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Private Australian company signs world first PSC for oil on mainland Timor-Leste

Australia's Timor Resources Holdings has signed the world's first agreement for onshore oil and gas exploration and production on mainland Timor-Leste, in an official ceremony in Dili.

The Production Sharing Contract (PSC) was signed by Nepean Chairman David Fuller, the President of Timor-Leste's national petroleum authority Autoridade Nacional do Petróleo e Minerais (ANPM) Sr. Gualdino Da Silva and Director of TIMOR GAP Norberta da Costa in the presence of Prime Minister of Timor-Leste S.E. Dr. Rui Maria de Araújo and Australian Ambassador to Timor-Leste Peter Doyle.

Timor Resources, founded by Nepean Group director Suellen Osborne, has entered a landmark joint venture with TIMOR GAP, the national oil company of Timor to explore the most prospective areas, known as Block A and Block C in Timor-Leste. TIMOR GAP has conducted extensive geological and geophysical studies to support estimates of an extensive hydrocarbon resource, in excess of a half a billion barrels in the ground.

Timor Resources is expecting to invest over A\$150 million in exploration and development, in an effort to bring production online within four years.

Exploration General Manager Mike Bucknill said, "Onshore Timor offers very good potential, as it is largely unexplored, yet it has the elements of an effective hydrocarbon system. You just need to look to the region and the prospectivity of the offshore activity to see the potential. Oil has been recovered from seeps and pits all along this coast. Onshore exploration in the 1960s recovered oil from three wells in the permit area, one still being productive. We believe modern seismic and drilling techniques will unlock the full potential.

"We have already identified multiple targets and play types. Analysis of recovered oil confirms favorable characteristics of 25° to 35° API gravity and low Sulphur (0.08%).

"Exploration will start immediately. An extensive 900 line kms of 2D seismic is planned for early 2018."

In December 2015, the Ministry of Petroleum and Mineral Resources awarded TIMOR GAP an onshore PSC along the country's south coast. TIMOR GAP divided the acreage into three separate blocks and Timor Resources has acquired a 50% participating interest in two of these becoming the first independent party in over 40 years with rights to develop onshore oil and gas resources on the mainland.

Timor-Leste has been closed to international exploration since the fledgling third world country achieved independence in 2002, although commercial exploration of hydrocarbons dates back to the late 19th

Century. It has also been in a long-standing dispute with Australia over maritime boundaries and access to extensive offshore oil and gas reserves.

The region is one of the last frontiers for oil and gas exploration internationally and highly prospective for hydrocarbons. More than 60 oil seeps have been identified in the PSC area, and Blocks A and C encompass 2000 square kilometres.

TIMOR GAP has a government mandate to manage and implement the Tasi Mane project – a three-cluster industrial development to support onshore support hydrocarbon production, refinement and distribution. The State budget proposes spending \$2 billion by 2021 to establish a petroleum corridor comprising a supply base, refinery, petrochemical plant, LNG plant and a network of petrol stations along 155km of Timor-Leste's southern coast.

The country's rapid infrastructure development program also includes a new sea port at Tiban Bay.

"The Timorese Government recognises that this project has the potential to bring life-changing benefits to its people," Mr Bucknill said.

"The country is heavily dependent on the offshore oil and gas industry which fuels almost 80 per cent of the gross national income and around 95 per cent of total government revenue so the nation is eager to expand its successful offshore production activities to onshore.

"The Government doesn't have the resources to fund exploration and development of this size alone so they looked for a partner who is flexible enough to work closely with them and prepared to share both the risks and the rewards."

Timor Resources and the Nepean Group

Timor Resources is a wholly owned subsidiary of the Nepean Group - the largest privately owned engineering, mining services and manufacturing company in the southern hemisphere and one of Australia's largest privately owned businesses.

Founded by Chairman David Fuller, in 1974, Nepean has a turnover of \$400 million per annum and employs more than 1100 people in eight countries. The company operates four divisions – engineering and innovation, building and construction, manufacturing and transport and mining.

In 2016, the business won the Private Business Growth & Transformation (Over \$100m turnover) category in the prestigious Australian Financial Review & PwC Private Clients Aspire Awards.

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