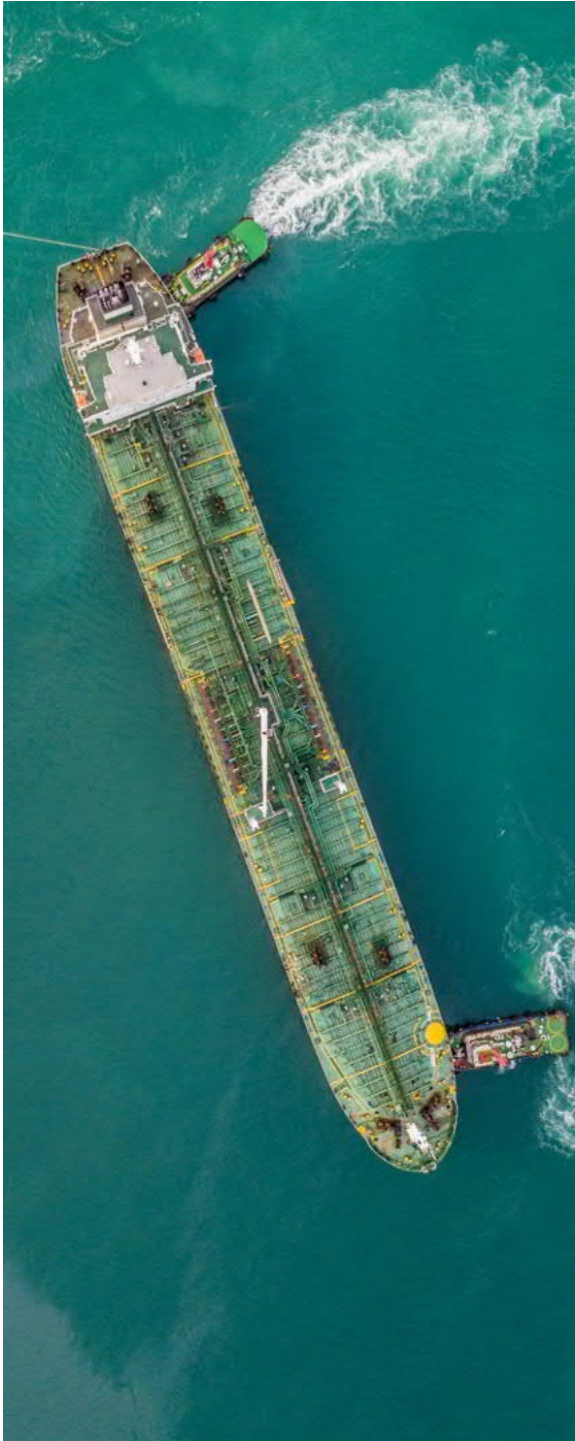


EITI Timor-Leste

2018 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 11th Timor-Leste EITI Reconciliation Report which covers information for Fiscal Year 2018. This would be the first report to adhere requirements from 2019 EITI Standard despite the challenges encountered throughout the COVID-19 pandemic in the year of 2020. This report was produced by the Independent Administrator (IA), Ernst & Young Audit & Associados - SROC, SA, which was selected in accordance with the 2016 EITI Standard on January 2019.

Following the Board's decision to change reporting mechanisms in 2020 due to COVID-19 situation, the MSWG decided to maintain the conventional reporting method which involves reconciliation of information. The MSWG have 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. Moreover, the MSWG with its effort, attempt to address challenges in implementing the new Standard requirement(s) such as Beneficial Ownership (BO), gender issue and environmental payments.

This reporting period, detailed information on mining activities, list of beneficial owners, mainstreaming coverage, tax refund and tax settlement issues are also reported. The disclosure of the latter, has proven that the MSWG attempts to adhere transparency beyond EITI objectives. Based on the agreed materiality threshold (\$100,000 and above), there are twenty four operators, seventeen sub-contractors and four government entities on the scope. All operators and government entities and eleven subcontractors have reported their revenue information for FY 2018 to the IA. Furthermore, with the recent transition occurred in mid-2020, all information reported for ConocoPhillips entities are submitted by Santos Ltd.

Finally, with this report, MSWG has strived its best to address the majority issues identified from the last reporting periods and hope to meet the expectancy of the 2019 Standard objectives in the upcoming Validation in 2021.

Sincerely,  
Members of MSWG,

Industries

Government

Civil Society

SOE

# List of abbreviations

ANPM	Autoridade Nacional do Petróleo e Minerais	IPMC	Interim Petroleum Mining Code	SERN	Secretary of State for Natural Resources
APT	Additional Profit Tax	IUA	International Unitisation Agreement	SOE	State-Owned Enterprise
ASM	Artisanal Small Scale Mining	JC	Joint Commission	SPT	Supplemental Petroleum Tax
BCTL	Banco Central de Timor-Leste (Timor-Leste Central Bank)	JPDA	Joint Petroleum Development Area	TL	Timor-Leste
BOE	Barrel of Oil Equivalent	LNG	Liquefied Natural Gas	TLEA	Timor-Leste Exclusive Area
BOPD	Barrels of Oil per day	LPG	Liquefied Petroleum Gas	TOR	Terms of Reference
BPT	Branch Profit Tax	MoF	Ministry of Finance	TSDA	Timor Sea Designated Authority
CFET	Consolidated Fund for East Timor	MOU	Memorandum of Understanding	TST	Timor Sea Treaty
CMATS	Certain Maritime Arrangement In The Timor Sea	MPMR	Ministry of Petroleum and Mineral Resources	UN	United Nations
CSO	Civil Society Organizations	MSWG	Multi-Stakeholder Working Group	UNTAE T	United Nation Transition Administration in East Timor
DNRP	Direção Nacional de Receitas Petrolíferas	NDPM R	National Directorate Petroleum and Minerals Revenue	USD	United States Dollars
EITI	Extractive Industries Transparency Initiative	O&G	Oil & Gas	VAT	Value Added Tax
ESI	Estimated Sustainable Income	PF	Petroleum Fund	WHT	Withholding Tax
ETRS	East Timor Revenue Services	PMC	Petroleum Mining Code	WIT	Wages Income Tax
FTP	First Tranche Petroleum	PSA	Production Sharing Agreement	ZOCA	Zone Cooperation Area
GDP	Gross Domestic Product	PSC	Production Sharing Contract	TCF	Trillion Cubic Feet
IA	Independent Administrator	RDTL	Democratic Republic of Timor-Leste		

# Index

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1.	Executive Summary	7
2.	Extractive industries transparency initiative in Timor-Leste	15
	2.1 EITI and Timor-Leste	16
3.	Overview of Timor-Leste extractive industries in 2018 – Oil & Gas	17
	3.1 Overview of Government Revenue	18
	3.2 Gross Domestic Product (GDP) – Timor-Leste	19
	3.2.1 Exports and imports – Timor-Leste	20
	3.3 Production	20
	3.3.1 Fields	22
	3.3.2 Production in BOE	23
	3.3.3 Production in USD	24
	3.4 Revenue generated from extractive sector	25
	3.4.1 Tax Revenue and Non tax Revenue	26
	3.5 Employment generated from Oil & Gas Sector	28
4.	Regulatory Framework - Extractive industries in 2018	30
	4.1 Timor-Leste Exclusive Area Legal Framework (TLEA)	32
	4.2 Joint Petroleum Development Area Legal Framework (JPDA)	34
	4.3 Specific agreements with Australia regarding Oil & Gas Exploration	35
	4.4 ANPM	40
	4.5 Petroleum Fund	41
	4.6 Summary of payments process	48
	4.7 State Own Companies (SOE's)	49

# Index

---

	4.8 Licenses / Contract disclosure	51
5.	Tax Regime	52
	5.1 JPDA – Bayu-Undan & Greater Sunrise Fields	53
	5.2 JPDA – Other fields	55
	5.3 TLEA – Timor-Leste Exclusive Area	56
6.	Overview of Timor-Leste Extractive Industries in 2018 – Mining	57
	6.1 Legal framework	58
	6.2 License process	60
	6.3 Environmental Legislation	61
	6.4 Timor-Leste Mining Activity	62
	6.5 Coverage of artisanal and small scale mining (ASM)	64
7.	Methodology and approach	65
	7.1 Scope of Work and Independent Administrator	66
	7.2 Materiality thresholds for company disclosures	67
	7.3 Data collection	70
	7.4 Data assurance	71
	7.5 Other considerations	72
8.	Reconciliation of tax and other payments	73
	8.1 Reconciliation of the figures reported by Contractors	74
	8.2 Reconciliation of the figures reported by Subcontractors	84
	8.3 Pipeline Fee	91
	8.4 Summary of reconciliation results	92
	8.5 Payments in the mining sector	93

# Index

---

9	Beneficial Ownership	95
10	Mainstreaming	99
11	Social & Economic Expenditures	101
12	Recommendations	107
ANNEXES		
A.	Companies in the Oil & Gas Sector	112
B.	Mineral Sector 2006-2018	113
C.	Mineral Payments in 2017	114
D.	Mineral Payments in 2018	116
E.	Mining: List of Licenses 2006 - 2018	119
F.	Oil & Gas production Sharing Contracts	125
G.	Activities in the major fields	127
H.	Timor-Leste undersea oil and gas resources	128
I.	Timor GAP Onshore Blocks	129
J.	New blocks after Decree Law 15/2019	130
K.	New Oil Compilation – Changes in Imports and Exports' Values	131

# 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 eleventh EITI report, covering the period from 1 January to 31 December 2018. 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 2nd April 2019.

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.

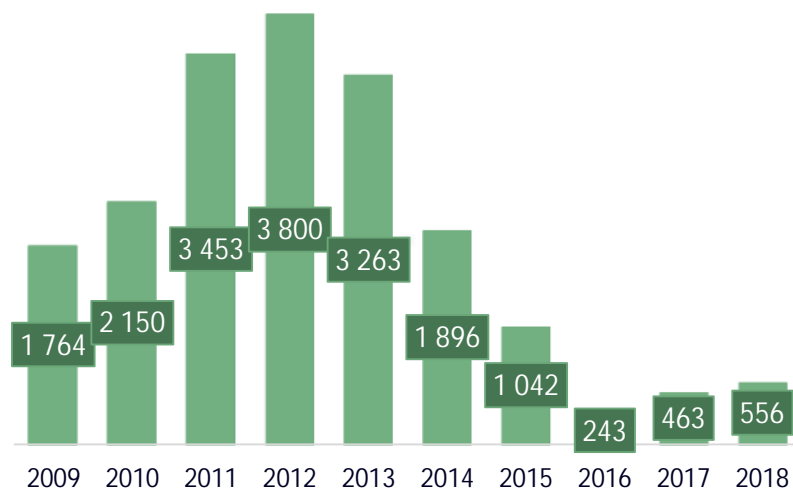
Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

**TLEITI**

# 1. Revenue generated from the extractive sector

Oil and Gas Revenues 2009-2018  
(USD million)



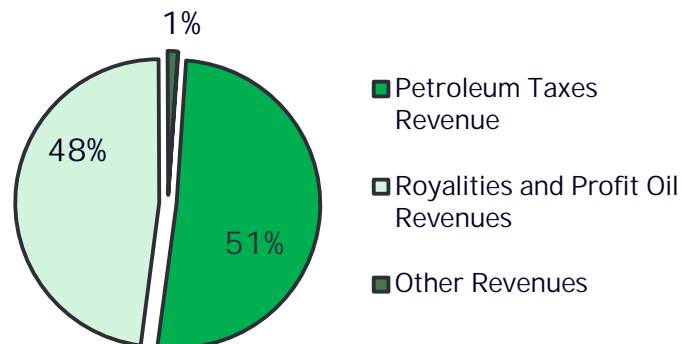
Source: EITI reports from last nine years

In 2018, Timor-Leste oil revenues were 556 million dollars, a value more than twice higher than in 2016, with 2016 having the lowest value in the last 8 years. In comparison with 2016 and 2017, the high result was derived from the higher oil prices, which were boosted by the strong global demand and producers agreeing to cut production. In fact, in 2018 the production was of 38 million barrels while in 2017 was of 41 million barrels. This decrease is also explained by the fact that the main operational activities impacting the production had a major maintenance shutdown in May 2018.

Sources:  
<http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> &  
Petroleum Fund Annual Report 2018

The first graph shows historical data revenues from the past nine years (from past EITI reports), demonstrating the severe decline of revenues since 2012.

Structure of the cash flows 2018



In the second figure, it is displayed the structure of the cash flows received from Petroleum activities in 2018.



# 1. Production

In 2018, all of Timor-Leste's oil and gas was produced in Bayu-Undan gas field, located in the 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.

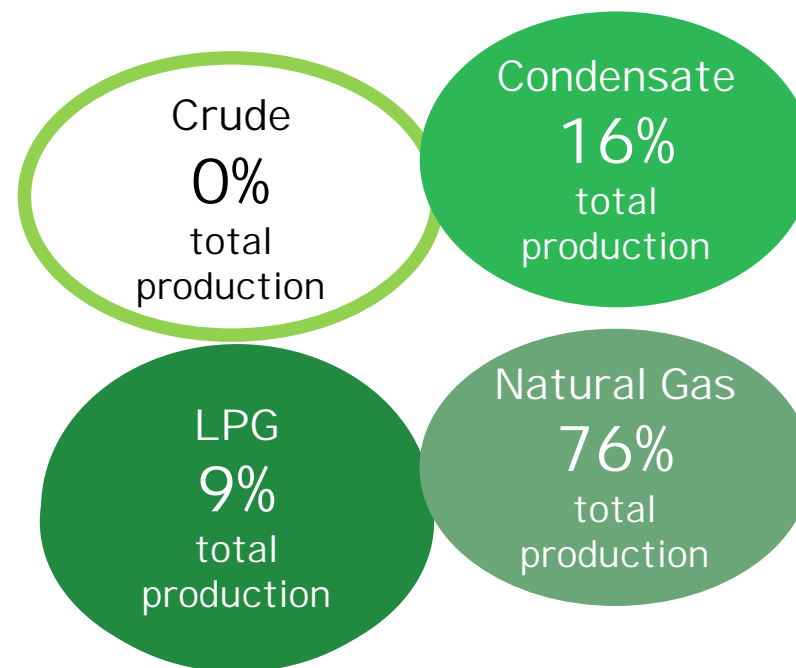
Additionally, in the Bayu-Undan field the Natural Gas contributes with more than 76% (61% in 2017) to the total production (monetary amount) of the country.

Production in USD ('000) by commodity:

Commodity	2018	2017	Δ	%
Crude	0	0	0	0%
Condensate	233,730	319,062	- 85,332	- 27%
Natural Gas	1,139,586	730,616	408,970	56%
LPG	118,328	144,897	26,569	- 18%
Total	1,491,644	1,194,575	297,069	11%

Source: Template provided by ANPM with 2018 data

Percentage of production by commodity (in monetary amount):

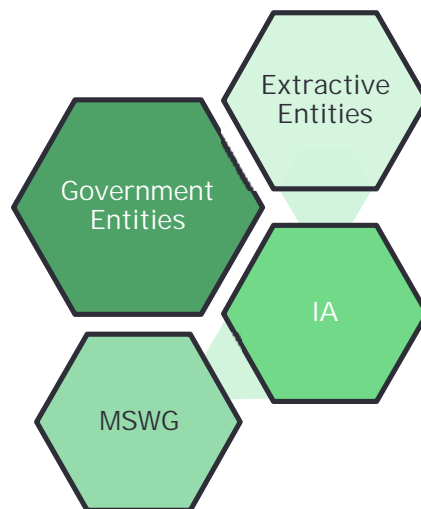


# 1. Reconciliation Process

EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 10th and 11th Timor-Leste EITI reports and to produce the draft of the data collection reports. This assignment was the first step to start the reconciliation process.

The following procedures were as follows:

- Make selection base on the MSWG approved threshold (payments and revenue streams above USD100,000);
- Obtain from extractive companies and government authorities 2018 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.

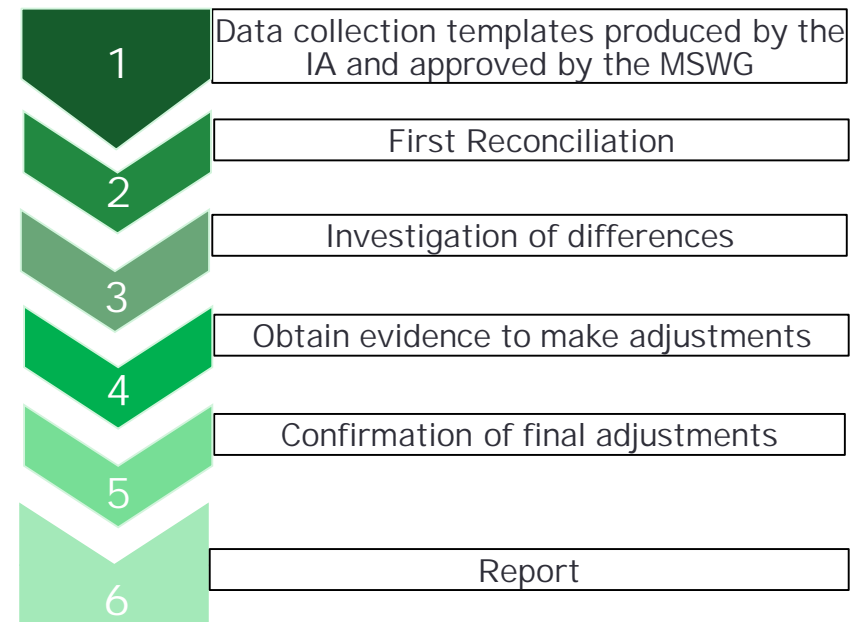


After data collection EY started reconciliation. Entities not responsive were reported to TL EITI secretariat and new efforts for contact were made in order to obtain information.

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. Scope (Revenue and Entities)

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

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

Based on the information received by these entities and the threshold approved by MSWG, the entities in scope were selected.

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 Employees	FTP
Withholding Tax	Profit Oil & Gas Payments
VAT	Development Fee
Installment Income Tax	Contract Service Fee
Bayu Undan APT Installment	Other Payments (Pipeline)
Annual Income Tax	

<sup>1</sup> Names in force in 2020:

Old Company Name	Current Company Name
ConocoPhillips (03-12) Pty Ltd	Santos NA (19-12) Pty Ltd
ConocoPhillips (Timor Sea) Pty Ltd	Santos NA Timor Sea Pty Ltd
ConocoPhillips (Emet) Pty Ltd	Santos NA Emet Pty Ltd
ConocoPhillips JPDA Pty Ltd	Santos NA Bayu Undan Pty Ltd
ConocoPhillips (03-13) Pty Ltd	Santos NA (19-13) Pty Ltd
ConocoPhillips Timor-Leste Pty Ltd	Santos NA Timor Leste Pty Ltd

## OIL & GAS ENTITIES IN SCOPE

Extractive Companies and their Affiliates involved in Timor oil and gas operations

ConocoPhillips (Timor Sea) Pty Ltd <sup>1</sup>	Santos JPDA (91-12) Pty Ltd
ConocoPhillips (03-12) Pty Ltd <sup>1</sup>	Tokyo Timor Sea Resource Pty Ltd
ConocoPhillips (03-13) Pty Ltd <sup>1</sup>	Woodside Petroleum (Timor Sea 03-19) Pty Ltd
ConocoPhillips (Emet) Pty Ltd <sup>1</sup>	Woodside Petroleum (Timor Sea 03-20) Pty Ltd
ConocoPhillips JPDA Pty Ltd <sup>1</sup>	Woodside Petroleum Ltd
ConocoPhillips Timor-Leste Pty Ltd <sup>1</sup>	Timor Gap Timor Gas E Petroleo EP
Eni JPDA 03-13 Limited	TIMOR GAP PSC JPDA 11-106
Eni JPDA 06-105 Pty Ltd	Timor Gap EP
Eni JPDA 11-106 B.V.	Timor Gap Seismic Service Lda
Eni Timor - Leste S.p.A.	Timor Gap Offshore Block Unipessoal
Inpex Sahul Ltd	TIMOR RESOURCES PTY LTD
Inpex Timor Sea Ltd	
Other (Pipeline fee)	
AusAid	

<sup>1</sup> In May 2020, Santos Ltd acquired various ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. As a result of this acquisition the current legal names are different than the ones in force in 2018.

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

# 1. Scope (Revenue and Entities)

As prior year report the MSWG have decided to include on the reconciliation process and consequently on 2018 report the payments made by the Subcontractors to the significant revenue streams defined (same threshold for selecting the extractive entities in scope – payments made to significant revenue streams above USD100,000):

OIL & GAS ENTITIES IN SCOPE SUB-CONTRACTORS	
AMEC Engineering Pty Ltd	Kakivik Asset Management LLC
CALTECH UNIP	KT Maritime services
Cameron Services Int. Pty Ltd	Noble International Finance Company
CAPE AUSTRALIA ONSHORE	MMA Offshore Vessel Operations P/L
Babcock Offshore Services	Rigforce Pty Ltd
Clough Amec Pty Ltd	SGS Australia P/L
Compass Group Australia Pty Ltd	Seafox Asia Pacific Pty Ltd
Calidus Process Solutions Pty Ltd	Sodexo Timor Unipessoal Ltd
Haliburton Australia 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

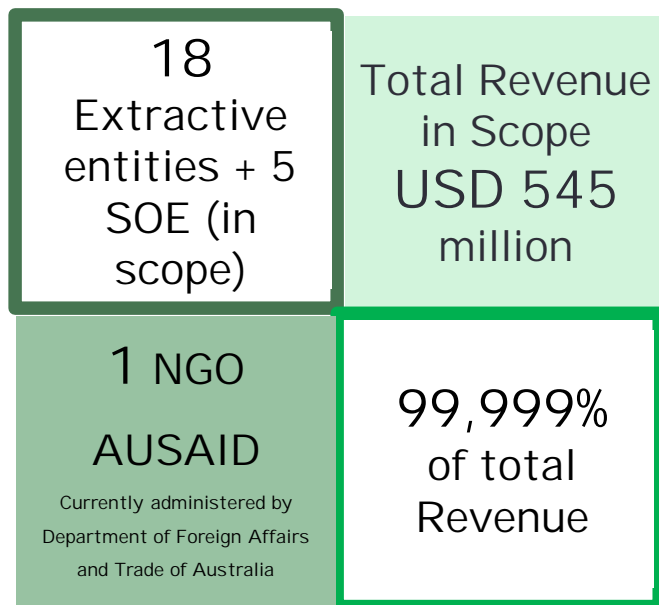
Based on the selection made we have concluded that the 2018 report covers 99,87% of the receivables of the contractors and subcontractors.

The total amount in scope is as follow:

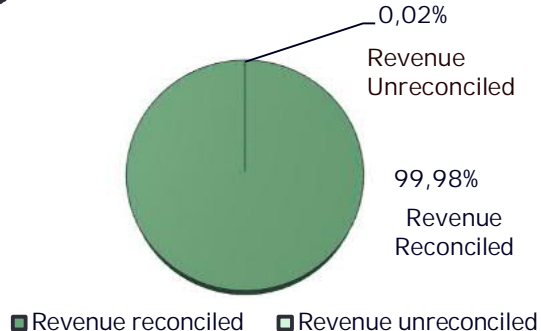
Revenues generated in 2018	Total	Amount in US'000	
		Scope	%Scope
Total Tax Revenue	249,649	249,645	99.998%
Total Non Tax Revenue reported by ANPM	290,309	290,309	100.00%
Total Pipeline Revenue reported by BCTL	5,944	5,944	100.00%
Total Revenue Contractors	545,903	545,898	99.999%
Total Revenue Sub- contractors	9,682	8,973	92.662%

# 1. Summary of reconciliation reports: Contractors

See below the summary of the reconciliation of reported payments:



Cash flows from petroleum tax and non tax – Conclusion



Final reconciliation result

Based on the final results, we have concluded that the revenue unreconciled represents around 0.02% of the total revenue from extractive activities including adjustments.



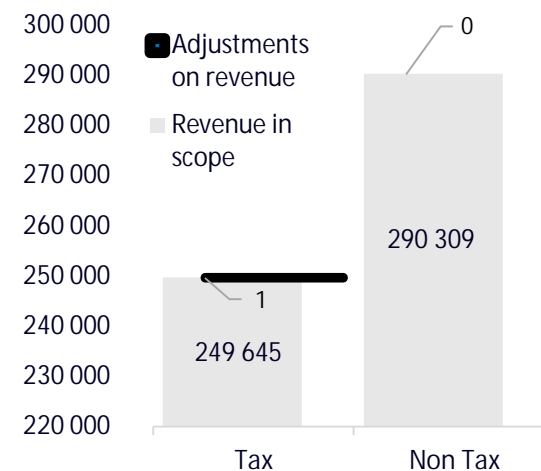
Petroleum revenues in scope

Revenues generated in 2018	Scope (USD'000)
Total Tax Revenue	249,645
Total Non Tax revenue reported by ANPM	290,309
Total revenue reported by BCTL – Pipeline fee	5,944
<b>Total Revenue Contractors</b>	<b>545,898</b>



Adjustments / Discrepancies

Adjustments of the government in USD'000

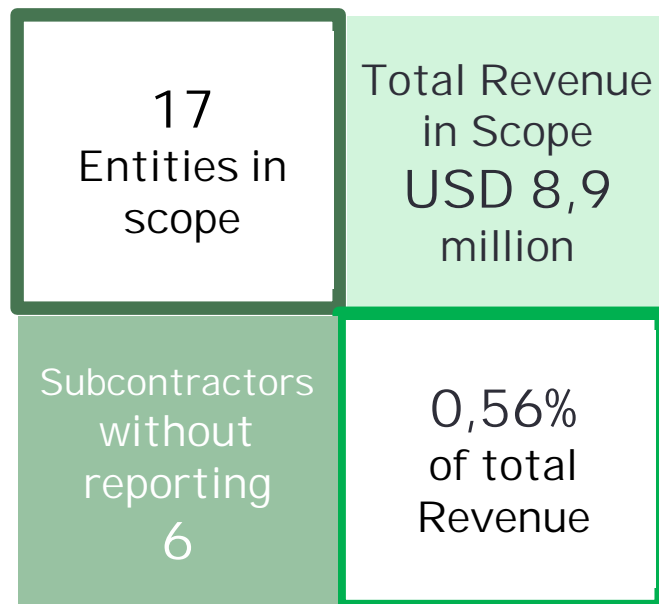


# 1. Summary of reconciliation reports: Subcontractors

See below the summary of the reconciliation of reported payments:



Petroleum revenues in scope



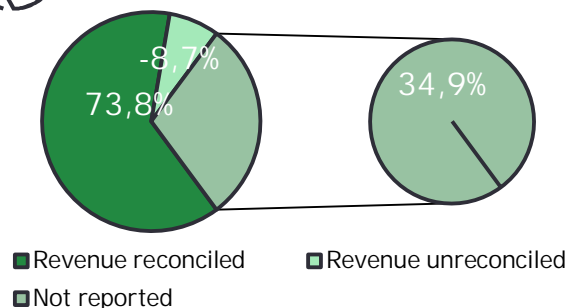
Revenues generated in 2018	Scope (USD'000)
Total Tax Revenue	8,973



Adjustments / Discrepancies



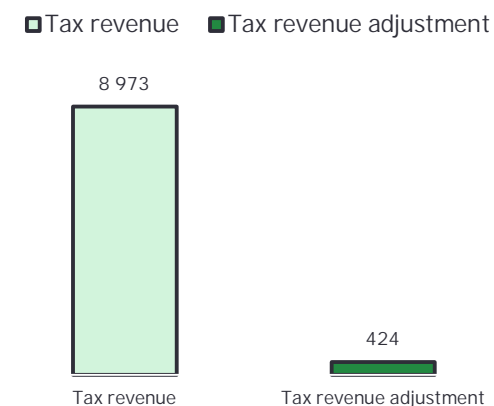
Cash flows from petroleum tax - Conclusion



## Final reconciliation result

Based on the final results we have concluded that the differences not reconciled are mainly due to the entities that have not submitted their reported template (3 million). This amount represents around 32% of the total amount received from Subcontractors (35% of the total amount in scope) and 0.56% of total revenue.

Adjustments of the government in USD'000



The Tax adjustment is mainly justified by incorrect report of payments of 2018 by Government entities and subcontractors.

# 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).

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 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EITI Report covering the year's 2016, 2017 and 2018, respectively.

The 10th EITI Report was published in November of 2019.

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://www.eiti.tl/secretariat/reports/progress-reports>

The previous annual EITI Reports cover the period of January 1st, 2008 until December 31st, 2017:

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	November 2019	463	

Source: *Petroleum Fund Annual Report 2017*



# 3

## Overview of Timor-Leste extractive industries in 2018 – 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 fuel the national budget to finance the construction of infrastructures. Despite Timor-Leste's obvious ongoing economic improvements, it remains a heavily oil-dependent country. For the last seven 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.

Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

**TLEITI**

# 3.1. Overview of Government Revenue

Total Government revenues have decreased, as production from existing fields draws to a close.

Therefore, the gradual trend of declining petroleum revenues is in general expected to continue.

Regarding domestic revenues (non Oil & Gas revenues), there was a reduction from 2016 to 2017, mainly driven by lower tax revenues, which are susceptible to GDP fluctuations and make up most of domestic revenues.

The trend is projected to be stable in 2018, (State Budget 2018). Domestic non Oil & Gas revenues would be around 190 million as in 2017. Despite this, domestic revenue is now expected to grow positively in both 2019 and 2020 (State Budget 2020), pushed by greater private sector activity, political stability and the continuation of government capital projects. The positive trend is expected to continue until 2024, at the macro-economic growth expectations.

## Domestic revenue

Domestic revenues in Timor-Leste are composed mainly by tax revenues (USD 130 million) and fees and charges (USD 50 million). For Oil & Gas revenue please refer to see section 3.4.

Sources:

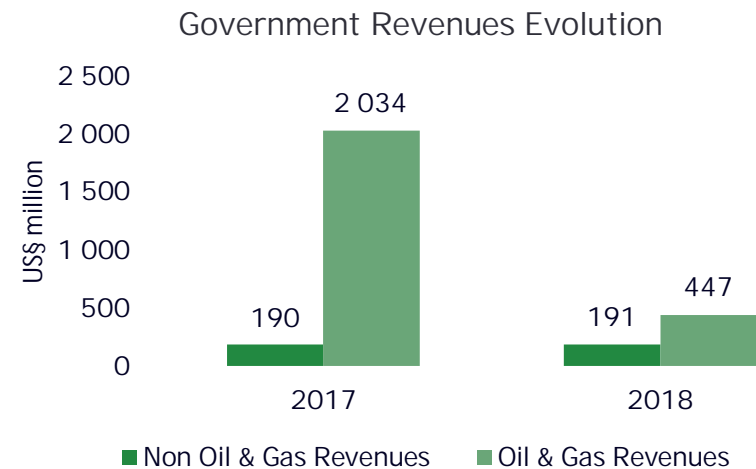
- State Budget 2018 in Timor Leste
- State Budget 2019 in Timor Leste
- State Budget 2020 in Timor Leste

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

The petroleum revenues usually finance most of the state budget. Oil and gas accounted for over 90 percent of Timor-Leste state revenues in 2016 and 2017.

However, petroleum revenues are expected to decline as production from existing fields draws to a close, as mentioned before (State Budget 2019).

Furthermore, the Petroleum Fund Revenues were constituted in majority by the Petroleum Fund Investment Return, which accounted for 1612 millions (in 2017). In 2018, the Petroleum Fund Revenues were constituted in majority by Total Petroleum Revenue, which accounted for 447 million (being the Petroleum Fund Investment Return negative of around 460 million).



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

### Extractive Industry : GDP

#### Changes in Oil Compilation

Oil wealth funded much of Timor-Leste's reconstruction after its struggle for independence from Indonesia, with petroleum receipts responsible for the significant percent of government revenues up until 2017.

In 2018, there was a change in oil compilation. Before this year, the JPDA was considered a resident entity in the National Accounts Reports, nonetheless it was considered a non-resident entity in other datasets, being that "Customs does not register Oil Exports in Trade Data, the MoF does not include oil in its government financial statistics, and Central Bank includes royalties from oil in the Balances of Payments."

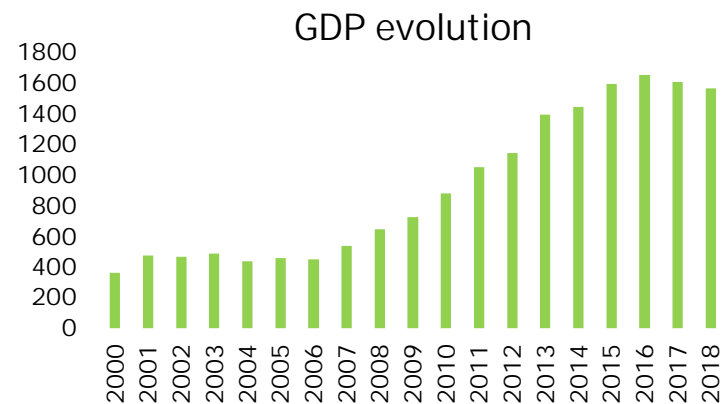
In order to avoid inconsistencies, the National Accounts of 2018 already consider that JPDA is a non-resident entity which implies that Oil GDP will not be reported and Non-Oil GDP becomes GDP, including Royalties. GNI (Gross National Income) does not change.

*Source: National Accounts 2018*

Moreover, due to the new Maritime Boundary Treaty signed in August 2019 (please check section 3), JPDA is considered a resident entity and that is why from September 2019 the oil sector will be included in the data compilation.

### GDP

The Gross Domestic Product decreased 2.6% in 2018, at current prices, constituting USD 1,568.6 million in 2018 and USD 1,609.7 million in 2017.



The decrease in GDP in 2018 was due to the drop in expenditures in Development Partners by 7.4% and decrease in Private Investment by 4.6%. Nonetheless, the Public Expenditure increase by 7.1%, the Exports increased by 8.4% and the Imports increased by 2.3%.

### GNI

The Gross National Income decreased 1.5%, at current prices, going from USD 2,282.4 million in 2017 to USD 2,248.6 million.

In 2018 the GNI was constituted by USD 718.5 million of Property Income, which included USD 501.1 million of Royalties and Taxes from Oil and Gas activities.

Please note that in 2018 the GNI is the sum of GDP, royalties and non-oil primary income.

*Source: National Accounts 2018*

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

Timor-Leste is the 193rd largest export economy in the world (2018).

Source: <http://atlas.media.mit.edu/en/profile/country/tls/>

### Changes in Oil Compilation

In 2018, Timor-Leste exported USD 43 million and imported over USD 945 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. Consequently, as exports were, up until 2017, constituted in majority by the oil sector (more than 95%), the implication is that the value of exports decreases drastically for all years.

However, the oil sector always represented a lower percentage of the imports (19% in 2017), which means that the imports were much less affected than the exports.

Therefore, according to the TL National Accounts 2018, the trade balance was always negative from 2000-2018, according to the new Oil Compilation.

Check attachment K to verify the values of imports and exports in the Timor-Leste National Accounts 2017 Report and Timor-Leste National Accounts 2018 Report.

### Exports

In 2018, the exports increased by 8.4% from USD 38.2 million to USD 43 million, including a rise of 41.3% in the exports of goods and a drop of 8.8% in the exports of services.

### Imports

In 2018, the imports increased by 2.3% from USD 871.2 million to USD 945.3 million, including a rise of 10.6% in the import of services and a drop of 3.2% in the imports of goods.

Source: TL National Accounts 2018



## 3.3. Production

### Fields

In 2018, as well as in 2017, all of Timor-Leste's gas was produced in Bayu-Undan gas field, located in the 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.

In 2018, there were ten active PSCs (of which 4 in TLEA and 6 in JPDA).

*Source: ANPM Annual Report 2018*

### Bayu-Undan

The Bayu-Undan gas field is located in the Timor Sea, about 250km south of Timor-Leste and about 500km offshore Darwin, Australia contained within contract areas of PSC03-12 and PSC03-13 of the JPDA.

Bayu-Undan is Timor-Leste gas field with the largest accumulated revenue, and the only one in production after 2017.

The field is located on the same 160km<sup>2</sup> structure, in 80m of water. The initial discovery was in early 1995, when the Bayu-1 well intersected a 155m gas condensate column, at a depth of 897m. In July 1995, Undan was discovered 10km north-west of Bayu, where a 139m gross hydrocarbon column tested 1.6 million cubic feet a day of gas and 3,900bbl condensate a day. 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.

*Source: <http://www.offshore-technology.com/projects/bayu-undan/>*

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. In 2017, the field has 10 producing wells, and 3 gas injection wells.

The daily average liquid production (condensate and LPG) and Gas Production in:

In 2017, it was 25.44 kbpd and the exported gas to Darwin LNG remains steady at an average of 510 MMscf/day.

In 2018, it was 17 kbpd until November and then increased to 30kbpd. The exported gas to Darwin LNG remains steady at an average of 700 MMscf/day.

*Sources: <http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> & [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-2018%20Annual%20Report/\\$File/Annual-Report-2018.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-2018%20Annual%20Report/$File/Annual-Report-2018.pdf?openelement)*

In 2018, the decrease of Condensate and LPG is explained by the production interruptions which include a major shutdown of the Bayu Undan field for planned maintenance and well intervention in May through early June and plant shutdown for Infill Well drilling rig move.

Bayu-Undan is operated by ConocoPhillips (03-12) Pty Ltd under the contract PSC 03-12 and PSC 03-13 in JPDA under the Timor Sea Treaty.

(The present references are to the superseded JPDA/Timor Sea Treaty arrangements). See Annex F for more detail on JV structure.

*Source: ANPM Annual Report 2018*

### Kitan

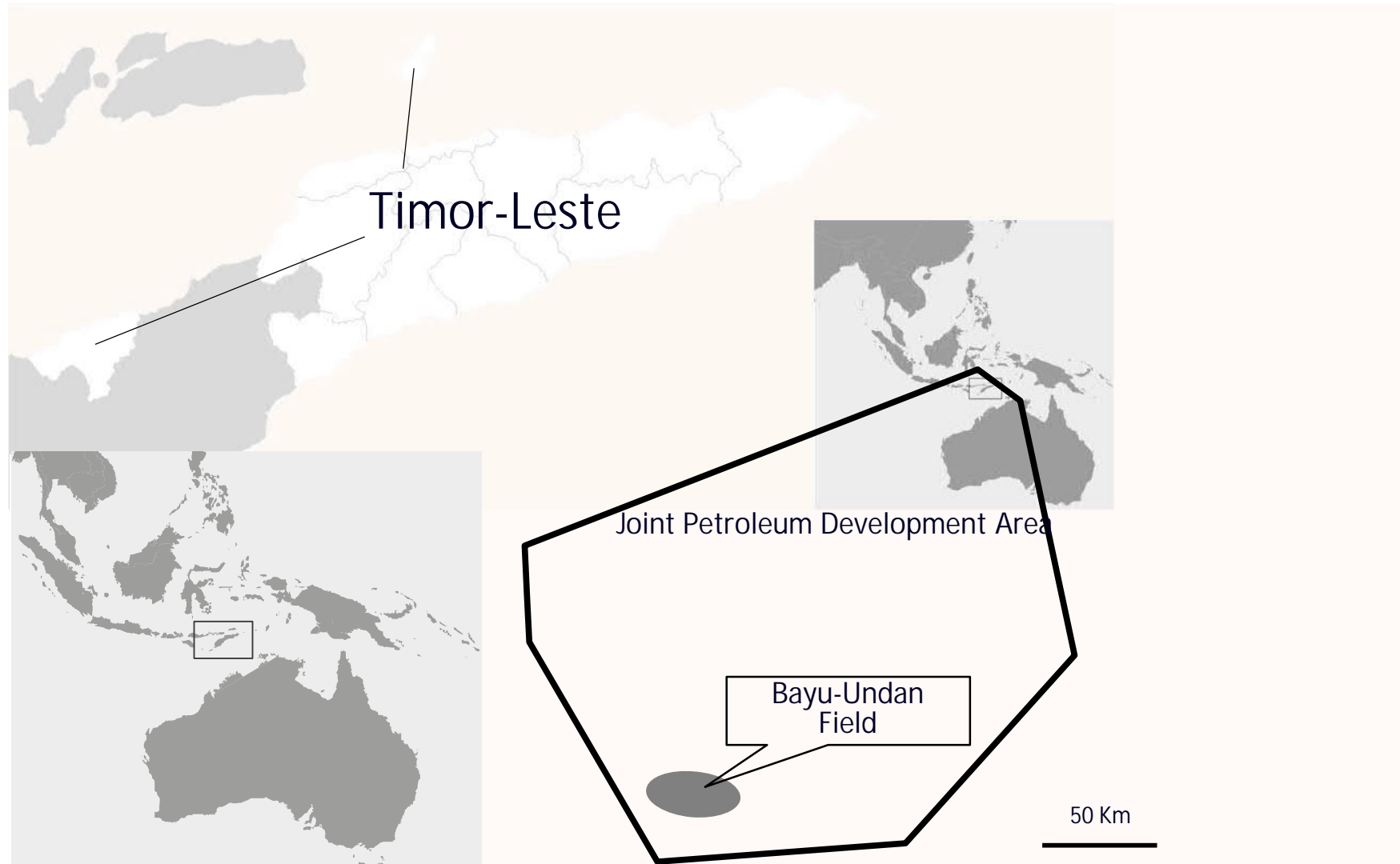
The Kitan Field was shut down on 16th of December 2015 and is located in permit 06-105 of JPDA, 170 km offshore the Timor-Leste coast and 500km from the Australian coast.

*Source: ANPM Annual Report 2018*

The Glas Dowl FPSO left the field in February 2016. There was no production since 2016.

*Source: ANPM Annual Report 2018*

### 3.3. Production (areas in 2018)

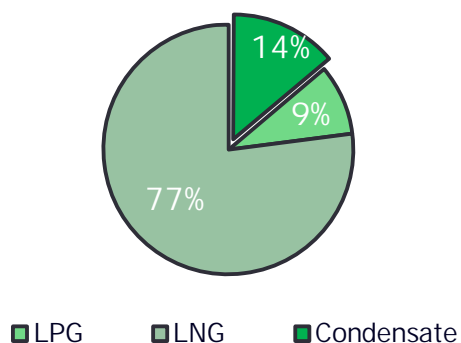


# 3.3. Production

## Production 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 41 million barrels of oil equivalent in 2017 to 38 million barrels of oil equivalent in 2018 (see Production Data graph).



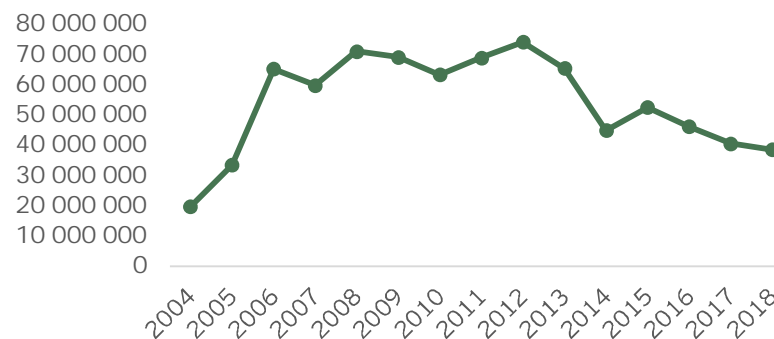
Commodity (BOE Thousands)	Production	Sales
Crude	-	-
Condensate	3,577	3,577
Natural Gas	31,670	31,670
LPG	2,511	2,511
<b>Total</b>	<b>37,758</b>	<b>37,758</b>

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

Oil production in Timor-Leste has decreased since 2012. The decrease was mainly due to the natural depletion of BU field. In addition, as mentioned before, Kitan project was shut down in December of 2015.

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)	2018	2017	Δ	%
Crude	-	-	-	-
Condensate	3,577	5,605	- 2,028	- 36%
Natural Gas	31,670	31,204	466	1.5%
LPG	2,511	3,691	- 1,180	- 32%
<b>Total</b>	<b>37,758</b>	<b>40,500</b>	<b>- 2,742</b>	

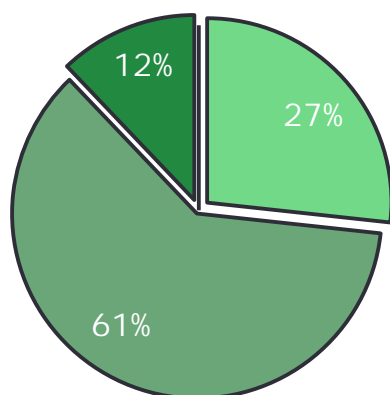
Source: <http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekFieldList> & template Provided by ANPM

## 3.3. Production

### Production USD

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

Production 2018



■ Crude oil 
 ■ Gas condensate 
 ■ LNG 
 ■ LPG

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

Commodity (USD ('000))	Production	Sales
Crude	-	-
Condensate	233,730	233,730
Natural Gas	1,139,586	1,139,586
LPG	118,328	118,328
<b>Total</b>	<b>1,491,644</b>	<b>1,491,644</b>

The production in USD ('000) in 2018 and 2017 was as follows:

Commodity (USD ('000))	2018	2017	Δ	%
Crude	-	-	-	-
Condensate	233,730	319,062	- 85,332	- 27%
Natural Gas	1,139,586	730,616	408,970	56%
LPG	118,328	144,897	26,569	- 18%
<b>Total</b>	<b>1,491,644</b>	<b>1,194,575</b>	<b>297,069</b>	<b>11%</b>



## 3.4. Revenue generated from extractive sector

As a consequence of the higher oil prices (even with a decrease in the production) the revenues generated from Oil & Gas Sector in 2018, including the amount received from the subcontractors, amounted to USD556 million. This value represents an increase of USD93 million, or 20%, compared to 2017.

This variation affected payments received by DNRP (net from tax settlement). The structure of the extractive sector's revenue is similar to 2017, with an increase of DNRP's (44%) and ANPM (5%) and decrease of BCTL (-7%).

Oil and Gas Revenues 2009-2018  
(USD million)



Revenue	Amount in USD million					
	2018	%	2017	%	Variation	%
DNRP	260	47%	181	39%	79	44%
ANPM	290	52%	276	60%	15	5%
BCTL	6	1%	6	1%	0.47	-7%
Total	556	100%	463	100%	93	20%

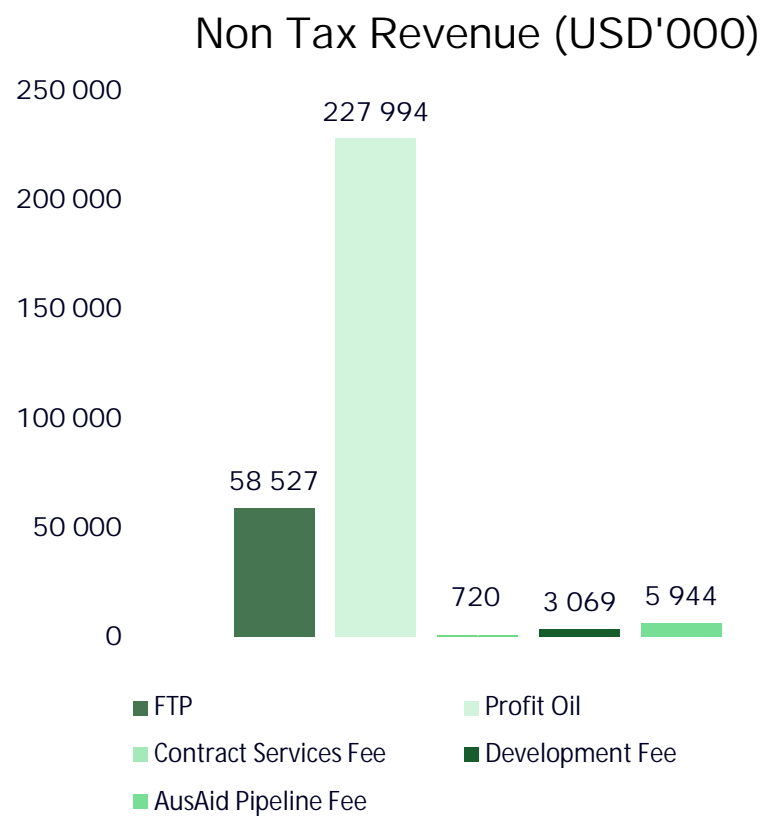
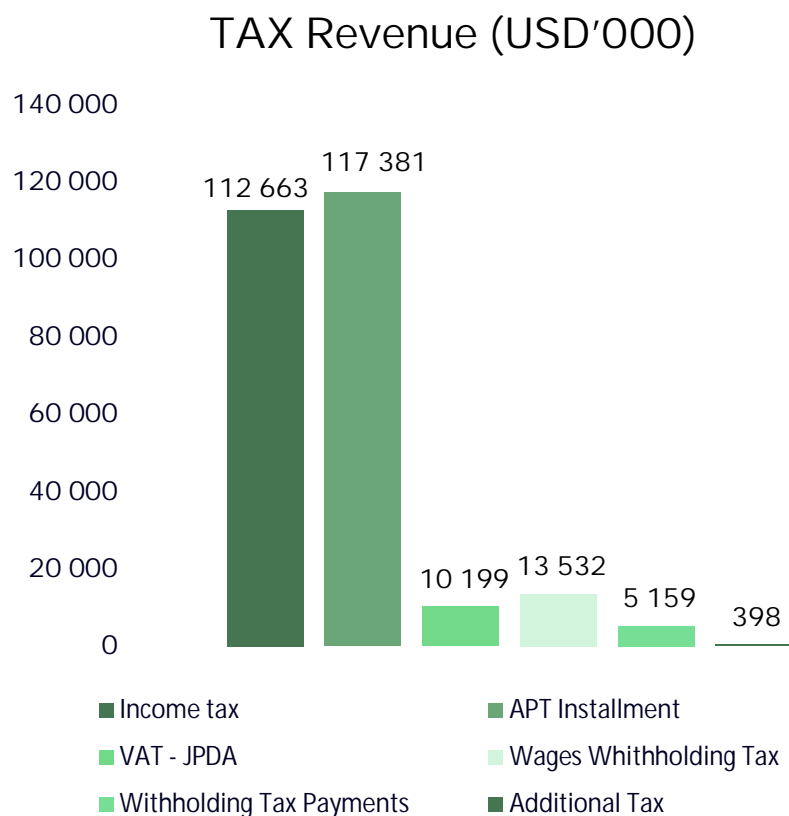
Extractive sector revenues (USD million)	2018	2017	Δ	% Δ
Direção Nacional de Receitas Petrolíferas (DNRP)	250	173	77	44%
Autoridade Nacional do Petróleo e Minerais (ANPM)	290	276	15	5%
Banco Central de Timor-Leste (BCTL)	6	6	0	-7%
Revenues generated from Oil & Gas extractive activities	546	455	91	20%
Revenues generated from Oil & Gas related activities (Sub Contractors)	10	8	2	26%
Revenues generated from Oil & Gas Sector	556	463	93	20%
Revenues generated from Mining Sector	2	1	1	61%
Revenues generated from Extractive Sector	558	464	94	20%
Part of the revenue allocated to Australia	-30	-29	2	6%
Part of the revenue allocated to Timor-Leste	528	435	92	21%

# 3.4. Revenue generated from extractive sector

## Tax Revenue and Non Tax Revenue

The charts below describe the tax and non tax revenue. The most significant Tax Revenue in 2018 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.

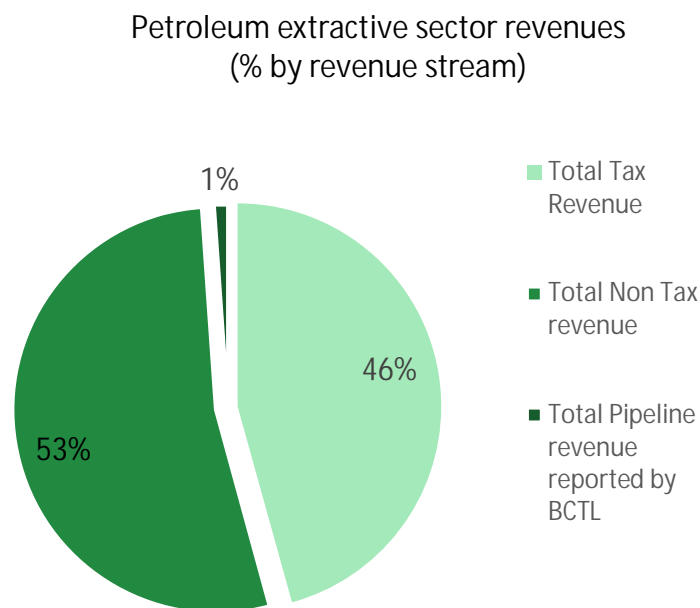


# 3.4. Revenue generated from extractive sector

## Tax Revenue and Non tax Revenue

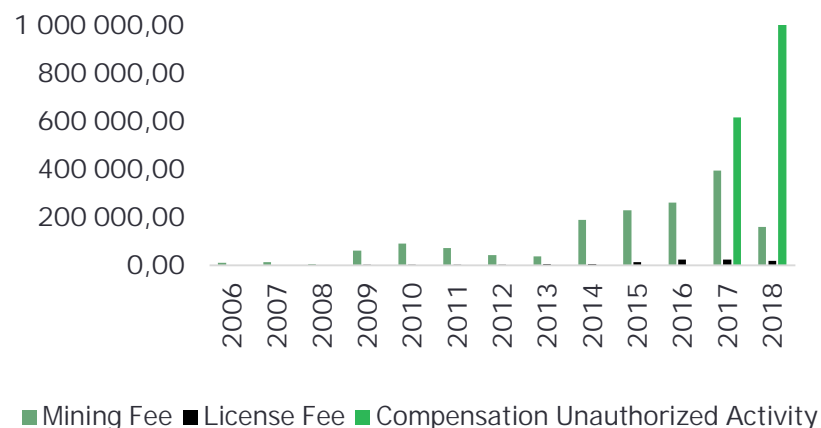
Since 2012, the revenue received by Timor-Leste has subsequently decreased. The 2018 receipt is reported as one of the lowest oil and gas revenue presented on a Timor Leste EITI report.

See below petroleum extractive sector revenue structure:



## Mining Sector

In 2018 the revenue was the highest since 2006, accounting for 1,668,804.28 USD. For the reconciliation of the mining sector, we have contacted ANPM for the detailed payments by fee and by entity (see Annex D). We verified that few companies reported payments above 100,000 USD, however the activities of these companies refer to the construction of a road rather than mining extraction. 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. Furthermore, for the reasons mentioned, these entities will not be circularized and will be included in the scope of mining. See chapter 8.5 for more details of the mining sector.



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

# 3.5. Employment generated from Oil & Gas Sector

There is no data being generated by the government regarding the employment in the extractive industries in absolute terms and as a percentage of the total employment.

However, and as a data collection procedure, we have requested the extractive companies and subcontractors in scope to respond to the number of employees they had in 2018 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	-	-	142 No breakout by gender for 2018		
ConocoPhillips (03-13) Pty Ltd	-	-	-	-	-
ConocoPhillips (Emet) Pty Ltd	-	-	-	-	-
ConocoPhillips (Timor Sea) Pty Ltd	-	-	-	-	-
ConocoPhillips JPDA Pty Ltd	-	-	-	-	-
ConocoPhillips Timor-Leste Pty Ltd	30 No breakout by gender for 2018		2 No breakout by gender for 2018		
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 Timor Gas E Petroleo EP*	-	-	-	-	-
TIMOR GAP PSC JPDA 11-106*	-	-	-	-	-
Timor Gap EP*	-	-	-	-	-
Timor Gap Seismic Service Lda*	-	-	-	-	-
Timor Gap Offshore Block Unipessoal*	-	-	-	-	-
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	-	-	-	-	-
Woodside Petroleum Ltd	-	-	-	-	-
<b>TOTAL</b>	<b>237</b>	<b>41</b>	<b>147</b>	<b>-</b>	<b>1</b>

\*There was no response from the entity regarding employment information.

# 3.5. Employment generated from Oil & Gas Sector

## Subcontractors

Company Name	National		Expats	
	Male	Female	Male	Female
AMECEngineeringPtyLtd	-	-	-	-
Babcock Offshore Services	16	3	44	0
Calidus Process Solutions PTy Ltd*	-	-	-	-
Caltech Unipessoal Lda	112	46	2	1
CameronServicesInt.PtyLtd	-	-	-	-
Cape Australia Onshore*	-	-	-	-
Clough Amec Pty Ltd	-	-	68	20
Compass Group Australia Pty Ltd	-	-	-	-
Haliburton Aust Pty Ltd*	-	-	-	-
Kakivik Asset Management LLC	-	-	-	-
KT Maritime services	-	-	-	-
MMA Offshore Vessel Operations P/L	-	-	-	-
Noble International Finance Company	-	-	-	-
Rigforce Pty Ltd	20	-	-	-
Seafox Asia Pacific Pty Ltd	-	-	10	-
SGS Australia P/L*	-	-	-	-
Sodexo Timor Unipessoal Ltd*	-	-	-	-
<b>TOTAL</b>	<b>148</b>	<b>49</b>	<b>124</b>	<b>21</b>

Please note that this information was a result of a unilateral collection procedure due to lack of Government information to corroborate the reported numbers.

We recommend that the government begins to capture this information and publish it in the government / statistic websites or official page(s) and make analysis about the extractive sector comparing with the Non extractive sector.

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

Note: The entities in light green did not provide any answer.

# 4

## Regulatory Framework Extractive industries in 2018

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 no 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 two overlapping joint development zones in the Timor Sea: (1) the Joint Petroleum Development Area (JPDA) under the Timor Sea Treaty (TST) and (2) the Timor-Leste Exclusive area Legal Framework (TLEA) under the Petroleum Activities Law (Law N°13/2005). Both areas are 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 upstream taxation revenue from petroleum production in JPDA is 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 borders of the continental platform between Australia and Timor Leste. Currently, the (1) Great Sunrise is governed by this Resolution and regulated by ANPM. The (2) JPDA is now regulated by three entities: ANPM, DIIS and NOPSEMA.

However, the changes of August of 2019 are not applicable to this report, being only applicable from 2019 and onwards.

Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

**TLEITI**

# 4. New Laws/Resolutions in 2019

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## 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

Please check section 4.4 for a summary of the new changes in the main laws. Once again, we note that the laws from the 27<sup>th</sup> of August are not applicable to this report. The other chapters in 4 show the laws applicable for this report.

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

# 4.1. Timor-Leste Exclusive area Legal Framework (TLEA)

TLEA refers to the Territory of Timor-Leste as defined by the Petroleum Act (Law No.13/2005) 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)
- National Petroleum Authority (ANP) (Decree Law No.20/2008) – First Amendment by Decree-Law No.1/2016 of 9th February
- 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 (PSC):

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

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

## 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 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. 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 of aiming to maximize Timor-Leste's oil revenues, the Law also envisages assistance in achieving the country's broad development goals. Oil revenues and the development of this resource, would 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 is to ensure stability and transparency in regulating the development of Petroleum resources.

The first amendment (Decree Law No.1/2019) to the law is in to ensure that the State Participation can be more than the maximum cap provided in the Article 22 of the law (up to 20%), giving that the additional participating interest acquires (after 20%) are being commercially negotiated from the State enterprise and its business partners.



# 4.1. Timor-Leste Exclusive area Legal Framework (TLEA)

## 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:

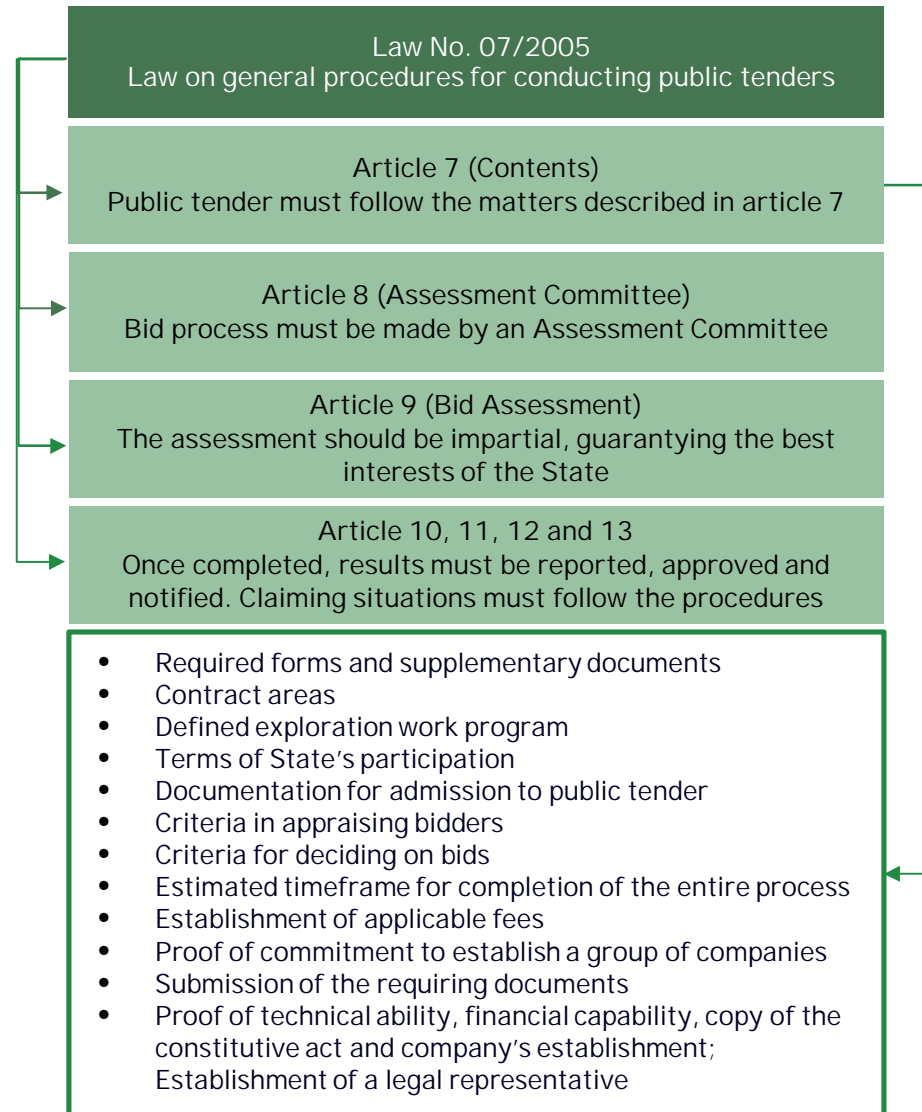
- (i) in the case of Access Authorizations; or
- (ii) in the case of all other types of Authorization where it is in the public interest to do so;

(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.

## 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.



## 4.2. Joint Petroleum Development Area Legal Framework JPDA

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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:

### Legislation

- 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:

- JPDA PSC 03-12
- JPDA PSC 03-13
- JPDA PSC 03-19
- JPDA PSC 03-20
- JPDA PSC 06-105
- JPDA PSC 11-106

*(more information about PSC's in Annex F)*

Source: <http://www.anpm.tl/jpda2/> & ANPM Annual Report 2018

## 4.3. Specific agreements with Australia regarding Oil & Gas Exploration

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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. Accordingly, Timor-Leste and Australia concluded a definitive delimitation of maritime borders between the two States through the Treaty and that delimitation has implications on ownership, jurisdiction and management of oil resources in the Timor Sea. This resolution is not applicable in this report.

## 4.3. Specific agreements with Australia regarding Oil & Gas Exploration

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### 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.

According to the Rectification 15/2019 to the Timor Sea Treaty will be defined by provisory geodesic lines, but it will only enter into force once Timor and Indonesia define boundaries on the continental platform.

### 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:

- JPDA PSC 03-12
- JPDA PSC 03-13
- JPDA PSC 03-19
- JPDA PSC 03-20

## 4.3. Specific agreements with Australia regarding Oil & Gas Exploration – new laws since 08/19

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### Greater Sunrise

According to the Rectification 15/2019 of the Timor Sea Treaty, which is not applicable yet, the Greater Sunrise Special Area will be defined by provisory geodesic lines, that will become effective once Timor and Indonesia make an agreement that defines the borders of the continental platform between these two countries. When the Rectification regarding the Special Regime of the Greater Sunrise enters into action the Parties shall share upstream revenue, meaning revenue derived directly from the upstream exploitation of Petroleum produced in the Greater Sunrise Fields:

- 1) 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 TimorLeste; or
- 2) (b) 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>*

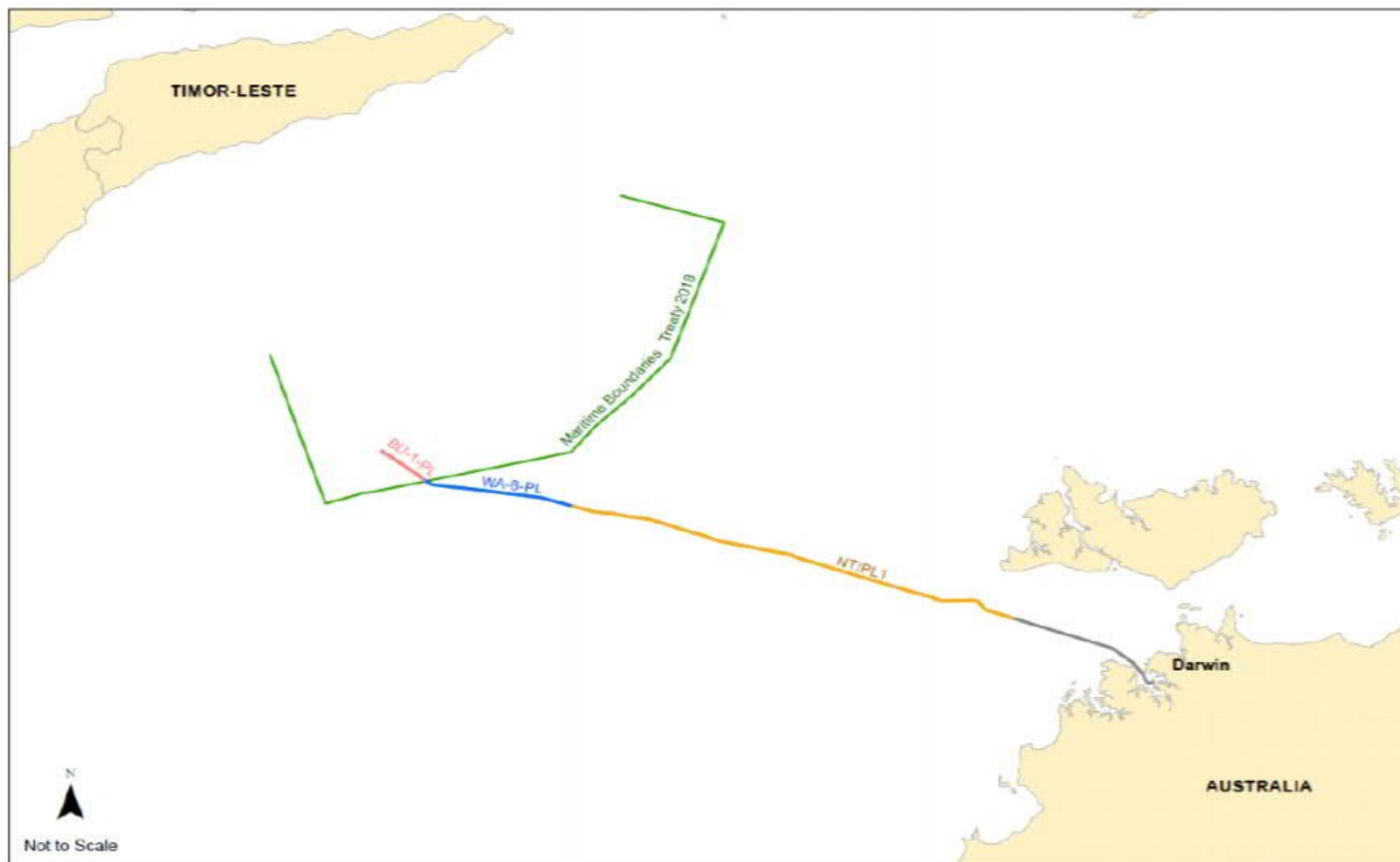
### JPDA Area

Furthermore, the JPDA Area will become regulated by more than on entity. In fact, according to the Resolution 23/2019 on 27th of August, it will be obligatory to arrange 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”. 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 on behalf of Australia, covered by licences BU-1-PL, WA-8-PL and NTPL1.

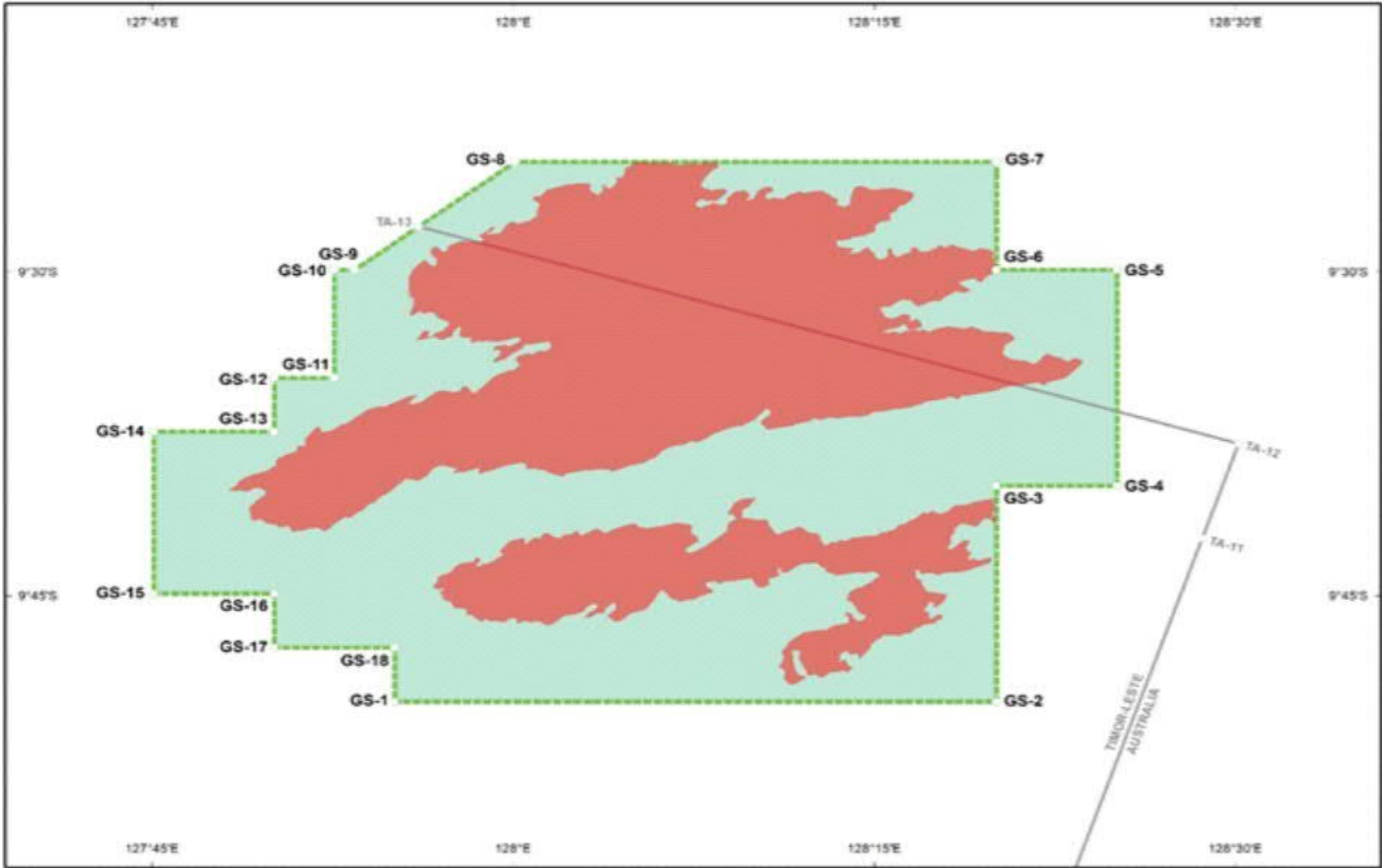
*Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Governo-No-23-2019-de-27-de-Agosto.pdf>*

## 4.3. Specific agreements with Australia : Maritime Boundaries - Law 15/2019



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

# 4.3. Specific agreements with Australia : Greater Sunrise - Law 15/2019



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

## 4.4. ANPM

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### 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 Mining Code.

#### *Other notes (\*):*

*As above mentioned, under Decree Law No. 1/2016 of February 9th, the ANPM changed its designation (from ANP (Autoridade Nacional do Petróleo) to ANPM) and was also entrusted to be responsible for the mining activities in Timor-Leste. We will use the actual designation "Autoridade Nacional do Petróleo e Minerais (ANPM)" through the report.*

Furthermore, under the Decree Law No. 27/2019, there was a second amendment to the original Law. This amendment was due to the fact that Timor-Leste and Australia have concluded a definitive delimitation of maritime borders between the two States through the Treaty (Resolution No. 25/2019) and it implied delimitation on ownership, jurisdiction and management of oil resources in the Timor Sea. Therefore, in the 2019, when the Resolution No.25/2019 entered into force, ANPM will see its function of designated authority for the purposes of the JPDA eliminated, maintaining, however, similar functions for the purposes of Greater Sunrise Special Scheme.

Hence, in 2019, ANPM will be responsible for managing and regulate petroleum and mining activities in Timor-Leste area of the *Greater Sunrise* and of the Bayu Undan in accordance with the Decree Law (that established ANPM) and the following laws and regulation:

- Timor-Leste Petroleum Activities Law - First Amendment by Law No.1/2019 of 18th January;
- Resolution No. 15/2019 rectifying the Timor Sea Treaty;
- Mining Code
- Other resolutions prior to August of 2019

Please note that these new laws are not applicable in this report and are only disclosed for a better understanding of the legislation in Timor Leste.

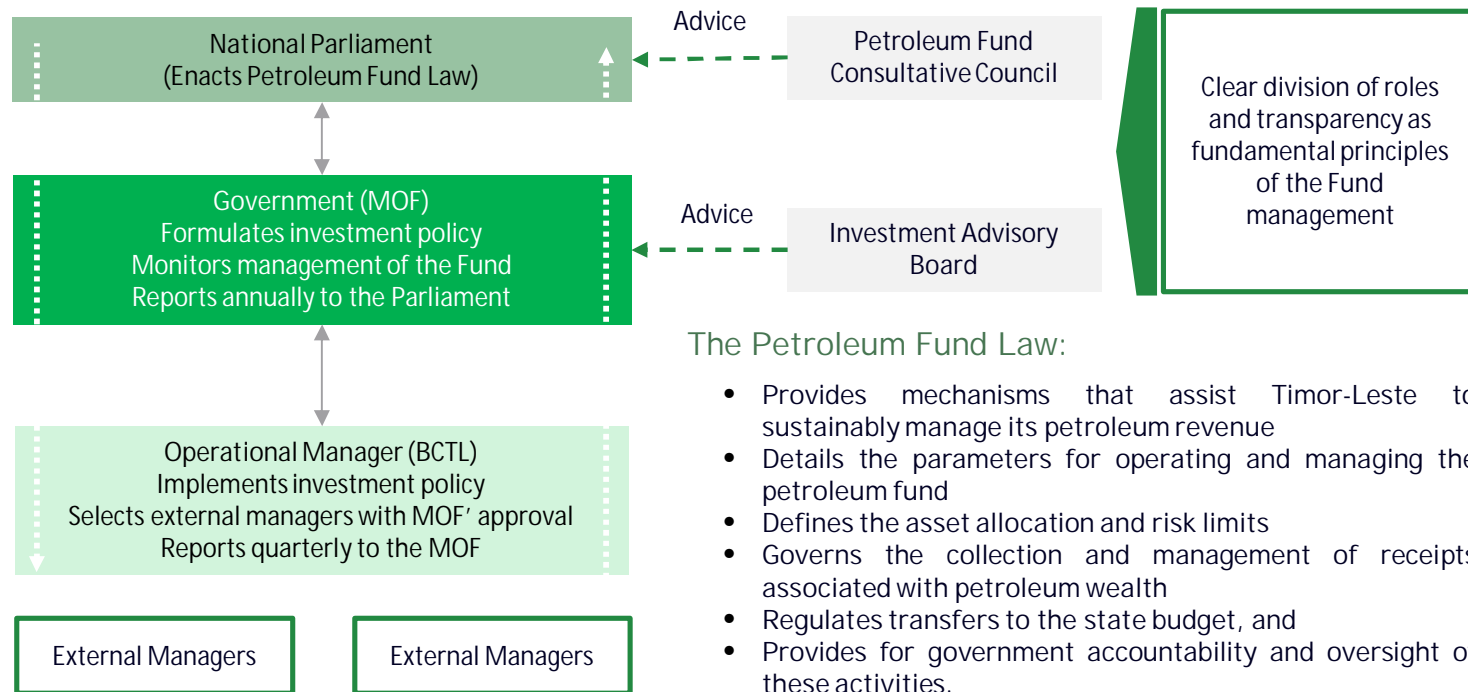


# 4.5. Petroleum Fund

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 interest, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

Therefore, the Government created the Petroleum Fund in 2005, under the provision of the Petroleum Fund Law No.9/2005 (August 3rd, 2005) as amended by the Law No.12/2011 (September 28th, 2011).

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 transferred back to the central government budget, pursuant to parliamentary approval.

Source: Petroleum Fund Annual Report 2018

## 4.5. Petroleum Fund

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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 Petroleum Fund is formed as an account of Ministry of Finance held in Banco Central de Timor-Leste (BCTL).

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 10,616 million USD from the Fund since its inception until the end of 2018. This exceeds the cumulative ESI over that period by 4,032 million USD. 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.

The implications for the Petroleum Fund's investment strategy have been carefully considered and are summarized in the Annual Report section "the advice from the Investment Advisory Board".

*Source: Petroleum Fund 2018*

## 4.5. Petroleum Fund

### Transfer from Petroleum Fund

In 2018 the Fund's balance has decreased USD996 million (from USD16,799 million in 2017 to USD15,804 million in 2017). This decrease followed the highest amount (in 2017) since the creation of the PF. The overall balance of the Fund is affected by petroleum revenues, the investment return and withdrawals. The investment return was negative USD460 million over the year.

Petroleum revenues contributed 447 million USD to the Fund net of a tax refund of USD63 million. The total withdrawal of 982.5 million USD from the Fund was used to finance the Government's budget.

At the end of 2018, the balance in the Petroleum Fund stood at 15,804 million USD, less than it had been at the beginning of 2018 and its lowest value in nearly five years.

### Withdrawals

The withdrawals from the Petroleum Fund provide the majority of the financing for the Government's General State Budget. In 2018, there were withdrawn 983 million USD, twice as much as the proposed ESI, but the lowest transfer since 2014.

Since the creation of the PF in 2017, the Government has withdrawn 10,616 million, which exceeds the ESI by 4,032 million USD, averaging 5% of the PF, instead of the defined 3%.

According to the PF Annual Report 2018, "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".

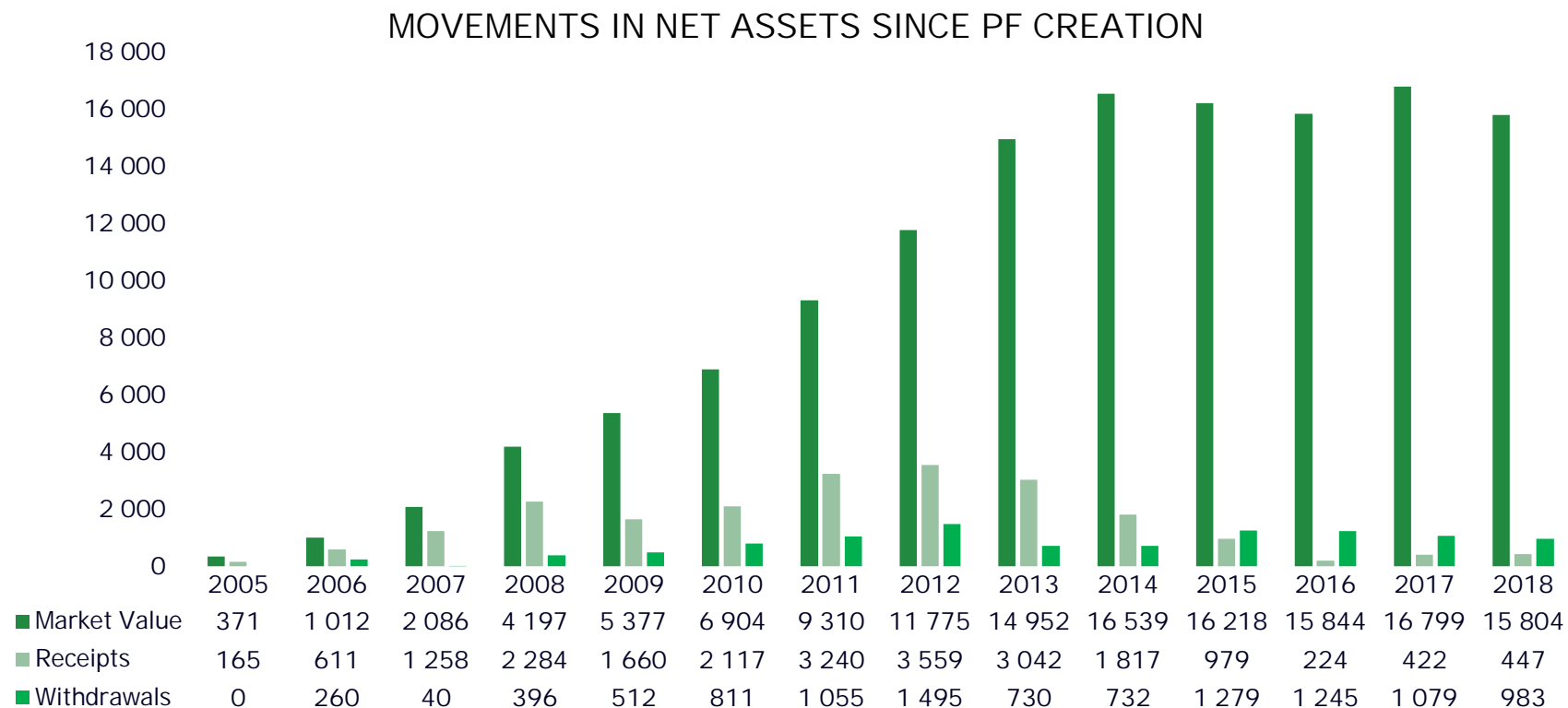
### Tax Refund in 2018

Following a financial review by the Kitan Joint Venture Partners (JVPs) a tax overpayment was identified, which was agreed with by the Government. This resulted in tax settlement of 63 million USD for overpayment made in 2011, 2012 and 2013.

	Corporate Income Tax	Supplemental Petroleum Tax	Total
ENI	9,605	3,883	13,488
Inpex	19,933	-	19,933
Repsol	25,030	4,884	29,914
Total	54,568	8,767	63,335

Sources: Annual Report Petroleum Fund 2018 & <https://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#reports> & <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#2018>

# 4.5. Petroleum Fund



Source: Annual Report Petroleum Fund 2018

## 4.5. Petroleum Fund

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### Net Investment Return 2018

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.

At the end of 2018, US bonds accounted for over 80% of total bonds and US companies account for 60% of the equity portfolio.

The Petroleum Fund's investment return in 2018 was negative 2,6%. This was the second annual loss for the Fund, following the small loss in 2015. This followed the Petroleum Fund's investment return of 10,4% in 2017, that was the highest annual return since inception. The Bond portfolio returned 0,78%, in 2018, and equities' return was negative 8,3%.

### Petroleum Fund performance in 2018

The Fund's return since inception was 3,8% on an annualized basis, or 1,9% in real terms, after accounting for US inflation. Equities have met their long-term growth objective, returning 8,2% per annum since the first investment in stocks in 2010. This compares to the bond portfolio's average annual return of 1,2% over the corresponding period.

Details and more information of the PF can be seen in PF Annual report 2018, published at the MoF website.

### Civil Society's perspective

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

La'o Hamutuk's submission to Parliament on the proposed 2018 budget urged the Ministry of Finance to take a more prudent approach to projecting future investment returns, as these will provide the bulk of Petroleum Fund income now that Kitan and Bayu-Undan are mostly depleted.

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#2018> & <https://eiti.org/timorleste>*

# 4.5. Petroleum Fund

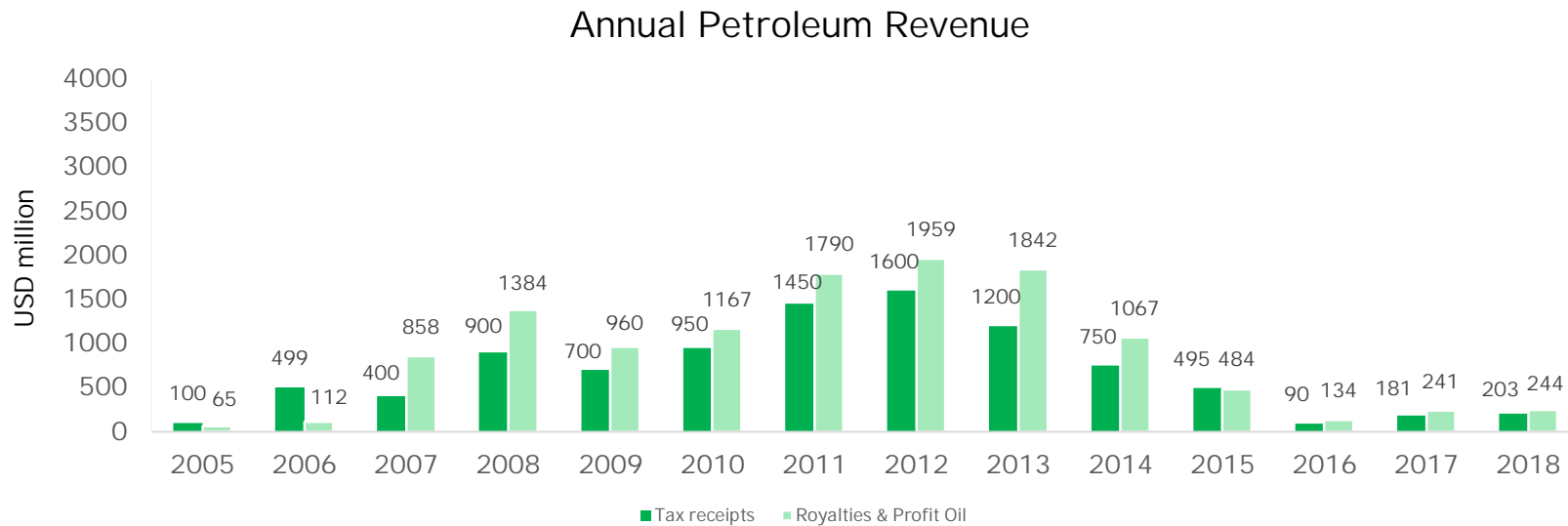
## Petroleum Fund Revenues

In 2018, 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 510 million USD, or 447 million due to the net tax refund. This amount was constituted by 203 million in petroleum taxes and other petroleum revenues and 244 million in royalties and profit oil. The production in barrels of oil decreased from 41 million in 2017 to 38 million in 2018, being that since the inception the production in BOE was of 765 million USD.

In 2018, the decline in petroleum revenue was due to the lower oil prices and lower production. In fact, the only active camp, Bayu-Undan has a lower performance since its peak in 2011, and it is expected to provide a total of 1,1 billion USD until 2022, the date of expiration. Since 2005, the total of petroleum receipts totalized 22 million, comprised of 9 million from petroleum tax receipts and 12 million of royalties and profit share.

The split between the Tax and Non Tax petroleum revenues since 2005 were as follows:



## 4.5. Petroleum Fund

### Government of Timor-Leste and ConocoPhillips Australia settle tax disputes

As disclosed on the last report, Timor-Leste's Government and ConocoPhillips announced a settlement of several tax disputes. In particular, the parties resolved the tax assessments related to the Bayu-Undan decommissioning plan, the drilling of Phoenix-Firebird and the Capacity Reserve Charge. The parties were unable to reach an agreement regarding the pipeline withholding tax and had agreed to leave the matter with the Singapore International Centre constituted Tribunal.

The Timor-Leste MSWG discussed the issue regarding publishing the amount of the tax settlement and it was included in the 2017 EITI report, as follows:

#### 2017 Tax offset

Schedule of Settlement Amount Offsets	Summary of Tax Payments and Refunds for EITI YEAR ENDED 31 December 2017						
	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Timor Sea) Pty Ltd	ConocoPhillips (Emet) Pty Ltd	ConocoPhillips JPDA Pty Ltd	ConocoPhillips (03-13) Pty Ltd	TOKYO Resources	INPEX
Allocation of Tax Settlement Offsets:							
Offset against tax payments						1 609 012	19 834 676
Offset against PSC payments	4 770 142	1 367 441	161 358	2 662 896	928 245		
Total Tax Settlement Offsets	4 770 142	1 367 441	161 358	2 662 896	928 245	1 609 012	19 834 676

#### 2018 Tax offset

Regarding 2018, the IA did not identify any tax offset payments, considering the payments reported by the government and the entities in scope.

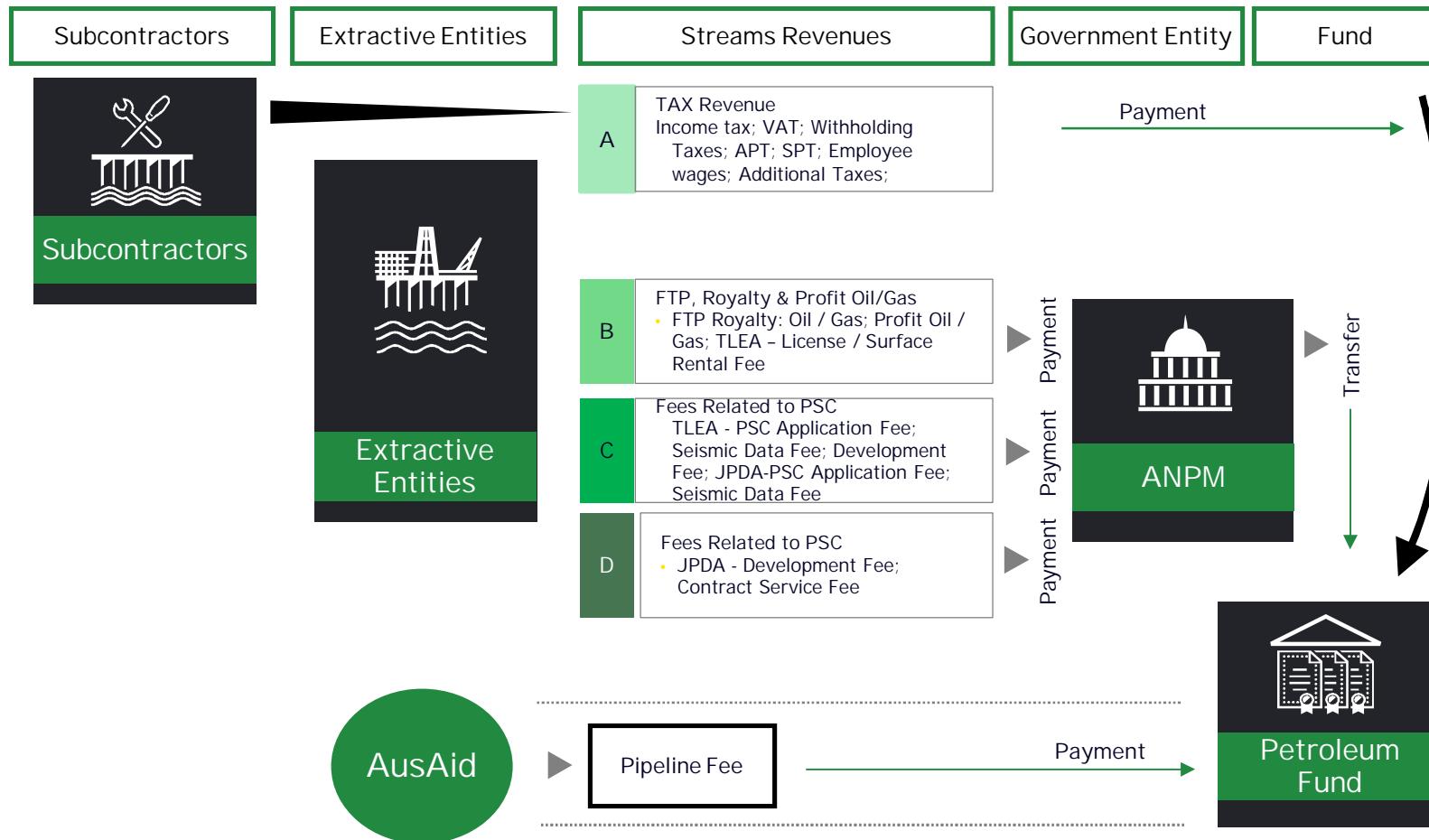
Source:

- <http://timor-leste.gov.tl/?p=14540&lang=en>
- <http://www.conocophillips.com.au/newsroom/news-releases/story/timor-leste-and-conocophillips-australia-settle-tax-disputes/>
- <https://www.laohamutuk.org/Oil/tax/2016/TLCPSettleTax17Feb2016en.pdf>

# 4.6. Summary of payments 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 petroleum fund, from which a portion is drawn through the government budget, benefiting the non-oil sector.





## 4.7. 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. The NOC is not a partner in the Bayu-Undan, Kitan and Greater Sunrise fields in the JPDA, for which contracts were signed before the Petroleum Act became a Law and the NOC was established. In this sense, the Government of Timor-Leste created TIMOR GAP.

On the 18<sup>th</sup> of January 2019, the mentioned law was amended by the Law No.1/2019, which approved that the State participation, public collective people and any other collective people detained or controlled by these are not limited to a maximum participation of 20%, when this participation has by basis a commercial transaction or an award in the terms of law.

### 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 Petroleum and Gas sector.

This company receives a government injection of funds 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 2018 Annual Report.

The company is a 60% quota holder GAP-MHS Aviation Lda (GAP-MHS) and 40% interest is held by MHS Aviation Lda. In the 2018 financial year no dividends from GAP MHS were received (2017: 162,201 USD) and on a group basis the Profit&Loss before tax was of -1,514,899 USD (2017: 1,514,026 USD). Moreover, the company received a government grant of 9,948,762 USD during the year ended 31 December 2018 (2017: 11,900,000 USD).

The activities of TIMOR GAP vary from Onshore to Offshore and National to International. In 2018 TIMOR GAP have:

- Part of the Joint Venture (JV) with Eni and Inpex for PSC 11-106 in the JPDA area with an effective date of October 23rd, 2013. TIMOR GAP has 24% of share in the JV.
- In 18th of December 2015, TIMOR GAP started for the first time a participation in the exploration activities within the TLEA, with one offshore exploration block and signed its second PSC, to begin exploration offshore in the block TL-SO-15-01.
- In April 2017, Timor GAP was awarded with two PSC's to commence the exploration of the two onshore blocks TL-OT-17-08 (Block A) and TL-OT-17-09 (Block C), a partnership with Timor Resources (50% each).
- TIMOR GAP is aiming to find partners to sign a new PSC regarding the Block B (Onshore). During 2018, there were carried out field reconnaissance and geochemical sampling, which lead to the finding of at least 17 naturally burning gas seeps and one oil seep.

Furthermore, from the analysis made, TIMOR GAP did not have any related quasi-fiscal expenditures for social services that can be reported in 2018.

See Annex I for the Timor GAP Onshore Blocks.

*Source: Timor GAP 2018 Annual Report*

## 4.7. State Owned Enterprise (SOE's)

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### 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, as a young National Oil entity, the Ministry 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>*

## 4.8. 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.

According to the requirement 2.2 of the EITI Standard 2019, Timor-Leste is required to disclose information related to all contract and license award and transfers during 2018. As such, at the ANPM website it is possible to find information of the active PSC's, by field, and the list of licenses since 2006.

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/list-of-licenses-2006-2018/>*

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

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

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

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

Timor-Leste's Oil and Gas sector and both areas (JPDA & TLEA) are governed under Production Sharing Contracts (PSCs) signed between the oil companies and the ANPM.

ANPM is expected to disclose contracts copies and other information relevant about the active licenses. 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:

The majority of PCSs were signed when Timor-Leste was still in Indonesia occupation and not much more information exists about the application date or the process (the Annex F PSC - was inherited from Indonesia ZOCA Regime). The 2006 PSC has an application date of May 2006.

PSC 11-106 was awarded in 2013 and PSC TL-SO-15-01 in 2015. Those process was already disclosed on the EITI TL 2013 and 2015 report respectively.

PSC TL-OT-17-08 and TL-OT-17-09 were awarded in 2017.

# 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 denominated by:
  - Covered by Timor Sea Treaty where covered on Bayu-Undan and Great Sunrise Filed project.
  - Covered by Timor Sea Treaty excluding Bayu-Undan and 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 that taxation is divided between 90% of the revenue from the JPDA to Timor-Leste and 10% to Australia.

We note that in 2019, a new Law entered into force due to the Resolution 15/2019 of the Ratification of the Timor Sea Treaty. According to the Law 5/2019, no significant changes to the tax legislation in Bayu-Undan and to the Tax Stability will occur. In fact, the new law surged due to the fact that regulators for the JPDA will be three entities, instead of just ANPM and consequently, a new law on the legislation had to be formulated.

This section summarizes the fiscal regime for each jurisdiction.

Timor-Leste



# 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 2018.

Broadly, the tax regime in JPDA is subject to the Timor Sea Treaty (TST) that effectively grants taxation rights to 90% of the revenue from the JPDA to Timor-Leste and 10% to Australia.

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

#### Great Sunrise:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Timor Sea Treaty
- Income Tax Law on 25th Oct 1999
- UNTAET Regulation No. 18/2000

*NOTE: In 2019, new laws and regulations entered in force due to the definition of the boundaries between Australia and Timor Leste. Consequently, the Timor Sea Treaty was rectified by law 15/2019 and the new regulation concerning taxation became 5/2019 of 27<sup>th</sup> August. It was verified that no significant alterations occurred on the tax legislation, however for the 2018 Scope the applicable tax regime is still the previous one (prior no 2019). As such, please consider the next slides with the applicable taxes in Timor Leste in 2018.*

#### ➤ Bayu-Undan field tax regime

The Bayu-Undan field (covering PSCs JPDA 03- 12 and 03-13) is located in the JPDA and as such is governed by the Timor Sea Treaty (TST). The general taxation law (referred to as the Law on Income Tax - Indonesian tax laws at October 25th, 1999) has been subject to further modification as a result of the *ToBuca* and the Law on The Petroleum Development of Timor Sea (Tax Stability Act). Once again, please note that the following taxes need to be calculated on a 90% basis.

#### Income Tax

- Corporate Income Tax to Contractor at a flat rate 30% on Taxable Income
- Corporate Income tax for Subcontractors' or all services provider are subject to Individual Income tax on progressive tax rate : 10%, 15% and 30% on annual taxable Income.

#### 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:

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

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

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

## VAT

VAT at a rate of 10% 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 various tax rates on gross Income of Goods and Services (WHT) for Subcontractors providing services in petroleum activities in Annex G of 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 in Annex G of the JPDA 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.

## ➤ Greater Sunrise field tax regime

The Greater Sunrise field (covering PSCs JPDA 03-19 and 03-20) is located partly (i.e. 20.1%) within the JPDA and partly (i.e. 79.9%) outside and under Australia's exclusive jurisdiction.

The tax regime is governed by the TST and the Sunrise International Unitization Agreement (SIUA).

The major difference from Bayu-Undan field tax regime and the Greater Sunrise field tax regime, besides the percentage to apply ( $90\% \times 20.1\%$  because Timor-Leste only owns 20.1% of this field), and that there are progressive rates in the income tax, is the existence of the Branch profits tax instead of the Additional Profit TAX (APT).

## Income Tax

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

## 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.

## 5.2. JPDA – Other fields

The tax regime applicable to Timor-Leste's exclusive areas applies equally to petroleum operations undertaken in areas in the JPDA, subject to certain modifications. The other fields are also subject to the 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 Law

### Income tax

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

### VAT

VAT at a rate of 10% (reduced to 9% by the TST) is applied to "taxable services" provided in the JPDA from the services rendered or goods by supplier company (i.e. Subcontractors).

### Withholding tax

The rate of 6% (reduced to 5.4% by the TST) will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in the JPDA.

### Supplemental Petroleum TAX (SPT)

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 the following formula:

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

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 these fields 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 USD550) or (USD55 + 30% x amount wages above USD550) on gross Income of the resident employee's salaries or similar remuneration.

A monthly tax credit of USD10 is also applied to resident employee who is a natural person.

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

## 5.3. TLEA – Timor-Leste Exclusive Area

TLEA is, as defined by the Petroleum Act (Law No.13/2005) of Timor-Leste, the exclusive jurisdiction area of Timor-Leste. This country has the sovereign rights for the purposes of exploring for and exploiting its Petroleum (excluding any onshore area).

### Income tax

Income tax applies to Contractors at a rate of 30%.

### Service Tax

The rate for services tax to a contractor is 12%.

### Sales tax

The rate for sales tax 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 (with some exceptions) to goods imported into Timor-Leste. The rate of import duty on the importation of goods by a Contractor in relation to petroleum operations is 6%.

Decommissioning costs for Timor-Leste petroleum activities.

### Abandonment provision

For Timor-Leste and for tax purposes, an amount (permitted by PCS's and approved by ANPM) of a reserve for funding the abandonment may be claimed for a tax deduction for the if some requirements (as plan approval) are accomplish.

### 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 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:

$ANR \times 22.50\% * (1-r)$ , 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

### 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 USD550) or (USD55 + 30% x amount wages above USD550) on gross Income of the resident employee's salaries or similar remuneration.

A monthly tax credit of USD10 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 2018 - 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).

Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

**TLEITI**

## 6.1. Legal framework

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Currently, ANPM is the responsible for managing and regulating petroleum and mining activities in Timor-Leste, under Decree Law No. 1/2016 of February 9<sup>th</sup> 2016. Please note that, as mentioned in page 40, the 2<sup>nd</sup> amendment on the Decree Law on ANPM is not applicable in this report, and it is only applicable from 2019 and onwards.

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.

Currently, the ministerial diploma n°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 (see all licenses per year in Annex E).

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>*

## 6.1. Legal framework

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

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.

### Ministerial Diploma No.43/2019 of September 18<sup>th</sup>

Furthermore, in 2019 the Government approved the Ministerial Diploma No. 43 /2019 of September 18th, related to the Intern Regulation on the Organic Law which mandates the creation of the Ministry of Petroleum and Mineral Resources (MPM), which is the central government body responsible for the design and implementation of energy policy and management of mineral resources, including oil and other strategic minerals, as well as for the licensing and regulation of the activity and oil and mineral processing, including petrochemicals and refining.

Nonetheless, ANPM is still the authority responsible to regulate the oil and gas, and mineral sectors. ANPM is under the tutelage of MPM to oversight extractive sector.

Note that this new Ministerial Diploma does not substitute the Ministerial Diploma 64/2016 and it is only a complement to the current legislation.

# 6.2. License process

## 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:



## Mining / Extraction Fee – Art. 8

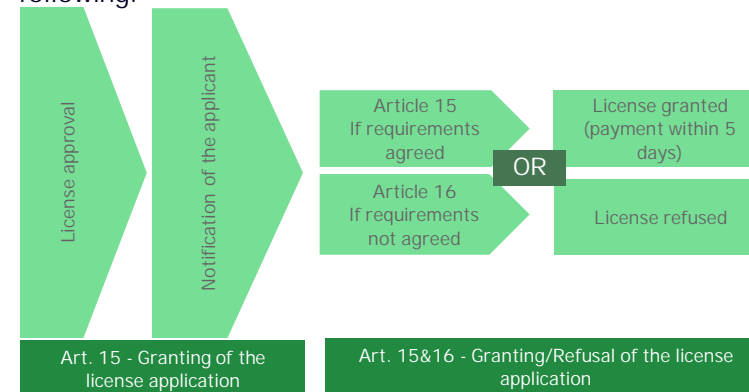
The mining exploration fee according to total ton mined classification are as follows:

*Jornal da República*

	MATERIAIS DE CONSTRUÇÃO <i>(em USD/ton exploradas)</i>		MATERIAIS DE TRANSFORMAÇÃO <i>(em USD/ton exploradas)</i>			ROCHAS ORNAMENTAIS <i>(em USD/ton exploradas)</i>	
	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

## 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:



## 6.3. Environmental Legislation

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### 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 2018 Template.

# 6.4. Timor-Leste Mining Activity

## Number of licenses

From 2006 to 2018, 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. 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.

Source: ANPM 2018 Report



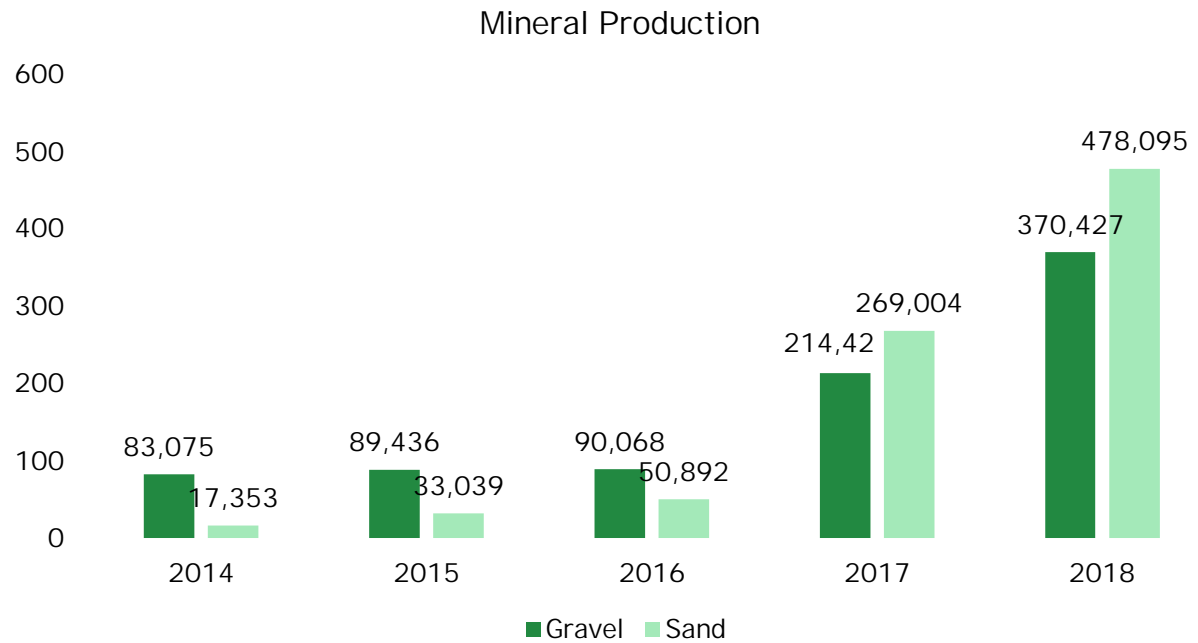
# 6.4. Timor-Leste Mining Activity

## Production

The production in 2018 was extremely high in comparison with 2016 and 2017. In 2018, there were extracted 848,521.87 tons of construction material, including of 370,427.20 tons of gravel and 478,094.67 tons of sand. This rise in production was due to the additional payment for compensation collected during 2018.

The available data was only after 2014, as the previous ANPM Annual Reports (before 2016) did not disclose mining production data.

Source: ANPM 2017 Report & ANPM 2018 Report



## 6.5. Coverage of Artisanal and Small Scale Mining (ASM)

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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) 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 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 10th and 11th Timor-Leste EITI Reports. 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 2016). This assessment also enabled the remediation of recommendations from prior EITI reports.

It is important to note that EITI Standard 2019 is not applicable to this report and therefore will not be considered on our approach.

Timor-Leste



# 7.1. Scope and IA

## Independent Administrator

As Independent Administrator, EY has also 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 (extraction of oil and gas) 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 receive 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 11th report is the 2018 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 2018. This threshold permits to capture approximately 99% of the revenues received by the Government from petroleum activities in 2018.

Specifically, the following matters were considered:

- The national taxes paid to the NDPMR to be captured within the EITI process, and accordingly, all non taxes paid to ANPM or to the Fund.
- All revenue streams from TL (NDPMR, 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 (more than 30) / number of entities (around 49 in 2018) 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 2018, the basis for determining the scope of the report was accomplished.

## 7.2. Materiality thresholds for company disclosures

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### 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 2018 Report. The MSWG have defined materiality in terms of a minimum value of payment to the government (100,000 USD).

### Sectors

The Oil & Gas sector covers more than 90% of tax and non tax revenues received from the extracted industry in 2018.

In the mining sector the companies are, however with a high impact of revenue amounts received in 2018 that would create a significant cost (time effort) with the data collection.

Thus, taking into account 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. That will permit to capture approximately 1.63% of the total revenue received related with oil & gas activities in Timor-Leste.

## 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 (Timor Sea) Pty Ltd	Inpex Sahul Ltd	Timor Gap Seismic Service Lda
ConocoPhillips (03-12) Pty Ltd	Inpex Timor Sea Ltd	Timor Gap Offshore Block Unipessoal
ConocoPhillips (03-13) Pty Ltd	Santos JPDA (91-12) Pty Ltd	TIMOR RESOURCES PTY LTD
ConocoPhillips (Emet) Pty Ltd	Tokyo Timor Sea Resource Pty Ltd	Government Entities
ConocoPhillips JPDA Pty Ltd	Woodside Petroleum (Timor Sea 03-19) Pty Ltd	Direção Nacional de Receitas Petrolíferas (DNRP)
ConocoPhillips Timor-Leste Pty Ltd	Woodside Petroleum (Timor Sea 03-20) Pty Ltd	Autoridade Nacional do Petróleo e Minerais (ANPM)
Eni JPDA 03-13 Limited	Woodside Petroleum Ltd	Banco Central de Timor-Leste (BCTL)
Eni JPDA 06-105 Pty Ltd	Timor Gap Timor Gas E Petroleo EP	TIMOR GAP E.P. (SOE)
Eni JPDA 11-106 B.V.	TIMOR GAP PSC JPDA 11-106	Other (Pipeline fee)
Eni Timor - Leste S.p.A.	Timor Gap EP	AusAid (1)
Subcontractors		
AMEC Engineering Pty Ltd	Kakivik Asset Management LLC	
CALTECH UNIP	KT Maritime services	
Cameron Services Int. Pty Ltd	Noble International Finance Company	
CAPE AUSTRALIA ONSHORE	MMA Offshore Vessel Operations P/L	
Babcock Offshore Services	Rigforce Pty Ltd	
Clough Amec Pty Ltd	SGS Australia P/L	
Compass Group Australia Pty Ltd	Seafox Asia Pacific Pty Ltd	
Calidus Process Solutions Pty Ltd	Sodexo Timor Unipessoal Ltd	
Haliburton Australia Pty Ltd		

# 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 (see section 5 for more detail)
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 National Directorate Petroleum and Minerals Revenue (NDPMR). The payments that attract WHT are payments to services which includes management and consultancy fees, commissions, rent dividends and payments to non-resident contractors.
Additional taxes	Additional taxes were paid through the Tax assessment which related to the failure to deliver tax forms, tax payment, understatement of tax and failure to create and retain records, interest and penalties. It also includes the information about tax refund (from PY).

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.
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.
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.

We consider a significant contribution to be anything above 0,05% of total revenue of each subsector in the extractive industry as discussed and adopted by the MSWG.

# 7.3. Data collection

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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 (DNRP, 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.

# 7.4. Data assurance

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## 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) 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 (ConocoPhillips, Eni, Woodside, ANPM, DNRP, PF and BCTL) we have made specific meetings in order to discuss and understand the assurance of the data that capture the procedures and internal controls validation (specific SOX and other internal control procedures made by the external auditors);

Every time there were differences and/or doubts about the data received we have requested the documents and/or other information that supports the transaction (bank statements, receipts, calculations or other's).

# 7.5. Other considerations

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## 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. Gas is sent via pipeline, where it is converted into Liquefied Natural Gas for sale to Tokyo Electric and Tokyo Gas in Japan. Since 2006, an average of one LNG cargo per week has been safely shipped to customers.

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 2018;
- To reconcile the data from extractive companies and government authorities on each type of payments for each company in 2018;
- 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.

Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

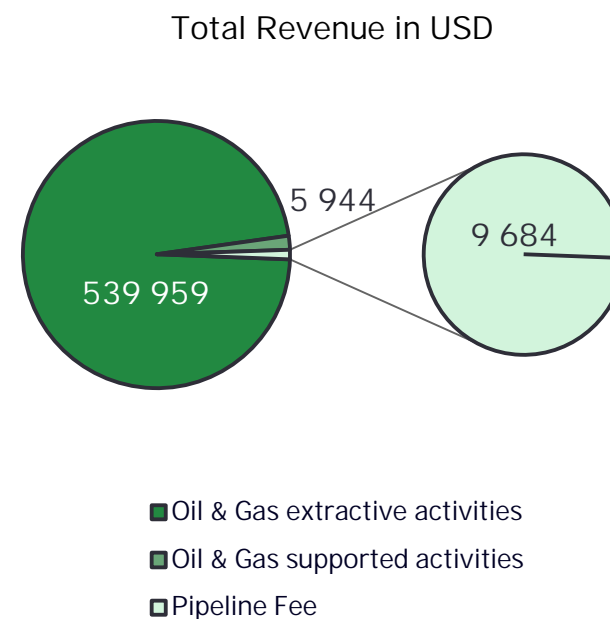
**TLEITI**

# 8.1. General results of payments reconciliation

Revenues generated from Oil & Gas extractive activities and supported activities

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 2018 (Thousands USD)	Total	Scope	% Scope
Total Non Tax revenue reported by ANPM	290,309	290,309	100.00%
Total Tax Revenue Contractors	249,649	249,645	99.998%
Total Revenue Contractors	539,959	539,954	99.999%
Total Pipeline revenue reported by BCTL	5,944	5,944	100.00%
Total Tax Revenue Sub-contractors	9,684	8,973	92.66%
Not in scope		715	0.13%
<b>TOTAL</b>	<b>555,587</b>	<b>554,871</b>	<b>99.87%</b>



# 8.1. 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

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

Out of 24 companies that have payments on petroleum activities to Government entities (DNRP, ANPM, BCTL and Petroleum Fund), 23 are in scope (accumulated payments above the threshold). The entity that is not in scope is: Japan Energy EP JPDA Pty Ltd. The payments from this entity represent 4 thousand USD of the total revenue, concerning Withholding tax payments.

Entities	Income Tax	Anual APT	VAT – JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
Inpex Sahul Ltd	6,529,884	-	-	-	-	6,744,663	13,274,547
Inpex Timor Sea Ltd	-	-	-	-	7,046	-	7,046
Conocophillips (03-12) Pty Ltd	30,243,132	-	10,192,767	6,768,329	2,926,320	32,364,167	82,494,714
Conocophillips ( Timor Sea ) Pty Ltd	9,168,414	-	-	-	-	12,563,635	21,732,049
Conocophillips (Emet) Pty Ltd	1,101,536	-	-	-	-	2,769,111	3,870,646
Conocophillips JPDA Pty Ltd	17,806,674	-	-	-	-	16,627,011	34,433,685
Conocophillips (03-13) Pty Ltd	6,161,041	-	-	-	-	5,160,083	11,321,124
Conocophillips Timor Leste	-	-	6,108	13,531	315,280	-	334,919
Woodside Energy Ltd	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	22,066	4,808	-	26,875
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd	7,620,912	-	-	-	-	18,158,101	25,779,013
Tokyo Timor Sea Resources Pty Ltd	16,018,400	1,800,000	-	-	-	5,715,691	23,534,091
ENI JPDA 03-13 Limited	16,86, 215	-	-	-	-	15,478,771	32,340,986
ENI JPDA 06-105 PTY LTD	-	-	-	57,489	-	-	57,489
ENI JPDA 11-106 B.V	-	-	-	-	21,545	-	21,545
ENI Timor - Leste S.P.A ( PSC area 4)	-	-	-	417	13,895	-	14,311
Timor Gap Timor Gas E Petroleo EP	-	-	-	33,993	3,830	-	37,823
TIMOR GAP PSC JPDA 11-106	-	-	-	1,169	-	-	1,169
Timor Gap EP	-	-	-	2,961	-	-	2,961
Timor Gap Seismic Service Lda	7,340	-	-	-	-	-	7,340
Timor Gap Offshore Block Unipessoal	-	-	-	35,618	97,275	-	132,893
TIMOR RESOURCES PTY LTD	-	-	-	142,310	77,206	-	219,516
<b>Total</b>	<b>111,519,548</b>	<b>1,800,000</b>	<b>10,198,875</b>	<b>7,077,882</b>	<b>3,467,205</b>	<b>115,581,233</b>	<b>249,644,742</b>

# 8.1. 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	Total Non-Tax
Inpex Sahul Ltd	-	26,181,352	-	-	26,181,352
Inpex Timor Sea Ltd	-	-	-	-	-
Conocophillips (03-12) Pty Ltd	58,526,615	63,079,863	160,000	2,743,650	124,510,128
Conocophillips ( Timor Sea ) Pty Ltd	-	18,190,803	-	-	18,190,803
Conocophillips (Emet) Pty Ltd	-	2,145,454	-	-	2,145,454
Conocophillips JPDA Pty Ltd	-	34,108,962	-	-	34,108,962
Conocophillips (03-13) Pty Ltd	-	11,939,308	160,000	-	12,099,308
Conocophillips Timor Leste	-	-	-	-	-
Woodside Energy Ltd	-	-	-	-	-
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	-	29,568,966	-	-	29,568,966
Tokyo Timor Sea Resources Pty Ltd	-	20,465,377	-	-	20,465,377
ENI JPDA 03-13 Limited	-	22,313,846	-	-	22,313,846
ENI JPDA 06-105 PTY LTD	-	-	-	325,000	325,000
ENI JPDA 11-106 B.V	-	-	80,000	-	80,000
ENI Timor - Leste S.P.A ( PSC area 4)	-	-	-	-	-
Timor Gap Timor Gas E Petroleo EP	-	-	-	-	-
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-
Timor Gap EP	-	-	-	-	-
Timor Gap Seismic Service Lda	-	-	-	-	-
Timor Gap Offshore Block Unipessoal	-	-	-	-	-
TIMOR RESOURCES PTY LTD	-	-	-	-	-
<b>Total</b>	<b>58,526,615</b>	<b>227,993,931</b>	<b>720,000</b>	<b>3,068,650</b>	<b>290,309,196</b>

# 8.1. 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 24 contractors, the 23 entities in scope sent the templates with the 2018 data. From these contractors, also 23 answered regarding the differences found between the report of the entity and Ministry of Finance.

The detail by company of the tax revenue amounts reported by each entity 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	6,529,884	-	-	-	-	6,744,663	13,274,547
Inpex Timor Sea Ltd	-	-	-	-	8,532	-	8,532
Conocophillips (03-12) Pty Ltd	28,088,881	-	10,755,762	6,768,329	2,363,334	34,518,418	82,494,724
Conocophillips ( Timor Sea ) Pty Ltd	8,546,308	-	-	-	-	10,458,294	19,004,602
Conocophillips (Emet) Pty Ltd	1,028,172	-	-	-	-	1,228,117	2,256,289
Conocophillips JPDA Pty Ltd	16,571,301	-	-	-	-	20,589,831	37,161,132
Conocophillips (03-13) Pty Ltd	5,728,624	-	-	-	-	7,206,857	12,935,481
Conocophillips Timor Leste	-	-	-	300,721	27,051	-	327,772
Woodside Energy Ltd	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	23,050	2,340	-	25,390
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd	10,082,987	-	-	-	-	15,696,026	25,779,013
Tokyo Timor Sea Resources Pty Ltd	13,366,032	1,800,000	-	-	-	8,368,059	23,534,091
ENI JPDA 03-13 Limited	16,309,642	-	-	-	-	16,031,344	32,340,986
ENI JPDA 06-105 PTY LTD	-	-	-	55,178	21,413	-	76,591
ENI JPDA 11-106 B.V	-	-	1,257	-	835	-	2,092
ENI Timor - Leste S.P.A ( PSC area 4)	-	-	-	-	14,312	-	14,312
Timor Gap Timor Gas E Petroleo EP	-	-	-	37,253	3,830	-	41,083
TIMOR GAP PSC JPDA 11-106	-	-	-	1,165	-	-	1,165
Timor Gap EP	-	-	-	-	-	-	-
Timor Gap Seismic Service Lda	7,365	-	-	-	-	-	7,365
Timor Gap Offshore Block Unipessoal	-	-	-	35,918	97,275	-	133,193
TIMOR RESOURCES PTY LTD	-	-	-	90,169	17,446	-	107,615
<b>Total</b>	<b>106,259,196</b>	<b>1,800,000</b>	<b>10,757,019</b>	<b>7,311,783</b>	<b>2,556,368</b>	<b>120,841,609</b>	<b>249,525,975</b>

# 8.1. 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 each entity is represented as follows:

Extractive Companies	FTP	Profit Oil	Contract Services Fee	Development Fee	Total Non-Tax
Inpex Sahul Ltd	-	-	26,181,352	-	26,181,352
Inpex Timor Sea Ltd	-	-	-	-	-
Conocophillips (03-12) Pty Ltd	58,526,615	63,079,863	320,000	2,743,650	124,670,128
Conocophillips ( Timor Sea ) Pty Ltd	-	18,190,803	-	-	18,190,803
Conocophillips (Emet) Pty Ltd	-	2,145,454	-	-	2,145,454
Conocophillips JPDA Pty Ltd	-	34,108,962	-	-	34,108,962
Conocophillips (03-13) Pty Ltd	-	11,939,309	-	-	11,939,309
Conocophillips Timor Leste	-	-	-	-	-
Woodside Energy Ltd	-	-	-	-	-
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	-	-	29,568,966	-	29,568,966
Tokyo Timor Sea Resources Pty Ltd	5,693,546	-	20,465,377	-	26,158,923
ENI JPDA 03-13 Limited	-	22,313,846	-	-	22,313,846
ENI JPDA 06-105 PTY LTD	-	-	-	325,000	325,000
ENI JPDA 11-106 B.V	-	-	80,000	-	80,000
ENI Timor - Leste S.P.A ( PSC area 4)	-	-	-	-	-
Timor Gap Timor Gas E Petroleo EP	-	-	-	-	-
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-
Timor Gap EP	-	-	-	-	-
Timor Gap Seismic Service Lda	-	-	-	-	-
Timor Gap Offshore Block Unipessoal	-	-	-	-	-
TIMOR RESOURCES PTY LTD	-	-	-	-	-
<b>Total</b>	<b>64,220,161</b>	<b>151,778,237</b>	<b>76,935,695</b>	<b>3,068,650</b>	<b>296,002,743</b>

# 8.1. Extractive companies - Reconciliation results

The reconciliation process was as described in Section 8.1. Bellow are displayed the differences noted between amounts paid from oil & gas extractive activities and amounts received by Government Entities:

See on the next pages the description of the adjustments made during the reconciliation process.

Entities	Reported by Entity	Reported by Government	Results of inicial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Unreconciled diferences
Inpex Sahul Ltd	39,455,899	39,455,899	0	-	-	39,455,899	39,455,899	0
Inpex Timor Sea Ltd	8,532	7,046	- 1,486	-	1,486	8,532	8,532	-
Conocophillips (03-12) Pty Ltd	207,164,852	207,004,842	- 160,010	- 160,000	-	207,004,852	207,004,842	- 10
Conocophillips ( Timor Sea ) Pty Ltd	37,195,405	39,922,852	2,727,447	2,727,447	-	39,922,852	39,922,852	-
Conocophillips (Emet) Pty Ltd	4,401,743	6,016,100	1,614,357	1,614,357	-	6,016,100	6,016,100	-
Conocophillips JPDA Pty Ltd	71,270,094	68,542,647	- 2,727,447	- 2,727,447	-	68,542,647	68,542,647	-
Conocophillips (03-13) Pty Ltd	24,874,790	23,420,432	- 1,454,358	- 1,454,357	-	23,420,433	23,420,432	- 1
Conocophillips Timor Leste	327,772	334,919	7,147	-	-	327,772	334,919	7,147
Woodside Energy Ltd	-	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	185,390	186,875	1,485	-	-	185,390	186,875	1,485
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	160,000	160,000	-	-	-	160,000	160,000	-
Santos JPDA (91-12) Pty Ltd	55,347,979	55,347,979	0	-	-	55,347,979	55,347,979	0
Tokyo Timor Sea Resources Pty Ltd	49,693,014	43,999,468	- 5,693,546	- 5,693,546	-	43,999,468	43,999,468	0
ENI JPDA 03-13 Limited	54,654,832	54,654,832	0	-	-	54,654,832	54,654,832	0
ENI JPDA 06-105 PTY LTD	401,591	382,489	- 19,103	-	19,103	401,591	401,591	-
ENI JPDA 11-106 B.V	82,092	101,545	19,453	-	- 19,453	82,092	82,092	-
ENI Timor - Leste S.P.A ( PSC area 4)	14,312	14,311	- 1	-	-	14,312	14,311	- 1
Timor Gap Timor Gas E Petroleo EP	41,083	37,823	- 3,260	- 300	2,961	40,784	40,784	0
TIMOR GAP PSC JPDA 11-106	1,165	1,169	4	-	- 4	1,165	1,165	0
Timor Gap EP	-	2,961	2,961	-	- 2,961	-	-	-
Timor Gap Seismic Service Lda	7,365	7,340	- 25	- 25	-	7,340	7,340	-
Timor Gap Offshore Block Unipessoal	133,193	132,893	- 300	- 300	-	132,893	132,893	0
TIMOR RESOURCES PTY LTD	107,615	219,516	111,902	-	-	107,615	219,516	111,902
<b>Total</b>	<b>545,528,718</b>	<b>539,953,938</b>	<b>- 5,574,780</b>	<b>- 5,694,170</b>	<b>1,132</b>	<b>539,834,548</b>	<b>539,955,070</b>	<b>120,521</b>

# 8.1. Extractive companies – Adjustments by the Government

Entities	Income Tax	APT Installment	VAT – JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total	Notes
ConocoPhillips (03-12) Pty Ltd	- 2,154,251	-	562,995	-	- 562,995	2,154,251	0	1)
ConocoPhillips (03-13) Pty Ltd	-	-	-	-	-	-	-	
ConocoPhillips (Emet) Pty Ltd	-	-	-	-	-	-	-	
ConocoPhillips (Timor Sea) Pty Ltd	-	-	-	-	-	-	-	
ConocoPhillips JPDA Pty Ltd	-	-	-	-	-	-	-	
ConocoPhillips Timor-Leste Pty Ltd	-	-	-	-	-	-	-	
	- 2,154,251	-	562,995	-	- 562,995	2,154,251	0	
ENI JPDA 03-13 Limited	552,573	-	-	-	-	- 552,573	0	2)
ENI JPDA 06-105 PTY LTD	-	-	-	- 2,311	21,413	-	19,102,91	
ENI JPDA 11-106 B.V	-	-	1,257	-	- 20,710	-	- 19,452,91	
ENI Timor - Leste S.P.A ( PSC area 4)	-	-	-	- 417	417	-	0	
	552,573	-	1,257	- 2,727	1,120	- 552,573	- 350	
Inpex Timor Sea Ltd	-	-	-	-	1,486	-	1,486	3)
	-	-	-	-	1,486	-	1,486	
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	983	- 983	-	0	4)
TIMOR GAP PSC JPDA 11-106	-	-	-	- 4	-	-	- 4	5)
Timor Gap EP	-	-	-	- 2,961	-	-	- 2,961	6)
Timor Gap Timor Gas E Petroleo EP	-	-	-	2,961	-	-	2,961	
TIMOR RESOURCES PTY LTD	-	-	-	-	-	-	-	
	-	-	-	979	- 983	-	- 4	



# 8.1. Extractive companies – Adjustments by the Government

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The type of adjustments identified in the amounts reported by the Government entities:

- Bank fees incorrectly reported;
- Payments not reported;
- Taxes received reported but incorrectly classified by type of tax or entity;
- The reconciliation adjustments are presented by entity and by type of receipt and were supported by adequate evidence.

## 1) Adjustments on amount reported to Conocophilips Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

## 2) Adjustments on amount reported to ENI Pty Ltd

The adjustments correspond to incorrect classification by type of tax, by type of entity and bank fees incorrectly reported.

Eni reported the actual Tax paid excluding the bank fees, however the amount Eni remits to the government is inclusive of bank fees. The MoF have reported the amount received in total.

## 3) Adjustments on amount reported to Inpex Timor Sea Ltd

The adjustments correspond to two payments, one in September and other in November 2018, reported by the entity and not by the government. We have obtained the documents that support these payments, provided by the entity.

## 4) Adjustments on amount reported to Woodside Petroleum (Timor Sea 03-19) Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

## 5) Adjustments on amount reported to TIMOR GAP PSC JPDA 11-106

The adjustments correspond to bank charges/fees incorrectly reported.

## 6) Adjustments on amount reported to TIMOR GAP EP and Timor Gap Timor Gas E Petroleo EP

The adjustments correspond to incorrect classification by type of entity.

# 8.1. Extractive companies – Adjustments by the Contractors

Entities	Income Tax	Wages Withholding Tax	FTP	Contract Services Fee	Bayu APT Installment	Total	Notes
ConocoPhillips (03-12) Pty Ltd	-	-	-	- 160,000	-	- 160,000	
ConocoPhillips JPDA Pty Ltd	1,235,373	-	-	-	- 3,962,820	- 2,727,447	
ConocoPhillips (Timor Sea) Pty Ltd	622,106	-	-	-	2,105,341	2,727,447	1)
ConocoPhillips (03-13) Pty Ltd	432,417	-	-	160,000	- 2,046,774	- 1,454,357	
ConocoPhillips (Emet) Pty Ltd	73,364	-	-	-	1,540,994	1,614,357	
Tokyo Timor Sea Resources Pty Ltd	-	-	- 5,693,546	-	-	- 5,693,546	2)
Timor Gap Seismic Service Lda	- 25	-	-	-	-	- 25	
Timor Gap Offshore Block Unipessoal	-	- 300	-	-	-	- 300	3)
Timor Gap Timor Gas E Petroleo EP	-	- 300	-	-	-	- 300	
TIMOR RESOURCES PTY LTD							
<b>Total</b>	<b>2,363,234</b>	<b>- 600</b>	<b>- 5,693,546</b>	<b>-</b>	<b>- 2,363,259</b>	<b>- 5,694,170</b>	

## 1) Adjustments on amount reported by Conocophilips Pty Ltd

The adjustments correspond to incorrect classification by type of tax and entity.

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

The FTP is paid via operator (ConocoPhillips) to ANPM and not directly from Tokyo Timor Sea Resources Pty Ltd (TTSRPL). Despite this, TTSRPL reported the FTP as it is the ultimate payer. This should not be considered, as ConocoPhillips already reported the FTP.

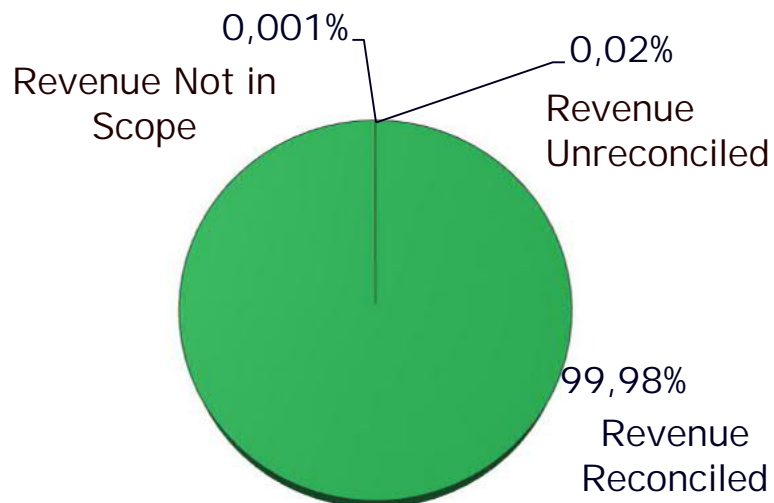
## 3) Adjustments on amount reported by Timor GAP

The three entities reported several bank charges associated with the payments, which are not part of the payment received by the government, therefore it should not be reported.

# 8.1. Extractive companies - Unreconciled differences

Based on the final results the difference not reconciled are approximately 120,5 thousand USD. This amount represents around 0.02% of total revenue of extractive activities.

The chart below shows the final results and the fact that 99.98% of the payments from operators were reconciled.



■ Revenue reconciled ■ Revenue unreconciled ■ Revenue not in Scope

Entities	Amount in USD
ConocoPhillips *	7,136
TIMOR RESOURCES PTY LTD	111,902
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	1,485
<b>Total</b>	<b>120,521</b>

*\*IA did not receive additional support information that could permit to conclude that the amount was reconciled.*

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

### Tax payments from Subcontractors

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

Out of 35 subcontractors that have paid tax amounts to DNRP, we have identified 17 entities that have made payments (to the revenue streams) above the threshold to Government entities in scope.

Subcontractors Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Tax	Total reported by Government
AMEC Engineering Pty Ltd	-	154,954	-	-	154,954
Babcock Offshore Services	-	100,825	221,276	-	322,101
Calidus Process Solutions PTy Ltd	-	51,306	151	330,861	382,318
Caltech Unipessoal Lda	35,861	603,514	4,670	-	644,045
Cameron Services Int. Pty Ltd	44,964	66,809	-	-	111,773
CAPE AUSTRALIA ONSHORE	-	517,391	15,354	-	532,745
Clough Amec Pty Ltd	353,102	1,138,071	732,660	-	2,223,832
Compass Group Australia	246,856	40,354	325,958	-	613,168
Haliburton Aust Pty Ltd	31,077	99,004	22,857	-	152,938
Kakivik Asset Management LLC	206,296	21,532	-	-	227,828
KT Maritime services	-	196,619	-	-	196,619
MMA Offshore Vessel Operations P/L	-	796,702	-	-	796,702
Noble International Finance Company	-	1,104,351	78,727	-	1,183,078
Rigforce Pty Ltd	-	611,343	99,988	-	711,331
Seafox Asia Pacific Pty Ltd	50,095	185,620	161,356	-	397,071
Sodexo Timor Unipessoal Ltd	53,963	144,725	108	-	198,796
SGS Australia P/L	32,097	91,962	-	-	124,059
<b>Total</b>	<b>1,054,312</b>	<b>5,925,083</b>	<b>1,663,105</b>	<b>330,861</b>	<b>8,973,361</b>

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

### Tax payments from Subcontractors

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

Out of the 17 subcontractors, 11 sent the templates with the 2018 data. From these subcontractors, 7 answered regarding the differences found between the report of the entity and Ministry of Finance.

Extractive Companies	Income Tax	Branch Profits Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Taxes	Total reported by entities
AMEC Engineering Pty Ltd	-	-	154,629	-	-	154,629
Babcock Offshore Services	-	-	800,799	363,595	-	1,164,394
Calidus Process Solutions PTy Ltd	75,403	-	256,380	-	50,610	382,393
Caltech Unipessoal Lda	106,226	-	530,427	10,274	-	646,928
Cameron Services Int. Pty Ltd	-	-	-	-	-	-
CAPE AUSTRALIA ONSHORE	-	-	487,591	-	-	487,591
Clough Amec Pty Ltd	368,344	-	1,735,847	119,641	-	2,223,832
Compass Group Australia	-	-	-	-	-	-
Haliburton Aust Pty Ltd	453,814	-	49,877	22,754	-	526,446
Kakivik Asset Management LLC	-	-	-	-	-	-
KT Maritime services	-	-	-	-	-	-
MMA Offshore Vessel Operations P/L	-	-	-	-	-	-
Noble International Finance Company	-	-	-	-	-	-
Rigforce Pty Ltd	75,299	-	830,352	290	-	905,942
Seafox Asia Pacific Pty Ltd	106,825	-	195,914	76,704	-	379,442
Sodexo Timor Unipessoal Ltd	152,973	-	-	47,152	-	200,125
SGS Australia P/L	37,055	-	81,345	-	-	118,400
<b>Total</b>	<b>1,375,939</b>	<b>-</b>	<b>5,123,161</b>	<b>640,411</b>	<b>50,610</b>	<b>7,190,121</b>

## 8.2. 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 initial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Results after Reconciliation
AMEC Engineering Pty Ltd	154,629	154,954	325	-	- 325	154,629	154,629	-
Babcock Offshore Services	1,164,394	322,101	- 842,293	-	-	1,164,394	322,101	- 842,293
Calidus Process Solutions PTy Ltd	382,393	382,318	- 75	- 75	-	382,318	382,318	-
Caltech Unipessoal Lda	646,928	644,045	- 2,882	-	-	646,928	644,045	- 2,882
Cameron Services Int. Pty Ltd	-	111,773	111,773	-	-	-	111,773	111,773
CAPE AUSTRALIA ONSHORE	487,591	532,745	45,154	-	-	487,591	532,745	45,154
Clough Amec Pty Ltd	2,223,832	2,223,832	-	-	-	2,223,832	2,223,832	-
Compass Group Australia	-	613,168	613,168	-	-	-	613,168	613,168
Haliburton Aust Pty Ltd	526,446	152,938	- 373,507	49,405	424,800	575,851	577,739	1,888
Kakivik Asset Management LLC	-	227,828	227,828	-	-	-	227,828	227,828
KT Maritime services	-	196,619	196,619	-	-	-	196,619	196,619
MMA Offshore Vessel Operations P/L	-	796,702	796,702	-	-	-	796,702	796,702
Noble International Finance Company	-	1,183,078	1,183,078	-	-	-	1,183,078	1,183,078
Rigforce Pty Ltd	905,942	711,331	- 194,611	- 194,611	-	711,331	711,331	0
Seafox Asia Pacific Pty Ltd	379,442	397,071	17,629	-	-	379,442	397,071	17,629
Sodexo Timor Unipessoal Ltd	200,125	198,796	- 1,329	-	-	200,125	198,796	- 1,329
SGS Australia P/L	118,400	124,059	5,660	5,364	-	123,763	124,059	296
<b>Total</b>	<b>7,190,121</b>	<b>8,973,361</b>	<b>1,783,240</b>	<b>-139,917</b>	<b>424,475</b>	<b>7,050,204</b>	<b>9,397,836</b>	<b>2,347,632</b>

## 8.2. Subcontractors– Adjustments by the Government

Subcontractors	Income Tax	Branch Profits Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Taxes	Total	Notes
AMEC Engineering Pty Ltd	-	-	- 325	-	-	- 325	1)
Calidus Process Solutions PTy Ltd	75,378	-	205,024	- 151	- 280,251	-	2)
Clough Amec Pty Ltd	15,242	-	597,776	- 613,019	-	-	3)
Haliburton Aust Pty Ltd	472,563	- 47,489	- 273	-	-	424,800	4)
Rigforce Pty Ltd	-	-	99,988	- 99,988	-	-	5)
<b>Total</b>	<b>563,183</b>	<b>- 47,489</b>	<b>902,190</b>	<b>- 713,157</b>	<b>- 280,251</b>	<b>424,475</b>	

### 1) Adjustments on amount reported to AMEC Engineering Pty Ltd

The adjustments correspond to bank fees incorrectly reported.

### 2) Adjustments on amount reported to Calidus Process Solutions PTy Ltd

The adjustments correspond to incorrect classification by type of tax.

### 3) Adjustments on amount reported to Clough Amec Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

### 4) Adjustments on amount reported to Haliburton Aust Pty Ltd

The adjustments correspond to incorrect classification by type of tax and to payments of 418,823USD, 4,340USD and 1,595USD not reported by the government. We obtained the documentation that supports these payments, provided by the entity.

### 5) Adjustments on amount reported to Rigforce Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

## 8.2. Subcontractors– Adjustments by the Subcontractors

Subcontractors	Income Tax	Branch Profits Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Taxes	Total	Notes
Calidus Process Solutions PTy Ltd	-	-	- 75	-	-	- 75	1)
Haliburton Aust Pty Ltd	49,853	-	- 278	- 170	-	49,405	2)
Rigforce Pty Ltd	- 75,299	-	- 119,021	- 290	-	- 194,611	3)
SGS Australia P/L	5,208	-	155	-	-	5,364	4)
<b>Total</b>	<b>- 20,238</b>	<b>-</b>	<b>- 119,219</b>	<b>- 460</b>	<b>-</b>	<b>- 139,917</b>	

### 1) Adjustments on amount reported by Calidus Process Solutions PTy Ltd

The adjustments correspond to bank charges incorrectly reported by the entity.

### 2) Adjustments on amount reported to Haliburton Aust Pty Ltd

The adjustments correspond to bank charges incorrectly reported by the entity. The entity also failed to report a payment of 50,015USD in March/2018 of Income Tax related to 2017. This should have been reported by the entity and was reported by MoF in July/2018. We obtained the documentation that supports this payment, provided by the entity.

### 3) Adjustments on amount reported to Rigforce Pty Ltd

The adjustments correspond to bank charges incorrectly reported by the entity. The entity also reported two payments of January 2019 (7,418USD and 111,438USD), a payment of April 2019 (290USD) and a payment of June 2019 (75,299USD), that should not have been reported.

### 4) Adjustments on amount reported to SGS Australia P/L

The adjustments correspond to two payments of Jan/2018 that the entity missed to report (6,414USD and 7,223USD) and to two payments of 2019 that should not have been reported (6,259USD and 2,014USD).



## 8.2. Subcontractors - Reconciliation results

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	8,973,361	95%
Adjustments by the Government entities	424,475	5%
Final tax amount reported by the Government	<u>9,397,836</u>	
Total amount reported initially by Subcontractors	7,190,121	77%
Adjustments by the entities	- 139,917	-1%
Final tax amount reported by the Subcontractors	<u>7,050,204</u>	
Entities not answered	3,129,170	33%
Amount not conciliated	<u>2,347,632</u>	25%

Out of 17 entities in scope, we have not obtained an answer for 6 entities: Cameron Services International Pty Ltd, Compass Group Australia, Kakivik Asset Management LLC , KT Maritime services, MMA Offshore Vessel Operations Pty Ltd and Noble International Finance Company.

The detail by tax payment for the entities that did not answer is as follows:

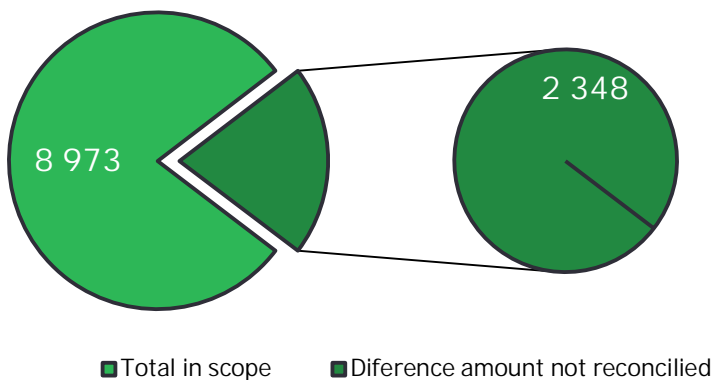
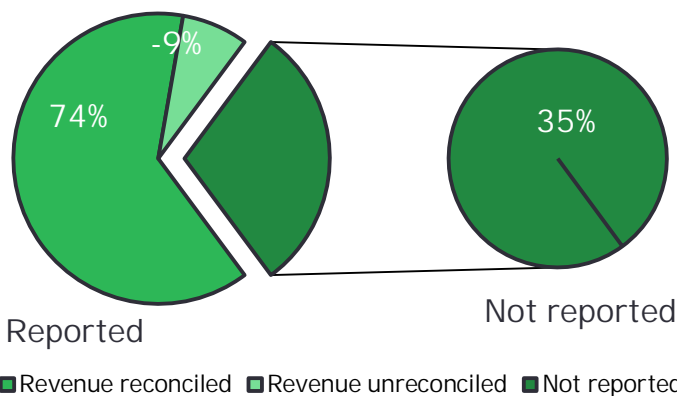
Description	Reported by Government
Income Tax	498,116
Wages Withholding Tax	2,226,368
Withholding Tax Payments	404,685
Total	<u>3,129,170</u>

- The total amount not reported by entities is 3,129,170 USD and is described by entity on the next pages.
- The total amount not conciliated is 2,347,632 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.

## 8.2. Subcontractors- Unreconciled differences

Based on the final results, the differences not reconciled are approximately USD 2,347,632 (not considering the entities that did not report). These amounts represent around 0,42% of the total revenue of extractive companies.

Unreconciled amount



Subcontractors Companies	Reported by Entity	Reported by Government	Results after Reconciliation
<u>Differences not reconciled</u>			
Babcock Offshore Services	1,164,394	322,101	- 842,293
Caltech Unipessoal Lda	646,928	644,045	- 2,882
CAPE AUSTRALIA ONSHORE	487,591	532,745	45,154
Haliburton Aust Pty Ltd	575,851	577,739	1,888
Seafox Asia Pacific Pty Ltd	379,442	397,071	17,629
Sodexo Timor Unipessoal Ltd	200,125	198,796	- 1,329
SGS Australia P/L	123,763	124,059	296
Total Differences not reconciled			- 781,538
			<u>3,129,169</u>
<u>Not reported</u>			
Cameron Services Int. Pty Ltd	-	111,773	111,773
Compass Group Australia	-	613,168	613,168
Kakivik Asset Management LLC	-	227,828	227,828
KT Maritime services	-	196,619	196,619
MMA Offshore Vessel Operations P/L	-	796,702	796,702
Noble International Finance Company	-	1,183,078	1,183,078
Total Not reported			<u>3,129,170</u>
Total			<u><u>2,347,632</u></u>

## 8.3. Pipeline Fee

Reconciliation results of the Pipeline Fee:

Company Name	Aus Aid ( AUD \$) - reported by AusAid	Aus Aid ( USD \$) - reported by BCTL	Results of the initial request	Adjustments during Reconciliation	Results after Reconciliation
AUSAID	8,000,000	5,944,000	-	-	-
Total	8,000,000	5,944,000	-	-	-

The Pipeline Fee was reported by AusAid in the amount of 8,000,000 AUD (Australian Dollars) and the Banco Central de Timor Leste (BCTL) reported 5,944,000 USD (American Dollars).

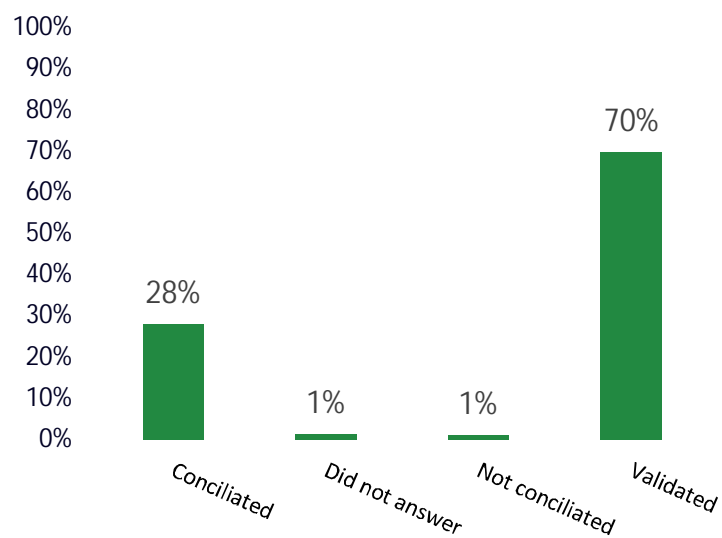
Due to the different currency, we have contacted BCTL for clarifications regarding the exchange rate considered on the date of the payment.

In fact, the exchange rate considered was 0.743, which means that 8,000,000 AUD correspond to 5,944,000 USD on the date of the payments, which is indeed the value reported by BCTL.

## 8.4. Reconciliation results of MoF - summary

The summary of reconciliation results:

### RECONCILIATION RESULTS

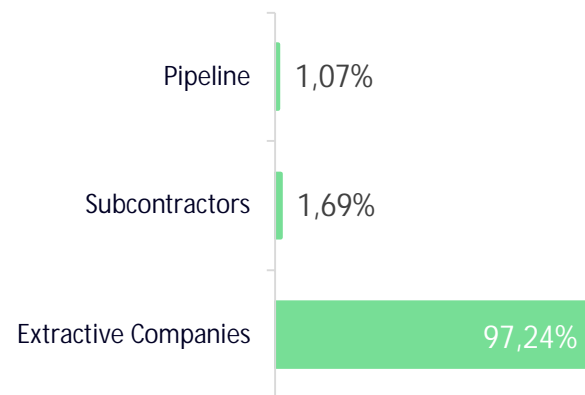


The graph above represents the unreconciled amount in US Dollars, for each category. The amounts not conciliated are around USD 2,4 million, being that the major differences arise from the entities that did not report.

During the reconciliation process, the total receipts from the Government entities have increased 0.1% and only 0.44% of the total amount initially reported by the government was not conciliated.

Payments from Oil & Gas extractive activities represent 97,24% of the total receipts validated and subcontractors amount validated represents 1,69% of the total amount of receipts validated.

### % RECEIPTS VALIDATED BY TYPE OF COMPANY



# 8.5. Payments in the mining sector

We have contacted ANPM to understand which companies paid above the threshold (100,000USD) in 2018, which were compacted in the next table.

Name of Proponent	Total
COVEC-CRFG JV Lda.	1,000,000
Shanghai Construction Group Co., LTD., R.P	221,412
Sinohydro Corporation Limited, R.P	136,200

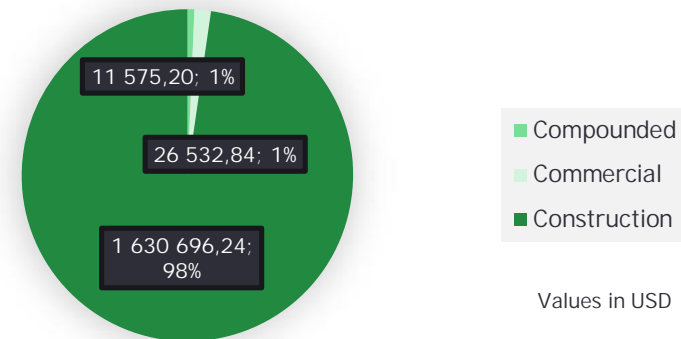
We have also obtained the detail of the payments received by this government entity in 2018 (please see Annex D).

As mentioned in chapter 3.4, these entities do not have activities in the mining sector, only in construction. In fact, ANPM verified that these three companies are constructing a road for the mining extraction but are not part of the mining sector itself. 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 91% (1,510,499 USD) international and 9% (158,305 USD) local.



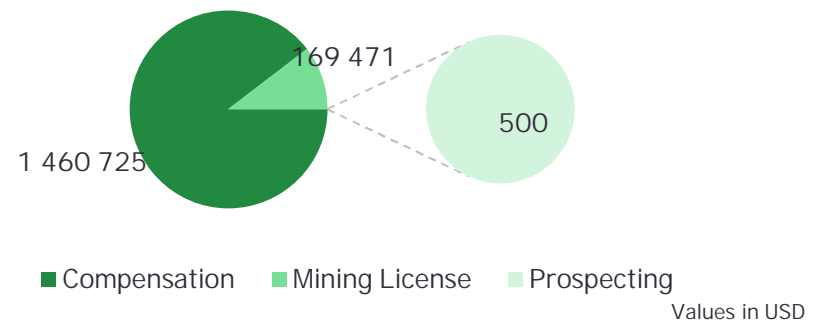
Furthermore, there are three types of activities: construction commercial and compounded. The first correspond to the entities that pay for construction material to finish a project related to mining, and the second correspond to the ones that sell material to public on a commercial purpose. The latter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



Values in USD

Regarding the type of payments, there are mining license payments (include mining and license fees) and compensation payments (include fees payed for unauthorized activity).

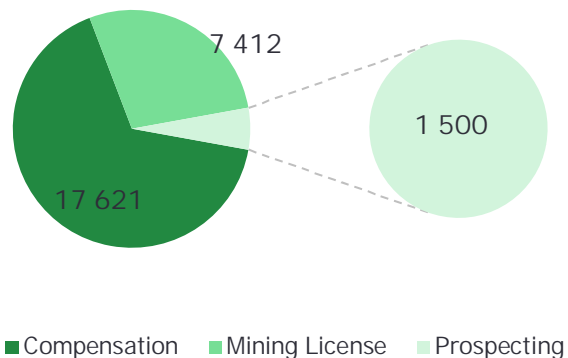
Type of activities: Construction Activities



Values in USD

## 8.5. Payments in the mining sector

Type of activities: Commercial Activities

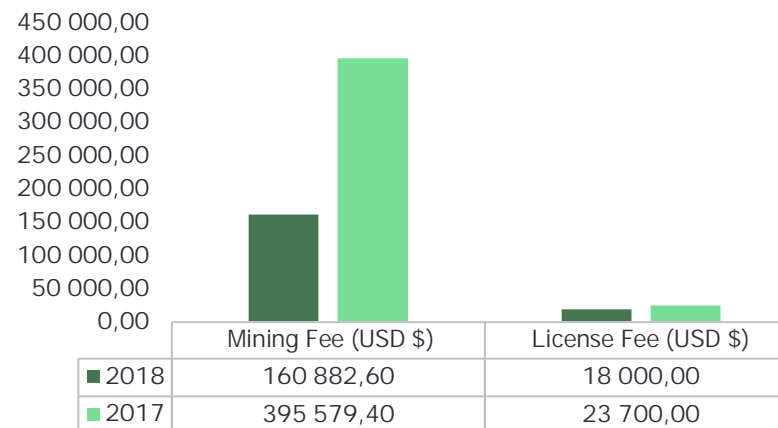


Type of payments: Mining License

Mining license payments constitute 11% of the total payments, in the amount of 178,882 USD. These payments include mining fees and license fees.

Mining Fee (USD)	License Fee (USD)	Total
160,882.60	18,000.00	178,882.60

In comparison with 2017, the mining fees decreased by 238,197 USD, that is by 57%. Also, the license fees decreased by 3,500 USD, which corresponds to -16%. The mining fee increased by 234,697 USD, or by -59%.



Related to the mining license, there was one entity that payed fees above 100,000USD, however its activities only included construction and nothing related to mining extraction.

Type of payments: Compensation

This type of payments 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 (617,489.50 USD in 2016), including two entities above 100,000USD, whose activities were also related to construction.

# 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, the majority 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.

**Timor-Leste**

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## 9. 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	<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.	<a href="https://www.santos.com/investors/shareholder-information/">https://www.santos.com/investors/shareholder-information/</a>
TIMOR GAP	TIMOR GAP EP	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, Tokyo Electric Power Co. Inc	Tokyo Gas Group is a Japanese group.	<a href="http://www.tokyo-gas.co.jp/IR/english/stock/holder_e.html">http://www.tokyo-gas.co.jp/IR/english/stock/holder_e.html</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 Securities Exchange	<a href="https://www.woodside.com.au/investors">https://www.woodside.com.au/investors</a>



# 9. Beneficial Ownership in Timor Leste

Data quality:

For 2018, 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:

- 1) 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.
- 2) 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 2018 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	
Date when beneficial interest was acquired	
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:	

Political Exposed Person(s)	
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 in Timor Leste

## Definitions:

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 2018 EITI Report of Timor Leste, as follows:

Beneficial ownership definition	"Politically Exposed Person" definition (PPE) as well as "Close Family Members" and "Persons known to be close associates"
<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>	<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> <ol 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>ix. 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> </ol> <p>The Close family members are:</p> <ol 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> </ol> <p>The Persons known to be close associates:</p> <ol 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> </ol>

# 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.

Timor-Leste



# 10. Mainstreaming in Timor Leste

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Timor Leste joined EITI in 2008 and since then it has published 10 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 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. 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 create 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.

Timor-Leste



# 11. Social & Economic expenditures

## Local content commitments (Mandatory)

Social expenditures are not considered as mandatory expenditures for companies. However, 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 pre approved 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 an unilateral reporting from companies to enhance their contributions.

The summary of this report is as follows:

Extractive Entity	Amount in USD Amount Reported
ConocoPhillips	21,417,105
<b>Total</b>	<b>21,417,105</b>

## Expenditure reported by Government Entities

One Government entity reported Social Expenditures as follow:

Description Social Expenditure	Company Name	Amount in USD
Community Project	TIMOR GAP E.P.	137,000
Donation to NGOs/Programs	TIMOR GAP E.P.	5,550
Financial Support for Field Study to DiT student	TIMOR GAP E.P.	700
<b>Total</b>		<b>143,250</b>

The expenses reported by TIMOR GAP were voluntary and reported unilaterally by the SOE.

# 11. Social & Economic expenditures

## Local content commitments (Mandatory)

Oil and Gas companies operating in both TLEA and 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 JPDA, companies are encouraged to employ and train Timorese.

The total amount from mandatory commitments was confirmed by ANPM, however the disaggregation from ANPM and Conocophilips is different. For the purpose of this report, we published the disaggregation from Conocophilips. The local commitments reported by ConocoPhillips under PSC article 5.4 are as follows:

Amount in USD			
Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	Extractive Entity Payments
Others - COP Offshore Timor-Leste Employees	Conocophilips	COP Offshore Timor-Leste Employees and employee related services companies	1,172,375
Others - Local Goods & Services	Conocophilips	Various vendors	4,483,182
Others - Contractors' Timor-Leste Employees	Conocophilips	Various vendors	7,699,504
Others - Contractors' Timor-Leste Goods & Services	Conocophilips	Various vendors	6,975,320
Others - COP Dili Office Employees	Conocophilips	COP Dili Office Employees and employee related services companies	755,309
Others - Local Goods & Services	Conocophilips	Various vendors	331,414
<b>Total</b>			<b>21,417,105</b>

ANPM works closely with Operators in 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.

Note that we have contacted both ANPM and COPA (Conocophilips), with ANPM answering that it receives an annual local content report with a different disaggregation from the annual report from Conocophilips, being that total amount is the same on both reports.

# 11. Social & Economic expenditures

## Voluntary expenditure

Expenditure reported by Contractors:

The voluntary expenditures were reported by the Operators and were confirmed by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	Extractive Entity Payments
Community Project - SESIM World Science Day event	Conocophilips	National Commission of UNESCO in TL	70,000
Government Initiative - E&I vocational training	Conocophilips	CEGELEC and CNEFP Tibar	1,011,266
Government Initiative - Innovative Business Plan Competition	Conocophilips	IADE	2,093
Donation to NGOs/Programs - International Economic Symposium	Conocophilips	AEMTL	3,550
Scholarship Programs - Fullbright-SERN Scholarship	Conocophilips	IIE	76,949
Scholarship Programs - JESUIT Scholarships Program	Conocophilips	Fundacao Companhia De Jesus	60,000
Others - 4th July Celebration	Conocophilips	US Embassy	10,000
Others - COP Offshore Timor-Leste Employee Training	Conocophilips	Various vendors	388,768
Others - Contractors' Timor-Leste Employee Training	Conocophilips	Various vendors	2,206,380
Others - COP Dili Office Employee Training	Conocophilips	Various vendors	56,116
Community Project	TIMOR RESOURCES PTY LTD	Labarai Water Project	18,000
Government Initiative - Project	TIMOR RESOURCES PTY LTD	Tour de Timor	25,000
Employment	TIMOR RESOURCES PTY LTD	225 local people	445,914
Use of local companies and goods and services	TIMOR RESOURCES PTY LTD	Local cTL ompanies	987,757
<b>Total</b>			<b>5,361,794</b>



# 11. Social & Economic expenditures

Voluntary expenditure – Subsidies and Funds to SOE's

Expenditure reported by Contractors:

The voluntary expenditures were reported by the Operators and were confirmed by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	Extractive Entity Payments
NGOs Programs (Water, Sanitation, Health, Sports Events) - Nursing Development & Pathology Program	Conocophilips	St John of God	250,415
NGOs Programs (Water, Sanitation, Health, Sports Events) - Mother & Child Health Program	Conocophilips	Alola Foundation	70,000
NGOs Programs (Water, Sanitation, Health, Sports Events) - Reforestation Project	Conocophilips	NGO Santalum	40,798
NGOs Programs (Water, Sanitation, Health, Sports Events) - ROMAC Emergency Flight	Conocophilips	Rotary Liaison Office in TL	14,881
Support to National Event - First Lady Fun Run	Conocophilips	Rotary Club of Dili	15,012
Total			391,106

# 11. Other expenditures

## Environmental expenditure

Expenditure reported by Contractors:

The environmental expenditures were reported by the Operators and were confirmed by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	PSC	Amount in USD
				Extractive Entity Payments
Payment for environmental license/permit	TIMOR RESOURCES PTY LTD	SMC	A	112,000
Baseline Studies/HSE land reports	TIMOR RESOURCES PTY LTD	Various vendors	A	59,620
Others	TIMOR RESOURCES PTY LTD	Various vendors	C	72,152
Total				243,772

## 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.

Timor-Leste

**EITI** Extractive  
Industries  
Transparency  
Initiative

**TLEITI**

# 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 the fact that almost all extractive entities are listed are information is available (see section Beneficial Ownership).

As previously mentioned, Timor Leste hired EY Portugal 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 Portugal for a 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.

# 12. Other considerations

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## 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 a 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.

# 12. Recommendations

Follow up of recommendations of previous EITI Reports  
(continuation)

No	Issue	Detail of the issue	Recommendation	Status of implementation 2018 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

# 13 Annexes

Timor-Leste



# A. Companies in the Oil & Gas Sector

Entity	
AMECEngineeringPtyLtd	Kakivik Asset Management LLC
Australia International Perto-Cons	Konnekto Unipessoal Lda
Babcock Offshore Services	KT Maritime Services
Brunel Energy	Lloyd Helicopters Pty Ltd
Calidus Process Solutions PTy Ltd	MHS Aviation Ltd
Caltech Unipessoal Lda	MMA Offshore Vesel Operation Pty
CameronServicesInt.PtyLtd	Neptune Marine Service Ltd
Cape Australia Onshore	Noble International Finance Company
Caterpillar of Australia Pty Ltd	Rigforce Pty Ltd
CHC Helicopter Pty Ltd	SANTOS Ltd
Clough Amec Pty Ltd	Seafox Asia Pacific Pty Ltd
Compass Group Australia Pty Ltd	SGS Australia Pty Ltd
Competentia Pty Ltd	Sodexo Timor Unipessoal Ltd
Conoco Phillips (03-12) Pty Ltd	Solar Tubirnes International
Dekra Organization Reliability Limited	Speirs Safeguard Ltd
DRW Safety Solution Limited	Spectrum Asia
ENI Australia Ltd	Timor GAP EP
Fircofft Australia Pty Ltd	Timor Resort P/L Unipessoal
Furmanite Australia Pty Ltd	Timor Resources Pty Ltd
GAP MHS Aviation Ltd	Tokyo Timor Sea Resources
Haliburton Australia Pty Ltd	Total Marine Services
Hertel Modern Pty Ltd	Weathford Australia Pty Ltd
Inpex Timor Sea	Wood Group Australia Pty Ltd
Japan Energy EP JPDA	Woodside Energy Ltd



## B. Mineral Sector 2006-2018

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	\$42,423.00	\$1,000.00	N/A	N/A	\$43,423.00	
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	

Note:

\* Compensation for Unauthorized Mining Activity Required under Art. 42.2 of Diploma Ministerial No. 64/2016 of November 16

\*\* Exploration License - Annual Surface Fee Required under Exploration Agreement

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

# C. Mineral Payments in 2017

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Materials Category	Mining Fee (USD)	License Fee (USD)	Total Fees Paid (USD)
1	Ilatun Unipessoal, Lda.	Local	Construction	Mining License	Construction Material	\$ 9,364.00	\$ 1,500.00	\$ 10,864.00
2	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 20,850.00	\$ 1,500.00	\$ 22,350.00
3	Jova Construction Unipessoal Lda.	Local	Construction	Mining License	Construction Material	\$ 4,597.20	\$ 1,000.00	\$ 5,597.20
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 13,875.40	\$ 1,500.00	\$ 15,375.40
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 8,395.20	\$ 500.00	\$ 8,895.20
6	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 66,000.00	\$ 1,500.00	\$ 67,500.00
7	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 15,000.00	\$ 1,500.00	\$ 16,500.00
8	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 50,700.00	\$ 1,500.00	\$ 52,200.00
9	Chongqing International Construction Corporation, R.P.	International	Construction	Mining License	Construction Material	\$ 119,808.00	\$ 1,500.00	\$ 121,308.00
10	Mira Mar Bloco Unipessoal Lda.	Local	Commercial	Mining License	Construction Material	\$ 11,328.00	\$ 1,500.00	\$ 12,828.00
11	Gorobu Diak Lda.	Local	Construction	Mining License	Construction Material	\$ 23,400.00	\$ 1,500.00	\$ 24,900.00
12	Shabryca Construction Unipessoal Lda.	Local	Construction	Mining License	Construction Material	\$ 14,871.00	\$ 1,500.00	\$ 16,371.00
13	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 13,875.40	\$ 1,500.00	\$ 15,375.40
14	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 8,395.20	\$ 500.00	\$ 8,895.20
15	Yefa Unipessoal, Lda.	Local	Commercial	Mining License	Construction Material	\$ 6,480.00	\$ 1,500.00	\$ 7,980.00
16	Timor Block Building, Lda.	Local	Commercial	Mining License	Construction Material	\$ 8,640.00	\$ 1,500.00	\$ 10,140.00
17	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 2,550.00	N/a*	\$ 2,550.00
18	King Construction, Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 5,940.00	N/a*	\$ 5,940.00
19	Timor Block Building, Lda.	Local	Commercial	Compensation	Construction Material	\$ 22,489.50	N/a*	\$ 22,489.50

# C. Mineral Payments in 2017

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Materials Category	Mining Fee (USD)	License Fee (USD)	Total Fees Paid (USD)
20	Yefa Unipessoal, lda.	Local	Commercial	Compensation	Construction Material	\$ 6,696.00	N/a*	\$ 6,696.00
21	Carya Timor Leste, Lda.	Local	Construction	Compensation	Construction Material	\$ 7,719.26	N/a*	\$ 7,719.26
22	Carya Timor Leste, Lda.	Local	Construction	Compensation	Construction Material	\$ 23,955.44	N/a*	\$ 23,955.44
23	Bohoek Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 5,625.00	N/a*	\$ 5,625.00
24	Libama Consorcio, Lda.	Local	Commercial	Compensation	Construction Material	\$ 15,632.00	N/a*	\$ 15,632.00
25	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 18,745.86	N/a*	\$ 18,745.86
26	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 10,530.01	N/a*	\$ 10,530.01
27	Fitun Diak Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 21,292.50	N/a*	\$ 21,292.50
28	Shanghai Construction Group Co., LTD., R.P	International	Construction	Compensation	Construction Material	\$ 16,800.00	N/a*	\$ 16,800.00
29	Nananiu Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 1,871.25	N/a*	\$ 1,871.25
30	Nananiu Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 4,678.13	N/a*	\$ 4,678.13
31	CSI Company Lda.	International	Commercial	Compensation	Construction Material	\$ 2,509.50	N/a*	\$ 2,509.50
32	CSI Company Lda.	International	Commercial	Compensation	Construction Material	\$ 8,100.00	N/a*	\$ 8,100.00
33	Linatet Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 25,231.50	N/a*	\$ 25,231.50
34	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 4,785.60	N/a*	\$ 4,785.60
35	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 762.75	N/a*	\$ 762.75
36	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00	N/a*	\$ 200,000.00
37	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00	N/a*	\$ 200,000.00
38	Nobre Labadain Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 11,575.20	N/a*	\$ 11,575.20
				Total Revenue Receipts Deposited for The Year		\$ 1,013,068.90	\$ 21,500.00	\$ 1,034,568.90

Provided by ANPM

## D. 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

# D. 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

# D. 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

Provided by ANPM

# E. Mining: List of Licenses 2006 – 2018

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
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

## E. Mining: List of Licenses 2006 – 2018

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 Veadó 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
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



# E. Mining: List of Licenses 2006 – 2018

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
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

## E. Mining: List of Licenses 2006 – 2018

2015		
No.	Name of License	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

## E. Mining: List of Licenses 2006 – 2018

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 CONSTRUCTION CORPORATION (CICO)	No. 06/2016
4	CHONGQING INTERNATIONAL CONSTRUCTION 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

## E. Mining: List of Licenses 2006 – 2018

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

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

# F. Oil & Gas Production Sharing Contracts - JPDA

License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
03-12	ConocoPhillips as the contract operator drilled 3 infill wells to maintain the production and guarantee export gas to Darwin LNG Plant. In 2018, there was major capital for infill well was incurred the capital expend was related to the infill well drilling.	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Emet) Pty Ltd; Santos (JPDA91-12) Pty Ltd; ConocoPhillips (Timor Sea) Pty Ltd; Inpex Sahul Ltd	Oil and gas condensate	20-05-2002	06-02-2022
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	16-12-2021
03-19	Maritime Boundary Treaty, and while awaiting for its ratification, over the period of 2018, a joint team between Australia and Timor-Leste has been on an ongoing discussions to finalize the establishment of a transitional arrangement on the specific legal frameworks requirement for the Sunrise PSCs. Such discussions are expected to be concluded towards the end of 2019.	Woodside Petroleum (Timor Sea 19) Pty Ltd	OG ZOCA (95-19) Pty Ltd; ConocoPhillips (03-19) Pty Ltd; Shell Development (PSC 19) Pty Ltd	Gas & Gas condensate	20-05-2002	04-10-2026
03-20		Woodside Petroleum (Timor Sea 20) Pty Ltd	OG ZOCA (96-20) Pty Ltd; Shell Development (PSC 20) Pty Ltd; ConocoPhillips (03-20) Pty Ltd	Gas condensate	02-05-2002	13-11-2026
06-105	The operation of this PSC was suspended due to the impact of low oil price to the economics of the Kitan field and reserved for future development of the field.	Eni JPDA 06-105 Pty Ltd.	INPEX Timor Sea Ltd. ; Talisman Resources (JPDA 06-105) Pty. Ltd	Oil	22-09-2006	15-12-2019
11-106	This PSC has been extended until 2019, where Eni plans to drill its two wells commitment in first quarter of 2019.	Eni JPDA 11-106 B.V.	Inpex Offshore Timor-Leste Ltd; TIMOR GAP, E.P. PSC 11-106	Oil	23-10-2013	22-10-2020

# F. Oil & Gas Production Sharing Contracts - TLEA

License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-15-01	During the period of 2018 TIMOR GAP OFFSHORE BLOCK completed their seismic interpretation of broadband seismic 3D, and identified.	TIMOR GAP Offshore Unipessoal Limitada		Oil & gas	23-12-2015	23-12-2022
S-06-04-E	The ANPM granted its extension for another 27 months on 26th March 2018, the extension would enable Eni to finalise its G&G studies to firm up its exploration economics.	Eni Timor-Leste S.P.A	Galp Exploracao e Producao Petrolifera Lda; Korea Gas Corporation	N/A	03-11-2006	28-03-2018
TL-OT-17-08	Over the period of 2018, the operator and its Joint Venture conducted various field work and geological and geophysical studies. Over the period of 2019, various field geological studies were conducted over the Contract Area of the PSC TL-OT-17-09.	Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	07-04-2017	Expected to be at the end of 2024
TL-OT-17-09		Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	07-04-2017	Expected to be at the end of 2024

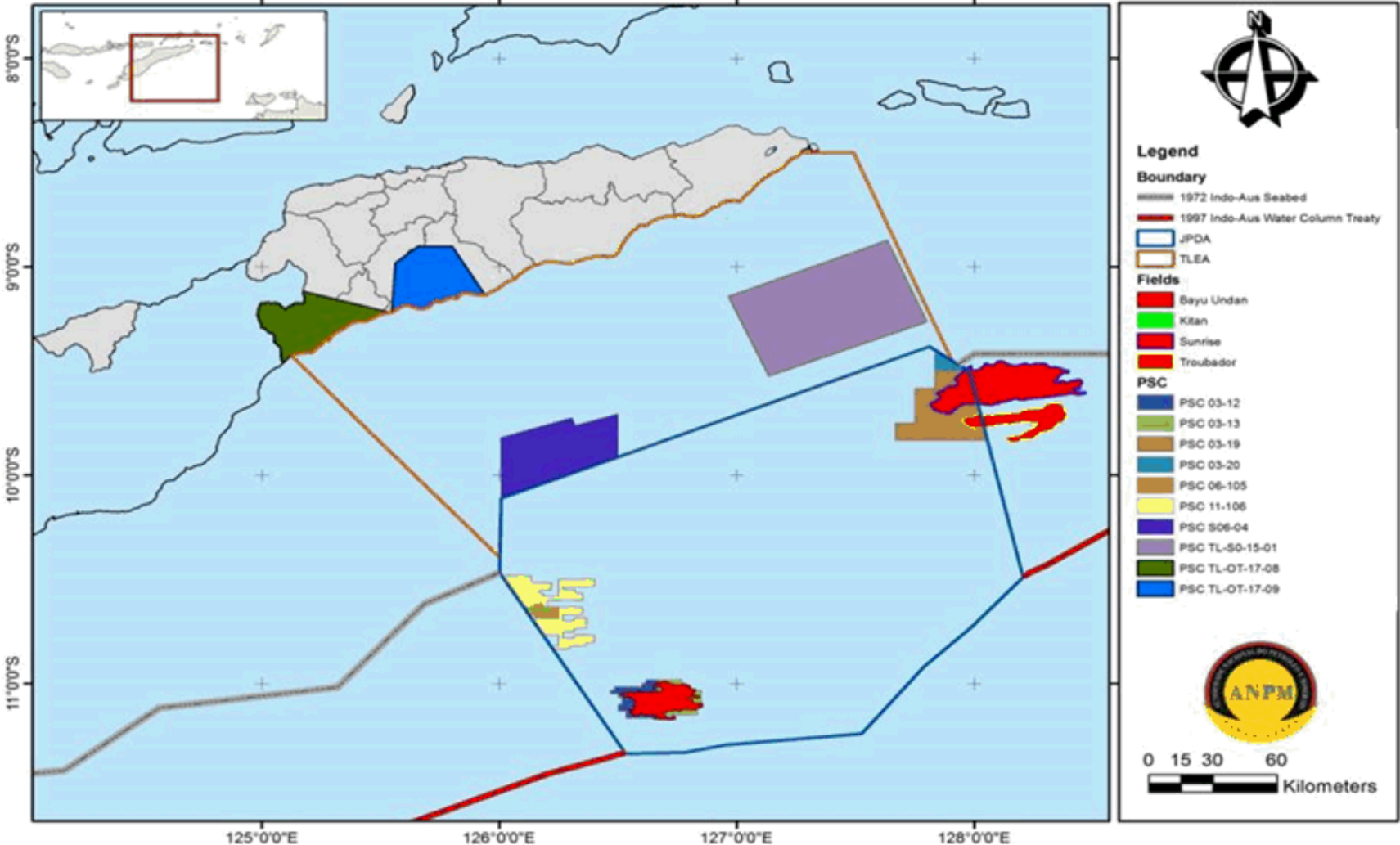
Source: ANPM Annual Report 2018

# G. Activities in the major fields

Field	Operator / Contract	Activity 2018
Kitan Field	Eni - JPDA PSC 06-105	<p>Kitan is an oil field located approximately 170 km from Timor-Leste South coast and over 500 km north-west of Darwin, Australia. The field is operated by Eni JPDA 06-105 Pty Ltd and produced from 3 production wells, hydrocarbon produced was processed and stored for offloading on FPSO facility.</p> <ul style="list-style-type: none"> <li>▶ No production for Kitan field as Kitan field was Shut-in on 16 December 2015. Risers were disconnected and completed topside process cleaning by flushing and purging of production plant. FPSO departed from Kitan field on 27 February 2016.</li> <li>▶ ANPM is in continuous discussion with Eni on the method and time for final abandonment.</li> </ul>
Bayu-Undan	ConocoPhillips - JPDA PSC 03-12 and 03-13	<p>BU is a gas condensate field located 250 km from Timor-Leste South coast and 480 km north-west of Darwin, Australia.</p> <p>The field is operated by ConocoPhillips PSC 03-12 and 03-13 Pty Ltd. 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.</p> <ul style="list-style-type: none"> <li>▶ In the year of 2018, Bayu Undan field produced from 11 producing wells of 2 R2P wells, 3 infill wells and 6 existing producing wells.</li> <li>▶ The average liquid production (Condensate, Natural Gas and LPG) in 2018, was 17 kbpd until November and then increased to 30kbpd. The exported gas to Darwin LNG remains steady at an average of 700 MMscf/day (510 MMscf/day in 2017).</li> <li>▶ In 2018, the decrease of Condensate and LPG is explained by the production interruptions which include a major shutdown of the Bayu Undan field in May and early June.</li> </ul>
Sunrise-Troubadour	Woodside Energy Limited - JPDA PSC 03-19 and 03-20	<p>Woodside Petroleum, an Australia oil company is the operator of the Sunrise PSC together with ConocoPhillips (03-19 &amp; 03-20) Pty Ltd.</p> <ul style="list-style-type: none"> <li>▶ Sunrise and Troubadour is a proven discovered gas field with associated condensate. The development of this project is very much subject to the on-going negotiation between the two countries. For permit maintenance, this PSC continued maintain its presence with annual minimum work programs and budget for its local office, permits and corporate initiative investments.</li> </ul>

Source: ANPM Annual Report 2018

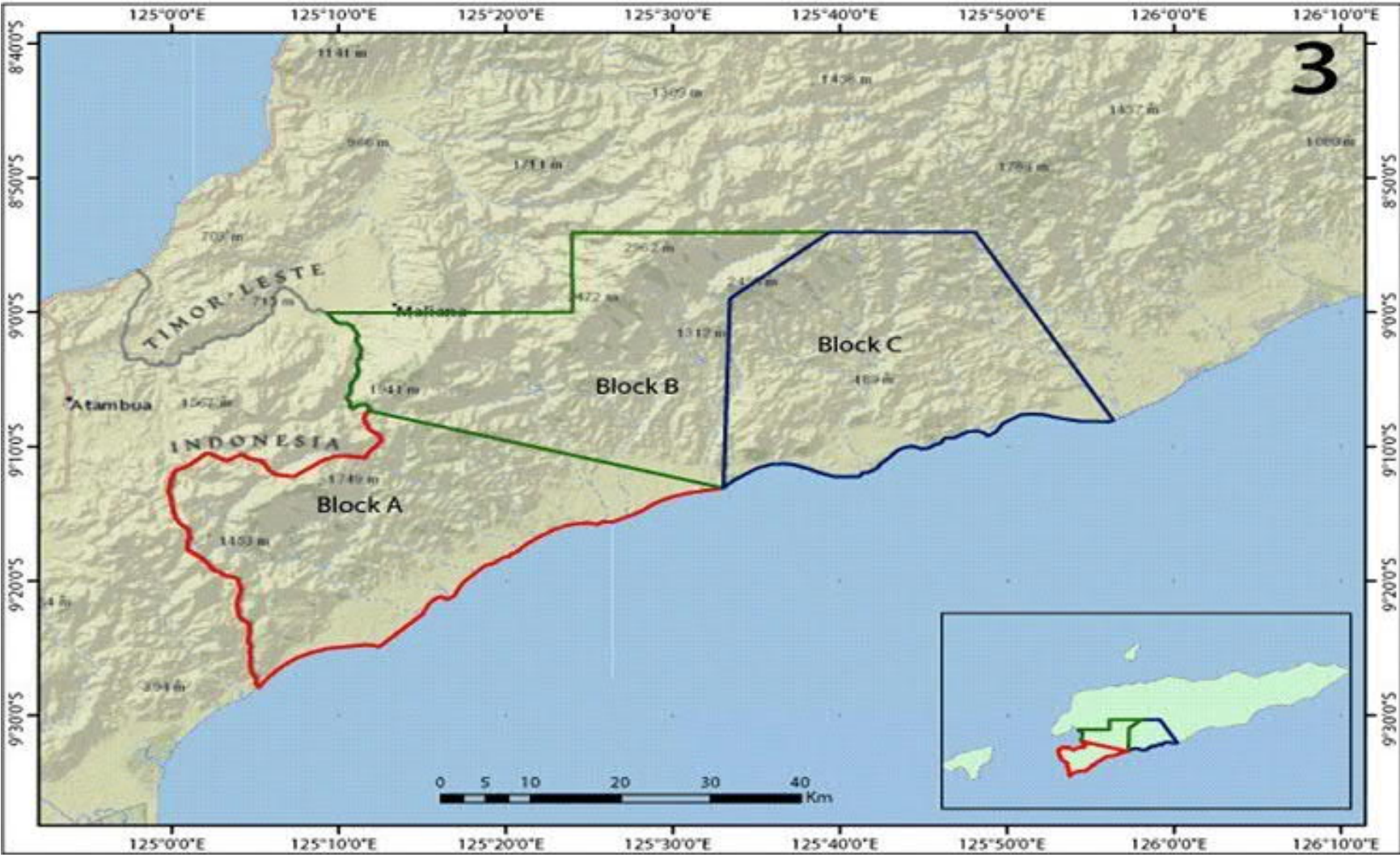
# H. Timor-Leste undersea oil and gas resources



Source: <http://web01.anpm.tl/webs/anptlweb.nsf/LafaekMap>

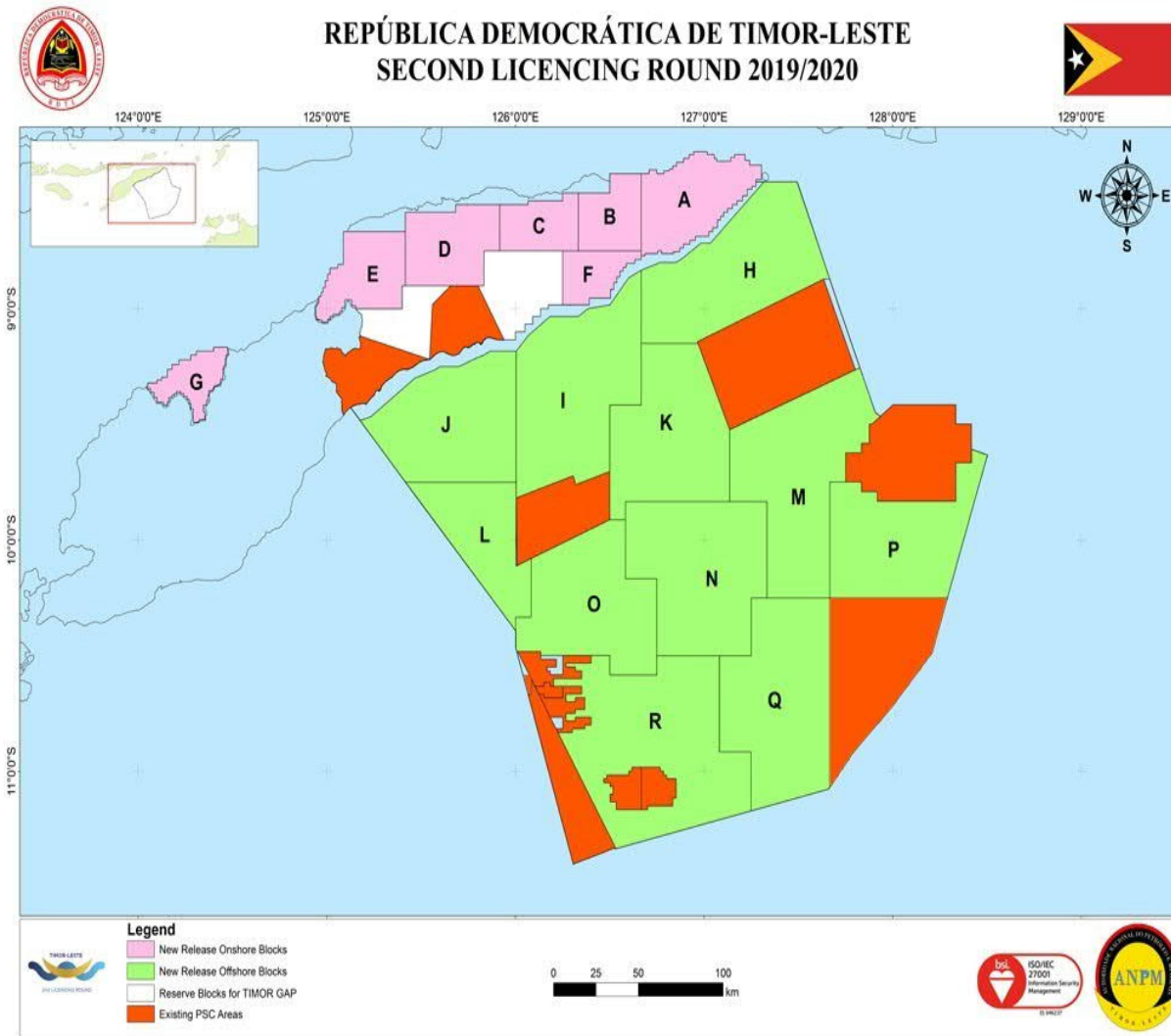


# I. Timor GAP Onshore Blocks



Source: Figure provided by Timor GAP

# J. New blocks after Decree Law 15/2019



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

## K. New Oil Compilation – Changes in Imports and Exports' Values

Exports		
	TL NA 2017*	TL NA 2018*
2000	119.50	39.00
2001	88.50	42.90
2002	83.00	36.70
2003	92.60	33.70
2004	720.60	33.00
2005	1,502.60	33.00
2006	2,733.30	41.90
2007	2,871.50	54.20
2008	4,323.50	60.60
2009	3,161.30	66.70
2010	4,008.00	75.50
2011	5,517.00	66.80
2012	6,520.00	82.60
2013	5,302.20	77.90
2014	3,893.00	66.20
2015	2,323.80	48.50
2016	1,450.40	51.80
2017	1,519.40	38.20

Imports		
	TL NA 2017*	TL NA 2018*
2000	613.40	605.70
2001	758.50	753.40
2002	815.40	810.30
2003	572.20	566.30
2004	490.30	440.10
2005	430.50	311.90
2006	894.30	406.30
2007	1,123.60	645.00
2008	1,336.50	817.00
2009	1,840.20	1,079.60
2010	2,026.70	1,110.20
2011	2,297.30	1,401.10
2012	2,395.20	1,408.70
2013	2,077.00	1,033.30
2014	2,406.00	1,131.40
2015	1,692.90	906.70
2016	1,522.90	937.60
2017	1,490.30	871.70

Sources: TL National Accounts 2017\* and TL National Accounts 2018\*

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