	-	708,459
	Timor Resources Pty Ltd	1,858,675
<b>Total</b>		<b>15,689,756</b>

# 11. Social & Economic Expenditures

## 11.1 Social Expenditure

### Voluntary expenditure

The total amount for voluntary expenditure by ConocoPhillips (03-12) Pty Ltd was confirmed by ANPM, however as previously mentioned the breakdown from Timor Resources between mandatory and voluntary expenditure, was provided by Timor Resources, and not reported

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	Payments
Community Project - SESIM World Science Day event	ConocoPhillips (03-12) Pty Ltd	National Commission of UNESCO in TL	35,000
Government Initiative - E&I vocational training	ConocoPhillips (03-12) Pty Ltd	CEGELEC and CNEFP Tibar	596,555
Government Initiative - Innovative Business Plan Competition	ConocoPhillips (03-12) Pty Ltd	IADE	22,334
Donation to NGOs/Programs - International Economic Symposium	ConocoPhillips (03-12) Pty Ltd	AEMTL	5,000
Scholarship Programs - Fullbright-SERN Scholarship	ConocoPhillips (03-12) Pty Ltd	IIE	64,644
Scholarship Programs - JESUIT Scholarships Program	ConocoPhillips (03-12) Pty Ltd	Fundação Companhia De Jesus	65,000
5th Timor Leste National Skills Competition	ConocoPhillips (03-12) Pty Ltd	INDIMO	1,500
Others - 4th July Celebration	ConocoPhillips (03-12) Pty Ltd	US Embassy	10,000
Others - COP Offshore Timor-Leste Employee Training	ConocoPhillips (03-12) Pty Ltd	Various vendors	925,846
Others - Contractors' Timor-Leste Employee Training	ConocoPhillips (03-12) Pty Ltd	Various vendors	2,067,582
Others - COP Dili Office Employee Training	ConocoPhillips (03-12) Pty Ltd	Various vendors	72,605
NGOs Programs ( Water, Sanitation, Health, Sports Events) - Nursing Development & Pathology Program	ConocoPhillips (03-12) Pty Ltd	St John of God	249,891
NGOs Programs ( Water, Sanitation, Health, Sports Events) - Mother & Child Health Program	ConocoPhillips (03-12) Pty Ltd	Alola Foundation	70,000
NGOs Programs ( Water, Sanitation, Health, Sports Events) - Reforestation Project	ConocoPhillips (03-12) Pty Ltd	NGO Santalum	38,000
NGOs Programs ( Water, Sanitation, Health, Sports Events) - ROMAC Emergency Flight	ConocoPhillips (03-12) Pty Ltd	Rotary Liaison Office in TL	639
Support to National Event - First Lady Fun Run	ConocoPhillips (03-12) Pty Ltd	Rotary Club of Dili	15,012
		ConocoPhillips entities	4,239,608
Timor Leste National Short- and Long-term Employees (PSC OT 17-09)	Timor Resources Pyt Ltd	-	478,071
Total Employment from Timorese Nationals	Timor Resources Pyt Ltd	-	265,618
Community Project Matai Water Tower Construction Labarai PSC TL OT 17 08	Timor Resources Pyt Ltd	-	11,874
Donation to NGOs/Programs	Timor Resources Pyt Ltd	-	7,784
Others (Describe) Community Meetings and Liason	Timor Resources Pyt Ltd	-	9,820
Support to National Event	Timor Resources Pyt Ltd	-	5,500
		Timor Resources Pyt Ltd	778,666
<b>Total</b>			<b>5,018,274</b>

# 11. Social & Economic Expenditures

## 11.2 Other expenditures

### Environment expenditure

The environmental expenditures were reported by Timor Resources, but not reported by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	PSC	Extractive Entity Payments in USD
Payment for environmental license/permit	TIMOR RESOURCES PTY LTD	SMC	TL-OT-17-08	118,000.00
Total				118,000.00

### Quasi-fiscal expenditure

Quasi-fiscal expenditures include arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.

None of the entities in scope reported payments regarding this type of expenditures.

# 12

## Recommendations

### Lack of EITI Law:

As recommended previously, even though Timor-Leste is an EITI compliant since 2008, the legal framework defining the roles and responsibilities of stakeholders in the EITI process has yet to be created.

We strongly recommend the enactment of an EITI Law as soon as possible. This Law will provide a better understanding and guidelines about certain limitations (i.e. confidentiality of the PSC and /or the desegregation of production by commodity). This is not identified on the work done for this report but could be an issue in the future.

# 12. Recommendations

## Publication of statistics and information on the extractive industry

The EITI standard stipulates the disclosure of contextual information of the activities and regulations in the extractive industry.

Currently, it seems that the TL-EITI Secretariat does not have a comprehensive database including all extractive companies operating in the oil and mining sectors as the revenue streams and the correspondent amounts per year, all the extractive operators, contextual information and statistics.

The contextual information in this report is referred to different sources dispersed across public sector. Certain analyses were limited due to the unavailability of statistics data in the sector. Where available, national statistics included information for a wider sector.

It is vital that the EITI Secretariat should ensure that there is a comprehensive database of extractive companies to be able to identify with confidence all the companies making material payments. It would not be necessary for the EITI Secretariat to maintain the database, rather to ensure that there is such a database within government and that it is properly prepared, and current, and complete. The Secretariat should then liaise with the Government Entities to ensure it obtains adequate information regularly and updates its database accordingly.

The database can be further extended to include other useful information for statistics in the sector such as: production volumes, investments, social expenditures, and environmental payments, which can be collected and consolidated, and which would provide the basis for annual reporting of statistics and facts of the industry.

We also recommend that the MSWG assists the Secretariat with adequate resources in order to ensure that a comprehensive and up to date database of all extractive companies is set up.

## Beneficial Ownership & Mainstreaming

According EITI Requirement 2.5, it is recommended that EITI compliant countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) which bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s) and the level of ownership.

Currently, there is no comprehensive and publicly available database on beneficial ownership in line with the EITI Standard. The country does not maintain a public register (registry of companies) with basic information on corporate entities.

Laws, regulations and contracts should all build in requirements for beneficial ownership disclosure, so that this becomes a standard requirement within Timor-Leste legal framework. This could be achieved by including the definition and threshold of ultimate beneficial ownership mandatory disclosure in the mining and oil and gas sector.

However, up to date, no significant impact is expected due to almost all extractive entities are listed, and the information is available (see section Beneficial Ownership).

As previously mentioned, Timor Leste hired EY for a consultation of a feasibility study to identify the road map to implement the regulatory reform aimed at bringing the Timor-Leste disclosure rules and regulations according with internationally acceptable standards. In addition, the country also hired EY for follow up on the feasibility study on the mainstreaming, regarding the compliance with the requirement of the EITI Standard. In both feasibility studies, we already make several recommendations that would strongly aid the transparency in Timor Leste.

Those steps constitute a progressive move on the current and previous recommendations suggested by EY, nonetheless the creation of a regulatory reform should be the most suitable endorsement.

Source: <http://www.anpm.tl/list-of-licenses-2006-2016/>



# 12. Recommendations

## Confidentiality provisions in PSCs

The model PSC used by Timor-Leste contains a confidentiality provision which prevents the public disclosure of information relating to O&G operations by both parts, except if mandatory by law.

Annex F PSC model contains confidentiality provision which prevents the disclosure of most recent (less than two years) information on certain commercial sensitive information.

However, the summaries of the model PSC has been made available to public at ANPM website.

If an EITI law is under approval by the government, we recommend that it includes the necessary requirements to allow disclosure for EITI reporting obligation on the operators and Timor-Leste representatives.

## Employees

The new 2019 EITI standards stipulates the disclosure of all employees of each entity, disaggregated by gender and nationality (National or Expats).

The information is requested in the templates prepared by the IA. However, for the report of 2019 several entities didn't answer to this input.

This information would need more emphasis so that entities respond to this data, being one of the new requirements for 2019 EITI Standards.

# 12. Recommendations

## Follow up of recommendations of previous EITI Reports (continuation)

No	Issue	Detail of the issue	Recommendation	Status of implementation 2019 Timor-Leste's EITI Report (Yes/No/Ongoing)
1	Lack of EITI law	We noted that although Timor-Leste's EITI reports have been reconciled for 10 years, the legal framework defining the roles and responsibilities of stakeholders in the EITI process has yet to be created.	We recommend the enactment of an EITI law as soon as possible. This law will provide a better understanding of the EITI process by all stakeholders and ensure that the reconciliation process is successful.	No
2	Timor-Leste-EITI database	It appears that to date, the Timor-Leste-EITI Secretariat does not have a comprehensive database of all extractive companies operating in the oil sector. We understand that this situation arises because there is no formal communication between the EITI Secretariat and the Government Entities with regard to the oil companies operating in the oil sector. In some cases making contact with extractive companies can be difficult as no contact details are available.	We recommend that the Timor-Leste-EITI Secretariat should create a database of extractive companies following our reconciliation exercise. The Secretariat should then liaise with the Government Entities to ensure it obtains adequate information regularly and updates its database accordingly. To this end, we believe it is vital that any new entrants to the oil sector are registered with the Timor-Leste-EITI Secretariat as part of the process before or at the same time as they obtain their operating license. A regular review with the Government Entities of the list of oil companies licensed to operate in the sector is recommended.	No
3	Confidentiality provisions in PSCs	The model PSC used by Timor-Leste contains a confidentiality provision which prevents the public disclosure of information relating to O&G operations by both parts, except if mandatory by law. Annex F PSC model contains confidentiality provision which prevents the disclosure of most recent (less than two years) information on certain commercial sensitive information. However, the summaries of the model PSC has been made available to public at ANPM website.	If an EITI law is under approval by the government, we recommend that it includes the necessary requirements to allow disclosure for EITI reporting obligation on the operators and Timor-Leste representatives.	No

# 13

Annexes

# 13. Annexes

## A. Companies in the Oil&Gas Sector

Entity	
AMECEngineeringPtyLtd	Kameron Services Pty Ltd
Atlas Programmed Marine Unip Lta	Konnekto Unipessoal Lda
Babcock Offshore Services	Kotug Maritime Services Pty Ltd
Brunel Energy	KT Maritime Services
Calidus Process Solutions PTy Ltd	Maersk Drilling International
Caltech Unipessoal Lda	MMA Offshore Vessel Operation Pty Ltd
CameronServicesInt.PtyLtd	Neptune Marine Service Ltd
Cape Australia Onshore	Noble International Finance Company
Carnarvon Petroleum	Paladin Resources Ltd
Caterpillar of Australia Pty Ltd	Repsol Oil & Gas Pty Ltd
Clough Amec Pty Ltd	Rigforce Pty Ltd
Compass Group Australia Pty Ltd	SANTOS Ltd
Competentia Pty Ltd	Schlumberger australia Pty Ltd
Conoco Phillips (03-12) Pty Ltd	SGS Australia Pty Ltd
Corporate Protection Austarlia Pty Ltd	Sodexo Timor Unipessoal Ltd
Dekra Organization Reliability Limited	Solar Tubirnes International
DRW Safety Solution Limited	Speirs Safeguard Ltd
ENI Australia Ltd	Subsea 7 Australia Contracting Pty
Fircorft Australia Pty Ltd	Talisman Resources Pty Ltd
Furmanite Australia Pty Ltd	Timor GAP EP
GAP MHS Aviation Ltd	Timor Resources Pty Ltd
Go Offshore Pty Ltd	Tokyo Timor Sea
Haliburton Australia Pty Ltd	Ventnor Avenue Pty Ltd
Hertel Modern Pty Ltd	Weathford Australia Pty Ltd
Inpex Timor Sea	Wood Group Australia Pty Ltd
Japan Energy EP JPDA	Woodside Petroleum Pty Ltd

# 13. Annexes

## B. Mineral Sector 2006-2019

No.	Years	Mining Fee	License Fee	Compensation Unauthorized Activity*	Exploration License - Surface Fee**	Total Amount	Remarks
1.	2006	\$9,642.13	-	N/A	N/A	\$9,642.13	
2.	2007	\$13,058.00	-	N/A	N/A	\$13,058.00	
3.	2008	\$3,420.00	-	N/A	N/A	\$3,420.00	
4.	2009	\$61,644.85	\$1,400.00	N/A	N/A	\$63,044.85	
5.	2010	\$89,961.50	\$1,200.00	N/A	N/A	\$91,161.50	
6.	2011	\$71,261.00	\$1,200.00	N/A	N/A	\$72,461.00	
7.	2012	\$44,673.00	\$1,000.00	N/A	N/A	\$45,673.00	
8.	2013	\$37,006.00	\$5,500.00	N/A	N/A	\$42,506.00	
9.	2014	\$188,180.00	\$4,500.00	N/A	N/A	\$192,680.00	
10.	2015	\$228,429.00	\$13,300.00	N/A	N/A	\$241,729.00	
11.	2016	\$260,041.40	\$23,700.00	N/A	N/A	\$283,741.40	
12.	2017	\$395,579.40	\$21,500.00	\$617,489.50	N/A	\$1,034,568.90	
13.	2018	\$160,882.60	\$18,000.00	\$1,489,921.68	N/A	\$1,668,804.28	
14.	2019	\$1,149,538.07	\$21,500.00	\$1,197,858.29	\$32,895.00	\$2,401,791.36	

Source: <http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/>

# 13. Annexes

## C. Mineral Payments in 2018

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
1	Pantarhei Unipessoal Lda.	Local	Commercial	Prospecting	Construction Material	\$ 500.00
2	Timor Surveying & Mapping Lda.	Local	Commercial	Prospecting	Construction Material	\$ 500.00
3	Resource Futures Pty., Ltd.	International	Commercial	Prospecting	Dimension & Ornamental Stones	\$ 500.00
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 15,375.40
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 8,895.20
6	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 67,500.00
7	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 16,500.00
8	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 52,200.00
9	China Harbour Timor, Lda.	International	Construction	Prospecting	Construction Material	\$ 500.00
10	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 500.00
11	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 500.00
12	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 1,500.00
13	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 1,500.00
14	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 1,500.00
15	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 1,500.00

# 13. Annexes

## C. Mineral Payments in 2018

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
16	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 500.00
17	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Material	\$ 1,500.00
18	Yefa Unipessoal, Lda.	Local	Commercial	Mining License	Construction Material	\$ 500.00
19	Yefa Unipessoal, Lda.	Local	Commercial	Mining License	Construction Material	\$ 3,456.00
20	Yefa Unipessoal, Lda.	Local	Commercial	Mining License	Construction Material	\$ 3,456.00
21	Nobre Labadain Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 11,575.20
22	Weng Enterprise Group Lda.	Local	Commercial	Compensation	Construction Material	\$ 7,658.42
23	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00
24	Weng Enterprise Group Lda.	Local	Commercial	Compensation	Construction Material	\$ 7,658.42
25	Hoven II Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 2,824.79
26	Hoven II Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 12,023.35
27	CBMI Construction & Chongqing Road Engineering (Group) Co., Lda.	International	Construction	Compensation	Construction Material	\$ 20,609.34
28	CBMI Construction & Chongqing Road Engineering (Group) Co., Lda.	International	Construction	Compensation	Construction Material	\$ 10,120.23
29	Shanghai Construction Group Co., LTD., R.P	International	Construction	Compensation	Construction Material	\$ 31,257.94
30	Shanghai Construction Group Co., LTD., R.P	International	Construction	Compensation	Construction Material	\$ 190,154.55

# 13. Annexes

## C. Mineral Payments in 2018

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
31	Natureza Timor Naroman Lda., Contractor & Supplier	Local	Construction	Compensation	Construction Material	\$ 84,041.34
32	Natureza Timor Naroman Lda., Contractor & Supplier	Local	Construction	Compensation	Construction Material	\$ 6,959.49
33	China Nuclear Industry 22nd Construction Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 28,556.22
34	China Nuclear Industry 22nd Construction Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 59,330.25
35	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00
36	Hoven II Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 2,824.79
37	Hoven II Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 12,023.35
38	Yefa Unipessoal, Lda.	Local	Commercial	Compensation	Construction Material	\$ 2,304.00
39	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 300,000.00
40	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 300,000.00
Total Revenue Receipts Deposited for The Year						\$ 1,668,804.28



# 13. Annexes

## D. Mineral Payments in 2019

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
1	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Materials	\$ 117,750.00
2	China Harbour Timor Lda.	International	Construction	Mining License	Construction Materials	\$ 991,054.55
3	CBMI Construction & Chongqing Road Engineering (Group) Co., Lda.	International	Construction	Mining License	Construction Materials	\$ 27,467.68
4	King Construction, Unip., Lda.	Local	Compound	Mining License	Construction Materials	\$ 29,632.65
5	City Development Group, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 5,133.20
6	Libama Consorcio Lda.	Local	Commercial	Compensation	Construction Material	\$ 21,180.80
7	Starking Raw Material Industry Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 102,636.23
8	China Nuclear Industry 22nd Construction Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 110,184.75
9	Timor General Development Group Co., Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 45,535.65
10	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 29,275.87
11	Carya Timor Leste Lda.	Local	Construction	Compensation	Construction Material	\$ 137,978.46
12	Montana Diak Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 55,565.55
13	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 442,555.27
14	Li Britadeira Lda.	Local	Commercial	Compensation	Construction Material	\$ 20,000.00
15	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 50,443.37

# 13. Annexes

## D. Mineral Payments in 2019

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
16	EDS Construction Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 66,567.02
17	King Construction, Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 97,003.22
18	Cement Timor Trading, S.A.	Local	Compounded	Compensation	Construction Material	\$ 10,378.50
19	City Development Group, Lda.	Local	Commercial	Compensation	Construction Material	\$ 8,553.60
20	Peak Everest Mining Lda.	Local	Exploration	Annual Surface Fee	Metalic Material	\$ 32,895.00
Total Revenue Receipts Deposited for The Year						\$ 2,401,791.36

# 13. Annexes

## E. List of licenses 2006-2019

2006		
No.	Name of License	License No.
1	Edi Konro-Konro	N/A
2	Agostinho Gomes	N/A
3	JJ McDonalds	N/A
4	JJ McDonalds	N/A
5	Tinolina Company Ltd.	No.GMR/2006/XII/002

2007		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No.DNGMR/2007/07/0012
2	JJ McDonalds & Sons Engineering Pty. Ltd.	N/A
3	Jonize Construction Unip. Lda.	No.GMR/2007/V/004
4	Jonize Construction Unip. Lda.	No.DNGMR/2007/07/011
5	Linatet Unip. Lda.	No.DNGMR/2007/07/006
6	Tinolina Company Ltd.	No.GMR/2007/IV/003
7	Top Liberty 88 Ltd.	No.GMR/2007/VII/005

2008		
No.	Name of License	License No.
1	Unknown	N/A
2	Unknown	N/A
3	Jonize Construction Unip. Lda.	No. DNGMR/2008/VIII/0017

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## E. List of licenses 2006-2019

2009		
No.	Name of License	License No.
1	Always Construction Pty. Ltd.	No. 00012/LT/DNGRM/IV/09
2	Always Construction Pty. Ltd.	No. 00012/LT/DNGRM/IV/09
3	Carya Timor-Leste Lda.	No. 00006/LT/DNGRM/II/09
4	Domin Timor Construction Lda.	No. 00010/LT/DNGRM/IV/09
5	Domin Timor Construction Lda.	No. 00011/LT/DNGRM/IV/09
6	East Sunrise Timor-Leste Construction	No. 00003/LT/DNGRM/I/09
7	East Sunrise Timor-Leste Construction	No. 00004/LT/DNGRM/I/09
8	Ensul Esphera Engenharia	No. 00014/LT/DNGRM/V/09
9	Ensul Esphera Engenharia	No. 00018/LT/DNGRM/X/09
10	Excel Construction Material Co. Ltd.	No. 00019/LT/DNGRM/X/09
11	Jonize Construction Unip. Lda.	No. 00005/LT/DNGRM/II/09
12	Linatet Unipesoal Lda	No. 00009/LT/DNGRM/III/09
13	Montana Diak Unip. Lda.	No. 00016/LT/DNGRM/X/09
14	Montana Diak Unip. Lda.	No. 00017/LT/DNGRM/X/09
15	RMS Engineering and Construction Pty. Ltd.	N/A
16	Top Liberty 88 Lda.	No. 00007/LT/DNGRM/II/09
17	Top Liberty 88 Lda.	No. 00008/LT/DNGRM/II/09
18	Top Liberty 88 Lda.	N/A
19	Trans Global Unip. Lda.	No. 00001/LT/DNGRM/XII/08
2010		
No.	Name of License	License No.
1	Always Construction Pty. Ltd.	No. 0001/LT/DNGRM/I/2010
2	Carya Timor-Leste Lda.	No. 0004/LT/DNGRM/II/2010
3	Express Distribution Services III Unip. Lda.	No. 0010/LT/DNGRM/VII/2010
4	Jonize Construction Unip. Lda.	No. 0003/LT/DNGRM/II/2010
5	Linatet Unip. Lda.	No. 0008/LT/DNGRM/VI/2010
6	Montana Diak Unip. Lda.	No. 0011/LT/DNGRM/XI/2010
7	Montana Diak Unip. Lda.	No. 0014/LT/DNGRM/XI/2010
8	Monte Veado Ltd.	No. 0009/LT/DNGRM/V/2010
9	RMS Engineering and Construction Pty. Ltd.	No. 0005/LT/DNGRM/II/2010
10	RMS Engineering and Construction Pty. Ltd.	No. 0006/LT/DNGRM/III/2010
11	RMS Engineering and Construction Pty. Ltd.	No. 0007/LT/DNGRM/III/2010
12	Tak Kong Electronic Unip. Ltd.	No. 0002/LT/DNGRM/III/2010
13	Timor Block Building Industry	No. 0012/LT/DNGRM/IX/2010
14	United Tibar Quarry Unip. Lda.	No. 0013/LT/DNGRM/IX/2010
15	Weng Enterprise Group Co. Ltd.	No. 0015/LT/DNGRM/XII/2010

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## E. List of licenses 2006-2019

2011		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No. 0005/LT/DNGRM/III/2011
2	Ensul Esphera Engenharia	No. 0008/LT/DNGRM/VI/2011
3	Fatuk Candi Jonggrang	No. 0013/LT/DNGRM/XII/2011
4	Jonize Construction Unip. Lda.	No. 0004/LT/DNGRM/III/2011
5	Libama Comsorsium	No. 0009/LT/DNGRM/X/2011
6	Linatet Unip. Lda.	No. 0003/LT/DNGRM/II/2011
7	Montana Diak Unip. Lda.	No. 0011/LT/DNGRM/XI/2011
8	Montana Diak Unip. Lda.	No. 0012/LT/DNGRM/XI/2011
9	Monte Veadó Ltd.	No. 0006/LT/DNGRM/VII/2011
10	RMS Engineering and Construction Pty. Ltd.	No. 0002/LT/DNGRM/I/2011
11	Suai Indah Construction Lda.	No. 0001/LT/DNGRM/I/2011
12	Weng Enterprise Group Co. Ltd.	No. 0014/LT/DNGRM/XII/2011
2012		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No. 0007/LT/DNGRM/VI/2012
2	Castelo Fronteira Unip. Lda.	No. 0009/LT/DNGRM/VII/2012
3	Empat Saudara Lda.	No. 0001/LT/DNGRM/II/2012
4	Ensul Esphera Engenharia	No. 0003/LT/DNGRM/III/2012
5	Ensul Esphera Engenharia	No. 0009/LT/DNGRM/VII/2012
6	Jonize Construction Unip Lda.	No. 0006/LT/DNGRM/VI/2012
7	RMS Engineering & Construction Pty. Ltd.	No. 0002/LT/DNGRM/II/2012
8	Tak-Kong Electronic Unip. Lda.	No. 0012/LT/DNGRM/VIII/2012
9	Timor Block Building Industry	No. 0004/LT/DNGRM/III/2012
10	Timor Block Building Industry	No. 0004/LT/DNGRM/III/2012
11	Yefa Unipessoal Lda.	No. 0008/LT/DNGRM/VI/2012
12	Yefa Unipessoal Lda.	No. 0011/LT/DNGRM/VIII/2012

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## E. List of licenses 2006-2019

2013		
No.	Name of License	License No.
1	Empat Saudara Lda.	No. 0009/LT/DNM/VI/2013
2	Libama Comsorsium	No. 0006/LT/DNM/VI/2013
3	Montana Diak Unip. Lda.	No. 0002/LT/DNM/I/2013
4	Montana Diak Unip. Lda.	No. 0003/LT/DNM/I/2013
5	RMS Engineering & Construction Pty. Lda.	No. 0008/LT/DNM/IV/2013
6	Suai Indah Constuction Lda.	No. 0005/LT/DNM/I/2013
7	Weng Enterprise Group Co. Ltd.	No. 0004/LT/DNM/I/2013
8.	Yefa Unipessoal Lda.	No. 0007/LT/DNM/IV/2013
2014		
No.	Name of License	License No.
1	Aitula Fuel's Lda.	No. 0010/LT/DNM/XII/2014
2	Aitula Fuel's Lda.	No. 0013/LT/DNM/XII/2014
3	Carya Timor-Leste Lda.	N/A
4	Empat Saudara Lda.	No. 0009/LT/DNM/XII/2014
5	Jonize Construction Unip. Lda.	N/A
6	Jonize Construction Unip. Lda.	N/A
7	Jonize Construction Unip. Lda.	No. 16/2014
8	Libama Consorcio Lda.	No. 0007/LT/DNM/XI/2014
9	Maliana Brother's Lda.	No. 0011/LT/DNM/XII/2014
10	Manoko Unip. Lda.	No. 0014/LT/DNM/XII/2014
11	Montana Diak Unip. Lda.	N/A
12	Montana Diak Unip. Lda.	N/A
13	Nobre Labadain Unip. Lda.	No. 12/2014
14	Suai Indah Construção Lda.	No. 0006/LT/DNM/X/2014
15	TL Cement Lda.	No. 01/2014
16	Uha Cae Lda.	No. 0008/LT/DNM/XI/2014
17	Weng Enterprise Group Co. Ltd.	N/A
18	Worldview Enterprise Unip. Lda.	No. 15/2014

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## E. List of licenses 2006-2019

No.	Name of License	2015	License No.
1	Aitula Construction Electrical Lda.		No. 28/2015
2	Aitula Construction Electrical Lda.		No. 29/2015
3	Always Construction Unip. Lda.		No. 24/2015
4	Carya Timor-Leste Lda.		No. 15/2015
5	Chongqing International Construction Corporation (CICO)		No. 35/2015
6	Chongqing International Construction Corporation (CICO)		No. 12/2015
7	Chongqing International Construction Corporation (CICO)		No. 11/2015
8	City Development Group Lda.		No. 01/2015
9	Community Housing Ltd.		No. 10/2015
10	CSI Company Lda.		No. 02/2015
11	CSI Company Lda.		No. 03/2015
12	EDS Construction		No. 36/2015
13	Hoven II Unip. Lda.		No. 32/2015
14	Hoven II Unip. Lda.		No. 33/2015
15	Jonize Unip. Lda.		No. 21/2015
16	Jonize Unip. Lda.		No. 14/2015
17	Jonize Unip. Lda.		No. 09/2015
18	Jonize Unip. Lda.		No. 08/2015
19	King Construction Unip. Lda.		No. 05/2015
20	Libama Consorcio Lda.		No. 25/2015
21	Modena Technic Unip. Lda.		No. 22/2015
22	Montana Diak Unip. Lda.		No. 17/2015
23	Montana Diak Unip. Lda.		No. 18/2015
24	Montana Diak Unip. Lda.		No. 19/2015
25	Monte Veadó Lda.		No. 06/2015
26	Nobre Labadain Unip. Lda.		No. 37/2015
27	Shabryca Construction Unip. Lda.		No. 26/2015
28	Shabryca Construction Unip. Lda.		No. 04/2015
29	Soso Building Unip. Lda.		No. 13/2015
30	Suai Indah Ltd.		No. 38/2015
31	Timor Block Building Industry		No. 16/2015
32	TL Cement Lda.		No. 07/2015
33	Uha Cae Lda.		No. 31/2015
34	Uha Cae Lda.		No. 30/2015

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## E. List of licenses 2006-2019

2016		
No.	Name of License	License No.
1	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 02/2016
2	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 03/2016
3	CHONGQING INTERNATIONAL CONSTRUCUTION CORPORATION (CICO)	No. 06/2016
4	CHONGQING INTERNATIONAL CONSTRUCUTION CORPORATION (CICO)	No. 05/2016
5	China Shandong International Company Lda. (CSI)	No. 03/2016
6	China Shandong International Company Lda. (CSI)	No. 04/2016
7	TL Cement	No. 01/2016
8	Worldview Enterprise	No. 03/2016
9	R.D. Interior Junior Construction	No. 07/2016
10	R.D. Interior Junior Construction	No. 08/2016
11	R.D. Interior Junior Construction	No. 11/2016
12	R.D. Interior Junior Construction	No. 12/2016
13	Sinohydro Corporation Limited, R.P	No. 09/2016
14	Shanghai Construction Group Co., LTD., R.P	No. 13/2016
15	Sinohydro Corporation Limited, R.P	No. 10/2016
16	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 14/2016
17	Shabryca Construction Unipessoal, Lda.	No. 19/2016
18	Jonize Construction Unipessoal, Lda.	No. 24/2016
19	Aspalink, Lda.	No. 20/2016
20	Aspalink, Lda.	No. 21/2016
21	Carya Timor-Leste, Lda.	No. 22/2016
22	Weng Enterprise Group, Co., Ltd.	No. 26/2016
23	Weng Enterprise Group, Co., Ltd.	No. 26/2016
24	City Development Group, Lda.	No. 23/2016
25	Montana Diak Unipessoal, Lda.	No. 18/2016
26	Montana Diak Unipessoal, Lda.	No. 16/2016
27	Montana Diak Unipessoal, Lda.	No. 17/2016
28	Suai Indah Ltd.	No. 25/2016
29	Montana Diak Unipessoal, Lda.	No. 15/2016



# 13. Annexes

## E. List of licenses 2006-2019

2017		
No.	Name of License	License No.
1	Ilatun Unipessoal, Lda.	No. 01/2017
2	Sinohydro Corporation Limited, R.P	No. 02/2017
3	Jova Construction Unipessoal Lda.	No. 03/2017
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 04/2017
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 05/2017
6	Sinohydro Corporation Limited, R.P	No. 06/2017
7	Sinohydro Corporation Limited, R.P	No. 07/2017
8	Sinohydro Corporation Limited, R.P	No. 08/2017
9	Chongqing International Construction Corporation, R.P.	No. 09/2017
10	Mira Mar Bloco Unipessoal Lda.	No. 10/2017
11	Gorobu Diak Lda.	No. 11/2017
12	Shabryca Construction Unipessoal Lda.	No. 12/2017
13	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 13/2017
14	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 14/2017
15	Yefa Unipessoal, Lda.	No. 15/2017
16	Timor Block Building, Lda.	No. 16/2017
2018		
No.	Name of License	License No.
1	Pantarhei Unipessoal. Lda	No. 01/2018
2	Timor Surveying & Mapping. Lda	No. 02/2018
3	Resource Futures PTY LTD	No. 03/2018
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 04/2018
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 05/2018
6	China Harbour Timor, Lda.	No. 06/2018
7	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 07/2018
8	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 08/2018
9	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 09/2018
10	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 10/2018
11	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 11/2018
12	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 12/2018
13	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 13/2018
14	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 14/2018
15	Yefa Unipessoal, Lda.	No. 15/2018

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## E. List of licenses 2006-2019

2019		
No.	Name of License	License No.
1	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 02/2019
2	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 03/2019
3	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 04/2019
4	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 05/2019
5	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 06/2019
6	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 07/2019
7	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 08/2019
8	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 09/2019
9	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 10/2019
10	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 11/2019
11	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 12/2019
12	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 13/2019
13	King Construction, Lda	No. 14/2019

# 13. Annexes

## F. Production Sharing Contracts

License number	Former License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-T 19-12	JPDA 03-12	ConocoPhillips (03-12) Pty Ltd as the contract operator represent Bayu Undan Joint Venture to perform petroleum activities in Bayu Undan contract area. The Bayu Undan annual operating costs for year 2019 are mainly to cover the operation and production including lifting costs, logistic, supply, minor and major maintenance. For 2019 capital expenditures, there were costs related carried forward costs from 2018 infill well drilling campaign.	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Emet) Pty Ltd; Santos (JPDA 91-12) Pty Ltd; ConocoPhillips (Timor Sea) Pty Ltd; Inpex Sahul Ltd	Oil and gas condensate	20-05-2002	31-12-2022
TL-SO-T 19-13	JPDA 03-13		ConocoPhillips JPDA Pty Ltd	Eni JPDA 03-13 Limited; Tokyo Timor Sea Resources Pty Ltd; ConocoPhillips (03-13) Pty Ltd	Gas condensate	20-05-2002	31-12-2021
03-19	N/A	The Maritime Boundary Treaty defines the Greater Sunrise as the Special Regime Area. The expansion of this project is dependent to the on-going negotiation between Timor-Leste and Australia as well as Grater Sunrise Joint Ventures. For permit maintenance during 2019, this PSC continues to maintain annual minimum work programs, budget for its local office and corporate initiative investments.	Woodside Petroleum (Timor Sea 19) Pty Ltd.	OG ZOCA (95-19) Pty Ltd; Conocophillips (03-19) Pty Ltd; Shell Development Pty Ltd/ /TIMOR GAP GREATER SUNRISE 03-19, UNIP, LDA.*	Gas & Gas condensate	20-05-2002	04-10-2026
03-20	N/A		Woodside Petroleum (Timor Sea 19) Pty Ltd.	OG ZOCA (96-20) Pty Ltd; Conocophillips (03-20) Pty Ltd; Shell Development Pty Ltd/ TIMOR GAP GREATER SUNRISE 03-20, UNIP, LDA.**	Gas condensate	02-05-2002	13-11-2026

\*TIMOR GAP Greater Sunrise 03-19, Unip, Lda. finalized the acquisition of 62.33% interest from ConocoPhillips (03-19) Pty Ltd and Shell Development Pty Ltd

\*\*TIMOR GAP Greater Sunrise 03-20, Unip, Lda. finalized the acquisition of 63.33% interest from ConocoPhillips (03-20) Pty Ltd and Shell Development Pty Ltd

# 13. Annexes

## F. Production Sharing Contracts

License number	Former License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-T 19-10	JPDA 06-105	The operation of this PSC was suspended in December of 2015 due to the impact of low oil price to the economics of the Kitan field. ANPM has been discussing with the Operator the best method and time for the final field abandonment as well the redevelopment options. The expenditures are mostly related to general and administrative activities.	Eni JPDA 06-105 Pty Ltd.	INPEX Timor Sea Ltd. ; Repsol Oil and Gas Australia Pty Ltd.	Oil	22-09-2006	31-12-2021
TL-SO-T 19-11	JPDA 11-106	The expenditure incurred was reported for the period started from 1 January 2019 to 29 August 2019 (under PSC JPDA 11-106. After the Maritime Boundary Treaty, the expenditure between 30 August 2019 until 31 December 2019 it is reported under PSC-TL-SO-T 19-11 terms. The majority of expenditure in 2019 was related to drilling costs.	Eni JPDA 11-106 B.V.	Inpex Offshore Timor-Leste Ltd; TIMOR GAP PSC 11-106, UNIP, LDA.	Oil	23-10-2013	29-08-2021
TL-SO-15-01	N/A	TIMOR GAP has completed their seismic interpretation of broadband seismic Crocodile 3D, and identified several viable prospects for drilling targets. During 2019, the expenditure was mostly related to G&G study, seismic data acquisition and interpretation, including permit maintenance and local content.	TIMOR GAP Offshore Block, Unipessoal, Limitada	N/A	Oil & gas	23-12-2015	*

\* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area

# 13. Annexes

## F. Production Sharing Contracts

License number	Former License Number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
S-06-04	N/A	During 2019 the technical and geological studies continued. The Operator maintains its license and commitment to contribute funds for the infrastructure and other local commitments. The operator requested an extension to the deferral of its drilling commitment due to the sustained low oil prices.	Eni Timor-Leste S.P.A	Galp Exploração e Produção Petrolífera Lda; Korea Gas Corporation		03-11-2006	28-06-2020
TL-OT-17-08	N/A	Over the period of 2019, the operator and its Joint Venture has completed the Fafulu 2D seismic survey on PSC Contract Area of the PSC TL-OT-17-08 in Covalima district. After completion of the seismic interpretation, the operator identified 4 different drilling targets. The Acquisition of the 2D seismic data within PSC TL-OT-17-09 was completed in October	Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	26-06-2017	*
TL-OT-17-09	N/A	2019 and the processing and interpretation of the seismic data are still ongoing.	Timor Resources Pty Ltd	TIMOR GAP Onshore Block C ,UNIPESSOAL, LDA	Oil & gas	26-06-2017	*

\* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area

# 13. Annexes

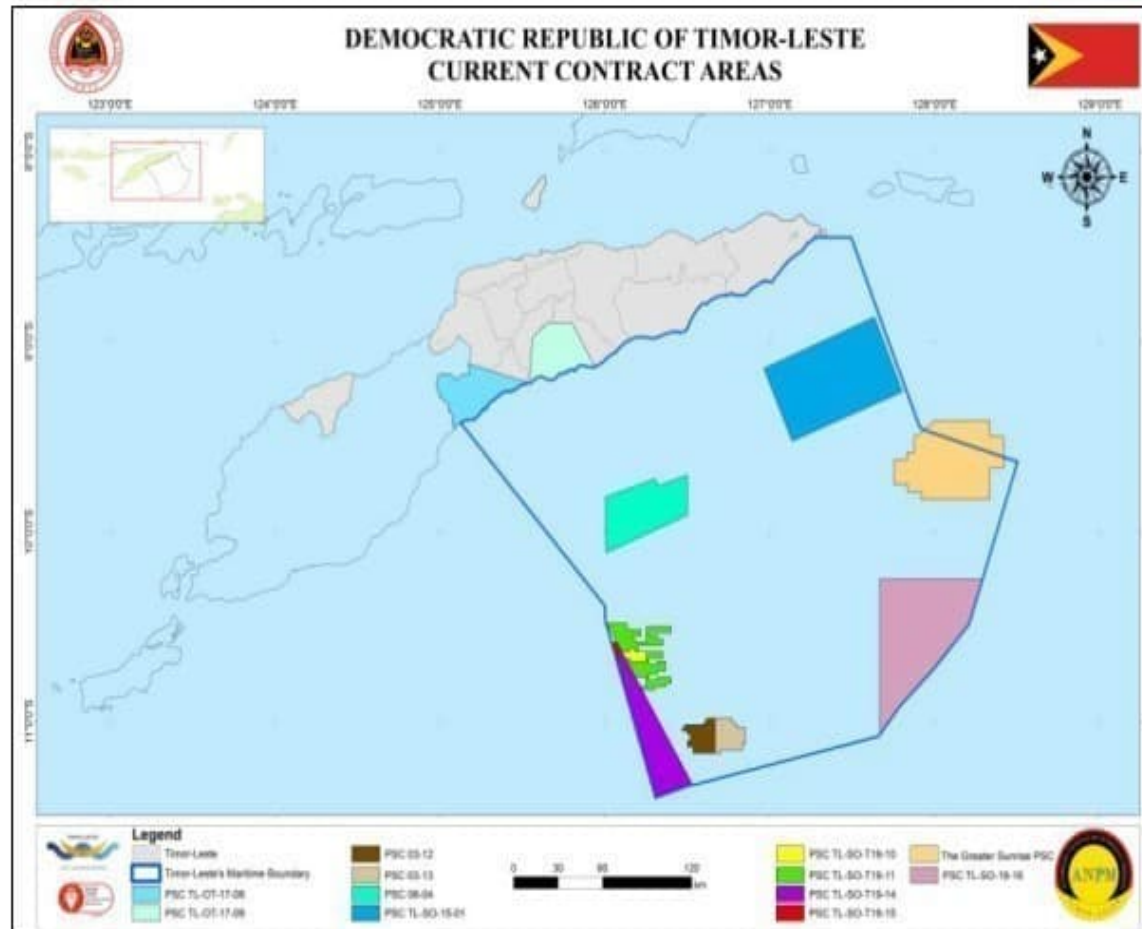
## F. Production Sharing Contracts

License number	Former License Number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-T 19-14	AC/L5 (Australian jurisdiction)	The contract area was previously under the Australian jurisdiction but with the new maritime boundary it became under Timor - Leste new territorial water jurisdiction. During 2019 most of the expenditures were related to environmental study, reprocessing seismic study and redevelopment study.	Carnarvon Petroleum Timor Unip. Ltd.	N/A	Oil	29-08-2019	*
TL-SO-T 19-16	N/A	During 2019, the operator focused on the G&G studies and there were no material expenditures.	SundaGas Banda Unip Ltd.	TIMOR GAP CHUDITCH,UNIPESSOAL, LDA	Oil	19-12-2019	*

\* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area

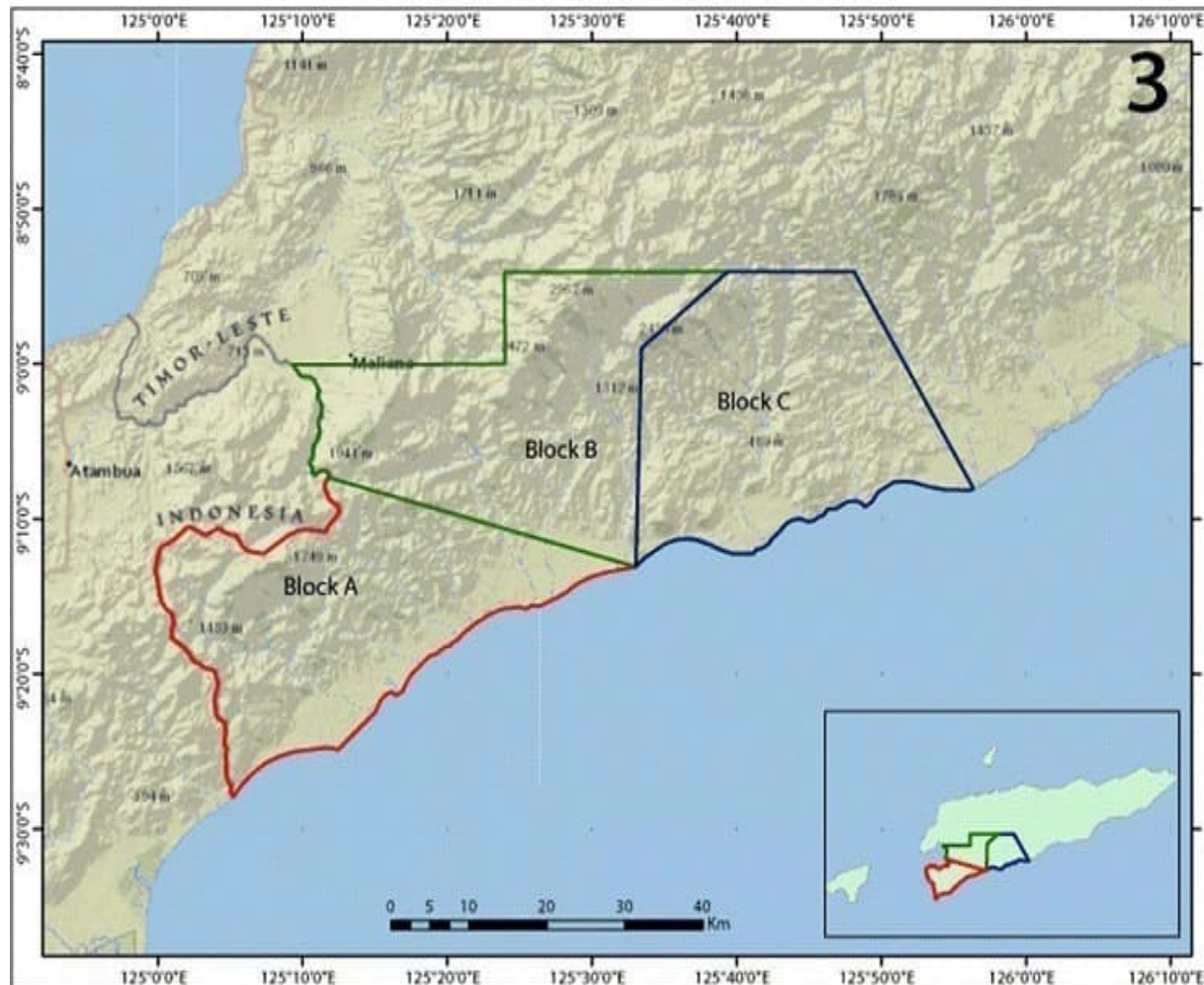
# 13. Annexes

## G. Undersea oil and gas resources



# 13. Annexes

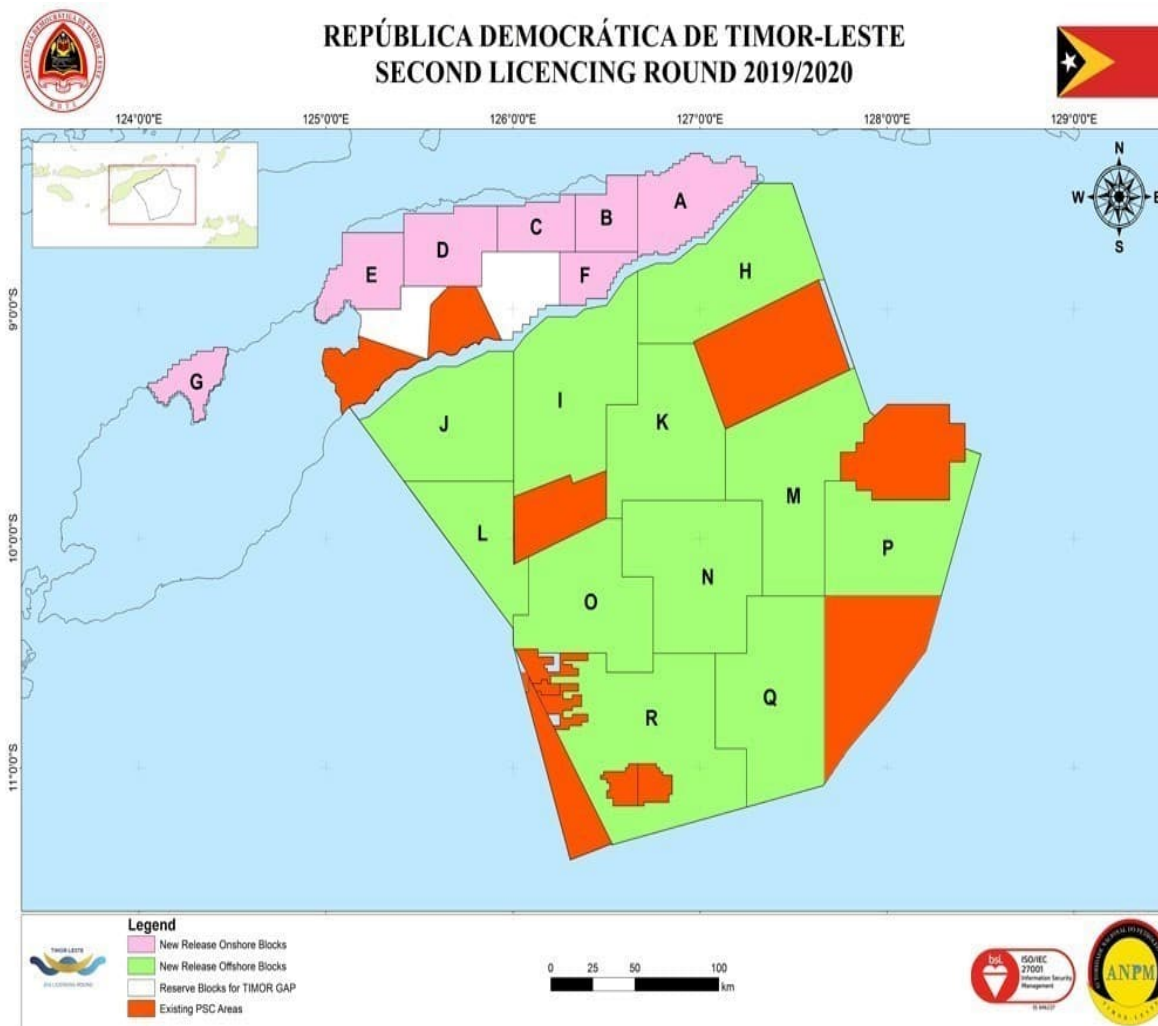
## H. TIMOR GAP Onshore Blocks





# 13. Annexes

## I. New blocks after Decree Law 15/2019



Source: <http://licensinground.anpm.tl/index.php/2019/10/19/new-blocks-information/>

