

COMPREHENSIVE PACKAGE AGREEMENT

30 AUGUST 2017

Western Boundary:

- The western boundary (Segment A1) is a boundary for the continental shelf regime only.
- Segment A1 runs in a southerly direction from point A17 until it reaches the line of the 1997 Treaty between Australia and Indonesia at point TA-1.
- Segment A1 is a provisional boundary until Timor-Leste (a) concludes a seabed boundary with Indonesia and (b) the existing Coralina and Laminaria fields are decommissioned. Thereafter, the boundary will be adjusted to run as a geodetic line from point TA-1:
 - to any point between points A17 and A18 at which the continental shelf boundary between Timor-Leste and Indonesia meets the 1972 Treaty between Indonesia and Australia; or
 - to point A18, if the boundary between Timor-Leste and Indonesia meets the 1972 Treaty to the west of point A18.

Southern Boundary:

- Segment A2 of the southern boundary is a boundary for the continental shelf regime only.
- Segment A2 follows the line of the 1997 Treaty between Australia and Indonesia until point TA-2.
- Segments B and C of the southern boundary are a comprehensive maritime boundary for both the continental shelf and exclusive economic zone.
- Segment B runs as a geodetic line from point TA-2 until it reaches the median line at point TA-3.
- Segment C follows the median line from point TA-3 to point TA-4.

Eastern Boundary:

- The eastern boundary (Segments D and E) is a boundary for the continental shelf regime only.
- Boundary runs to the east of Greater Sunrise before turning to connect back to point A16:
 - Segment D runs as a geodetic line from point TA-4 to point TA-5.
 - Segment E runs as a geodetic line from point TA-5 to point A16 on the line of the 1972 Treaty between Australia and Indonesia.
- Segment E of the boundary crosses the Greater Sunrise field in a proportion that is roughly congruent with the division of revenue from the resource.
- To the north of point X, Segments D and E are a provisional boundary until (a) Timor-Leste concludes a seabed boundary with Indonesia and (b) the existing Sunrise and Troubador fields are decommissioned. Thereafter, the boundary will run as a geodetic line from point X to the point at which the continental shelf boundary between Timor-Leste and Indonesia meets the 1972 Treaty between Indonesia and Australia.

Special Regime Elements

- Special Regime area equals the Greater Sunrise unitisation area.
- The treaty would provide that:
 - “(a) Within the Special Regime area, Timor-Leste and Australia jointly exercise their rights as coastal States pursuant to Article 77 of the United Nations Convention on the Law of the Sea.
 - (b) Governance and the exercise of jurisdiction within the Special Regime area are as set out in Annex ## to this Treaty.”
- The Parties will agree to a revenue split. The revenue split will depend on the choice of development concept in order to reflect the impact of the downstream elements of the project and the broader economic benefits of the project.
 - Timor LNG: sharing of upstream revenue in the proportion of 70:30 in Timor-Leste’s favour, reflecting downstream operations and broader economic benefits.
 - Darwin LNG: sharing of upstream revenue in the proportion of 80:20 in Timor-Leste’s favour, reflecting downstream operations and broader economic benefits.
- Joint governance of Special Regime area (details to be elaborated and included in Annex ## to treaty).

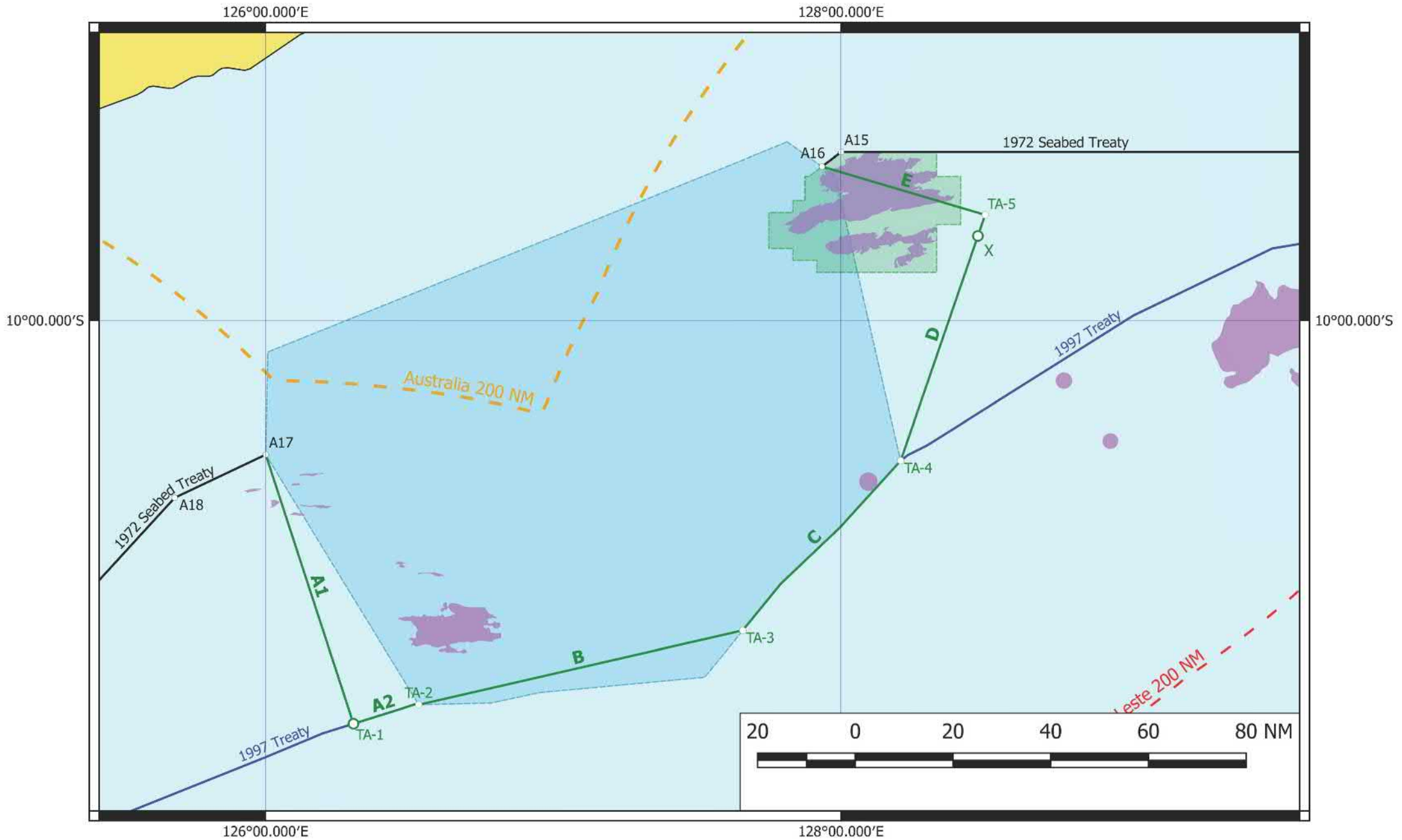
Mechanism for Development Concept

- Treaty to include a mechanism for engaging with the Sunrise Joint Venture and ensuring that a decision is taken with respect to the development concept.
- Details of mechanism are set out in Annex B to this document.

Other Resources

- Timor-Leste would obtain all future upstream revenue from Bayu-Undan, Buffalo, and Kitan fields.
- Governance and regulatory arrangements for currently operating Bayu-Undan and Kitan fields would be “grandfathered” (i.e. maintained as is).
- Transition of Buffalo field into Timor-Leste’s jurisdiction would be covered by transitional arrangements which guarantee equivalent terms and conditions.
- No compensation for past exploitation.

Annex A: Sketch Map



ANNEX B: APPROACH ON THE GREATER SUNRISE DEVELOPMENT CONCEPT

- Following agreement in principle on the elements of a boundary agreement and Greater Sunrise Special Regime (“GSSR”), Timor-Leste and Australia to begin joint engagement with Joint Venture, with a view to a timely and informed decision on the development concept for Greater Sunrise (the “Development Concept”) in accordance with the Criteria and Action Plan set forth below.
- The Development Concept will include:
 - Description of development strategy, consistent with good oilfield practice;
 - Commercial viability assessment;
 - Technical viability assessment;
 - Local content opportunities;
 - Timor-Leste development; and
 - Timor-Leste equity.
- The criteria for the assessment of proposals for the Development Concept (the “Criteria”) shall be:
 - the Development Concept is commercially viable, including best commercial advantage;
 - the Development Concept is technically feasible;
 - the Development Concept supports the development objectives and needs of each of Timor-Leste and Australia, while at the same time providing a fair return to the Joint Venture;
 - the Development Concept demonstrates a significant contribution to the sustainable economic development of Timor-Leste, including through clear and measurable local content commitments;
 - the Development Concept is consistent with good oilfield practice;
 - the Joint Venture has, or has access to, the financial and technical competence to carry out the development of the Greater Sunrise field; and
 - the Joint Venture could reasonably be expected to carry out the Development Concept during the specified period.
- The Parties agree to not unreasonably refuse the development plan for the agreed Development Concept.
- The Commission may intervene, at any stage of the Action Plan, to engage on behalf of the Parties with the Joint Venture, or at the request of either Party, to engage with the Parties.
- Following the entry into force of the boundary agreement and GSSR, governance of the GSSR shall transfer to the Designated Authority and Governance Board in accordance with the terms of the GSSR.
- The relationship between the GSSR agreement, the agreement on the Development Concept, and the trilateral agreement with the Joint Venture to be addressed by the Commission in due course.

ACTION PLAN

1. Parties engage with the Joint Venture

The following activities will be commenced immediately following the conclusion of the current meetings with the Commission:

- Parties provide all relevant information to the JV, and to each other, for further and more comprehensive analysis of the TLNG concept, in particular, any Timor-Leste financial contributions/subsidies towards the capital costs of TLNG
- Parties agree to timeline and procedures for delivery of such information and analysis from the JV. Timeline must ensure sufficient time for joint or separate analysis by the Parties
- Detailed request for further and more comprehensive information from the JV (via a letter from the Commission) including engaging in respect of:
 - South Coast development options
 - Local Content obligations
 - Equity participation for Timor-Leste
 - Fiscal arrangements/model for the project
- Regular engagement with the JV to ensure that at the completion of the process the Parties have access to all necessary information and analysis in order to reach an informed decision

2. Joint Venture Responds to the Parties

By 1 November 2017, the following tasks shall have been completed:

- Following JV response to Parties' requests for information and analysis, Parties to meet to consider information and analysis provided by the JV and determine whether any additional information or analysis remains outstanding for DLNG and/or TLNG
- Parties to review (including as necessary with their own independent experts) information and analysis provided by the JV for DLNG and/or TLNG
- Parties report back to the Commission at the October Commission meeting to provide an update on the process and identify any concerns regarding progress and/or information and analysis from the JV, with a view to Commission engagement if any blockage was identified

3. Parties Assess Options and Decide Development Concept

By 15 December 2017, the following tasks shall have been completed:

- Parties undertake assessment of Development Concept on the basis of the Criteria
- Parties agree to the Development Concept

4. Further Procedure

- Following agreement by the Parties on the Development Concept, Parties sign a trilateral agreement with the JV for the Development Concept including, among other things, terms on fiscal regime, the approval of operator, and the security of title
- If the Parties are unable to agree to the Development Concept in accordance with the Criteria ahead of 15 December 2017, the Commission shall engage with the Parties with a view to facilitating agreement on the Development Concept by no later than 1 February 2018