



EITI Timor-Leste 2020 Reconciliation Report



Message from Timor-Leste Multi Stakeholders Working Group

The Multi-stakeholders Working Group (MSWG) is delighted to inform that it has approved and published the 13th Timor-Leste EITI Reconciliation Report which covers information for Fiscal Year 2020. This report that adheres requirements from 2019 EITI Standard was produced by the Independent Administrator, Ernst & Young Audit & Associados - SROC, SA. This is also MSWG report to be published following validation of implementation of 2019 Standard in July 2022.

The MSWG have considerably addressed the challenges in implementing the EITI requirements through this report by disclosing information disaggregated by reporting entities, revenue types and project level(s) reporting. Also, the MSWG began to report the Beneficial Ownership (BO) information of the contractors for the 2019 and 2020 fiscal years, both implemented in 2022. The current report also involved new members of CSO and female representation within MSWG.

In this reporting period, most of the reporting entities are relatively the same from the last report, with additional information on mining sector. Based on the agreed materiality threshold, there are twenty-six (26) operators (include subsidiaries) and twelve (12) subcontractors on scope that have reported for this report, along with relevant government entities.

Finally, with this report, MSWG has strived its best to address the majority issues identified from the last reporting periods and hope to maintain the successful experience of implementing the EITI Standard.

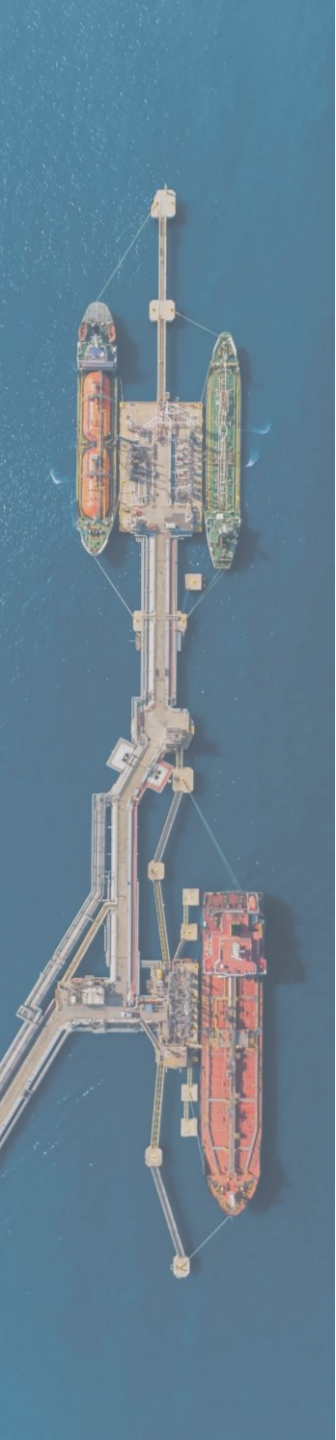
Sincerely,

Industries

Government

Civil Society

TIMOR GAP E.P.



List of abbreviations

APT	Additional Profit Tax	DNRPM	Direção Nacional de Receitas Petrolíferas e Minerais
ASM	Artisanal Small-Scale Mining	NPA	National Petroleum Authority
BOE	Barrel of Oil Equivalent	O&G	Oil & Gas
BCTL	Banco Central de Timor-Leste	PF	Petroleum Fund
CMATS	Certain Maritime Arrangement In The Timor Sea	PMC	Petroleum Mining Code
EITI	Extractive Industries Transparency Initiative	PSC	Production Sharing Contract
ESI	Estimated Sustainable Income	RDTL	Democratic Republic of Timor-Leste
ETRS	East Timor Revenue Services	SERN	Secretary of State for Natural Resources
FTP	First Tranche Petroleum	SOE	State-Owned Enterprise
GDP	Gross Domestic Product	SPT	Supplemental Petroleum Tax
GDS	General Directorate of Statistics	TDA	Taxes and Duties Act
Govt	Government	TL	Timor-Leste
IPMC	Interim Petroleum Mining Code	TLEA	Timor-Leste Exclusive Area
IUA	International Unitisation Agreement	TOR	Terms of Reference
JC	Joint Commission	TSDA	Timor Sea Designated Authority
JPDA	Joint Petroleum Development Area	TST	Timor Sea Treaty
LNG	Liquefied Natural Gas	UNTAET	United Nation Transition Administration in East Timor
MoF	Ministry of Finance	USD	United State Dollars
MOU	Memorandum of Understanding	VAT	Value Added Tax
MPMR	Ministry of Petroleum and Mineral Resources	WHT	Withholding Tax
MSWG	Multi-Stakeholder Working Group	ZOCA	Zone Cooperation Area
MBT	Maritime Boundary Treaty		

Index

1.	Executive Summary	
	1.1 Revenue generated from the extractive sector	9
	1.2 Production	10
	1.3 Reconciliation Process	11
	1.4 Scope (Revenue and Entities)	12
	1.5 Summary of reconciliation reports	14
<hr/>		
2.	Extractive industries transparency initiative in Timor-Leste	
	2.1 EITI and Timor-Leste	16
<hr/>		
3.	Overview of Timor-Leste extractive industries in 2020 - Oil & Gas	
	3.1 Overview of Government Revenue	18
	3.2 Gross Domestic Product (GDP) - Timor-Leste	19
	3.3 Extractive Industry	20
	3.4 Production	23
	3.4.1 Production in BOE	24
	3.4.2 Production in USD	25
	3.5 Revenue generated from extractive sector	26
	3.5.1 Tax Revenue and Non-Tax Revenue	29
	3.5.2 Mining	29
	3.6 Employment generated from Oil & Gas Sector	30
	3.7 Overview ANPM - Employment	32
<hr/>		

Index

4.	Regulatory Framework - Extractive industries in 2020	
	4.1 News during 2020	34
	4.2 Timor-Leste Exclusive Area Legal (TLEA)	35
	4.3 Former Joint Petroleum Development Area Legal Framework (JPDA)	39
	4.4 Specific agreements with Australia regarding Oil & Gas Exploration	40
	4.5 ANPM	45
	4.6 Petroleum Fund	46
	4.7 Summary of the payment process	52
	4.8 State Owned Enterprise (SOE's)	53
	4.9 Licenses / Contract Disclosure	57
	4.10 Civil Society's perspective	58
<hr/>		
5.	Tax Regime	
	5.1 TLEA - Timor-Leste Exclusive Area	60
	5.2 Former JPDA - Bayu-Undan & Greater Sunrise Fields	62
<hr/>		
6.	Overview of Timor-Leste Extractive Industries in 2020 - Mining	
	6.1 Legal framework	67
	6.2 License process	69
	6.3 Environmental Legislation	70
	6.4 Timor-Leste Mining Activity	71
<hr/>		

Index

7.	Methodology and approach	
	7.1 Scope of Work and Independent Administrator	75
	7.2 Materiality thresholds for company disclosures	76
	7.3 Data collection	79
	7.4 Data assurance	80
	7.5 Other considerations	81
<hr/>		
8.	Reconciliation of tax and other payments	
	8.1 General results of payments reconciliation	83
	8.2 General results of payments reconciliation - Extractive companies	
	8.2.1 Payments from Oil & Gas extractive companies in Scope - Reported by the Government	84
	8.2.2 Payments from Oil & Gas extractive companies in Scope - Reported by the Entities	86
	8.2.3 Extractive companies - Reconciliation Results	
	8.2.4 Extractive companies - Adjustments by the Government	88
	8.2.5 Extractive companies - Adjustments by the Contractors	89
	8.2.6 Extractive companies - Unreconciled differences	92
	8.3 General results of payments reconciliation - Subcontractors	94
	8.3.1 Payments from Oil & Gas subcontractors in Scope - Reported by the Government	95
	8.3.2 Payments from Oil & Gas subcontractors in Scope - Reported by the Entities	96
	8.3.3 Subcontractors - Reconciliation Results	97
	8.3.4 Subcontractors - Adjustments by the Government	98
	8.3.5 Subcontractors - Adjustments by the Entities	99
	8.3.6 Subcontractors - Unreconciled differences	100
	(continued)	

Index

8.	Reconciliation of tax and other payments (continued)	
	8.4 Pipeline fee	102
	8.5 Summary of reconciliation results	103
	8.6 Payments in the mining sector	104
<hr/>		
9.	Beneficial Ownership	
	9.1 List of Extractive companies (listed) and its ultimate owner company	108
	9.2 Data Quality	109
<hr/>		
10.	Mainstreaming	112
<hr/>		
11.	Social & Economic Expenditures	
	11.1 Social Expenditures	115
	11.2 Other Expenditures	117
<hr/>		
12.	Recommendations	119
<hr/>		
13.	Annexes	122
<hr/>		

Executive Summary

1

The Extractive Industries Transparency Initiative (EITI), launched in 2003, promotes and supports improved governance and transparency in resource-rich countries through the full publication and audit of company payments and government revenues from oil, gas, and mining. As a voluntary commitment of stakeholders with shared goals, the global EITI structure comprises resource-rich countries, international and national extractive companies, civil society, investors, and supporting countries. Each participating country must issue a reconciliation report covering revenues for the most recent fiscal years prepared by an independent auditor in accordance with the EITI Standard.

This is Timor-Leste thirteenth EITI report, covering the period from 1 January to 31 December 2020. In accordance with the EITI Standard, the reporting process has been overseen by a Multi-stakeholder Working Group (MSWG), and has been compiled by an Independent Administrator, EY in accordance with the service contract dated 22nd December 2021.

The payments and revenues, disclosed in this report, include taxes and non-taxes payments, and other payments envisaged by the legislation of Timor-Leste.

Through participation in EITI, Timor-Leste is seeking to improve the transparency and accountability about how the country's natural resources are governed, promote public debate and understanding of the extractive sector and improve the attractiveness of Timor-Leste as a destination for foreign investment.



1 Executive Summary

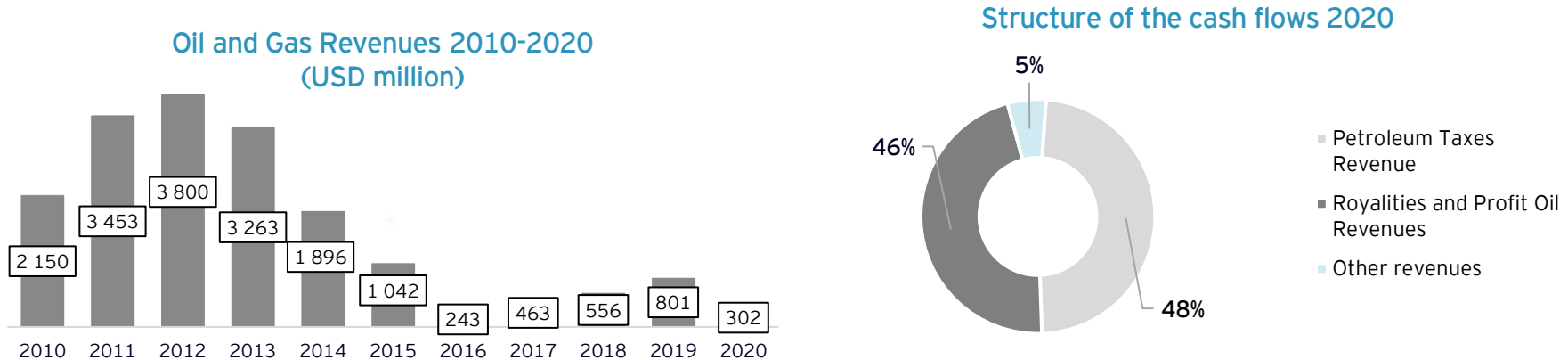
1.1 Revenue generated from the extractive sector

In 2020, the Timor-Leste Petroleum Fund reported oil & gas cash entries of 326 million dollars¹, considering cutoff adjustments the MSGW reached an amount off 302 million dollars of O&G revenues received by Timor-Leste in 2020². Since the ratification of the MBT, which increased Timor share of production and taxes from 90% to 100%, all the revenues collected are allocated to Timor-Leste. The oil and gas revenues have been increasing since 2016 however, due to the decrease in the production and oil price, the revenues also decreased in 2020. The production for 2020 decrease from 38 million BOE to 35,6 million, in 2020. The average oil price in 2020 was USD 41.8/b, over USD 20/b lower than the previous year's average. Revenue in 2020 was lower than the previous year due to the drivers mentioned above, decreased sales and the Covid-19 pandemic, which reduced economic activity in 2020, including petroleum-related activities in the Timor Sea.

Sources: ¹<https://www.ifswf.org/sites/default/files/annual-reports/Timor%20Leste%20Petroleum%20Fund%20Annual%20Report%202020.pdf> & <http://web01.anpm.tl/webs/anptiweb.nsf/pgLafaekDataGasListHTML>

The first graph shows historical data revenues from the past ten years (from past EITI reports), demonstrating the severe decline of revenues since 2012, the slight increase since 2016 and the sharp decline in 2020.

In the second figure, it is displayed the structure of the cash flows received from Petroleum activities in 2020.



² See section 3.5 to observe the reconciliation between revenues reported by the PF and the Govt entities on the EITI templates



1 Executive Summary

1.2 Production

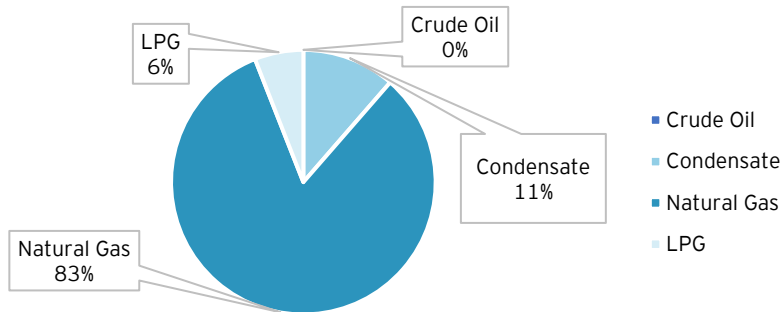
In 2020, as well as in 2019, all of Timor-Leste's oil and gas was produced in Bayu Undan field, located in the offshore former JPDA.

Bayu-Undan produces three petroleum products, namely Condensate, Liquefied Petroleum Gas and Natural Gas and represents the total production since the Kitan field was shut down in December of 2015.

Production in USD ('000) by commodity:

Commodity	2020	2019	Variation	Variation (%)
Crude oil	-	-	0	0%
Condensate	158,837	354,723	-195,887	-55%
Natural Gas	541,598	968,823	-427,225	-44%
LPG	66,190	135,635	-69,557	-51%
Total	766,624	1,459,181	-692,557	-48%

Production in volume ('000) by commodity:



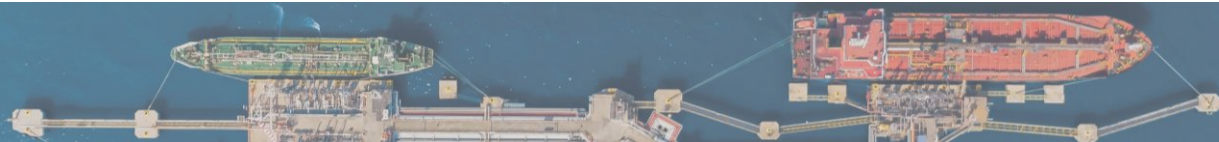
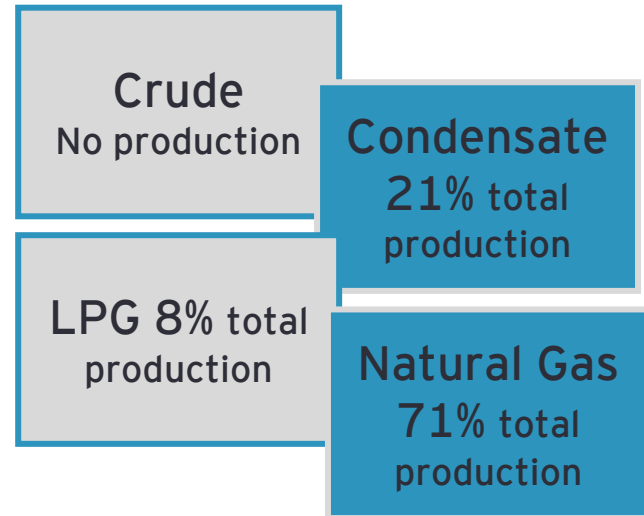
Production in volume ('000) by company and commodity:

Company	Condensate	Natural Gas	LPG
Conocophillips and Santos*	2,314	16,769	1,209
Santos	467	3 385	244
Inpex	462	3 351	242
ENI	446	3 235	233
TTSR	374	2 709	195
Total	4,063	29,449	2,123

*In May 2020, Santos Ltd acquired ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. Santos is the name in force since 2020.

Source: Template provided by ANPM with 2020 data & Extractive companies' template

Percentage of production by commodity (in monetary amount):



1 Executive Summary

1.3 Reconciliation Process

EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 13th and report and to produce the draft of the data collection report. This assignment was the first step to start the reconciliation process.

The procedures conducted were as follows:

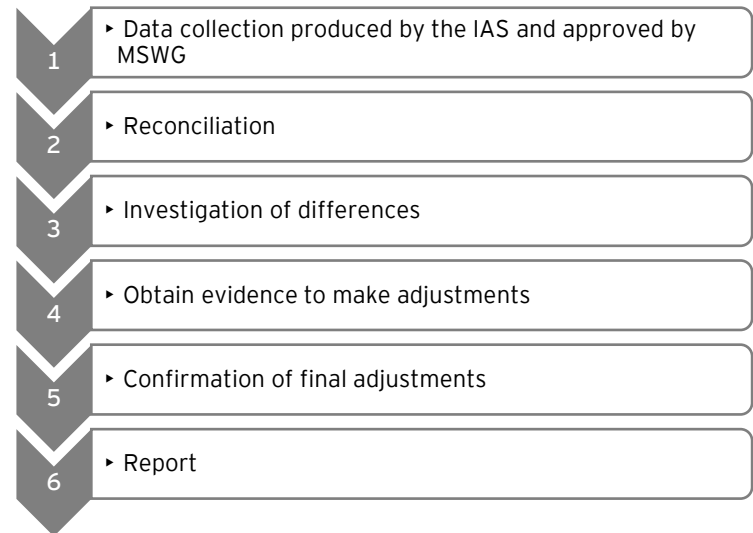
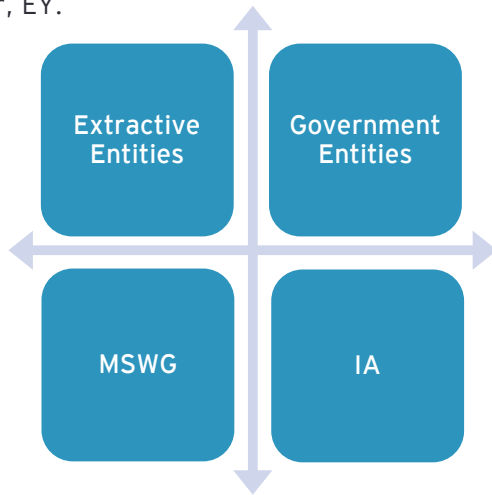
- Perform entities selection based on the MSWG approved threshold (payments and revenue streams above USD 100,000);
- Obtain from extractive companies and government authorities 2020 information on taxes, non-taxes and other payments;

Ministry of Petroleum and Mineral (MPM) representative issued instructions requesting the extractive entities and governmental agencies to report according to the EITI requirements. The reporting templates were made electronically available by email and the entities were required to report directly to the administrator, EY.

After data collection EY started the reconciliation process. Entities not responsive were reported to TL EITI secretariat and new efforts for contact were made in order to obtain information. In case of discrepancies, direct contacts between IA and the reporting entities were made and adequate support was requested (if applicable) to support the adjustment.

If the explanations received were not conclusive, new address queries were made to the respective government authority to obtain detailed information of the payment.

If based on the explanations received from the companies and government authorities, discrepancies remain unexplained, then they were considered, on the EITI report, as an unreconciled difference.



1 Executive Summary

1.4 Scope (Revenue and Entities)

The Government entities involved in Timor oil and gas operations are the following:

Government Entities
Direção Nacional de Receitas Petrolíferas e Minerais (DNRPM)
Autoridade Nacional do Petróleo e Minerais (ANPM)
Banco Central de Timor-Leste (BCTL)
TIMOR GAP E.P. (SOE)
Petroleum Fund (PF)

Based on the information received by these entities and the threshold approved by MSWG, the entities in scope were selected as follows (please see Annex A for Companies in the Oil & Gas Sector).

The revenue streams for the contractors in scope are as follows:

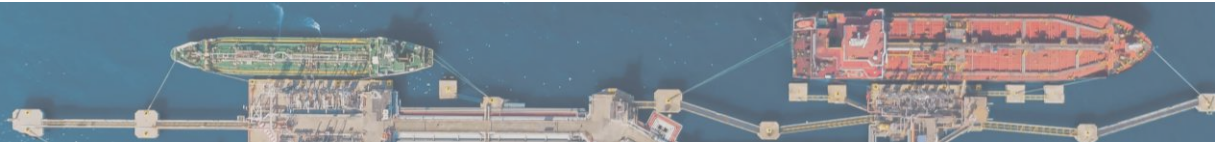
OIL & GAS REVENUES STREAMS	
TAX REVENUE	NON-TAX REVENUE
Income Tax	FTP
Bayu Undan APT Installment	Royalties
Annual APT	Profit Oil & Gas Payments
VAT	Contract Service Fee
Wages Withholding Tax	Development Fee
Withholding Tax Payments	Seismic Data Fee
	Surface Rental Fee
	Other payments (pipeline)

The table below represents all contractors that made payments above the threshold to the government regarding oil & gas activities (including tax and non-tax payments).

OIL & GAS ENTITIES IN SCOPE CONTRACTORS	
Santos NA EMET Pty Ltd	Inpex Timor Sea Ltd
Santos NA Timor Leste Pty Ltd	TIMOR GAP Onshore Block C Unip Lda
Santos NA (19-12) Pty Ltd	TIMOR GAP Onshore Block B Unip Lda
Santos NA (19-13) Pty Ltd	TIMOR GAP Onshore Block Unip Lda
Santos NA Timor Sea Pty Ltd	TIMOR GAP Chuditch Unipessoal Lda
Santos (JPDA 91-12) Pty Ltd.	TIMOR GAP Offshore Block Unip
Santos NA Bayu-Undan Pty Ltd	TIMOR GAP PSC 11-106 Unip.Lda
Santos AU Agency Company Lda	Timor Resources Pty Ltd
Eni JPDA 03-13 Ltd	Tokyo Timor Sea Resources Pty Ltd
Eni JPDA 06-105 Pty Ltd	Woodside Petroleum (Timor Sea 19) Pty Ltd
Eni JPDA 11-106 B.V.	Woodside Petroleum (Timor Sea 20) Pty Ltd
Eni Timor-Leste S.P.A	Carnarvon Petroleum Ltd
Inpex Sahul Ltd	Sundagas Pty Ltd

¹ In May 2020, Santos Ltd acquired ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. Santos is the name in force since 2020.

Source: <https://www.santos.com/news/santos-completes-conocophillips-northern-australia-acquisition/>



1 Executive Summary

1.4 Scope (Revenue and Entities)

As done in the previous years MSWG have decided to include on the reconciliation process the tax payments made by the Oil & Gas Subcontractors in order to capture their contribution for the sector revenue in 2020. (the same threshold for selecting the extractive entities in scope was used - payments made to significant revenue streams above USD 100,000):

OIL & GAS ENTITIES IN SCOPE SUB-CONTRACTORS	
Babcock Offshore Services	Konekto/Babcock Unip Lda
Caltech Unip Lda	KT Maritime Services BU
Cape Aust Onshore	MMA Offshore Vessel Operation Pty
Clough Amec Pty Ltd	Oceaneering Aust Pty Ltd
Compass Group (Australia) Pty Ltd.	SGS Australia Pty Ltd
Haliburton Australia Pty Ltd	Weatherford Australia Pty Ltd

The revenue streams for the subcontractors in scope are as follows:

OIL & GAS REVENUES STREAMS IN SCOPE TAX REVENUE
Income Tax
Bayu Undan APT Installment
Annual APT
VAT
Wages Withholding Tax
Withholding Tax Payments

Based on the selection made we have concluded that the 2020 report covers 99.7% of the total revenue, from the total number of selected entities the equivalent to 9% of the total revenue in scope was not answered during the entity's circularization process.

The total amount in scope is as follow:

Revenues generated in 2020	Total	Amount (Millions USD)	
		Scope	%Scope
Total Tax Revenue Reported by MoF	149	148	99,3%
Total Non-Tax Revenue reported by ANPM	145	145	100,0%
Total Non-Tax Revenue reported by BCTL	16	16	100,0%
Total revenue reported by GoV entities	310	309	99,7%
Other fees duplicated by entities on reporting (see note below)	- 8	- 8	100,0%
Total O&G revenue Timor-Leste	302	301	99,7%
Total Revenue Contractors	297	297	100%
Total Revenue Subcontractors	5	4	90%

Following the reconciliation process between the government entities, it was possible to identify that MoF and ANPM reported amounts of other fees received by BCTL. These differences were taken into consideration during the reconciliation process with the answers from the entities. Please see section 3.5 to observe the reconciliation between revenues reported by the PF and the Govt entities on the EITI templates.



1 Executive Summary

1.5 Summary of reconciliation reports:

Contractors

20 Extractive entities + (6) SOE (in scope)	Total Revenue in Scope USD 297 million
1 NGO AUSAID <small>Currently administered by Department of Foreign Affairs and Trade of Australia</small>	In scope 100% of total Revenue

Revenues generated in 2020	Total	Amount (Millions USD)	
		Scope	%Scope
Total Tax Revenue Reported by MoF	144	144	100%
Total Non-Tax Revenue reported by ANPM	145	145	100%
Total Non-Tax Revenue reported by BCTL	16	16	100%
Total revenue reported by GoV entities	305	305	100%
Other fees duplicated by entities on reporting	- 8	- 8	100%
Total Revenue Contractors	297	297	100%

Subcontractors

12 Entities in Scope	Total Revenue in Scope USD 4 million
4 Subcontractors did not report	In scope 90% of total Revenue

Revenues generated in 2020	Total	Amount (Millions USD)	
		Scope	%Scope
Total Tax Revenue Reported by MoF	5	4	90%
Total Revenue Subcontractors	5	4	90%

Please see section 3.5 to observe the reconciliation between revenues reported by the PF and the Govt entities on the EITI templates.



2

Extractive Industries Transparency Initiative in Timor-Leste

The Extractive Industries Transparency Initiative (EITI) is a framework that encourages countries' transparency in the disclosure of revenues generated from the extraction of natural resources.

Timor-Leste adhered to EITI to provide clear and accountable report of the revenues and payments to the Government from oil, gas and mining companies, both from tax and Non-tax payments derived from the production and sale of the extracted resources. A financial reconciliation, by external parties, is undertaken to verify the figures and the result reconciliation is published in an annual EITI report. The country's citizens and civil society organizations are also expected to play a role in monitoring the EITI process.

The TL-EITI Secretariat Office was created in July 2008, under the Ministry of Petroleum and Minerals Resources and the Multi-Stakeholder Working Group (MSWG). The MSWG includes representatives from government, extractive industry company associations and civil society organizations (CSOs).



2 EITI in Timor-Leste

2.1 EITI and Timor-Leste

Timor Leste joined EITI in 2008 and currently has a satisfactory progress, with the level of progress starting in no progress, inadequate, meaningful, satisfactory and beyond. In 2010, Timor-Leste became the first EITI compliant country in South-East Asia.

However, the country is yet to approve and publish an EITI Law. A draft of the legislation has already been prepared but, due to ongoing reforms, wider consultation has not yet been completed.

EITI's framework requires an independent administrator (IA) to reconcile financial data between payments of companies and the actual revenue that the Government has received. EY was appointed to establish the scope and prepare the reconciliation of the 13th Report covering the year 2020.

The 12th EITI Report was published in March 2022.

Regarding the responsible for the management of the EITI, the TL-EITI Secretariat office was established in 2008 with the aim of supporting the Multi Stakeholders Working Group (MSWG) by managing the contact with the entities in scope and making the final report available. In addition, the Secretariat is responsible for promoting the EITI in the public and private sectors, arrange meetings and organize workshops and seminars to raise awareness on the importance of the EITI for Timor Leste.

Furthermore, the Secretariat has been producing Annual Progress Reports since 2011 to clarify and evaluate the progress on fulfilling the requirements of the EITI Standard and on following the recommendations of IA (Independent Administrator).

Source: <http://tleiti.mpm.gov.tl/report/>

The previous annual EITI Reports cover the period of January 1st, 2008, until December 31st, 2019:

Years	Publication Date	Oil Revenues	Independent Auditor
		(USD million)	
2008	October 2009	2,510	Deloitte
2009	February 2011	1,764	
2010	November 2012	2,150	Moore Stephens LLP
2011	December 2012	3,453	
2012	February 2015	3,800	
2013	December 2015	3,263	
2014	June 2017	1,896	
2015	December 2017	1,042	EY
2016	June 2019	243	
2017	December 2019	463	
2018	December 2020	556	
2019	March 2022	801	

Source: <https://www.mof.gov.tl/category/documents-and-forms/petroleum-fund-documents/petroleum-fund-annual-reports/?lang=pt>



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

Oil and gas revenues continues to play an important source of income to Timor-Leste. Petroleum Wealth Fund and its investment returns have been used to finance the national budget for construction of infrastructures. Despite Timor-Leste's obvious ongoing economic improvements, it remains a heavily oil-dependent country. For the last years, Timor-Leste has experienced a period of strong economic growth, based mostly on public expenditure and private sector activity driven by oil & gas revenue.



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.1 Overview of Government Revenue

Total government revenues was expected to decline as production from existing fields draws to a close.

Therefore, the gradual trend of declining petroleum revenues is in general expected to continue. During 2020 there was the added aggravation of the pandemic that took hold worldwide.

Regarding domestic revenues (Non-Oil & Gas revenues) there was a recovery during 2019, after the stagnation in the two preceding years. This growth is essentially due to the better macroeconomic performance in the country, as well as the improvement of conditions in the private sector and the return to normal amounts corresponding to public expenditure. Non-oil domestic revenues are expected to increase during the following years as well to grow positively every year, after a sharp drop during 2020, aggravated from the Covid-19 pandemic. For 2020 it was forecast about 172 million in non-oil and gas revenues.

Timor-Leste economy still heavily reliant on oil and gas

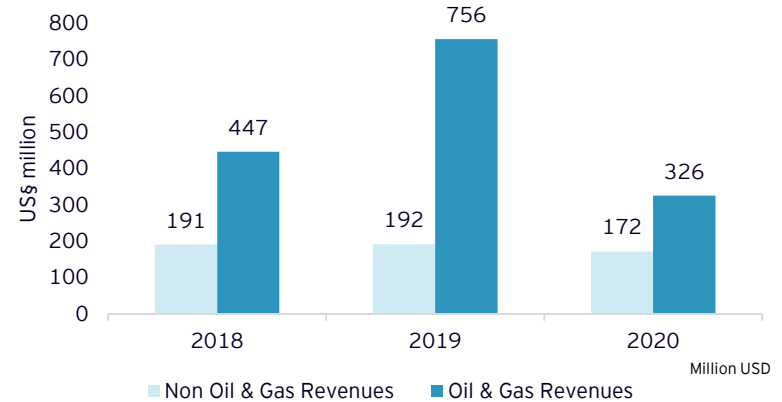
The Petroleum fund¹ remains the main source of income for the state budget, however, in 2020 due to the pandemic, petroleum revenue decreases significantly to 65% of the state's revenue.

As the oil resources in Bayu-Undan are depleted, the strategy is to explore new fields in the Greater Sunrise area. Although the investment costs are high, it is expected a transformation in the oil sector, from the current phase of pure extraction, to a viable and industrialized sector, which creates added value and guarantees energy independence.

In 2020, petroleum revenues amounted USD 326 million, with a positive PF investment return of USD 1,773 million, which represents a natural decrease compared to 2019, because of the impact on the economy due to covid 19 pandemic.

Sources: State Budget 2019 in Timor Leste, State Budget 2020 in Timor Leste, State Budget 2021 in Timor Leste & State Budget 2022 in Timor Leste

Government Revenues Evolution



*The amount represented of non-oil and gas revenue in 2020 is a forecast from the 2021 State Budget

Million USD	2018	2019	2020
Total Petroleum Revenue ²	447	756	326
PF Investment return ¹	-460	2,101	1,773
Total PF revenue	-13	2,857	2,099

¹PF ROI obtained from its investing activities. Please see section 4.6 for background on the Petroleum Fund

² Amount as reported by PF, please see section 3.5 for a reconciliation between revenue reported by the entities on the templates and PF.



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.2 Gross Domestic Product (GDP) - Timor-Leste

Extractive Industry : GDP

Changes in Oil Compilation

In 2019, there was a change in oil compilation. In 2018, JPDA was considered a non-resident entity which implied that Oil GDP would not be reported, and the Non-Oil GDP represented the total GDP, including royalties. Oil revenues were only considered on the GNI (Gross National Income).

However, due to the new Maritime Boundary Treaty ratified in August 2019, JPDA and the respective projects are now fully managed under Timor Leste exclusive jurisdiction, meaning that from September 2019 the oil sector is now included in the GDP data compilation.

In order to facilitate the interpretation of the comparative data disclosed, we segregated oil and non-oil components on the 2019 GDP, readers should take in considerations that for 2018 and before the figures presented only include non-oil data for the reasons stated.

Please note that, when comparing both years, there are four months of oil production in 2019 and twelve months of oil production in 2020.

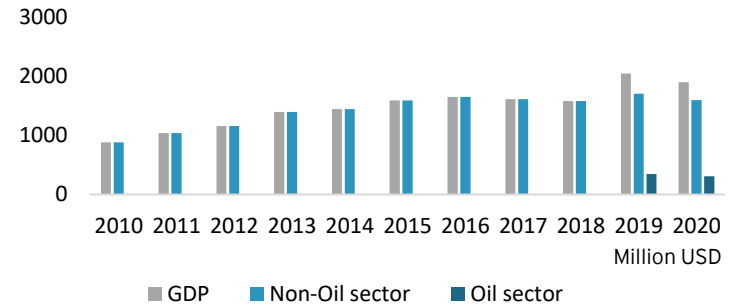
Additionally, note that the amounts presented are in current prices, which means that the value of the price is estimated on a period basis to which the observation relates.

Source: <https://www.statistics.gov.tl/wp-content/uploads/2021/09/Timor-Leste-National-Accounts-2001-2020.pdf>

GDP

The Gross Domestic Product in 2020, at current prices, was USD 1,902.2 million in 2020, constituted by 1,595.5 million for non-oil industry and 306.7 million for oil industry. Compared to 2019, there was a decrease of 6.4% in non-oil industries, going from USD 1,704,2 million in 2019 to 1,595.5 million.

GDP Evolution



The decrease in non-oil GDP for 2020 was mainly due to a decline of final consumption (-0.7% - USD 14.7M) complemented with a sharp decrease on Gross Fixed Capital formation (-42.4% - USD 181.2M) as well on Changes in inventories Non-oil-sector (-46.0% - USD 25.2M) and a continued decline in Non-oil exports (-43.6% - USD 17.2M).

GNI

The Non-Oil Gross National Income at current prices, decreases during 2020, going from USD 2,458.5 million in 2019 to USD 2,401.1 million.

Source: <https://www.statistics.gov.tl/wp-content/uploads/2021/09/Timor-Leste-National-Accounts-2001-2020.pdf>



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.3 Extractive Industry

Timor-Leste is the 191st largest export economy in the world and number 184 in total imports. (2020)

Source: <https://oec.world/en/profile/country/tls>

Changes in Oil Compilation

In 2020, Timor-Leste exported USD 1,307.6 million and imported over USD 1,792.3 million, resulting in a negative trade balance.

Once again, please note that the exports and imports are also affected by the change in Oil Compilation. In 2020, exports are constituted in majority by the oil sector (98% in 2020). When comparing to 2019, the oil sector represents a higher percentage of imports (59% in 2020), meaning that the Oil industry contributes to both the increase in exports and imports.

Therefore, according to the TL National Accounts 2020, the trade balance was always negative from 2000-2020, considering the new Oil Compilation.

We note that until 2017 the imports and exports reported on the National accounts included the oil and non-oil industries and even with this compilation method the trade balance was negative since 2000.

Source: <https://www.statistics.gov.tl/wp-content/uploads/2021/09/Timor-Leste-National-Accounts-2001-2020.pdf>

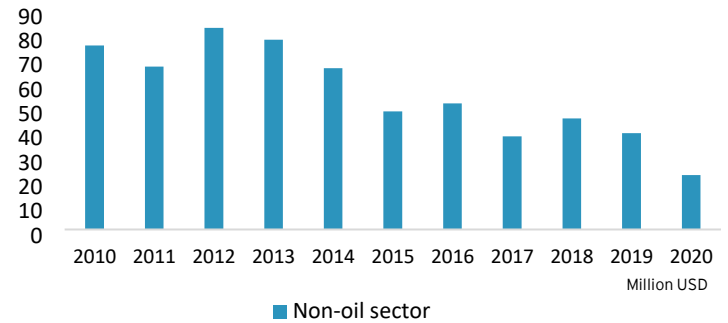
Exports (Non-oil sector)

In 2020, the exports, at current prices, in non-oil sector decreased by 44% from USD 39.6 million to USD 22.4 million.

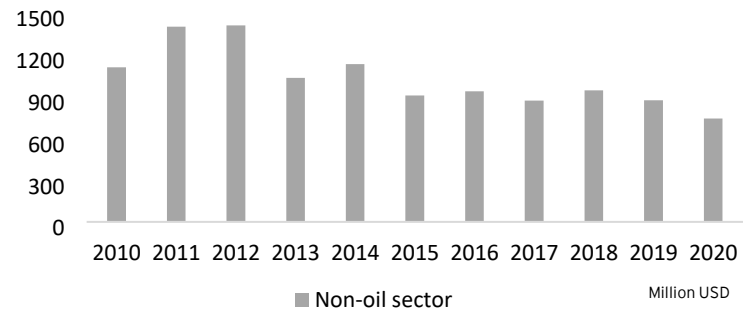
Imports (Non-oil sector)

In 2020, the imports, at current prices, decreased by 15% from USD 874 million to USD 742.7 million.

Exports of goods and services



Imports of goods and services



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.3 Extractive Industry

As mentioned before due to the change in Oil Compilation in 2019, the oil sector also had an affect on exports and imports.

In 2020 the total of exports, including oil and non-oil industry was USD 1,307.6 million. Exports in the oil sector amounted USD 1,285.2 million.

The exports of goods totalized USD 1,301.8 millions of which 1,285.6 millions were of mineral products (petroleum oil and gas). Although we draw your attention to the fact that, for the reasons explained on section 3.2, when comparing both years.

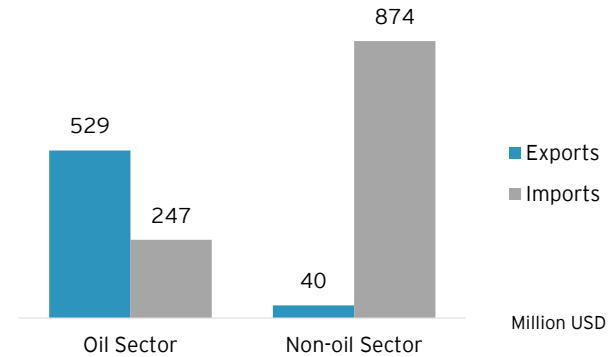
In 2020 the total of imports, including oil and non-oil industry was USD 1,792.3 million. Imports in the oil sector amounted to USD 1,049.6 million.

The imports of goods totalized USD 705 millions of which 220.6 millions refers to the oil sector.

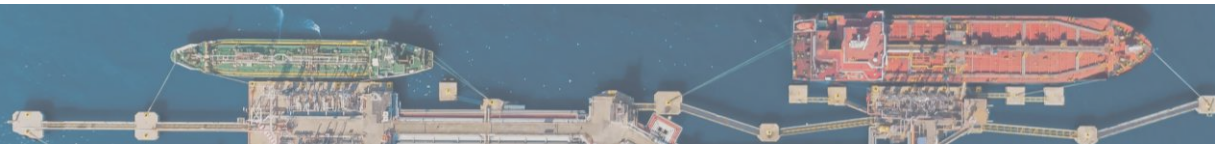
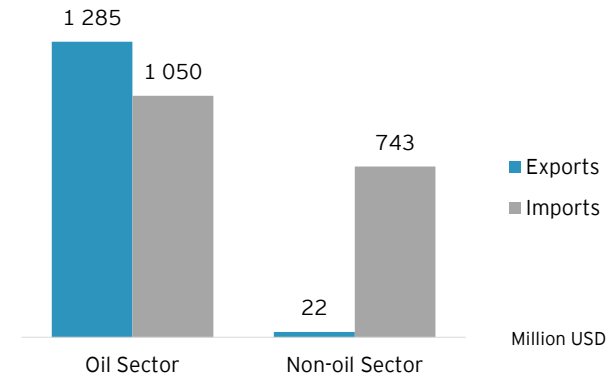
When comparing exports and imports in the Oil sector with 2019, there is a substantial increase, due to the amounts considered in 2020 represents an entire year, as opposed to 2019 which includes exports from September to December, as mentioned in the previous slides.

Source: <https://www.statistics.gov.tl/wp-content/uploads/2021/09/Timor-Leste-National-Accounts-2001-2020.pdf>

Exports & Imports 2019



Exports & Imports 2020



Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.4 Production

Fields

In 2020, as well as in 2018 and 2019, all of Timor-Leste's gas was produced in Bayu-Undan gas field, located in the Former offshore Joint Petroleum Development Area (JPDA). Government revenues are received in cash rather than in kind, with a 100 percent share going to Timor-Leste since the Maritime Boundary Treaty on 29th August 2019.

In 2020, there were eleven active PSCs (of which 2 in the Onshore Area, 8 in the Offshore Area and 1 in the Greater Sunrise Special Regime Area). In Annex F it is possible to find more detailed information about the PSCs.

Bayu-Undan

The Bayu-Undan gas field is located in the Timor Sea, about 250km south of Timor-Leste and about 500km offshore from Darwin, Australia. The field is within contract areas PSC TL-SO-T 19-12 and PSC TL-SO-T 19-13. Santos became the Operator of the field through the acquisition of ConocoPhillips' assets in May 2020.

Bayu-Undan has generated the largest revenue of any Timor-Leste field and has been the only field in production since 2015. The initial discovery was in early 1995, when the Bayu-1 well intersected a 177m gas condensate column, at a reservoir depth of 3,923m. In July 1995, Undan was discovered 10km north-west of Bayu, where a 141m gross hydrocarbon column. The Bayu-Undan field at the reservoir level has an area around 160Km², with water depths around 80m. The total recoverable field of reserves ranges between 350 and 400 million barrels of hydrocarbon liquids and 3.4tcf of gas.

In 2015, phase three development drilling added one subsea production well to maintain liquids and gas production.

The Bayu-Undan project includes two operating facilities. The Central Production and Processing Complex which is related to the offshore facilities and the Darwin LNG facility related to the onshore activities.

Total wet gas production decreased to approximately 239 BCF (253 BCF in 2019) from 17 producing wells, 3 infill wells, 11 existing producing wells and 3 R2P wells. The combined liquid production (Condensate and LPG) also decreased to 6.19 MMbbls (9.42 MMbbls in 2019).

Also, during 2020 an injector well has been brought online occasionally for swing production for the purpose of pipeline management in the event of change of DLNG operating mode (half vs full mode).

Sources: <http://pt.anpm.tl/wp-content/uploads/2021/12/RELATORIU-ANUAL-2020-FINAL.pdf>

Kitan

The Kitan Field was shut down on 16th of December 2015 due to the oil price drop along with higher FPSO (Floating Production Storage and Offloading) operating cost. This field is located in permit PSC TL-SO 19-10 of JPDA, 170 km offshore the Timor-Leste coast.

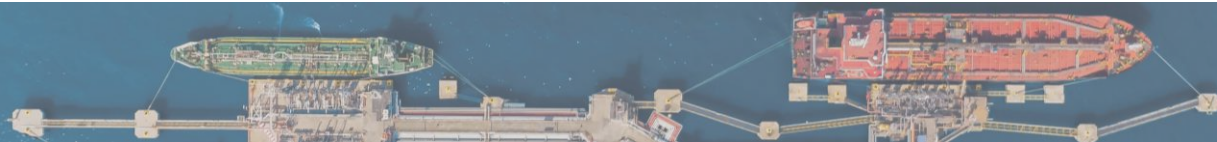
ANPM and ENI (Contractor Operator) are analyzing the method and time for the final field abandonment and evaluate the field redevelopment options.

Sources: <http://pt.anpm.tl/wp-content/uploads/2021/12/RELATORIU-ANUAL-2020-FINAL.pdf>



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.4 Production

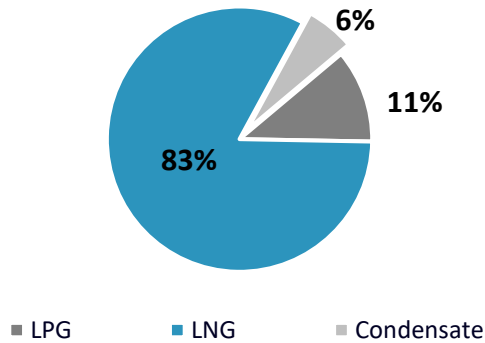


3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.4.1 Production in BOE

Bayu-Undan produces three petroleum products, namely Condensate, Liquefied Petroleum Gas and Natural Gas, with the depletion of liquids production since its peak in 2012.

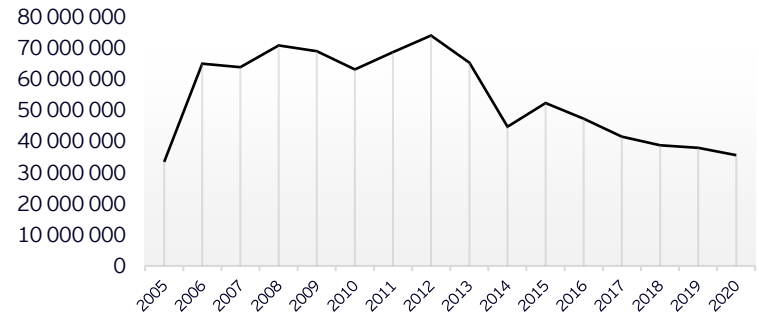
Oil and gas production has decreased from 37.1 million barrels of oil equivalent in 2019 to 35,6 million barrels of oil equivalent in 2020 (see Production Data graph).



Production of petroleum products in Timor-Leste has decreased since 2012. The decrease was mainly due to the natural depletion of Bayu-Undan field.

The information related to total production is available at ANPM website (Lafaek Database) that contains information in relation to Bayu-Undan and Kitan field production, contracts, etc. This information is generally publicly accessible.

Total Production BOE Equivalent



Commodity (BOE Thousands)	Production	Exports
Crude	0	0
Condensate	4 063	4 063
Natural Gas*	29 449	29 449
LPG	2 123	2 123
Total	35,636	35,636

Commodity (BOE Thousands)	2020	2019	Variation	Variation (%)
Crude	0	0	0	-
Condensate	4,063	5,905	-1,842	-31%
Natural Gas	29,449	27,650	1,799	7%
LPG	2,123	3,519	-1,396	-40%
Total	35,636	37,074	-1,438	-4%

* Considering 1CF Gas = 1/5800 BOE

Sources: <http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> & Template provided by ANPM with 2020 data

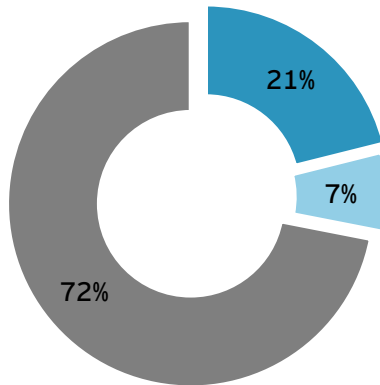


3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.4.2 Production in USD

In 2020, LPG is the most significant commodity when compared in monetary amount:

Production 2020



■ Crude oil ■ Condensate ■ Natural Gas ■ LPG

The production and exports in USD ('000) in 2020 were as follows:

Commodity (USD ('000))	Production	Exports
Crude oil	-	-
Condensate	158,837	158,837
Natural Gas	541,598	541,598
LPG	66,190	66,190
Total	766,624	766,624

The production in USD ('000) in 2020 and 2019 was as follows:

Commodity	2020	2019	Variation	Variation (%)
Crude oil	-	-	0	0%
Condensate	158,837	354,723	-195,887	-55%
Natural Gas	541,598	968,823	-427,225	-44%
LPG	66,190	135,635	-69,557	-51%
Total	766,624	1,459,181	-692,557	-48%

Sources: Template provided by ANPM with 2020 data



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.5 Revenue generated from extractive sector

The revenue in 2020 was lower than the previous year due to the decrease of the production, lower sales and the impact of the covid-19 pandemic. The revenues generated from Oil & Gas Sector in 2020, including the amount received from the subcontractors, amounted USD 302 million. This value represents a decrease of USD 503 million, or 62%, compared to 2019. The structure of the extractive sector's revenue is similar to 2019, although there was an overall decline in each type of revenue. In 2020, there was revenue reported by BCTL, related to payment for the pipeline fee for 2019 that took place in the beginning of 2020 and the payment for 2020.

The increase of revenue for 2019 was due to the ratification of the MBT, which increased Timor share of production and taxes from 90% to 100%. Nevertheless, due to the impact of covid-19 and decreased production, 2020 revenue was substantially lower (-62%) compared to the previous year.

Revenue	Amount in USD million					
	2020	%	2019	%	Variation	%
DNRPM	146	48%	327	41%	-181	-55%
ANPM	140	46%	478	59%	-338	-71%
BCTL	16	5%	-	0%	16	-
Total	302	100%	805	100%	-503	-62%

Extractive sector revenues (USD million)	2020		2019		Variation	Variation (%)
	2020	2019	2020	2019		
Direção Nacional de Receitas Petrolíferas (DNRP)	141	316	-175	-55%		
Autoridade Nacional do Petróleo e Minerais (ANPM)	140	478	-338	-71%		
Banco Central de Timor-Leste (BCTL)	16	-	16	-		
Revenues generated from Oil & Gas extractive activities	297	794	-497	-63%		
Revenues generated from Oil & Gas related activities (Sub Contractors)	5	11	-6	-55%		
Revenues generated from Oil & Gas Sector	302	805	-503	-62%		
Revenues generated from Mining Sector	3	2	1	50%		
Revenues generated from Extractive Sector	305	807	-504	-62%		
Part of the revenue allocated to Australia	-	-41	41	-		
Part of the revenue allocated to Timor-Leste	305	766	-462	-60%		



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.5 Revenue generated from extractive sector

Revenues generated in 2020	Total
Total Tax Revenue Reported by MoF	149
Total Non-Tax Revenue reported by ANPM	145
Total Non-Tax Revenue reported by BCTL	16
Total revenue reported by GoV entities	310
Other fees duplicated by entities on reporting	- 8
Total revenue reported by GoV entities	302
Revenues generated from Mining Sector	3
Revenues generated from Extractive Sector	305

The classification of “other fees” is related to:

- Fees paid by the extractive entities to BCTL however the Ministry of Finance also included these amounts on its template, and;
- Amounts reported by BCTL which were also reported on ANPM’s template.

Following the reconciliation process, the duplicated amounts are deducted from the amounts recognised as revenue reported by the above-mentioned entities in order to reconcile the amounts disclosed by Petroleum Fund.

Amount reported by Petroleum Fund	326
Cash ANPM 01-01-2020 ¹	- 29
Cash ANPM 31-12-2020 ¹	5
Revenues generated from Mining Sector	3
Revenues generated from Extractive Sector Reconciled	305

¹Source: <http://pt.anpm.tl/wp-content/uploads/2021/12/RELATORIU-ANUAL-2020-FINAL.pdf>



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

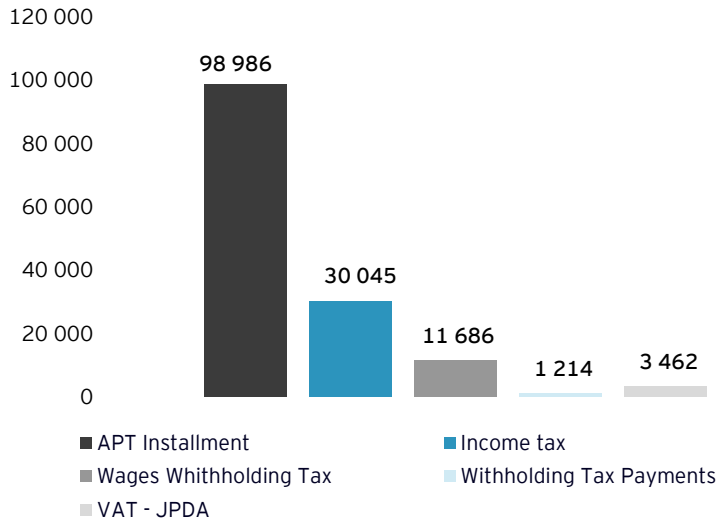
3.5 Revenue generated from extractive sector

3.5.1 Tax Revenue and Non-Tax Revenue

The charts below describe the tax and non-tax revenue. The most significant Tax Revenue in 2020 is APT, followed by the income tax.

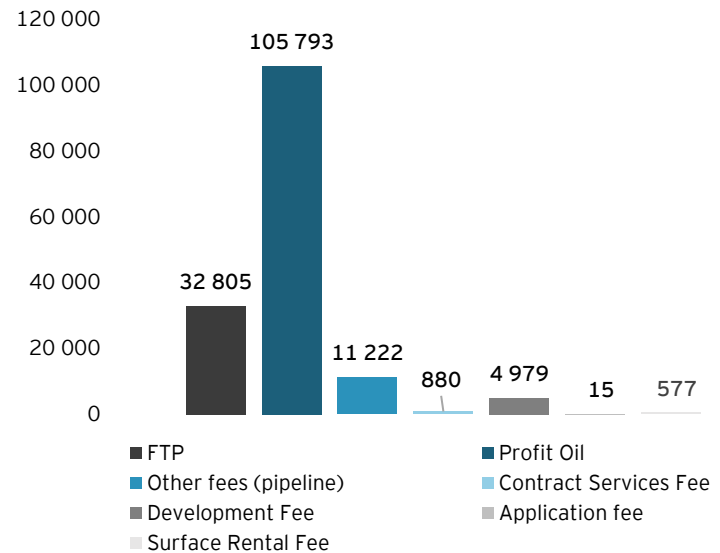
Non-tax revenue as Profit oil and gas has been the main source of revenue stream contributor to the Petroleum Fund. FTP (First Tranche Petroleum) and fees collected from contract services and development fees are another source of revenue to the petroleum fund as outline in the figure below.

TAX Revenue (USD'000)



Source: Template provided by MoF with 2020 data

Non Tax Revenue (USD'000)



Source: Template provided by ANPM with 2020 data



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

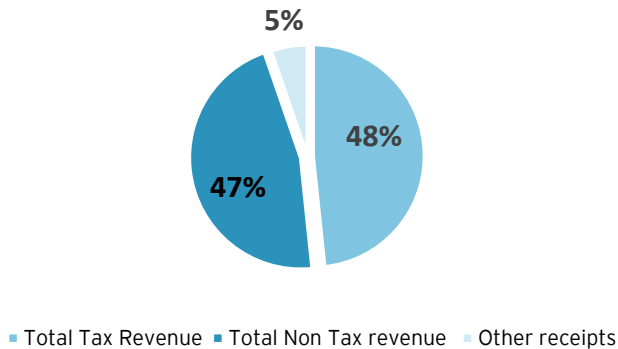
3.5 Revenue generated from extractive sector

3.5.1 Tax Revenue and Non-Tax Revenue

In 2020 the revenue received by Timor-Leste decreased when compared to the previous year. In 2019, the part of revenue allocated to Timor-Leste was USD 766 million*, however in 2020 amounted USD 305 million*.

See below petroleum extractive sector revenue structure:

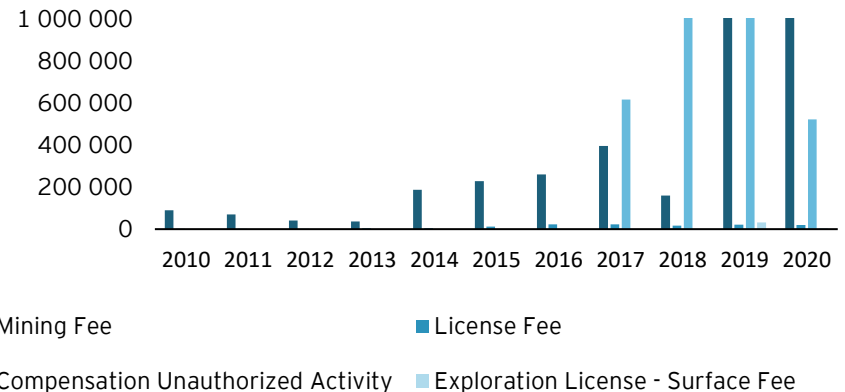
Petroleum extractive sector revenues
(% by revenue stream)



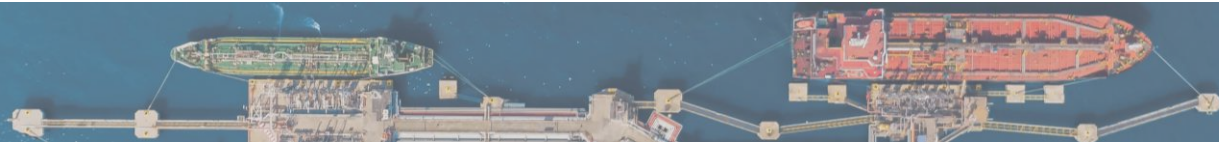
3.5.2 Mining

In 2020 the revenue increased further, however less in proportion to the increase shown in 2018-2019. The mining sector amounted 2.815.329,56 USD (please check Annex B). For the reconciliation of the mining sector, we have contacted ANPM for the detailed payments by fee and by entity (see Annex D). According to the Ministerial Diploma No. 64/2016 of 16 November, these activities are regulated as mining, which is the reason why ANPM is reporting them in the mining sector. See chapter 8.5 for more details of the mining sector. (Annex C and Annex D present all mineral payments during 2019 and 2020, respectively)

Source: <http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/>



* Please see the revenue reconciliation on page 26



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.6 Employment generated from Oil & Gas Sector

In the templates prepared by the IA, one of the requested information for extractive companies and subcontractors in scope was to respond to the number of employees they had in 2020 related to Timor activities and the responses are as follows:

Extractive Companies and their Affiliates involved in Timor oil and gas operations & SOE

Company Name	National		Expats	
	Male	Female	Male	Female
Santos NA (19-12) Pty Ltd	-	-	141****	-
Santos NA (19-13) Pty Ltd*	-	-	-	-
Santos NA Emet Pty Ltd*	-	-	-	-
Santos NA Timor Sea Pty Ltd*	-	-	-	-
Santos NA Bayu-Undan Pty Ltd*	-	-	-	-
Santos NA Timor Leste Pty Ltd	31	7	1	-
Eni JPDA 03-13 Ltd*	-	-	-	-
Eni JPDA 06-105 Pty Ltd	1	2	-	-
Eni JPDA 11-106 B.V.*	-	-	-	-
Eni Timor - Leste S.P.A*	-	-	-	-
Inpex Sahul Ltd***	-	-	-	-
Inpex Timor Sea Ltd***	-	-	-	-
Santos (JPDA 91-12) Pty Ltd.*	-	-	-	-
TIMOR GAP Onshore Block Unip Lda	-	2	-	-
TIMOR GAP Chuditch Unipessoal Lda	1	-	-	-
TIMOR GAP PSC 11-106 Unip.Lda	1	-	-	-
TIMOR GAP Onshore Block C Unip Lda	-	1	-	-
TIMOR GAP Onshore Block B Unip Lda	-	1	-	-
TIMOR GAP Offshore Block Unipessoal	-	1	-	-
Timor Resources Pty Ltd**	205	39	3	1
Tokyo Timor Sea Resources Pty Ltd*	-	-	-	-
Woodside Energy Pty Ltd	1	-	-	-
Carnarvon Petroleum Ltd***	-	-	-	-
Sundagas Pty Ltd	1	-	-	-
TOTAL	241	53	145	1

* The entity reported that there were no employees

** There are 188 national males, 36 national females and 1 expatriat male that are from greater sunrise that have 3 months less than 9 months contract

*** There was no response

**** Santos NA (19-12) Pty Ltd not have a break-down of gender for the offshore workforce



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

3.6 Employment generated from Oil & Gas Sector Subcontractors

Company Name	National		Expats	
	Male	Female	Male	Female
Konekto/Babcock Unip Lda	-	-	-	-
Babcock Offshore Services	15	3	28	-
Caltech Unip Lda	103	37	1	1
Cape Aust Onshore***	-	-	-	-
Clough Amec Pty Ltd***	-	-	-	-
Compass Group (Australia) Pty Ltd***	-	-	-	-
Oceaneering Aust Pty Ltd***	-	-	-	-
Haliburton Aust Pty Ltd***	-	-	-	-
KT Maritime services BU***	-	-	-	-
MMA Offshore Vessel Operations Pty***	-	-	-	-
SGS Australia Pty Ltd***	-	-	-	-
Weathford Australia Pty Ltd*	-	-	-	-
TOTAL	118	40	29	1

* The entity reported that there were no employees
 *** There was no response



3 Overview of Timor-Leste extractive industries in 2020 - Oil & Gas

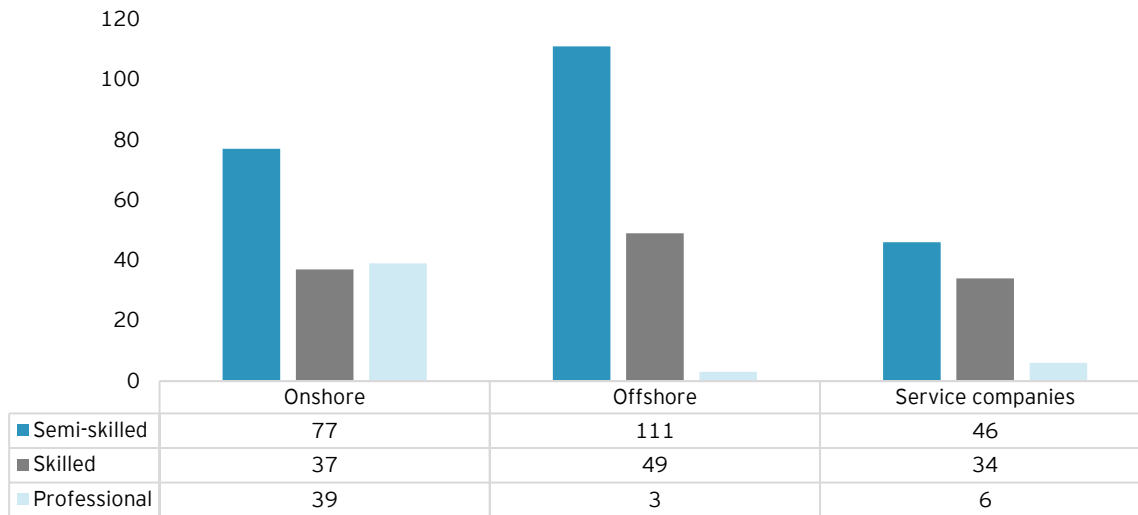
3.7 Overview ANPM - Employment

The new 2019 EITI Standard came with new requirements related to the contribution of the extractive sector, namely the report of employment in the extractive industries, in absolute terms and as a percentage of the total employment. This information should be disaggregated by gender, company and occupational level, if possible, in the last two breakdowns.

ANPM on its Annual report disclosed that during 2020 the Bayu-Undan operation had 402 nationals and permanent residents employed which 163 or 41% are allocated to offshore activities, 153 or 38% to onshore activities and 86 or 21% employed through service companies.

For Timor-Leste nationals there are 287 employees fully dedicated to the Bayu-Undan field (Full Time Equivalent) and 115 employees of Short-Term Workforce, including contracting companies that are not related to the core activities of this field.

In 2020 there were more employees in each TLN employment category than in 2019. The next table presents TLN employment category in BU operation in 2020.



Source: <http://pt.anpm.tl/wp-content/uploads/2021/12/RELATORIU-ANUAL-2020-FINAL.pdf>



Regulatory Framework Extractive industries in 2020

Timor-Leste officially recovered its sovereignty on May 20th, 2002. Following a referendum held in 1999, the administration of Timor-Leste had been delegated to the United Nations (UN) through the United Nations Transition Administration in Timor-Leste (UNTAET). During the transition period, UNTAET represented Timor-Leste's government in the renegotiation of the sharing of petroleum resources of the Joint Petroleum Development Area (JPDA).

Up until 2019, Timor-Leste and Australia had not defined the final maritime boundary in the Timor Sea. Previously, the two governments put in place a complex set of interim arrangements for the sharing of petroleum extracted from an overlapping joint development zones in the Timor Sea namely the Joint Petroleum Development Area (JPDA). Under the Timor Sea Treaty (TST) the area is governed under Production Sharing Contracts (PSCs) signed between the extractive companies and the ANPM. For Timor-Leste Exclusive Area (TLEA) the legal framework is in accordance with the Petroleum Activities Law (Law N°13/2005) and the area is governed under Production Sharing Contracts (PSCs) signed between the extractive companies and the Government.

In 2003, Timor-Leste and Australia established the Timor Sea Treaty (TST) that provided the framework for all petroleum exploration and development in JPDA. TST (article 4) provided that all petroleum produced in JPDA was split between Timor-Leste and Australia on a 90/10 basis.

In 2019, the Resolution No. 15/2019 of 27th August was created to perform a Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste, defining the sea borders between Australia and Timor Leste. Currently, the (1) Great Sunrise is governed by this Resolution and regulated by ANPM. The (2) Former JPDA falls under Timor-Leste exclusive jurisdiction and regulated also by ANPM.

4



4 Regulatory Framework Extractive Industries in 2020

4.1 News during 2020

Santos completes acquisition on Australia

On May 28th, 2020, Santos announced that has completed the acquisition of ConocoPhillips' northern Australia and Timor-Leste assets for a reduced purchase price of USD 1.265 billion plus an increased contingent payment of USD 200 million subject to a final investment decision (FID) on Barossa.

The acquisition delivers operatorship and control of a high-quality portfolio of low-cost, long-life natural gas assets and strategic LNG infrastructure.

Santos' interest in Bayu-Undan and Darwin LNG increases to 68.4% at completion. Santos' interest in the Barossa project to backfill Darwin LNG increases to 62.5%.

The particular transaction also led to the change of contract operator to Bayu Undan Production Sharing Contract (PSC-TL-SO-T 19-12 and PSC-TL-SO-T 19-13). As part of compliance to regulatory framework applicable to Timor-Leste, on 24th January 2020 Santos sought ANPM's approval to the change of contract operator.

On April 28th, 2020, ANPM acting according to article 33 of the Decree-law 24/2019 on the transitional Petroleum Titles and Regulation of Petroleum Activities in Bayu-Undan field with prior consents from the Acting Minister for Petroleum and Mineral Resources and the Special Representative of the Government for the Petroleum Sector, had granted its approval to the change of the contract operator from ConocoPhillips to Santos.

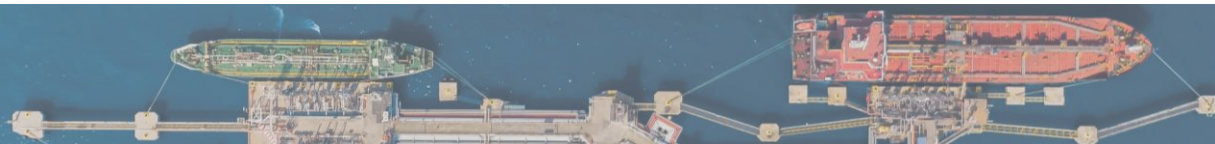
Source: <https://www.santos.com/news/santos-completes-conocophillips-northern-australia-acquisition/>

Timor Resources starts exploration in wells in southern Timor-Leste

In July 2020, Timor Resources expects to start oil drilling operations in southern Timor-Leste at the end of the year or early 2021, postponed due to the COVID-19 pandemic.

The expectation is that production can begin 18 months after the initial exploratory drilling, going through a first phase for the conversion of wells and construction of deposits, with crude export contracts already prepared.

Source: <https://www.timorresources.com.au/onshore-oil-discovery-in-timor-leste/>



4 Regulatory Framework Extractive Industries in 2020

4.2 Timor-Leste Exclusive Area Legal (TLEA)

TLEA refers to the Territory of Timor-Leste as defined by the Petroleum Act (Law No.13/2005 as amended from time to time) of the Democratic Republic of Timor-Leste. This Law applies to petroleum operations in the territorial sea, including its exclusive economic zone and continental shelf where, by International Law, Timor-Leste has sovereign rights for the purposes of resource exploration.

The relevant legal framework for petroleum operations that fall under the Autoridade Nacional do Petróleo e Minerais (ANPM) mandate and the existing petroleum contracts is as the following:

Legislation

- Petroleum Activities Law (Law No.13/2005) - First Amendment by Law No.1/2019 of 18th January and Second Amendment by Law No.6/2019 of 4th December
- National Petroleum Authority (ANP) (Decree Law No.20/2008) - First Amendment by Decree-Law No.1/2016 of 9th February and second amendment by Decree-Law No.27/2019 of 27th August
- Public Tendering in Respect of Petroleum Contracts Award (Decree Law No.7/2005)
- Decree-Law on Offshore Petroleum Operations in Timor-Leste (Decree Law No. 32/2016)
- Decree-Law on Onshore Petroleum Operations in Timor-Leste (Decree Law No. 18/2020)

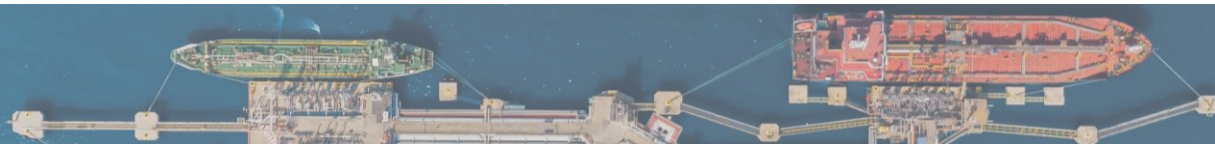
Production Sharing Contracts

- PSC TL-SO-T 15-01
- PSC S-06-04 (Contract Area E)
- PSC TL-OT-17-08 (Block A) and amendment
- PSC TL-OT-17-09 (Block C) and amendment
- PSC TL-T-19-14
- PSC TL-SO-19-16

Petroleum Activities Law (Law N°13/2005)

Pursuant to international law, Timor-Leste has sovereign rights for the purpose of exploring, exploiting and managing its natural resources, including Petroleum resources. Timor-Leste has entitled to all Petroleum resources existing in the subsoil of its territory, both onshore and offshore. The Petroleum Activities Law no. 13/2005 applies to petroleum operations in the territorial sea, including its exclusive economic zone and continental shelf where, by International Law, Timor-Leste has sovereign rights for the purposes of exploring, exploiting and managing its natural resources, including Petroleum resources. Timor-Leste has entitled to all Petroleum resources existing in the subsoil of its territory, both onshore and offshore. The objective of the Law on Petroleum activities (the Law) is to provide as many benefits to Timor-Leste and its people as possible by establishing a regulatory regime that will allow petroleum companies to develop such petroleum resources.

The Law empowers the Ministry to authorize petroleum companies to explore and exploit Petroleum resources. Other petroleum regimes have been taken into consideration in order to establish a regime that is internationally competitive and helps attract investments in the development of petroleum activities.



4 Regulatory Framework Extractive Industries in 2020

4.2 Timor-Leste Exclusive Area Legal (TLEA)

Petroleum Activities Law (Law N°13/2005)

The Petroleum resources owned by Timor-Leste are a strategic component of its economy, have a high-potential value and are expected to generate significant revenues for the country.

The objective of this Law on Petroleum activities (the Law) is to provide as many benefits to Timor-Leste and its people as possible by establishing a regulatory regime that will allow petroleum companies to develop such petroleum resources.

In addition to aiming to maximize Timor-Leste's oil revenues, the Law also envisages assisting in achieving the country's broad development goals. Oil revenues, and the development of this resource, will allow Timor-Leste to more effectively deal with developmental needs and priorities, further strengthen its human resources, consolidate the advancements made thus far, speed up and sustain economic growth, reduce poverty, and improve the well-being of the Timorese people.

Another objective of the Law is to ensure stability and transparency in regulating the development of Petroleum resources. In this respect, the Law is complemented with transparency requirements already being applied in Timor-Leste, or yet to be established, including those relating to the publication of information and the saving of oil revenues.

The first amendment to the law (No. 1/2019) continues to preserve the right of the participation of the State, of legal persons and any other legal persons wholly owned or controlled by them, to a maximum participation of 20%, in any authorization award under the terms of the law. Further, the participation may be higher than 20% based on the commercial transaction between parties under the awarded authorization. This law was immediately effective and started on the last reporting year 2019.

Article 13 of Petroleum Activities Law: Invitations to Apply

- 1.(a) The Ministry shall invite, by public notice, applications for Authorizations.
- (b) Notwithstanding paragraph 13.1(a) above, the Ministry may choose to award Authorizations through direct negotiation without issuing such invitations:
 - (i) in the case of Access Authorizations; or
 - (ii) in the case of all other types of Authorization where it is in the public interest to do so;
- (c) If the Ministry awards an Authorization without inviting applications as set forth in paragraph 13.1(b) above, it shall provide substantiated reasons for so doing.



4 Regulatory Framework Extractive Industries in 2020

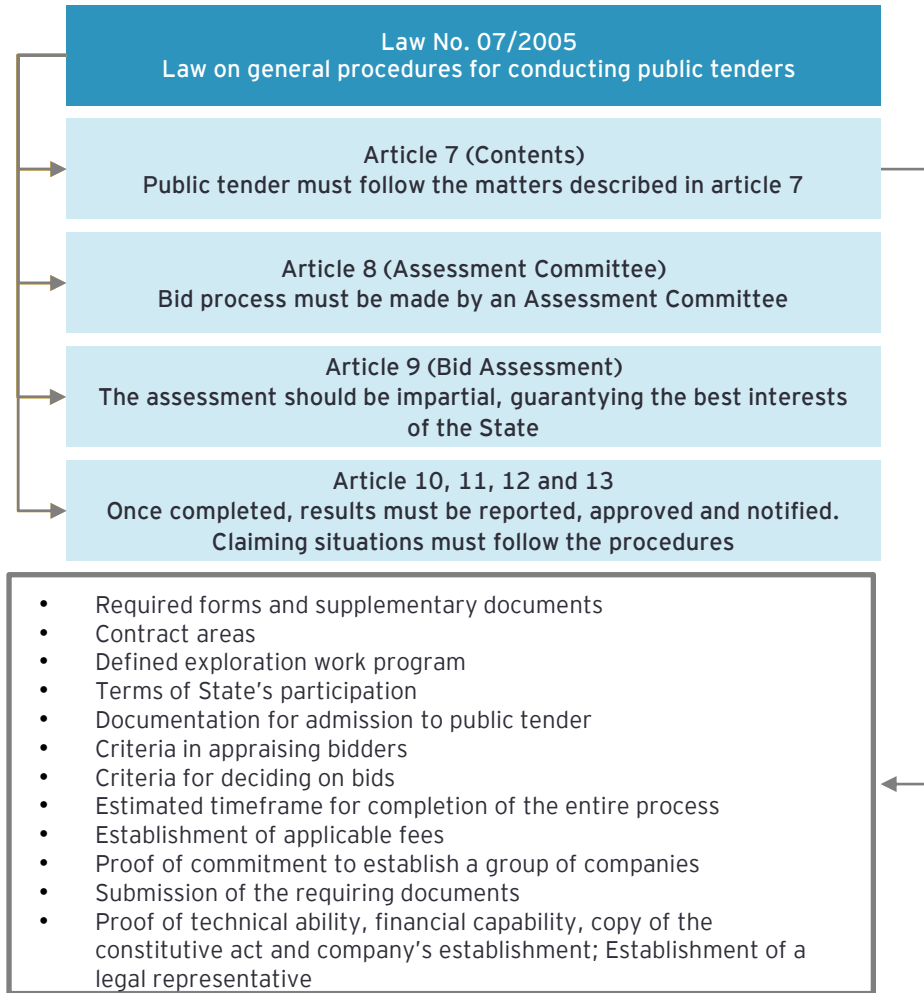
4.2 Timor-Leste Exclusive Area Legal (TLEA)

Public Tendering in respect of Petroleum Contracts Award (Decree Law No.7/2005)

Law No. 13/2005, of September 2nd (Law on Petroleum Activities) stipulates that the granting of authorizations, including the award of petroleum contracts, be preceded by a public tender. This Law has established principles aiming to provide as many benefits to Timor-Leste and its population as possible, by establishing a regulatory regime for petroleum companies.

The Decree Law 7/2005 establishes the conditions on how the Ministry will proceed on authorizing petroleum activities, it states the State participation in petroleum activities and also how are they developed. Transparency and Public information is equally addressed, where misleading information will be penalizing as it is also declared.

The companies and/or groups of companies, shall be selected on the basis of submitted bids, and the public notice issued by the Minister of Petroleum and Mineral Resources, Minerals and Energy Policy regarding the relevant public tender. The referred Minister will be in charge of the entire bidding process and also be the one responsible for granting prospecting authorizations.



4 Regulatory Framework Extractive Industries in 2020

4.2 Timor-Leste Exclusive Area Legal (TLEA)

Decree-Law No. 20/2008

The Decree-Law No. 20/2008, of 19th June, which created the Autoridade Nacional do Petróleo (ANP)*, entrusted the same entity with, amongst others, the responsibility for regulating and supervising the sectors/industries pertaining to the petroleum and natural gas and their derivatives in the country, thus acting as the Country's regulatory authority.

Under Decree Law No. 1/2016 of 9th February, the 1st amendment of Decree-Law No. 20/2008 of 19th June, the public institution Autoridade Nacional do Petróleo e Minerais (ANPM) is responsible for managing and regulating petroleum and mining activities in Timor-Leste area, both offshore and onshore and in the Joint Petroleum Development Area (JPDA) in accordance with the Decree Law on the establishment of the ANPM, the Timor-Leste Petroleum Activities Law, the Timor Sea Treaty and the Mining Code.

Decree-Law on Offshore Petroleum Operations in Timor-Leste (Decree Law No. 32/2016)

The Decree Law regulates the petroleum operations of the offshore petroleum resources, aiming to achieve efficient exploration and exploitation practices and preventing waste and pollution.

Decree-Law on Onshore Petroleum Operations in Timor-Leste (Decree Law No. 18/2020)

The purpose of this Decree Law is to regulate petroleum operations relating to onshore petroleum resources onshore, in accordance with Article 31 of Law No. 13/2005 (Petroleum Activities Law).

This Decree Law aims to:

- I. Ensure maximum recovery of Petroleum Resources of Timor-Leste;
- II. Prevent waste and pollution;
- III. Enforce the use of safe and effective exploration and exploitation practices and exploration practices;
- IV. Enable the effective monitoring, supervision and inspection of petroleum operations monitoring, supervision and inspection of petroleum operations;
- V. Prevent the unlawful violation of the rights of affected persons.



4 Regulatory Framework Extractive Industries in 2020

4.3 Former Joint Petroleum Development Area Legal Framework (JPDA)

The Timor Sea Treaty between the Government of Timor-Leste and the Government of Australia was signed in 2002. The Treaty established the Joint Petroleum Development Area (JPDA) in the Timor Sea, enabling the exploration and exploitation of the petroleum resources in the JPDA for the benefits of the people of Timor-Leste and Australia.

The applied legislation for JPDA operation is the following:

- Timor Sea Treaty (TST)
- Interim Petroleum Mining Code
- Petroleum Mining Code
- Interim Regulations issued under Article 37 of the Interim Petroleum Mining Code
- Interim Directions issued under Article 37 of the Interim Petroleum Mining Code
- Interim Administrative Guidelines for the Joint Petroleum Development Area
- Certain Maritime Arrangements in the Timor Sea
- Greater Sunrise - Memorandum of Understanding
- Greater Sunrise - International Unitization Agreement (IUA)

Production Sharing Contracts (PSC):

The petroleum contracts include:

- PSC TL-SO-T 19-12 (previously JPDA PSC 03-12)
- PSC TL-SO-T 19-13 (previously JPDA PSC 03-13)
- JPDA PSC 03-19
- JPDA PSC 03-20
- PSC TL-SO-T 19-10 (previously JPDA PSC 06-105)
- PSC TL-SO-T 19-11 (previously JPDA PSC 11-106)

(more information about PSCs in Annex F and Annex G for undersea oil and gas resources)

Source: <http://www.anpm.tl/jpda2/> & [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)



4 Regulatory Framework Extractive Industries in 2020

4.4 Specific agreements with Australia regarding Oil & Gas Exploration

In 2006, Timor-Leste and Australia had agreed to sign on International Treaties regarding the maritime arrangement in the Timor Sea:

- The previously mentioned Timor Sea Treaty
- The Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS) (this agreement was no longer applicable from 2016)
- The International Unitization Agreement for Greater Sunrise (IUA)

Additionally, the Greater Sunrise Memorandum of Understanding (MOU) specifies additional arrangements on this field.

Timor Sea Treaty (TST)

Formally known as the Timor Sea Treaty signed between the Government of Timor-Leste and the Government of Australia in Dili, on May 20th, 2002, the day Timor-Leste attained its independence from United Nations leadership, to join forces on petroleum exploration in Timor Sea by both countries.

The treaty entered into force on April 2nd, 2003, following an exchange of diplomatic notes. The treaty was to run for 30 years from the day it came into force or when a seabed boundary could be established, whichever came earlier.

The Timor Sea Treaty provides for the sharing of the proceeds of identified petroleum resource(s) in an agreed seabed area known as the Joint Petroleum Development Area and does not determine the sovereignty and maritime boundary between the two countries. The treaty expressly state that the right of either country to claim the overlapping portion of the seabed is maintained.

In 2019, the Resolution No. 15/2019 of 27th August on Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste was published to rectify the Timor Sea Treaty (see the new blocks in Annex I). Timor-Leste and Australia concluded a definitive delimitation of maritime borders between the two States through the Treaty and that delimitation had implications on ownership, jurisdiction and management of oil resources in the Timor Sea.



4 Regulatory Framework Extractive Industries in 2020

4.4 Specific agreements with Australia regarding Oil & Gas Exploration

Greater Sunrise - International Unitization Agreement (IUA)

The Sunrise and Troubadour gas and condensate fields, collectively known as the Greater Sunrise fields, are located approximately 150 kilometers south-east of Timor-Leste and 450 kilometers north-west of Darwin, Northern Territory.

In April 2019, the government of Timor Leste, through TIMOR GAP, purchased 56.56% of the Greater Sunrise gas and condensate, held by ConocoPhillips (30%) and Shell (26.56%). Woodside still holds a percentage of the fields.

The Greater Sunrise IUA, along with the other legal framework, regulates petroleum activities in the Unit Area and Unit Reservoirs.

In 2019, the Resolution No.15/2019 of 27th August was published to present a Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste. This Resolution rectifies the Timor Sea Treaty and the International Unitization Agreement by the definition of a new provisory geodesic line in the Greater Sunrise Area. The final geodesic line will only enter into force once Timor and Indonesia define boundaries on the continental platform and the depletion of the Greater Sunrise Field.

Greater Sunrise - Memorandum of Understanding (MOU)

The Greater Sunrise MOU sets the fees value relating to the Unitization of the Greater Sunrise which the Government of Australia will transfer to the Government of Timor-Leste.

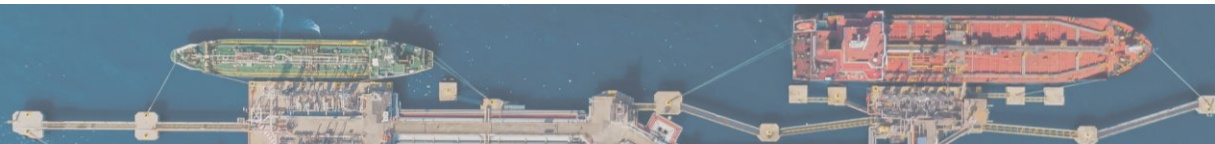
Petroleum Mining Code (PMC)

In accordance with Article 7(a) of the Timor Sea Treaty, and subject to the terms of that Treaty, the following Petroleum Mining Code is adopted to regulate the exploration, development and exploitation of Petroleum within the JPDA, as well as the export of Petroleum from this same area.

Interim Petroleum Mining Code (Interim PMC)

The Interim PMC regulates petroleum activities within JPDA. Despite the fact that the PMC was established, the Interim PMC continues to regulate the following PSCs:

- PSC TL-SO-T 19-12 (previously JPDA PSC 03-12)
- PSC TL-SO-T 19-13 (previously JPDA PSC 03-13)
- JPDA PSC 03-19
- JPDA PSC 03-20



4 Regulatory Framework Extractive Industries in 2020

4.4 Specific agreements with Australia regarding Oil & Gas Exploration - new laws since 08/19

Greater Sunrise

The Resolution No. 15/2019 of 27th August, as mentioned before relates to the Rectification of the Maritime Boundaries Treaty, between Australia and Democratic Republic of Timor-Leste. Regarding the Special Regime of the Greater Sunrise, Australia and Democratic Republic of Timor-Leste have the tittle to all petroleum oil produced by sharing the upstream revenues (specifically the first tranche petroleum, profit oil and taxation), derived from the upstream exploitation of Petroleum produced in the Greater Sunrise Fields:

- in the ratio of 70 per cent to Timor-Leste and 30 per cent to Australia in the event that the Greater Sunrise Fields are developed by means of a Pipeline to Timor-Leste; or
- in the ratio of 80 per cent to Timor-Leste and 20 per cent to Australia in the event that the Greater Sunrise Fields are developed by means of a Pipeline to Australia

Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Parlamento-Nacional-No-15-2019-de-27-de-Agosto.pdf>

Under Former JPDA Area

According to the Resolution No. 15/2019 of 27th August, the JPDA Area became 100% Timor-Leste Exclusive Jurisdiction and regulated by ANPM. Furthermore, it is required to have a “cooperation between the ANPM, DIIS and NOPSEMA in relation to the safe and efficient regulation of the Bayu-Undan Gas Field, including the Bayu-Undan Facilities and the Bayu-Undan Pipeline, the latter of which traverses both Timor-Leste’s and Australia’s continental shelf and over which Australia exercises exclusive jurisdiction over the Pipeline”. As such:

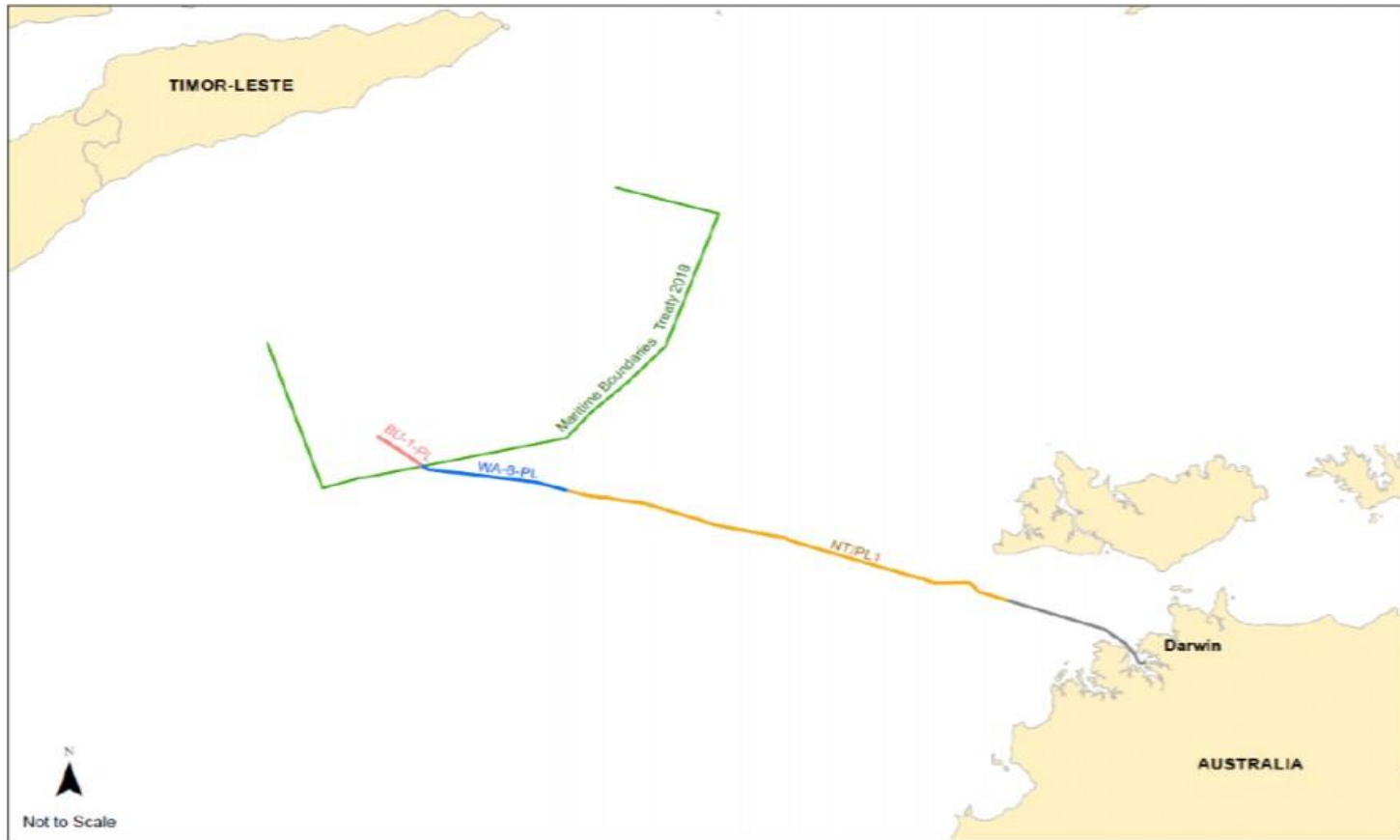
1. ANPM will be solely responsible for regulating the Bayu-Undan Facilities, that is, the upstream offshore infrastructure installed in the Bayu-Undan Gas Field which extracts and processes gas and liquids and stores liquids produced from the Bayu-Undan Gas Field, but does not include the Bayu-Undan Pipeline;
2. The Department of Industry, Innovation and Science of Commonwealth of Australia (DIIS) will be the responsible for the regime governing oil rights and activities in the watershed area Coastal (beyond 3 nautical miles after territorial sea) to the outer limit of the Australian Exclusive Economic Zone
3. Australian National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) will exclusively regulate the Bayu-Undan Pipeline, covered by the licenses BU-1-PL, WA-8-PL and NT/PL1.

Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Governo-No-23-2019-de-27-de-Agosto.pdf>



4 Regulatory Framework Extractive Industries in 2020

4.4 Specific agreements with Australia : Maritime Boundaries - Parliament Resolution 15/2019

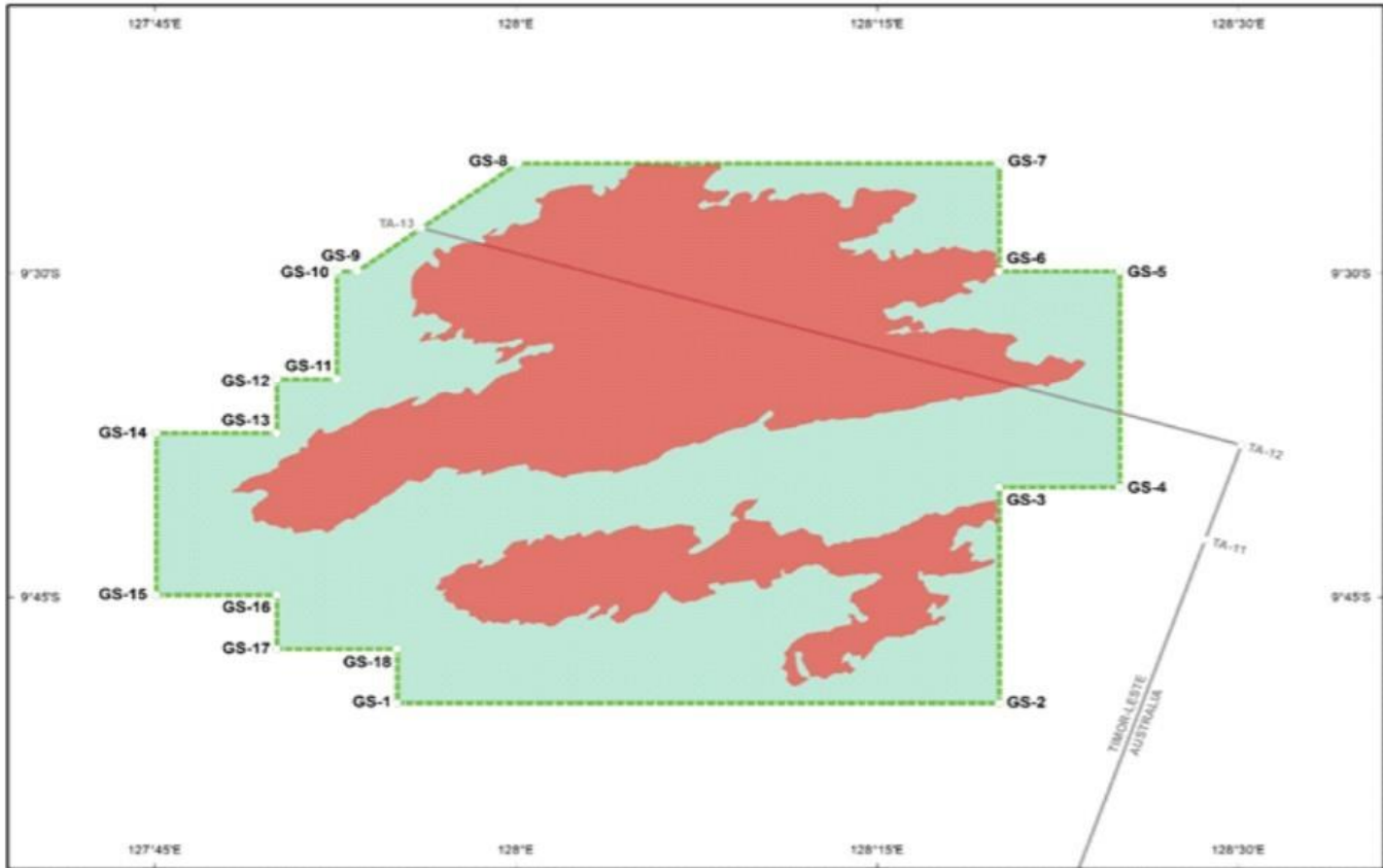


Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolucao-do-Governo-No-22-2019-de-27-de-Agosto.pdf>



4 Regulatory Framework Extractive Industries in 2020

4.4 Specific agreements with Australia : Maritime Boundaries - Parliament Resolution 15/2019



Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolução-do-Parlamento-Nacional-No-15-2019-de-27-de-Agosto.pdf>



4 Regulatory Framework Extractive Industries in 2020

4.5 ANPM

Autoridade Nacional do Petróleo e Minerais (ANPM) is a Timor-Leste public institution, created under Decree Law No. 1/2016 of February 9th (1st amendment of Decree-Law No.20/2008 of June 19th).

The decree-Law No. 20/2008, of 19 June, which created the Autoridade Nacional do Petróleo (ANP)*, entrusted the same entity with, amongst others, the responsibility for regulating and supervising the sectors/industries pertaining to the petroleum and natural gas and their derivatives in the country, thus acting as the Country's regulatory authority.

Under Decree Law No. 1/2016 of 9th February, the 1st amendment of Decree-Law No. 20/2008 of 19th June, the public institution Autoridade Nacional do Petróleo e Minerais (ANPM) was known to be responsible for managing and regulating petroleum and mining activities in Timor-Leste area, both offshore and onshore and in the Joint Petroleum Development Area (JPDA) in accordance with the Decree Law on the establishment of the ANPM, the Timor-Leste Petroleum Activities Law, the Timor Sea Treaty and the Petroleum Mining Code.

Furthermore, under the Decree Law No. 27/2019, there was a second amendment to the original Law. This amendment relates to Timor-Leste and Australia definitive delimitation of maritime borders between the two States through the Treaty (Resolution No. 15/2019) and also implied delimitation on ownership, jurisdiction and management of oil resources in the Timor Sea. Therefore, when the Resolution No.15/2019 enters into force, ANPM will see its function of designated authority for the purposes of the Greater Sunrise Special Regime Area and holding its function of the Former JPDA, which became part of Timor-Leste Exclusive jurisdiction.

Hence, ANPM will be responsible for managing and regulate petroleum and mining activities in Timor-Leste Exclusive Jurisdiction, which includes the Former JPDA and the Greater Sunrise Special Regime Area, in accordance with the Decree Law (that established ANPM) and the following laws and regulations:

- Timor-Leste Petroleum Activities Law - First Amendment by Law No.1/2019 of 18th January and Second Amendment by Law No.6/2019 of 4th December;
- Resolution No. 15/2019 rectifying the Timor Sea Treaty;
- All new laws introduced with the rectification of the Maritime Boundary Treaty in August 2019;
- Other resolutions prior to August of 2019;
- Petroleum Mining Code including subsidiary legal frameworks for Greater Sunrise Special Regime Area;
- Law No.12/2021 of 30th June 2021, Mining Code.



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

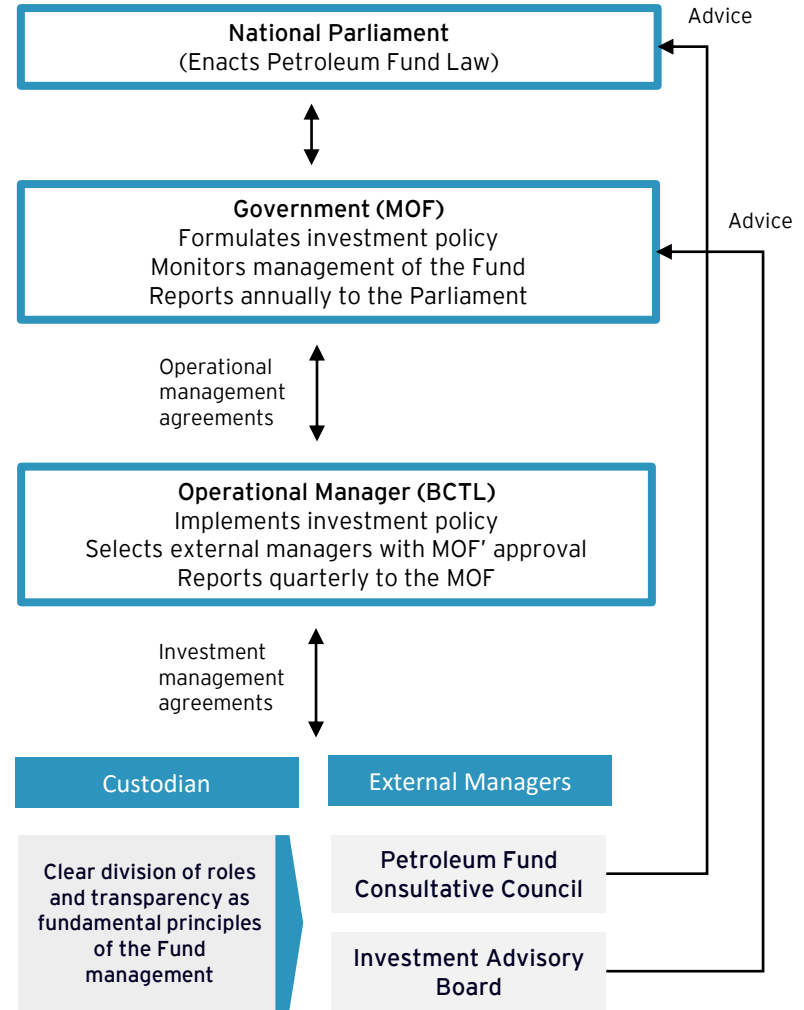
The Petroleum Fund was established to fulfill the constitutional requirement set by Article 139 of the Constitution of the Republic that mandates a fair and equitable use of the natural resources in accordance with national interests, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

The parliament of Timor-Leste established the legal framework for the Petroleum Fund through the Petroleum Fund Law, updated by amendments to the Petroleum Activities Law. The Fund is constituted as an account of the Ministry of Finance held in the Central Bank of Timor-Leste (BCTL, Banco Central de Timor-Leste).

The Petroleum Fund Law:

- Provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenue
- Details the parameters for operating and managing the petroleum fund
- Defines the asset allocation and risk limits
- Governs the collection and management of receipts associated with petroleum wealth
- Regulates transfers to the state budget, and
- Provides for government accountability and oversight of these activities.
- The Petroleum Fund Law requires that all petroleum revenues are entirely transferred to the Fund and invested abroad in financial assets. The Fund's only outgoings are transfers back to the central government budget, pursuant to parliamentary approval by the Law No.9/2005 (August 3rd, 2005).

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

The Petroleum Fund Law provides mechanisms that assist Timor-Leste to sustainably manage its petroleum revenues, details parameters for operating and managing the Petroleum Fund, defines asset allocation guidelines and risk limits, governs collection and management of the receipts, regulates transfers to the State Budget, defines clear roles and responsibilities of entities involved in the management of the Fund and provides for government accountability and oversight of these activities.

The Fund separates the inflow of petroleum revenues from government spending. All petroleum income initially enters the Fund before any transfers are made to the State Budget. The amount of the transfers is guided by the Estimated Sustainable Income (ESI), set at 3% of total Petroleum Wealth.

Estimated Sustainable Income (ESI)

Petroleum Wealth comprises the balance of the Petroleum Fund and the Net Present Value of expected future petroleum revenue. The rationale behind using the ESI is to smooth the spending of temporarily high petroleum income and shield against the volatility of petroleum inflows and safeguard the sustainable use of public finances. The Fund is invested only in international financial assets. The investment objective is to achieve a 3% real return over the long-run to contribute to the sustainability of the fiscal policy.

Based on a good management and a prudent investment policy (as the fulfilment of the ESI) it was possible to have a steady increase through the years of the Market value of the fund even noticing that the petroleum receipts have decreased after 2012 result from the decreases on the oil prices.

Source: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>

Petroleum Fund's Balance and Flows

In 2020 the Fund's balance has increased USD 1,213 million (from USD 17,692 million in 2019 to USD 18,905 million in 2020). The investment return was USD 1,773 million over the year.

The petroleum revenues collated was USD 326 million. This amount was constituted by USD 145 million in petroleum taxes and 165 million in royalties and profit from oil and gas.



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

Withdrawals

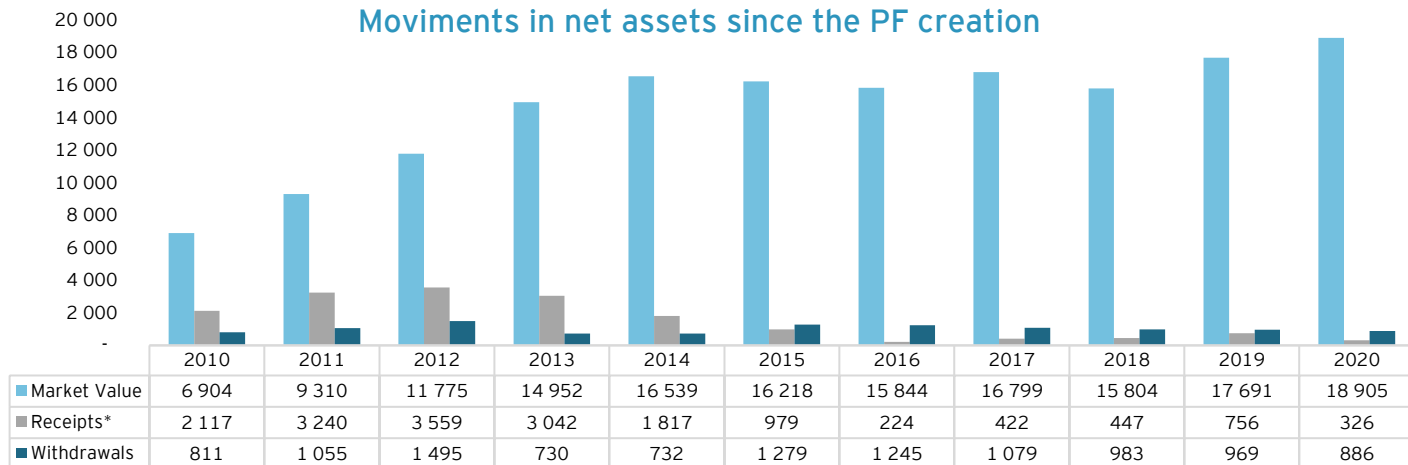
The withdrawals from the Petroleum Fund are the amounts that finance almost all Government's General State Budget. The first two proposed Budgets for 2020 were not passed by parliament, for that reason, Timor-Leste operated under a duo-decimal regime until October 2020. The Parliament approved extraordinary withdrawals of USD 536 million to assist with the COVID-19 pandemic (USD 219.5 million) and to finance the duo-decimal regime until budget was approved. In total, were withdrawn USD 886 million from the Fund during 2020.

Withdrawals in 2020 were USD 341.9 million higher than the USD 544.5 million ESI published in the final 2020 Budget Book, averaging 5% of the PF, instead of the defined 3%.

Tax Refund

In 2018, the Government of Timor-Leste approved a tax refund related to the Corporate Income Tax (CIT) and Supplemental Petroleum Tax (SPT) overpayment during the fiscal periods of 2011, 2012 and 2013 from Kitan Operations. It is possible that future tax refunds might be paid out in the upcoming years from the Petroleum Fund, although during 2020 there wasn't tax refunds regarding previous year.

Sources: <https://www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf>



* The amounts presented for receipts considers petroleum tax, royalties and profit Oil & Gas

Million USD



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

Net Investment Return 2020

The Petroleum Fund's investment strategy is designed to generate an annual return that exceeds inflation by 3 per cent over the long run. The 3% real return objective follows from the ESI.

The Petroleum Fund's investments were initially fully invested in bonds (specially US) to limit the exposure to risk however a significant allocation to equities is required to reach the real return objective. However, when the 2005 Law was reviewed, which first required 90% of investments to be in the US dollar bonds, after a broad consultation with stakeholders, the Petroleum Fund Law was amended in 2011 to allow up to half of the Fund to be invested in listed equities. Correspondingly, no less than 50% of the Fund is to be invested in fixed interest.

The Petroleum Fund's investment return in 2020 was 10,17%, The annual nominal investment return since inception of the Fund is 4.8%, about 2.9% in real terms after deducting US inflation. This performance was mainly driven by the equity portfolio with 14,03% of return. The equity portfolio recovered from a sharp fall in the first quarter to post an annual return of 14.0%. The fixed interest allocation returned 5.0% as bonds recorded capital gains when yields fell. The Petroleum Fund's loan to TIMOR GAP returned negative 8.3% in 2020, following an independent valuation of the loan.

Petroleum Fund performance in 2020

The Petroleum Fund's total return in 2020 was 10.17% as mentioned, which added to the 13.25% return in 2019.

Both fixed interest and equities posted solid gains over the year. The equity portfolio recovered from a sharp fall in the first quarter to post an annual return of 14.0%. The fixed interest allocation returned 5.0% as bonds recorded capital gains when yields fell. The Petroleum Fund's loan to TIMOR GAP returned negative 8.3% in 2020, following an independent valuation of the loan.

Details and more information of the PF can be seen in PF Annual report 2020.



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

Petroleum Fund Revenues

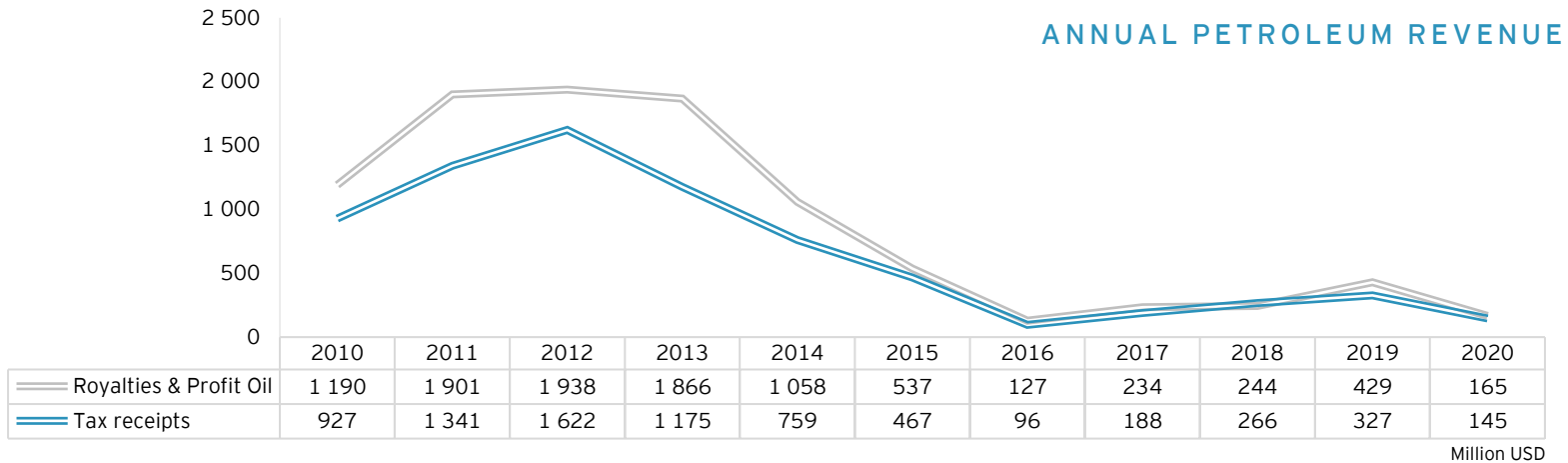
In 2020, also well in the last year, there is only one gas field in the production phase, Bayu- Undan. That field has started the production phase in 2004. Oil price, production volume and production costs are the three main factors that affect the Government's inflow of petroleum revenues.

The petroleum revenues collated was USD 326 million. This amount included USD 145 million in petroleum taxes and 165 million in royalties and profit from oil and gas. Oil and Gas production fell slightly from USD 38 million BOE in 2019 to 35.6 million BOE in 2020. Revenue in 2020 was 57% lower than the previous year fundamentally due to the lower sales as the Covid-19 reduced economic activity.

In 2020, 6 condensate cargoes and 4 LPG cargoes were sold compared to 13 cargoes and 7 cargoes in the previous year, causing a decline of revenue during this period.

Since the fund's inception, the petroleum receipts totalized USD 23,112 billion, which includes the initial transfer of revenues collected before the Fund was created. Please see the table below which demonstrates the annual petroleum revenue since 2010.

The split between the Tax and Non-Tax petroleum revenues since 2010 were as follows:



4 Regulatory Framework Extractive Industries in 2020

4.6 Petroleum Fund

In late December 2019, there was identified a disease highly contagious that immediately caught worldwide attention. As the number of people infected increased and the levels of spread rose, it quickly extent throughout the world.

In March 2020, lockdowns were introduced worldwide to contain the rising number of cases. People were forced to stay at home, non-essential businesses were shut down, and countries closed their borders.

The state of emergency led to a global fall in the market due to the mandatory shutdown of business and Timor-Leste, like the rest of the countries in the world, was also affected by the pandemic.

Regarding the Oil & Gas sector, which was also affected by the Covid-19 pandemic, there was a sharp decrease of petroleum revenues amounting USD 326 million in 2020 (USD 756 million in 2019). The revenues included USD 145 million in petroleum taxes and USD 165 million in royalties and profit from oil and gas.

Although, the successful execution of the Bayu-Undan infill well (BUIW) development in 2018 has enabled production to be maintained at similar levels over the past few years, the revenue in 2020 was 57% lower that the previous year, as result of lower sales due to the pandemic state.

Nevertheless, governments responded with fiscal policy measures to try to limit the economic fallout, preserving employment and allowing companies to stay in business during lockdowns.

Regarding this situation, the following laws were published:

- Law No. 2/ 2020, April 6th, which approves an extraordinary transfer from the Petroleum Fund, intended for the coverage of expenses to be incurred during the year 2020, within the framework of the prevention and combat of the Covid-19 disease;
- Law No. 5/2020, 30th June, which approves a second extraordinary transfer from the Petroleum Fund, in the financial year 2020, and introduces the first amendment to Law No. 2/ 2020, 6th April.

Source: <https://www.ifswf.org/sites/default/files/annual-reports/Timor%20Leste%20Petroleum%20Fund%20Annual%20Report%202020.pdf>

Year	2020	2019	Var.
Tax receipts (USD million)	145	327	- 55%
Royalties & Profit Oil (USD million)	165	429	- 62%
Other receipts	16	0	-
Total Receipts	326	756	- 57%

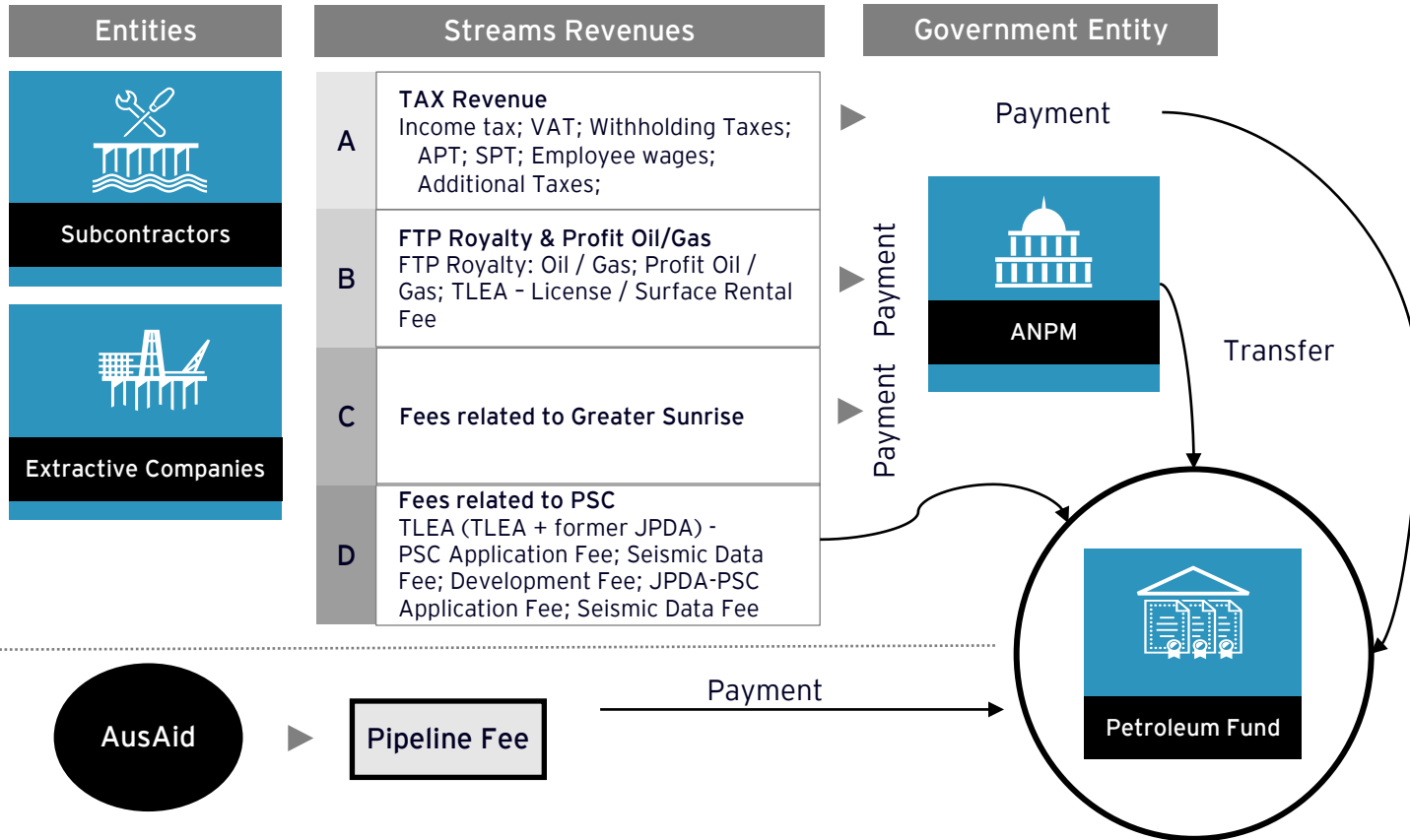


4 Regulatory Framework Extractive Industries in 2020

4.7 Summary of the payment process

Summary of Payment Process

There are almost no direct links from the petroleum sector to the rest of the economy. All petroleum production is offshore and outsourced to foreign companies. Petroleum revenues flow into Timor-Leste's offshore petroleum fund, from which a portion is drawn through the government budget, benefiting the non-oil sector.



4 Regulatory Framework Extractive Industries in 2020

4.8 State Owned Enterprise (SOE's)

The Petroleum Act (Law No 2005/13) - Article 22 "State Participation in Petroleum Operations," allows a state-owned National Oil Company (NOC) to participate in joint ventures for exploring and exploiting petroleum resources in Timor-Leste. This law is not applicable to JPDA, since the coverage is only limited to Timor-Leste Jurisdiction. Further, with the creation of TIMOR GAP, the State is aiming to facilitate, through the NOC, the participation in any authorization issued under JPDA, and other jurisdictions, following the best industry practices.

TIMOR GAP, E.P.

TIMOR GAP, E.P. was established as a national company of Timor-Leste by Decree-Law no 31/2011. Its main objective is to act on behalf of the State in conducting business within the Oil and Gas sector.

This company receives a government funding in the form of an annual public transfer for the purpose of supporting its operational activities in accordance with the State Budget Law. The public transfer to TIMOR GAP is made through to the Ministry of Petroleum and Mineral Resources' (MPRM) annual budget. The Funds allocated to TIMOR GAP are based on the company's annual plan that is approved by the Council of Ministers.

An agreement on the budget execution and reporting is signed every year between MPRM and the TIMOR GAP before the disbursement of the funds to the company's designated bank account. Under Art. 4 of the Decree Law no 31/2011, TIMOR GAP is obliged to submit the report on quarterly basis to MPRM on the use of the public transfer accordingly. Details of transfers are mentioned on TIMOR GAP's 2020 Annual Report.

The entity has subsidiaries engaged in upstream activities and oil & gas services.

Source: [https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/\\$File/AR19_English_with_Financial.pdf?openelement](https://www.timorgap.com/databases/website.nsf/vwAllNew/Resource-AR19%20English/$File/AR19_English_with_Financial.pdf?openelement)



4 Regulatory Framework Extractive Industries in 2020

4.8 State Owned Enterprise (SOE's)

TIMOR GAP, E.P.

The entity has subsidiaries engaged in upstream activities and Oil & Gas services.

Upstream (Block interests SPVs)

The activities of the wholly owned subsidiaries by TIMOR GAP vary from Onshore to Offshore. In 2020 TIMOR GAP has interests in the following:

- In 2012 TIMOR GAP established a fully owned subsidiary company, TIMOR GAP PSC 11-106 that is responsible for exploration, production of crude oil and natural gas and respective sale activities regarding to the PSC TL-SO-T 19-11. The partnership between TIMOR GAP PSC 11- 106, Eni and Inpex for this PSC in the former-JPDA area had an effective date on October 23rd, 2013. TIMOR GAP has 24% of share in the JV.
- Founded in October 2015, TIMOR GAP Seismic Services is owned by TIMOR GAP (60%) and a subsidiary of China National Petroleum Corporation, BGP Geoservices Pte, Ltd (40%) with the objective to provide seismic survey services within the Timor-Leste's territory.
- Established in 2015, TIMOR GAP OFFSHORE BLOCK is a special purpose vehicle for the offshore block TL-SO-15-01. In 18th of December 2015, this subsidiary began the exploration offshore in the block TL-SO-15-01 holding a 100% of share in the PSC.
- TIMOR GAP CHUDITCH established in 2016, to expand TIMOR GAP Exploration & Production portfolio. On 8 November 2019, TIMOR GAP CHUDITCH and its joint venture partner, SundaGas Banda Unipessoal, Lda., signed a PSC for the TL-SO-19-16 contract area with ANPM. TIMOR GAP has 25% of share in the JV.
- TIMOR GAP ONSHORE BLOCK was founded in 2017 , as a SPV with the purpose of entering PSC TL-OT-17-08, with TIMOR RESOURCES for the exploration and exploitation of the onshore Block A, sharing 50% share partnership (please see Annex H)
- In 2017, TIMOR GAP ONSHORE BLOCK B was created as a SPV to participate in the activities in the onshore Block B.
- Established in 2017, TIMOR GAP ONSHORE BLOCK C is a SPV for the block TL-OT-17-09 signed with TIMOR RESOURCES, sharing 50% share partnership. Please check Annex G for TIMOR GAP Onshore Blocks.
- In 2017, TIMOR GAP Drilling & Services was created due to the complexity of supplying services in the upstream business. The main goal is to attract and improve the value of commercial economy.

Established in 2018, there four wholly owned subsidiaries created, as follows;

- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda., with the purpose to hold a participating interest in the Retention Lease NT/RL2 of the Greater Sunrise fields.
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda., with the purpose of hold a participating interest in the Retention Lease NT/RL of the Greater Sunrise fields.
- TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda., with the purpose to hold participating interests in the PSC JPDA 03-19 of the Greater Sunrise fields.
- TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda., with the purpose to hold participating interests in the PSC JPDA 03-20 of the Greater Sunrise fields.



4 Regulatory Framework Extractive Industries in 2020

4.8 State Owned Enterprise (SOE's)

TIMOR GAP, E.P.

Oil & Gas services

- Created in 2014, TIMOR GAP Oil & Gas Marine and Logistics provides general services for the marine industry and support services to the petroleum industry.

Tasi Mane Project Subsidiary

- Established in 2015, The South Horizon Offshore Services, Lda, owned by TIMOR GAP Oil & Gas Marine and Logistics (51%) and by Siglar Offshore Services Timor (49%), with the objective to provide support services to vessels and the marine and offshore installations in Timor Sea.

Revenue and Financial Results

TIMOR GAP received a government grant of 15,227,966 USD during the year ended 31 December 2020 (2019: 16,900,000 USD).

Besides depending on the government grant to cover most project expenses, the company also generated income from fuel trading business which totaled 147,914 USD (2019: 226,983 USD).

The group has liquidated one of the associate company namely GAP-MHS Aviation, Lda. as it was dissolved on 22nd January 2020.

Consequently, TIMOR GAP has received a dividend income amounting to USD 121,059 which has been accounted for in the standalone financial statements.

On a group basis the Profit & Loss before tax was of - 698,148,094 USD (2019: - 4,476,612 USD) which is more reduced by the total income tax and deferred tax expense.

Source: https://www.timorgap.com/wp-content/uploads/2022/10/AR20_English_Final_TO_UPLOAD.pdf



4 Regulatory Framework Extractive Industries in 2020

4.8 State Owned Enterprise (SOE's)

Brief Note on Onshore direct award to TIMOR GAP

TIMOR GAP, E.P., the national oil company of Timor-Leste, was awarded the exclusive hydrocarbon exploration rights to the Onshore Block (44/2015) by Government Resolution 44/2017 in December 2015. Subsequently the Onshore Block was divided into 3 sub-blocks (A, B & C), each with an area of approximately 1000km².

Due to the nature of the entity, it was analyzed the Law 13/2005, which described that direct award is possible and allowed by law. According to petroleum activities law 13/2005 on art. 13 b):

"...Ministry may choose to award Authorizations through direct negotiation without issuing such invitations:

- (i) in the case of Access Authorizations; or
- (ii) in the case of all other types of Authorization, where it is in the public interest to do so."

Source: TIMOR GAP 2018 annual report & http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2005_13_petroleum_activities_.pdf

Taking into consideration the TIMOR GAP, E.P. mission and purpose, the Council of Ministers considered this award to be made on the national public interest and a significant milestone for TIMOR GAP, E.P. to develop as an oil and gas company.

The role of TIMOR GAP E.P. in the onshore exploration is key to achieving the maximum benefits for Timor and maximum participation of Timorese citizens. As noted in the Program of the Sixth Constitutional Government the operation and activity of the company is "central to the strategy of developing our petroleum industry" and provides "an avenue for Timor-Leste to have a direct business stake in and benefit from the expansion of the sector."

Acting pursuant to the Petroleum Activities Law, the Ministry herewith awards these petroleum contracts by means of direct negotiation based on public interest to TIMOR GAP Onshore Block (to enable the boost of its knowledge in the upstream sector and enhance its experiences and capabilities) incorporated and organized under the existing laws of the Democratic Republic of Timor-Leste, and TIMOR RESOURCES PTY LTD, a company incorporated in Australia, and both parties are collectively referred to as "Contractor" for the Production Sharing Contracts (PSC's) TL-OT-17-08, which covers Covalima and Bobonaro Municipalities and (PSC's) TL-OT-17-09, which covers Manufahi and Ainaro Municipalities.

Source: <http://timor-leste.gov.tl/?p=17711&lang=en>



4 Regulatory Framework Extractive Industries in 2020

4.9 Licenses / Contract disclosure

ANPM is responsible for the public disclosure of contracts and licenses that provide the terms to the exploitation of oil, gas and minerals, in accordance with the applicable laws in force.

EITI standards 2019 require that there will be disclosures regarding licenses and contracts in order to provide relevant information to stakeholders. All information concerning to active contracts and licenses is available on the ANPM website.

Source: <http://www.anpm.tl/list-of-licenses-2006-2018/>
 Source: <http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekPSCList>
 Source: <http://www.anpm.tl/timor-leste-eiti/>

Following the requirement 2.2, Timor-Leste should disclose:

- I. Description of the process for transferring or awarding the license;
- II. Technical and financial criteria used;
- III. Information about the recipient(s) of the license that has been transferred or awarded;
- IV. Material deviations from the applicable legal and regulatory framework governing license transfers and awards.

In addition, the government should disclose the process for awarding or transferring a license of a bidding, and the rules that determinate how candidates are chosen.

Source: EITI Standard 2019

Consequently, ANPM discloses the documents needs to apply to a license or bidding, and the list of licenses and contracts on the following websites:

Source: <http://www.anpm.tl/category/annual-report/>
 Source: <http://www.anpm.tl/how-to-apply-for-the-downstream-activity-license/>
 Source: <http://www.anpm.tl/jpda2/> & <http://www.anpm.tl/tlea/>

Timor-Leste's Oil and Gas sector is governed under Production Sharing Contracts (PSCs) signed between the oil companies and the ANPM.

ANPM is expected to disclose all contracts copies and other information relevant about the active licenses, in accordance with the applicable laws in force. Beside the links above mentioned it's also possible to, by request, ask for more information in their site:

Source: <http://web.anpm.tl/webs/anptlweb.nsf/pgRequest>

Other Notes

During the process for awarding licenses, the entities must start by applying to obtain the license. Following the application, ANPM does a detailed analysis of each entity on the list of applicants and those that are within the parameters, will be able to move on to the next phase, the bidding process. At the time of bidding, the awardees of the licenses will be determined.

Details about the entire process can be found on the ANPM website, including the sessions that took place during this round and information about each license awardee.

In the media release tab, it is possible to find several additional documents issued by ANPM, with updated information about the sector.

Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)



4 Regulatory Framework Extractive Industries in 2020

4.10 Civil Society's perspective

During the period of 2020, the fiscal year of this EITI report, the civil society organizations in Timor-Leste (CSO) have limited access to carry out their activities due to COVID-19 restriction imposed by the Government. The unsure political situation has affected the people's economy in Timor Leste. It has reported that around 65% of the population have lost their job. The duodecimal budgetary system would have provided insufficient resources to support the community's daily incomes.¹

In respect of EITI requirements 1.3, 1.5 and 7.1, the CSO has actively engaged in the process of the consultation with Timor Resource P/L, as well as coordinated with government authority and SOE (TIMOR GAP, E.P.) on the activities in the field which involved. In general, the topics that were discussed in the meetings, CSO encouraged these entities to provide clear information on environmental aspects behind the company's operations as well as corporate responsibility and local content.²

-Based on the EITI references above, the CSO has guaranteed efforts to contribute on a transparent EITI process and ensured a substantial materiality threshold that encourage data collection from reporting entities from mining and oil and gas sectors in the country. Despite the agreed threshold substantially covered the reconciled information from oil and gas, CSO remain concerns with revenues from mining industry that are not reported due to amounts under the threshold's barrier. Thus, CSO would continue to advocate for the inclusion of the detailed coverage of mining activities which include government revenues from mining sector emphasizing the state budget.

¹ <http://matadalaninstitute.blogspot.com>

² CGT and La'o Hamutuk Minutes Note



Tax Regime

According to the requirement 2.1 of the EITI Standard 2019, Timor-Leste must disclose a description of the fiscal regime governing the extractive industries.

Timor-Leste's petroleum sector currently consists of two different jurisdictions with different legal and fiscal regimes:

1. The Greater Sunrise Special Regime Area - jointly managed by Australia and Timor-Leste:
 - Covered by the Maritime Boundary Treaty were covered on Greater Sunrise field;
2. Timor-Leste Exclusive area (TLEA) managed by Timor-Leste on Offshore and Onshore.

Timor-Leste operates a Production Sharing Contract (PSC) system. Petroleum operations in the Greater Sunrise Special Regime Area and Timor-Leste's exclusive jurisdiction are conducted according to PSCs concluded between the Autoridade Nacional do Petróleo e Minerais (ANPM) which is also known as Designated Authority under the Maritime Boundary Treaty and Contractors.

In addition, the TST guarantees Timor-Leste taxation right of 90% of the petroleum revenues from the JPDA and 10% to Australia.

In 2019, a new Law entered into force due to the Resolution 15/2019 of the Ratification of the Maritime Boundary Treaty. According to the Law 5/2019, there were changes to the tax legislation for the Former JPDA contractors. As required under the Maritime Boundary Treaty and the new fiscal law, the Greater Sunrise Special Regime had to be formulated.

This section summarizes the fiscal regime for each jurisdiction.

5



5 Tax Regime

5.1 TLEA - Timor-Leste Exclusive Area

MBT (Timor-Leste Exclusive Jurisdiction + former JPDA)

The tax regime applicable for exclusive jurisdiction of the Timor-Leste TLEA are:

- UNTAET Regulation No. 2000/18;
- Petroleum Tax Act No. 7/2005, replaced by Taxes and Duties Act on Decree law No. 8/2008, amended by Law No.5/2019.

For the Former JPDA, other than Bayu Undan and Greater Sunrise, the following tax provision is provided under the Law No.5/2019 of 27th August and First Amendment of Law No.8/2008 of 30 June 2008, approving the tax and duties Act. The specific changes introduced are:

- On the SPT the rate for Former JPDA is reduced from 22.5% to 19.8% and for Former Australian jurisdiction is reduced from 22.5% to 0%;
- Designated service taxes and withholding taxes are reduced at 90% during the exploitation and development phases. This rate reduction will not be applied until the date of first productions;
- Exemption of custom duties for all import for petroleum operations in the former JPDA Contract Area and will only be subject to custom duties when those import goods are permanently transfer into Timor-Leste territory other than the Former JPDA Contract Area.

Income tax / Designated Service Tax / Sales Tax

Income tax applies to Contractors at a rate of 30%. The rate for designated services tax to a contractor is 12%. The rate for sales tax on imports of goods is 6%.

Withholding tax

The rate of 6% will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in TLEA.

Import Duty

Import duty applies to goods imported into Timor-Leste. The rate of import duty is 6%.

Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax.



5 Tax Regime

5.1 TLEA - Timor-Leste Exclusive Area

MBT (Timor-Leste Exclusive Jurisdiction + former JPDA)

Supplemental Petroleum TAX (SPT)

TLEA Contractors are also subject to an SPT (SPT is a supplemental tax in Timor-Leste payable by contractors on the upstream profits) and will be applied against a contractor who has a positive amount of accumulated net receipts for the petroleum operations of that year calculated according to the following formula:

$$\text{ANR} \times 22.50\% \times (1-r), \text{ and } \text{ANR} = ((A \times 116.50\%) - (I \times (1-r))) + B$$

Where:

ANR - accumulated net receipts of the contractor;

r - Income tax (currently 30%)

A - Accumulated net receipts from prior years;

B - Net receipts for the current year

I - Interest expense

Wages Income TAX

Employees providing services in respect of petroleum activities in the TLEA are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10% (below USD 550) and 30% x amount wages (above USD 550) on gross income of the resident employee's salaries or similar remuneration.

A monthly tax credit of USD10 is also applied to resident employee who is a natural person.

In the case of an employee who is a non-resident the flat WIT rate is 20% of the remuneration.



5.2. Former JPDA - Bayu-Undan & Greater Sunrise Fields

The applicable regime for these two fields is as follows:

Bayu-Undan:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Law 3/2003 on Tax of Bayu-Undan Contractor (ToBuca)
- Law 4/2003 on Tax Stability
- UNTAET Regulation No. 18/2000
- Timor Sea Treaty replaced by the Maritime Boundary Treaty after August 30th, 2019
- Law 5/2019 (amends Law 3/2003 and 4/2003) after August 30th, 2019

Greater Sunrise:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Timor Sea Treaty replaced by the Maritime Boundary Treaty after August 30th, 2019
- Income Tax Law on 25th Oct 1999
- UNTAET Regulation No. 18/2000

Former JPDA - Bayu-Undan field tax regime

The Bayu-Undan field (covering PSCs TL-SO-T 19-12 and TL-SO-T 19-13 (former JPDA 03- 12 and 03-13 pre-MBT) was in the Former JPDA and as such was governed by the Timor Sea Treaty (TST) until August 30th, 2019, in which it legally becomes part of Timor-Leste territory MBT. The general taxation law (referred to as the Law on Income Tax - Indonesian tax laws on October 25th, 1999) has been subject to further modifications as a result of the ToBuca and the Law on The Petroleum Development of Timor Sea (Tax Stability Act), diplomas amended by Law 5/2019 after Resolution 15/2019. New law formalized the transition of the prior fiscal conditions to the new treaty.

Income Tax

- Corporate Income Tax to Contractor at a flat rate 30% on Annual Taxable Income;
- Corporate Income tax to Subcontractors follows a progressive tax rate : 10%, 15% and 30% on Annual Taxable Income.

Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax. The deduction allowed for APT purposes is based on abandonment costs incurred and is reduced by the proportion of Timor Leste shared under the TST of 90%.



5 Tax Regime

5.2. Former JPDA - Bayu-Undan & Greater Sunrise Fields

Additional Profit TAX (APT)

Bayu-Undan Contractors are also subjected to an APT (APT is also a supplemental tax in Timor-Leste payable by contractors on the upstream profits) and will be applied against a contractor who has a positive amount of accumulated net receipts for the petroleum operations of that year calculated according the following formula:

$$\text{ANR} \times 21.50\% * (1-r), \text{ and } \text{ANR} = ((A \times 116.50\%) - (I \times (1-r))) + B$$

Where:

ANR - accumulated net receipts of the contractor;

r - Income tax (currently 30%)

A - Accumulated net receipts from prior years;

B - Net receipts for the current year

I - Interest expense

VAT

VAT at a rate of 9% is applied to "taxable services" provided in the JPDA from the services rendered or hire of goods by supplier company (i.e. Subcontractors).

Withholding tax

There are several rates that will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in JPDA as mentioned in article 8 of the revised Law 3/2003. The applicable WHT rates vary depending on the type of services (i.e. drilling services (rig); construction services; technical, management, legal and accounting services, royalties, and others). See article 8 on Law 5/2019.

Wages Income Tax

Employees providing services in respect of petroleum activities in Annex F of the JPDA are subject to wage income tax (WIT) in Timor-Leste on their remuneration. The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee's salaries or similar remuneration.

For example, in the case of an employee who is a non-resident the flat WIT rate is $20\% \times 90\% = 18\%$ of the remuneration.

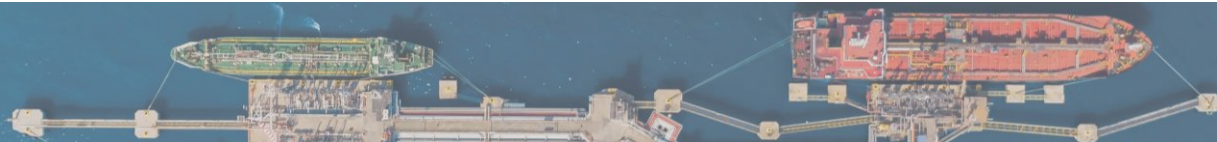
Former JPDA - Greater Sunrise field tax regime

The Greater Sunrise field (covering PSCs JPDA 03-19 and 03-20) is located partly within MBT (on the former JPDA) and partly outside and under Australia's exclusive jurisdiction.

The tax regime after August 30th, 2019, is governed by the MBT. The major difference from Bayu-Undan field tax regime and the Greater Sunrise field tax regime is the fact that production sharing terms will 30%, to Timor and 70% to Australia if the pipeline developed is linked to Australia, 70%, to Timor and 30% to Australia if the pipeline developed is linked to Timor-Leste, additionally there is a Branch profits tax instead of the Additional Profit Tax (APT).

Income Tax

- Income Tax Law is a flat rate 30% on taxable income to Contractor;
- Corporate Income Tax for subcontractors following progressive rate: 10%, 15% and 30% on taxable Income.



5 Tax Regime

5.2. Former JPDA - Bayu-Undan & Greater Sunrise Fields

VAT

VAT at a rate of 9% is applied to “taxable services” provided in the JPDA from the services rendered or hire of goods by supplier company (i.e. Subcontractors).

Branch Profits Tax (BPT)

Greater Sunrise Contractors are subject to a BPT of 20% on 90% of 20.1% of after-tax profits. Under the TST, the 20% BPT is reduced to 15% where the company is a resident of Australia or Timor-Leste.

Withholding tax

There are several rates that will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in JPDA and Great Sunrise Special Regimen future.

Wages Income Tax

Employees providing services in respect of petroleum activities are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee’s salaries or similar remuneration.

If an employee is a non-resident the flat WIT rate is $20\% \times 90\% = 18\%$ of the remuneration, based on UNTAET Regulation No. 1999/1, 25th October.

Former JPDA - Other fields

The tax regime applicable to petroleum operations undertaken in the JPDA, other than Bayu Undan and Greater Sunrise, are also subject to a 90% basis due to the TST.

Tax regime in other fields of JPDA:

- Timor Sea Treaty
- UNTAET Regulation No. 2000/18
- Petroleum Tax Act No. 7/2005, replaced by Taxes and Duties Act on Decree law No. 8/2008 Amendment
- Income Tax Law

Income tax

- Income tax applies to Contractors at a rate of 30%;
- Subcontractors or all services providers are subjected to final withholding on 6% .

Withholding tax

The rate of 5.4% will be applied on gross Income of Goods and Services (WHT) for Subcontractors and other suppliers providing services in petroleum activities in the JPDA.

The applicable WHT rates vary depending on the type of services (i.e. drilling services (rig); construction services; technical, management, legal and accounting services, royalties, and others).



5 Tax Regime

5.2. Former JPDA - Bayu-Undan & Greater Sunrise Fields

Wages Income Tax

Employees providing services in respect of petroleum activities are subject to wage income tax (WIT) in Timor-Leste on their remuneration.

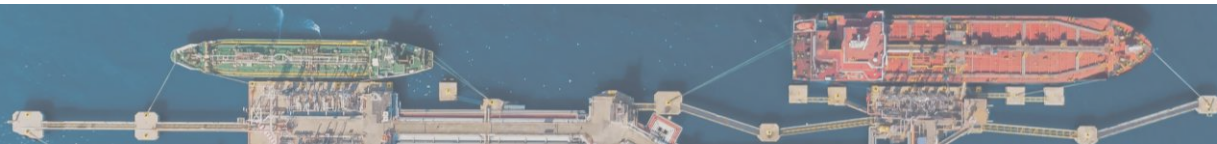
The rate of Timor-Leste WIT applicable to employees who are residents of Timor-Leste is 10%, 15% and 30% on gross Income of the resident employee's salaries or similar remuneration.

For example, in the case of an employee who is a non-resident the flat WIT rate is $20\% \times 90\% = 18\%$ of the remuneration.

Abandonment provision

For tax purposes, an amount, permitted by PCS's and approved by ANPM, of a reserve for funding abandonment may be claimed for a tax deduction, for computing the income tax.

This allowances is reduced by the proportion of Timor-Leste shared under the TST of 90%.



6

Overview of Timor-Leste extractive industries in 2020 - Mining

Timor-Leste has already (through Ministerial Diploma) distinct between definitions of artisanal, medium and large. Small-scale mining are not considered in the definitions due to the actual activity (production and fees collected) being a small portion, compared to Oil & Gas sector and even comparing with other economy sectors.

Moreover, artisanal refers to pure manual mining with the maximum use of 60 tons/month of construction materials.

According to the available data, the mining sector in Timor-Leste is the artisanal small scale and the decision was to use EITI standard guidance (according with volume / activity) and disclose the information available about the sector with some additional information about revenue (licensing revenue).



6 Overview of Timor-Leste extractive industries in 2020 - Mining

6.1 Legal Framework

Currently, ANPM is the responsible for managing and regulating petroleum and mining activities in Timor-Leste, under Decree Law No. 1/2016 of February 9th, 2016.

Regarding the regulation on mining, in 2008, the government approved the Ministerial Diploma No. 1/2008 of 30 July, on specific rules for the licensing of extraction activities of mineral masses (mines and quarries) and its mining at an industrial scale. This ministerial diploma was amended twice in:

- Ministerial Diploma 1/2009, of August 12th, 2009
- Ministerial Diploma 2/2014, of February 19th, 2014

The 1st amendment introduced prohibition on beach sand extraction to restore the maritime or coastal landscape and create conditions for the creation of infrastructures to improve the use of those areas, as a direct benefit for the population and to allow the development of the tourism sector.

The 2nd amendment introduced the forms for licensing purposes, covering the extraction activities of mid and large-scale minerals.

The Ministerial Diploma No. 1/2008 is no longer applicable as it has been revoked by the Ministerial Diploma No.64/2016 of November 16th.

The new Ministerial Diploma improves requirements for licensing and introduces principals that are more aligned with the draft Mining Code.

Applicable legislation:

- Ministerial Diploma No.64/2016 of 16 November
- Decree-Law No. 5/2011 Environmental Licensing

Source: <http://www.mj.gov.tl/jornal/?q=node/4914>

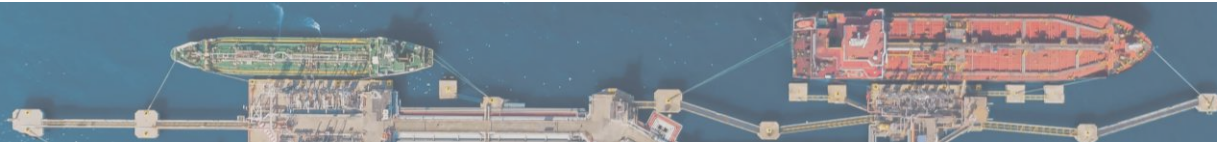
Ministerial Diploma No.64/2016 of November 16th

The Timor-Leste Ministerial Diploma No.64/2016 of November 16 clarifies the need to further improve the administrative process for licensing, general obligations of the license holder, classification of activities and their associated fees' assessment, improve technical requirement for evaluation, planning, implementation and monitoring, inspection, audit and reporting of mining activities.

This Diploma promote participation of cooperatives or Timorese companies incorporated under the Law of Timor-Leste in research and exploration related to construction material with minimum participation interest of more than 50% owned and controlled by Timorese.

The license given by ANPM such as Prospecting License, Exploration License and Mining License, except for the dimension and ornamental stone, all licenses have duration of one (1) year, unless the respective approval order stipulates otherwise.

The Ministerial Diploma clarifies, in line with the country's constitution, that all mineral resources on public and private land within the territory of Timor-Leste are deemed to belong to the public domain of the state, and that the state may acquire, including through expropriation, the private land where those resources occur or are discovered.



6 Overview of Timor-Leste extractive industries in 2020 - Mining

6.1 Legal Framework

On June 30, 2021, Law No. 12/2021 was issued, approving the mining code for Timor-Leste territory.

The government aims to:

- Provide sustained economic and social development of the country;
- Create employment and improve the living conditions of the people living in the mining areas;
- Protect the environment by minimizing the negative impact that geological and mining operations may cause to the environment, as well as its environmental restoration;
- Ensure the development of national human capital particularly through training programs and human resource development programs in collaboration between the public and private sector;
- Ensure tax revenues for the State;
- Guarantee gender mainstreaming and combat discriminatory practices in this industry;
- Prevent illegal mining practices;
- Establish an efficient and transparent regime for granting of mining rights;
- Encourage reinvestment in the country;
- Promote the use of national mineral resources.

Source: <https://policy.asiapacificenergy.org/sites/default/files/Mining%20Code%202021%20%28PT%29.pdf>

On June 8, 2022, Decree Law No. 43/2022 was issued, establishing the constitution of a national mining company, called Companhia Mineira de Timor-Leste, S.A..

The entity aims to respond to operations in the mining sector, internally and externally, on an equal footing with other companies in the sector. It is a public limited company whose initial capital is fully subscribed by the State, with the Government providing the statutes with rules that allow a balanced sharing of powers between the corporate bodies and the Council of Ministers.

The object of CMTL, S.A., is to carry out mining activities as defined by law, including exploration, prospecting and research, evaluation, development, exploitation, treatment, transport and commercialization of minerals, as well as the activities of closure of the mine. In pursuing its object, CMTL, S.A. may also carry out complementary or accessory activities to mining activities and provide services related to mining activities, including technical, commercial and management consultancy services in the mining sector.

Source: https://www.mj.gov.tl/jornal/public/docs/2022/serie_1/SERIE_I_NO_23.pdf



6 Overview of Timor-Leste extractive industries in 2020 - Mining

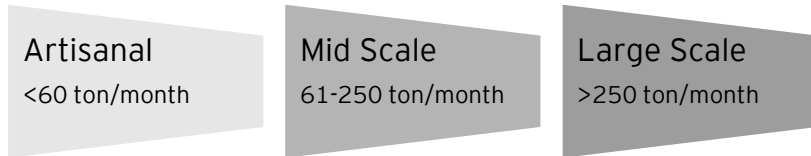
6.2 License process

Current Legislation: Ministerial Diploma No.64/2016 of November 16th

1. Fees and Classification

The Fees and Classification for Mineral License in 2016 apply according to Ministerial Diploma No. 2/2014 of 19 February from January to November 2016 and Diploma No. 64/2016 of November 16 applies from December 2016 to present.

The classification of the artisanal, medium and large scale and the license fees are as illustrated below.



Licensee Fee - Art. 7

The license fees applied for the different activities as above classification are as follows:

Licensing Fees for new/extension requests according to article 7

No tax	USD
Artisanal	
500	1.500
Prospecting	Exploration
500	1.500
Mining/Extraction (Medium scale)	Mining/Extraction (large scale)

Mining / Extraction Fee - Art. 8

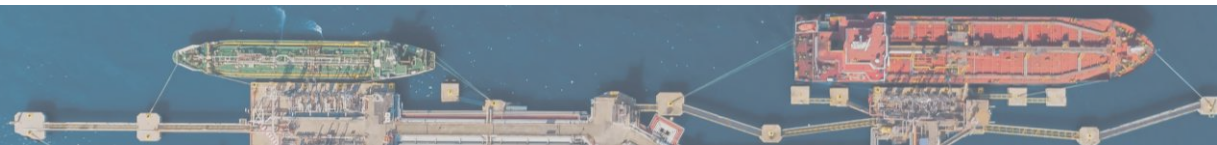
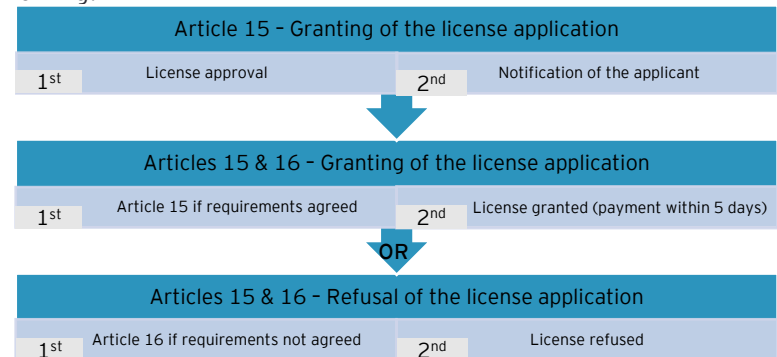
The mining exploration fee according to total ton mined classification are as follows:

Jornal da República

	MATERIAIS DE CONSTRUÇÃO (em USD/ton exploradas)		MATERIAIS DE TRANSFORMAÇÃO (em USD/ton exploradas)			RÓCHAS ORNAMENTAIS (em USD/ton exploradas)	
	Outros ?16mm	Areia (dimensão =16mm)	Calcário	Argila	Gesso	Calcário, Granito e Mármore	Outros previstos no artigo 28
Artisanal	0.00	0.00	N/A	N/A	N/A	N/A	N/A
Escala Média							
Grande Escala	3.00	2.00	0.75	0.5 0	0.75	8.00	7.00

2. Licensing

The license scope include scientific research, prospecting license and mining license (article 12 and 13 of DM 64/2016 of 16 November). The license requirement should be applied as the following:



6 Overview of Timor-Leste extractive industries in 2020 - Mining

6.3 Environmental Legislation

Decree Law No. 5/2011

In the light of the new requirement, 6.4, of the 2019 EITI Standard, it is vital to analyze the position of Timor-Leste regarding the environmental legislation.

The Decree Law No.5/2011 was published to disclose the creation of environmental licensing for preventing negative impacts on the environment instead of later fighting its effects.

This statute establishes the Environmental Licensing System conceived as an additional system for responding to the need to prevent the negative environmental impacts resulting from complex projects and meets the social and economic reality of East Timor. Furthermore, the system envisages the granting of environmental licenses and monitoring thereof as a logical consequence of the process for the environmental assessment of projects, thus creating an integrated process and a simplified procedure for preventing negative environmental impacts and controlling pollution from the projects.

Additionally, the 2019 EITI Standard requires that the environmental payments are disclosed, consequently, as the IA, we have added this requirement on the 2019 Template.

Decree Law No. 26/2012

The Decree Law No. 26/2012 defines the principles of the environmental policy, guidelines for the conservation and protection of the environment and the preservation and sustainable use of natural resources.

Regarding to extractive industries, this law explains some measures that can minimize the direct environmental impact of this activities.



6 Overview of Timor-Leste extractive industries in 2020 - Mining

6.4 Timor-Leste Mining Activity

Number of licenses

From 2006 to 2020, the number of licenses recorded by the Direcção Nacional de Minerais, MPM, of ANPM have been fluctuated. There was a significant increase verified in 2015 and 2016 comparing to the following years. This was justified by the introduction of the 2nd amendment and the new regulation which made the adjustments in the licensing application process easier and better guided. See more details on licenses in Annex E.

Source: <http://www.anpm.tl/list-of-licenses-2006-2018/>

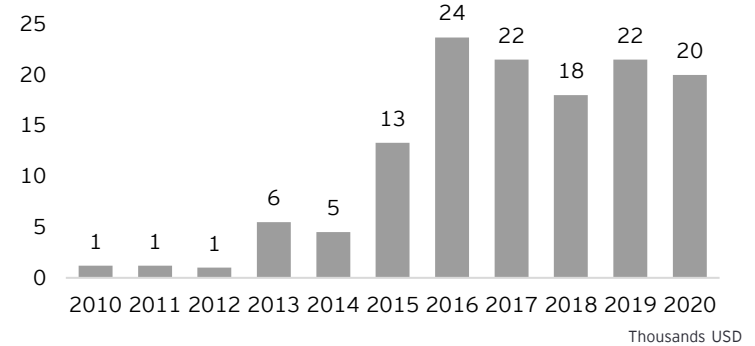
Revenue

Since 2014, the revenue obtained from the extraction and the license fees in mineral sector has been growing as indicated in the following graph. This is mainly justified by the legislation and the several controls implemented by the Ministry of Petroleum and Minerals.

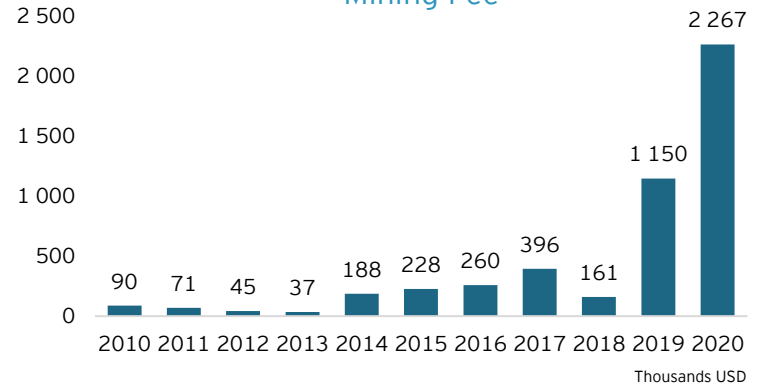
In 2020, the total mineral amount collected by ANPM was higher than the previous year, from USD 2,401,791.36 in 2019 to USD 2,815,329.56. Revenue collections for the year of 2020 arise from the collection of mining fee with the significant increase in the last two years (+ USD 989K in 2019 + USD 1,117K in 2020). In 2020 the license fee and the compensation unauthorized activity decreased by -1.5K and -675K, respectively.

Source: <http://pt.anpm.tl/wp-content/uploads/2021/12/RELATORIU-ANUAL-2020-FINAL.pdf>

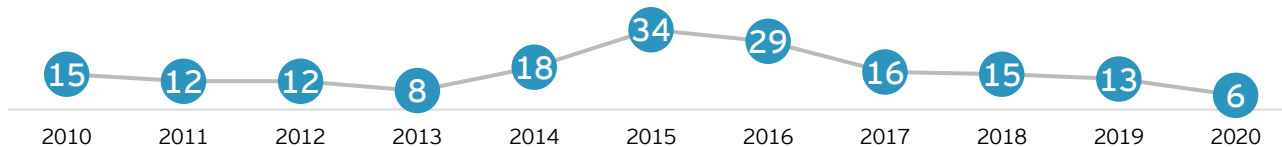
License Fee



Mining Fee



LICENSES ISSUED 2007-2020



6 Overview of Timor-Leste extractive industries in 2020 - Mining

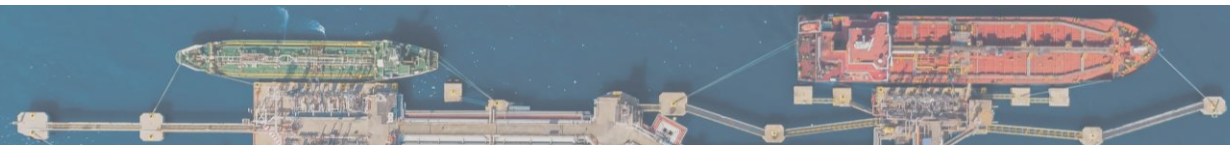
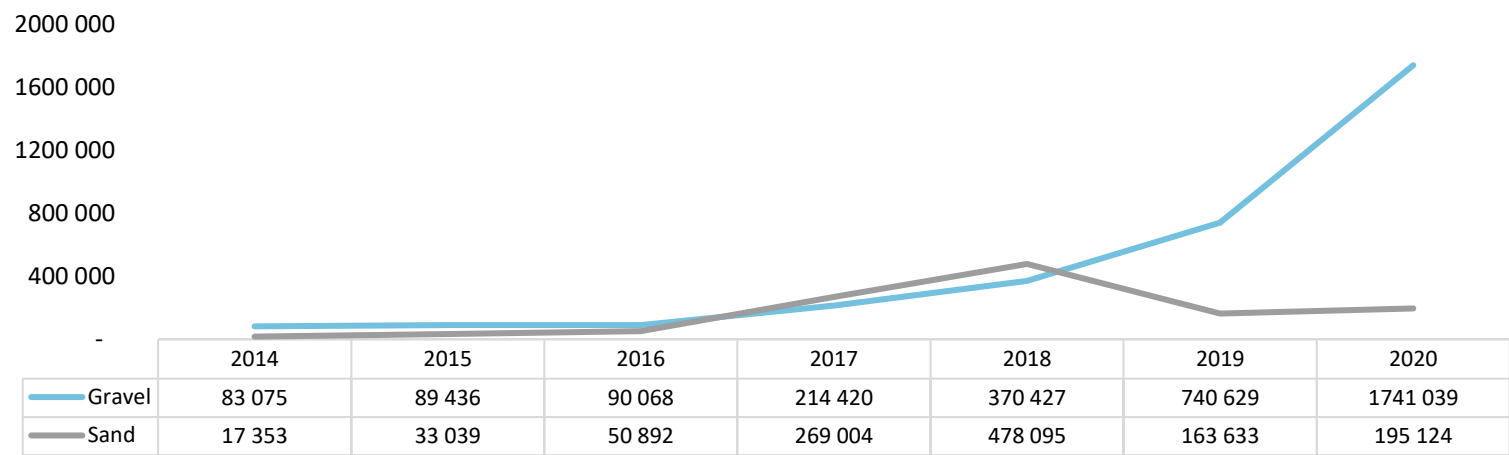
6.4 Timor-Leste Mining Activity

Production

The production in 2020 of construction material extracted was 1.936.162,91 tons, including of 1.741.038,52 tons of gravel and 195.124,38 tons of sand. To support the construction project for the Port of Tibar, the demand for construction material was higher than the previous year, resulting to an increase of the quantity of material extracted in 2020.

Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openelement)

Mineral Production



6 Overview of Timor-Leste extractive industries in 2020 - Mining

6.4 Timor-Leste Mining Activity

Coverage of artisanal and small-scale mining (ASM)

According to the EITI Requirement 6.3 the EITI reports are expected to include “an estimate of informal sector activity, including but not necessarily limited to artisanal and small-scale mining.” in the information related to extractive industries contributions to the economy for the fiscal year covered.

In the scoping phase, the MSWG should evaluate if formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation should or should not be included in the EITI report. However, is still a typical informality sector with gaps in data (production statistics disaggregated by mine site and mineral, and those aggregated at the national levels) and formal revenues streams (derived from licensing permits and production fees at mine sites).

Timor-Leste already (through Ministerial Diploma) distinguishes the concepts of artisanal, medium and large. Small-scale mining are not considered in the definitions due to the actual activity (production and fees collected) being very little, compared to Oil & Gas sector and even other economy sectors. Moreover, artisanal refers to pure manual mining with use of maximum of 60Ton / month of construction materials. To define the classification on whether it is artisanal or not should also consider:

- If the activity is conducted on pure manual mining without any updated machinery to support the activity (artisanal);
- if the method of extraction uses updated machinery such as tractor and excavator, then and even knowing that the quantity is less than 60 ton/month is subject to license and fee payment.

At all times, the MSWG will need to consider issues of proportionality i.e., how much effort, time and resources, are appropriate for the amount the information to be used. Data collection can have significant cost implications so it is assumed that the scoping phase would rely on existing primary or secondary information available in Timor-Leste. With information available at this scoping phase, we have verified that the mining revenues are still immaterial as described below (and also see threshold and material considerations).

The recommended options for ASM / small scale applicable for Timor-Leste reporting are:

- Option 1 - Providing an overview of the ASM sector;
- Option 2 - Providing an overview of ASM activity, production and export data;
- Option 3 - Providing an overview of ASM activity, production, export and revenue data

According to the above mentioned the MSWG group agreed that mining sector in Timor-Leste is a ASM / small scale and option 3 is still the most appropriate, considering the information available with some additional information about revenue (licensing revenue).



7

Methodology and approach

EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 13th Timor-Leste EITI Report. This assignment was the first step to do the reconciliation process.

The objective of the scoping study was to clearly define the scope of the EITI reconciliation exercise, the reporting templates, the data collection process and the working schedule, in accordance with EITI Requirements (EITI Standard 2019). This assessment also enabled the remediation of recommendations from prior EITI reports.



7 Methodology and approach

7.1 Scope and IA

Independent Administrator

As Independent Administrator, EY performed the following tasks during the technical-economic evaluation:

- Identify the companies, State-owned enterprises and institutions that have to be in scope according to requirement 4.1 of the EITI standard
- Identify and list the oil and gas companies (extractive industry) and mining industries of Timor-Leste which have made substantial payments to the State and must be in scope for the reporting in accordance with the requirement 4.1 (c) of the EITI standard
- Identify and list the government bodies that received substantial payments from oil and gas companies and mining industries of Timor-Leste that must be in scope for reporting in accordance with the requirements of 4.1 (c) of the EITI standard
- Identify any legislative, regulatory, administrative or practical obstacles for the full disclosure of the total revenue derived from each stream of benefits agreed in the volume needed for the EITI report, including revenues that are below the agreed thresholds, significant to the reporting templates, according to requirement 4.1 (d) EITI standard.
- Advising the MSWG on how to define the disaggregation level to be applied to the data that will be published
- Identify the audit procedures and perform confirmation procedures within companies and public institutions involved in the preparation of the EITI report, in order to confirm the compliance with the requirements of 4.9 (a) EITI Standard. This includes the study of relevant laws and bylaws, any initiatives for reform or those that are being introduced, and whether these procedures meet international standards.

Finally, EY has issued a draft report that was the basis for the analysis made in the initial phase (scoping study report) which was submitted and approved for adoption by the MSWG.

Scope of work

The scope of the 13th report is the 2020 fiscal year. A materiality threshold defined by the MSWG, includes all revenue streams above 100,000 USD and companies that have made payments (to the material revenues streams) above the same amount in 2020. This threshold permits to capture approximately 99% of the revenues received by the Government from petroleum activities in 2020.

Specifically, the following matters were considered:

- The national taxes paid to the DNRPM to be captured within the EITI process, and accordingly, all non-taxes paid to ANPM or to the Fund.
- All revenue streams from TL (DNRPM, ANPM and PF) were in the basis for the calculation of the material stream relevant to the EITI report.
- The information was reconciled (but not validated - this will be done only in the reconciliation phase) with information of receivables declared on the audit year end Financial Statements of the Petroleum Fund (that is considered as the total receivables in scope).
- The amount / % considered was the combination of number of revenues streams / number of entities in order to guarantee that the report will have in scope more than 99% of receivables. This number is achievable due to the size and concentration of the sector is only a few players.
- Mandatory social payments data is not yet collated by Government on an industry-wide basis. These costs are considerable to the companies. Accordingly, it would be useful for the EITI to be a mechanism to enable industry and government to collate this data on an annual, and systematic, basis. .

In accordance with the information received from the government entities as well as information from open sources concerning the receipt of tax and non-tax payments in 2020, the basis for determining the scope of the report was accomplished.



7 Methodology and approach

7.2 Materiality thresholds for company disclosures

Materiality

The EITI Standard defines materiality as follows: "Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report." Different ways could be used to define materiality for the 2020 Report. The MSWG have defined materiality in terms of a minimum value of payments to the government (100,000 USD).

Sectors

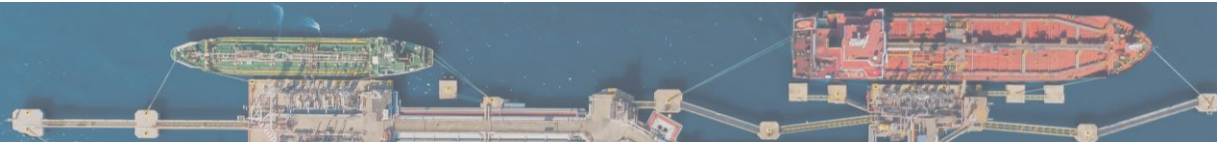
The Oil & Gas sector covers more than 90% of tax and non-tax revenues received from the extractive industry in 2020.

In the mining sector the companies are, however with a high impact of revenue amounts received in 2020 that would create a significant cost (time effort) with the data collection.

Thus, considering the requirements of the standard (concerning the definition of significant reporting thresholds, and accountable entities), we recommend that only Oil and Gas sector should be included in the report and the mining sector should be included as a ASM with option 2 - Providing an overview of ASM activity, production and export.

Subcontractors

The MSWG have decided to include the Subcontractors that have made payments to significant revenue streams (only Tax) of Oil & Gas activities above the threshold.



7 Methodology and approach

7.2 Materiality thresholds for company disclosures

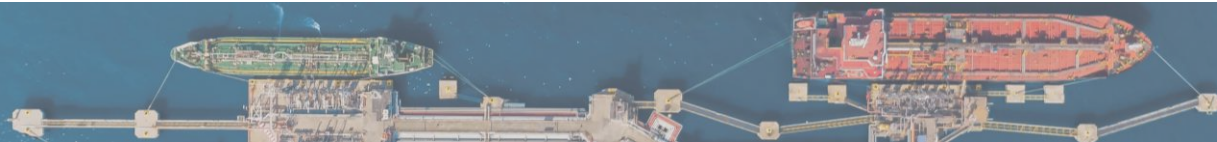
Scope Entities

The Oil & Gas list of entities (Contractors, Subcontractors and Government) in scope are as follows:

OIL & GAS ENTITIES IN SCOPE		
Contractors		
Santos NA EMET Pty Ltd	Eni JPDA 11-106 B.V.	
Santos NA Timor Leste Pty Ltd	Eni Timor-Leste S.P.A	
Santos NA (19-12) Pty Ltd	Inpex Sahul Ltd	Government Entities
Santos NA (19-13) Pty Ltd	Inpex Timor Sea Ltd	Direção Nacional de Receitas Petrolíferas e Minerais (DNRPM)
Santos NA Timor Sea Pty Ltd	Timor Resources Pty Ltd	Autoridade Nacional do Petróleo e Minerais (ANPM)
Santos (JPDA 91-12) Pty Ltd.	Tokyo Timor Sea Resources Pty Ltd	Banco Central de Timor-Leste (BCTL)
Santos NA Bayu-Undan Pty Ltd	Woodside Petroleum (Timor Sea 19) Pty Ltd	TIMOR GAP E.P. (SOE)
Santos AU Agency Company Lda	Woodside Petroleum (Timor Sea 20) Pty Ltd	Petroleum Fund (PF)
Eni JPDA 03-13 Ltd	Carnarvon Petroleum Ltd	Other (Pipeline fee)
Eni JPDA 06-105 Pty Ltd	Sundagas Pty Ltd	AusAid

Subcontractors	
Babcock Offshore Services	Konekto/Babcock Unip Lda
Caltech Unip Lda	KT Maritime Services BU
Cape Aust Onshore	MMA Offshore Vessel Operation Pty
Carnarvon Petroleum Ltd	Oceaneering Aust Pty Ltd
Carnarvon Petroleum Timor Unip	SGS Australia Ltd
Clough Amec Pty Ltd	SGS Australia Pty.Limited
Compass Group (Australia) Pty.Ltd.	SGS Singapore Pty Limited
Haliburton Australia Pty Ltd	Sundagas Pty Ltd
Hertel Modern Pty Ltd	Weatherford Australia Pty Ltd

¹ In May 2020, Santos Ltd acquired ConocoPhillips Australian companies holding assets in Western and Northern Australia and Timor-Leste. Santos is the name in force since 2020



7 Methodology and approach

7.2 Materiality thresholds for company disclosures

Revenue Streams

Government revenues from the extractive industries consist of:

- Non-tax Revenues
- Tax Revenues

The Oil & Gas entities tax revenue streams in scope are as follows:

OIL & GAS REVENUES STREAMS	
TAX REVENUE	Description
Income Tax	Tax on taxable income of tax-payer for each tax year
Additional Profits Tax	Additional income tax payable by a Contractor that has a positive amount of accumulated net receipts derived from the Bayu-Undan Project for a tax year.
VAT	Tax on Goods and Services.
Wages Withholding tax	Withholding on wages income tax of employees (Resident and Non-Resident).
Withholding Tax Payments	This is a tax where any person or company making certain payments is required to deduct from such payments and remit to the DNRPM. The payments that attract WHT are payments to services which includes management and consultancy fees, commissions, rent dividends and payments to non-resident contractors.

The Oil & Gas entities non-tax revenue streams in scope are as follows:

OIL & GAS REVENUES STREAMS	
NON TAX REVENUE	Description
FTP	A production payment made pursuant to a PSC between the TL Government and a Company relating to sales of Oil and Gas.
Royalty	A royalty payment made according to their PSC between the TL Government and a Company relating sales of Oil and Gas.
Profit Oil & Gas Payments	A production payment made pursuant to a PSC between the TL Government and a Company relating to profit on sale of Oil and Gas cost oil recovery.
Fee's Payable	Contract service fee (JPDA) - Fee payable to Contract area acquired based on fix amount for JPDA and size /km in TLEA.
	Development Fee (JPDA) - Applies when a commercial discovery is declared by the contractor. Fees based on the size of the discovery of the oil and gas reserve.
	Seismic Data Fee - Fees based on the data acquired from the inventories system that collect all the relevant Seismic data.
Other payments (Pipeline Fee)	Fee payable by Australia government (in JPDA) agreed by both countries.



7 Methodology and approach

7.3 Data collection

The data collection process had the following steps:

- Preparation of the draft of the data collection templates by the IA (as part of the scoping study).
- Discussion and adjusted templates after comments, observations and recommendations provided by the MSWG.
- Preparation of separate requests to each government entity (DNRPM, Petroleum Fund, BCTL, ANPM), list of entities in scope and state-owned (TIMOR GAP E.P.).
- National Secretariat of Timor-Leste sent the data request templates with a cover letter signed by the Minister of Petroleum and Mineral Resources representative.
- Once completed by the entities in scope and government entities, the referred questionnaires (templates) were sent by email to the IA.
- Information processing was made by the Independent Administrator.
- Discussion of the discrepancies and adjustments of the differences by IA (involving both parts).
- Draft of the conclusions made by IA and discussed with MSWG.

Specific information requests were maintained in the reporting templates to address the EITI requirements and maintain the score issued by EITI's International secretariat on last validation.

Data Quality

The overall data quality of the extractive sector is adequate. There are areas for improvement such as full contract disclosure and cadastral information, as described above in the contextual analysis. These areas for improvement are beyond the remit of the scoping study, particularly because they have not been agreed by the MSWG. However, improvements from last validation were already noted.

There is no significant difficulty in the oil and gas sector with respect to the templates for reporting of government entities and companies. They should be approved and in detail according to the EITI requirements.

Data Assurance

According to the requirement 4.9 (a), the audit of the financial statements by an independent party, and the explanation of the assurance procedures is sufficient to guarantee the fulfillment of this requirement.



7 Methodology and approach

7.4 Data assurance

Assurance Method in the Public Sector

There are government entities (as ANPM and the Petroleum Fund) that have a confirmation report, from their external auditor, produced as part of their normal auditing program and financial statements validation, confirming the revenues presented. Furthermore, BCTL (Banco Central Timor Leste), the Petroleum Fund and TIMOR GAP also have their financial statements audited, and the latest is audited by the Court of Audits.

The steps for assurance/audit processes mentioned before, should be implemented by law for all public entities in the extractive sector. Hence, the data requested from the independent administrator is expected to be subjected to scrutiny through the process mentioned above.

Assurance Method in Private Sector

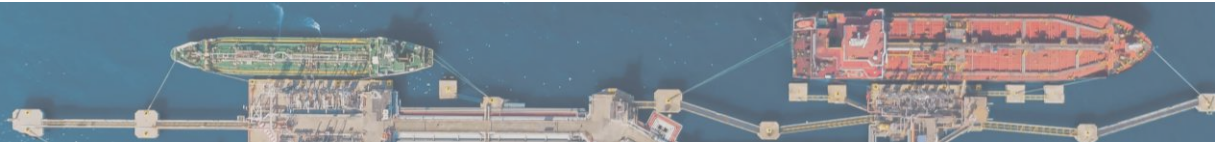
Different circumstances are applied for private companies involved in the extractive sector. Their operational and financial performances are captured in the annual and financial reports, especially for public listed companies or with reliance on the internal control system that is, in the majority of the entities, SOX compliance.

The laws and regulations regarding the audit process are not yet applicable for Timor-Leste. Since the EITI reconciliation process, requires data of high reliability we have:

- Requested and received the reporting templates signed off by the official in charge plus the monthly detail of payments (dates and amounts);
- We have requested the audited financial statements (when applicable) and/or auditors report;
- Made analytic review on the data and external available information;

For more relevant government and private entities (Santos, Eni, Woodside, ANPM, DNRPM, PF and BCTL) we questioned about the differences in the information reported, in order to assure that the data was being reported correctly and to establish internal controls for validation purposes.

Every time there were differences/doubts about the information reported, we request the entities to resend of the information updated;



7 Methodology and approach

7.5 Other considerations

Transportation

Bayu-Undan field Development Plan, consisted on the installation of a subsea pipeline and the construction of the Darwin LNG plant. The 500 kilometer 26" pipeline supplies gas from Bayu-Undan to be processed into a 3.7 MTPA design capacity Natural Gas facility - Darwin Natural Gas, located in the Northern Territory of Australia. LNG continues to be sold under a long-term sale agreement (SPA) between Darwin LNG and Tokyo Gas (TG) and JERA. Natural gas is transported to Darwin, Australia, via a pipeline, where it is liquefied at an onshore processing plant in Darwin and then sold as LNG to customers such as Tokyo Electric (TE) and JERA.

Darwin and then sold as LNG to customers such as Tokyo Electric (TE) and JERA. Article 8 (b) of the Timor Sea Treaty states: "A pipeline landing in Timor-Leste shall be under the jurisdiction of Timor-Leste. A pipeline landing in Australia shall be under the jurisdiction of Australia".

Based on the analysis made and continuing the criteria used in prior years, no transportation revenue is identified. The pipeline fee is an agreement fee between both countries (payment made by AusAID) and not a transportation revenue. No other payments related to transportation, made by contractors or subcontractors, were identified.

Infrastructure Provision and Barter Arrangement

For oil and gas, as previously referred, Timor-Leste follows the PSC mechanism. Under the PSC mechanism, all infrastructure and barter arrangements are owned by the contractor. The regulation on infrastructure provision by private companies is not yet prepared. To capture unilateral information, we have incorporated the request of the information in the reporting templates.

Based on the responses received we have concluded that in Timor-Leste the concept of barter arrangements for all practical purposes does not exist (confirmed by the information posted on the reporting templates received by all entities).

However, there are Local Commitments (mandatory and voluntary) that are presented in Section 11.

Sub-national Payments and Transfers

As prior reports, based on the procedures done for the scoping study report and, taking into consideration the actual structure of Timor-Leste governance (all centralized), no sub-national payments and transfers were detected.



8

Reconciliation of tax and other payments

Agreed upon procedures in respect of taxes, non-taxes and other payments included the following:

- To obtain from extractive companies and government authorities' information on taxes, non-taxes and other payments in 2020;
- To reconcile the data from extractive companies and government authorities on each type of payments for each company in 2020;
- In case of discrepancies on payments are identified, to address such company for explanations;
- If based on the explanations received from the companies (or if the company refused to provide such explanations) it's not possible to determine the cause of discrepancies, to address the respective government authority with a request to provide the detailed information on that type of payment;
- If based on the explanations received from the companies and government authorities (or if they refused to provide such explanations) the discrepancies remain unexplained, then this shall be indicated on the EITI report.
- This year, with the mining sector reporting more than 1 million dollars, we also reconciled the entities that ANPM reported to have payed above 100,000USD.



8 Reconciliation of tax and other payments

8.1 General results of payments reconciliation

In the table below there is a brief description and a summary of the total amount of revenue received by Government entities from the Oil & Gas sector and the amounts in scope:

Revenues generated in 2020 as per templates (Millions USD)	Total	Scope	
Total Non-Tax revenue reported by ANPM	145	145	100%
Total Tax Revenue Contractors	144	144	100%
Total Revenue Contractors	289	289	100%
Total Tax Revenue Subcontractors	5	4	90%
Not in scope	0,5	0	0%
Other fees (BCTL)	16	16	100%
Total	310	309	100%
Amount reported by ANPM paid directly to BCTL*	-5	-5	-
Amount reported by MoF paid directly to BCTL**	-3	-3	-
Total	302	301	100%

* Please see section 8.4 - the adjusted amounts are payments made by the contractors directly to BCTL that ANPM considered in their reporting (i.e. they were duplicated with amounts reported in other fees BCTL)

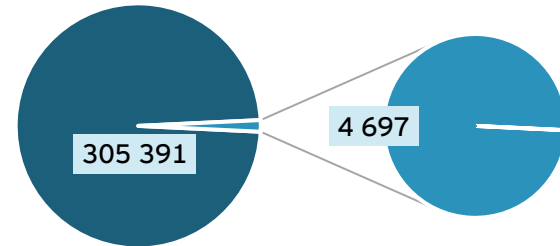
** Please see section 8.2.4 - the adjusted amounts are payments made by the contractors directly to BCTL that MoF considered in their reporting

The amounts reported by the government entities (MoF, ANPM and BCTL) and the entities were reconciled as per section 8.2 to 8.5.

For tax amounts there were non-tax revenues considered in MoF's template and for non-tax revenue there were considered fees paid directly to BCTL, which were all reported on ANPM's template.

Based on the above, we reconciled all other fees except the pipeline fees on the ANPM reconciliation.

Total Revenue in 000'USD



- Oil & Gas extractive activities
- Oil & Gas supported activities



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.1 Payments from Oil & Gas extractive companies in Scope - Reported by the Government

Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

Out of 26 companies that have payments on petroleum activities to Government entities (DNRPM, ANPM, BCTL and Petroleum Fund), all the entities are in scope (accumulated payments above the threshold). There are two entities that did not report the amounts in the templates (Inpex Sahul Ltd and Inpex Timor Sea Ltd). The payments from these entities represent 26 million USD of the total revenue.

The detail by company of the tax revenue amounts reported by Government is represented as follows:

Entities	Income Tax	Anual APT	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
Inpex Sahul Ltd	3 145 179	-	-	-	-	11 104 719	14 249 898
Inpex Timor Sea Ltd	-	-	-	-	7 724	-	7 724
Santos NA (19-12) Pty Ltd	6 797 652	-	3 314 774	7 132 145	697 695	28 054 120	45 996 386
Santos NA Timor Sea Pty Ltd	3 163 336	-	-	-	-	8 454 675	11 618 011
Santos NA Emet Pty Ltd	262 931	-	-	-	-	1 081 480	1 344 411
Santos NA Bayu-Undan Pty Ltd	4 062 496	-	-	-	-	18 009 590	22 072 086
Santos NA (19-13) Pty Ltd	1 494 560	-	-	-	-	6 106 576	7 601 136
Santos NA Timor Leste Pty Ltd	-	-	-	380 002	11 349	-	391 351
Santos (JPDA 91-12) Pty Ltd.	5 482 682	-	-	-	-	12 828 714	18 311 396
Santos AU Agency Company	2 583 617	-	-	-	-	-	2 583 617
Woodside Petroleum (Timor Sea 19) Pty Ltd	-	-	-	25 195	1 440	-	26 635
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	-	-	-	-	0
Tokyo Timor Sea Resources Pty Ltd	1 718 126	400 000	-	-	-	8 866 660	10 984 786
Eni JPDA 03-13 Ltd	3 126 579	-	-	-	-	4 350 818	7 477 397
Eni JPDA 06-105 Pty Ltd	-	-	80 000	56 315	727 817	-	864 132
Eni JPDA 11-106 B.V.	-	-	147 360	7 074	39 663	-	194 097
Eni Timor - Leste S.P.A	-	-	-	337	91 562	-	91 899
Sundagas Pty Ltd	-	-	-	3 995	107 900	-	111 895
Carnarvon Petroleum Ltd	-	-	-	104 680	3 654	-	108 334
TIMOR GAP Onshore Block Unip Lda	-	-	-	42 669	901	-	43 570
TIMOR GAP Chuditch Unipessoal Lda	-	-	-	7 474	-	-	7 474
TIMOR GAP PSC 11-106 Unip.Lda	-	-	-	12 876	-	-	12 876
TIMOR GAP Onshore Block C Unip Lda	-	-	-	480	-	-	480
TIMOR GAP Onshore Block B Unip Lda	-	-	-	3 537	-	-	3 537
TIMOR GAP Offshore Block Unipessoal	-	-	-	120 899	3 000	-	123 899
TIMOR RESOURCES PTY LTD	-	-	-	41 125	10 634	-	51 759
Total	31 837 158	400 000	3 542 134	7 938 802	1 703 339	98 857 352	144 278 785



8 Reconciliation of tax and other payments

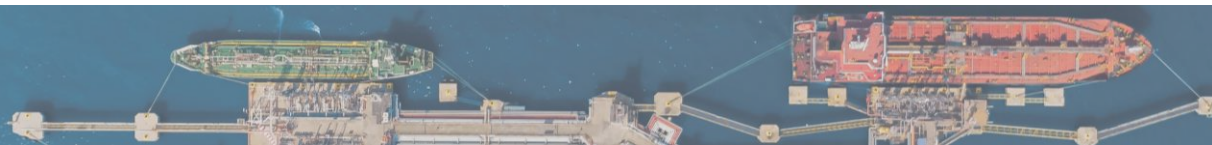
8.2 General results of payments reconciliation - Extractive Companies

8.2.1 Payments from Oil & Gas extractive companies in Scope - Reported by the Government

Non-Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

The detail by company of non-tax revenue amounts reported by Government is represented as follows:

Entities	FTP	Profit Oil	Contract Services Fee	Development Fee	Application fee	Surface Rental Fee	Total Non-Tax
Inpex Sahul Ltd	-	12 202 212	-	-	-	-	12 202 212
Inpex Timor Sea Ltd	-	-	-	-	-	-	0
Santos NA (19-12) Pty Ltd	26 324 515	54 046 645	160 000	4 572 750	-	-	85 103 910
Santos NA Timor Sea Pty Ltd	-	-	-	-	-	-	0
Santos NA Emet Pty Ltd	-	-	-	-	-	-	0
Santos NA Bayu-Undan Pty Ltd	-	-	-	-	-	-	0
Santos NA (19-13) Pty Ltd	-	-	320 000	-	-	-	320 000
Santos NA Timor Leste Pty Ltd	-	-	-	-	-	-	0
Santos (JPDA 91-12) Pty Ltd.	6 481 015	15 512 438	-	-	-	-	21 993 453
Santos AU Agency Company	-	-	-	-	-	-	0
Woodside Petroleum (Timor Sea 19) Pty Ltd	-	-	-	-	-	-	0
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	-	-	-	-	0
Tokyo Timor Sea Resources Pty Ltd	-	10 028 724	-	-	-	-	10 028 724
Eni JPDA 03-13 Ltd	-	14 003 268	-	-	-	-	14 003 268
Eni JPDA 06-105 Pty Ltd	-	-	320 000	406 250	-	-	726 250
Eni JPDA 11-106 B.V.	-	-	80 000	-	-	-	80 000
Eni Timor - Leste S.P.A	-	-	-	-	-	154 000	154 000
Sundagas Pty Ltd	-	-	-	-	15 000	232 147	247 147
Carnarvon Petroleum Ltd	-	-	-	-	-	80 600	80 600
TIMOR GAP Onshore Block Unip Lda	-	-	-	-	-	-	0
TIMOR GAP Chuditch Unipessoal Lda	-	-	-	-	-	-	0
TIMOR GAP PSC 11-106 Unip.Lda	-	-	-	-	-	-	0
TIMOR GAP Onshore Block C Unip Lda	-	-	-	-	-	-	0
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	-	-	0
TIMOR GAP Offshore Block Unipessoal	-	-	-	-	-	110 370	110 370
TIMOR RESOURCES PTY LTD	-	-	-	-	-	-	0
Total	32 805 530	105 793 287	880 000	4 979 000	15 000	577 117	145 049 934



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.2 Payments from Oil & Gas extractive companies in Scope - Reported by the Entities

Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

Out of the 26 contractors in scope, 23 entities sent the templates with the 2020 data.

The detail by company of the tax revenue amounts reported by the entities is represented as follows:

Extractive Companies	Income Tax	Anual APT	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
Inpex Sahul Ltd	-	-	-	-	-	-	-*
Inpex Timor Sea Ltd	-	-	-	-	-	-	-*
Santos NA (19-12) Pty Ltd	4 253 891	-	3 314 774	7 132 170	697 716	29 654 945	45 053 495
Santos NA Timor Sea Pty Ltd	2 438 984	-	-	-	-	9 179 076	11 618 060
Santos NA Emet Pty Ltd	262 931	-	-	-	-	1 081 505	1 344 436
Santos NA Bayu-Undan Pty Ltd	4 062 496	-	-	-	-	17 469 615	21 532 111
Santos NA (19-13) Pty Ltd	1 494 560	-	-	-	-	6 106 601	7 601 161
Santos NA Timor Leste Pty Ltd	-	-	-	379 533	40 258	-	419 791
Santos (JPDA 91-12) Pty Ltd.	458 491	-	-	-	-	17 852 915	18 311 406
Santos AU Agency Company	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 19) Pty Ltd	-	-	-	25 352	1 980	-	27 332
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	-	-	-	-	-
Tokyo Timor Sea Resources Pty Ltd	1 718 126	-	-	-	-	9 996 127	11 714 253
Eni JPDA 03-13 Ltd	3 126 577	4 350 818	-	-	-	-	7 477 395
ENI JPDA 06-105 PTY LTD	-	-	-	56 165	2 378	-	58 543
ENI JPDA 11-106 B.V.	-	-	90 462	-	103 635	-	194 097
ENI Timor - Leste S.P.A	-	-	-	-	12 852	-	12 852
Sundagas Pty Ltd	-	-	-	5 775	360	-	6 135
Carnarvon Petroleum Ltd	-	-	-	29 722	-	-	29 722
TIMOR GAP Onshore Block Unip Lda	-	-	-	26 377	9 006	-	35 383
TIMOR GAP Chuditch Unipessoal Lda	-	-	-	7 474	-	-	7 474
TIMOR GAP PSC 11-106 Unip.Lda	-	-	-	-	10 429	-	10 429
TIMOR GAP Onshore Block C Unip Lda	-	-	-	-	360	-	360
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	3 537	-	3 537
TIMOR GAP Offshore Block Unipessoal	-	-	-	-	119 032	-	119 032
TIMOR RESOURCES PTY LTD	-	-	-	20 925	30 834	-	51 759
Total	17 816 056	4 350 818	3 405 236	7 683 493	1 032 377	91 340 784	125 628 764

* Inpex didn't answer to the circularization process despite several contacts to the available contacts provided by the MSWG, as detailed on section 8.2.6 the difference is in material terms explained by the lack of response from INPEX.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation – Extractive Companies

8.2.2 Payments from Oil & Gas extractive companies in Scope – Reported by the Entities

Non-Tax payments from Oil & Gas extractive companies and their Affiliates involved in Timor oil and gas operations

The detail by company of non-tax revenue amounts reported by the entities is represented as follows:

Extractive Companies	FTP	Profit Oil	Contract Services Fee	Development Fee	Application fee	Surface Rental Fee	Bank charges	Total Non-Tax
Inpex Sahul Ltd	-	-	-	-	-	-	-	-*
Inpex Timor Sea Ltd	-	-	-	-	-	-	-	-*
Santos NA (19-12) Pty Ltd	34 314 657	26 361 007	480 000	3 658 200	-	-	-	64 813 864
Santos NA Timor Sea Pty Ltd	-	7 601 355	-	-	-	-	-	7 601 355
Santos NA Emet Pty Ltd	-	896 518	-	-	-	-	-	896 518
Santos NA Bayu-Undan Pty Ltd	-	15 017 565	-	-	-	-	-	15 017 565
Santos NA (19-13) Pty Ltd	-	5 256 664	-	-	-	-	-	5 256 664
Santos NA Timor Leste Pty Ltd	-	-	-	-	-	-	-	-
Santos (JPDA 91-12) Pty Ltd.	-	14 425 974	-	-	-	-	-	14 425 974
Santos AU Agency Company	-	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 19) Pty Ltd	-	-	160 000	-	-	-	-	160 000
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	160 000	-	-	-	-	160 000
Tokyo Timor Sea Resources Pty Ltd	2 770 401	10 028 724	-	-	-	-	-	12 799 125
Eni JPDA 03-13 Ltd	-	14 003 268	-	-	-	-	-	14 003 268
ENI JPDA 06-105 PTY LTD	-	-	320 000	406 250	-	-	175	726 425
ENI JPDA 11-106 B.V.	-	-	80 000	-	-	-	-	80 000
ENI Timor - Leste S.P.A	-	-	-	-	-	154 000	-	154 000
Sundagas Pty Ltd	-	-	-	-	15 000	125 002	-	140 002
Carnarvon Petroleum Ltd	-	-	-	-	-	40 300	-	40 300
TIMOR GAP Onshore Block Unip Lda	-	-	-	-	-	-	-	-
TIMOR GAP Chuditch Unipessoal Lda	-	-	-	-	-	-	-	-
TIMOR GAP PSC 11-106 Unip.Lda	-	-	-	-	-	-	-	-
TIMOR GAP Onshore Block C Unip Lda	-	-	-	-	-	-	-	-
TIMOR GAP Onshore Block B Unip Lda	-	-	-	-	-	-	-	-
TIMOR GAP Offshore Block Unipessoal	-	-	-	-	-	110 370	-	110 370
TIMOR RESOURCES PTY LTD	-	-	-	-	-	-	-	-
Total	37 085 058	93 591 074	1 200 000	4 064 450	15 000	429 672	175	136 385 429

* Inpex didn't answer to the circularization process despite several contacts to the available contacts provided by the MSWG, as detailed on section 8.2.6 the difference is in material terms explained by the lack of response from INPEX.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.3 Extractive companies - Reconciliation Results

Bellow are displayed the differences noted between amounts paid from oil & gas extractive activities and amounts received by Government Entities:

Entities	Reported by Entity	Reported by Government	Results of initial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Unreconciled differences
Inpex Sahul Ltd	-	26 452 110	26 452 110	-	-	-	26 452 110	26 452 110*
Inpex Timor Sea Ltd	-	7 724	7 724	-	-	-	7 724	7 724*
Santos NA (19-12) Pty Ltd	109 867 359	131 100 296	21 232 937	1 509 097	30 309 613	108 358 262	100 790 683	7 567 579
Santos NA Timor Sea Pty Ltd	19 219 415	11 618 011	7 601 404	-	7 601 355	19 219 415	19 219 366	49
Santos NA Emet Pty Ltd	2 240 954	1 344 411	896 543	-	896 518	2 240 954	2 240 929	25
Santos NA Bayu-Undan Pty Ltd	36 549 676	22 072 086	14 477 590	-	14 477 565	36 549 676	36 549 651	25
Santos NA (19-13) Pty Ltd	12 857 825	7 921 136	4 936 689	-	4 936 664	12 857 825	12 857 800	25
Santos NA Timor Leste Pty Ltd	419 791	391 351	28 440	-	28 411	419 791	419 762	29
Santos (JPDA 91-12) Pty Ltd.	32 737 380	40 304 849	7 567 469	-	-	32 737 380	40 304 849	7 567 469
Santos AU Agency Company	-	2 583 617	2 583 617	-	2 583 617	-	-	-
Woodside Petroleum (Timor Sea 19) Pty Ltd	187 332	26 635	160 697	-	160 000	187 332	186 635	697
Woodside Petroleum (Timor Sea 20) Pty Ltd	160 000	-	160 000	-	160 000	160 000	160 000	-
Tokyo Timor Sea Resources Pty Ltd	24 513 378	21 013 510	3 499 868	2 770 401	729 467	21 742 977	21 742 977	-
Eni JPDA 03-13 Ltd	21 480 663	21 480 665	2	-	-	21 480 663	21 480 665	2
Eni JPDA 06-105 Pty Ltd	784 968	1 590 382	805 414	-	806 225	784 968	784 157	811
ENI JPDA 11-106 B.V.	274 097	274 097	0	-	-	274 097	274 097	0
ENI Timor - Leste S.P.A	166 852	245 899	79 047	-	78 262	166 852	167 637	785
Sundagas Pty Ltd	146 137	359 042	212 905	106 125	107 145	252 262	251 897	365
Carnarvon Petroleum Ltd	70 022	188 934	118 912	38 371	80 580	108 394	108 354	40
TIMOR GAP Onshore Block Unip Lda	35 383	43 570	8 187	8 187	-	43 570	43 570	0
TIMOR GAP Chuditch Unipessoal Lda	7 474	7 474	-	-	-	7 474	7 474	-
TIMOR GAP PSC 11-106 Unip.Lda	10 429	12 876	2 447	-	-	10 429	12 876	2 447
TIMOR GAP Onshore Block C Unip Lda	360	480	120	120	-	480	480	-
TIMOR GAP Onshore Block B Unip Lda	3 537	3 537	-	-	-	3 537	3 537	-
TIMOR GAP Offshore Block Unipessoal	229 402	234 269	4 867	4 866	-	234 268	234 269	1
TIMOR RESOURCES PTY LTD	51 759	51 759	0	-	-	51 759	51 759	0
Total	262 014 193	289 328 719	27 314 526	4 121 829	4 975 462	257 892 364	284 353 257	26 460 893

* Inpex didn't answer to the circularization process despite several contacts to the available contacts provided by the MSWG, as detailed on section 8.2.6 the difference is in material terms explained by the lack of response from INPEX.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.4 Extractive companies - Adjustments by the Government

Entities	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Annual IT	Contract Services Fee	Total	Notes
Carnarvon Petroleum Ltd	- -	80 580	-	-	-	--	80 580	1)
Sundagas Pty Ltd	-	- -	107 145	-	-	--	107 145	2)
Tokyo Timor Sea Resources Pty Ltd	600 000	-	-	729 467	- 600 000	-	729 467	3)
Woodside Petroleum (Timor Sea 19) Pty Ltd	-	-	-	-	-	160 000	160 000	4)
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	-	-	-	160 000	160 000	
	-	-	-	-	-	320 000	320 000	

1) Adjustments on the amount reported by the Government for Carnarvon Petroleum Ltd

The adjustment corresponds to two payments related to Surface Rental fee (non-tax payment) considered as wages tax for non-residents.

2) Adjustments on the amount reported by the Government for Sundagas Pty Ltd

The adjustment corresponds to one payment related to Surface Rental fee (non-tax payment) considered as a wages withholding tax for non-residents.

3) Adjustments on the amount reported by the Government for Tokyo Timor Sea Resources

The adjustments correspond to incorrect classification by type of tax and the amount of Bayu Undan APT Installment identified by the Government however not reported on its template.

4) Adjustments on the amount reported by the Government for Woodside Petroleum (Timor Sea 19) Pty Ltd and Woodside Petroleum (Timor Sea 20) Pty Ltd

The adjustment corresponds to one payment of contract service fee for each entity that the Government did not report in its template.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation – Extractive Companies

8.2.4 Extractive companies – Adjustments by the Government

Entities	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Annual IT	Profit Oil	Contract Services Fee	Development Fee	Total	Notes
Santos NA (19-12) Pty Ltd	- 914 550	-	-	871 589	- 900 000	- 28 772 102	320 000	- 914 550	30 309 613	5.1)
Santos NA Timor Sea Pty Ltd	- 24 352	-	-	724 352	- 700 000	7 601 355	-	-	7 601 355	5.2)
Santos NA Emet Pty Ltd	-	-	-	-	-	896 518	-	-	896 518	5.3)
Santos NA Bayu-Undan Pty Ltd	-	-	-	540 000	-	15 017 565	-	-	14 477 565	5.4)
Santos (JPDA 91-12) Pty Ltd.	- 3 282 144	-	-	5 025 191	- 1 743 047	-	-	-	-	5.5)
Santos NA (19-13) Pty Ltd	-	-	-	-	-	5 256 664	- 320 000	-	4 936 664	5.6)
Santos AU Agency Company	- 2 583 617	-	-	-	-	-	-	-	2 583 617	5.7)
Santos NA Timor Leste Pty Ltd	-	318	28 093	-	-	-	-	-	28 411	5.8)
	- 6 804 663	318	28 093	6 081 132	- 3 343 047	-	-	- 914 550	4 952 717	

5) Adjustments on the amounts reported by the Government for Santos

The adjustments correspond to:

- 5.1) - Incorrect allocation by type of tax and amount related to the 2019 tax refund;
 - Incorrect allocation by company;
 - One unit of development fee that was paid in 2019 however transferred to PF in 2020;
- 5.2) Incorrect classification by type of tax and incorrect allocation by company.
- 5.3) Incorrect allocation by company.
- 5.4) Amount received in June 2020 and incorrect allocation by company.
- 5.5) Incorrect classification by type of tax.
- 5.6) Incorrect allocation by company.
- 5.7) Non-tax revenue considered as Income Tax.
- 5.8) Amount considered in Santos NA (19-12) Pty Ltd related to the 2019 tax refund.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.4 Extractive companies - Adjustments by the Government

Entities	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Eni JPDA 06-105 Pty Ltd	- 80 000	-	- 726 225	-806 225	6)
ENI JPDA 11-106 B.V.	- 56 898	- 7 074	- 63 972	0	
Eni Timor - Leste S.P.A	- -	- 337	- 77 925	-78 262	
	<u>- 136 898</u>	<u>- 7 411</u>	<u>- 740 178</u>	<u>- 884 487</u>	
TIMOR GAP Onshore Block C Unip Lda	-	- 480	- 480	-	7)
TIMOR GAP PSC JPDA 11-106	- -	- 10 429	- 10 429	-	
TIMOR GAP Offshore Unipessoal	- -	- 120 899	- 120 899	-	
TIMOR GAP, Onshore Block B	- -	- 3 537	- 3 537	-	
TIMOR GAP Onshore Block Unip Lda	- -	- 8 105	- 8 105	-	
	<u>- -</u>	<u>- 143 450</u>	<u>- 143 450</u>	<u>-</u>	

6) Adjustments on the amounts reported by the Government for Eni JPDA 06-105 Pty Ltd and Eni Timor-Leste S.P.A

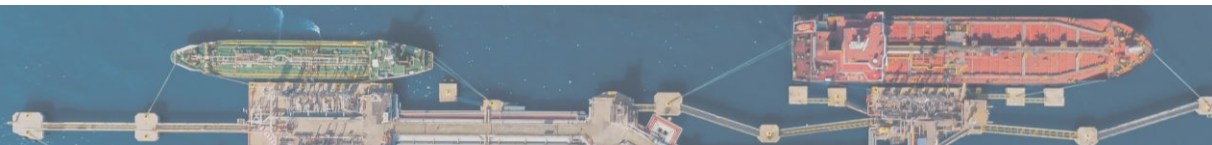
The adjustment corresponds to non-tax payments considered as VAT and withholding tax and well incorrect allocation by type of tax.

7) Adjustments on the amounts reported by the Government for TIMOR GAP

The adjustments correspond to incorrect classification by type of tax.

The table below represents the total of adjustments by the Government disaggregated by type of tax and non-tax payments.

Entities	Income Tax	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Annual IT	Contract Services Fee	Development Fee	Total
Total	- 6 204 663	- 136 898	- 231 123	- 675 780	6 810 599	- 3 943 047	320 000	- 914 550	- 4 975 462



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.5 Extractive companies - Adjustments by the Contractors

Entities	Wages Withholding Tax	Withholding Tax Payments	FTP	Surface Rental Fee	Total	Notes
TIMOR GAP Onshore Block C Unip Lda	-	120	-	-	120	
TIMOR GAP Offshore Unipessoal	-	4 866	-	-	4 866	1)
TIMOR GAP Onshore Block Unip Lda	8 187	-	-	-	8 187	
	8 187	4 986	-	-	13 172	
Santos NA (19-12) Pty Ltd	-	-	1 509 097	-	1 509 097	2)
	-	-	1 509 097	-	1 509 097	
Tokyo Timor Sea Resources Pty Ltd	-	-	2 770 401	-	2 770 401	3)
Sundagas Pty Ltd	-	1 020	-	107 145	106 125	4)
Carnarvon Petroleum Ltd	-	2 459	-	40 300	38 371	5)
Total	4 708	5 516	4 279 498	147 445	4 121 829	

1) Adjustments on the amounts reported by TIMOR GAP

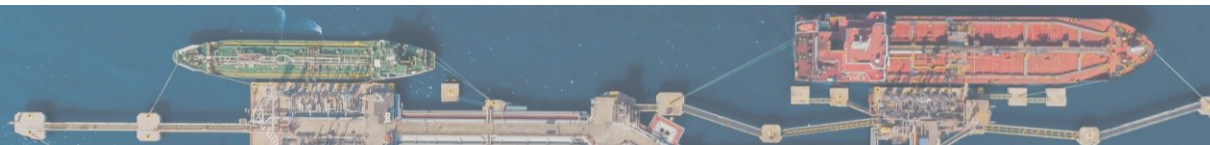
The adjustment corresponds to the submission of December 2019 however paid in January 2020.

2) Adjustments on the amounts reported by Santos

The adjustment corresponds to the amount of LNG paid directly to BCTL in December 2020. ANPM did not reported this amount because it wasn't transferred for its account, however this transfer is disclosed on the 2020 Annual Petroleum Fund Report.

3) Adjustments on the amounts reported by Tokyo Timor Sea Resources

The adjustment corresponds to FTP paid via operator to ANPM, included in the template, however already reported by the Operator.



8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.5 Extractive companies - Adjustments by the Contractors

Entities	Wages Withholding Tax	Withholding Tax Payments	FTP	Profit Oil	Surface Rental Fee	Total	Notes
Sundagas Pty Ltd	- 1 020	-	-	-	107 145	106 125	4)
Carnarvon Petroleum Ltd	- 2 459	530	-	-	40 300	38 371	5)

4) Adjustments on the amounts reported by Sundagas Pty Ltd

The adjustments correspond to the submission of December 2020 however paid in January 2021 and a Surface Rental fee (non-tax payment) considered as withholding tax payment.

5) Adjustments on the amounts reported by Carnarvon Petroleum Ltd

The adjustments correspond to:

- Submission of December 2020 however paid in January 2021;
- Submission of December 2019 however paid in January 2020;
- Surface Rental fee (non-tax payment) considered as withholding tax payment.

The table below represents the total of adjustments by the Entities disaggregated by type of tax and non-tax payments.

Entities	Wages Withholding Tax	Withholding Tax Payments	FTP	Surface Rental Fee	Total
Total	4 708	5 516	-	147 445	4 121 829



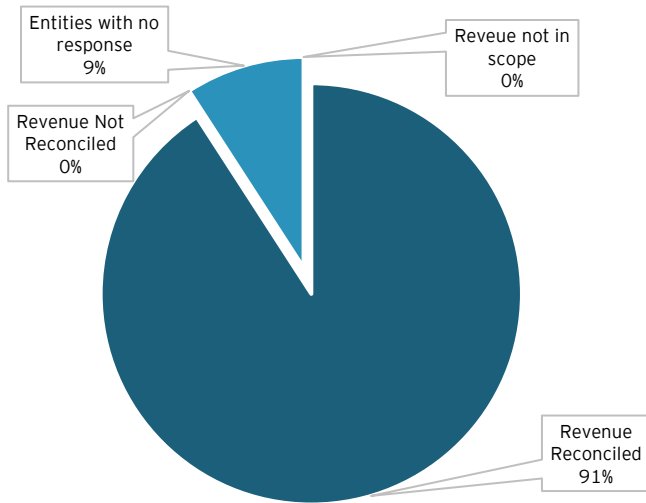
8 Reconciliation of tax and other payments

8.2 General results of payments reconciliation - Extractive Companies

8.2.6 Extractive companies - Unreconciled differences

Based on the results the difference not reconciled are approximately 1,058 USD. There were two entities that did not answer to the template which represented 26,459 thousand USD.

The chart below shows the results and the fact that 91% of the payments from operators were reconciled.



- Reveue not in scope
- Revenue Reconciled
- Revenue Not Reconciled
- Entities with no response

Entities	Unreconciled differences (USD)
Santos NA (19-12) Pty Ltd	-7 567 579**
Santos NA Timor Sea Pty Ltd	-49*
Santos NA Emet Pty Ltd	-25*
Santos NA Bayu-Undan Pty Ltd	-25*
Santos NA (19-13) Pty Ltd	-25*
Santos NA Timor Leste Pty Ltd	-29*
Santos (JPDA 91-12) Pty Ltd.	7 567 469**
Woodside Petroleum (Timor Sea 19) Pty Ltd	-697
Eni JPDA 03-13 Ltd	2*
Eni JPDA 06-105 Pty Ltd	-811*
ENI Timor - Leste S.P.A	785*
Sundagas Pty Ltd	-365
Carnarvon Petroleum Ltd	-40*
TIMOR GAP PSC 11-106 Unip.Lda	2 447
TIMOR GAP Offshore Block Unipessoal	1
Total	1 058

Entities	Without report (USD)
Inpex Sahul Ltd	26 452 110
Inpex Timor Sea Ltd	7 724
Total	26 459 834

* These differences are related to bank charges that were considered on the amounts reported.

** The difference is reconciled between both entities of the group. This difference is due to the allocation of PO in each entity related with the amounts reported by Santos and ANPM.



8 Reconciliation of tax and other payments

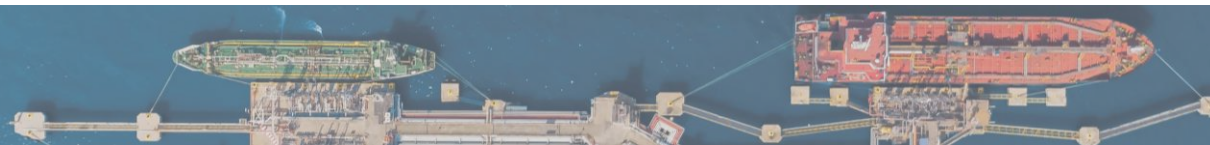
8.3 General results of payments reconciliation – Subcontractors

8.3.1 Payments from Oil & Gas subcontractors in Scope – Reported by the Government

Out of 31 subcontractors that have paid tax amounts to DNRPM, we have identified 14 entities that have made payments (to the revenue streams) above the threshold to Government entities in scope.

The detail by company of the tax revenue amounts reported by Government is represented as follows:

Subcontractors Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	APT Installment	Total reported by Government
Konekto/Babcock Unip Lda	-	79 733	1 253	-	80 986
Babcock Offshore Services	-	289 551	94 081	-	383 632
Caltech Unip Lda	25 096	511 632	4 229	-	540 957
Clough Amec Pty Ltd	239 440	1 002 405	132 000	-	1 373 845
Compas Group (Australia) Pty Ltd	-	444 975	-	-	444 975
Oceaneering Aust Pty Ltd	-	412 856	-	-	412 856
Haliburton Aust Pty Ltd	14 852	76 749	25 145	-	116 746
Cape Australia Onshore	-	120 198	762	-	120 960
KT Maritime services BU	-	183 517	79 360	-	262 877
MMA Offshore Vessel Operations Pty	-	212 921	-	-	212 921
SGS Australia Pty Ltd	38 070	96 133	-	-	134 203
Weathford Australia Pty Ltd	-	-	-	129 151	129 151
Total	317 458	3 430 670	336 830	129 151	4 214 109



8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.2 Payments from Oil & Gas subcontractors in Scope - Reported by the Entities

Out of the 14 subcontractors in scope, 10 sent the templates with 2019 data.

Extractive Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total reported by entities
Babcock Offshore Services	-	220 766	130 800	351 566
Caltech Unip Lda	39 559	585 177	6 958	631 693
Clough Amec Pty Ltd	229 825	1 084 474	50 695	1 364 995
Compas Group (Australia) Pty Ltd	241 036	204 119	-	445 155
Haliburton Aust Pty Ltd	9 929	77 414	29 968	117 310
Cape Australia Onshore	-	140 401	-	140 401
SGS Australia Pty Ltd	46 159	82 072	-	128 232
Weathford Australia Pty Ltd	129 151	-	-	129 151
	695 659	2 394 423	218 421	3 308 503



8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.3 Subcontractors - Reconciliation results

Bellow are displayed the differences noted between amounts paid from oil & gas subcontractors and amounts received by Government Entities.

Subcontractors Companies	Reported by Entity	Reported by Government	Results of inical request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Results after Reconciliation
Konekto/Babcock Unip Lda	-	80 986	80 986	-	-	-	80 986	80 986
Babcock Offshore Services	351 566	383 632	32 066	52 842	9 031	404 408	392 663 -	11 745
Caltech Unip Lda	631 693	540 957 -	90 736 -	34 001	57 483	597 692	598 440	748
Clough Amec Pty Ltd	1 364 995	1 373 845	8 850	-	-	1 364 995	1 373 845	8 850
Compas Group (Australia) Pty Ltd	445 155	444 975 -	180	-	-	445 155	444 975 -	180
Oceaneering Aust Pty Ltd	-	412 856	412 856	-	-	-	412 856	412 856
Haliburton Aust Pty Ltd	117 310	116 746 -	564	-	-	117 310	116 746 -	564
Cape Australia Onshore	140 401	120 960 -	19 441 -	14 029	-	126 372	120 960 -	5 412
KT Maritime services BU	-	262 877	262 877	-	-	-	262 877	262 877
MMA Offshore Vessel Operations Pty	-	212 921	212 921	-	-	-	212 921	212 921
SGS Australia Pty Ltd	128 232	134 203	5 971	-	9 486	128 232	143 689	15 457
Weathford Australia Pty Ltd	129 151	129 151	-	-	-	129 151	129 151	-
Total	3 308 503	4 214 109	905 606	4 812	76 000	3 313 315	4 290 109	976 794



8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.4 Subcontractors - Adjustments by the Government

Bellow are displayed the differences noted between amounts paid from oil & gas subcontractors and amounts received by Government Entities.

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Caltech Unip Lda	57 483	-	-	57 483	1)
Babcock Offshore Services	-	36 021	45 052	9 031	2)
SGS Australia Pty Ltd	4 045	5 441	-	9 486	3)
Total	61 528	30 580	45 052	76 000	

1) Adjustments on the amount reported by the Government for Caltech Unip Lda

The adjustment corresponds to a credit for an overpayment made by the entity.

2) Adjustments on the amount reported by the Government for Babcock Offshore Services

The adjustments correspond to amounts of wages and withholding tax identified by the Government however not reported on its template.

3) Adjustments on the amount reported by the Government for SGS Australia Pty Ltd

The adjustment corresponds to amounts that the Government did not report its template.



8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.5 Subcontractors - Adjustments by the Entities

Bellow are displayed the differences noted between amounts paid from oil & gas subcontractors and amounts received by Government Entities.

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Caltech Unip Lda	-	1 327	-	32 674	- - 34 001 1)
Cape Australia Onshore	-	-	-	14 029	- - 14 029 2)
Babcock Offshore Services	-	-	38 271	14 570	52 841 3)
Total	-	1 327	-	8 432	14 570 4 811

1) Adjustments on the amount reported by Caltech Unip Lda

The adjustments correspond to the submission of December 2020 however paid in January 2021.

2) Adjustments on the amount reported by the Cape Australia Onshore

The adjustments correspond to the submission of December 2020 however paid in January 2021.

3) Adjustments on the amount reported by Babcock Offshore Services

The adjustments correspond to the submission of December 2019 however paid in January 2020.



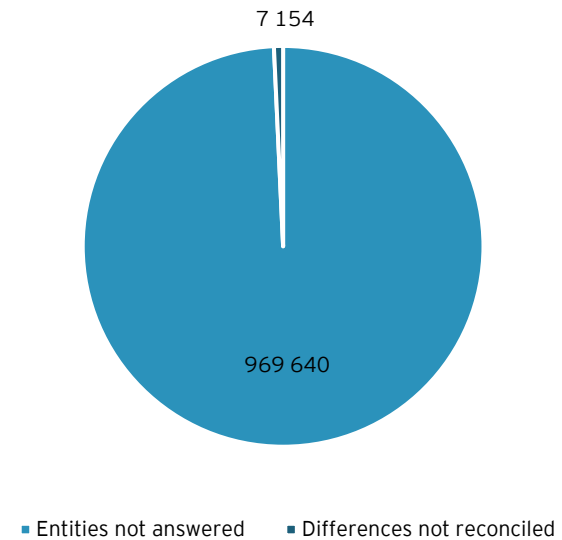
8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.6 Subcontractors - Unreconciled differences

The total amount of initial difference is represented as follow:

Description	Amount in US\$	% Final amount reported Government
Total amount reported initially by the Government	4 214 109	98%
Adjustments by the Government entities	76 000	2%
Final tax amount reported by the Government	4 290 109	
Total amount reported initially by Subcontractors	3 308 503	77%
Adjustments by the entities	4 812	0%
Final tax amount reported by the Subcontractors	3 313 315	
Entities not answered	969 640	23%
Amount not conciliated	7 154	0%



- The total amount not reported by entities is 969,640 USD;
- The total amount not conciliated is 7,154 USD. This amount was not validated since we were not able to obtain an answer from the respective entities.



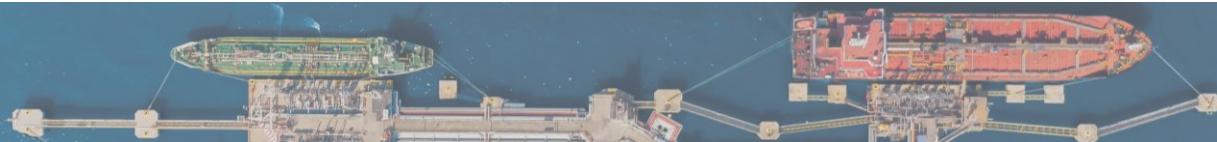
8 Reconciliation of tax and other payments

8.3 General results of payments reconciliation - Subcontractors

8.3.6 Subcontractors - Unreconciled differences

Based on the results, the differences not reconciled are approximately USD 976,794 (considering the entities that did not report).

Subcontractors Companies	Reported by Entity	Reported by Government	Results after Reconciliation
Differences not reconciled			
Babcock Offshore Services	404 408	392 663	- 11 745
Caltech Unip Lda	597 692	598 440	748
Clough Amec Pty Ltd	1 364 995	1 373 845	8 850
Compas Group (Australia) Pty Ltd	445 155	444 975	- 180
Haliburton Aust Pty Ltd	117 310	116 746	- 564
SGS Australia Pty Ltd	128 232	143 689	15 457
Weathford Australia Pty Ltd	129 151	129 151	-
Cape Australia Onshore	126 372	120 960	- 5 412
Total differences not reconciled			7 154
Not reported			
Konekto/Babcock Unip Lda	-	80 986	80 986
Oceaneering Aust Pty Ltd	-	412 856	412 856
KT Maritime services BU	-	262 877	262 877
MMA Offshore Vessel Operations Pty	-	212 921	212 921
Total not reported			969 640
Total			976 794



8 Reconciliation of tax and other payments

8.4 Pipeline fee

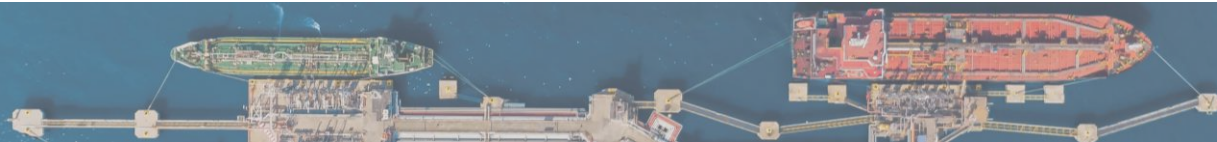
Total Amounts of Other Receipts reported in PF	Amounts in 000' USD
Pipeline fee	11 222
Other extractive entities fees received by BCTL	4 842
Total	16 064

The Pipeline Fee transferred for the Petroleum Fund amounted 16,000,000 AUD (Australian Dollars) and the Banco Central de Timor Leste (BCTL) reported 11,222,400 USD (American Dollars).

The payments were made in February and September 2020 of 5,385,600 USD and 5,836,800 USD, respectively.

Following the amounts disclosed by the PF in other receipts, during 2020, BCTL received 4.8 million USD in non-tax revenue from the entities, that were considered in ANPM's template. According to the reporting of both entities, these amounts were deducted from the non-tax revenue as per table on section 3.5, in order to considered the amount of revenue received by Petroleum Fund.

For the purpose of the reconciliation process we reconciled Govt reporting, and the contractors' answers, on section 8.3 taking in consideration that ANPM also reported the other fees.



8 Reconciliation of tax and other payments

8.5 Summary of Reconciliation results

The chart below represents the results of the tax and non-tax reconciliation segregated by contractors and subcontractors.

The amount conciliated is USD 266,105,141, considering tax and non-tax revenues, which is composed by USD 262,867,826 for contractors and USD 3,237,315 for subcontractors.

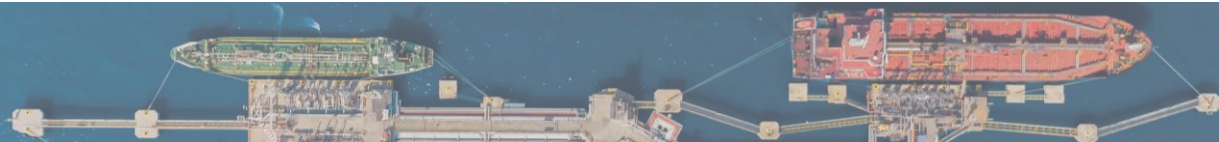
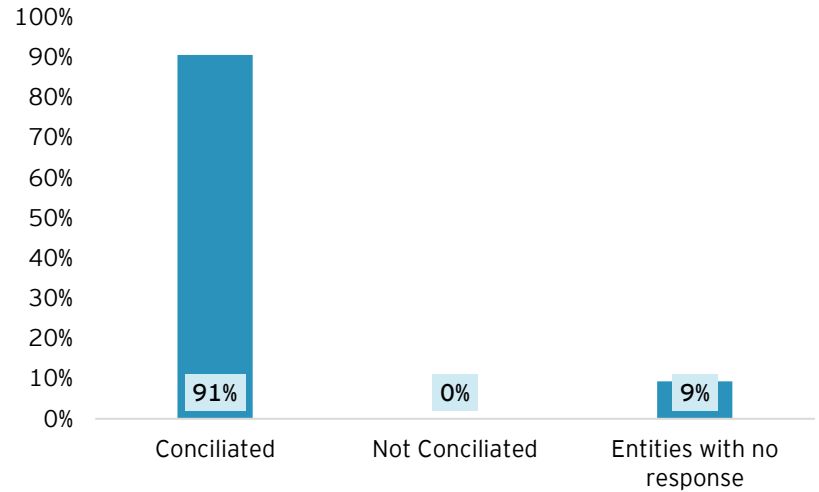
The amount not conciliated (USD 8,213) is represented by USD 1,059 for contractors and USD 7,154 for subcontractors.

The entities that did not report, amounted USD 27,429,474, which refers to contractors and subcontractors.

Total Amounts	Amounts in USD	%
Contractors - revenue reconciled	262 867 826	90%
Contractors - revenue unreconciled	1 059	0%
Contractors - Entities with no response	26 459 834	9%
Subcontractors - revenue reconciled	3 237 315	1%
Subcontractors - revenue unreconciled	7 154	0%
Subcontractors - Entities with no response	969 640	0%
Total	293 542 828	100%

The graph below represents the total amounts in percentage considering contractors and subcontractors.

Reconciliation Results



8 Reconciliation of tax and other payments

8.6 Payments in the mining sector

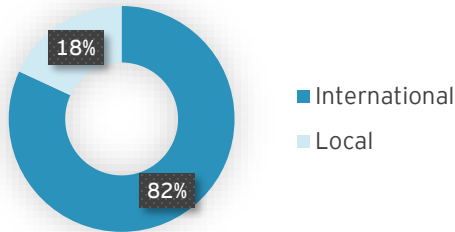
We have contacted ANPM to understand which companies paid amounts above the threshold (100,000 USD) in 2020, which were summarized in the next table.

Name of Proponent	Total Amount Paid (USD \$)
China HarbourTimor Lda.	2,062,650.45
China Wu Yi., Ltd., R.P.	173,811.72
Natureza Timor Naroman Lda., Contractor & Supplier	116,708.78

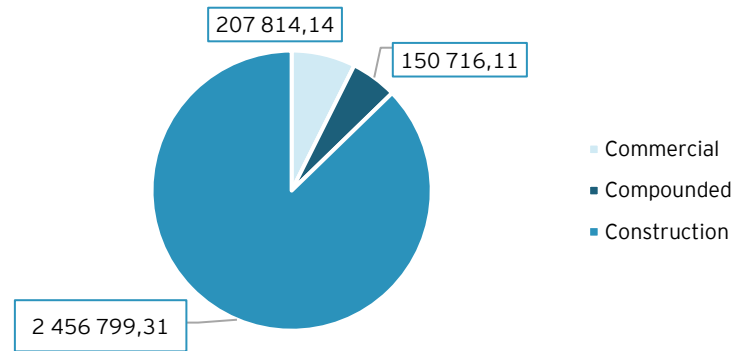
We have also obtained the detail of the payments received by this government entity in 2020 (please see Annex D).

According to the Ministerial Diploma No. 64/2016 of 16 November, these activities are regulated as mining, which is the reason why ANPM is reporting them in the mining sector.

Moreover, according to the information provided by ANPM regarding the payments in the mining sector, the origin is 82% (USD 2,305,777) international and 18% (USD 509,553) local.



Furthermore, there are three types of activities: construction, commercial and compounded. The first correspond to the entities that pay for construction material to finish a project related to mining, and the second correspond to the ones that sell material to public on a commercial purpose. The latter corresponds to a mix of both activities.

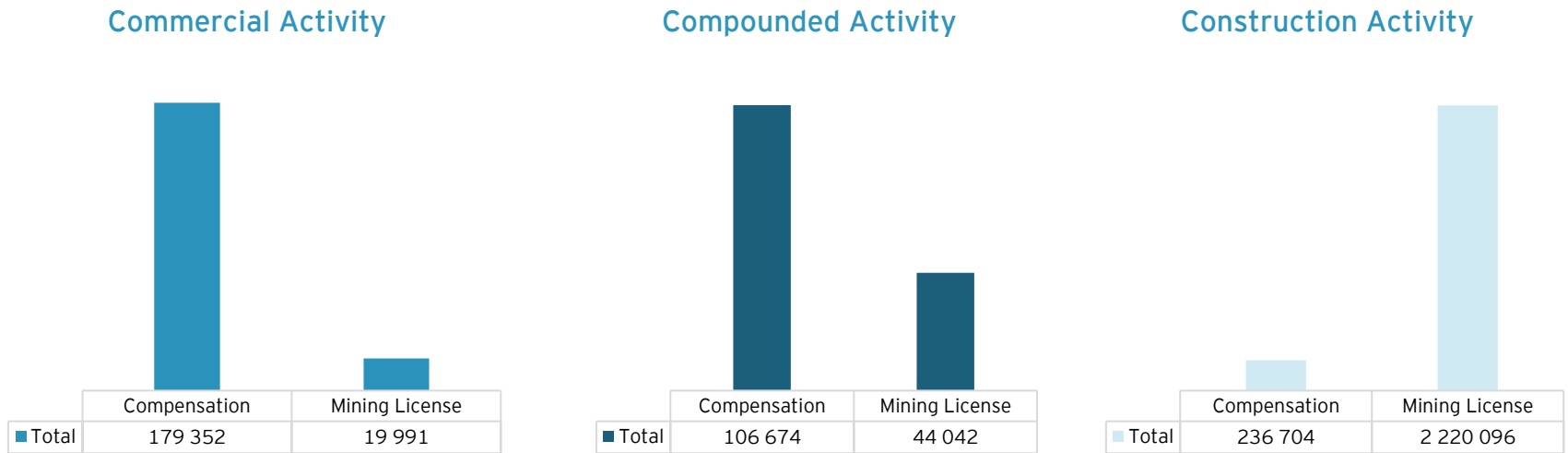


8 Reconciliation of tax and other payments

8.6 Payments in the mining sector

Regarding the type of payments, there are mining license payments (include mining and license fees) and compensation payments (including fees paid for unauthorized activities). There is also an annual surface fee, related to the exploration activity.

Below are represented the type of payments regarding each activity in USD:



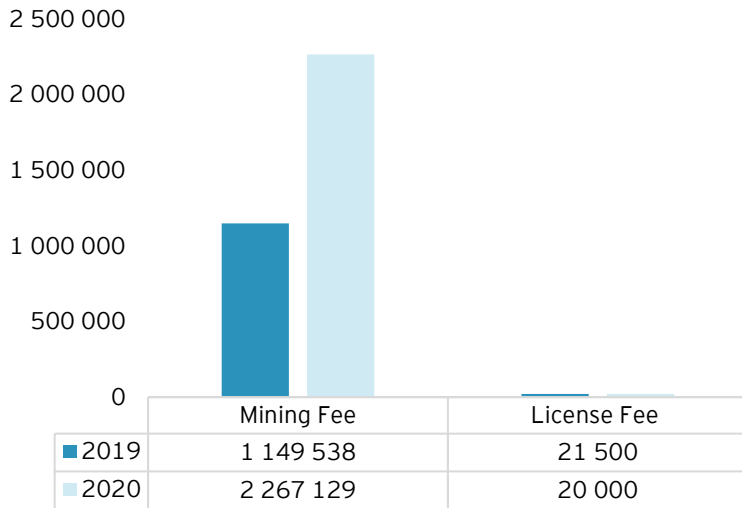
The mining license constitutes 81% of the total payments, in the amount of 2,284,129 USD, however the compensation contributes with 19% of the total payments (522,729 USD).



8 Reconciliation of tax and other payments

8.6 Payments in the mining sector

In comparison with 2019, there was an increase in mining fees by 1,117,591 USD and a decrease in license fees by 1,500 USD.

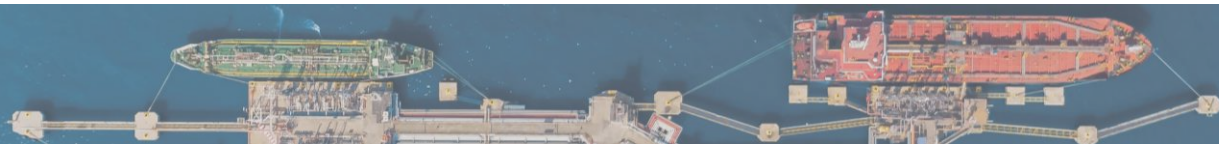
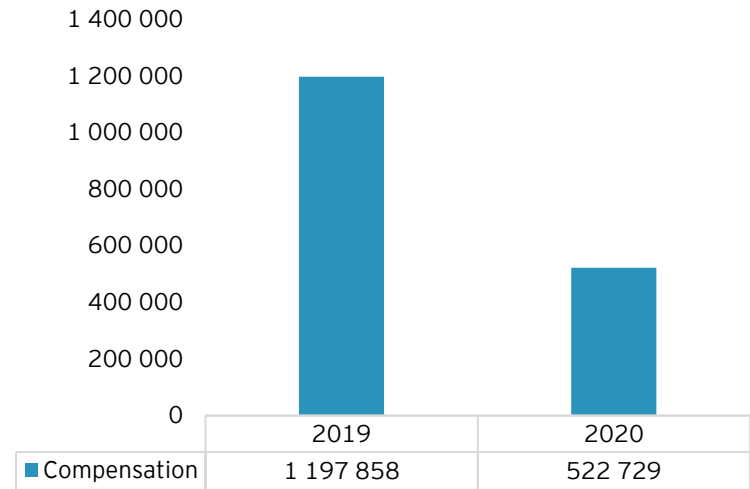


Related to mining license, there were three entities that paid fees above 100,000 USD, however they are related to constructions activities.

The compensation payment never occurred up until 2017 due to the fact that it was only required in consequence of the Art. 42.2 of Diploma Ministerial No. 64/2016 of November 16, which requires a Compensation for Unauthorized Mining Activity.

In 2019, the amount accounted for 1,197,858 USD, including three entities above 100,000 USD, whose activities were also related to construction and one to compounded.

However, in 2020 the amount decreased to 522,729 USD, including two entities above 100,000 USD, whose activities also related to construction.



9

Beneficial Ownership

According to EITI 2.5 requirement, it is recommended that information is publicly available regarding beneficial owners of the corporate entities that bid for, operate or invest in extractive assets, including the identifies of their beneficial owners, the level of ownership and details about how ownership or control is exerted.

On Timor-Leste, the majority of the Operators that are in scope (working in the JPDA and TLEA area) are subsidiaries of publicly listed companies on Stock Exchange. For those it is expected that the source and the information of the ownership is already available.

However, the legal policies and practices regarding the disclosure of the beneficial ownership (Oil, gas and mining sector) are still only partially issued by the government.

Legal and practical obstacles may emerge in these sectors - depending on the depth of the beneficial ownership information to be disclosed.

In March 2017, the Multi-Stakeholder Working Group (MSWG) published a beneficial ownership roadmap, which documents activities and actions toward full beneficial ownership disclosures of extractive companies in the country.

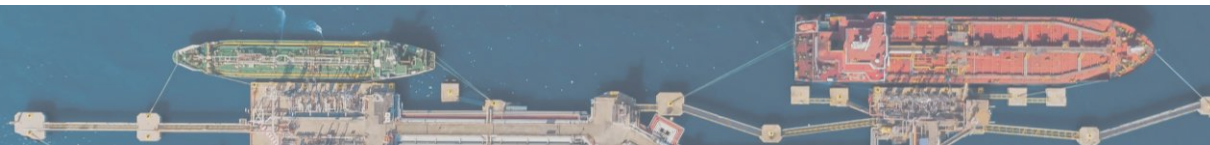
In October 2019, EY Portugal produced a draft of the Feasibility Study on Beneficial Ownership with recommendations regarding the application of the BO in Timor-Leste. This report was finish in July 2020.



9 Beneficial Ownership

9.1 List of Extractive companies (listed) and its ultimate owner's company

Company Name	Ultimate Beneficial Owner	Notes	Link
Eni JPDA 03-13 Limited Eni JPDA 06-105 Pty Ltd Eni JPDA 11-106 B.V. Eni Timor-Leste S.p.A	Eni S.p.A.	Eni is listed on both New York Stock Exchange (NYSE) and the FTSE MIB of the Milan Stock Exchange.	https://www.eni.com/en_IT/investors/eni-on-the-stock-markets.page
Santos (JPDA 91-12) Pty Ltd. Santos NA Timor Sea Pty Ltd Santos NA (19-12) Pty Ltd Santos NA (19-13) Pty Ltd Santos NA Emet Pty Ltd Santos NA Bayu-Udan Pty Ltd Santos NA Timor Leste Pty Ltd	Santos Ltd	Santos is an Australian natural gas company. Established in 1954 and listed on the Australian Securities Exchange. Santos is the ultimate owner of all entities from 28 May 2020, prior to this date all entities except for Santos (JPDA 91-12) Pty Ltd were owned by ConocoPhillips.	https://www.santos.com/investors/shareholder-information/
Inpex Timor Sea, Ltd Inpex Sahul Ltd	INPEX CORPORATION	INPEX CORPORATION holds a 100% shares of INPEX Timor Sea, Ltd; INPEX CORPORATION holds a 100% shares of INPEX Sahul, Ltd..	http://www.inpex.co.jp/english/ir/shareholder/stock.html
Carnarvon Petroleum Ltd	Carnarvon Energy Ltd	Carnarvon is an Australian public company listed on the Australian Stock Exchange.	https://www.carnarvon.com.au/investor-centre/
TIMOR GAP	TIMOR GAP, E.P.	State Own Entity.	https://www.timorgap.com/databases/websit e.nsf/vwAll/Annual%20Reports
Tokyo Timor Sea Resource Pty Ltd	Tokyo Gas Co. Ltd (33,33%) Tokyo Electric Power Company Holdings Inc (33,33%) Chubu Electric Power Co. Inc (33%)	Tokyo Gas Co. Ltd, Tokyo Electric Power Company Holdings Inc and Chubu Electric Power Co. Inc are companies listed on the Tokyo Stock Exchange.	https://www.tokyo-gas.co.jp/en/
Woodside Petroleum (Timor Sea 19) Pty Ltd Woodside Petroleum (Timor Sea 20) Pty Ltd	Woodside Petroleum Ltd	Woodside Petroleum (entities) are a wholly-owned by Woodside Petroleum Ltd, which is also the ultimate holding company of the Woodside group of companies. Woodside Petroleum Ltd is an Australian public company listed on the Australian Stock Exchange.	https://www.woodside.com.au/investors
Timor Resources Pty Ltd	BO 1: Lyndall Margaret Fuller (48%) BO 2: Suellen Osborne (40%)	The BO own the entity through the following entities: VICTORIA PARK INVESTMENTS (48%) NEPEAN RESOURCES (12%) Nepean Resources Australia Pty Ltd (40%)	Timor Resources Exploring East Timor's onshore oil basin
SundaGas Banda Unipessoal Ltd	BO 1: Andrew John Butler (33,33%) BO 2: Paul William Bernard Ebdale (33,33%) BO 3: Baron Oil Plc (33,33%)	SundaGas is a Singapore incorporated entity. *During 2021 Baron Oil Plc acquired the remaining 66,67% of SundaGas, having an interest of 100% in the entity	https://www.baronoilplc.com/projects/timor-lest e-tl-so-19-16-psc/



9 Beneficial Ownership

9.2 Data Quality

For 2020, the entities followed the recommendations of the IA. Besides this, the MSGW asked for more information for the entities in scope. MSGW shared the template with EITI International and guaranteed the gathering of the necessary information for the compliance of the EITI standards. The following information was requested:

- The details that are required from a BO, which include the full name, identification number, tax ID, date of birth, nationality, residential or service address and means of contact.
- Information regarding if the BO is a PEP (Political Exposed Person), a family member or a close associate of one.

The following tables are part of the template that was sent out to the entities in scope for the 2019 EITI Report of Timor Leste:

Beneficial Owner number 1 or, in its absence a Top Manager	Description
Full name	
ID information	
Identification number	
Identification Type	
ID validity date	
Issuing entity of the ID	
Information about how ownership is held or control over the company is exercised	
number of shares	
% of shares	
% of direct voting rights	
% of indirect voting rights	
Other	
Date when beneficial interest was acquired	
Date	
Means of contact	
General information	
Taxpayer identification number	
Date of birth	
Nationality as stated in the ID	
Country of permanent residence	
Country of fiscal domicile	
Residential or service address	
Public office position and role:	
Date when office was assumed:	
Date when office was left, if applicable:	

Political Exposed Person(s)	
Is the beneficial owner a Politically Exposed Person (PEP) ?	Yes / Not
Is the beneficial owner a family member of a PEP?	Yes / Not
If yes	
Name:	
Relationship:	
Date of birth:	
Place of birth:	
Nationality:	
Position that qualifies you as PEP:	

Is the beneficial owner a Person known to be close associate of a PEP ?	Yes / Not
If yes	
Name:	
Relationship:	
Date of birth:	
Place of birth:	
Nationality:	
Position that qualifies you as PEP:	



9 Beneficial Ownership

9.2 Data Quality

The BO and PEP definitions were approved by MSGW and are disclosed on the template that was sent out to the entities in scope for the 2019 EITI Report of Timor Leste, as follows:

Beneficial ownership definition
<p>Beneficial owner is the natural person or persons who ultimately own or control an entity, and or the natural person or persons on whose behalf a transaction or activity is carried out taking into consideration at least the following criteria: control:</p> <p>If the counterpart is a corporate legal entity, the beneficial owners are as follows:</p> <p>Criteria for determining ownership or control: a) Criteria based on Capital</p> <p>The natural person or persons who ultimately own or control, directly or indirectly, more than 25% of the share capital or voting rights of the legal entity; A natural person or persons who, while not owning or directly or indirectly controlling more than 25%, jointly own more than 25% of the share capital or voting rights, when they are family members or have a close relationship that justifies the joint assessment; The natural person or persons holding top management positions, after all other criteria have been exhausted and provided that there are no grounds for suspicion. Please note that a natural person is defined as a Timorese or any person without taking into account their nationality.</p> <p>b) Criteria based on other control indicators: Control of the majority of the votes exercisable at the ordinary shareholders' meetings; Sufficient votes to exercise dominant influence in the ordinary shareholders' meetings; Having the right to appoint or remove a majority of the members of the administrative, management or supervisory bodies; Existence of particular contractual provisions that allow to exercise a dominant influence;</p> <p>Criteria of Administration/effective control: The person or natural persons holding the top management position or positions, if after all possible means have been exhausted and provided there is no reason to suspect, no person has been identified under the above criteria, or if there is any doubt that the person or persons identified are the beneficial owners;</p> <p>If the counterpart is a non-corporate legal person (Foundations, Trusts or Associations) or a collective interest center without legal personality, the beneficial owners are as follows:</p> <p>The founder (settlor) The administrator (trustee, in case of trust funds) The curator, if applicable; Beneficiaries or, if they have not yet been determined, the category of persons in whose main interest the entity has been incorporated or is active. Any other natural person who has ultimate control of the entity through direct or indirect participation or through other means.</p>

"Politically Exposed Person" definition (PPE) as well as "Close Family Members" and "Persons known to be close associates"
<p>The political persons are persons who have held, or have performed in the last 12 months, in any country or jurisdiction, the following higher public functions:</p> <ul style="list-style-type: none"> i. Heads of State, Heads of Government and members of the Government, namely Ministers, Secretaries and Undersecretary of State or equivalent; ii. Members of Parliament; iii. Judges of the Constitutional Court, the Supreme Court of Justice, the Supreme Administrative Court, the Court of Auditors, and members of supreme courts, constitutional courts and other high-level judicial bodies from other States and international organizations; iv. Representatives of the Republic and members of self-governing bodies of autonomous regions; v. Ombudsman, State Councilors, and members of the National Data Protection Commission, the Superior Council of the Judiciary, the Superior Council for Administrative and Tax Courts, the Attorney General's Office, the Superior Council of the Public Prosecutor's Office, the Superior Council for National Defense, the Economic and Social Council, and the Regulatory Entity for Social Communication; vi. Heads of diplomatic missions and consular posts; vii. General Officers of the Armed Forces in effective service; viii. Presidents and city councilmen with executive functions of city councils; ix. Members of central bank administrative and supervisory bodies, including the European Central Bank; x. Members of administrative and supervisory bodies of public institutes, public foundations, public establishments and independent administrative bodies, whatever their designation; xi. Members of management and supervisory bodies of entities belonging to the public enterprise sector, including the business, regional and local sectors; xii. Members of the executive bodies of political party leadership at the national or regional level; xiii. Directors, deputy directors and members of the board of directors or persons performing equivalent functions in an international organization, <p>The Close family members are:</p> <ul style="list-style-type: none"> i. Direct ascendants and descendants of a politically exposed person; ii. The spouses or unmarried persons of a politically exposed person and of the persons referred to in the previous sub-item; <p>The Persons known to be close associates:</p> <ul style="list-style-type: none"> i. Any natural person, known as a co-owner, with a person politically exposed, a legal person or a collective interest center without legal personality; ii. Any natural person who owns share capital or holds voting rights of a legal person, or assets of a center of collective interests without legal personality, known as having a beneficial owner politically exposed person; iii. Any natural person, known as having corporate, commercial or professional relations with a politically exposed person;



10

Mainstreaming

EITI's disclosure requirements are met through routine and publicly available company and government reporting. This could include enabling access to EITI data through public financial reporting, annual company or government agency reports, information portals, and other open data and freedom of information initiatives. A key concern is to ensure that the published data is comprehensive and reliable.

The main goal, and the methodology expected to be used for publishing the EITI Report, is that the data can be easily found in one source with a high reliability. Transparency is a key for the extractive sector and having multiple data sources can difficult the collection and the accuracy of the information. Mainstreaming in Timor Leste should make it possible to provide a more flexible disclosure of the EITI data, within less time, and with reliable information, avoiding duplication and past information.



10 Mainstreaming

Timor Leste joined EITI in 2008 and since then it has published 12 reports, with a satisfactory progress, according to the EITI website.

The country followed a robust path to improve the transparency of the data disclosed by the country and by the entities. Indeed, EITI considered Timor Leste to be the mainstreaming pioneer in Asia due to the launch of the Transparency Portal in 2011 by the government. This portal discloses constant updated information regarding government's data, such as national budget and expenditures.

Sources: EITI Timor Leste: <https://eiti.org/timorleste> & Transparency Portal: <http://www.transparency.gov.tl/english.html>

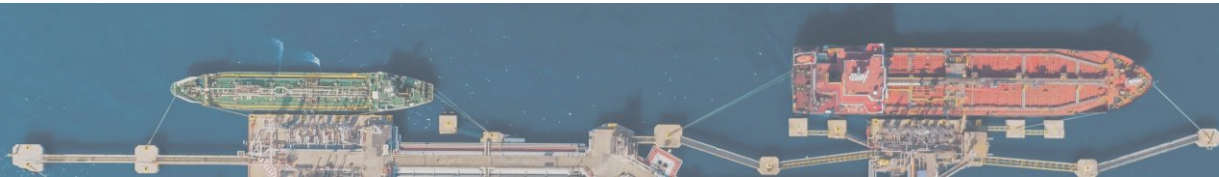
The purpose of mainstreaming enables a full transparency of the oil & gas sector worldwide, providing more visibility that increases the reliability in the sector for investment by foreign entities and future operators or joint venture partners.

Moreover, several national entities publicly release annual reports with audited financial statements, as well as monthly data. The main government agencies that display the financial and non-financial data, at least annually, are ANPM (Autoridade Nacional do Petróleo e Minerais), TIMOR GAP and the Central Bank. The mentioned entities publish an annual report with audited financial statements and ANPM also provides a website with monthly production and monthly revenue collection figures.

In addition, due to the minor differences unreconciled on the EITI annual reports and the size of the sector, it was created the expectation on EITI International secretariat that Timor Leste is one of the strong candidates to be one of the first country to implement the mainstream.

Furthermore, Timor Leste has been improving the publishing of data by increasing the quantity and quality throughout the years, with the aim of complying with the requirements of the EITI Standard 2016 and afterwards EITI Standard 2019. In fact, EY Portugal is performing a follow-up on the last Feasibility Study on Mainstreaming to assess the requirements and roadmap developments.

During 2022 and simultaneously with the preparation of the 2020 EITI Report, it were held several follow-up meetings related to the last mainstreaming. The goal was to understand the developments that occurred during these periods, as well as to highlight improvements in each requirement of the 2019 EITI Standard. Throughout the sessions conducted by the IA, it was possible to discuss some recommendations and understand some barriers to achieving full transparency.



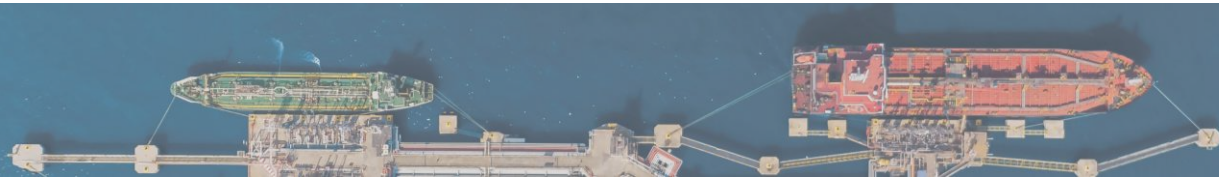
10 Mainstreaming

The MSWG currently considers that progress on mainstreaming will occur gradually as the country itself develops the tools and mechanisms essential for its full implementation. Current O&G regulatory structures and laws go against certain information disclosure requirements envisaged on EITI Standard (commercial terms in PSC, certain production details, etc.).

Additionally, despite the fact that a significant volume of the required information being reported in the Govt entities websites, the current physical and digital infrastructures limitations (e.g. internet quality) are delaying the existence of a platform centralizing EITI required information for more efficient access.

These factors are the main causes of the underdevelopment of mainstreaming in Timor-Leste. Full implementation by all entities would require a thorough study on how to overcome the limitations of the laws and budgeting the costs associated with the implementation.

Furthermore, in order to comply on an ongoing basis with the proposed requirements in the 2019 EITI Standard, it would be essential to resort to several resources, not only for its full implementation, but also for its constant updating and validation.



11

Social & Economic Expenditures

According to requirement 6 from EITI Standard social expenditures and the impact of the extractive sector on the economy should be disclosed helping readers to assess social and economic impacts and outcomes that this industries creates on the country. Those requirements include:

- Social and environmental expenditures by companies
- SOE quasi-fiscal expenditures
- The contribution of the extractive sector to the economy
- The environmental impact of extractive activities.



11 Social & Economic Expenditures

11.1 Social Expenditure

Local content commitments (Mandatory)

There are expenditures to be forecasted within the annual plan agreed between Operators and the ANPM, which are considered as cost recoverable and controlled by the ANPM. (denominated local commitments or Local Content - LC).

Those expenditures are recommended under the Production Sharing Contract (PSC) and preapproved within the approved Work Program & Budget (WPB).

To all other social expenditures (voluntary) MSWG have decided to include in the data collection process and do a unilateral reporting from companies to enhance their contributions.

The summary of this report is as follows:

Social Expenditure	Amount reported in USD
Mandatory	13,408,168
Subtotal Santos entities (Mandatory)	13,408,168
Cost Recoverable project for BU	146,305
Voluntary	1,170,764
Subtotal Santos entities (Voluntary)	1,317,069
Voluntary	448,031
Subtotal Timor Resources (Voluntary)	448,031
Total	15,173,268

Oil and Gas companies operating in both TLEA and Former JPDA are recommended to procure goods and services produced or supplied by providers in Timor-Leste. In TLEA, oil & gas companies are required to give preference in employing Timor-Leste nationals and training of Timorese.

ANPM works closely with Operators in the TLEA to measure Local Content performance in terms of local participation in procurement of goods and services as well as training and employment for petroleum activities in both jurisdictions.

The total amounts were confirmed by ANPM. For the purpose of this report, we published the disaggregation from Santo's entities. The local commitments reported are as follows:

Description of Social Expenditure	Company name of "beneficiaries"	Payments (Amounts in USD)
Others - Santos Offshore Timor-Leste Employees	Santos Offshore Timor-Leste Employees	1,241,400
Others - Local Goods & Services	Various vendors	1,675,807
Others - Contractors' Timor-Leste Employees	Various vendors	6,929,075
Others - Contractors' Timor-Leste Goods & Services	Various vendors	1,889,864
Others - Santos Dili Office Employees	Santos Dili Office Employees	1,082,857
Others - Local Goods & Services	Various vendors	589,166
Total Santos		13,408,168



11.1 Social Expenditure

Voluntary expenditure

The total amount for voluntary expenditure by Santos NA (19-12) Pty Ltd and Timor Resources was confirmed by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	Payments
Scholarship Programs - Fullbright-SERN Scholarship	Santos NA (19-12) Pty Ltd	IIE	146,305
Scholarship Programs - JESUIT Scholarships Program	Santos NA (19-12) Pty Ltd	Fundacao Companhia De Jesus	65,000
Others - Santos Offshore Timor-Leste Employee Training	Santos NA (19-12) Pty Ltd	Various vendors	19,079
Others - Contractors' Timor-Leste Employee Training	Santos NA (19-12) Pty Ltd	Various vendors	469,057
Others - Santos Dili Office Employee Training	Santos NA (19-12) Pty Ltd	Various vendors	154,769
NGOs Programs (Water, Sanitation, Health, Sports Events) - Nursing Development & Pathology Program	Santos NA (19-12) Pty Ltd	St John of God	261,888
NGOs Programs (Water, Sanitation, Health, Sports Events) - Mother & Child Health Program	Santos NA (19-12) Pty Ltd	Alola Foundation	70,000
NGOs Programs (Water, Sanitation, Health, Sports Events) - Reforestation Project	Santos NA (19-12) Pty Ltd	NGO Santalum	38,000
Support to National Event - First Lady Fun Run	Santos NA (19-12) Pty Ltd	Rotary Club of Dili	15,000
Santos donation of PPE for Covid-19 Prevention activities	Santos NA (19-12) Pty Ltd	TL Government	77,119
National Commission of UNESCO in TL	Santos NA (19-12) Pty Ltd	UNESCO in TL	851
		Santos Entities	1,317,069
Community Project Horticultur Pilot Project in Suai	Timor Resources	Tasihili and Kulu Oan	7,319
Community Project road repair	Timor Resources	Community of Suai	46,739
Donation to NGOs/Programs - Youth organization for the memorial Day	Timor Resources	<i>Youth Program in Suai</i>	1,000
Employment	Timor Resources		369,691
Others (Describe) Community Meetings and Liason	Timor Resources	<i>FERAKSARE & MANUFAHI</i>	11,282
Others (Describe)	Timor Resources	<i>Donations of 10,000 face masks for covid-19 and the beneficiary was MoH</i>	12,000*
		Timor Resources Pty Ltd	448,031
		Total	1,765,100

* The amount related to donations was not confirmed by ANPM however the due to the materiality involved, EY did not conduct additional procedures



11.2 Other expenditures

Environment expenditure

The environmental expenditures were reported by Timor Resources and confirmed by ANPM.

Description Social Expenditure	Company Name of "payer"	Company Name of "beneficiaries"	PSC	Extractive Entity Payments in USD
Others (Describe) Third party report for HSE approval	TIMOR RESOURCES PTY LTD	Safety Management Consultancy & Borthwck Associate	TL-OT-17-08	211,316
Total				211,316

Quasi-fiscal expenditure

Quasi-fiscal expenditures include arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.

None of the entities in scope reported payments regarding this type of expenditures.



12

Recommendations

Lack of EITI Law:

As recommended previously, even though Timor-Leste is an EITI compliant since 2008, the legal framework defining the roles and responsibilities of stakeholders in the EITI process has yet to be created.

We strongly recommend the enactment of an EITI Law as soon as possible. This Law will provide a better understanding and guidelines about certain limitations (i.e. confidentiality of the PSC and /or the desegregation of production by commodity). This is not identified on the work done for this report but could be an issue in the future.



Publication of statistics and information on the extractive industry

The EITI standard stipulates the disclosure of contextual information of the activities and regulations in the extractive industry.

Currently, it seems that the TL-EITI Secretariat does not have a comprehensive database including all extractive companies operating in the oil and mining sectors as the revenue streams and the correspondent amounts per year, all the extractive operators, contextual information and statistics.

The contextual information in this report is referred to different sources dispersed across public sector. Certain analyses were limited due to the unavailability of statistics data in the sector. Where available, national statistics included information for a wider sector.

It is vital that the EITI Secretariat should ensure that there is a comprehensive database of extractive companies to be able to identify with confidence all the companies making material payments. It would not be necessary for the EITI Secretariat to maintain the database, rather to ensure that there is such a database within government and that it is properly prepared, and current, and complete. The Secretariat should then liaise with the Government Entities to ensure it obtains adequate information regularly and updates its database accordingly.

The database can be further extended to include other useful information for statistics in the sector such as: production volumes, investments, social expenditures, and environmental payments, which can be collected and consolidated, and which would provide the basis for annual reporting of statistics and facts of the industry.

We also recommend that the MSWG assists the Secretariat with adequate resources in order to ensure that a comprehensive and up to date database of all extractive companies is set up.

Beneficial Ownership & Mainstreaming

According EITI Requirement 2.5, it is recommended that EITI compliant countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) which bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s) and the level of ownership.

Currently, there is no comprehensive and publicly available database on beneficial ownership in line with the EITI Standard. The country does not maintain a public register (registry of companies) with basic information on corporate entities.

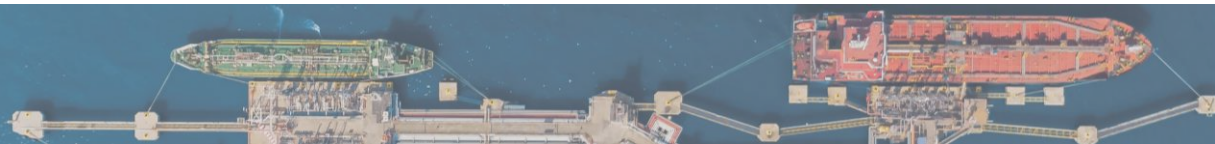
Laws, regulations and contracts should all build in requirements for beneficial ownership disclosure, so that this becomes a standard requirement within Timor-Leste legal framework. This could be achieved by including the definition and threshold of ultimate beneficial ownership mandatory disclosure in the mining and oil and gas sector.

However, up to date, no significant impact is expected due to almost all extractive entities are listed, and the information is available (see section Beneficial Ownership).

As previously mentioned, Timor Leste hired EY for a consultation of a feasibility study to identify the road map to implement the regulatory reform aimed at bringing the Timor-Leste disclosure rules and regulations according with internationally acceptable standards. In addition, the country also hired EY for follow up on the feasibility study on the mainstreaming, regarding the compliance with the requirement of the EITI Standard. In both feasibility studies, we already make several recommendations that would strongly aid the transparency in Timor Leste.

Those steps constitute a progressive move on the current and previous recommendations suggested by EY, nonetheless the creation of a regulatory reform should be the most suitable endorsement.

Source: <http://www.anpm.tl/list-of-licenses-2006-2016/>



Recommendations

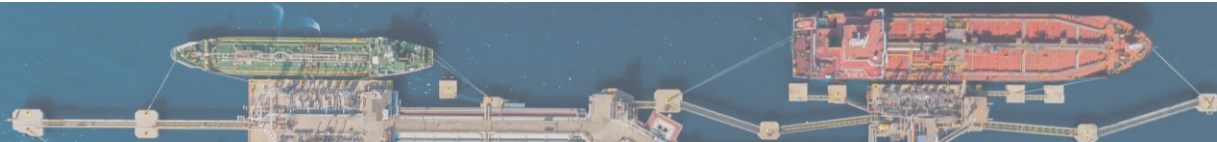
Confidentiality provisions in PSCs

The model PSC used by Timor-Leste contains a confidentiality provision which prevents the public disclosure of information relating to O&G operations by both parts, except if mandatory by law.

Annex F PSC model contains confidentiality provision which prevents the disclosure of most recent (less than two years) information on certain commercial sensitive information.

However, the summaries of the model PSC has been made available to public at ANPM website.

If an EITI law is under approval by the government, we recommend that it includes the necessary requirements to allow disclosure for EITI reporting obligation on the operators and Timor-Leste representatives.



12 Recommendations

Follow up of recommendations of previous EITI Reports (continuation)

No	Issue	Detail of the issue	Recommendation	Status of implementation 2019 Timor-Leste's EITI Report (Yes/No/Ongoing)
1	Lack of EITI law	We noted that although Timor-Leste's EITI reports have been reconciled for 10 years, the legal framework defining the roles and responsibilities of stakeholders in the EITI process has yet to be created.	We recommend the enactment of an EITI law as soon as possible. This law will provide a better understanding of the EITI process by all stakeholders and ensure that the reconciliation process is successful.	No
2	Timor-Leste-EITI database	It appears that to date, the Timor-Leste-EITI Secretariat does not have a comprehensive database of all extractive companies operating in the oil sector. We understand that this situation arises because there is no formal communication between the EITI Secretariat and the Government Entities with regard to the oil companies operating in the oil sector. In some cases, making contact with extractive companies can be difficult as no contact details are available.	We recommend that the Timor-Leste-EITI Secretariat should create a database of extractive companies following our reconciliation exercise. The Secretariat should then liaise with the Government Entities to ensure it obtains adequate information regularly and updates its database accordingly. To this end, we believe it is vital that any new entrants to the oil sector are registered with the Timor-Leste-EITI Secretariat as part of the process before or at the same time as they obtain their operating license. A regular review with the Government Entities of the list of oil companies licensed to operate in the sector is recommended.	No
3	Confidentiality provisions in PSCs	The model PSC used by Timor-Leste contains a confidentiality provision which prevents the public disclosure of information relating to O&G operations by both parts, except if mandatory by law. Annex F PSC model contains confidentiality provision which prevents the disclosure of most recent (less than two years) information on certain commercial sensitive information. However, the summaries of the model PSC has been made available to public at ANPM website.	If an EITI law is under approval by the government, we recommend that it includes the necessary requirements to allow disclosure for EITI reporting obligation on the operators and Timor-Leste representatives.	No



13

Annexes



A. Companies in the Oil & Gas Sector

Entities	
Inpex Sahul Ltd	Compass Group (Australia) Pty.Ltd.
Inpex Timor Sea Ltd	Oceaneering Aust Pty Ltd
Santos NA (19-12) Pty Ltd	Haliburton Aust Pty Ltd
Santos NA Timor Sea Pty Ltd	Hertel Morden Pty Ltd
Santos NA Emet Pty Ltd	KT Maritime services BU
Santos NA Bayu-Undan Pty Ltd	MMA Offshore Vessel Operations Pty
Santos NA (19-13) Pty Ltd	SGS Australia P/L
Santos NA Timor Leste Pty Ltd	SGS Australia Pty.Limited
Santos (JPDA 91-12) Pty Ltd.	SGS Singapore Pty Limited
Santos AU Agency Company	Weathford Australia Pty Ltd
Woodside Petroleum (Timor Sea 19) Pty Ltd	Amec Services Ltd
Woodside Petroleum (Timor Sea 20) Pty Ltd	Brunel Energy Pty Ltd
Tokyo Timor Sea Resources Pty Ltd	Callidus Process Solution Pty Ltd
Eni JPDA 03-13 Ltd	Cameron Services Int'l Pty
Eni JPDA 06-105 Pty Ltd	Caterpillar of Australia Pty Ltd
ENI JPDA 11-106 B.V.	Competentia Pty Ltd
ENI Timor - Leste S.P.A	Dekra Organisational Reliability Ltd
Sundagas Pty Ltd	Japan Energy EP JPDA Pty Ltd
Carnarvon Petroleum Ltd	Maersk Drilling Intl A/S
TIMOR GAP Onshore Block Unip Lda	Neptune Diving Service Pty Ltd
TIMOR GAP Chuditch Unipessoal Lda	Neptune Marine Services Ltd
TIMOR GAP PSC 11-106 Unip.Lda	Repsol Oil & Gas Pty Ltd
TIMOR GAP Onshore Block C Unip Lda	Repsol Oil Gas Australasia Pty.Ltd
TIMOR GAP Onshore Block B Unip Lda	Schlumber Australia Pty Ltd
TIMOR GAP Offshore Block Unipessoal	Seafox Asia Pacific Pte Ltd
TIMOR RESOURCES PTY LTD	Sodexo Timor Unip Lda
Konekto/Babcock Unip Lda	Solar Tubirnes Int. Co
Babcock Offshore Services	Spectrum Geo Aust Pty Ltd
Caltech Unip Lda	Talisman Australasia Pty.Ltd.
Cape Aust Onshore	Taxpayers Receipts
Clough Amec Pty Ltd	Wood Group PSN Aust Pty Ltd



B. Mineral Sector in 2020

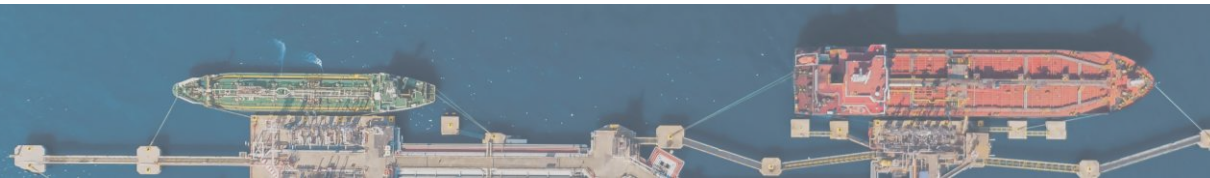
No.	Years	Mining Fee	License Fee	Compensation Unauthorized Activity*	Exploration License - Surface Fee**	Total Amount	Remarks
1.	2006	\$9,642.13	-	N/A	N/A	\$9,642.13	
2.	2007	\$13,058.00	-	N/A	N/A	\$13,058.00	
3.	2008	\$3,420.00	-	N/A	N/A	\$3,420.00	
4.	2009	\$61,644.85	\$1,400.00	N/A	N/A	\$63,044.85	
5.	2010	\$89,961.50	\$1,200.00	N/A	N/A	\$91,161.50	
6.	2011	\$71,261.00	\$1,200.00	N/A	N/A	\$72,461.00	
7.	2012	\$44,673.00	\$1,000.00	N/A	N/A	\$45,673.00	
8.	2013	\$37,006.00	\$5,500.00	N/A	N/A	\$42,506.00	
9.	2014	\$188,180.00	\$4,500.00	N/A	N/A	\$192,680.00	
10.	2015	\$228,429.00	\$13,300.00	N/A	N/A	\$241,729.00	
11.	2016	\$260,041.40	\$23,700.00	N/A	N/A	\$283,741.40	
12.	2017	\$395,579.40	\$21,500.00	\$617,489.50	N/A	\$1,034,568.90	
13.	2018	\$160,882.60	\$18,000.00	\$1,489,921.68	N/A	\$1,668,804.28	
14.	2019	\$1,149,538.07	\$21,500.00	\$1,197,858.29	\$32,895.00	\$2,401,791.36	
15.	2020	\$2,267,128.68	\$20,000.00	\$522,728.99	\$5,471.88	\$2,815,329.56	

Source: <http://www.anpm.tl/mineral/fees-collected-from-mineral-operator/>



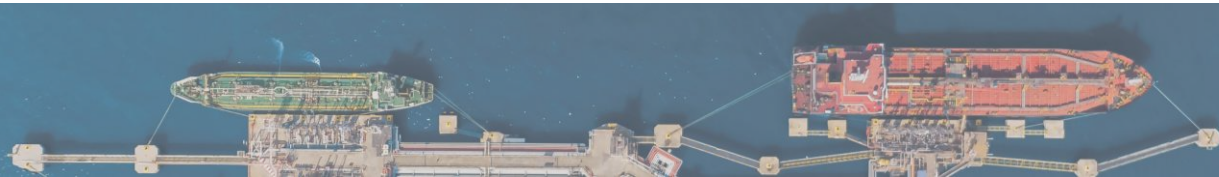
C. Mineral Payments in 2019

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
1	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Materials	\$ 117,750.00
2	China Harbour Timor Lda.	International	Construction	Mining License	Construction Materials	\$ 991,054.55
3	CBMI Construction & Chongqing Road Engineering (Group) Co., Lda.	International	Construction	Mining License	Construction Materials	\$ 27,467.68
4	King Construction, Unip., Lda.	Local	Compound	Mining License	Construction Materials	\$ 29,632.65
5	City Development Group, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 5,133.20
6	Libama Consorcio Lda.	Local	Commercial	Compensation	Construction Material	\$ 21,180.80
7	Starking Raw Material Industry Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 102,636.23
8	China Nuclear Industry 22nd Construction Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 110,184.75
9	Timor General Development Group Co., Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 45,535.65
10	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 29,275.87
11	Carya Timor Leste Lda.	Local	Construction	Compensation	Construction Material	\$ 137,978.46
12	Montana Diak Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 55,565.55
13	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 442,555.27
14	Li Britadeira Lda.	Local	Commercial	Compensation	Construction Material	\$ 20,000.00
15	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 50,443.37



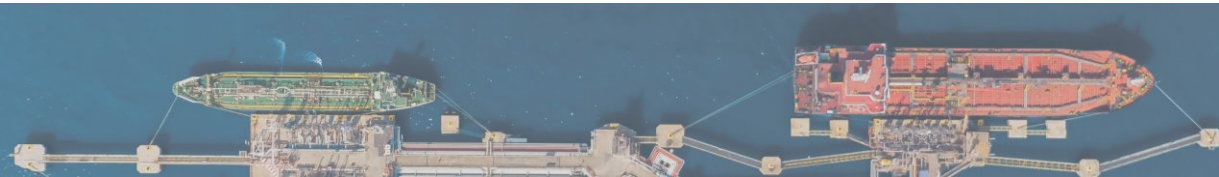
C. Mineral Payments in 2019

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
16	EDS Construction Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 66,567.02
17	King Construction, Unip., Lda.	Local	Compounded	Compensation	Construction Material	\$ 97,003.22
18	Cement Timor Trading, S.A.	Local	Compounded	Compensation	Construction Material	\$ 10,378.50
19	City Development Group, Lda.	Local	Commercial	Compensation	Construction Material	\$ 8,553.60
20	Peak Everest Mining Lda.	Local	Exploration	Annual Surface Fee	Metalic Material	\$ 32,895.00
Total Revenue Receipts Deposited for The Year						\$ 2,401,791.36



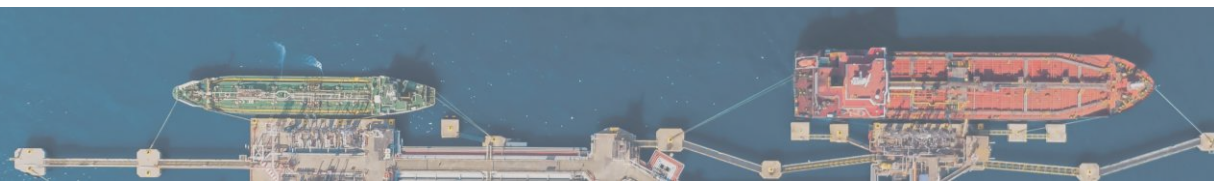
D. Mineral Payments in 2020

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
1	Aquarius Construction Unip., Lda.	Local	Commercial	Mining License	Construction Materials	\$ 5,980.00
2	Aquarius Construction Unip., Lda.	Local	Commercial	Compensation	Construction Materials	\$ 7,840.00
3	Beduku Jaya Unip., Lda.	Local	Commercial	Compensation	Construction Materials	\$ 7,151.68
4	Boheek Unip., Lda.	Local	Commercial	Compensation	Construction Materials	\$ 12,414.82
5	CBMI Construction & Chongqing Road Engineering (Group) Co., Lda.	International	Construction	Mining License	Construction Materials	\$ 14,935.27
6	China Harbour Timor Lda.	International	Construction	Mining License	Construction Materials	\$ 2,062,650.45
7	China Wu Yi Co., Ltd., R.P.	International	Construction	Mining License	Construction Materials	\$ 114,470.97
8	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Materials	\$ 59,340.75
9	City Development Group, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 4,633.20
10	City Development Group, Lda.	Local	Commercial	Compensation	Construction Materials	\$ 8,553.60
11	Elegant Marble Group Unip., Ltd	International	Commercial	Exploration License	Ornamental Stone	\$ 1,500.00
12	Elegant Marble Group Unip., Ltd	International	Commercial	Annual Surface Fee	Ornamental Stone	\$ 4,869.00
13	Hoven II Unip., Lda.	Local	Construction	Compensation	Construction Materials	\$ 39,648.70
14	Jonize Construction Unip., Lda.	Local	Compound	Mining License	Construction Materials	\$ 23,880.00
15	JRM JV DRQ Unip., Lda. (Vitoria Group)	Local	Construction	Compensation	Construction Materials	\$ 2,533.82



D. Mineral Payments in 2020

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid
16	King Construction, Unip., Lda.	Local	Commercial	Mining License	Construction Materials	\$ 9,377.55
17	Linatet Unip., Lda.	Local	Commercial	Compensation	Construction Materials	\$ 66,010.95
18	Montana Diak Unip., Lda.	Local	Compounded	Compensation	Construction Materials	\$ 1,992.00
19	Nananiu Unip., Lda.	Local	Compounded	Compensation	Construction Materials	\$ 92,717.71
20	Natureza Timor Naroman Lda., Contractor & Supplier	Local	Construction	Compensation	Construction Materials	\$ 116,708.78
21	Romante Pty., Ltd.	International	Construction	Compensation	Construction Materials	\$ 7,993.03
22	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Materials	\$ 28,038.84
23	Shanghai Construction Group Co., LTD., R.P	International	Construction	Compensation	Construction Materials	\$ 10,478.70
24	Starking Raw Material Industry Unip., Lda.	Local	Compound	Mining License	Construction Materials	\$ 20,162.40
25	Starking Raw Material Industry Unip., Lda.	Local	Compounded	Compensation	Construction Materials	\$ 11,964.00
26	Timor General Development Group Unip., Lda.	Local	Commercial	Compensation	Construction Materials	\$ 58,116.92
27	Uma Marble Timor, Unip., Lda.	International	Commercial	Exploration License	Ornamental Stone	\$ 1,500.00
28	Uma Marble Timor, Unip., Lda.	Local	Commercial	Annual Surface Fee	Ornamental Stone	\$ 602.88
29	Weng Enterprise Group Lda.	Local	Commercial	Compensation	Construction Materials	\$ 19,263.54
Total Revenue Receipts Deposited for The Year						\$ 2,815,329.56



E. List of licenses 2006-2020

2006		
No.	Name of License	License No.
1	Edi Konro-Konro	N/A
2	Agostinho Gomes	N/A
3	JJ McDonalds	N/A
4	JJ McDonalds	N/A
5	Tinolina Company Ltd.	No.GMR/2006/XII/002
2007		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No.DNGMR/2007/07/0012
2	JJ McDonalds & Sons Engineering Pty. Ltd.	N/A
3	Jonize Construction Unip. Lda.	No.GMR/2007/V/004
4	Jonize Construction Unip. Lda.	No.DNGMR/2007/07/011
5	Linatet Unip. Lda.	No.DNGMR/2007/07/006
6	Tinolina Company Ltd.	No.GMR/2007/IV/003
7	Top Liberty 88 Ltd.	No.GMR/2007/VII/005
2008		
No.	Name of License	License No.
1	Unknown	N/A
2	Unknown	N/A
3	Jonize Construction Unip. Lda.	No. DNGMR/2008/VIII/0017



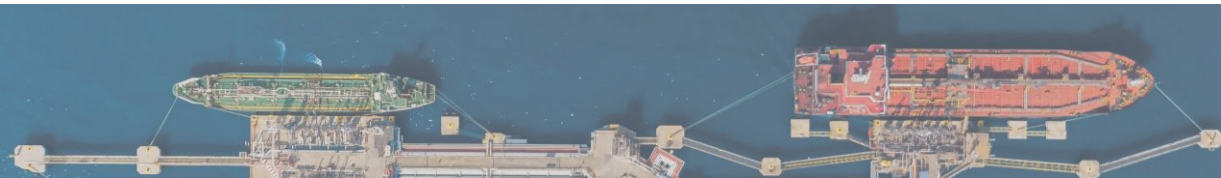
E. List of licenses 2006-2020

2009		
No.	Name of License	License No.
1	Always Construction Pty. Ltd.	No. 00012/LT/DNGRM/IV/09
2	Always Construction Pty. Ltd.	No. 00012/LT/DNGRM/IV/09
3	Carya Timor-Leste Lda.	No. 00006/LT/DNGRM/II/09
4	Domin Timor Construction Lda.	No. 00010/LT/DNGRM/IV/09
5	Domin Timor Construction Lda.	No. 00011/LT/DNGRM/IV/09
6	East Sunrise Timor-Leste Construction	No. 00003/LT/DNGRM/I/09
7	East Sunrise Timor-Leste Construction	No. 00004/LT/DNGRM/I/09
8	Ensul Esphera Engenharia	No. 00014/LT/DNGRM/V/09
9	Ensul Esphera Engenharia	No. 00018/LT/DNGRM/X/09
10	Excel Construction Material Co. Ltd.	No. 00019/LT/DNGRM/X/09
11	Jonize Construction Unip. Lda.	No. 00005/LT/DNGRM/II/09
12	Linatet Unipessoal Lda	No. 00009/LT/DNGRM/III/09
13	Montana Diak Unip. Lda.	No. 00016/LT/DNGRM/X/09
14	Montana Diak Unip. Lda.	No. 00017/LT/DNGRM/X/09
15	RMS Engineering and Construction Pty. Ltd.	N/A
16	Top Liberty 88 Lda.	No. 00007/LT/DNGRM/II/09
17	Top Liberty 88 Lda.	No. 00008/LT/DNGRM/II/09
18	Top Liberty 88 Lda.	N/A
19	Trans Global Unip. Lda.	No. 00001/LT/DNGRM/XII/08



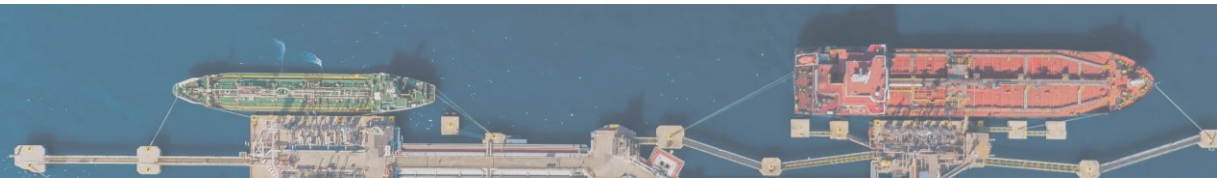
E. List of licenses 2006-2020

2010		
No.	Name of License	License No.
1	Always Construction Pty. Ltd.	No. 0001/LT/DNGRM/I/2010
2	Carya Timor-Leste Lda.	No. 0004/LT/DNGRM/II/2010
3	Express Distribution Services III Unip. Lda.	No. 0010/LT/DNGRM/VII/2010
4	Jonize Construction Unip. Lda.	No. 0003/LT/DNGRM/II/2010
5	Linatet Unip. Lda.	No. 0008/LT/DNGRM/VI/2010
6	Montana Diak Unip. Lda.	No. 0011/LT/DNGRM/XI/2010
7	Montana Diak Unip. Lda.	No. 0014/LT/DNGRM/XI/2010
8	Monte Veadó Ltd.	No. 0009/LT/DNGRM/V/2010
9	RMS Engineering and Construction Pty. Ltd.	No. 0005/LT/DNGRM/II/2010
10	RMS Engineering and Construction Pty. Ltd.	No. 0006/LT/DNGRM/III/2010
11	RMS Engineering and Construction Pty. Ltd.	No. 0007/LT/DNGRM/III/2010
12	Tak Kong Electronic Unip. Ltd.	No. 0002/LT/DNGRM/III/2010
13	Timor Block Building Industry	No. 0012/LT/DNGRM/IX/2010
14	United Tibar Quarry Unip. Lda.	No. 0013/LT/DNGRM/IX/2010
15	Weng Enterprise Group Co. Ltd.	No. 0015/LT/DNGRM/XII/2010
2011		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No. 0005/LT/DNGRM/III/2011
2	Ensul Esphera Engenharia	No. 0008/LT/DNGRM/VI/2011
3	Fatuk Candi Jonggrang	No. 0013/LT/DNGRM/XII/2011
4	Jonize Construction Unip. Lda.	No. 0004/LT/DNGRM/III/2011
5	Libama Comsorsium	No. 0009/LT/DNGRM/X/2011
6	Linatet Unip. Lda.	No. 0003/LT/DNGRM/II/2011
7	Montana Diak Unip. Lda.	No. 0011/LT/DNGRM/XI/2011
8	Montana Diak Unip. Lda.	No. 0012/LT/DNGRM/XI/2011
9	Monte Veadó Ltd.	No. 0006/LT/DNGRM/VII/2011
10	RMS Engineering and Construction Pty. Ltd.	No. 0002/LT/DNGRM/I/2011
11	Suai Indah Construction Lda.	No. 0001/LT/DNGRM/I/2011
12	Weng Enterprise Group Co. Ltd.	No. 0014/LT/DNGRM/XII/2011



E. List of licenses 2006-2020

2012		
No.	Name of License	License No.
1	Carya Timor-Leste Lda.	No. 0007/LT/DNGRM/VI/2012
2	Castelo Fronteira Unip. Lda.	No. 0009/LT/DNGRM/VII/2012
3	Empat Saudara Lda.	No. 0001/LT/DNGRM/II/2012
4	Ensul Esphera Engenharia	No. 0003/LT/DNGRM/III/2012
5	Ensul Esphera Engenharia	No. 0009/LT/DNGRM/VII/2012
6	Jonize Construction Unip Lda.	No. 0006/LT/DNGRM/VI/2012
7	RMS Engineering & Construction Pty. Ltd.	No. 0002/LT/DNGRM/II/2012
8	Tak-Kong Electronic Unip. Lda.	No. 0012/LT/DNGRM/VIII/2012
9	Timor Block Building Industry	No. 0004/LT/DNGRM/III/2012
10	Timor Block Building Industry	No. 0004/LT/DNGRM/III/2012
11	Yefa Unipessoal Lda.	No. 0008/LT/DNGRM/VI/2012
12	Yefa Unipessoal Lda.	No. 0011/LT/DNGRM/VIII/2012
2013		
No.	Name of License	License No.
1	Empat Saudara Lda.	No. 0009/LT/DNM/VI/2013
2	Libama Comorsium	No. 0006/LT/DNM/VI/2013
3	Montana Diak Unip. Lda.	No. 0002/LT/DNM/I/2013
4	Montana Diak Unip. Lda.	No. 0003/LT/DNM/I/2013
5	RMS Engineering & Construction Pty. Lda.	No. 0008/LT/DNM/IV/2013
6	Suai Indah Constuction Lda.	No. 0005/LT/DNM/I/2013
7	Weng Enterprise Group Co. Ltd.	No. 0004/LT/DNM/I/2013
8.	Yefa Unipessoal Lda.	No. 0007/LT/DNM/IV/2013



E. List of licenses 2006-2020

2014		
No.	Name of License	License No.
1	Aitula Fuel's Lda.	No. 0010/LT/DNM/XII/2014
2	Aitula Fuel's Lda.	No. 0013/LT/DNM/XII/2014
3	Carya Timor-Leste Lda.	N/A
4	Empat Saudara Lda.	No. 0009/LT/DNM/XII/2014
5	Jonize Construction Unip. Lda.	N/A
6	Jonize Construction Unip. Lda.	N/A
7	Jonize Construction Unip. Lda.	No. 16/2014
8	Libama Consorcio Lda.	No. 0007/LT/DNM/XI/2014
9	Maliana Brother's Lda.	No. 0011/LT/DNM/XII/2014
10	Manoko Unip. Lda.	No. 0014/LT/DNM/XII/2014
11	Montana Diak Unip. Lda.	N/A
12	Montana Diak Unip. Lda.	N/A
13	Nobre Labadain Unip. Lda.	No. 12/2014
14	Suai Indah Construção Lda.	No. 0006/LT/DNM/X/2014
15	TL Cement Lda.	No. 01/2014
16	Uha Cae Lda.	No. 0008/LT/DNM/XI/2014
17	Weng Enterprise Group Co. Ltd.	N/A
18	Worldview Enterprise Unip. Lda.	No. 15/2014



E. List of licenses 2006-2020

		2015
No.	Name of License	License No.
1	Aitula Construction Electrical Lda.	No. 28/2015
2	Aitula Construction Electrical Lda.	No. 29/2015
3	Always Construction Unip. Lda.	No. 24/2015
4	Carya Timor-Leste Lda.	No. 15/2015
5	Chongqing International Construction Corporation (CICO)	No. 35/2015
6	Chongqing International Construction Corporation (CICO)	No. 12/2015
7	Chongqing International Construction Corporation (CICO)	No. 11/2015
8	City Development Group Lda.	No. 01/2015
9	Community Housing Ltd.	No. 10/2015
10	CSI Company Lda.	No. 02/2015
11	CSI Company Lda.	No. 03/2015
12	EDS Construction	No. 36/2015
13	Hoven II Unip. Lda.	No. 32/2015
14	Hoven II Unip. Lda.	No. 33/2015
15	Jonize Unip. Lda.	No. 21/2015
16	Jonize Unip. Lda.	No. 14/2015
17	Jonize Unip. Lda.	No. 09/2015
18	Jonize Unip. Lda.	No. 08/2015
19	King Construction Unip. Lda.	No. 05/2015
20	Libama Consorcio Lda.	No. 25/2015
21	Modena Technic Unip. Lda.	No. 22/2015
22	Montana Diak Unip. Lda.	No. 17/2015
23	Montana Diak Unip. Lda.	No. 18/2015
24	Montana Diak Unip. Lda.	No. 19/2015
25	Monte Veado Lda.	No. 06/2015
26	Nobre Labadain Unip. Lda.	No. 37/2015
27	Shabryca Construction Unip. Lda.	No. 26/2015
28	Shabryca Construction Unip. Lda.	No. 04/2015
29	Soso Building Unip. Lda.	No. 13/2015
30	Suai Indah Ltd.	No. 38/2015
31	Timor Block Building Industry	No. 16/2015
32	TL Cement Lda.	No. 07/2015
33	Uha Cae Lda.	No. 31/2015
34	Uha Cae Lda.	No. 30/2015



E. List of licenses 2006-2020

		2016
No.	Name of License	License No.
1	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 02/2016
2	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 03/2016
3	CHONGQING INTERNATIONAL CONSTRCUTION CORPORATION (CICO)	No. 06/2016
4	CHONGQING INTERNATIONAL CONSTRCUTION CORPORATION (CICO)	No. 05/2016
5	China Shandong International Company Lda. (CSI)	No. 03/2016
6	China Shandong International Company Lda. (CSI)	No. 04/2016
7	TL Cement	No. 01/2016
8	Worldview Enterprise	No. 03/2016
9	R.D. Interior Junior Construction	No. 07/2016
10	R.D. Interior Junior Construction	No. 08/2016
11	R.D. Interior Junior Construction	No. 11/2016
12	R.D. Interior Junior Construction	No. 12/2016
13	Sinohydro Corporation Limited, R.P	No. 09/2016
14	Shanghai Construction Group Co., LTD., R.P	No. 13/2016
15	Sinohydro Corporation Limited, R.P	No. 10/2016
16	China Nuclear Industry 22nd Construction Lda. (CNI)	No. 14/2016
17	Shabryca Construction Unipessoal, Lda.	No. 19/2016
18	Jonize Construction Unipessoal, Lda.	No. 24/2016
19	Aspalink, Lda.	No. 20/2016
20	Aspalink, Lda.	No. 21/2016
21	Carya Timor-Leste, Lda.	No. 22/2016
22	Weng Enterprise Group, Co., Ltd.	No. 26/2016
23	Weng Enterprise Group, Co., Ltd.	No. 26/2016
24	City Development Group, Lda.	No. 23/2016
25	Montana Diak Unipessoal, Lda.	No. 18/2016
26	Montana Diak Unipessoal, Lda.	No. 16/2016
27	Montana Diak Unipessoal, Lda.	No. 17/2016
28	Suai Indah Ltd.	No. 25/2016
29	Montana Diak Unipessoal, Lda.	No. 15/2016



E. List of licenses 2006-2020

2017		
No.	Name of License	License No.
1	llatun Unipessoal, Lda.	No. 01/2017
2	Sinohydro Corporation Limited, R.P	No. 02/2017
3	Jova Construction Unipessoal Lda.	No. 03/2017
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 04/2017
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 05/2017
6	Sinohydro Corporation Limited, R.P	No. 06/2017
7	Sinohydro Corporation Limited, R.P	No. 07/2017
8	Sinohydro Corporation Limited, R.P	No. 08/2017
9	Chongqing International Construction Corporation, R.P.	No. 09/2017
10	Mira Mar Bloco Unipessoal Lda.	No. 10/2017
11	Gorobu Diak Lda.	No. 11/2017
12	Shabryca Construction Unipessoal Lda.	No. 12/2017
13	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 13/2017
14	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 14/2017
15	Yefa Unipessoal, Lda.	No. 15/2017
16	Timor Block Building, Lda.	No. 16/2017
2018		
No.	Name of License	License No.
1	Pantarhei Unipessoal. Lda	No. 01/2018
2	Timor Surveying & Mapping. Lda	No. 02/2018
3	Resource Futures PTY LTD	No. 03/2018
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 04/2018
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	No. 05/2018
6	China Harbour Timor, Lda.	No. 06/2018
7	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 07/2018
8	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 08/2018
9	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 09/2018
10	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 10/2018
11	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 11/2018
12	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 12/2018
13	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 13/2018
14	Shanghai Construction Group.,Co.,Ltd.,R.P	No. 14/2018
15	Yefa Unipessoal, Lda.	No. 15/2018



E. List of licenses 2006-2020

2019		
No.	Name of License	License No.
1	China Harbour Timor Lda	No. 01/2019
2	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 02/2019
3	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 03/2019
4	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 04/2019
5	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 05/2019
6	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 06/2019
7	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 07/2019
8	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 08/2019
9	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 09/2019
10	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 10/2019
11	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 11/2019
12	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 12/2019
13	CBMI Construction. Co & Chongqing Road Engineering (Group) Co, Lda	No. 13/2019
14	King Construction, Lda	No. 14/2019
2020/2021		
No.	Name of License (Note: Updated until 25th of January 2022)	License No.
1	Express Distribution Services & Diverses, Unipessoal, Lda.	01/2021
2	Express Distribution Services & Diverses, Unipessoal, Lda	02/2021
3	2NJ Morai Civil Construction Unipessoal, Lda.	03/2021
4	Montana Diak, Unipessoal, Lda	04/2021
5	China Harbour Timor, Lda.	05/2021
6	Altelis, Unipessoal, Lda.	06/2021



F. Production Sharing Contracts

License number	Former License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-T 19-12	JPDA 03-12	Santos became the Operator of the field through the acquisition of ConocoPhillips' assets in May 2020. The Bayu Undan annual operating costs for year 2020 were mainly to cover the operation and production including lifting costs, logistic, supply, minor and major maintenance. For 2020 capital expenditures, there were costs related preparation of phase 3C infill well drilling campaign and miscellaneous capital.	Santos NA (19-12) Pty Ltd	Santos NA (Emet) Pty Ltd; Santos (JPDA 91-12) Pty Ltd; Santos NA (Timor Sea) Pty Ltd; Inpex Sahul Ltd	Oil and gas condensate	20-05-2002	31-12-2022
TL-SO-T 19-13	JPDA 03-13		Santos NA (19-12) Pty Ltd	Eni JPDA 03-13 Limited; Tokyo Timor Sea Resources Pty Ltd; Santos NA (03-13) Pty Ltd	Gas condensate	20-05-2002	31-12-2021
03-19	N/A	The Maritime Boundary Treaty defines the Greater Sunrise as the Special Regime Area. The expansion of this project was depended on the negotiation between Timor-Leste and Australia as well as Grater Sunrise Joint Ventures. In 2020, the negotiating team involving the government of Australia and Timor-Leste with operators and the KFP Sunrise Joint Ventures is still in process for the finalization of relevant terms and conditions on the CFP related by the new Maritime Border Treaty agreement.	Woodside Petroleum (Timor Sea 19) Pty Ltd.	OG ZOCA (95-19) Pty Ltd; TIMOR GAP GREATER SUNRISE 03-19, UNIP, LDA.*	Gas & Gas condensate	20-05-2002	04-10-2026
03-20	N/A		Woodside Petroleum (Timor Sea 20) Pty Ltd.	OG ZOCA (96-20) Pty Ltd; TIMOR GAP GREATER SUNRISE 03-20, UNIP, LDA.**	Gas condensate	02-05-2002	13-11-2026

*TIMOR GAP Greater Sunrise 03-19, Unip, Lda. finalized the acquisition of 62.33% interest from ConocoPhillips (03-19) Pty Ltd and Shell Development Pty Ltd

**TIMOR GAP Greater Sunrise 03-20, Unip, Lda. finalized the acquisition of 63.33% interest from ConocoPhillips (03-20) Pty Ltd and Shell Development Pty Ltd



F. Production Sharing Contracts

License number	Former License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-T 19-10	JPDA 06-105	The operation of this PSC was suspended in December of 2015 due to the impact of low oil price to the economics of the Kitan field. ANPM has been discussing with the Operator the best method and time for the final field abandonment as well the redevelopment options. The expenditures are mostly related to general and administrative activities.	Eni JPDA 06-105 Pty Ltd.	INPEX Timor Sea Ltd. ; Repsol Oil and Gas Australia Pty Ltd.	Oil	22-09-2006	*
TL-SO-T 19-11	JPDA 11-106	As result of the MBT, the PSC-TL-SO-T 19-11 substituted the existing JPDA 11-106. Technical studies, regional studies and other commitments were completed in September 2020. The operator and the JVs are currently carrying out further technical studies to assess other potentials within the contract area.	Eni JPDA 11-106 B.V.	Inpex Offshore Timor-Leste Ltd; TIMOR GAP PSC 11-106 Unipessoal Limitada	Oil	23-10-2013	*

* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area



F. Production Sharing Contracts

License number	Former License Number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-S0-15-01	N/A	During 2020, the operator carried out additional G&G studies with the Full Waveform Inversion (FWI) method to raise the quality of the seismic image of the sub-thrust area and under the sub-thrust area. The operator also submitted the request for extinction of 4 and 5 years with postponing the commitments to drilling.	TIMOR GAP Offshore Block Unipessoal Limitada	N/A	Oil & gas	23-12-2015	*
S-06-04	N/A	The PSC is expected is suspended between July 2020 and 2021, until the operator concludes the all the relevant matters associated with the assignment of interests between JVs and prepare the request for extension of the PSC. For the year 2020, the majority of the expenditure was related to the G&G study including permit maintenance and local content.	Eni Timor-Leste S.P.A	Galp Exploração e Produção Petrolífera Lda; Korea Gas Corporation		11-03-2006	*

* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area



F. Production Sharing Contracts

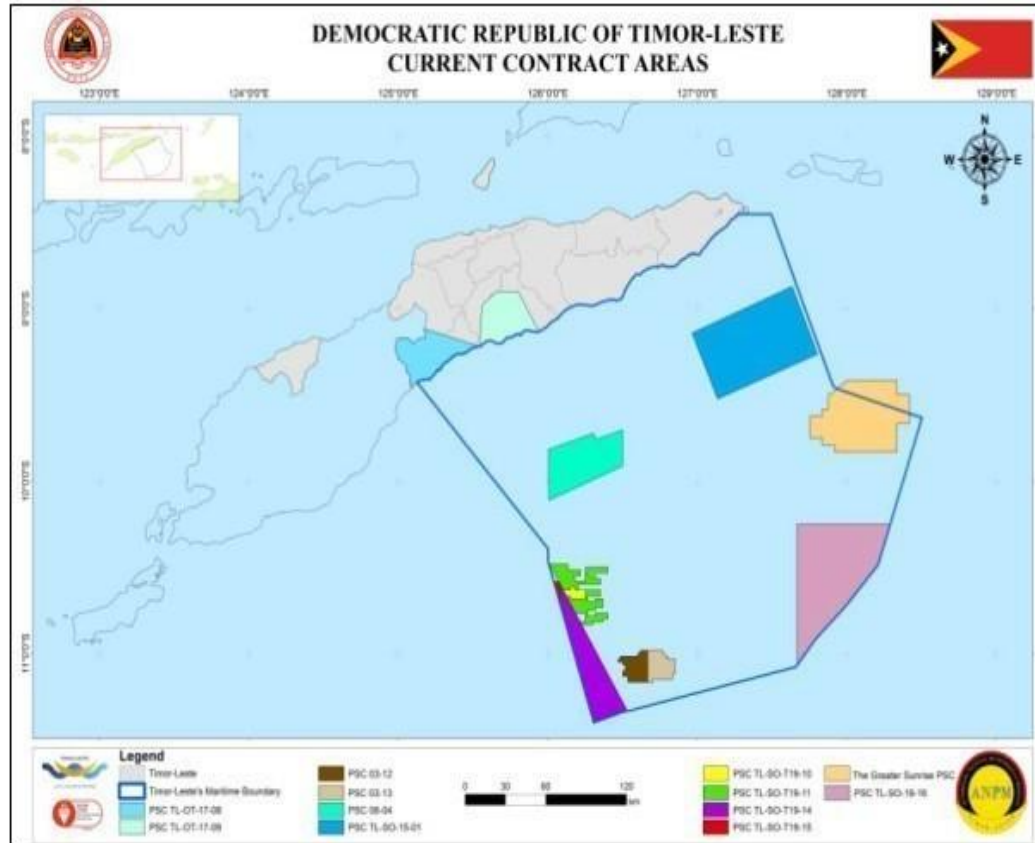
License number	Former License Number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-OT-17-08	N/A	After the completion of the seismic interpretation, the operator identified 4 different drilling targets. Most of the drilling equipment has been mobilized on the drilling site with the plan to commence the drilling by the end of 2020. Due to the Covid-19 pandemic, this drilling has been extended to July 2021. The majority of expenditure incurred in the year 2020 was related to drilling preparation including permit maintenance and local content.	Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	26-06-2017	*
TL-OT-17-09	N/A		Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	26-06-2017	*
TL-SO-T 19-14	AC/L5 (Australian jurisdiction)	The contract area was previously under the Australian jurisdiction but with the new maritime boundary it became under Timor - Leste new territorial water jurisdiction. During 2020 most of the expenditures incurred were related to reprocessing seismic study, redevelopment study and environmental study.	Carnarvon Petroleum Timor Unip. Ltd.	N/A	Oil	29-08-2019	*
TL-SO-T 19-16	N/A	During 2020, the majority of expenditure was related to seismic data acquisition and interpretation including local content.	SundaGas Banda Unip Ltd.	TIMOR GAP Chuditch Unipessoal, Lda	Oil	19-12-2019	*

* Upon the completion of work program commitment of the exploration period and relinquishment of the contract area

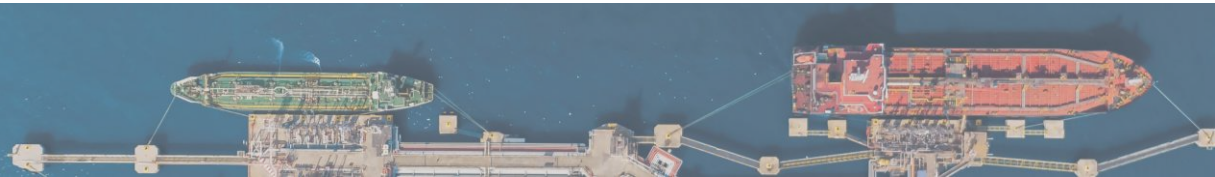


13 Annexes

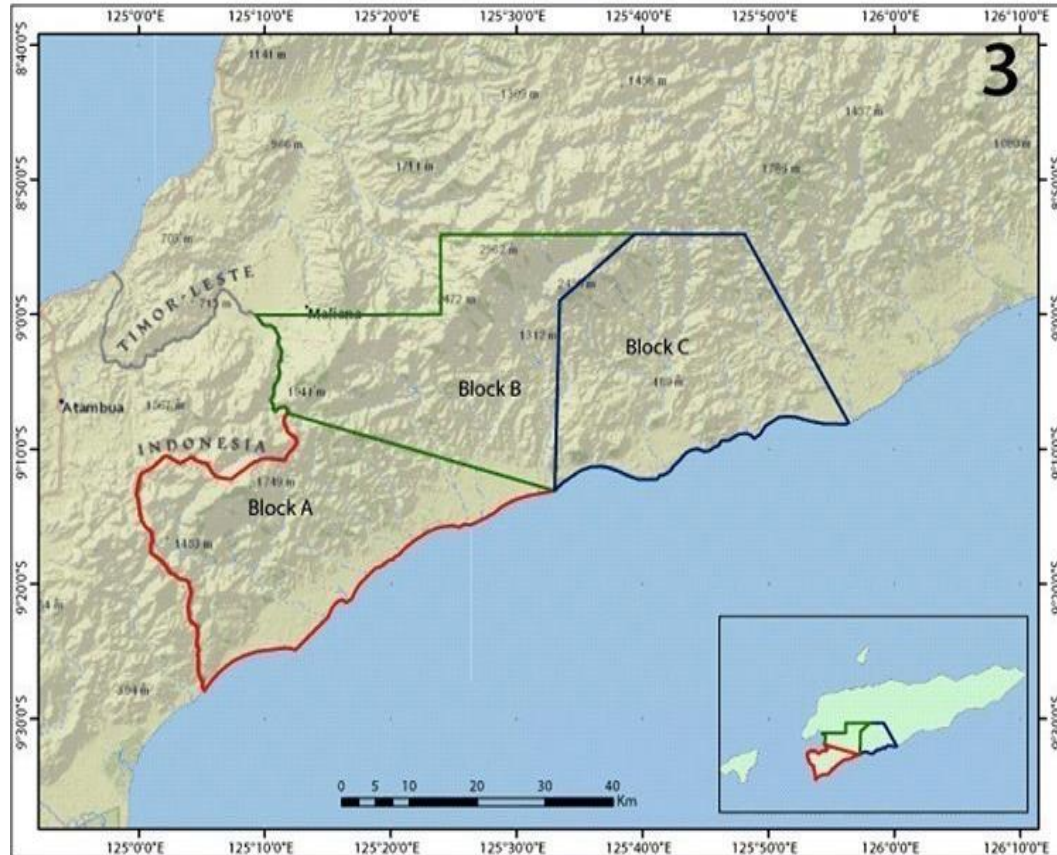
G. Undersea oil and gas resources



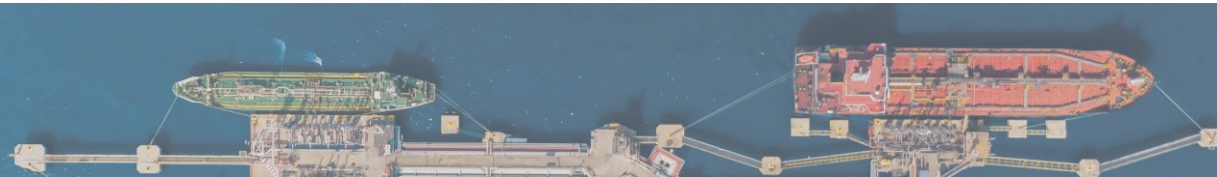
Source: [http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/\\$File/ANNUAL-REPORT-2019-FINAL.pdf?openement](http://web01.anpm.tl/webs/anptlweb.nsf/vwAll/Resource-ANNUAL-REPORT-2019-FINAL/$File/ANNUAL-REPORT-2019-FINAL.pdf?openement)



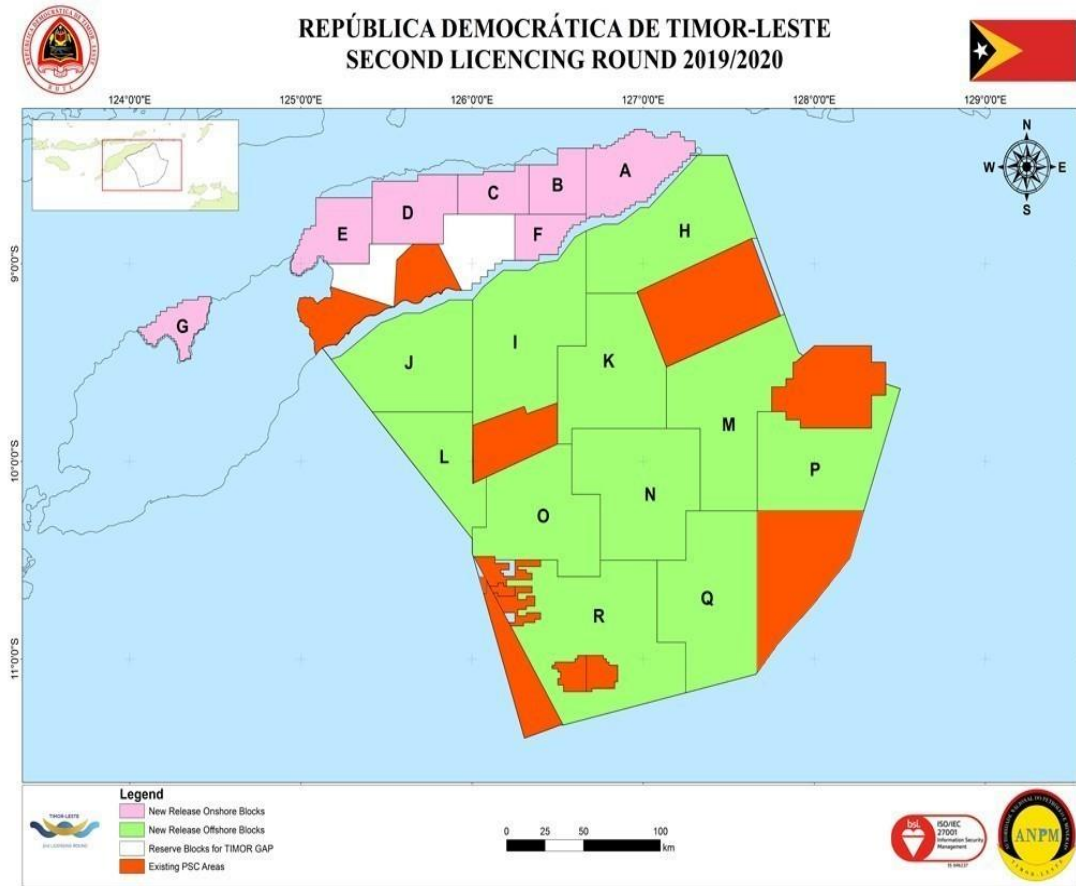
H. TIMOR GAP Onshore Blocks



Source: [https://www.timorgap.com/databases/website.nsf/vwAll/Resource-2018%20Annual%20Report%20-%20Portugues/\\$File/RA18_Portugues.pdf?openelement](https://www.timorgap.com/databases/website.nsf/vwAll/Resource-2018%20Annual%20Report%20-%20Portugues/$File/RA18_Portugues.pdf?openelement)



I. New blocks after Decree Law 15/2019



Source: <http://licensinground.anpm.tl/index.php/2019/10/19/new-blocks-information/>



TLEITI



EY
Building a better
working world