

An offshore oil rig is silhouetted against a vibrant sunset sky. The rig's complex structure of steel beams, ladders, and platforms is visible. A prominent derrick stands in the center, and a crane is on the left. The sky transitions from a bright orange near the horizon to a deep blue at the top. The rig is illuminated with some lights, including a green glow on a central tower.

Timor-Leste Extractive
Industries
Transparency Initiative

**2017 Reconciliation
Report**

TLEITI

A large offshore oil rig is visible in the background, extending into the sea. The rig is a complex structure of orange and white metal, with various cranes and platforms. The water is dark blue, and the sky is a clear, light blue. The rig is reflected in the water, creating a shimmering effect.

Message from Timor-Leste Multi Stakeholders Working Group

We, the Timor-Leste Multi-Stakeholders Working Group-MSWG, are delighted to announce the approval and publication of the 10th Timor-Leste EITI Reconciliation Report for Fiscal Year (FY) 2017. This would be our last report adhere to the 2016 EITI Standard as from 2020 onwards we will be applying the new 2019 EITI Standard launched at the 8th Global EITI Conference held in Paris in June 2019. This report is the fourth report reconciled by the appointed Independent Administrator, Ernst & Young Audit & Associados - SROC, SA.

The 10th TL-EITI report highlights the progresses and challenges faced by the MSWG in meeting the EITI Standards to disclose disaggregated information by reporting entities, revenue types and project level(s) reporting considering the unique case of Timor-Leste where there is only one field currently in production. The report reconciled 99.7% or equivalent to \$455 million of revenues from the extractive sector in 2017 as reported by the government entities, 24 operators and 17 sub-contractors in the scope of this report.

In this report, we included additional information on mining sector, description on Beneficial Ownership (BO) and mainstreaming and tax dispute settlements between ConocoPhillips Australia and the Government of Timor-Leste in FY 2016 and 2017. The disclosure of the latter, has proven that Timor-Leste's MSWG attempts to adhere transparency beyond EITI objectives.

Going forward, we will continue working on addressing the recommendations identified in this and previous reports such as the lack of EITI Law to provide legal framework on the EITI implementation in Timor-Leste, follow up on findings of feasibility study on Beneficial Ownership and mainstreaming. It should be noted that it is the Government of Timor-Leste authority to address these legal matters. As the MSWG, we are committed to support, collaborate with relevant institutions and provide inputs to ensure transparency and accountability in this sector.

Finally, we would like to welcome our new MSWG representatives from Carnarvon Petroleum Timor UNIP Lda. and Timor Resources. We would also like to thank SERVE (Serviço de Registo e Verificação) and TradelInvest Timor-Leste for their insight during our discussion on findings and recommendations from BO feasibility study. We hope that this report can add to the debate, raise awareness and promote the discussion on usage of the revenues from the extractive sector to benefit the Timorese people.

Sincerely,

Members of MSWG,

Industries

Government

Civil Society

State Owned Enterprise

List of abbreviations

ANPM	Autoridade Nacional do Petróleo e Minerais	IPMC	Interim Petroleum Mining Code	SERN	Secretary of State for Natural Resources
APT	Additional Profit Tax	IUA	International Unitisation Agreement	SOE	State-Owned Enterprise
ASM	Artisanal Small Scale Mining	JC	Joint Commission	SPT	Supplemental Petroleum Tax
BCTL	Banco Central de Timor-Leste (Timor-Leste Central Bank)	JPDA	Joint Petroleum Development Area	TL	Timor-Leste
BOE	Barrel of Oil Equivalent	LNG	Liquefied Natural Gas	TLEA	Timor-Leste Exclusive Area
BOPD	Barrels of Oil per day	LPG	Liquefied Petroleum Gas	TOR	Terms of Reference
BPT	Branch Profit Tax	MoF	Ministry of Finance	TSDA	Timor Sea Designated Authority
CFET	Consolidated Fund for East Timor	MOU	Memorandum of Understanding	TST	Timor Sea Treaty
CMATS	Certain Maritime Arrangement In The Timor Sea	MPMR	Ministry of Petroleum and Mineral Resources	UN	United Nations
CSO	Civil Society Organizations	MSWG	Multi-Stakeholder Working Group	UNTACT	United Nation Transition Administration in East Timor
DNRP	Direção Nacional de Receitas Petrolíferas	NDPMR	National Directorate Petroleum and Minerals Revenue	USD	United States Dollars
EITI	Extractive Industries Transparency Initiative	O&G	Oil & Gas	VAT	Value Added Tax
ESI	Estimated Sustainable Income	PF	Petroleum Fund	WHT	Withholding Tax
ETRS	East Timor Revenue Services	PMC	Petroleum Mining Code	WIT	Wages Income Tax
FTP	First Tranche Petroleum	PSA	Production Sharing Agreement	ZOCA	Zone Cooperation Area
GDP	Gross Domestic Product	PSC	Production Sharing Contract	TCF	Trillion Cubic Feet
IA	Independent Administrator	RDTL	Democratic Republic of Timor-Leste		

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1

Executive Summary

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 tenth EITI report, covering the period from 1 January to 31 December 2017. 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 number dated 2nd April 2019.

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

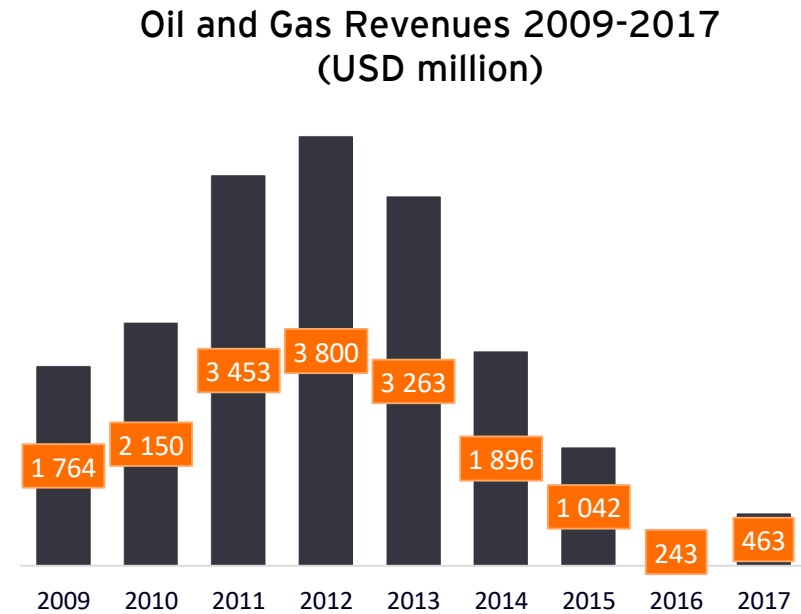
Through participation in EITI, Timor-Leste is seeking to improve the transparency and accountability about how country's natural resources are governed, promote public debate and understanding of the extractive sector and improve the attractiveness of Timor-Leste as a destination for foreign investment.

1 Revenue generated from the extractive sector

In 2017, Timor-Leste oil revenues were 463 million dollars, a value twice higher than in 2016, with 2016 having the lowest value in the last 8 years. In comparison with 2016, the high result was derived from the higher oil prices, which were boosted by the strong global demand and producers agreeing to cut production. In fact, in 2017 the production was of 41 million barrels while in 2016 was of 47 million barrels.

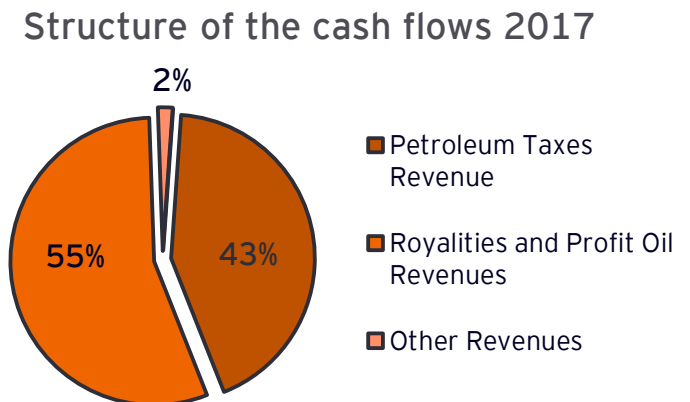
Sources:
<http://web.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> &
Petroleum Fund Annual Report 2017

The first graph shows historical data revenues from the past nine years (from past EITI reports), demonstrating the severe decline of revenues since 2012.



Source: EITI reports from last eight years

In the second figure, it is displayed the structure of the cash flows received from Petroleum activities in 2017.



1 Production

In 2017, all of Timor-Leste's oil and gas was produced in Bayu-Undan oil field, located in the offshore Joint Petroleum Development Area (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.

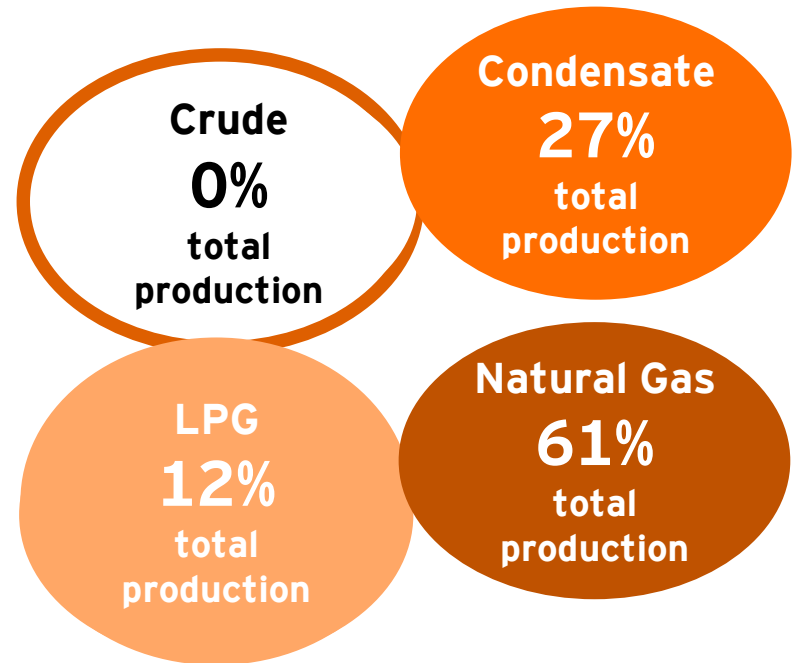
Additionally, in the Bayu-Undan field the natural Gas contributes with more than 61% (61% in 2016 as well) to the total production (monetary amount) of the country.

Production in USD ('000) by commodity:

Commodity	2017	2016	Δ	%
Crude	0	0	0	0%
Condensate	319,062	314,373	4,689	1.49%
Natural Gas	730,616	694,909	35,707	5.14%
LPG	144,897	133,646	11,252	8.42%
Total	1,194,575	1,142,928	51,647	4.52%

Source: Template provided by ANPM with 2017 data

Percentage of production by commodity (in monetary amount):

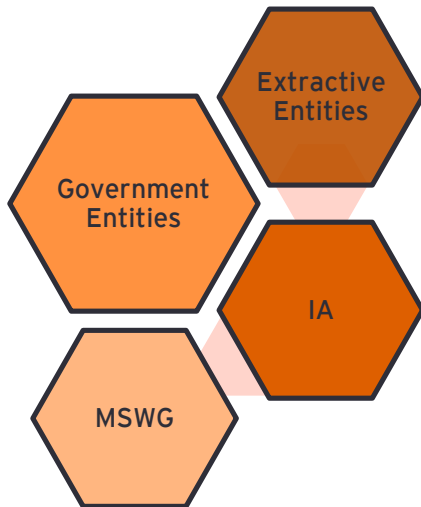


1 Reconciliation Process

EY was engaged to carry out a scoping study in order to set out the EITI reconciliation scope which was used for the 9th and 10th Timor-Leste EITI reports and to produce the draft of the data collection reports. This assignment was the first step to start the reconciliation process.

The following procedures were as follows:

- Make selection base on the MSWG approved threshold (payments and revenue streams above USD100,000);
- Obtain from extractive companies and government authorities 2017 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.

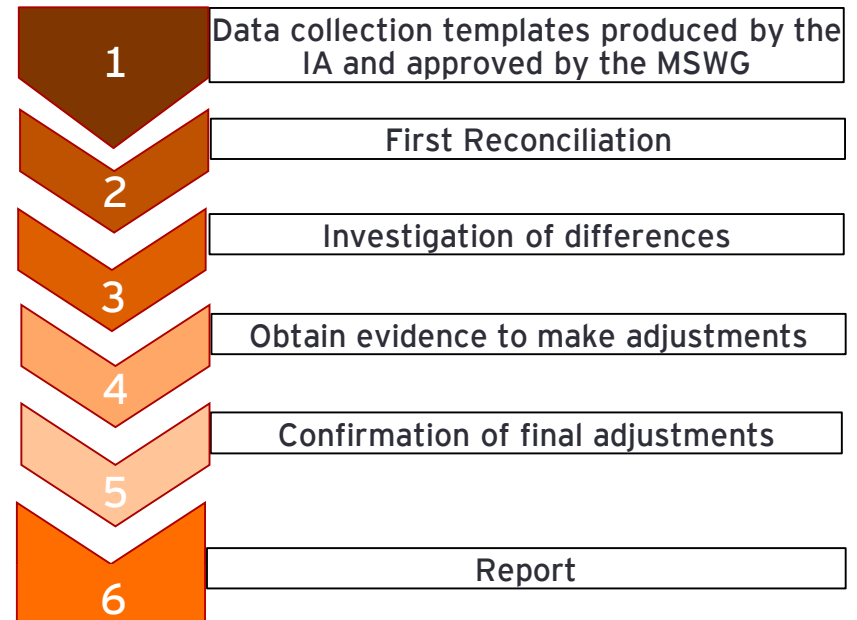


After data collection EY started reconciliation. Entities not responsive were reported to TL EITI secretariat and new efforts for contact were made in order to obtain information.

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 Scope (Revenue and Entities)

Based on the selection made we have concluded that the 2017 report covers 99,93% of the receivables of the contractors and subcontractors.

Based on the information received and the threshold approved by MSWG the revenue streams and the entities in scope were as follow:

OIL & GAS REVENUES STREAMS

TAX REVENUE	NON-TAX REVENUE
Income Tax	FTP
Additional Profits Tax	Royalties
Vat	Profit Oil & Gas Payments
Wages Withholding Tax	Development Fee
Withholding Tax Payments	Contract Service Fee
Additional Taxes	Seismic Data Fee

Revenues generated in 2017	Total	Amount in US'000	
		Scope	%Scope
Total Tax Revenue	172,977	172,962	99.992%
Total Non Tax Revenue reported by ANPM	275,637	275,637	100.00%
Total Pipeline Revenue reported by BCTL	6,410	6,410	100.00%
Total Revenue Contractors	455,024	455,009	99.997%

OIL & GAS ENTITIES IN SCOPE

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

CGG Services (Singapore) P/L	Inpex Sahul Ltd
ConocoPhillips (Timor Sea) Pty Ltd	Inpex Timor Sea Ltd
ConocoPhillips (03-12) Pty Ltd	Santos JPDA (91-12) Pty Ltd
ConocoPhillips (03-13) Pty Ltd	Talisman Resources (JPDA 06-105) Pty Ltd
ConocoPhillips (03-19) Pty Ltd	Tokyo Timor Sea Resource Pty Ltd
ConocoPhillips (Emet) Pty Ltd	Woodside Petroleum (Timor Sea 03-19) Pty Ltd
ConocoPhillips JPDA Pty Ltd	Woodside Petroleum (Timor Sea 03-20) Pty Ltd
ConocoPhillips Timor-Leste Pty Ltd	Woodside Petroleum Ltd
Eni JPDA 03-13 Limited	TIMOR GAP PSC JPDA 11-106
Eni JPDA 06-105 Pty Ltd	TIMOR GAP Offshore Unipessoal
Eni JPDA 11-106 B.V.	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA
Eni Timor - Leste S.p.A.	TIMOR RESOURCES PTY LTD

Government Entities

Direção Nacional de Receitas Petrolíferas (DNRP)
 Autoridade Nacional do Petróleo e Minerais (ANPM)
 Banco Central de Timor-Leste (BCTL)
 TIMOR GAP E.P. (SOE)

Other (Pipeline fee)

AusAid

1 Scope (Entities: subcontractors)

As prior year report the MSWG have decided to include on the reconciliation process and consequently on 2017 report the payments made by the Subcontractors to the significant revenue streams defined (same threshold for selecting the extractive entities in scope - payments made to significant revenue streams above USD100,000):

OIL & GAS ENTITIES IN SCOPE SUB-CONTRACTORS	
AMEC Engineering Pty Ltd	Haliburton Aust Pty Ltd
CALTECH UNIP	Kakivik Asset Management LLC
Cameron Services Int. Pty Ltd	KT Maritime services
CAPE AUSTRALIA ONSHORE	MILLENIUM OFFSHORE
CHC Helicopter Australia Pty Ltd ¹	MMA Offshore Vessel Operations P/L
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	Sedco Forex International INC
Clough Amec Pty Ltd	SGS Australia P/L
Compass Group Australia	Weathford Australia Pty Ltd
Contract resources Pty Ltd	

The revenue streams in scope are as follows:

OIL & GAS REVENUES STREAMS IN SCOPE TAX REVENUE
Income Tax
Wages Withholding tax
Withholding Tax Payments
Additional taxes

The total amount in scope is as follow:

Revenues generated in 2017	Total	Amount in US'000	
		Scope	%Scope
Total Revenue Sub-contractors	8,050	7,715	95.834%

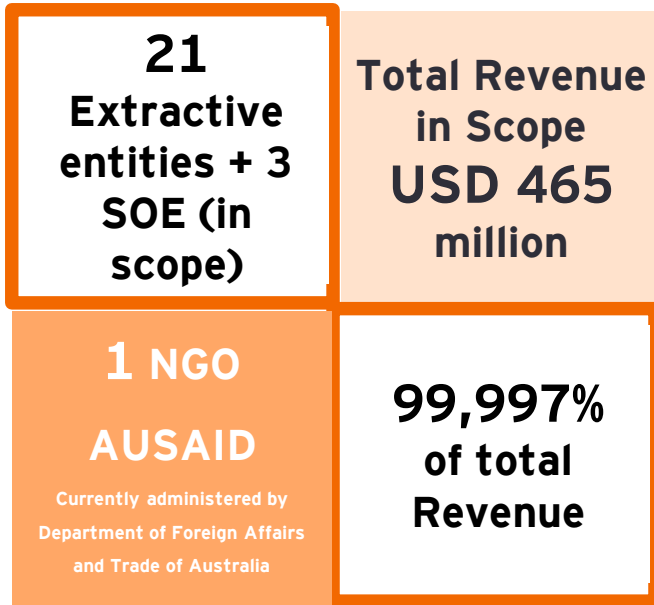
¹CHC Helicopter Australia Pty Ltd is the same entity as Llyod Offshore Helicopters P/L

1 Summary of reconciliation reports - Contractors

See below the summary of the reconciliation of reported payments:

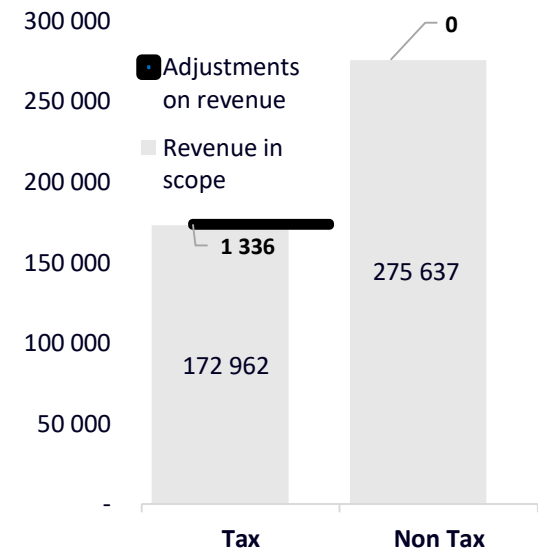


Petroleum revenues in scope



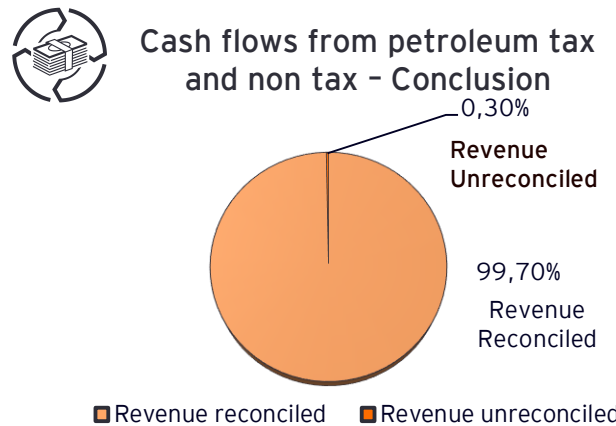
Revenues generated in 2017	Scope (USD'000)
Total Tax Revenue	172,962
Total Non Tax revenue reported by ANPM	275,637
Total revenue reported by BCTL – Pipeline fee	6,410
Total Revenue Contractors	455,009

Adjustments / Discrepancies



Final reconciliation result

Based on the final results, we have concluded that the revenue unreconciled represents around 0.30% of the total revenue from extractive activities including adjustments.

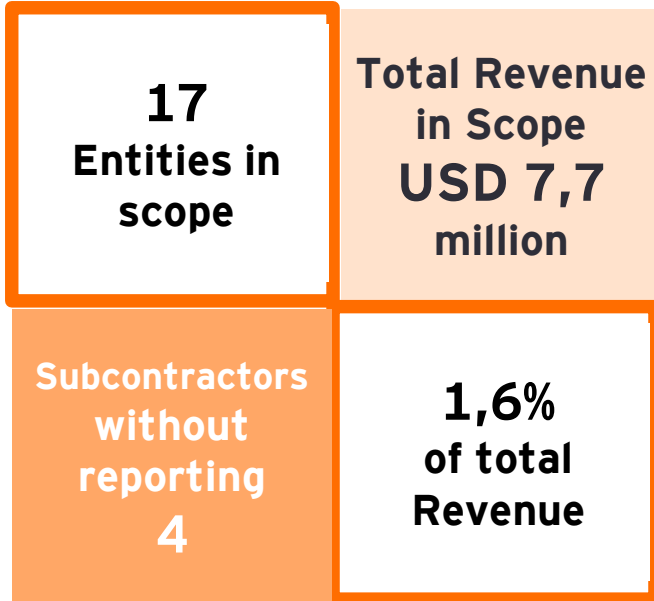


1 Summary of reconciliation reports - Subcontractors

See below the summary of the reconciliation of reported payments:



Petroleum revenues in scope

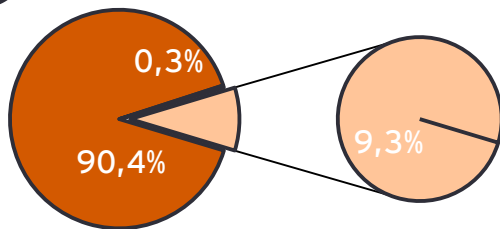


Revenues generated in 2017	Scope (USD'000)
Total Tax Revenue	7,715

1010110 1001001 1101010	Adjustments / Discrepancies



Cash flows from petroleum tax - Conclusion

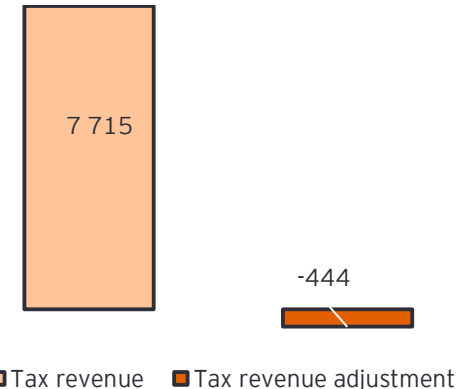


■ Revenue reconciled ■ Revenue unreconciled
■ Not reported

Final reconciliation result

Based on the final results we have concluded that the difference not reconciled are mainly due to the entities that have not submitted their reported template (717 thousand). This amounts represents around 9.6% of the total amount received from Subcontractors and 0.16% of total revenue.

Adjustments of the government in USD'000



The Tax adjustment is mainly justified by incorrect report of payments of 2017 by Government entities and subcontractors.

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 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 9th, 10th and 11th EITI Report covering the year's 2016, 2017 and 2018, respectively. The 9th EITI Report was published in 30th of June of 2019.

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://www.eiti.tl/secretariat/reports/progress-reports>

The previous annual EITI Reports cover the period of January 1st, 2008 until December 31st, 2016:

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	EY
2015	December 2017	1,042	
2016	June 2019	243	

Source: *Petroleum Fund Annual Report 2017*

3

Overview of Timor-Leste extractive industries in 2017 - 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 fuel the national budget to finance the construction of infrastructures. Despite Timor-Leste's obvious ongoing economic improvements, it remains a heavily oil-dependent country. For the last seven 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.

3.1 Overview of Government Revenue

Total Government revenues have increased specially because of the rise of the Petroleum revenues.

Moreover, it was expected (State Budget 2017) that domestic non Oil & Gas revenues would also increase in 2017 (from 199 millions in 2016 to 206 millions USD in 2017), due to an improvement in Government services to the public as well as by improvements in collection. Growing domestic revenues are projected to continue to increase following the expected increase of the economic activity and improvements in revenue administration and collection.

Nonetheless, according to the State Budget 2018 domestic revenues actually went down by 5% (190 millions) derived from the negative macroeconomic conditions and the political uncertainty that Timor-Leste faced in that year.

Domestic revenue

Domestic revenues in Timor-Leste are composed mainly by tax revenues (USD 146 million) and fees and charges (USD 50 million).

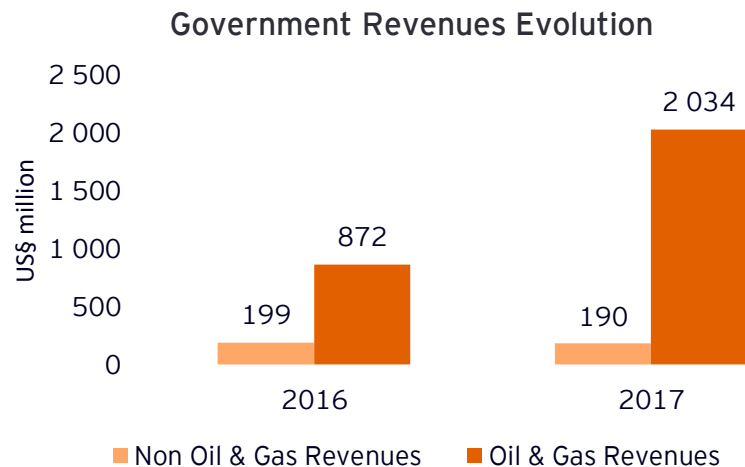
For Oil & Gas revenue please refer to see section 3.4.

Sources:

- *State Budget 2017 in Timor Leste*
- *State Budget 2018 in Timor Leste*

Timor-Leste economy still heavily reliant on oil and gas

The petroleum revenues currently finance most of the state budget. Oil and gas accounted for 91 percent of Timor-Leste state revenues (81% in 2016). The increase of this percentage is due to the rise in the oil prices, as mentioned before (State Budget 2018). Furthermore, the petroleum revenues are constituted in majority by the Petroleum Fund Investment Return, which accounted for 1612 millions.

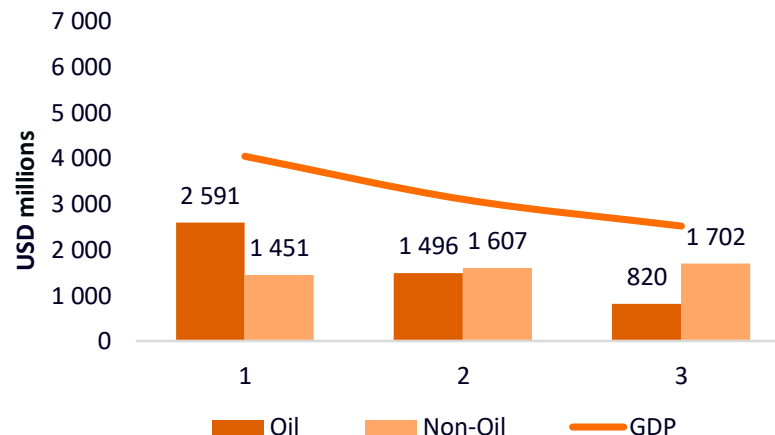


3.2 Gross Domestic Product (GDP) - Timor-Leste

At the end of 2017, oil sector was responsible for 895 million dollars, which represented 36% of the total GDP amount according to the national accounts prepared by the Ministry of Finance of Timor-Leste in 2017. Compared with the year of 2016, the Oil GDP increased 9,2% (at current prices), following the increase in oil prices.

The Non-oil sector fell by 5.4% in 2017 compared with +5.8% in 2016, which was a result of a lower public expenditure due to expectations of a change in the government. Furthermore, the decrease was also related to the fact that the parliament did not approve the budget for 2017 on time which meant that the expected public strategies were not available during 2017.

GDP evolution: 2015-17 (at current prices)



GDP Evolution at Current Prices

Year	GDP (Oil&Gas) (USD million)	Total GDP (USD million)	% Oil on total GDP
2010	3,104	3,999	78%
2011	4,624	5,677	81%
2012	5,477	6,666	82%
2013	4,234	5,644	75%
2014	2,591	4,042	64%
2015	1,496	3,102	48%
2016	820	2,521	33%
2017	895	2,487	36%

GDP Evolution at Constant Prices

Year	GDP (Oil&Gas) (USD million)	Total GDP (USD million)	% Oil on total GDP
2010	2,050	3,323	62%
2011	2,345	3,719	63%
2012	2,454	3,897	63%
2013	1,989	3,470	57%
2014	1,022	2,566	40%
2015	1,496	3,102	48%
2016	1,436	3,130	46%
2017	1,209	2,829	43%

3.2 Gross Domestic Product (GDP) - Timor-Leste (cont.)

Timor-Leste is the 182nd largest export economy in the world.

- Source: <http://atlas.media.mit.edu/en/profile/country/tls/>

According with TL's National Accounts Report of 2017, the oil sector represented 98% of total exports and 41% of total imports. Compared with the previous year the export of oil sector has increased, the first time since 2012, which is explained by the oil price rise.

Exports

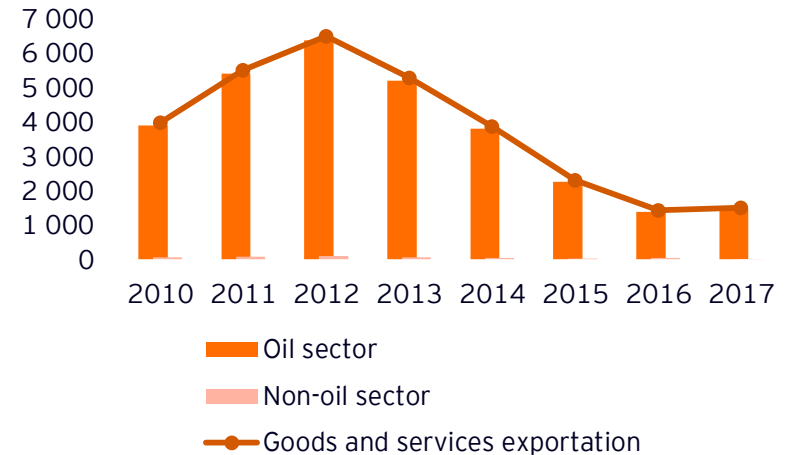
The exports of goods and services increase 4%, (from USD1,458 million in 2016 to USD1,519 million in 2017) mainly because of the rise of the oil price.

Imports

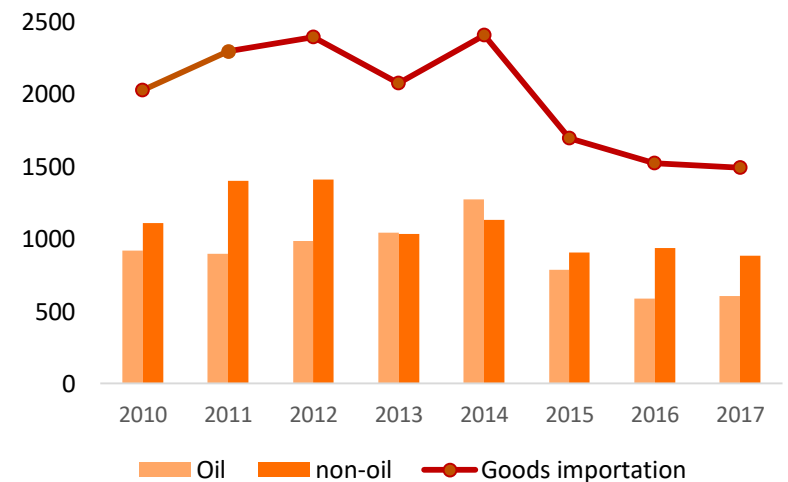
In 2014 the import of oil reached the most significant amount on the last five years. In 2017 the imports of goods and services decreased 2%, from USD1,518 million to USD1,490 million. Non-oil goods (USD886 million) represented 59% of total imports. Non-oil imports mainly included mineral products (Non-Oil), foodstuffs, animals, crops and vegetables, vehicles and constructions and the decrease is associated with the lower public expenditure, which is due to the decline in the Infrastructure Fund for financing the government-funded projects.

- TL National Accounts 2017

Export of goods and services



Import of goods and services



3.3 Production

Fields

In 2017, all of Timor-Leste's gas was produced in Bayu-Undan gas field, located in the offshore Joint Petroleum Development Area (JPDA). Government revenues are received in cash rather than in kind, with a 10 percent share going to Australia under the Timor Sea Treaty.

In 2017, there were ten active PSCs (of which 4 in TLEA and 6 in JPDA). In comparison with the previous year, there are two new PSC's: with the Contract Operator being Timor Resources Pty Ltd and the PSC's numbers are TL-OT-17-08 and TL-OT-17-09. See Annex E for more details.

Source: ANPM Annual Report 2017

Bayu-Undan

The Bayu-Undan oil field is located in the Timor Sea, 250km south of Timor-Leste and 500km offshore Darwin, Australia contained within contract areas of PSC03-12 and PSC03-13 of the JPDA.

Bayu-Undan is Timor-Leste gas field with the largest accumulated revenue, and the only one in production after 2017.

The field is located on the same 160km² structure, in 80m of water. The initial discovery was in early 1995, when the Bayu-1 well intersected a 155m gas condensate column, at a depth of 897m. In July 1995, Undan was discovered 10km north-west of Bayu, where a 139m gross hydrocarbon column tested 1.6 million cubic feet a day of gas and 3,900bbl condensate a day. 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.

Source: <http://www.offshore-technology.com/projects/bayu-undan/>

Bayu-Undan is operated by ConocoPhillips (03-12) Pty Ltd under the contract PSC 03-12 and PSC 03-13 in JPDA under the Timor Sea Treaty.

(The present references are to the superseded ZOCA / Timor Gap arrangements). See Annex E for more detail on JV structure.

Source: ANPM Annual Report 2017

Kitan

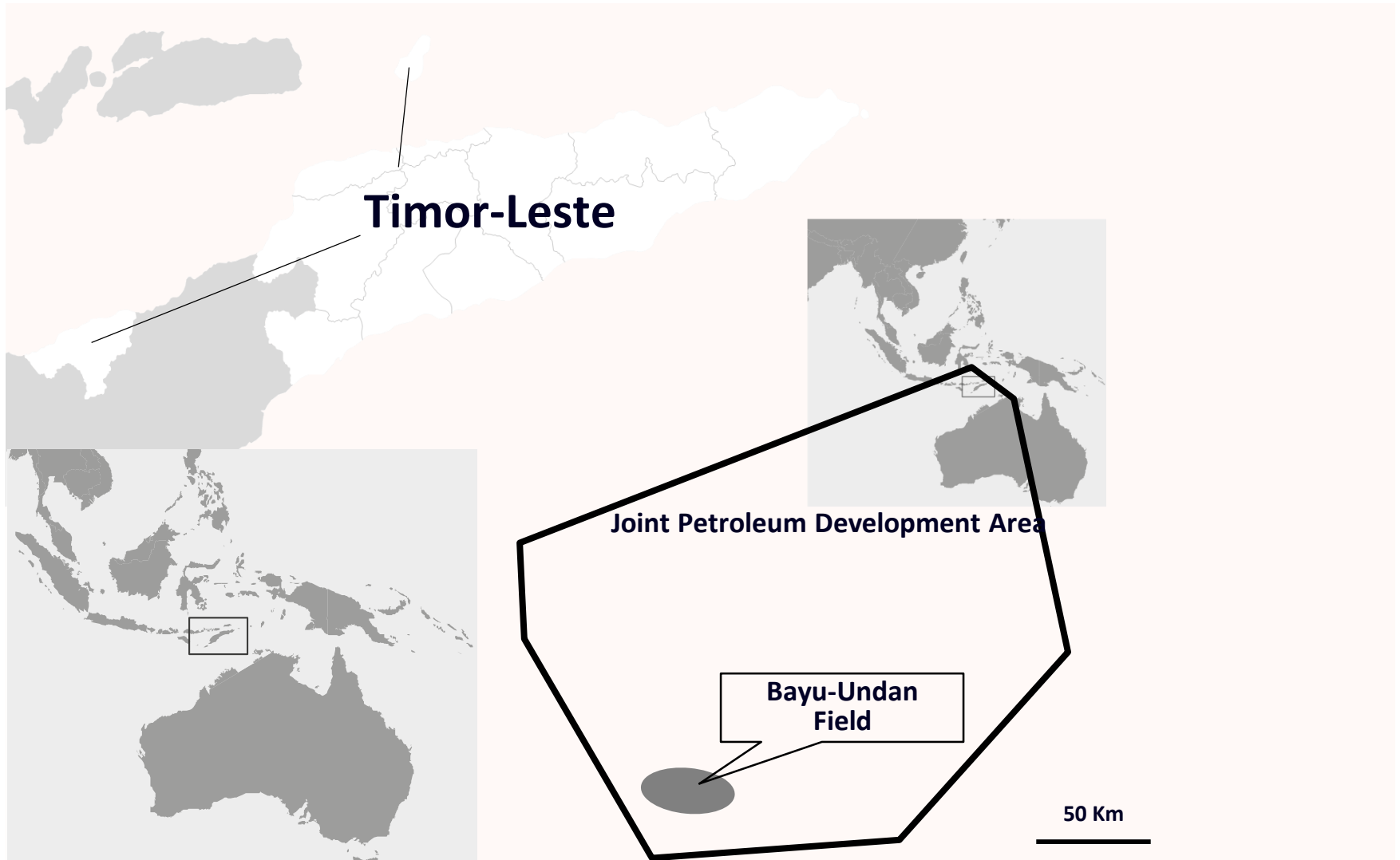
The Kitan Field was shut down on 14th of December 2015 and is located in permit 06-105 of JPDA, 170 km offshore the Timor-Leste coast and 500km from the Australian coast.

Source: ANPM Annual Report 2017

The Glas Dowl FPSO left the field in January 2016. There was no production since 2016.

Source: <http://www.offshore-technology.com/projects/Kitan/>

3.3 Production (areas in 2017)



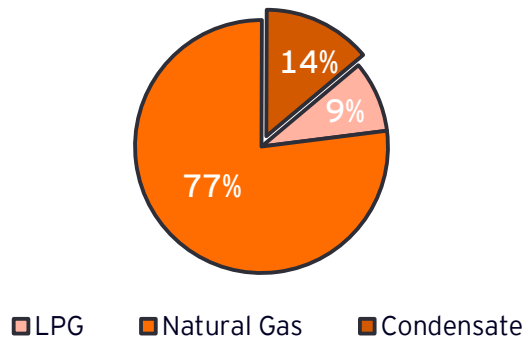
3.3 Production

Production 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 57 million barrels of gas in 2016 to 41 million barrels of gas in 2017 (see Production Data graph).

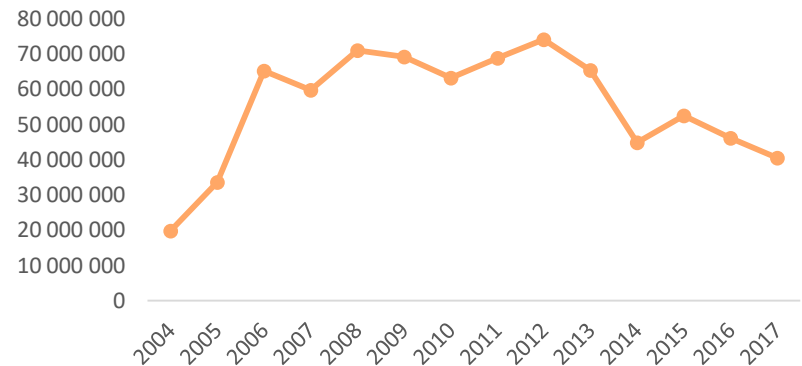
Sources: <http://web01.anpm.tl/webs/anptlweb.nsf/pgLafaekDataGasListHTML> & Template of the IA received by ANPM



Oil production in Timor-Leste has decreased since 2012. The decrease was mainly due to the natural depletion of BU field. In addition, as mentioned before, Kitan project was shut down in December of 2015.

The information related to total production is available at ANPM's website (*Lafaek Database*), which might be slightly different due to conversion factors.

Production Data (BOE)



Commodity (BOE Thousands)	Production	Export
Crude	-	-
Condensate	5,605	5,605
Natural Gas	31,204	31,204
LPG	3,691	3,691
Total	40,500	40,500

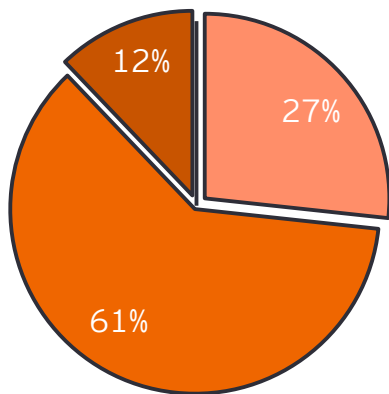
Commodity (BOE Thousands)	2017	2016	Δ	%
Crude	-	-	-	-
Condensate	5,605	7,260	- 1,655	-23%
Natural Gas	31,204	34,470	- 3,266	-9%
LPG	3,691	4,432	- 741	-17%
Total	40,500	46,161	-5,661	-12%

3.3 Production

Production USD

Natural Gas is also the most significant commodity when compared in monetary amount (Millions of USD):

Production 2017



■ Crude oil ■ Gas condensate ■ LNG ■ LPG

The production and export in USD ('000) in 2017 was as follows:

Commodity (USD ('000))	Production	Export
Crude	-	-
Condensate	319,062	319,062
Natural Gas	730,616	730,616
LPG	144,897	144,897
Total	1,194,575	1,194,575

The production in USD ('000) in 2017 and 2016 was as follows:

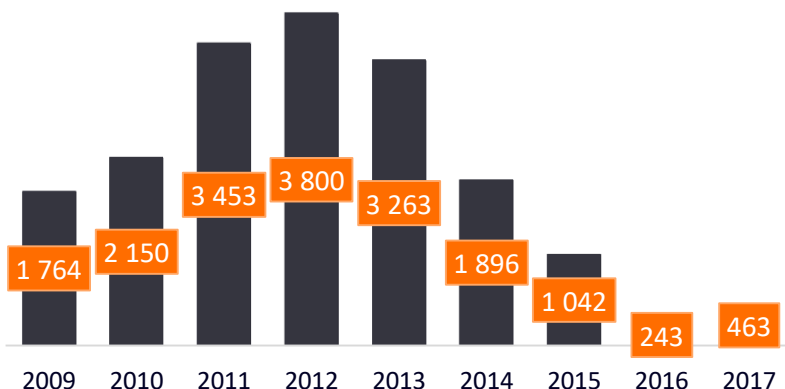
Commodity (USD ('000))	2017	2016	Δ	%
Crude	-	-	-	-
Condensate	319,062	314,373	4,689	1%
Natural Gas	730,616	694,909	35,707	5%
LPG	144,897	133,646	11,252	8%
Total	1,194,575	1,142,928	51,647	5%

3.4 Revenue generated from extractive sector

As a consequence of the higher oil prices (even with a decrease in the production) the revenues generated from Oil & Gas Sector in 2017, including the amount received from the subcontractors, amounted to USD461 million. As mentioned in chapter one, this value represents an increase of USD220 million, or 91%, compared to 2016.

This variation affected payments received by DNRP (net from tax settlement). The structure of the extractive sector's revenue is similar to 2016, with a slight increase of DNRP's (2.05%) and decrease of ANPM (0.93%) and BCTL (-1.12%).

**Oil and Gas Revenues 2009-2017
(USD million)**



Amount in USD million

Revenue	2017	%	2016	%	Variation	%
DNRP	181	39%	90	37%	91	101%
ANPM	276	60%	147	60%	129	88%
BCTL	6	1%	6	2%	0	0%
Total	463	100%	243	100%	220	91%

Extractive sector revenues (USD million)	2017	2016	Δ	% Δ
Direção Nacional de Receitas Petrolíferas (DNRP)	173	78	95	122%
Autoridade Nacional do Petróleo e Minerais (ANPM)	276	147	129	88%
Banco Central de Timor-Leste (BCTL)	6	6	0	5%
Revenues generated from Oil & Gas extractive activities	455	231	224	97%
Revenues generated from Oil & Gas related activities (Sub Contractors)	8	12	4	-33%
Revenues generated from Oil & Gas Sector	463	243	220	91%
Revenues generated from Mining Sector	1	0.28	1	269%
Revenues generated from Extractive Sector	464	243	221	91%
Part of the revenue allocated to Australia	-29	-29	0	-1%
Part of the revenue allocated to Timor-Leste	435	214	221	103%

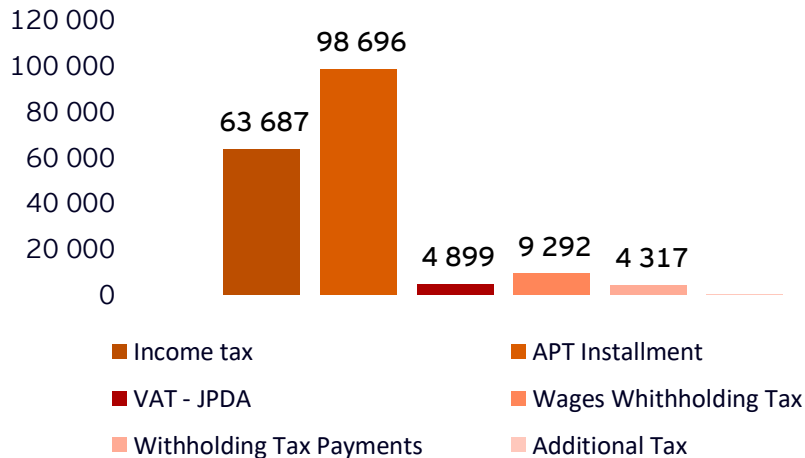
3.4 Revenue generated from extractive sector

Tax Revenue and Non Tax Revenue

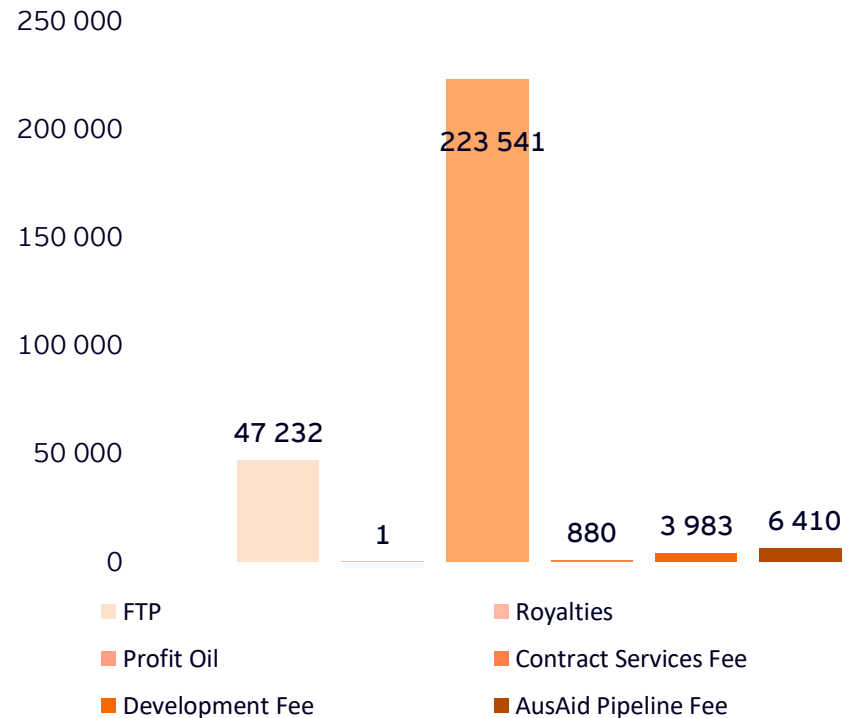
The charts below describe the tax and non tax revenue. The most significant Tax Revenue in 2017 is income tax, followed by the additional profit tax.

Non tax revenue as Profit oil and gas has been the main source of revenue stream contributor to the Petroleum Fund. Royalties and fees collected from surface rental fees are another source of revenue to the petroleum fund as outline in the figure below.

TAX Revenue (USD'000)



Non Tax Revenue (USD'000)



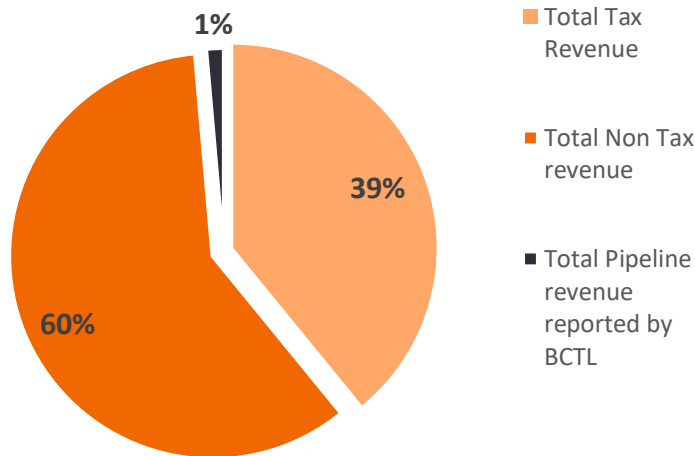
3.4 Revenue generated from extractive sector

Tax Revenue and Non tax Revenue

Since 2012, the revenue received by Timor-Leste has subsequently decreased. The 2017 receipt is reported as one of the lowest oil and gas revenue presented on a Timor Leste EITI report.

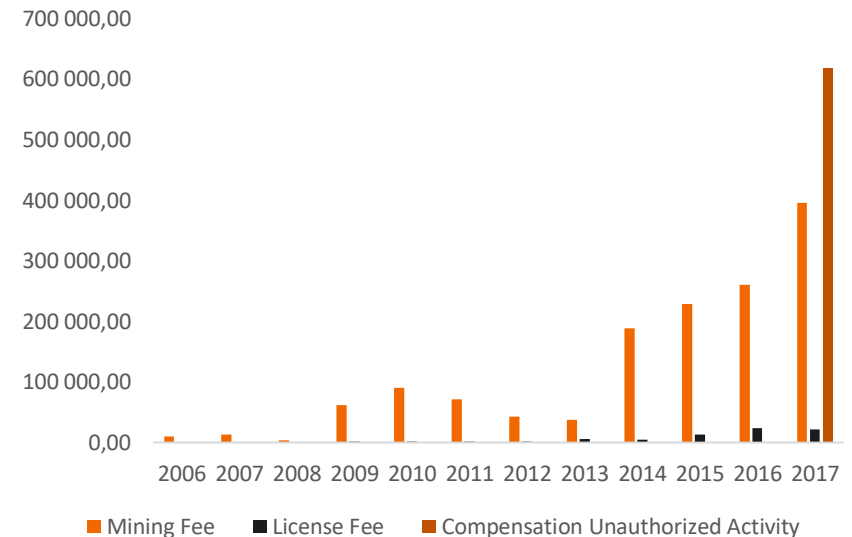
See below petroleum extractive sector revenue structure:

**Petroleum extractive sector revenues
(% by revenue stream)**



Mining Sector

In 2017 the revenue was the highest since 2006, accounting for 1,034,568.90 USD. For the reconciliation of the mining sector, we have contacted ANPM for the detailed payments by fee and by entity (see Annex C). We verified that few companies reported payments above 100,000 USD, however the activities of these companies refer to the construction of a road rather than mining extraction. According to the Ministerial Diploma No. 1/2008 of 30 July described in chapter 6.1, these activities are regulated as mining, which is the reason why ANPM is reporting them in the mining sector. Furthermore, for the reasons mentioned, these entities will not be circularized and will be included in the scope of mining. See chapter 8.5 for more details of the mining sector.



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

3.5 Employment generated from Oil & Gas Sector in Timor-Leste

There is no data being generated by the government regarding the employment in the extractive industries in absolute terms and as a percentage of the total employment.

However, and as a data collection procedure, we have requested the extractive companies and subcontractors in scope to respond to the number of employees they had in 2017 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	Number		Net job creation on employment 2017	
	National	Expats	National	Expats
ConocoPhillips (Timor Sea) Pty Ltd	-	-	-	-
CGG Services (Singapore) P/L	-	-	-	-
ConocoPhillips (03-12) Pty Ltd	-	146	-	1
ConocoPhillips (03-13) Pty Ltd	-	-	-	-
ConocoPhillips (Emet) Pty Ltd	-	-	-	-
ConocoPhillips JPDA Pty Ltd	-	-	-	-
ConocoPhillips Timor-Leste Pty Ltd	30	1	(3)	-
Conocophillips (03-19) Pty Ltd*	-	-	-	-
Eni JPDA 03-13 Limited	-	-	-	-
Eni JPDA 06-105 Pty Ltd	-	-	(6)	-
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	-	-	-	-
Tokyo Timor Sea Resource Pty Ltd (TTSR)	-	-	-	(1)
Woodside Petroleum (Timor Sea 19) Pty Ltd	1	-	-	-
Woodside Petroleum (Timor Sea 20) Pty Ltd	-	-	-	-
Talisman Resources (JPDA 06-105) Pty Ltd	-	-	-	-
TIMOR GAP PSC JPDA 11-106	-	-	-	-
TIMOR GAP E.P. (SOE)	124	4	-	-
TIMOR GAP Offshore Unipessoal	-	-	-	-
TIMOR GAP Onshore Block, Unipessoal	-	-	-	-
Timor Resources	-	-	-	-
TOTAL	155	151	(9)	-

*There was no response from the entity regarding employment information.

3.5 Employment generated from Oil & Gas Sector in Timor-Leste

Subcontractors

Company Name	Number		Net job creation on employment 2017	
	National	Expats	National	Expats
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	-	-	-	-
Amec Engineering Pty Ltd	-	26	-	26
Caltech Unipessoal Lda	158	7	(9)	(5)
Cameron Services International Pty Ltd *	-	-	-	-
Cape Australia Onshore Pty Ltd	-	-	-	-
Contract Resources	-	-	-	-
Compass Group	74	11	1	-
Halliburton Australia P/L	-	20	-	1
Kakivik Asset Management LLC *	-	-	-	-
KT Maritime services *	-	-	-	-
Llyod Offshore Helicopters Pty Ltd	-	23	-	(7)
Millenium Offshore Services P/L	-	17	-	-
MMA Offshore Vessel Operations Pty Ltd*	-	-	-	-
Sedco Forex International INC	-	-	-	-
SGS Australia P/L	-	4	-	-
Weathford Australia Pty Ltd	-	-	-	-
TOTAL	175	137	-48	-160

Please note that this information was a result of a unilateral collection procedure due to lack of Government information to corroborate the reported numbers.

We recommend that the government begins to capture this information and publish it in the government / statistic websites or official page(s) and make analysis about the extractive sector comparing with the Non extractive sector.

* There was no response from these entities regarding employment information.

4

Regulatory Framework Extractive industries in 2017

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 no 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 two overlapping joint development zones in the Timor Sea: (1) the Joint Petroleum Development Area (JPDA) under the Timor Sea Treaty (TST) and (2) the Timor-Leste Exclusive area Legal Framework (TLEA) under the Petroleum Activities Law (Law N°13/2005). Both areas are 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 upstream taxation revenue from petroleum production in JPDA is 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 borders of the continental platform between Australia and Timor Leste. Currently, the (1) Great Sunrise is governed by this Resolution and regulated by ANPM. The (2) JPDA is now regulated by three entities: ANPM, DIIS and NOPSEMA.

However, the changes of August of 2019 are not applicable to this report, being only applicable from 2019 and onwards.

4 New Laws/Resolutions in 2019

New Laws/Decrees since the publication of the 2016 EITI Report

1. Resolution No. 15/2019 of 27th August on Ratification of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste
2. Law no. 4/2019 of 27th August on Labour and migration special regime applicable to the Bayu-Undan project
3. Law No.5/2019 of 27th August First Amendment of Law no. 8/2008, of 30 June 2008, Approving the Tax and Duties Act, First Amendment of Law no. 3/2003, of 1 July 2003, on the Taxation of Bayu-Undan Contractors and First Amendment of Law no. 4/2003, of 1 July 2003 on the Petroleum Development of Timor Sea (Tax Stability)
4. Government Resolution No.22/2019 of 27th August on the approval of an agreement in a simplified form for the exchange of taxation information in light of the Maritime Boundaries Treaty between Australia and Democratic Republic Timor-Leste
5. Government Resolution No.23/2019 of 27th August on the approval of Memorandum of Understanding between the Autoridade Nacional do Petróleo e Minerais of Timor-Leste, the Australian Commonwealth Department of Industry, Innovation and Science, and the Australian National Offshore Petroleum Safety and Environmental Management Authority on cooperation between regulatory authorities in relation to the Bayu-Undan Gas Field and Pipeline in light of implementation of the Maritime Boundaries Treaty between Australia and Democratic Republic of Timor-Leste.
6. Decree-law no. 24/2019 of 27th August on transition of petroleum titles and regulation of petroleum activities in the Bayu-Undan field
7. Decree-Law No.25/2019 of 27th August on Transition of Petroleum Titles and Regulation of Petroleum Activities from the Joint Petroleum Development Area
8. Decree-Law No. 26/2017 of 27th August on Transition of Petroleum Titles and Regulation of Petroleum Activities in the Buffalo Field
9. Decree-Law No.27/2019 of 27th August 2nd Amendment of Decree-Law No 20/2008 of 19th June on the establishment of ANPM
10. Law No.1/2019 of 18th January First Amendment of Law no. 13/2005, of 2nd September, on Petroleum Activities

Please check section 4.4 for a summary of the new changes in the main laws. Once again, we note that the laws from the 27th of August are not applicable to this report. The other chapters in 4 show the laws applicable for this report.

Source: <http://www.anpm.tl/tlea/> & <http://www.anpm.tl/jpda2/>

4.1 Timor-Leste Exclusive area Legal Framework (TLEA)

TLEA refers to the Territory of Timor-Leste as defined by the Petroleum Act (Law No.13/2005) 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)
- National Petroleum Authority (ANP) (Decree Law No.20/2008) - First Amendment by Decree-Law No.1/2016 of 9th February
- 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)

Production Sharing Contracts (PSC):

- TLEA PSC S-06-04 (Contract Area E)
- TLEA PSC TL-SO-15-01
- (more information about PSC's in Annex E)

Source: <http://www.anpm.tl/tlea/>

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 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. 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.

In addition of aiming to maximize Timor-Leste's oil revenues, the Law also envisages assistance in achieving the country's broad development goals. Oil revenues and the development of this resource, would 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 is to ensure stability and transparency in regulating the development of Petroleum resources.

The first amendment (Decree Law No.1/2019) to the law changes the necessity of the participation of the State, of legal persons and any other legal persons wholly owned or controlled by them being limited to a maximum participation of 20%, when this participation has basis of a commercial transaction or an award under terms of the law.

4.1 Timor-Leste Exclusive area Legal Framework (TLEA)

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.

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.

Law No. 07/2005
Law on general procedures for conducting public tenders

Article 7 (Contents)
Public tender must follow the matters described in article 7

Article 8 (Assessment Committee)
Bid process must be made by an Assessment Committee

Article 9 (Bid Assessment)
The assessment should be impartial, guarantying the best interests of the State

Article 10, 11, 12 and 13
Once completed, results must be reported, approved and notified. Claiming situations must follow the procedures

- Required forms and supplementary documents
- Contract areas
- Defined exploration work program
- Terms of State's participation
- Documentation for admission to public tender
- Criteria in appraising bidders
- Criteria for deciding on bids
- Estimated timeframe for completion of the entire process
- Establishment of applicable fees
- Proof of commitment to establish a group of companies
- Submission of the requiring documents
- Proof of technical ability, financial capability, copy of the constitutive act and company's establishment;
- Establishment of a legal representative

4.2 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:

Legislation

- 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:

- JPDA PSC 03-12
- JPDA PSC 03-13
- JPDA PSC 03-19
- JPDA PSC 03-20
- JPDA PSC 06-105
- JPDA PSC 11-106

(more information about PSC's in Annex E)

Source: <http://www.anpm.tl/jpda/> & ANPM Annual Report 2018

4.3 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)
- The International Unitization Agreement for Greater Sunrise (IUA)

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

Certain Maritime Arrangement in the Timor Sea (CMATS)

CMATS is an arrangement entered between Timor Leste and Australia regarding petroleum exploration in the Timor Sea following the TST and the IUA. As mentioned before, the TST established the JPDA. One of the major discoveries in the Timor Sea is the Greater Sunrise field which has around 20% of its reserves within the JPDA (refer to PSC 03-19 and PSC 03-20) and around 80% of the reserves outside the JPDA within Australian licenses. The IUA and CMATS deal specifically with the Greater Sunrise field. The IUA deals with the unitization of Greater Sunrise across several license areas as set out above. Pursuant to CMATS both countries agreed that revenues from the exploration of Greater Sunrise will be split equally and agreed also to postpone discussion on final delimitation of the boundary. This field is not yet in production.

On 14 January of 2015, Timor-Leste enacted the Decree-Law No 2/2015 to create a Council for Definitive Delimitation of Maritime Boundaries that was established under the Decree-Law 8/2015 of 22 April.

On January 9th, 2017, Timor-Leste, Australia and the Conciliation Commission issued a joint statement where the two countries agreed to terminate the 2006 CMATS Treaty. This will permit that the 2002 Timor Sea Treaty will expire on its original date (April 2033), rather in 2057 as defined by CMATS.

Source: <https://www.laohamutuk.org/Oil/Boundary/CMATSindex.htm>

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 states 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. Accordingly, Timor-Leste and Australia concluded a definitive delimitation of maritime borders between the two States through the Treaty and that delimitation has implications on ownership, jurisdiction and management of oil resources in the Timor Sea. This resolution is not applicable in this report.

4.3 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.

According to the Rectification 15/2019 to the Timor Sea Treaty will be defined by provisory geodesic lines, but it will only enter into force once Timor and Indonesia define boundaries on the continental platform.

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:

- JPDA PSC 03-12
- JPDA PSC 03-13
- JPDA PSC 03-19
- JPDA PSC 03-20

4.4 Specific agreements with Australia regarding Oil & Gas Exploration - new laws since August of 2019

Greater Sunrise

According to the Rectification 15/2019 of the Timor Sea Treaty, which is not applicable yet, the Greater Sunrise Special Area will be defined by provisory geodesic lines, that will become effective once Timor and Indonesia make an agreement that defines the borders of the continental platform between these two countries. When the Rectification regarding the Special Regime of the Greater Sunrise enters into action the Parties shall share upstream revenue, meaning revenue derived directly from the upstream exploitation of Petroleum produced in the Greater Sunrise Fields:

- 1) 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 TimorLeste; or
- 2) (b) 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>

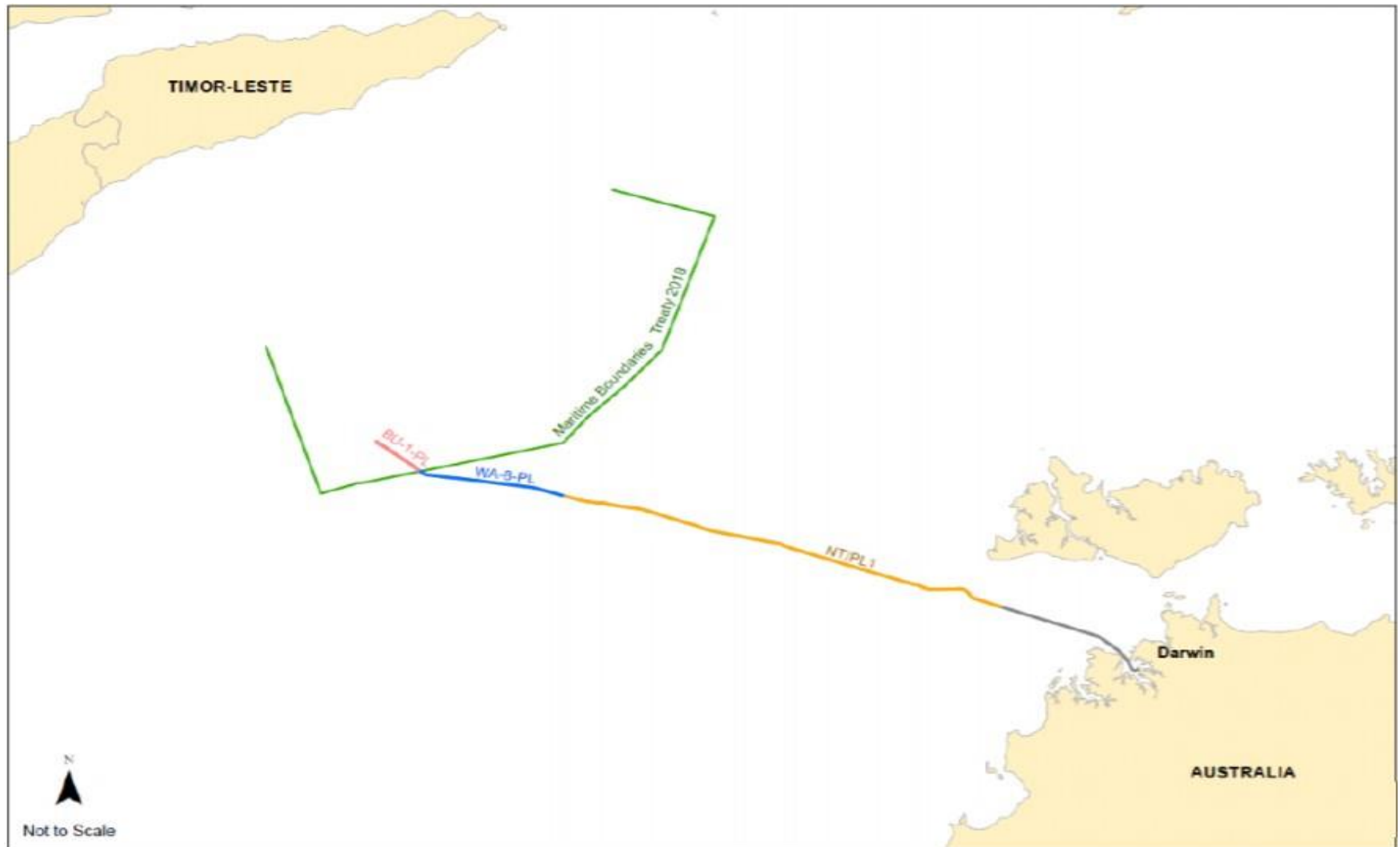
JPDA Area

Furthermore, the JPDA Area will become regulated by more than on entity. In fact, according to the Resolution 23/2019 on 27th of August, it will be obligatory to arrange 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”. 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 on behalf of Australia, covered by licences BU-1-PL, WA-8-PL and NTPL1.

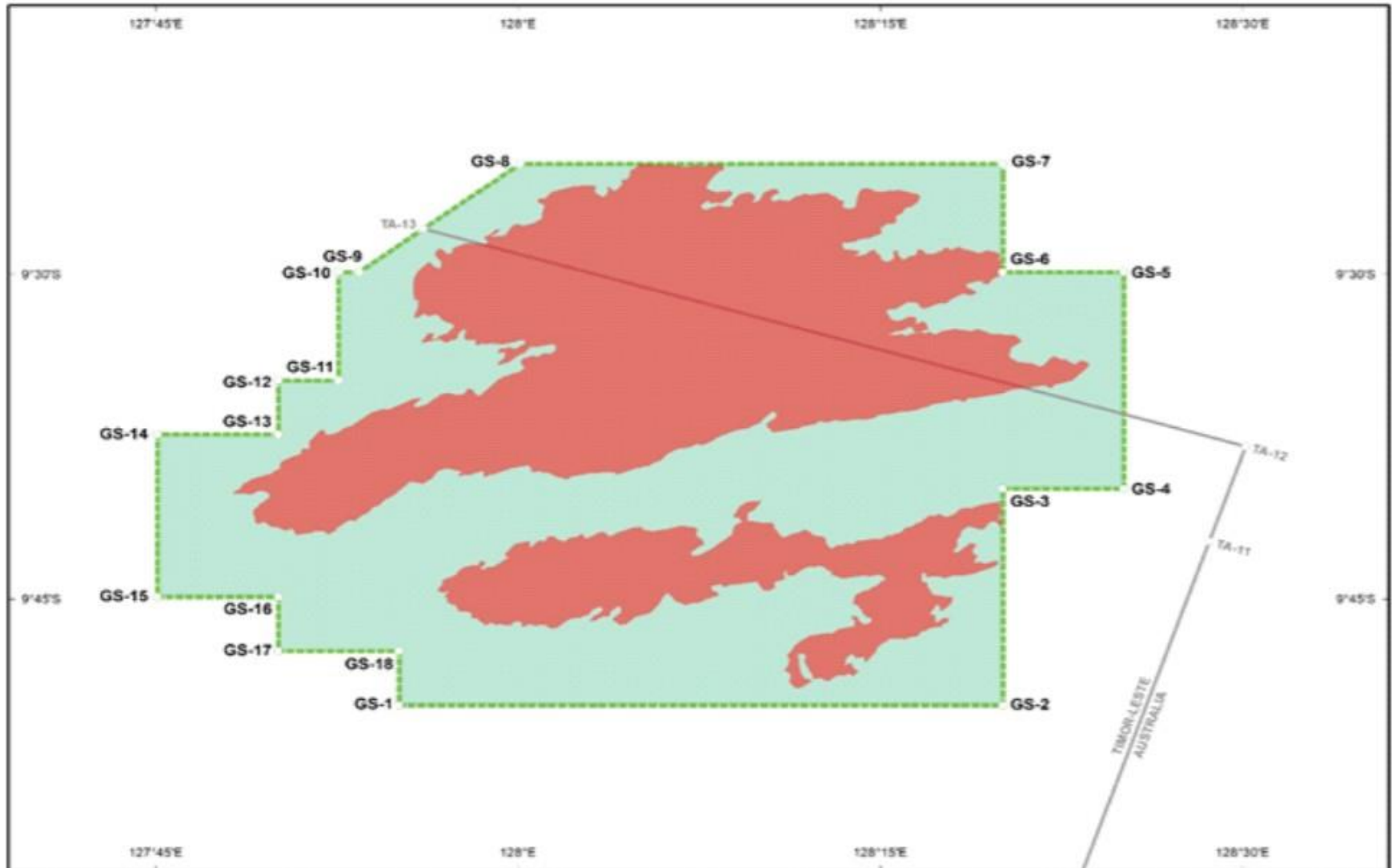
Source: <http://www.anpm.tl/wp-content/uploads/2019/09/Resolu%C3%A7%C3%A3o-do-Governo-No-23-2019-de-27-de-Agosto.pdf>

4.4 Specific agreements with Australia regarding Oil & Gas Exploration: Maritime Boundaries - Law 15/2019



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

4.4 Specific agreements with Australia regarding Oil & Gas Exploration: Greater Sunrise - Law 15/2019



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

4.5 ANPM

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 Mining Code.

Other notes ():*

As above mentioned, under Decree Law No. 1/2016 of February 9th, the ANPM changed its designation (from ANP (Autoridade Nacional do Petróleo) to ANPM) and was also entrusted to be responsible for the mining activities in Timor-Leste. We will use the actual designation "Autoridade Nacional do Petróleo e Minerais (ANPM)" through the report.

Furthermore, under the Decree Law No. 27/2019, there was a second amendment to the original Law. This amendment was due to the fact that Timor-Leste and Australia have concluded a definitive delimitation of maritime borders between the two States through the Treaty (Resolution No. 25/2019) and it implied delimitation on ownership, jurisdiction and management of oil resources in the Timor Sea. Therefore, in the 2019, when the Resolution No.25/2019 entered into force, ANPM will see its function of designated authority for the purposes of the JPDA eliminated, maintaining, however, similar functions for the purposes of Greater Sunrise Special Scheme.

Hence, in 2019, ANPM will be responsible for managing and regulate petroleum and mining activities in Timor-Leste area of the *Greater Sunrise* and of the Bayu Undan in accordance with the Decree Law (that established ANPM) and the following laws and regulation:

- Timor-Leste Petroleum Activities Law - First Amendment by Law No.1/2019 of 18th January;
- Resolution No. 15/2019 rectifying the Timor Sea Treaty;
- Mining Code.

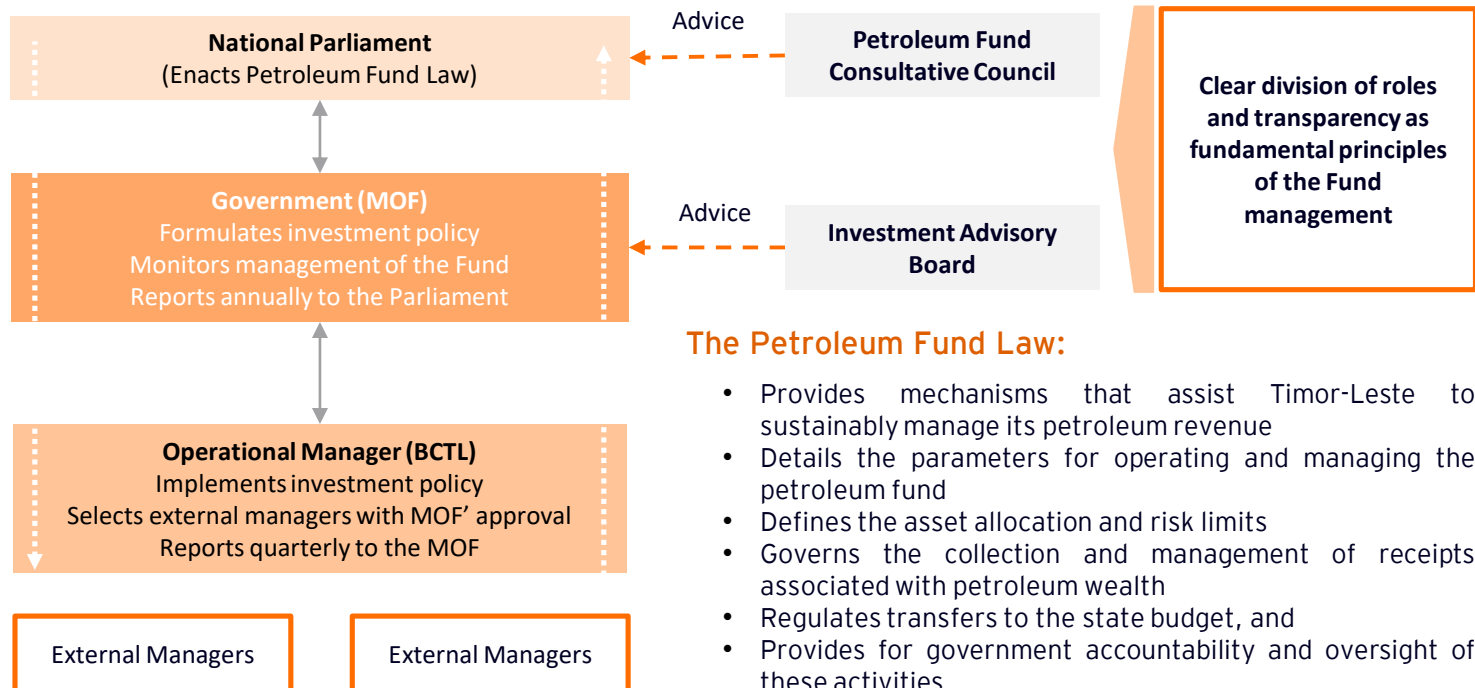
Please note that these new laws are not applicable in this report and are only disclosed for a better understanding of the legislation in Timor Leste.

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 interest, and that the income derived from the exploitation of these resources should lead to the establishment of a mandatory financial reserve.

Therefore, the Government created the Petroleum Fund in 2005, under the provision of the Petroleum Fund Law No.9/2005 (August 3rd, 2005) as amended by the Law No.12/2011 (September 28th, 2011).

Petroleum's Fund's governance structure



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 transferred back to the central government budget, pursuant to parliamentary approval.

Source: Petroleum Fund Annual Report 2017

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 Petroleum Fund is formed as an account of Ministry of Finance held in Banco Central de Timor-Leste (BCTL).

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.

The Government has withdrawn 9,633 million USD from the Fund since its inception until the end of 2017. This exceeds the cumulative ESI over that period by 3,600 million USD. The excess reflects the Government's policy to front-load expenditure to enable economic development.

The implications for the Petroleum Fund's investment strategy have been carefully considered and are summarized in the Annual Report section "the advice from the Investment Advisory Board".

Source: Petroleum Fund 2017

4.6 Petroleum Fund

Transfer from Petroleum Fund

In 2016 the Fund's balance has increased USD955 million (from USD15,844 million in 2016 to USD16,799 million in 2017). This was the higher amount since the creation of the PF, since the overall balance of the Fund is affected by petroleum revenues, the investment return and withdrawals, factors that have contributed positively to this increase.

Petroleum revenues and investment returns contributed 422 million USD and 1,612 million USD to the Fund over the year, respectively and the total withdrawal of 1,079 million USD from the Fund was used to finance the Government's budget.

At the end of 2017, the balance in the Petroleum Fund stood at 16.80 billion USD. It had grown 110 million USD since the previous quarter, 540 million USD since the start of the year, and was almost 1.00 billion USD higher than in December 2016.

Withdrawals

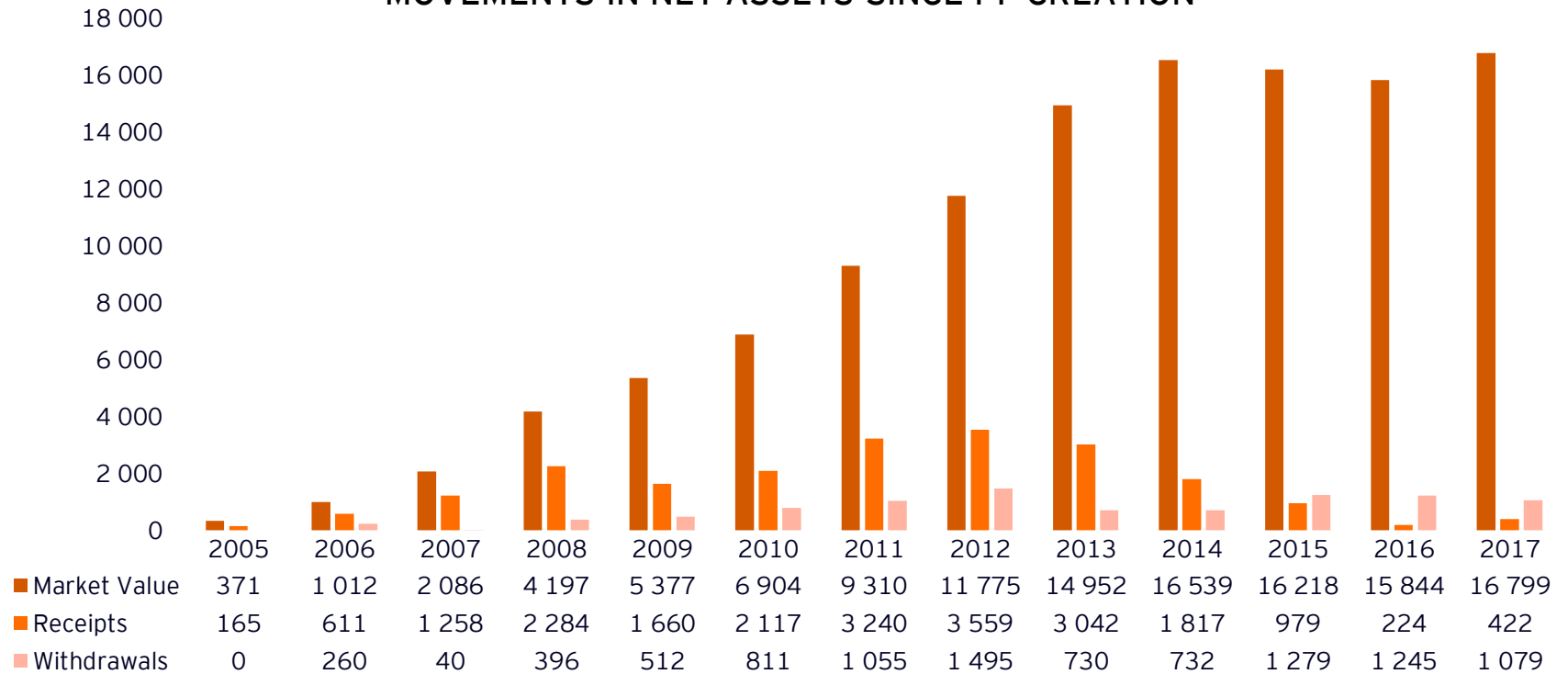
The Government withdrew 1,078.8 million USD from the Fund during 2017 to finance the General State Budget. This was 597 million USD more than the ESI of 482 million USD for the year.

Regarding withdrawals, in September of 2017, the new government proposed a budget rectification which would have increased the authorized withdrawal from the Petroleum Fund during 2017 from 1.079 billion USD in the enacted budget to 1.302 billion USD. However, Parliament did not enact this rectification, and the Government transferred the entire authorized 1.079 billion USD by the end of 2017, finishing the year with 288 million USD in the state treasury (up from 212 million USD at the start of 2017).

*Sources: Annual Report Petroleum Fund 2017 &
<https://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#reports> &
<http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#2017>*

4.6 Petroleum Fund

MOVEMENTS IN NET ASSETS SINCE PF CREATION



Source: Annual Report Petroleum Fund 2017

4.6 Petroleum Fund

Net Investment Return 2017

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.

At the end of 2017 US bonds account for over 83.1% of total bonds and US companies account for 59.2% of the equity portfolio.

The Petroleum Fund's investment return before expenses was 10,4% in 2017, the highest annual return since inception. The real return, which accounts for US inflation, was +2.5% per cent in 2017 (2% in 2016).

Petroleum Fund performance in 2017

The Petroleum Fund posted a gain of 1,612 million USD in 2017 after deducting expenses. This is a recovery from previous year income of 648 million USD and follows income loss of 21 million USD in 2015.

Details and more information of the PF can be seen in PF Annual report 2017, published at the MoF website.

Civil Society's perspective

Currently, the MSWG is composed of seven civil society representatives, four industry representatives, seven government representatives and two representatives of state-owned enterprises.

La'o Hamutuk's submission to Parliament on the proposed 2017 budget urged the Ministry of Finance to take a more prudent approach to projecting future investment returns, as these will provide the bulk of Petroleum Fund income now that Kitan and Bayu-Undan are mostly depleted.

Furthermore, according to the EITI evaluation, concerning requirement 1.3 on CSO involvement "Civil society has made efforts to improve the quality of their participation in the EITI process as shown by the contributions to the discussions of the EITI Report, annual progress report and mainstreaming, consultations with local CSOs, regular participation in MSWG meetings and efforts to improve the process for selecting representatives to the MSWG." This demonstrates a stronger commitment by CSO to be part of the decision process and to improve transparency in their country.

Source: <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm#2017> & <https://eiti.org/timorleste>

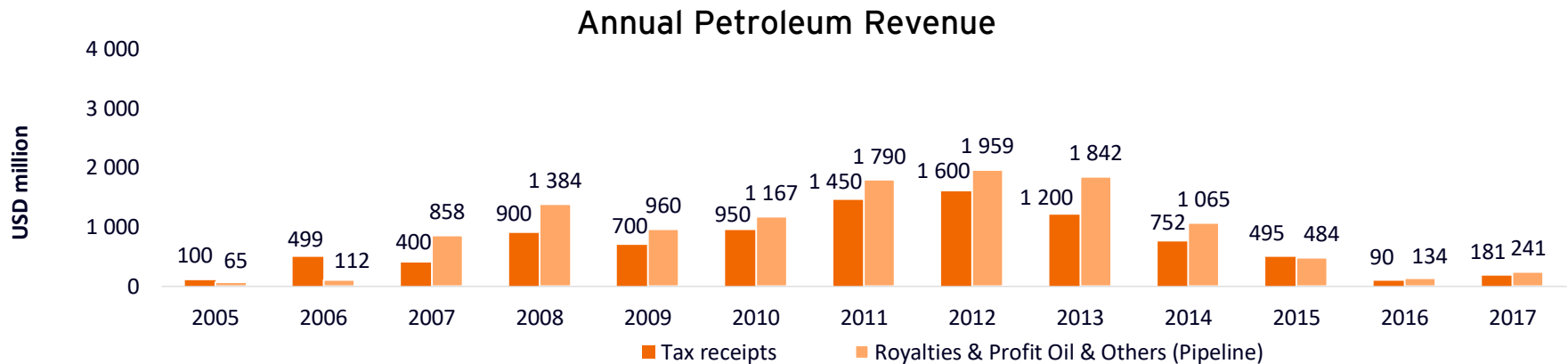
4.6 Petroleum Fund

Petroleum Fund Revenues

In 2017, 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 total petroleum revenue collected during 2017 was 422 million USD. That was comprised of 181 million USD in petroleum taxes, 234 million USD in royalties and oil and gas profit and 7 million USD in other petroleum revenues. These collections were in accordance with Articles 6.1 (a), (b), and (e) of the Petroleum Fund Law respectively.

According to the Petroleum Fund financial statements, in 2017 the Fund started with a beginning balance of 15,844 million USD, received around 422 million USD of petroleum revenue, as transfer to state budget -1,079 million USD, had 1,612 million USD of investment profit and finish with 16,799 million USD.

The split between the Tax and Non Tax petroleum revenues since 2005 were as follows:



4.6 Petroleum Fund

Government of Timor-Leste and ConocoPhillips Australia settle tax disputes

As disclosed on the last report in February 2016, Timor-Leste's Government and ConocoPhillips announced a settlement of several tax disputes. In particular, the parties resolved the tax assessments related to the Bayu-Undan decommissioning plan, the drilling of Phoenix-Firebird and the Capacity Reserve Charge. The parties were unable to reach an agreement regarding the pipeline withholding tax and had agreed to leave the matter with the Singapore International Centre constituted Tribunal.

The Timor-Leste MSWG discussed the issue regarding publishing the amount of the tax settlement and due to time constraint to reconcile and to reach agreement by relevant parties, it was not included in 2016 report however agreed to be disclosed in 2017 report, as following:

2016 Tax offset ConocoPhillips

Summary of Tax Payments and Refunds for EITI YEAR ENDED 31 December 2016							
Schedule of Settlement Amount Offsets	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Timor Sea) Pty Ltd	ConocoPhillips (Emet) Pty Ltd	ConocoPhillips JPDA Pty Ltd	ConocoPhillips (03-13) Pty Ltd	ConocoPhillips Timor-Leste Pty Ltd	COP Contractors TOTAL
Allocation of Tax Settlement Offsets:							
Offset against tax payments	36 243 962	8 786 889	975 471	17 127 303	5 987 081	-	69 120 705
Offset against PSC payments	73 604 836	21 237 039	2 502 536	39 506 146	13 828 497	-	150 679 053
Total Tax Settlement Offsets	109 848 798	30 023 927	3 478 006	56 633 449	19 815 578	-	219 799 758

2017 Tax offset ConocoPhillips

Summary of Tax Payments and Refunds for EITI YEAR ENDED 31 December 2017							
Schedule of Settlement Amount Offsets	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Timor Sea) Pty Ltd	ConocoPhillips (Emet) Pty Ltd	ConocoPhillips JPDA Pty Ltd	ConocoPhillips (03-13) Pty Ltd	TOKYO Resources	INPEX
Allocation of Tax Settlement Offsets:							
Offset against tax payments						1 609 012	19 834 676
Offset against PSC payments	4 770 142	1 367 441	161 358	2 662 896	928 245		
Total Tax Settlement Offsets	4 770 142	1 367 441	161 358	2 662 896	928 245	1 609 012	19 834 676

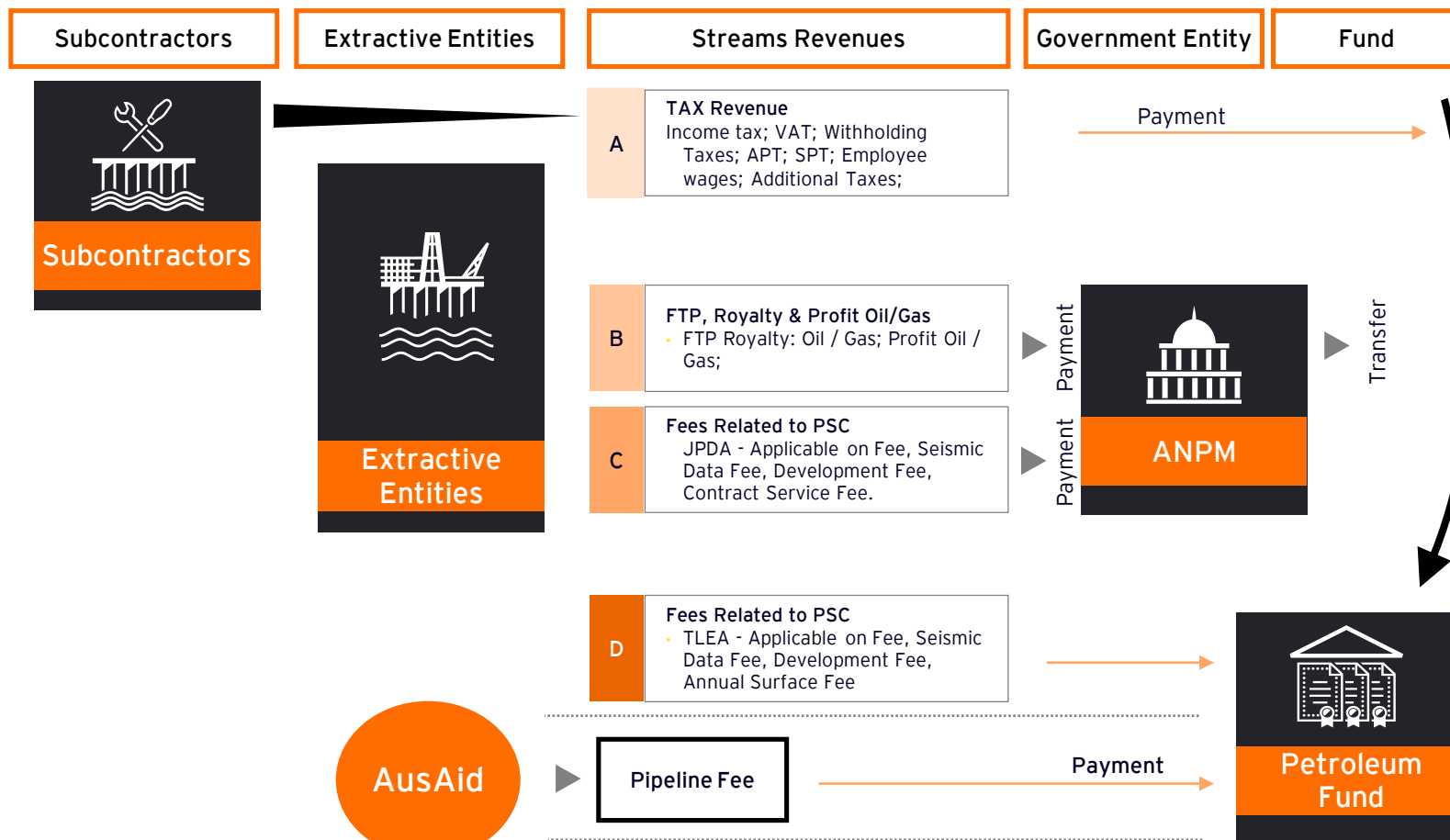
Source:

- <http://timor-leste.gov.tl/?p=14540&lang=en>
- <http://www.conocophillips.com.au/newsroom/news-releases/story/timor-leste-and-conocophillips-australia-settle-tax-disputes/>
- <https://www.laohamutuk.org/Oil/tax/2016/TLCPSettleTax17Feb2016en.pdf>

4.6 Summary of payments 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 petroleum fund, from which a portion is drawn through the government budget, benefiting the non-oil sector.



4.7 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. The NOC is not a partner in the Bayu-Undan, Kitan and Greater Sunrise fields in the JPDA, for which contracts were signed before the Petroleum Act became a Law and the NOC was established.

On the 18th of January 2019, the mentioned law was amended by the Law No.1/2019, which approved that the State participation, public collective people and any other collective people detained or controlled by these are not limited to a maximum participation of 20%, when this participation has by basis a commercial transaction or an award in the terms of law.

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 Petroleum and Gas sector.

This company receives a government injection of funds 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 2017 Annual Report.

The company is a 60% quota holder GAP-MHS Aviation Lda (GAP-MHS) and 40% interest is held by MHS Aviation Lda. In the 2017 financial year the entity received dividends from GAP MHS in the amount of 162,201 USD (2016: no dividends) and on a group basis has a financial result of 1,514,026 USD (2016: 384,021 USD). Moreover, the company received a government grant of 11,900,000 USD during the year ended 31 December 2017 (2016: 6,000,000 USD).

The activities of Timor GAP vary from Onshore to Offshore and National to International. In 2017 TIMOR GAP have:

- Part of the Joint Venture (JV) with Eni and Inpex for PSC 11-106 in the JPDA area with an effective date of October 23rd, 2013. TIMOR GAP has 24% of share in the JV.
- In December 2015, TIMOR GAP started for the first time a participation in the exploration activities within the TLEA, with one offshore exploration block and signed its second PSC, to begin exploration offshore in the block TL-SO-15-01.
- In April 2017, Timor GAP was awarded with two PSC's to commence the exploration of the two onshore blocks TL-OT-17-08 (Block A) and TL-OT-17-09 (Block C), a partnership with Timor Resources (50% each).
- TIMOR GAP is aiming to find partners to sign a new PSC regarding the Block B (Onshore), with negotiations intended for 2018.

Furthermore, from the analysis made, TIMOR GAP did not have any related quasi-fiscal expenditures for social services that can be reported in 2017.

See Annex H for the Timor GAP Onshore Blocks.

Source: Timor GAP 2017 Annual Report

4.7 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 (see Annex H) 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. In April 2017 Blocks A & C.

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 2017 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, as a young National Oil entity, the Ministry 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.”

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

4.7 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.

There are no legal requirements and/or government policy on the disclosure of contracts and licenses on exploration and exploitation of resources. However, these are all available at ANPM's website and annual reports.

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/>

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

Source: <http://www.anpm.tl/timor-leste-eiti/>

Moreover, laws and regulations can also be found at *Jornal da República* on the Ministry of Justice website.

Timor-Leste's Oil and Gas sector and both areas (JPDA, TLEA & Onshore) are governed under Production Sharing Contracts (PSCs) signed between the oil companies and the ANPM.

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

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

Also please find information in Annex E - PSC in Timor-Leste, D - List of Mining Licenses and F - Operator and Activity listing.

Other notes:

The majority of PCSs were signed when Timor-Leste was still in Indonesia occupation and not much more information exists about the application date or the process (the Annex E PSC - was inherited from Indonesia ZOCA Regime). The 2006 PSC has an application date of May 2006.

PSC 11-106 was awarded in 2013 and PSC TL-S0-15-01 in 2015. Those process was already disclosed on the EITI TL 2013 and 2015 report respectively.

Regarding the contracts awarded in 2017, as mentioned, there were PSC TL-OT-17-08 and TL-OT-17-09, however no date of application is exhibited at ANPM website.

As so, we suggest that the date of application becomes available, to comply with the requirement 2.3 of the EITI Standard 2016.

5

Tax Regime

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

1. The Joint Petroleum Development Area (JPDA) - jointly managed by Australia and Timor-Leste denominated by:
 - Covered by Timor Sea Treaty where covered on Bayu-Undan and Great Sunrise Filed project.
 - Covered by Timor Sea Treaty excluding Bayu-Undan and Great Sunrise Filed project.
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 Joint Petroleum Development Area (JPDA) and Timor-Leste's exclusive areas are conducted according to PSCs concluded between the Autoridade Nacional do Petróleo e Minerais (ANPM) and Contractors.

In addition, the TST guarantees that taxation is divided between 90% of the revenue from the JPDA to Timor-Leste and 10% to Australia.

We note that in 2019, a new Law entered into force due to the Resolution 15/2019 of the Ratification of the Timor Sea Treaty. According to the Law 5/2019, no significant changes to the tax legislation in Bayu-Undan and to the Tax Stability will occur. In fact, the new law surged due to the fact that regulators for the JPDA will be three entities, instead of just ANPM and consequently, a new law on the legislation had to be formulated.

This section summarizes the fiscal regime for each jurisdiction.

5.1 JPDA - Bayu-Undan & Greater Sunrise Fields

In the Annex E it is presented all PSCs covering the Bayu-Undan field and the Greater Sunrise field in 2017.

Broadly, the tax regime in JPDA is subject to the Timor Sea Treaty (TST) that effectively grants taxation rights to 90% of the revenue from the JPDA to Timor-Leste and 10% to Australia.

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

Great Sunrise:

- UNTAET Regulation No. 1/1999 on 25 October 1999
- Timor Sea Treaty
- Income Tax Law on 25th Oct 1999
- UNTAET Regulation No. 18/2000

NOTE: In 2019, new laws and regulations entered in force due to the definition of the boundaries between Australia and Timor Leste. Consequently, the Timor Sea Treaty was rectified by law 15/2019 and the new regulation concerning taxation became 5/2019 of 27th August. It was verified that no significant alterations occurred on the tax legislation, however for the 2017 Scope the applicable tax regime is still the previous one (prior no 2019). As such, please consider the next slides with the applicable taxes in Timor Leste in 2017.

➤ Bayu-Undan field tax regime

The Bayu-Undan field (covering PSCs JPDA 03- 12 and 03-13) is located in the JPDA and as such is governed by the Timor Sea Treaty (TST). The general taxation law (referred to as the Law on Income Tax - Indonesian tax laws at October 25th, 1999) has been subject to further modification as a result of the *ToBuca* and the Law on The Petroleum Development of Timor Sea (Tax Stability Act). Once again, please note that the following taxes need to be calculated on a 90% basis.

Income Tax

- Corporate Income Tax to Contractor at a flat rate 30% on Taxable Income
- Corporate Income tax for Subcontractors' or all services provider are subject to Individual Income tax on progressive tax rate : 10%, 15% and 30% on annual taxable Income.

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:

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

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

5.1 JPDA - Bayu-Undan & Greater Sunrise Fields

VAT

VAT at a rate of 9% (10% x 90%) is applied to "taxable services" provided in the JPDA from the services rendered or goods by supplier company (i.e. Subcontractors).

Withholding tax

There are various tax rates on gross Income of Goods and Services (WHT) for Subcontractors providing services in petroleum activities in Annex F of 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).

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% x 90% = 18% of the remuneration.

➤ Greater Sunrise field tax regime

The Greater Sunrise field (covering PSCs JPDA 03-19 and 03-20) is located partly (i.e. 20.1%) within the JPDA and partly (i.e. 79.9%) outside and under Australia's exclusive jurisdiction.

The tax regime is governed by the TST and the Sunrise International Unitization Agreement (SIUA).

The major difference from Bayu-Undan field tax regime and the Greater Sunrise field tax regime, besides the percentage to apply (90%*20.1% because Timor Leste only owns 20.1% of this field) and that there are progressive rates in the income tax, is the existence of the 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 individual or sub contractors following progressive rate: 10%, 15% and 30% on taxable Income.

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.

5.2 JPDA - Other fields

The tax regime applicable to Timor-Leste's exclusive areas applies equally to petroleum operations undertaken in areas in the JPDA, subject to certain modifications. The other fields are also subject to the 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% .

VAT

VAT at a rate of 9% (10% x 90%) is applied to "taxable services" provided in the JPDA from the services rendered or goods by supplier company (i.e. Subcontractors).

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 the JPDA.

Supplemental Petroleum TAX (SPT)

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 the following formula:

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

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

Wages Income TAX

Employees providing services in respect of petroleum activities in these fields 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 USD550) or (USD55 + 30% x amount wages above USD550) 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.

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

5.3 TLEA - Timor-Leste Exclusive Area

TLEA is, as defined by the Petroleum Act (Law No.13/2005) of Timor-Leste, the exclusive jurisdiction area of Timor-Leste. This country has the sovereign rights for the purposes of exploring for and exploiting its Petroleum (excluding any onshore area).

Income tax

Income tax applies to Contractors at a rate of 30%.

Service Tax

The rate for services tax to a contractor is 12%.

Sales tax

The rate for sales tax 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 (with some exceptions) to goods imported into Timor-Leste. The rate of import duty on the importation of goods by a Contractor in relation to petroleum operations is 6%.

Decommissioning costs for Timor-Leste petroleum activities.

Abandonment provision

For Timor-Leste and for tax purposes, an amount (permitted by PCS's and approved by ANPM) of a reserve for funding the abandonment may be claimed for a tax deduction for the if some requirements (as plan approval) are accomplished.

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 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:

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

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 USD550) or (USD55 + 30% x amount wages above USD550) 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.

6

Overview of Timor-Leste extractive industries in 2017 -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).

6.1 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. Please note that, as mentioned in page 40, the 2nd amendment on the Decree Law on ANPM is not applicable in this report, and it is only applicable from 2019 and onwards.

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.

Currently, the ministerial diploma n°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 (see all licenses per year in Annex D).

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>

6.1 Legal framework

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 cconstruction 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.

Ministerial Diploma No.43/2019 of September 18th

Furthermore, in 2019 the Government approved the Ministerial Diploma No. 43 /2019 of September 18th, related to the Intern Regulation on the Organic Law which mandates the creation of the Ministry of Petroleum and Mineral Resources (MPM), which is the central government body responsible for the design and implementation of energy policy and management of mineral resources, including oil and other strategic minerals, as well as for the licensing and regulation of the activity and oil and mineral processing, including petrochemicals and refining.

Nonetheless, ANPM is still the authority responsible to regulate the oil and natural gas sectors and industries, its derivatives and miner. ANPM is under the tutelage of oversight of MPM.

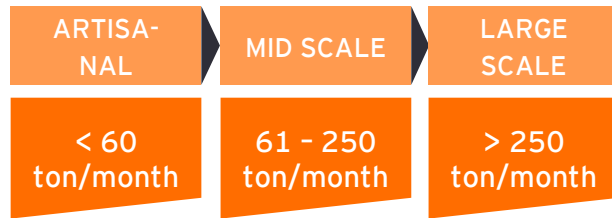
Note that this new Ministerial Diploma does not substitute the Ministerial Diploma 64/2016.

6.2 License process

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:



Mining / Extraction Fee - Art. 8

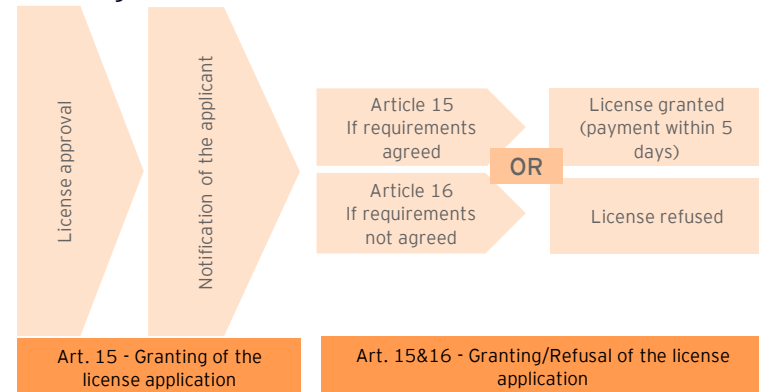
The exploration rates according with the different volume and classification are as follows:

Jornal da República

	MATERIAIS DE CONSTRUÇÃO (em USD/ton exploradas)		MATERIAIS DE TRANSFORMAÇÃO (em USD/ton exploradas)			ROCHAS ORNAMENTAIS (em USD/ton exploradas)	
	Outros 716mm	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	0.50	0.75	8.00	7.00

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:

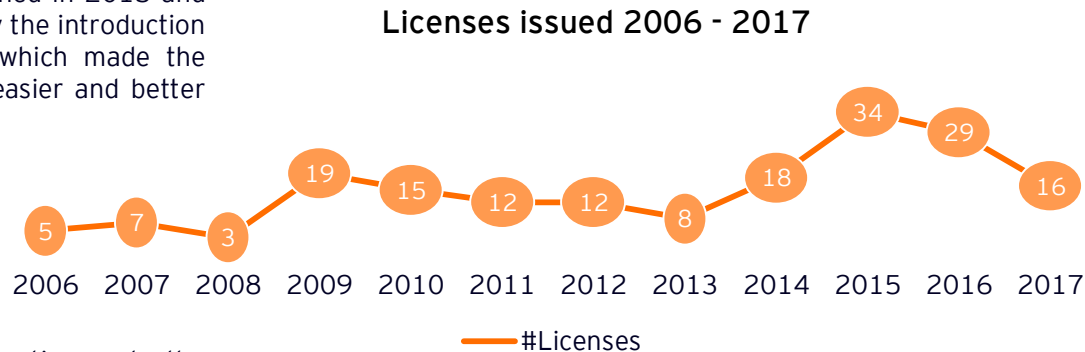


6.2 Timor Leste Mining Activity

Number of licenses

From 2006 to 2017, the number of licenses recorded by the Direcção Nacional de Minerais, MPM and ANPM have been increasing (see Annex D). Also significant is the increase verified in 2015 and 2016 comparing to prior 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 D.

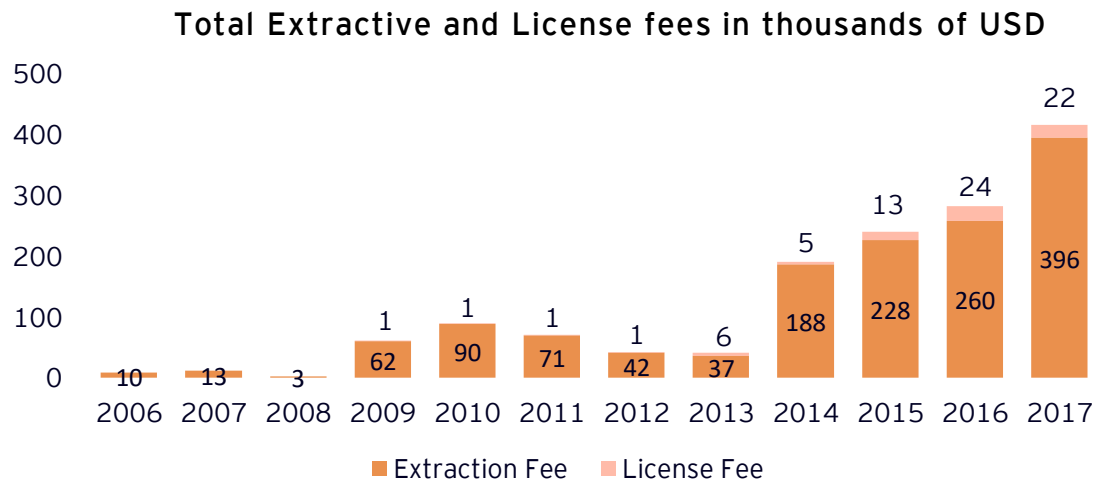
Source: <http://www.anpm.tl/list-of-licenses-2006-2018/>



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.

Source: ANPM 2017 Report



6.2 Timor Leste Mining Activity

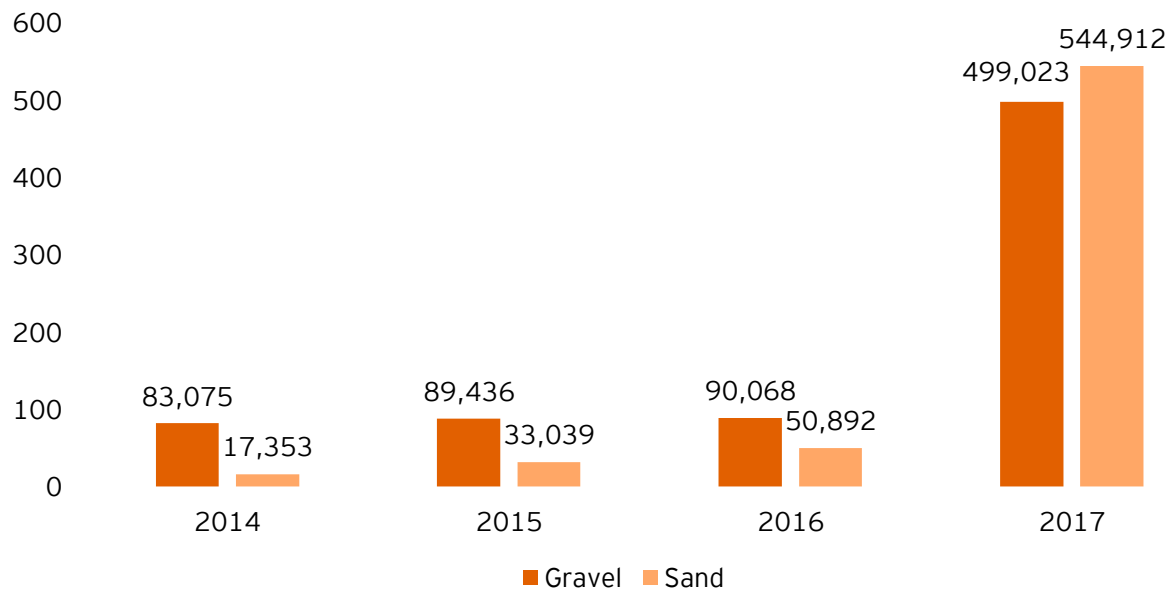
Production

The production in 2017 was extremely high in comparison with 2016 and 2015. In 2017, there were extracted 1,043,394,970.90 tons of construction material, including of 544,911,873.92 tons of gravel and 499,023,096.98 tons of sands. This rise in production was due to the additional payment for compensation collected during 2017.

The available data was only after 2014, as the previous ANPM Annual Reports (before 2016) did not disclose mining production data.

Source: ANPM 2016 Report & ANPM 2017 Report

Mineral Production



6.3 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” and the contributions to the economy for the fiscal year covered.

In the scoping phase, the MSWG have verified that formal or informal mining operations are predominantly simplified forms of exploration, extraction, processing and transportation. In Timor-Leste, this is still a typical informality sector with gaps in data (production statistics disaggregated by mine site and mineral).

Timor-Leste’s mining sector, due to the actual activities (production and fees collected), is considered a very small scale (specially compared to Oil & Gas sector).

The MSWG have considered issues of proportionality (i.e. how much effort, time and resources.), are appropriate for the amount of information that will be used. Data collection can have significant cost implications therefore it was concluded in the scoping phase, that the mining revenues are still immaterial.

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 9th and 10th Timor-Leste EITI Reports. 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 2016). This assessment also enabled the remediation of recommendations from prior EITI reports.

It is important to note that EITI Standard 2019 is not applicable to this report and therefore will not be considered on our approach.

7.1 Scope and IA

Independent Administrator

As Independent Administrator, EY has also 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 (extraction of oil and gas) 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 receive 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 10th report is the 2017 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 2016. This threshold permits to capture approximately 99% of the revenues received by the Government from petroleum activities in 2017.

Specifically, the following matters were considered:

- The total universe of national taxes (revenue streams) paid to the DNRP and accordingly, all non taxes paid to ANPM or to the Fund;
- Use all revenue streams existing in TL in 2017 (DNRP, ANPM and PF) on the basis for the calculation of the material stream relevant to the EITI report;
- The above information was reconciled with the information declared on the Financial Statements of the Petroleum Fund and ANPM;
- The amount / % considered was the combination of the number of revenues streams (more than 10) and the number of entities (around 41 in 2017, including subcontractors 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 only on a few players (as mentioned in prior EITI reports)
- Mandatory social payments and sector employment data is not yet collated by the Government on an industry-wide basis. However we have requested the information in our data collection templates.

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 2017, the basis for determining the scope of the report was accomplished.

7.1 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 2017 Report. The MSWG have defined materiality in terms of a minimum value of payment to the government (100,000 USD).

Sectors

The Oil & Gas sector covers more than 99% of tax and non tax revenues received from the extractive industry in 2017. The entities in scope (contractors and subcontractors) represents 99% of total revenue received.

Companies in the mining sector, have bigger dimension in 2017, overcoming 1 million USD of revenue.

Taking into account the requirements of the Standard (concerning the definition of significant reporting thresholds and accountable entities), MSWG has decided to include only the Oil and Gas sector in the report and the mining sector is included as an artisanal and small scale mining (ASM) providing an overview of ASM activity. Section 6 gives detail on mining activities. This also happens due to what was explained in section 3.5 regarding the payments in the mining sector not being related to mining extraction.

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. That will permit to capture approximately 1.63% of the total revenue received related with oil & gas activities in Timor-Leste.

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

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

CGG Services (Singapore) P/L	Eni JPDA 11-106 B.V.	TIMOR GAP PSC JPDA 11-106
ConocoPhillips (Timor Sea) Pty Ltd	Eni Timor - Leste S.p.A.	TIMOR GAP Offshore Unipessoal
ConocoPhillips (03-12) Pty Ltd	Inpex Sahul Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA
ConocoPhillips (03-13) Pty Ltd	Inpex Timor Sea Ltd	TIMOR RESOURCES PTY LTD
ConocoPhillips (03-19) Pty Ltd	Santos JPDA (91-12) Pty Ltd	Government Entities
ConocoPhillips (Emet) Pty Ltd	Talisman Resources (JPDA 06-105) Pty Ltd	Direção Nacional de Receitas Petrolíferas (DNRP)
ConocoPhillips JPDA Pty Ltd	Tokyo Timor Sea Resource Pty Ltd	Autoridade Nacional do Petróleo e Minerais (ANPM)
ConocoPhillips Timor-Leste Pty Ltd	Woodside Petroleum (Timor Sea 03-19) Pty Ltd	Banco Central de Timor-Leste (BCTL)
Eni JPDA 03-13 Limited	Woodside Petroleum (Timor Sea 03-20) Pty Ltd	TIMOR GAP E.P. (SOE)
Eni JPDA 06-105 Pty Ltd	Woodside Petroleum Ltd	Other (Pipeline fee)
		AusAid (1)

Subcontractors

AMEC Engineering Pty Ltd	Haliburton Aust Pty Ltd
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	Kakivik Asset Management LLC
CALTECH UNIP	KT Maritime services
Cameron Services Int. Pty Ltd	MILLENIUM OFFSHORE
CAPE AUSTRALIA ONSHORE	MMA Offshore Vessel Operations P/L
CHC Helicopter Australia Pty Ltd	Sedco Forex International INC
Clough Amec Pty Ltd	SGS Australia P/L
Compass Group Australia	Weathford Australia Pty Ltd
Contract resources Pty Ltd	

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 (see section 5 for more detail)
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 National Directorate Petroleum and Minerals Revenue (NDPMR). The payments that attract WHT are payments to services which includes management and consultancy fees, commissions, rent dividends and payments to non-resident contractors.
Additional taxes	Additional taxes were paid through the Tax assessment which related to the failure to deliver tax forms, tax payment, understatement of tax and failure to create and retain records, interest and penalties. It also includes the information about tax refund (from PY).

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.
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.
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.

7.3 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 (DNRP, 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.

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) 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 (ConocoPhillips, Eni, Woodside, ANPM, DNRP, PF and BCTL) we have made specific meetings in order to discuss and understand the assurance of the data that capture the procedures and internal controls validation (specific SOX and other internal control procedures made by the external auditors);

Every time there were differences and/or doubts about the data received we have requested the documents and/or other information that supports the transaction (bank statements, receipts, calculations or other's).

7.5 Other considerations

Transportation

Bayu-Undan field development plan, consisted of 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. Gas is sent via pipeline, where it is converted into Liquefied Natural Gas for sale to Tokyo Electric and Tokyo Gas in Japan. Since 2006, an average of one LNG cargo per week has been safely shipped to customers.

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 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 2017;
- To reconcile the data from extractive companies and government authorities on each type of payments for each company in 2017;
- 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 that 1 million dollars, we also reconciled the entities that ANPM reported to have payed above 100,000USD.

8.1 General results of payments reconciliation

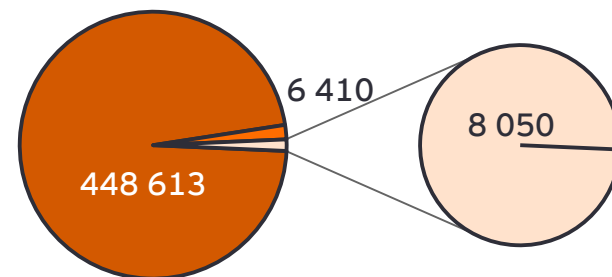
Revenues generated from Oil & Gas extractive activities and supported activities

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 2017 (Thousands USD)	Total	Scope	% Scope
Total Non Tax revenue reported by ANPM	275,637	275,637	100.00%
Total Tax Revenue Contractors	172,977	172,962	99.992%
Total Revenue Contractors	448,613	448,599	99.997%
Total Pipeline revenue reported by BCTL	6,410	6,410	100.00%
Total Tax Revenue Sub-contractors	8,050	7,715	95.83%
Not in scope		350	0.08%
TOTAL	463,074	462,724	99.92%

*Note that the total included an amount of -3,956 USD, which is not defined, meaning that it is clear if it belongs to tax or to non-tax. This value is not part of the scope.

Total Revenue in USD



- Oil & Gas extractive activities
- Oil & Gas supported activities
- Pipeline Fee

8.1 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

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

Out of 26 companies that have payments on petroleum activities to Government entities (DNRP, ANPM, BCTL and Petroleum Fund), 24 are in scope (accumulated payments above the threshold). The 2 entities not in scope were: Japan Energy EP JPDA Pty Ltd and Oilex (JPDA 06-103) Ltd. The payments from those entities represent 14 thousand USD of the total revenue, concerning Withholding tax payments from Japan Energy EP JPDA Pty Ltd.

Entities	Income Tax	Anual APT	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Total Tax
CGG Services (Singapore) P/L	-	-	-	-	-	-	-
Inpex Sahul Ltd	-	-	-	-	-	-	-
Inpex Timor Sea Ltd	-	-	-	-	6,788	-	6,788
Conocophillips (03-12) Pty Ltd	15,107,313	-	4,821,238	5,856,150	254,666	37,685,097	63,724,465
Conocophillips (Timor Sea) Pty Ltd	5,112,461	-	-	-	-	17,216,254	22,328,715
Conocophillips (Emet) Pty Ltd	620,948	-	-	-	-	5,635,014	6,255,962
Conocophillips JPDA Pty Ltd	9,731,655	-	-	-	-	14,768,570	24,500,225
Conocophillips (03-13) Pty Ltd	3,410,489	-	-	-	-	3,044,844	6,455,333
Conocophillips Timor Leste	-	-	-	300,835	22,804	-	323,639
ConocoPhillips (03-19) Pty Ltd	-	-	-	38,705	-	-	38,705
Woodside Energy Ltd	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	22,306	720	-	23,026
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd	7,568,681	-	-	-	-	9,937,288	17,505,970
Tokyo Timor Sea Resources Pty Ltd	15,398,645	-	-	-	38,705	2,300,700	17,738,050
ENI JPDA 03-13 Limited	5,362,075	715,451	-	-	-	7,392,986	13,470,512
ENI JPDA 06-105 PTY LTD	-	-	18,887	41,566	41,203	-	101,656
ENI JPDA 11-106 P/L	-	-	59,347	-	67,737	-	127,084
ENI Timor - Leste S.P.A (PSC area 4)	-	-	-	-	15,740	-	15,740
TIMOR GAP PSC JPDA 11-106	-	-	-	5,962	590	-	6,552
TIMOR GAP Offshore Unipessoal	-	-	-	40,126	185,768	-	225,894
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	-	32,845	5,362	-	38,207
TIMOR RESOURCES PTY LTD	-	-	-	75,746	-	-	75,746
Talisman Group	-	-	-	-	-	-	-
Total	62,312,267	715,451	4,899,472	6,414,241	640,083	97,980,752	172,962,267

8.1 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	Royalties	Profit Oil	Contract Services Fee	Development Fee	Total Non-Tax	
CGG Services (Singapore) P/L	-	-	-	-	-	-	
Inpex Sahul Ltd	-	-	26,562,295	-	-	26,562,295	
Inpex Timor Sea Ltd	-	-	-	-	-	-	
Conocophillips (03-12) Pty Ltd	47,231,654	-	119,663,811	160,000	-	170,873,666	
Conocophillips (Timor Sea) Pty Ltd	-	-		-	-		
Conocophillips (Emet) Pty Ltd	-	-		-	-		
Conocophillips JPDA Pty Ltd	-	-		-	-		
Conocophillips (03-13) Pty Ltd	-	-		-	160,000		3,658,200
Conocophillips Timor Leste	-	-		-	-		-
ConocoPhillips (03-19) Pty Ltd	-	-		-	-		-
Woodside Energy Ltd	-	-	-	-	-	-	
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	160,000	-	160,000	
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	160,000	-	160,000	
Santos JPDA (91-12) Pty Ltd	-	-	29,590,942	-	-	29,590,942	
Tokyo Timor Sea Resources Pty Ltd	-	-	21,218,448	-	-	21,218,448	
ENI JPDA 03-13 Limited	-	-	26,505,726	-	-	26,505,726	
ENI JPDA 06-105 PTY LTD	-	-	-	160,000	325,000	485,000	
ENI JPDA 11-106 P/L	-	-	-	80,000	-	80,000	
ENI Timor - Leste S.P.A (PSC area 4)	-	-	-	-	-	-	
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-	-	
TIMOR GAP Offshore Unipessoal	-	-	-	-	-	-	
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	-	-	-	-	
TIMOR RESOURCES PTY LTD	-	-	-	-	-	-	
Talisman Group	-	670	-	-	-	670	
Oilex (JPDA 06-103) Ltd	-	-	-	-	-	-	
Japan Energy E P JPDA Pty Ltd	-	-	-	-	-	-	
Others	-	-	-	-	-	-	
Total	47,231,654	670	223,541,222	880,000	3,983,200	275,636,746	

Note that for ANPM reports for Conocophillips Pty Ltd and not by each of 7 entities.

8.1 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

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

Out of the 24 contractors, 23 sent the templates with the 2017 data. From these contractors, 23 answered regarding the differences found between the report of the entity and Ministry of Finance. We did not obtain the template from Conocophillips (03-19) Pty Ltd and Timor Resources sent the template but did not sign.

Extractive Companies	Income Tax	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Offset	Total Tax
CGG Services (Singapore) P/L	-	-	-	-	-	-	-
Inpex Sahul Ltd	4,046,064	-	-	-	15,737,800	19,783,864	-
Inpex Timor Sea Ltd	50,812	-	-	6,788	-	50,812	6,788
Conocophillips (03-12) Pty Ltd	15,082,451	4,377,036	5,856,150	698,868	37,685,097	-	63,699,602
Conocophillips (Timor Sea) Pty Ltd	5,137,323	-	-	-	10,824,893	-	15,962,216
Conocophillips (Emet) Pty Ltd	620,948	-	-	-	1,276,827	-	1,897,775
Conocophillips JPDA Pty Ltd	9,731,655	-	-	-	21,159,931	-	30,891,586
Conocophillips (03-13) Pty Ltd	3,410,489	-	-	-	7,403,030	-	10,813,519
Conocophillips Timor Leste	-	-	282,036	41,602	-	-	323,638
ConocoPhillips (03-19) Pty Ltd	-	-	-	-	-	-	-
Woodside Energy Ltd	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	22,798	1,980	-	-	24,778
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	-	-	-	-	-	-	-
Santos JPDA (91-12) Pty Ltd	4,690,450	-	-	-	11,196,337	-	15,886,787
Tokyo Timor Sea Resources Pty Ltd	5,192,767	-	-	77,410	15,411,379	1,609,012	19,072,544
ENI JPDA 03-13 Limited	3,857,068	-	-	-	9,613,444	-	13,470,512
ENI JPDA 06-105 PTY LTD	-	18,886	62,887	19,582	-	-	101,355
ENI JPDA 11-106 P/L	-	59,372	-	67,910	-	-	127,282
ENI Timor - Leste S.P.A (PSC area 4)	-	-	-	15,543	-	-	15,543
TIMOR GAP PSC JPDA 11-106	-	-	6,222	480	-	-	6,702
TIMOR GAP Offshore Unipessoal	-	-	27,736	198,308	-	-	226,044
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	27,045	11,312	-	-	38,357
TIMOR RESOURCES PTY LTD	-	-	66,594	992	-	-	67,586
Talisman Group	-	-	-	-	-	-	-
	51,820,027	4,455,294	6,351,467	1,140,774	130,308,738	21,443,688	172,632,612

8.1 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 each entity is represented as follows:

Extractive Companies	FTP	Profit Oil	Contract Services Fee	Development Fee	Surface Rental Fee	Tax settlement	Total Non-Tax	
CGG Services (Singapore) P/L	-	-	-	-	-	-	-	
Inpex Sahul Ltd	-	26,562,295	-	-	-	-	26,562,295	
Inpex Timor Sea Ltd	-	-	-	-	-	-	-	
Conocophillips (03-12) Pty Ltd	49,189,178	61,698,521	320,000	3,658,200	-	9,890,083	104,975,816	
Conocophillips (Timor Sea) Pty Ltd	-	17,792,581	-	-	-	-	17,792,581	
Conocophillips (Emet) Pty Ltd	-	2,098,488	-	-	-	-	2,098,488	
Conocophillips JPDA Pty Ltd	-	34,078,229	-	-	-	-	34,078,229	
Conocophillips (03-13) Pty Ltd	-	11,928,552	-	-	-	-	11,928,552	
Conocophillips Timor Leste	-	-	-	-	-	-	-	
ConocoPhillips (03-19) Pty Ltd	-	-	-	-	-	-	-	
Woodside Energy Ltd	-	-	-	-	-	-	-	
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	160,000	-	-	-	-	-	160,000	
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	160,000	-	-	-	-	-	160,000	
Santos JPDA (91-12) Pty Ltd	-	29,590,941	-	-	-	-	29,590,941	
Tokyo Timor Sea Resources Pty Ltd	-	19,298,724	-	-	-	-	19,298,724	
ENI JPDA 03-13 Limited	-	26,505,726	-	-	-	-	26,505,726	
ENI JPDA 06-105 PTY LTD	-	-	160,000	325,000	-	-	485,000	
ENI JPDA 11-106 P/L	-	-	-	-	80,000	-	80,000	
ENI Timor - Leste S.P.A (PSC area 4)	-	-	-	-	-	-	-	
TIMOR GAP PSC JPDA 11-106	-	-	-	-	-	-	-	
TIMOR GAP Offshore Unipessoal	-	-	-	-	-	-	-	
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	-	-	-	-	-	
TIMOR RESOURCES PTY LTD	-	-	-	-	-	-	-	
Talisman Group	-	-	-	-	-	-	-	
	49,509,178	229,554,056	480,000	3,983,200	80,000	-	9,890,083	273,716,351

8.1 Extractive companies - Reconciliation results

The reconciliation process was as described in Section 8.1. Bellow are displayed the differences noted between amounts paid from oil & gas extractive activities and amounts received by Government Entities:

See on the next pages the description of the adjustments made during the reconciliation process.

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 diferences
CGG Services (Singapore) P/L	-	-	-	-	-	-	-	-
Inpex Sahul Ltd	26,562,295	26,562,295	-	-	-	26,562,295	26,562,295	0
Inpex Timor Sea Ltd	6,788	6,788	-	-	-	6,788	6,788	-
Conocophillips (03-12) Pty Ltd	168,675,418	294,462,003	125,786,586	--	125,786,586	168,675,418	168,675,418	-
Conocophillips (Timor Sea) Pty Ltd	33,754,797	-	33,754,797	-	33,754,797	33,754,797	33,754,797	-
Conocophillips (Emet) Pty Ltd	3,996,263	-	3,996,263	-	3,996,263	3,996,263	3,996,263	-
Conocophillips JPDA Pty Ltd	64,969,815	-	64,969,815	-	64,969,815	64,969,815	64,969,815	-
Conocophillips (03-13) Pty Ltd	22,742,071	-	22,742,071	-	22,742,071	22,742,071	22,742,071	-
Conocophillips Timor Leste	323,638	-	323,638	-	323,638	323,638	323,638	-
ConocoPhillips (03-19) Pty Ltd	-	38,705	38,705	-	-	-	38,705	38,705
Woodside Energy Ltd	-	-	-	-	-	-	-	-
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	184,778	183,026	1,751	-	1,751	184,778	184,778	-
Woodside Petroleum (Timor Sea 03-20) Pty Ltd	160,000	160,000	-	-	-	160,000	160,000	-
Santos JPDA (91-12) Pty Ltd	45,477,728	47,096,911	1,619,183	323,392	-	45,801,120	47,096,911	1,295,791
Tokyo Timor Sea Resources Pty Ltd	38,371,268	38,956,498	585,230	1,919,724	1,334,494	40,290,992	40,290,992	0
ENI JPDA 03-13 Limited	39,976,238	39,976,238	-	-	-	39,976,238	39,976,238	-
ENI JPDA 06-105 PTY LTD	586,355	586,656	300	-	-	586,355	586,656	300
ENI JPDA 11-106 P/L	207,282	207,084	198	-	198	207,282	207,282	-
ENI Timor - Leste S.P.A (PSC area 4)	15,543	15,740	198	-	198	15,543	15,543	-
TIMOR GAP PSC JPDA 11-106	6,702	6,552	150	150	-	6,552	6,552	0
TIMOR GAP Offshore Unipessoal	226,044	225,894	150	150	-	225,894	225,894	0
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	38,357	38,207	150	150	-	38,207	38,207	0
TIMOR RESOURCES PTY LTD	67,586	75,746	8,160	-	-	67,586	75,746	8,160
Talisman Group	-	670	670	-	-	-	670	670
Total	446,348,963	448,599,013	2,250,050	2,242,666	1,336,244	448,591,629	449,935,257	1,343,628

8.1 Extractive companies - Adjustments by the Government

Entities	Income Tax	APT Installment	VAT - JPDA	Wages Withholding Tax	Withholding Tax Payments	Bayu Undan APT Installment	Profit Oil	Total	Notes
ConocoPhillips (03-12) Pty Ltd	24,862	-	444,202	-	444,202	-	125,811,448	125,786,586	1)
ConocoPhillips (03-13) Pty Ltd	-	-	-	-	-	4,358,186	27,100,257	22,742,071	
ConocoPhillips (Emet) Pty Ltd	-	-	-	-	-	4,358,186	361,923	3,996,263	
ConocoPhillips (Timor Sea) Pty Ltd	24,862	-	-	-	-	6,391,361	40,171,020	33,754,797	
ConocoPhillips JPDA Pty Ltd	-	-	-	-	-	6,391,361	58,578,454	64,969,815	
ConocoPhillips Timor-Leste Pty Ltd	-	-	-	-	-	-	323,638	323,638	
	-	-	444,202	--	444,202	0	2-	2	
								0.00	2)
ENI JPDA 03-13 Limited	1,505,007	-	-	-	-	1,505,007	-	0.00	
ENI JPDA 06-105 PTY LTD	-	-	-	21,321	21,321	-	-	0.00	
ENI JPDA 11-106 P/L	-	-	25	173	-	-	-	197.93	
ENI Timor - Leste S.P.A (PSC area 4)	-	-	-	--	198	-	-	-197.94	
	1,505,007	-	25	21,494	21,519	1,505,007	--	0	
Tokyo Timor Sea Resources Pty Ltd	7,192,764	8,488,553	-	-	38,705	-	-	1,334,494	3)
Woodside Petroleum (Timor Sea 03-19) Pty Ltd	-	-	-	491	1,260	-	-	1,751	4)
TIMOR GAP PSC JPDA 11-106	-	-	-	135	135	-	-	-	5)
TIMOR GAP Offshore Unipessoal	-	-	-	12,540	12,540	-	-	-	
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	-	5,950	5,950	-	-	-	
	7,192,764	8,488,553	-	17,864	58,320	-	-	1,336,245	

8.1 Extractive companies - Adjustments by the Government

The type of adjustments identified in the amounts reported by the Government entities:

- Tax offset;
- Tax received reported but incorrectly classified by type of tax or entity;
- The reconciliation adjustments are presented by Entity and by type of receipt and were supported by adequate evidence.

1) Adjustments on amount reported to Conocophillips Pty Ltd

The adjustments correspond to incorrect classification by type of tax and by type of entity.

2) Adjustments on amount reported to ENI Pty Ltd

The adjustments correspond to incorrect classification by type of tax and by type of entity.

3) Adjustments on amount reported to Tokyo Timor Sea Resources Pty Ltd

The adjustments correspond to several payments being registered in different tax revenue streams by the government and in four payments reported by the entity and not by the government. We have obtained the documents that support these payments, provided by the entity.

4) Adjustments on amount reported to Woodside Petroleum (Timor Sea 03-19) Pty Ltd

The adjustments are justified due to incorrect classification by type of tax and due to two payments reported by the entity and not by the government. In fact, MoF failed to report the payments in September 2017 and we have obtained the correspondent documentation of support provided by the entity.

5) Adjustments on amount reported to Timor GAP

The adjustments correspond to incorrect classification by type of tax.

8.1 Extractive companies - Adjustments by the Contractors

Entities	APT Installment	Wages Withholding Tax	Profit Oil	Total	Notes	
Santos JPDA (91-12) Pty Ltd	323,392			323,392	1)	
Tokyo Timor Sea Resources Pty Ltd	-	-	1,919,724	1,919,724	2)	
TIMOR GAP PSC JPDA 11-106	-	-	150	-	150	
TIMOR GAP Offshore Unipessoal	-	-	150	-	150	3)
TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	-	-	150	-	150	
Total	323,392	-	450	1,919,724	2,242,666	

1) Adjustments on amount reported by Santos JPDA (91-12) Pty Ltd

The entity failed to report the APT annual installment paid in April 2017 regarding 2016. This payment was incorrectly reported in 2016.

2) Adjustments on amount reported by Tokyo Timor Sea Resources Pty Ltd

The entity failed to report two payments: one in January 2017 related to December 2016 in the amount of 857,234 USD and a payment in June 2017 regarding the month of May, in the amount of 1,062,490 USD.

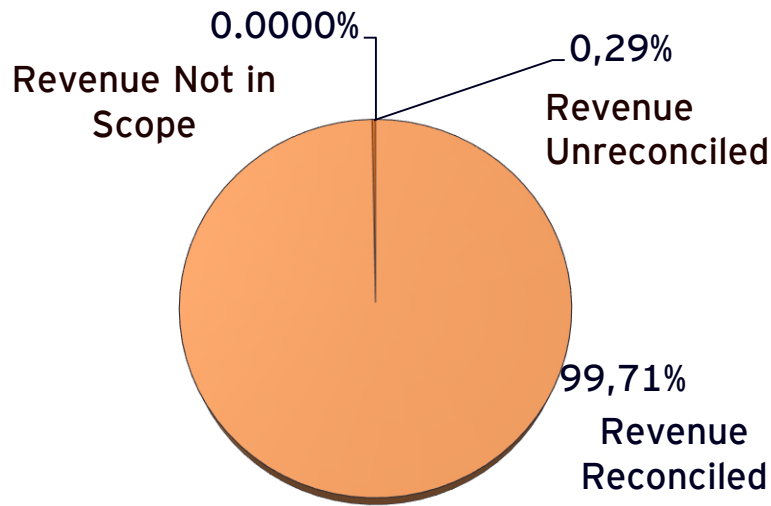
3) Adjustments on amount reported by Timor GAP EP

The three entities reported several bank charges associated with the payments, which are not part of the payment received by the government, therefore it should not be reported.

8.1 Extractive companies - Unreconciled differences

Based on the final results the difference not reconciled are approximately 1,3 million USD. This amount represents around 0.3% of total revenue of extractive activities.

The chart below shows the final results and the fact that 99,71% of the payments from operators were reconciled.



■ Revenue reconciled ■ Revenue unreconciled ■ Revenue not in Scope

Entities	Amount in USD
ConocoPhillips *	38,705
Santos JPDA (91-12) Pty Ltd *	1,295,791
ENI JPDA 06-105 PTY LTD	300
TIMOR RESOURCES PTY LTD	8,160
Talisman Group	670
Others	-3,956
Total	1,339,671

**IA did not receive additional support information that could permit to conclude that the amount was reconcile*



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8.2 Payments from Oil & Gas subcontractors in Scope - Reported by the Government

Tax payments from Subcontractors

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

Out of 29 subcontractors that have paid tax amounts to DNRP, we have identified 17 entities that have made payments (to the revenue streams) above the threshold to Government entities in scope.

Subcontractors Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Tax	Total reported by Government
AMEC Engineering Pty Ltd	-	216,442	-	-	216,442
CALTECH UNIP	7,878	604,233	1,076	-	613,187
Cameron Services Int. Pty Ltd	47,309	53,442	-	-	100,751
CAPE AUSTRALIA ONSHORE	-	120,055	343,097	-	463,152
CHC Helicopter Australia Pty Ltd	-	483,576	-	-	483,576
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	-	-	-	135,092	135,092
Clough Amec Pty Ltd	362,571	422,348	1,189,578	-	1,974,497
Compass Group Australia	137,914	113,801	-	-	251,715
Contract resources Pty Ltd	-	-	203,849	-	203,849
Haliburton Aust Pty Ltd	320,872	350	19,882	-	341,104
Kakivik Asset Management LLC	-	119,577	56,033	-	175,610
KT Maritime services	-	23,981	192,442	-	216,423
MILLENIU OFFSHORE	32,660	105,942	1,391,615	-	1,530,217
MMA Offshore Vessel Operations P/L	-	224,686	-	-	224,686
Sedco Forex International INC	-	-	219,188	-	219,188
SGS Australia P/L	20,088	125,660	-	-	145,749
Weathford Australia Pty Ltd	419,625	-	-	-	419,625
Total in Scope	1,348,918	2,614,093	3,616,761	135,092	7,714,863

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

Tax payments from Subcontractors

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

Out of the 17 subcontractors, 13 sent the templates with the 2017 data. From these subcontractors, 10 answered regarding the differences found between the report of the entity and Ministry of Finance. One subcontractor (Contract Resources) sent the template but did not sign it.

Extractive Companies	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total reported by entities
AMEC Engineering Pty Ltd	-	216,442	-	216,442
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	-	-	-	-
CALTECH UNIP	116,278	486,110	12,884	615,272
Cameron Services Int. Pty Ltd	-	-	-	-
Cape Australia Onshore Pty Ltd	-	510,668	-	510,668
CHC Helicopter Australia Pty Ltd	-	364,557	-	364,557
Clough Amec Pty Ltd	318,344	1,468,546	190,457	1,977,347
Compass Group Australia	246,881	-	195,328	442,209
Contract resources Pty Ltd	-	-	16,272	16,272
Haliburton Aust Pty Ltd	317,356	23,975	101	341,432
Kakivik Asset Management LLC	-	-	-	-
KT Maritime services	-	-	-	-
MILLENIUM OFFSHORE	108,867	340,824	808,674	1,258,365
MMA Offshore Vessel Operations P/L	-	-	-	-
Sedco Forex International INC	-	-	-	-
SGS Australia P/L	81,718	-	71,699	153,418
Weathford Australia Pty Ltd	-	-	-	-
	1,189,444	3,411,122	1,295,415	5,895,982

8.2 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 initial request	Adjustments by the entities	Adjustments by the Government	Reported by Entity	Reported by Government	Results after Reconciliation
AMEC Engineering Pty Ltd	216,442	216,442	-	-	-	216,442	216,442	-
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	-	135,092	135,092	135,092	-	135,092	135,092	-
CALTECH UNIP	615,272	613,187	- 2,084	-	-	615,272	613,187	- 2,084
Cameron Services Int. Pty Ltd	-	100,751	100,751	-	-	-	100,751	100,751
Cape Australia Onshore Pty Ltd	510,668	463,152	- 47,516	-	-	510,668	463,152	- 47,516
CHC Helicopter Australia Pty Ltd	364,557	483,576	119,019	-	-	364,557	483,576	119,019
Clough Amec Pty Ltd	1,977,347	1,974,497	- 2,850	-	2,850	1,977,347	1,977,347	-
Compass Group Australia	442,209	251,715	- 190,494	-	-	442,209	251,715	- 190,494
Contract resources Pty Ltd	16,272	203,849	187,577	-	-	16,272	203,849	187,577
Haliburton Aust Pty Ltd	341,432	341,104	- 328	-	-	341,432	341,104	- 328
Kakivik Asset Management LLC	-	175,610	175,610	-	-	-	175,610	175,610
KT Maritime services	-	216,423	216,423	-	-	-	216,423	216,423
MILLENIUM OFFSHORE	1,258,365	1,530,217	271,852	- 116,212	- 428,480	1,142,153	1,101,737	- 40,417
MMA Offshore Vessel Operations P/L	-	224,686	224,686	-	-	-	224,686	224,686
Sedco Forex International INC	-	219,188	219,188	200,349	- 18,839	200,349	200,349	-
SGS Australia P/L	153,418	145,749	- 7,669	- 7,669	-	145,749	145,749	-
Weathford Australia Pty Ltd	-	419,625	419,625	419,625	-	419,625	419,625	-
Total	5,895,982	7,714,863	1,818,882	631,186	- 444,469	6,527,167	7,270,394	743,227

8.2 Subcontractors- Adjustments by the Government

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Total	Notes
Cape Australia Onshore Pty Ltd	-	343,097	-	343,097	1)
Clough Amec Pty Ltd	44,227	1,046,198	-	999,121	2,850
Haliburton Aust Pty Ltd	4,424	315	-	4,109	0
MILLENIUM OFFSHORE	-	-	-	428,480	428,480
Sedco Forex International INC	-	-	-	18,839	18,839
SGS Australia P/L	54,871	-	-	54,871	-
Total	15,068	1,388,980	-	1,848,517	-

1) Adjustments on amount reported to Cape Australia Onshore Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

2) Adjustments on amount reported to Clough Amec Pty Ltd

The majority of the adjustments are due to incorrect tax classification by the government. In fact, all the payments, except for one identified in the value of 2,850USD, are equal in both entities, but are not correctly allocated by MoF. We obtained the documentation that supports this payment, provided by the entity.

3) Adjustments on amount reported to Haliburton Aust Pty Ltd

The adjustments correspond to incorrect classification by type of tax.

4) Adjustments on amount reported to Millenium Offshore

The adjustment is due to a payment regarding Withholding Tax made in 2016 but incorrectly reported in 2017.

5) Adjustments on amount reported to Sedco Forex International INC

The adjustment is due to a payment regarding Withholding Tax made in 2016, referring to operations of Sedco in 2014 and 2015, but incorrectly reported in 2017.

6) Adjustments on amount reported to SGS Australia P/L

The adjustments correspond to incorrect classification by type of tax.

8.2 Subcontractors- Adjustments by the Subcontractors

Subcontractors	Income Tax	Wages Withholding Tax	Withholding Tax Payments	Additional Taxes	Total	Notes
Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd	135,092	-	-	-	135,092	1)
SGS Australia P/L	- 6,759	-	- 910	-	- 7,669	2)
Sedco Forex International INC	-	-	200,349	-	200,349	3)
MILLENIUM OFFSHORE	- 10,887	- 33,910	- 71,415	-	- 116,212	4)
Weathford Australia Pty Ltd	419,625	-	-	-	419,625	5)
Total	537,072	- 33,910	128,024	-	631,186	

1) Adjustments on amount reported by Amec Engineering P/L & Clough Engineering Integ. Solutions Services Pty Ltd

The entity failed to report a payment in March 2017 regarding the Annual Income Tax Return.

2) Adjustments on amount reported to SGS Australia P/L

The entity did not report the payments in the payments logic that MoF follows. The payments of January 2017 regarding December 2016 were not reported in 2017 and the payments in January 2018 regarding December 2017 were incorrectly reported in 2017.

3) Adjustments on amount reported to Sedco Forex International INC

The adjustment is due to a payment regarding Withholding Tax made in 2017, referring to operations of Sedco in 2014 and 2015. but not reported by the entity.

4) Adjustments on amount reported to Millenium Offshore

The entity did not report the payments in the payments logic that MoF follows. The payments of January 2017 regarding December 2016 were not reported in 2017 and the payments in January 2018 regarding December 2017 were incorrectly reported in 2017.

5) Adjustments on amount reported to Weathford Australia Pty Ltd

The entity failed to report a payment in 2017 of income tax regarding operations in 2014 and 2015.

8.2 Subcontractors - Reconciliation results

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	7,714,863	106%
Adjustments by the Government entities	- 444,469	-6%
Final tax amount reported by the Government	7,270,394	
Total amount reported initially by Subcontractors	5,895,982	81%
Adjustments by the entities	631,186	9%
Final tax amount reported by the Subcontractors	6,527,167	
Entities not answered	717,470	10%
Amount not conciliated	743,227	10%

Out of 17 entities in scope, we have not obtained an answer for 4 entities: Cameron Services International Pty Ltd, Kakivik Asset Management LLC , KT Maritime services and MMA Offshore Vessel Operations Pty Ltd.

The detail by tax payment not answered by the entities not answered is detailed as follow:

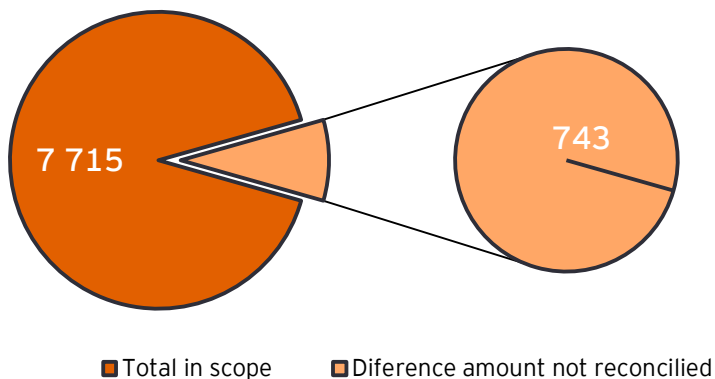
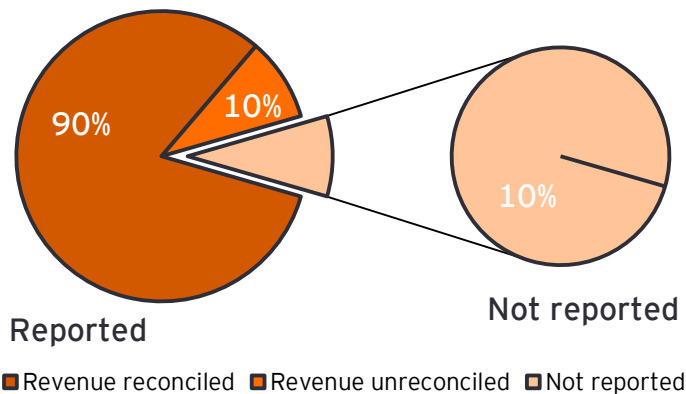
Description	Reported by Government
Income Tax	47,309
Wages Withholding Tax	421,685
Withholding Tax Payments	248,475
	717,470

- The total amount not reported by entities is 717,470 USD and is described by entity on the next pages.
- The total amount not conciliated is USD 743,227 an amount not significant compared with the total amount validated. This amount was not validated since we were not able to obtain an answer from the respective entities.

8.2 Subcontractors- Unreconciled differences

Based on the final results, the difference not reconciled are approximately USD 743,227. These amounts represent around 0.2% of total revenue of extractive activities.

Unreconciled amount



Subcontractors Companies	Reported by Entity	Reported by Government	Results after Reconciliation
Differences not reconciled			
CALTECH UNIP	615,272	613,187	- 2,084
Cape Australia Onshore Pty Ltd	510,668	463,152	- 47,516
CHC Helicopter Australia Pty Ltd	364,557	483,576	119,019
Compass Group Australia	442,209	251,715	- 190,494
Contract resources Pty Ltd	16,272	203,849	187,577
MILLENIU OFFSHORE	1,142,153	1,101,737	- 40,417
Haliburton Aust Pty Ltd	341,432	341,104	- 328
Total Differences not reconciled			25,757
Not reported			
Cameron Services Int. Pty Ltd	-	100,751	100,751
Kakivik Asset Management LLC	-	175,610	175,610
KT Maritime services	-	216,423	216,423
MMA Offshore Vessel Operations P/L	-	224,686	224,686
Total Not reported			717,470
Total			743,227

8.3 Pipeline Fee

Reconciliation results of the Pipeline Fee:

Company Name	Aus Aid (AUD \$) - reported by AusAid	Aus Aid (USD \$) - reported by BCTL	Results of the initial request	Adjustments during Reconciliation	Results after Reconciliation
AUSAID	8,000,000	6,410,400	-	-	-
Total	8,000,000	6,410,400	-	-	-

The Pipeline Fee was reported by AusAid in the amount of 8,000,000 AUD (Australian Dollars) and the Banco Central de Timor Leste (BCTL) reported 6,410,400 USD (American Dollars).

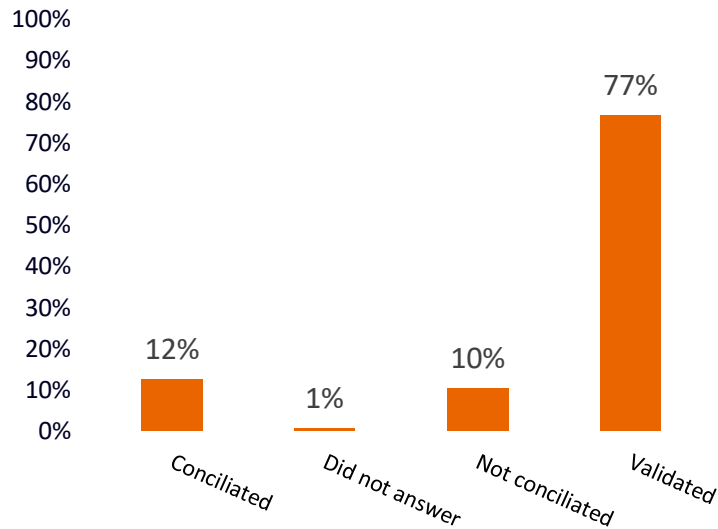
Due to the different currency, we have contacted BCTL for clarifications regarding the exchange rate considered on the date of the payment.

In fact, the fx rate considered was 0.8013, which means that 8,000,000 AUD correspond to 6,410,400 USD on the date of the payments, which is indeed the value reported by BCTL.

8.4 Reconciliation results of MoF - summary

The summary of reconciliation results:

RECONCILIATION RESULTS

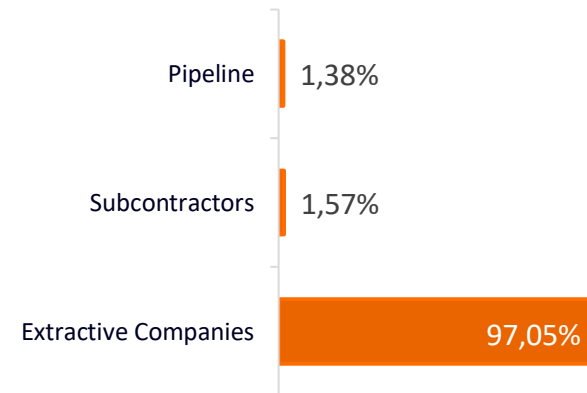


The graph above represents the unreconciled amount in US Dollars, for each category. The amounts not conciliated are around USD 1,4 million, being that around USD 1,3 million come from the difference presented by Santos JPDA (91-12) Ltd.

During the reconciliation process, the total receipts from the Government entities have decreased 0.2% and only 0.5% of the total amount initially reported by the government was not conciliated.

Payments from Oil & Gas extractive activities represent 97,05% of the total receipts validated and subcontractors amount validated represents 1,57% of the total amount of receipts validated.

% RECEIPTS VALIDATED BY TYPE OF COMPANY





TLEiti

8.5 Payments in the mining sector

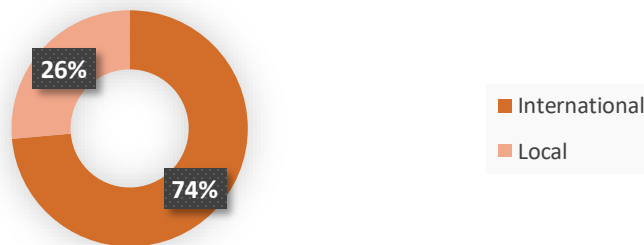
We have contacted ANPM to understand which companies payed above the threshold (100,000USD) in 2017, which were compacted in the next table.

Name of Proponent	Total
Chongqing International Construction Corporation, R.P.	121,308.00
COVEC-CRFG JV Lda.	400,000.00
Sinohydro Corporation Limited, R.P	158,550.00

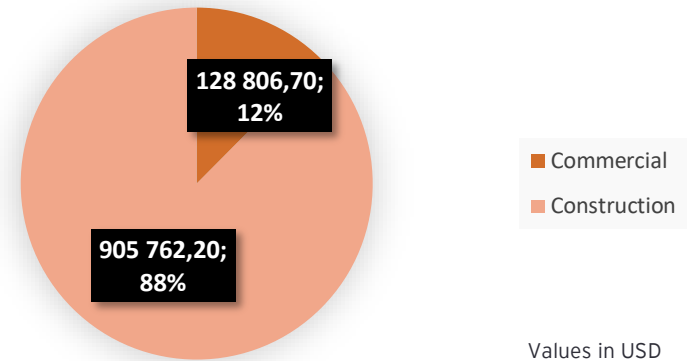
We have also obtained the detail of the payments received by this government entity in 2017 (please see Annex C).

As mentioned in chapter 3.4, these entities do not have activities in the mining sector, only in construction. In fact, ANPM verified that these two companies are constructing a road for the mining extraction but are not part of the mining sector itself. According to the Ministerial Diploma No. 1/2008 of 30 July described in chapter 6.1, 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 74% (761,357 USD) international and 26% (273,212 USD) local.

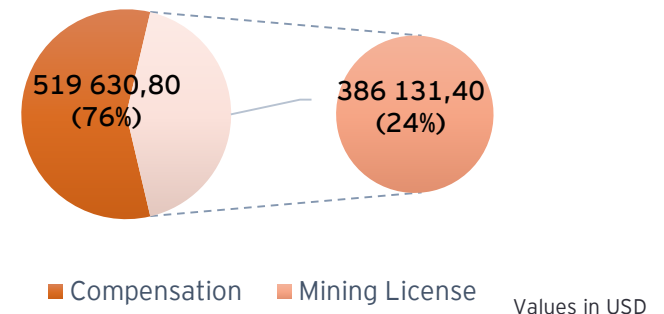


Furthermore, there are two types of activities: construction and commercial. The first correspond to the entities that pay for construction material to finish a project related to mining and the last that sell material to public on a commercial purpose.



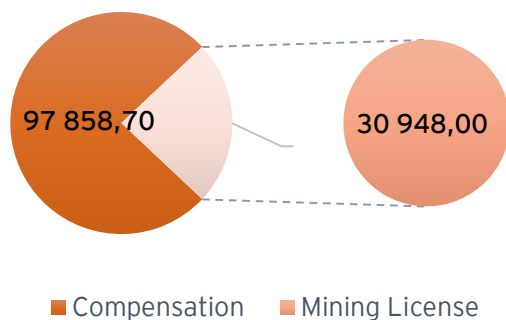
Regarding the type of payments, there are mining license payments (include mining and license fees) and compensation payments (include fees paid for unauthorized activity).

Type of activities: Construction Activities



8.5 Payments in the mining sector

Type of activities: Commercial Activities

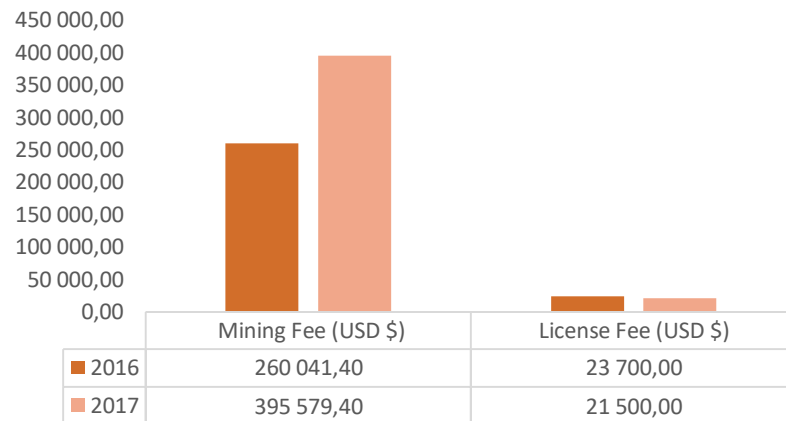


Type of payments: Mining License

Mining license payments constitute 40% of the total payments, in the amount of 417,079 USD. These payments include mining fees and license fees.

Mining Fee (USD)	License Fee (USD)	Total
395,579.40	21,500.00	417,079.40

In comparison with 2016, the mining licenses increased by 133,338 USD, that is by 47%. Nonetheless, the license fee decreased by 2,200 USD, which corresponds to -9%. The mining fee increased by 135,538 USD, or by +52%.



Related to the mining license, there were two entities that paid fees above 100,000USD, however their activities only included construction and nothing related to mining extraction.

Type of payments: Compensation

This type of payments 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 2017, the amount accounted for 617,489.50 USD, including one entity above 100,000USD (400,000USD), whose activities were related to constructing a road.

9

Beneficial Ownership

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 (Company register) with basic information on corporate entities. The MSWG should launch a consultation to initiate a regulatory reform aimed at bringing the Timor-Leste disclosure rules and regulations in pair with internationally acceptable standards.

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 & gas sector.

As already mentioned, the majority of the operators included in the scope of the report (working in the JPDA and TLEA areas) are subsidiaries of publicly listed companies. See next slides for the list of extractive companies, its ultimate owners and the link to the Investor information for each one of them is the next page.

Furthermore, the Government of Timor Leste is highly focused on the transparency of the extractive industry and consequently, has hired EY Portugal to conduct a Feasibility Study on Beneficial Ownership.

9.1 List of extractive companies (listed) and its ultimate owners company and the link to the Investor information

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
CGG Services (Singapore) P/L	CGG	CGG is listed on Euronext Paris Stock Exchange	http://www.cgg.com/en/Investors
ConocoPhillips (Timor Sea) Pty Ltd ConocoPhillips (03-12) Pty Ltd ConocoPhillips (03-13) Pty Ltd ConocoPhillips (Emet) Pty Ltd ConocoPhillips JPDA Pty Ltd ConocoPhillips Timor-Leste Pty Ltd	ConocoPhillips	ConocoPhillips is a US public company listed on the New York Stock Exchange	http://www.conocophillips.com/investor-relations/
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
Santos JPDA (91-12) Pty Ltd	Santos Ltd	Santos is an Australian natural gas company. Established in 1954.	https://www.santos.com/investors/shareholder-information/
Talisman Resources (JPDA 06-105) Pty Ltd	Repsol SA.	Talisman was acquired by Repsol on May 8th, 2015.	https://www.repsol.energy/en/shareholders-and-investors/index.cshtml
TIMOR GAP PSC JPDA 11-106	TIMOR GAP EP	State Own Entity	https://www.timorgap.com/databases/website.nsf/vwAll/Annual%20Reports
Tokyo Timor Sea Resource Pty Ltd	Tokyo Gas Co. Ltd, Tokyo Electric Power Co. Inc	Tokyo Gas Group is a Japanese group.	http://www.tokyo-gas.co.jp/IR/english/stock/holder_e.html
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 Securities Exchange	https://www.woodside.com.au/investors

9.2 Beneficial Ownership in Timor Leste

In October 2019, EY Portugal produced a Feasibility Study on Beneficial Ownership with recommendations regarding the application of the BO in Timor Leste.

The IA produced the following recommendations:

- 1) Definition of a BO in financial and corporate terms;
- 2) The details that are required from a BO, which will be included in the 2018 template for the 2018 EITI Report. These may include the full name, identification number, tax ID, date of birth, nationality, residential or service address and means of contact.
- 3) Method to assure the BO data assurance in Timor Leste, including several procedures on what data should be collected and what should be the measures adopted to the PEP (Political Exposed Person). The definition of PEP will also be at the template.

The recommendations already reflect the new Standard, that is, the EITI Standard 2019. The following table will be part of the template that will be sent out to the entities in scope for the 2018 EITI Report of Timor Leste:

Beneficial Owner number 1	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	
Political Exposed Person(s)	
Are any of the beneficial owners a Politically Exposed Person (PEP) ?	Yes / Not

Beneficial ownership definition
Beneficial owner is the natural person or persons who ultimately own or control a customer, 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:
-If the counterpart is a corporate legal entity, the beneficial owners are as follows: 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 person (client); 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.
-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: 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.

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 in Timor Leste

Timor Leste joined EITI in 2008 and since then it has published 9 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 the example of Timor-Leste's Transparency Portal launched by the government in 2011 as the right path for systematic disclosure of information about the extractive activities in the country. 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>

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 a annual report with audited financial statements and ANPM also provides a website with monthly production 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. In fact, the country has hired EY Portugal to publish a Feasibility Study on Mainstreaming on the current compliance with the requirements and to suggest a roadmap with recommendations, costs and timelines. The effort of Timor Leste is perfectly visible and the progress is only expected to improve throughout the years.

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 create on the country. Those requirements include:

- Social expenditures by companies
- SOE quasi-fiscal expenditures
- The contribution of the extractive sector to the economy

11 Social & Economic expenditures

Local content commitments (Mandatory)

Social expenditures are not considered as mandatory expenditures for companies. However, 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 pre approved within the approved Work Program & Budget (WPB).

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

The summary of this report is as follows:

Extractive Entity	Amount in USD Amount Reported
ConocoPhillips	16,773,116
Total	16,773,116

Expenditure reported by Government Entities

One Government entity reported Social Expenditures as follow:

Description Social Expenditure	Company Name	Amount in USD
Financial support for Off-road	TIMOR GAP E.P.	6,000
Total		6,000

The expenses reported by TIMOR GAP were voluntary and reported unilaterally by the SOE.

11 Social & Economic expenditures

Local content commitments (Mandatory)

Oil and Gas companies operating in both TLEA and JPDA are recommended to procure goods and services produced or supplied by providers in Timor-Leste (and Australia for JPDA). In TLEA, oil & gas companies are required to give preference in employing Timor-Leste nationals and training of Timorese. For the JPDA, companies are encouraged to employ and train Timorese.

The total amount from mandatory commitments was confirmed by ANPM, however the disaggregation from ANPM and Conocophilips is different. For the purpose of this report, we published the disaggregation from Conocophilips. The local commitments reported by ConocoPhillips under PSC article 5.4 are as follows:

Amount in USD		
Description Social Expenditure	Company Name	Extractive Entity Payments
Others - COP Offshore Timor-Leste Employees	ConocoPhillips (03-12) Pty Ltd	1,106,611
Other - Local goods and Services	ConocoPhillips (03-12) Pty Ltd	3,860,186
Other - Contractors Timor-Leste employees	ConocoPhillips (03-12) Pty Ltd	6,575,292
Others - contractors Timor-Leste good & Services	ConocoPhillips (03-12) Pty Ltd	3,628,794
Others - COP Dili Office Employees	ConocoPhillips Timor-Leste Pty Ltd	810,984
Others - Local goods and services - Dill Office	ConocoPhillips Timor-Leste Pty Ltd	791,248
Total		16,773,116

ANPM works closely with Operators in JPDA and 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.

Note that we have contacted both ANPM and COPA (Conocophilips), with ANPM answering that it receives an annual local content report with a different disaggregation from the annual report from Conocophilips, being that total amount is the same on both reports.

11 Social & Economic expenditures

Voluntary expenditure

Expenditure reported by Contractors:

The voluntary expenditures were reported by the Operators and were confirmed by ANPM.

Description Social Expenditure	Company Name	Extractive Entity Payments
Government Initiative - E&I vocational training CEGELEC and CNEFP Tibar*	ConocoPhillips (03-12) Pty Ltd	978,644
Government Initiative - IADE Innovative Business Plan Competition	ConocoPhillips (03-12) Pty Ltd	23,437
Scholarship Programs - Fullbright-SERN Scholarship (Manged by IIE)*	ConocoPhillips (03-12) Pty Ltd	90,344
Scholarship Programs - Colegio St. Inacio de Loiola Scholarship Program	ConocoPhillips (03-12) Pty Ltd	70,000
Others - COP Offshore Timor-Leste Employee Training	ConocoPhillips (03-12) Pty Ltd	497,792
Others - Contractors' Timor-Leste Employee Training	ConocoPhillips (03-12) Pty Ltd	1,195,406
Others - COP Dili Office Employee Training	ConocoPhillips Timor-Leste Pty Ltd	26,981
Total		2,882,604

** Voluntary activity but with cost recoverable (considered JV cost to be deducted to profit gas)

Note that ANPM also reported 35,000 USD on regards of Conocophilips (03-12) Pty Ltd, however this payment was only made in 2018 concerning the 2017 activity "SESIM World Science Day Celebration". The entity reported this activity in 2018.

12

Recommendations

Lack of EITI Law:

We have noticed that although Timor-Leste is one of the EITI most active participants since 2010, the legal framework defining the roles and responsibilities of stakeholders in the EITI process is not yet 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). This is not identified on the work done for this report but could be an issue in the future.

12 Recommendations

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 the fact that almost all extractive entities are listed are information is available (see section Beneficial Ownership).

As previously mentioned, Timor Leste hired EY Portugal 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 Portugal for a 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.

12 Other considerations

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 E 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 a 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 2017 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 9 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

13

Annexes

A Mineral Sector 2006-2017

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	\$42,423.00	\$1,000.00	N/A	N/A	\$43,423.00	
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	

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

B Mineral Payments in 2016

MINERAL OPERATION ROYALTY COLLECTION 2016 PERIOD

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Mining Category	Total Amount Paid (USD \$)
1	China Nuclear Industry 22 nd Construction Co., Ltd., R.P.	International	Construction	Mining License	Construction Materials	\$ 22,600.00
2	China Nuclear Industry 22 nd Construction Co., Ltd., R.P.	International	Construction	Mining License	Construction Materials	\$ 13,600.00
3	Chongqing International Construction Corporation, R.P.	International	Construction	Mining License	Construction Materials	\$ 72,400.00
4	Chongqing International Construction Corporation, R.P.	International	Construction	Mining License	Construction Materials	\$ 11,500.00
5	China Shandong International Company Lda.	International	Construction	Mining License	Construction Materials	\$ 2,782.00
6	China Shandong International Company Lda.	International	Construction	Mining License	Construction Materials	\$ 11,833.60
7	TL Cement	Local	Commercial	Prospecting	Construction Materials	\$ 1,000.00
8	Worldview Enterprise	Local	Commercial	Prospecting	Construction Materials	\$ 1,000.00
9	R.D. Interior Junior Construction	International	Construction	Mining License	Construction Materials	\$ 10,631.44
10	R.D. Interior Junior Construction	International	Construction	Mining License	Construction Materials	\$ 4,227.76
11	R.D. Interior Junior Construction	International	Construction	Mining License	Construction Materials	\$ 5,876.20
12	R.D. Interior Junior Construction	International	Construction	Mining License	Construction Materials	\$ 3,786.40
13	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Materials	\$ 2,692.00
14	Shanghai Construction Group Co., LTD., R.P	International	Construction	Mining License	Construction Materials	\$ 12,127.00
15	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Materials	\$ 1,180.00
16	China Nuclear Industry 22 nd Construction Co., Ltd., R.P.	International	Construction	Mining License	Construction Materials	\$ 2,920.00
17	Shabryca Construction Unipessoal, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 6,184.00
18	Jonize Construction Unipessoal, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 16,444.00
19	Aspalink, Lda.	Local	Construction	Mining License	Construction Materials	\$ 5,230.00
20	Aspalink, Lda.	Local	Construction	Mining License	Construction Materials	\$ 1,780.00
21	Carya Timor Leste, Lda.	Local	Construction	Mining License	Construction Materials	\$ 12,660.00
22	Weng Enterprise Group, Co., Ltd.	Local	Commercial	Mining License	Construction Materials	\$ 12,060.00
23	Weng Enterprise Group, Co., Ltd.	Local	Commercial	Mining License	Construction Materials	\$ 10,716.00
24	City Development Group, Lda.	Local	Commercial	Mining License	Construction Materials	\$ 7,704.00
25	Montana Diak Unipessoal, Lda.	Local	Construction	Mining License	Construction Materials	\$ 14,890.00
26	Montana Diak Unipessoal, Lda.	Local	Construction	Mining License	Construction Materials	\$ 4,087.00
27	Montana Diak Unipessoal, Lda.	Local	Construction	Mining License	Construction Materials	\$ 1,632.00
28	Suai Indah Ltd.	Local	Construction	Mining License	Construction Materials	\$ 3,700.00
29	Montana Diak Unipessoal, Lda.	Local	Construction	Mining License	Construction Materials	\$ 6,498.00
Total Revenue Receipts Deposited For The Year						\$ 283,741.40

Provided by ANPM for the EITI Report 2016

C Mineral Payments in 2017

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Materials Category	Mining Fee (USD)	License Fee (USD)	Total Fees Paid (USD)
1	Ilatun Unipessoal, Lda.	Local	Construction	Mining License	Construction Material	\$ 9,364.00	\$ 1,500.00	\$ 10,864.00
2	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 20,850.00	\$ 1,500.00	\$ 22,350.00
3	Jova Construction Unipessoal Lda.	Local	Construction	Mining License	Construction Material	\$ 4,597.20	\$ 1,000.00	\$ 5,597.20
4	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 13,875.40	\$ 1,500.00	\$ 15,375.40
5	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 8,395.20	\$ 500.00	\$ 8,895.20
6	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 66,000.00	\$ 1,500.00	\$ 67,500.00
7	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 15,000.00	\$ 1,500.00	\$ 16,500.00
8	Sinohydro Corporation Limited, R.P	International	Construction	Mining License	Construction Material	\$ 50,700.00	\$ 1,500.00	\$ 52,200.00
9	Chongqing International Construction Corporation, R.P.	International	Construction	Mining License	Construction Material	\$ 119,808.00	\$ 1,500.00	\$ 121,308.00
10	Mira Mar Bloco Unipessoal Lda.	Local	Commercial	Mining License	Construction Material	\$ 11,328.00	\$ 1,500.00	\$ 12,828.00
11	Gorobu Diak Lda.	Local	Construction	Mining License	Construction Material	\$ 23,400.00	\$ 1,500.00	\$ 24,900.00
12	Shabryca Construction Unipessoal Lda.	Local	Construction	Mining License	Construction Material	\$ 14,871.00	\$ 1,500.00	\$ 16,371.00
13	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 13,875.40	\$ 1,500.00	\$ 15,375.40
14	R.D. Interior Junior Construction E Hebei Road And Bridge Group, Lda.	International	Construction	Mining License	Construction Material	\$ 8,395.20	\$ 500.00	\$ 8,895.20
15	Yefa Unipessoal, Lda.	Local	Commercial	Mining License	Construction Material	\$ 6,480.00	\$ 1,500.00	\$ 7,980.00
16	Timor Block Building, Lda.	Local	Commercial	Mining License	Construction Material	\$ 8,640.00	\$ 1,500.00	\$ 10,140.00
17	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 2,550.00	N/a*	\$ 2,550.00
18	King Construction, Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 5,940.00	N/a*	\$ 5,940.00
19	Timor Block Building, Lda.	Local	Commercial	Compensation	Construction Material	\$ 22,489.50	N/a*	\$ 22,489.50

C Mineral Payments in 2017

No.	Name of Proponent	Origin	Type of Activities	Type of Payment	Materials Category	Mining Fee (USD)	License Fee (USD)	Total Fees Paid (USD)
20	Yefa Unipessoal, Ida.	Local	Commercial	Compensation	Construction Material	\$ 6,696.00	N/a*	\$ 6,696.00
21	Carya Timor Leste, Lda.	Local	Construction	Compensation	Construction Material	\$ 7,719.26	N/a*	\$ 7,719.26
22	Carya Timor Leste, Lda.	Local	Construction	Compensation	Construction Material	\$ 23,955.44	N/a*	\$ 23,955.44
23	Bohoek Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 5,625.00	N/a*	\$ 5,625.00
24	Libama Consorcio, Lda.	Local	Commercial	Compensation	Construction Material	\$ 15,632.00	N/a*	\$ 15,632.00
25	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 18,745.86	N/a*	\$ 18,745.86
26	Jonize Construction Unipessoal Lda.	Local	Construction	Compensation	Construction Material	\$ 10,530.01	N/a*	\$ 10,530.01
27	Fitun Diak Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 21,292.50	N/a*	\$ 21,292.50
28	Shanghai Construction Group Co., LTD., R.P	International	Construction	Compensation	Construction Material	\$ 16,800.00	N/a*	\$ 16,800.00
29	Nananiu Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 1,871.25	N/a*	\$ 1,871.25
30	Nananiu Unip., Lda.	Local	Construction	Compensation	Construction Material	\$ 4,678.13	N/a*	\$ 4,678.13
31	CSI Company Lda.	International	Commercial	Compensation	Construction Material	\$ 2,509.50	N/a*	\$ 2,509.50
32	CSI Company Lda.	International	Commercial	Compensation	Construction Material	\$ 8,100.00	N/a*	\$ 8,100.00
33	Linatet Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 25,231.50	N/a*	\$ 25,231.50
34	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 4,785.60	N/a*	\$ 4,785.60
35	China Wu Yi Co., Ltd., R.P.	International	Construction	Compensation	Construction Material	\$ 762.75	N/a*	\$ 762.75
36	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00	N/a*	\$ 200,000.00
37	COVEC-CRFG JV Lda.	International	Construction	Compensation	Construction Material	\$ 200,000.00	N/a*	\$ 200,000.00
38	Nobre Labadain Unip., Lda.	Local	Commercial	Compensation	Construction Material	\$ 11,575.20	N/a*	\$ 11,575.20
				Total Revenue Receipts Deposited for The Year		\$ 1,013,068.90	\$ 21,500.00	\$ 1,034,568.90

D Mining: List of Licenses 2006 - 2017

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
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 Unipesoal 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

D Mining: List of Licenses 2006 - 2017

2010		
No.	Name of License	License No.
1	Always Construction Pty. Ltd.	No. 0001/LT/DNGRM/II/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/II/2011
11	Suai Indah Construction Lda.	No. 0001/LT/DNGRM/II/2011
12	Weng Enterprise Group Co. Ltd.	No. 0014/LT/DNGRM/XII/2011

D Mining: List of Licenses 2006 - 2017

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
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

D Mining: List of Licenses 2006 - 2017

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 Veadó 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

D Mining: List of Licenses 2006 - 2017

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 CONSTRUCION CORPORATION (CICO)	No. 06/2016
4	CHONGQING INTERNATIONAL CONSTRUCION 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

D Mining: List of Licenses 2006 - 2017

2017		
No.	Name of License	License No.
1	Ilatun 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

E

Oil & Gas Production Sharing Contracts - JPDA

License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
03-12	The Bayu-Undan field is partly located in this PSC	ConocoPhillips (03-12) Pty Ltd	ConocoPhillips (Emet) Pty Ltd; Santos (JPDA91-12) Pty Ltd; ConocoPhillips (Timor Sea) Pty Ltd; Inpex Sahul Ltd	Oil and gas condensate	20-05-2002	06-02-2022
03-13	This entire contract area comprises a portion of the wholly unitised Bayu-Undan Development Area.	ConocoPhillips JPDA Pty Ltd	Eni JPDA 03-13 Limited; Tokyo Timor Sea Resources Pty Ltd; ConocoPhillips (03-13) Pty Ltd	Gas condensate	20-05-2002	16-12-2021
03-19	This PSC is currently at development concept stage yet to develop subject to concept selection in which both States are still in discussion.	Woodside Petroleum (Timor Sea 19) Pty Ltd	OG ZOCA (95-19) Pty Ltd; ConocoPhillips (03-19) Pty Ltd; Shell Development (PSC 19) Pty Ltd	Gas & Gas condensate	20-05-2002	04-10-2026
03-20	This contract area contains a small percentage of the wholly unitised Sunrise Development Area.	Woodside Petroleum (Timor Sea 20) Pty Ltd	OG ZOCA (96-20) Pty Ltd; Shell Development (PSC 20) Pty Ltd; ConocoPhillips (03-20) Pty Ltd	Gas condensate	02-05-2002	13-11-2026
06-105	The Exploration work commitment under this PSC is complemented	Eni JPDA 06-105 Pty Ltd.	INPEX Timor Sea Ltd. ; Talisman Resources (JPDA 06-105) Pty. Ltd	Oil	22-09-2006	15-12-2019
11-106	ANPM has granted the extension of this PSC until 23 Oct 2018. It is expected to drill by 2019, a new dual target exploration well targeting both Jurassic prospect and a Triassic.	Eni JPDA 11-106 B.V.	Inpex Offshore Timor-Leste Ltd; TIMOR GAP, E.P. PSC 11-106	Oil	23-10-2013	23-10-2018

Source: ANPM Annual Report 2017

E Oil & Gas Production Sharing Contracts - TLEA

License number	Description	Operators	Joint Venture Partners	Extracted Material	Effective date	Expiry date
TL-SO-15-01	Over the period of 2017, the operator conducted technical studies and further interpretation of the acquired the Crocodile 3D Broadband Seismic. The result of the data interpretation the Crocodile 3D Seismic interpretation were positive and promising.	TIMOR GAP Offshore Unipessoal Limitada		Oil & gas	23-12-2015	23-12-2022
S-06-04-E	The technical, Geological and geophysical studies are still ongoing,	Eni Timor-Leste S.P.A	Galp Exploracao e Producao Petrolifera Lda; Korea Gas Corporation	N/A	11-03-2006	28-03-2018
TL-OT-17-08	Over the period of 2017, the operator and its Joint Venture conducted various technical and geological and geophysical studies as part of the preparation for future onshore seismic survey and drillings.	Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	07-04-2017	Expected to be at the end of 2024
TL-OT-17-09	Over the period of 2017, the operator and its Joint Venture conducted various technical and geological and geophysical studies as part of the preparation for future onshore seismic survey and drillings.	Timor Resources Pty Ltd	TIMOR GAP, Onshore Block ,UNIPESSOAL, LDA	Oil & gas	07-04-2017	Expected to be at the end of 2024

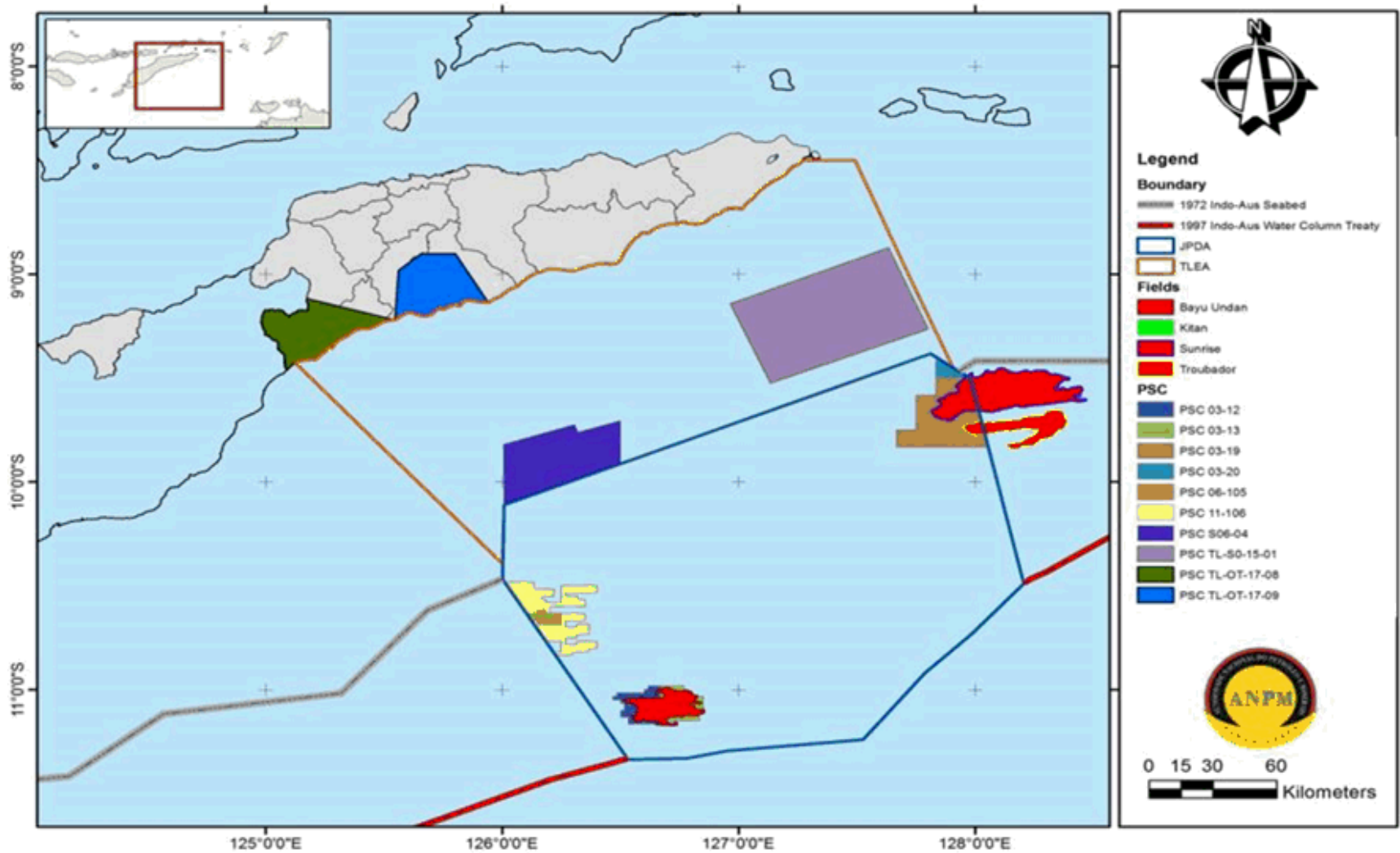
Source: ANPM Annual Report 2017

F Activities in the major fields

Field	Operator / Contract	Activity 2017
Kitan Field	Eni - JPDA PSC 06-105	<p>Kitan is an oil field located approximately 170 km from Timor-Leste South coast and over 500 km north-west of Darwin, Australia. The field is operated by Eni JPDA 06-105 Pty Ltd and produced from 3 productions wells, hydrocarbon produced was processed and stored for offloading on FPSO facility.</p> <ul style="list-style-type: none"> ▶ No production for Kitan field as Kitan field was Shut-in on 16 December 2015. Risers were disconnected and completed topside process cleaning by flushing and purging of production plant. FPSO departed from Kitan field on 27 February 2016. ▶ ANPM is in continuous discussion with Eni on the method and time for final abandonment.
Bayu-Undan	ConocoPhillips - JPDA PSC 03-12 and 03-13	<p>BU is a gas condensate field located 250 km from Timor-Leste South coast and 480 km north-west of Darwin, Australia.</p> <p>The field is operated by ConocoPhillips PSC 03-12 and 03-13 Pty Ltd. The field facilities include a Central Production and Processing Complex (DPP and CUQ), FSO, WP1, subsea in-field pipelines and gas export pipeline to Darwin.</p> <ul style="list-style-type: none"> ▶ In 2017 the field has 10 producing wells, and 3 gas injection wells,. ▶ The average liquid production (Condensate and LPG) from January to December 2017 was 25.44 kbpd (32 kbpd in 2016) and the exported gas to Darwin LNG remains steady at an average of 510 MMscf/day (565 MMscf/day in 2016) ▶ There were production interruptions which include partial shutdown (SD) at offshore facilities for extended rate reduction from 31 March to 4 April 2017, DPP well intervention in May 2017, well barrier testing in July 2017, and well loading issues (BU-D05) in July 2017.
Sunrise-Troubador	Woodside Energy Limited - JPDA PSC 03-19 and 03-20	<p>A geological and geophysical related studies to further asses the current reserve estimates and development options.</p> <ul style="list-style-type: none"> ▶ Assessing appropriate methods for developing the field. A joint study on third party opinion the Sunrise-Troubador Resources estimate conducted by a third party on behalf on both Australian and Timor-Leste Joint Commissions ▶ In 2017 ANPM is still waiting for further directions from government of Timor-Leste and Australia on any future works.

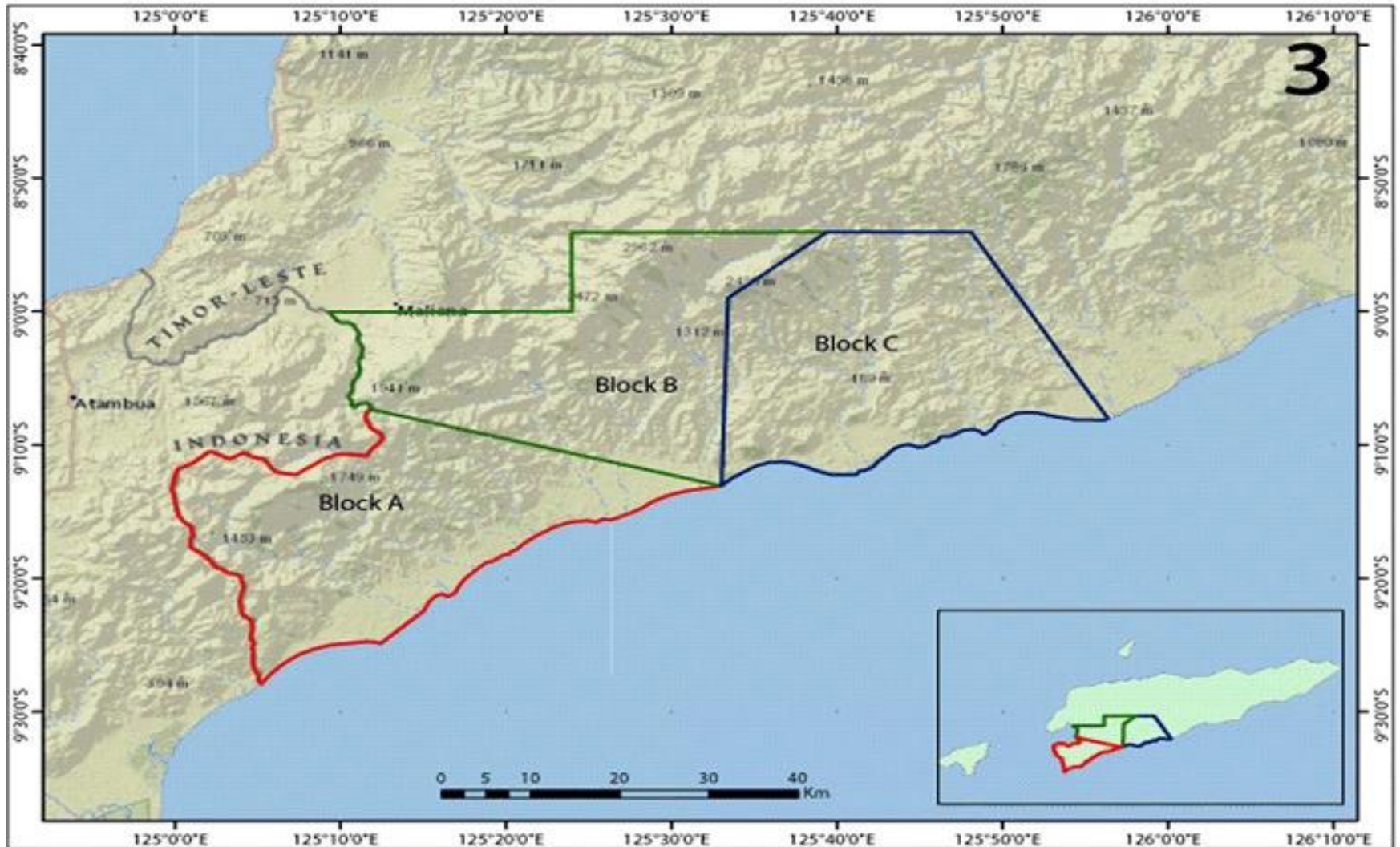
Source: ANPM Annual Report 2017

G Timor-Leste undersea oil and gas resources



Source: <http://web01.anpm.tl/webs/anptlweb.nsf/LafaekMap>

H Timor GAP Onshore Blocks



Source: Figure provided by Timor GAP

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