PUBLIC NOTICE – TIMOR SEA TREATY

Section 19 – Petroleum Mining Code - Summary Details of Production Sharing Contract for the Joint Petroleum Development Area

Parties

On 30 October 2006 Production Sharing Contract JPDA 06-102 ('PSC 06-102') was entered into between the Timor Sea Designated Authority ('TSDA') and PC. (Timor Sea 06-102) Ltd, KG (Timor Sea 06-102) Ltd, Samsung Oil & Gas (Timor Sea 06-102) Ltd, LG (Timor Sea 06-102) (collectively 'the Contractor').

Exploration Period

Exploration is broken up into three periods totalling seven years. The Contractor is required to relinquish 25 percent of the contract area at the end of the third year and the remainder of the contract area at the expiration of the seventh year other than those parts of the contract area that constitute development areas.

Minimum work obligations are provided in the contract for each exploration period. These are as follows:

Contract Years 1-3

The Contractor has undertaken to acquire seismic including shooting 3D full-fold high quality seismic and to drill three exploration wells.

Contract Years 4-5

The Contractor has undertaken to drill one exploration well and acquire more 3D seismic.

Contract Years 6-7

The Contractor has undertaken to drill one exploration well and acquire more 3D seismic.

Production Period

If a commercial discovery is made by the Contractor the TSDA is required to declare a development area over the relevant parts of the contract area. Within 12 months of the declaration of a development area, the Contractor is required to submit a development plan outlining its proposals for the development of the field. Relinquishment of a development area occurs after a period of 25 years from the approval of the development plan.

Cost Recovery and Production Sharing

The first 5 percent of production is taken by the TSDA. The Contractor will recover its exploration, development and operating expenditures, including uplift on such expenditures, and past costs, from the remaining 95 percent of production.

Any production remaining after cost recovery is shared on the basis that the Contractor receives 60 percent and the TSDA 40 percent of that remaining production.

The sales revenue derived from the share of production that the TSDA is entitled to, is shared, as between Timor-Leste and Australia, 90 percent and 10 percent respectively.

Timor Content

The Contractor will establish an operation office in Timor-Leste and employ six to eight Timor-Leste nationals in technical and non-technical roles during the three year initial exploration period. Employees will be provided training and development opportunities. During the active operations period, additional staff may be employed.

The Contractor will use a bidding process to source goods and services for technical and non-technical services from Timor-Leste. Goods and services are expected to meet the international standard requirements.

Local research centres or institutes may be sponsored to carry out studies relating to the oil and gas sector in Timor-Leste, or if research is undertaken by one of the Contractor's research centres, then Timor-Leste national staff may be seconded to the centre to participate in the study.

Dispute Resolution

In case of disputes between the parties to PSC 06-102, and in the event they cannot be settled amicably, arbitration will be conducted in accordance with the rules of the International Chamber of Commerce. The place of arbitration is Singapore and the applicable laws will be the laws of England.

Jose Lobato
Executive Director

Map of Contract Area – JPDA 06-102