PROJECT REPORT

EXECUTIVE SUMMARY
(pages 8-12 in original report)

For the Month of January 2011

Project: CONSTRUCTION SUPERVISION SERVICES OF THE NATIONWIDE ELECTRICAL POWER GRID and POWER PLANTS and Its FACILITIES

The first month of the second year of the activity in the project is not very impressive regarding the achievement of CNI22. The general expectation was to see the Contractor with its large deployment of Chinese Manpower to do a remarkable progress but it did not happen, even the Owner was disappointed during the visit made in Dili substation on January 20th to see the site in a state of neglect.

On the other front: submission of drawings for review/approval and procurement of material/equipment the situation is not better at all, all is proceeding too slowly, many important electrical drawings are not produced yet, material can be purchased only after the approval of these drawings, precise program of procurement and delivery of electrical equipments for the substations is not prepared by the Contractor, with the present trend we believe that the Contractor is not able to meet the completion dates given to H.E. the Prime Minister.

From Liquica substation up to Lospalos substation, activities are there spread along the transmission lines and substations, but no substantial progress is visible. The number of towers in this north part of the Power Grid is 554, at the end of January a total of 249 towers were erected, but many of them have missing pieces, are incomplete and require additional time to make an overhaul. Stringing of the conductors is done only in 27 towers from Dili substation to Hera, the conductors strung in the section of 10 towers in Hera-Manatuto has been heavily damaged and must be dismantled and done it again.

The total progress achieved at end of January 2011 in the Power Grid is 28.06% with a gap of 20% against the planned one. Hopefully some of the delay may be recovered when the Indonesian contractor TEHATE that has signed the agreement with CNI22 will start along the section Liquica – Maliana – Suai - Betano.

The only significant event of this month is the Coordination Meeting held with PuriAkraya and Wartsila on January 28, 2011 Wartsila officially announced that the first group of three Generator Sets are ready for the factory test in Trieste – Italy and in Helsinki in Finland mid of March and invited the Owner to prepare and send a delegation to witness the tests.

The progress of the works done during the month of January 2011 can be summarize as follow:

Dili Substation

- In the main control building the plastering of the internal walls is 30% completed in the ground floor, while in the first floor the walls are under construction and completed about 60%.
- In the guard house construction of the bricks wall is in progress.
- 20 KV Building – the floor concrete slab previously done has been demolished and preparation is under way to install reinforcing steel as requested.
- 150 KV Switch Yard – Erection of the steel columns has started, this work is done by a group of 15 Chinese workers. Material is being cleared from Dili port.

**Manatuto Substation**
- Permanent Fence remains done at 60% of the entire length.
- Main Control Building – Concrete structure above ground level is under preparation.
- 20 KV building – concrete structure above ground is under preparation. The works are proceeding very slowly, but the Contractor is stating that both buildings will be completed during the month of February.

**Viqueque Substation**
- Only the site leveling has been done by a local subcontractor which will start now the work of the fence wall.

**Liquica Substation**
- The installation of the temporary facilities have been completed and drilling of the deep water well is in progress.

**Baucau Substation**
- The site leveling is in progress done by a local contractor Lospalos Substation
- The site leveling is in progress done by a local contractor

**Maliana Substation**
- No activity is reported

**Suai Substation**
- No activity is reported

**Cassa Substation**
- The Contractor requested to shift the site of 20 meters to make easy the construction, but EDTL decided that the original position selected should remain unchanged, if the Contractor for its own convenience wants to shift the site, there is no objection, but he should arrange with the local community perhaps offering some favours in exchange.

**Hera Power Plant**
- The activity on the Oil Tanks construction is proceeding. The steel plate bases have been placed in all 8 tanks, the construction of roof dome is done on the 3 tanks of 5,000 M3 and on 1 tank of 1,000 M3.
- On the other side (area of generating Sets) PuriAkraya Engineering Limited with the subcontractor Wika is working in the installation of temporary facilities.

**Betano Power Plant**
- No activity, only site inspection

**Transmission Lines**
- **Hera — Dili:** Total number of Double Circuit Towers = 30 units (9.89 Km)
  - Total number of Tower Foundation Excavated = 30
  - Total number of Tower Foundations Concreted = 30
  - Total number of Tower Erected = 30
  - Total number of Tower — Stringing of Conductor = 27
- **Hera — Manatuto:** Total number of Double Circuit Towers = 92 units (41.5 Km)
  - Total number of Tower Foundation Excavated = 83
  - Total number of Tower Foundations Concreted = 81
  - Total number of Tower Erected = 67
  - Total number of Excavation in progress = 3
• **Manatuto — Baucau** Total number of Single Circuit Tower = **127 units** (60.0 Km)
  - Total number of Tower Foundation Excavated = 123
  - Total number of Tower Foundations Concreted = 117
  - Total number of Tower Erected = 109
  - Total number of excavation in progress = 3

• **Baucau — Lospalos : Total number of single circuit tower = 118 units** (53.280 Km)
  - Total number of Tower Foundation Excavated = 12
  - Total number of Tower Foundations Concreted = 8
  - Total number of Tower Erected = 0
  - Total number of excavation in progress = 9

• **Baucau — Viqueque : Total number of single circuit tower = 96 units** (64.00Km)
  - Total number of Tower Foundation Excavated = 6
  - Total number of Tower Foundations Concreted = 0
  - Total number of Tower Erected = 0
  - Total number of excavation in progress = 20

• **Dili — Liquica : Total number of single circuit tower = 87 units** (36.841 Km)
  - Total number of Tower Foundation Excavated = 72
  - Total number of excavation in progress = 2
  - Total number of Tower Foundations Concreted = 70
  - Total number of tower Erected = 44

• **Liquica — Maliana**
The Contractor stated that the Indonesian company THEATE has signed the contract with CNI22 and has already sent 11 people on site to make survey of foundations cross section.

• **Maliana — Suai**
  - No field survey activity done yet on the remaining 27 KM

• **Suai — Cassa**
  - Awaiting for the drawings to be submitted.

• **Cassa — Betano**
  - No field survey activity done yet on the remaining 25 KM.

• **Betano — Viqueque**
The survey for the foundations cross section is on progress as well as the soil investigation in each tower location. The Contractor stated that construction of this line will be done by Chinese subcontractor

• **Viqueque — Lospalos**
The survey for the foundations cross section is on progress, the construction of this section will be done by Chinese subcontractor.
Contract RDTL - 812931

Construction of nation-wide electrical power grid and power plants and its facilities project of the Democratic republic of Timor Leste

MINUTE of MEETING

Location : HERA – CNI22 Office
Date : January 17 , 2011

Participants :

EDTL
Mr. Roberto Manuel Marcal ( EDTL Project Manager ). Not attending
Mr. Frederico dos reis da Silva ( Power Plant Engineer ). Not attending
Mr. Francisco Soares Pica ( Substations Engineer ). –
Mr. Domingo dos Reis ( Substation Engineer). Not attending
Mr. Gilberto Sigiera ( Transmission lines Engineer). Not attending
Mr. Jaime Camacho ( Power Plant Engineer ). Not attending
Mr. Bento Xavier ( Power Plant Engineer ). Not attending
Mr. Alexander de Jesus (Substations Engineer).Not attending
Mr. Jose Antonio Bobo (Administration) ). Not attending
Mr. Ezequiel Pinto ( Transmission Line Engineer ). Not attending
Mr. Delfin Dos Santos ( Power Plant Engineer). Not attending
Mr. Julio Dos Santos (Substation Engineer). _

CONSULTANT
Mr. Felice Maffei (Project Manager)
Mr. Virgilio Rivera (Civil Engineer)
Mr. Joko Siswadi (Electrical Engineer for transmission line).
Mr. Zoltan Lukacsi (OA/QC Engineer).
Mr. Veton Shaipi (Electrical Engineer).
Mr. Napoleon Villanueva ( Civil Engineer for Substations).
Mr. Jaime Osvaldo Munoz (Electrical Engineer)
Mr. Francisco Pedigral (Safety Engineer )

CONTRACTOR CNI22
Mr. Li Tao (Project Manager) Not attending
Mr. Wu Yong Jun (Chief Engineer).
Mr. Hung Kaifu (chief engineer for Hera power plant ).
Mr. Zhang Ming Dun (Substation Manager). Not attending
Mr. Zhang Ming Ping (Transmission Line Manager). Not attending
Mr. Zou Xiaoming (Hera power plant Manager ).
Mr. Zhou Zhong Qi ( Dili Substation Engineer ) . Not attending
Mr. Peng Liwei (Interpreter). Not attending
Mr. Tang Zi Xian (Interpreter).Not attending
Mr. Liu Jie ( Electrical Engineer ).
Mr. Jiang Pei Yun (Transmission Lines Dep. Manager).
Mr. Xiao Yali (Transmission line Engineer) . Not attending
Mr. Peng Li Xian (Transmission Line Engineer).Not attending
Mr. Jiang Yan ( Transmission Line Engineer).
Mr. Li Dawei ( Transmission Line engineer).Not attending
Mr. Zhu Ling ( Designer). Not attending
Mr. Li Yui ( Designer ).Not attending
Mr. Cai Hui ( QHSE ).
Mrs. Dina (Interpreter).

Subject of the meeting : Coordination of the works

Agenda of the present meeting :
1) Comments on the last minute of meeting dated December 30, 2010.
2) Progress of works.
3) Delivery status of materials and equipment.
4) Drawings and technical specifications.
5) Insurance policy
6) Payment
7) Environment
8) Question

Before starting to discuss the various issues of the meeting, the Consultant introduced officially the two newly arrived persons: the electrical engineer Mr. Veton Shaipi from Macedonia and the safety engineer Mr. Francisco Pedrigh from Philippines and announced the arrival in Dili tomorrow of a new electrical engineer from Italy.

Two important very serious problems are brought to the attention of the Contractor:

a) The heavily deterioration of the quality of the workmanship in the transmission line, the tower erection and the stringing of the conductors are carried out in a manner which do not have a proper word to be described — ghastly — horrible, the photos produced as evidence of the quality of the work show that workers are not at all qualified rather they are common labourer. The Contractor is warned that all the towers with defects and conductors damaged will not be paid for till all adequate reparation is carried out. The Consultant had shown a lot of tolerance collaborating in order to have the work done fast, but there is a limit to be tolerant, what is shown in the pictures cannot be accepted by any means at all. The reparation of this ghastly workmanship shall be very costly to the Contractor. Those workers responsible of this situation are incompetent and should be sent back to China and replaced.

b) Pollution and environmental problem. Once more the Contractor is reprimanded for the fact that in the weekly report it is mentioned that is taking good care of the situation, but in the reality it is a mess in every working place. Yesterday the sea side and the beach in Dili were scattered with hundreds of pieces of red plastic sheets used to wrap up the steel structures bundles for protection during transportation, so it means that in Hera-Manatuto-Baucau all the waste are dumped in the sea and from there the current transported all these polluting waste up to Dili. Fisherman made a lot of complains for the fishing area polluted and all these plastic trapped in the fishing nets.

CNI122 does not make a good reputation of itself.

1) Comments on the last minute of meeting dated December 30, 2010

No comments from Contractor
No comments from EDTL.
No comments from those present.

Everybody present in the meeting are reminded that <the no comments it means full approval of the contents of the minute of the previous meeting.

2) Progress of the works

Transmission lines

The situation which seemed had improved as far as the quantity of the work is concerned had been badly darkened and affected by the quality of the workmanship. A lot of reparation works are required and therefore towers can not be considered completed.

From Liquica substation up to Lospalos substation including Baucau - Viqueque section there are 454 Towers (provisional number since field survey near substations has to be completed).
The overall situation is summarized in the following table:

<table>
<thead>
<tr>
<th>Section</th>
<th>excavation</th>
<th>concrete</th>
<th>Tower erection</th>
<th>Stringing conductors</th>
<th>Total number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hera-Dili</td>
<td>30</td>
<td>30</td>
<td>28</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Hera- Manat.</td>
<td>80</td>
<td>77</td>
<td>53</td>
<td>–</td>
<td>92</td>
</tr>
<tr>
<td>Manat.-Baucau</td>
<td>120</td>
<td>114</td>
<td>104</td>
<td>–</td>
<td>131</td>
</tr>
<tr>
<td>Dili-Liquica</td>
<td>70</td>
<td>67</td>
<td>38</td>
<td>–</td>
<td>87</td>
</tr>
<tr>
<td>Baucau-Lospa.</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>118</td>
</tr>
<tr>
<td>Baucau-Viqueque</td>
<td>3</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>310</td>
<td>288</td>
<td>223</td>
<td>27</td>
<td>554</td>
</tr>
<tr>
<td>THIS Period of 14 days</td>
<td>13</td>
<td>6</td>
<td>69</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From December 30, 2010 up to January 17, 2011 the Contractor is giving signals of slowing down the civil work: excavation and concreting of the foundations.

The Contractor stated that 7 teams are now deployed for tower erection, 4 teams on Manatuto-Bacau section, 2 teams on Hera – Manatuto section and 1 teams on Dili-Liquica section.

The Contractor is invited once again to take action on the issue of the Timorese workers to be trained as tower erectors.

HERA – DILI (9.890 KM - No. 30 towers)
Tower foundations N1 has been concreted.
Tower N30 is ready to be erected, some obstacles arose again with the land owner and it will be necessary to ask the intervention of the police.
Stringing of the conductors is completely done from tower 3 to tower 28.
The Consultant remarked that the quality of this work must be professionally improved.

DILI – LIQUICA (36.80 KM – 87 towers)
The excavation work is completed in 70 towers foundations (about 80% of the total) and is in progress in 7 foundations.
The concrete has been done in 67 towers foundations (about 87% of the total) Tower erected 38 (about 43% of the total).
The Contractor stated that problems with land owners have not been solved on the foundations 1-2-3-4-5 and 28 EDTL is organizing the intervention of the police while the works shall be carried out, everybody should be aware that, by instruction of the Prime Minister, no compensation should be paid for the land.

HERA – MANATUTO (41.500 KM – No. 92 towers)
The excavation work is completed in 80 tower foundations (about 86% of the total) and is in progress in 6 foundations.
The concrete has been done in 77 tower foundations (about 83% of the total) Towers erected are 53 (about 57% of the total)
The towers foundation relocated near the National Memorial Monument are not done yet.

MANATUTO – BAUCAU (50.065 Km -131 towers)
The excavation work is completed in 120 tower foundations (about 91% of the total) and is in progress in 4.
The concrete has been done in 114 tower foundations (about 87% of the total). Towers erected are 104 (79% of the total).
The position of the terminal towers near the substations are yet to be defined.

**BAUCAU – LOS PALOS (53.280 KM – 118 towers)**
The excavation work is completed in 6 tower foundations and is in progress in 9. Contractor stated that 3 teams are presently working.

**BAUCAU – VIQUEQUE (64 KM – 96 towers)**
The Contractor stated that excavation works is done in 8 tower foundations and progressing on 10 foundations.

**LIQUICA – MALIANA (63 KM – 112 towers)**
No activity is reported. The Contractor stated that the Indonesian Company DCP from Surabaya will not be accepted as subcontractor and preference is given to another Indonesian company THEATE from Jakarta which is going to sign the agreement in China on January 24 and soon after will start mobilization. This company will take charge of the entirely sections Liquica – Maliana – Suai – Cassa – Betano.
The Consultant remarked that:
   a) there is a delay already of two months in the time schedule submitted to the Prime Minister.
   b) The DCP company has never been notified of the CNI22 decision of not giving the contract and in this regards almost every day this company is calling the attention of the Consultant to know the situation.

The Contractor is strongly requested to be honest and communicate with this company giving the reason of rejection.

**MALIANA – SUAI**
No activity on site is reported

**SUAI – CASSA**
No activity on site is reported.

**CASSA – BETANO**
No activity on site is reported.

**BETANO – VIQUEQUE**
The Contractor stated that survey of the cross section in each tower location is in progress. This section of line will be constructed by Chinese sub-contractor.

**VIQUEQUE – LOSPALOS**
Survey of the cross section in each tower location is in progress.
The Contractor stated that works on this section will start at end of January 2011 with a new Chinese sub-contractor.

**Substations**

**DILI SUBSTATION**
A general remark made by the Consultant is on the finishing works which are of a very low quality.

- In the main control building the internal brick walls are under construction. The cable trench for the indoor equipment is done, installation of conduits is done without drawing and also finishing works of the concrete structure surface is not done correctly.
- Brick walls of the pump house are completed.
- In the Guard house the foundations are completed.
- In the pump house the brick walls are done.

The concrete work is proceeding in the various branches of cable trench, but the quality of the work is not up to the standard.

The Contractor stated that the erection of the steel structures will start as soon as materials which arrived in Dili port 10 days ago are cleared.

According to the Contractor the material is not released by the port authority because EDTL is not paying the relevant taxes. According to the Consultant this statement is totally groundless, the problem of this delay is due mainly and only by the clearing and forwarding agent. Payment of tax eventually is an internal issue of Timorese Government, EDTL has nothing to do. The Contractor is invited to clear the problem with the agent that is doing all the port formalities.

MANATUTO SUBSTATION
The small supporting foundations on the 150KV area 60 out of 110 are completed.

In the main control building the foundations are done In the 20 Kv Building the foundations are in process.

In the he Guard House the plastering of the brick walls is completed

The oil pit in the transformer foundations is done.

The Consultant makes the remark that the progress of the civil works in this substation is seriously behind schedule.

BAUCAU SUBSTATION
The Contractor stated that an agreement has been signed to-day with a local company to do the site levelling and the embankment, this local company will mobilize starting from tomorrow. The civil work shall be done directly by CNI22

LOS PALOS SUBSTATION
The agreement with a local subcontractor will be signed on January 20, 2011, mobilization will be done on 22 January, this subcontractor will do only site levelling, embankment and the fence.

LIQUICA SUBSTATION
The site levelling has been completed by the local subcontractor, now CNI22 begun the installation of the temporary facilities, Civil works will be entirely done with Chinese workers. The Contractor stated that this substation will be completed in 7 months including all the mechanical and electrical installation.

MALIANA SUBSTATION
Negotiations with local contractor only for the site levelling for the time being has been done, in February the work will start. Drawings for the civil works are not submitted yet.

SUAI SUBSTATION
Soil investigation has been done, but no other works can be done unless the land owners are compensated for the trees to be cut.

According to EDTL around end of February 2011 it may be possible to start site levelling.

CASSA SUBSTATION
The Contractor stated that levelling the site in the present position require the hill to be cut with an escarpment of 18 m high, so is requesting to shift the site of 10-20 meters. A Jointly site visit will be done next Wednesday 19 January to study the actual condition.

VIQUEQUE SUBSTATION
Due to the presence of solid rock in one corner, the site has been shifted 20 meters without any problem from the local community, and the local contractor is proceeding to make site levelling and embankment.

**Hera Power Plant**
The activity of the Oil Tanks construction has started in the 5000 m³ tanks No. 1 and No. 2. The steel plate of the base have been placed and the respective domes (roof) are in progress of assembling.

**Betano Power Plant**
No activity

3) **Delivery of Material and Equipment**

Materials for transmission lines are arriving on regular bases in Dili port and transported directly to the storage areas along the various sections. The Contractor is requested to list down at the places selected as storage yards, so the Consultant can proceed with the inspection.

As far as the materials and equipments for the substations is concerned the Contractor stated that there are a large quantity that cannot be purchased because the Consultant has not approved the relevant drawings.

This statement is totally *groundless*: first of all the non approval of the drawings of some substations is mainly due to the presentation, to the English language and to the format, the materials and equipment itself is considered approved.

Secondly, The Contractor is reminded that material and equipment must be standardized as much as possible for all Substations, therefore if materials is already accepted and purchased for (for example) Dili and Manatuto Substations, similar material and equipment can be purchased, without delay, for the others Substations regardless of the corresponding drawings approved or not approved.

The Contractor is not attentive on this issue.

4) **Drawings and technical specifications**

The Contractor submitted drawings of the civil works of Liquica Substation basic electrical drawings of Maliana, Suai substations and lay-out of Cassa Substation.

5) **Insurance**

Situation is unchanged

6) **Payments**

All the payments have been made by the Owner, the last one is the interim payment certificates No.9 for the month of December 2010 which are in process, most probably disbursement will be done by the Owner after the approval of the new budget for 2011.

7) **Environment**

The Contractor in the weekly reports always states that is taking good care of the situation keeping all the places clean and under control, but in the reality it is not like that, nothing or very little is being done concerning the protection of the environment.

8) **Question**

Consultant's electrical engineer Mr. Veton Shaipi said that for Dili substation there are nine (9) sets of drawing which have never been submitted. Drawings concerning cable laying and cable connection to the electrical equipment are urgently needed.

Another important documentation needed from the Contractor is the Commissioning Manuals and Instructions Books which are voluminous and require long time to be analyzed and commented.
Consultant's safety engineer Mr. Francisco Pedrigal requested the Contractor to provide with all the safety procedures adopted, safety instructions disclosed to the workers and safety documentation of the equipments in order to analyze all and to organize the first <safety seminar 2011> which must be attended by all teams leaders.

One remark made by the safety engineer is related to the quality of the pesticide used is spraying the living quarter every week.

Pesticide could be harmful to people and therefore the characteristics must be submitted for verification.

The present meeting started at 15:15 and ended at 18:30.

Next meeting is scheduled for Monday 31 January, 2011 at 14:30 in Hera.
**Contract RDTL - 812931**

**Construction of nation-wide electrical power grid and power plants and its facilities project of the Democratic republic of Timor Leste**

**MINUTE of MEETING**

Location : HERA – CNI22 Office  
Date : January 31, 2011  
Participants : 

**EDTL**  
Mr. Segismundo Liberate (EDTL Project Manager)  
Mr. Roberto Manuel Marcel (EDTL Project Manager). Not attending  
Mr. Frederico dos Reis da Silva (Power Plant Engineer). Not attending  
Mr. Francisco Soares Pica (Substations Engineer). Not attending  
Mr. Domingo dos Reis (Substation Engineer). Not attending  
Mr. Gilberto Siguera (Transmission lines Engineer). Not attending  
Mr. Jaime Camacho (Power Plant Engineer). Not attending  
Mr. Bento Xavier (Power Plant Engineer). Not attending  
Mr. Alexander de Jesus (Substations Engineer). Not attending  
Mr. Ezequiel Pinto (Transmission Line Engineer). Not attending  
Mr. Delfin Dos Santos (Power Plant Engineer). Not attending  
Mr. Julio Dos Santos (Substation Engineer). Not attending

**CONSULTANT**  
Mr. Felice Maffei (Project Manager)  
Mr. Virgilio Rivera (Civil Engineer) .  
Mr. Joko Siswadi (Electrical Engineer for transmission line).  
Mr. Zoltan Lukacsi (QA/QC Engineer).  
Mr. Veton Shaipi (Electrical Engineer).  
Mr. Napoleon Villanueva (Civil Engineer for Substations).  
Mr. Jaime Osvaldo Munoz (Electrical Engineer)  
Mr. Francisco Pedigral (Safety Engineer)  
Mr. Giampaolo Pita (Electrical Engineer) 

**CONTRACTOR CNI22**  
Mr. Li Tao (Project Manager) .  
Mr. Wu Yong Jun (Chief Engineer).  
Mr. Hung Kalfu (chief engineer for Hera power plant)  
Mr. Zhang Ming Cun (Substation Manager).  
Mr. Zhang Ming Ping (Transmission Line Manager). Not attending  
Mr. Zou Xiaoming (Hera power plant Manager). Not attending  
Mr. Zhou Zhong Qi (Dili Substation Engineer). Not attending  
Mr. Peng Liwei (Interpreter). Not attending  
Mr. Liu Jie (Electrical Engineer). Not attending  
Mr. Jiang Pei Yun (Transmission Lines Dep. Manager).Not attending  
Mr. Xiao Yali (Transmission line Engineer). Not attending  
Mr. Peng Li Xian (Transmission Line Engineer). Not attending  
Mr. Jiang Yan (Transmission Line Engineer).  
Mr. Li Dawei (Transmission Line engineer).  
Mr. Zhu Ling (Designer). Not attending  
Mr. Li Yui (Designer). Not attending  
Mr. Cai Hui (QHSE). Not attending  
Mrs. Dina (Interpreter).

**Subject of the meeting :** Coordination of the works

**Agenda of the present meeting :**

1) Comments on the last minute of meeting dated January 17, 2011.
Before starting to discuss the various issues of the meeting, the Consultant introduced two new persons: the electrical engineer Mr. Giampaolo Pilia from Italy and Mr. Segismundo Liberato the EDTL Project Manager temporarily back in Dili from abroad where he is pursuing management study.

Attending this meeting are also the Leaders of all the Tower Erectors Teams (previously requested by the Consultant) to give them a strong warning that if they continue to produce such disgusting quality of the works all of them will be dismissed and sent back to China. The photos produced as evidence left them astonished.

We hope that the lesson taught them something. The Contractor is warned for the last time that drastic measures will be adopted.

1) Comments on the last minute of meeting dated January 17, 2011

The Contractor requested to have the minute of the meeting few days ahead of the scheduled (next) meeting in order to have enough time for the translation in Chinese language and for reading the contents.

The Consultant will do that.

Another remark done by the Contractor is concerning the pollution caused by <hundreds of pieces> of red plastic sheets along the beach in Dili.

The Contractor considers the statement made by the Consultant exaggerated, but it is not because photos are there as evidence and fishermen can be questioned all the time.

No comments from EDTL.

No comments from those present.

Everybody present in the meeting are reminded that <the no comments> it means full approval of the contents of the minute of the previous meeting.

2) Progress of the works

Transmission lines

The overall situation in these two weeks is slowing down considerably, the daily production has had a set back quite remarkable.

From Liquica substation up to Lospalos substation including Baucau - Viqueque section there are 454 Towers (provisional number since field survey near substations has to be completed).

The overall situation is summarized in the following table:
January 2011 report from Electroconsult/Bonifica about the power plants and national electricity grid.
Scanned and excerpted from photocopied document by La’o Hamutuk.

<table>
<thead>
<tr>
<th>Section</th>
<th>excavation</th>
<th>concrete</th>
<th>Tower erection</th>
<th>Stringing conductors</th>
<th>Total number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hera-Dili</td>
<td>30</td>
<td>30</td>
<td>29</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Hera-Manat.</td>
<td>82</td>
<td>81</td>
<td>67</td>
<td>–</td>
<td>92</td>
</tr>
<tr>
<td>Manatuto-Baucau</td>
<td>123</td>
<td>117</td>
<td>109</td>
<td>–</td>
<td>131</td>
</tr>
<tr>
<td>Dili-Liquica</td>
<td>720</td>
<td>70</td>
<td>44</td>
<td>–</td>
<td>87</td>
</tr>
<tr>
<td>Baucau-Lospalos</td>
<td>11</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>118</td>
</tr>
<tr>
<td>Baucau-Viqueque</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>324</td>
<td>298</td>
<td>249</td>
<td>27</td>
<td>554</td>
</tr>
<tr>
<td><strong>THIS Period of 14 days</strong></td>
<td><strong>14</strong></td>
<td><strong>10</strong></td>
<td><strong>26</strong></td>
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</table>

From January 17, 2011 up to January 31, 2011 (14 days): 1 excavation per day, 0,7 concrete foundation per day, 1.8 tower erected per day with a number of seven (7) teams.

HERA – DILI (9.890 KM - No. 30 towers)

Erection of tower N1 is in progress.

Tower N30 has been erected amid some obstacles created by the land owner who retained some of the equipment used.

Stringing of the conductors is completed done from tower 3 to tower 29 with the exception of the jumpers in the anchor towers.

DILI – LIQUICA (36.80 KM – 87 towers)

The excavation work is completed in 72 towers foundations about 82% of the total) and is in progress in 7 foundations.

The concrete has been done in 70 towers foundations (about 81% of the total) Tower erected 44 (about 50% of the total).

The Contractor stated that problems with land owners have not been solved on the foundations 1-2-3 while for the foundation 4-5 the land owner had a meeting with the Secretary of State and accepted to let the Contractor working without obstacle.

HERA – MANATUTO (41.500 KM – No. 92 towers)

The excavation work is completed in 82 tower foundations (about 89% of the total) and is in progress in 4 foundations.

The concrete has been done in 81 tower foundations (about 88% of the total) Towers erected are 67 (about 72% of the total)

The stringing of the conductors between tower N8 and N18 is rejected for the many damages caused to the conductors and therefore must be dismantled and done again with new conductors.

MANATUTO – BAUCAU (50.065 Km -131 towers)

The excavation work is completed in 123 tower foundations (about 93% of the total) and is in progress in 4. The Contractor stated that the low production is due to the swampy soil (towers 45,46,47,48)

The concrete has been done in 117 tower foundations (about 89% of the total). Towers erected are 109 (about 83% of the total).

The position of the terminal towers near the substations are yet to be defined.

BAUCAU – LOS PALOS (53.280 KM – 118 towers)
The excavation work is completed in 11 tower foundations (about 0.9% of the total) and is in progress in 9. Contractor stated that 3 teams are presently working and 4 excavators are doing access roads, concreting of the foundations will start on February 10.

**BAUCAU – VIQUEQUE (64 KM – 96 towers)**
The excavation works is done in 6 tower foundations (about 0.6% of the total) and is progressing on 10 foundations. The Contractor stated that 4 excavators are doing access roads and that concreting of the foundations will start on February 10.

**LIQUICA – MALIANA (63 KM – 112 towers)**
The Contractor stated that the Indonesian Company THEATE has signed the contract and has already sent 11 people on site to do cross section of the foundations. Mid of February the full equipment will be mobilised.

**MALIANA – SUAI**
The Contractor stated that the remaining field survey work of about 27 Km, which was not be done due to the heavy rain will be now completed during the month of February.

**SUAI – CASSA**
The field survey was completed in December 2010 and plans and longitudinal profiles are under preparations.

**CASSA – BETANO**
Field survey of 25 Km remains to be done and during the month of February will be completed.

**BETANO – VIQUEQUE**
The Contractor stated that survey of the cross section in each tower location is in progress. Soil investigation is on going by Geotecnic Company. This section of line will be constructed by Chinese sub-contractor and mobilization will start during the month of February.

**VIQUEQUE – LOSPALOS**
Survey of the cross section in each tower location is in progress.
The Contractor stated that works on this section will start in March 2011 (previously scheduled at end of January 2011) with two groups of a new Chinese sub-contractor.

**Substations**

**DILI SUBSTATION**
The Consultant reminded once more that the quality of finishing works must be improved.
- In the main control building the plastering of internal brick walls is 30% completed in the ground floor while in the first floor the brick walls are under construction and about 60% is completed.
- In the Guard house the brick wall construction is in progress
- Secondary cable trench are completed.
- In the 20Kv building the concrete floor done is not in accordance to the drawing and must be demolished and removed.
- In the 150KV area the erection of the steel columns has started, this work is done by a team of 15 Chinese workers. Materials is being cleared from the port.

**MANATUTO SUBSTATION**
In the main control building and in the 20KV building the work is proceeding to slowly, the concrete structures are still at ground level. The Contractor stated that the two building will be totally completed during the month of February.

The supporting small foundations in the 150KV area are 90% completed

BAUCAU SUBSTATION
The site levelling and embankment is in progress and is done by a local contractor.

LOS PALOS SUBSTATION
The site levelling and embankment is in progress and is done by a local contractor.

LIQUICA SUBSTATION
The installation of temporary facilities has been completed. The foundations work will start in mid February.

MALIANA SUBSTATION
Site levelling and embankment will be done in the month of February by a local contractor.

SUAI SUBSTATION
Compensation to the land owners is in process and soon after site levelling work will start.

CASSA SUBSTATION
After the site visit done EDTL decided that the original position selected for the site remains unchanged. If the Contractor for its own convenience want to shift the site of 20 meters, there is no objection, but he should arrange with the local community perhaps offering some favours in exchange.

VIQUEQUE SUBSTATION
The site levelling and embankment has been completed by a local contractor that will do also the fencing wall.
Civil work will be done by CNI22 and will start in March.

Hera Power Plant
The activity of the Oil Tanks construction is proceeding.
The steel plate of the bases have been placed and completed in all 8 tanks.
The construction of the domes (roof) is done in the 3 tanks of 5000 M3 and in 1 tank of 1000 M3.

Betano Power Plant
No activity

3) Delivery of Material and Equipment
Among the materials delivered during this period is the 150KV galvanized steel structures for Dili substation

4) Drawings and technical specifications
Submission of drawings from Contractor and revision/approval for construction/approval with comments by the Consultant is done regularly.

5) Insurance
Situation is unchanged

6) Payments
The only payment pending is the one related to the interim payment certificates No.9 for the month of December 2010 which is in process, most probably disbursement will be done by the Owner after the new budget for 2011 will become operative.

7) Environment
Situation unchanged, similar as previously described in the previously minutes of meetings

8) Question
No major question raised.
Mr. Segismundo Liberato said that the Parliament with the approval of the National Budget for the year 2011 announced officially that the project will be completed within the year 2011, is CNI22 in the position to guarantee this time schedule?

The present meeting started at 15:15 and ended at 18:30.
Next meeting is scheduled for Thursday 17 February, 2011 at 14:30 in Hera
January 2011 report from Electroconsult/Bonifica about the power plants and national electricity grid.
Scanned and excerpted from photocopied document by La'o Hamutuk.
The following safety procedure at site will be introduced:
- Safety gear for all site workers
- Designated smoking area
- Safety briefing - Safety inspection
- Safety penalty - Accident report
- Safety Aid
- Assembly point

5. PREVIOUS PROGRESS AND UPDATE

The meeting was updated with the progress until 31.1.2011;

➢ Basic design
  - Soil investigation have been completed
  - Civil, mechanical and electrical basic design submitted via web site base to be downloaded. The hard copy will be submitted as agreed per the kick-off meeting.
  - Bonifica suggested to download on a disk for submission before receiving the hard copy, Wartsila will download the design file on a thumb drive for submission.

➢ Engine Factory Acceptance Test (FAT)

The meeting was informed that the engine number 1, 2 and 3 are schedule to be tested between 14th – 18th March 2011.

Wartsila request the list of participant attending the FAT and required copy of the passport in order to issue the invitation letter for visa application. The visa application required 3 working weeks. Possibility of applying SANGEN visa from Portugal Embassy in Dili otherwise it should be apply at Finnish Embassy in Jakarta, Indonesia. Wartsila will confirm the procedure.

EDTL and Bonifica requested the FAT procedure to be submitted for their information.

➢ Shipping and Custom Clearance Procedure:

Bonifica and EDTL requested PAE to submit the shipping document as early as possible that will enable them to assist with custom clearance documentation before the arrival of the shipment so to avoid delays.

Bonifica and EDTL requested the inland transportation procedure to be submitted as early as possible.

Since the project is taxable, PAE was advised to arrange meeting with the custom and tax department in order to obtain the tax and custom clearance procedures

➢ Outgoing Switch Yard

Bonifica request PAE the status of the switch yard progress. Basically PAE informed that the final offer and specification shall be submitted as soon as they are ready.

Bonifica indicate that the system should be able to communicate with Betano switch yard system including with the main despatch centre located in Dili.

➢ Fuel Storage Tank

Bonifica hand over the 3rd party tanks manufacturing drawing and informed the meeting that the tank supplier will only supply up to the flange end of each nozzle indicate in their drawing.

Bonifica requested to PAE to supply and design all the necessary piping, valves, instrumentations required within the storage tank area that will match with present contract battery limit. This shall be part of additional works and shall entitle for additional change order.

➢ Other Matters
  - PAE requested the temporary fence built by the 30 party behind the storage tank area to be removed as per the agreed hand over of site. The area is required for construction, the water pipes including the support need to be demolished.
  - PAE — Wartsila informed that during the construction and installation works in progress,
EDTL staffs are welcome to participant as parts of site training.
- EDTL informed that they have located 2 of their staff to be active at site during the construction and installation works in progress.
- Bonifica informed that the minute of meeting does not required any signature, it will agreed and approved during next meeting if there is no comments.

6. BETANO SITE

PAE informed that the final site survey is scheduled to be perform together with EDTL and will submit upon completion.

PAE requested Bonifica the information of the transmission tower location that will be connected to the switchgear. This information will enable PAE to co-ordinate with the power plant orientation.

7. NEXT SCHEDULED MEETING

Next meeting is scheduled to be held on;
  Date: 15.2.2011
  Time: 14:30 hrs until finish
  Venue: Dili EDTL office

The above date is agreed otherwise been re-scheduled.

The meeting ended at 16:45 hrs

--ooO END Ooo--