

Timor-Leste hands most new mining licences to Australian groups

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Australian explorers are being favoured over Chinese rivals to develop Timor-Leste's fledgling mining sector despite the impoverished nation's chequered history with Canberra over the region's natural resources.

The South-East Asian country has awarded most of its mining licences to Australian junior explorers, as part of efforts to diversify its economy away from a heavy reliance on its dwindling oil and gas revenues.

Timor-Leste is thought to hold deposits of copper, gold, zinc and manganese, as well as rare earths and other critical minerals, yet the country has a limited history of exploration and mining. The push to expand the nascent mining sector comes as its \$US18 billion (\$28 billion) sovereign wealth fund – built on gas royalties – is expected to run dry in the next decade.

People sit atop a vehicle travelling along a road near Viqueqe in the south-east. East Timor is opening up more of its land for mining and exploration, and has awarded most of the licences to Australian companies.

With the United States, Canada and some European Union nations all attempting to loosen China's stranglehold over critical minerals, the possibility of Beijing controlling Timor-Leste's mining sector sparked concerns among Western governments, including Canberra.

Dili's often strained relationship with Canberra has added an extra layer of complexity. Australia was caught bugging Timor-Leste's fledgling government in 2004, in a clandestine operation during talks over ownership of the lucrative Greater Sunrise gas fields. The diplomatic fallout soured relations and encouraged Timor-Leste to raise the possibility of turning to China to develop the country's gas and mining industry.

However, those fears have been allayed after Timor-Leste awarded a mining licence to an Australian explorer, Darwin-headquartered Tivan, a fluorite and vanadium play with operations in Western Australia and the Northern Territory.

Tivan's strategic exploration package comprises seven contiguous exploration and evaluation licences covering 344 square kilometres, targeting copper and gold.

Dili began awarding mining leases in 2023, with four of the five foreign explorers being Australian – Estrella Resources, Beacon Minerals, Tivan and the privately held Iron Fortune. Singapore's Nova Energy and Resources, a Chinese-backed group, also holds an exploration licence.

Timor-Leste has awarded 43 of 49 concession areas, with the remainder expected to be granted towards the end of the year.

“Tivan has secured a unique opportunity to advance responsible greenfield exploration in one of the most prospective regions in the world, with unbounded potential,” said Grant Wilson, Tivan’s chief executive.

“We strongly support the institutional framework that Timor-Leste has developed for its minerals sector. They could have taken a more expedient path, but they have learned from the environmental and social catastrophes at Ok Tedi and Bougainville,” he said, referring to controversial mines in neighbouring Papua New Guinea.

“They also understand that the [China’s] Belt and Road amounts to a pledge of sovereign collateral. Their path is principled and optimal in the long-run as well.”

Despite its gas wealth, Timor-Leste remains one of the world’s poorest countries, with annual gross domestic product per person of about \$US1500 – roughly half that of PNG. Revenues from oil and gas in the Timor Sea account for about 80 per cent of its GDP.

Rafael Danilson Magno de Araujo, president of Timor-Leste’s National Authority for Petroleum and Minerals, said that although Australian mining expertise was a bonus, the country was open to investment from all nations, including China. “The people of Timor-Leste hope for international development. Money from mining will contribute not only revenue for the state, but also create jobs. It will be good for the people,” he said.

“We are confident that minerals will play an important role, not only to help the global energy transition, but also to boost our local economy in general. It may be greenfield exploration, but there is big potential to find mineral resources.”

The Australian Trade and Investment Commission has encouraged companies to consider Timor-Leste as a place to do business, given how close the country is to Australia, and to regional centres such as Darwin.

Estrella is another Australian company awarded tenements in Timor-Leste.

“It’s early greenfield exploration, but we’ve made a number of high-grade manganese prospect discoveries sitting at surface,” said Estrella chief executive Chris Daws. “It’s something we think we can dig up, take a short distance to a port and ship it to market. It’s relatively low cost.”

Daws said Estrella would soon bring the first diamond drill to the country to develop its manganese find, and is targeting a maiden shipment of the metal by the end of the year. “I think Timor is open for business, whether it comes from the Chinese or whether it comes from the Australians. They genuinely want foreign investment,” he added.

Mark Wembridge covers resource companies for The Australian Financial Review, based in Perth. He formerly worked for the Financial Times in London and Hong Kong. *Connect with Mark on [Twitter](#). Email Mark at mark.wembridge@nine.com.au*