

TimorGAP's Acquisition of Osaka Gas' 10% Interest in Greater Sunrise

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On 2 September 2026, TimorGAP, E.P. announced that it had reached a binding agreement with Osaka Gas Australia Pty Ltd to acquire their 10% participating interest in the Greater Sunrise project. The transaction covers Osaka Gas Australia's interests in Production Sharing Contracts PSC 03-19 and PSC 03-20, together with retention leases NT/RL2 and NT/RL4, pending the finalization of a new single Production Sharing Contract under the Maritime Boundary Treaty between Timor-Leste and Australia. If completed, TimorGAP's participating interest will increase from 56.56% to 66.56%, while Woodside will retain 33.44%. TimorGAP said that the acquisition will help accelerate outstanding work and facilitate the selection of a development concept for the Timor LNG option, but this remains unclear.

An increase in participating interest is an important development, but participation should not be confused with public benefit. A larger project interest may give Timor-Leste greater influence over joint venture decisions, development priorities and strategic negotiations. At the same time, however, a larger participating interest will increase the financial obligations associated with appraisal, development and infrastructure, as well as exposure to delays, cost escalation, financing costs and commercial uncertainty. The central public-interest question is therefore not simply how large Timor-Leste's participation is, but what that participation will cost and what net benefit it can realistically deliver to the people of Timor-Leste.

This question became more urgent on 24 September, when the Minister of Petroleum and Mineral Resources, Francisco da Costa Monteiro, said that the acquisition price could not yet be disclosed publicly. He also acknowledged that increasing TimorGAP's participation from 56.56% to 66.56% would increase the State's financing requirements. Without public disclosure of the transaction's value and financing structure, citizens and Parliament cannot independently determine the immediate financial cost of the acquisition or the scale of the additional obligations that may arise from it.

The Government and TimorGAP should therefore make clear how the acquisition will be financed, what commitments will follow from the additional participating interest, what guarantees or contingent liabilities may arise, and which public entity will ultimately bear those risks. These are not merely corporate questions. When a State-owned company participates in a major petroleum project using public capital and public institutional support, the financial consequences can ultimately affect the country's fiscal position and the wealth belonging to present and future generations.

Timor-Leste has already experienced the financial complexity of Greater Sunrise participation. In 2018, the Government agreed to acquire the interests of ConocoPhillips and Shell, giving TimorGAP a 56.56% interest in Greater Sunrise. The acquisition cost US\$650 million and was financed through a loan from the Petroleum Fund to TimorGAP and its subsidiaries. The loan carries a contracted interest rate of 4.5% compounded annually.

The subsequent financial history demonstrates why this exposure requires careful scrutiny. TimorGAP's Greater Sunrise investment was written down to zero in its 2020 financial statements, reflecting uncertainty surrounding the project. BCTL's subsequent reporting shows that the value of the Petroleum Fund's loan has also been affected by uncertainty surrounding the timing and scale of future cash flows from Greater Sunrise. At the end of 2025, the Petroleum Fund's loan was valued at US\$561 million on a fair-value basis, while TimorGAP's reported liability was US\$875 million.

The repayment schedule itself illustrates the problem. When the loan was made, repayments were expected to begin in 2028 and be completed by 2033. Recently, the Ministry of Finance suggested that they be delayed by five years, although no formal action has been taken.

This matters because Greater Sunrise is not yet producing revenue. Gas beneath the seabed becomes public revenue only through a chain of technical, commercial, legal and financial conditions: development approval, a viable project concept, infrastructure, financing, market access, commercial agreements, an agreed fiscal regime and the institutional capacity to manage a project of this scale. The IMF has described Greater Sunrise as a potential source of substantial future export receipts and public revenue, while also warning that the financing of Timor-Leste's large equity stake could create fiscal risks during the development phase.

The current timetable reinforces the need for caution. On 24 September 2026, the Petroleum Minister stated that three major documents relating to the development of Greater Sunrise—the Petroleum Mining Code, the Production Sharing Contract and the fiscal regime—had been finalized, but that they were still undergoing internal processes in Timor-Leste and Australia. He hoped that production would begin around 2034, later than the previously stated target of 2032.

Osaka Gas Australia's decision to divest its 10% participating interest also deserves careful examination, but it should not be used to support conclusions that are not established by evidence. Osaka Gas has publicly identified Sunrise as a pre-development asset within its portfolio. Its decision to sell the interest may reflect its own corporate portfolio strategy. It does not, by itself, demonstrate that Greater Sunrise is not commercially viable, although the lack of outside commercial investors raises doubts. At the same time, TimorGAP's acquisition should not be seen as proof that the project will generate substantial financial returns for Timor-Leste. Both propositions require evidence.

Opportunity cost is key. Public capital and attention devoted to one long-duration project is not available for other priorities. Timor-Leste continues to face major structural challenges in agriculture, food production, fisheries, local industry, renewable energy, infrastructure, education, health and employment. The IMF has repeatedly warned that capital-intensive projects with limited linkages to the broader economy can carry high opportunity costs and has called for stronger economic diversification and better project appraisal.

The question is therefore not whether Timor-Leste should use its non-renewable natural resources, nor whether petroleum development should be rejected in principle. The more fundamental question is whether each additional dollar of public exposure to an extractive project produces greater and more sustainable public value than alternative uses of that dollar.

TimorGAP's financial record makes this question particularly important. TimorGAP has depended almost entirely on public funding, with subsidies from the state budget totaling \$362 million since 2011. This raises doubts about the company's capacity to absorb additional financial responsibilities without transferring greater risk to the State and, ultimately, to the public.

There is also an important question about capital expenditure. La'o Hamutuk estimates upstream capital expenditure for Greater Sunrise to be approximately US\$13 billion, without the LNG plant or Tasi Mane Project. TimorGAP's increased participation will increase its share of this cost from \$7.4 to \$8.7 billion.

The State should publish the economic and financial analysis used to justify the acquisition. If the transaction is expected to increase Timor-Leste's public benefit, the Government should demonstrate that conclusion through evidence. If it increases financial exposure, the public should be able to understand the scale of that risk. Commercial confidentiality should not be used to justify withholding information about public financial commitments. Transparency is not merely an administrative requirement, it is an element of economic sovereignty and public accountability.

An extractive-development strategy also creates a broader intergenerational question. Greater Sunrise may eventually provide export earnings, government revenues and economic activity. However, non-renewable resources are finite. The strategic objective should therefore be to use resource wealth to build an economy that becomes progressively less dependent on extractive income, not more dependent on it. Petroleum revenues that are converted into productive agriculture, human capital, renewable energy, local enterprise, resilient infrastructure and diversified employment can contribute to a stronger economic foundation after petroleum production declines.

This is particularly important for Timor-Leste because the country's development challenge is not simply to extract more value from natural resources. It is to transform natural-resource wealth into durable economic capabilities. A State-owned petroleum company can contribute to that objective only if its investments are governed by rigorous appraisal, transparency, institutional discipline and a clear public-interest mandate.

The acquisition of Osaka Gas Australia's 10% participating interest should therefore be understood not simply as an increase from 56.56% to 66.56%, but as a potentially significant increase in Timor-Leste's financial and institutional exposure to Greater Sunrise. The additional participation may increase influence over the project, but influence has a cost. That cost needs to be disclosed, evaluated and publicly debated.

The fundamental question is not, **"How much participation does Timor-Leste have?"** It is: **"What will this participation cost, who will bear the risks, and what will the people receive in return?"**

Economic sovereignty is not simply becoming a larger participant in the oil and gas sector. It also requires the capacity to protect public wealth, manage risks prudently, test major investments against their opportunity costs, and ensure that finite natural-resource wealth is transformed into a more productive, diversified and sustainable economy.

La'o Hamutuk calls on the Government, TimorGAP and the National Parliament to ensure that no additional public financial exposure is accepted without transparent disclosure, rigorous independent assessment and meaningful public accountability. Parliament should exercise its oversight role; relevant institutions should publish the evidence underlying major financial decisions; and civil society, universities, journalists and affected communities should have adequate information to examine and question the assumptions on which those decisions are based.

Greater Sunrise may eventually become an important source of public revenue and economic activity for Timor-Leste. However, its potential value must be assessed against the financial commitments, risks and opportunity costs that arise before revenues can be realized.

Ultimately, the measure of Greater Sunrise should not be the size of Timor-Leste's participating interest, but whether that participation creates lasting public value. For a country seeking greater economic sovereignty, natural-resource wealth should serve as a means of building productive capacity, diversifying the economy and expanding opportunities for future generations, rather than becoming an end in itself.

La'o Hamutuk urges the Government, TimorGAP, Parliament and the wider public to insist on transparency, evidence and accountability before further public resources and obligations are committed to Greater Sunrise. This is not only about one petroleum project; it demonstrates how Timor-Leste will govern its nonrenewable resources, protect the public interest and choose its economic future.