



# ANNUAL REPORT 2018



# TABLE OF CONTENTS

Table of Contents .....	1
1. AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS IN BRIEF .....	5
1.1 ANPM Regulatory Jurisdiction .....	5
1.2 Values, Vision, Mission and Goals.....	7
Our Values .....	7
Our Vision .....	7
Our Mission.....	7
Our Goals .....	8
1.3 Organizational Structure and Development.....	8
Structure .....	8
Board of Directors (BoD) .....	8
Single Auditor.....	9
Management Committee.....	9
1.4 Major Achievements and Projects Highlights in 2016.....	10
LAUNCHING OF FAFULU 2D SEISMIC SURVEY.....	10
SIGNING OF AGREEMENT TO EXPLORE MANGANESE RESOURCES IN OE-CUSSE .....	10
LAUNCHING OF ILIMANU MARBLE STUDY PROJECT .....	11
VOCATIONAL TRAINING ON ELECTRICAL AND INSTRUMENTATION .....	11
DISSEMINATION OF DOWNSTREAM ACTIVITIES REGULATION .....	12
1.5 Joint mmission and Sunrise Commission.....	12
Members of the Timor Sea Treaty Joint Commission in 2017 .....	12
Members of the Sunrise Commission in 2017.....	12
Transitional Arrangement Meeting for JPDA Area.....	12
1.6 ANP Human Resource Development .....	15
Staffing .....	15
Training and Capability Development.....	16
1.7 Corporate Procurement .....	16
1.8 Single Auditor.....	17
1.9 Financial Statement and Auditor's report .....	18
ANP - CORPORATE EXPENSES REPORT .....	18
ANP - CORPORATE FINANCIAL STATEMENT.....	19
ANP - REVENUE AUDIT REPORT .....	23
2. CONTRACT OPERATOR'S ACTIVITY.....	24
2.1 Contracts in JPDA and Timor-Leste Onshore and Offshore Areas.....	25



2.2	Petroleum Exploration Performance .....	27
	The Integrated Airborne Geophysical survey-IAGS .....	29
	Promotion .....	31
2.3	Production Performance .....	31
	Production in Bayu Undan field (PSC 03-12 & 03-13).....	31
	Kitan Field (PSC JPDA 06-105) .....	33
2.4	Health, Safety and Environmental Performance.....	33
	HSE Performance in the JPDA.....	33
	HSE Performance in the Timor-Leste .....	36
2.5	Marketing performance .....	36
	Condensate .....	36
	Liquefied Petroleum Gas (LPG) .....	37
	Liquified Natural Gas (LNG).....	38
2.6	Petroleum Exploration Expenditure Performance.....	39
	A. Joint Petroleum Development Area (JPDA) - Exploration PSCs.....	39
	B. Timor Offshore Area - Exploration PSCs .....	39
	C. Timor Onshore Area - Exploration PSCs .....	39
2.7	Petroleum Development Expenditure Performance .....	40
2.8	Local Content Performance .....	41
	The 2018 Local Content Expenditure .....	41
	Timor-Leste Goods and Services.....	42
	Dili Supply Base and Transportation from Dili to Bayu-Undan .....	45
	Employment .....	46
	Training and Development .....	46
	Kitan Field.....	51
3.	REGULATORY PERFORMANCE .....	52
3.1	Upstream.....	53
	Legal framework revision.....	53
	Petroleum data and reports.....	53
	Development Inspections, Supervisions, Monitoring and Approval of Petroleum Operation.....	54
	Subsurface .....	56
	HSE Inspections, Supervisions, Monitoring and Approval of Petroleum Operation.....	58
	Regulatory Submission, Assessment and approval for Petroleum Operation in the JPDA .....	59
	Regulatory Submission, Assessment and approval for Petroleum Operation in the Timor-Leste .	63
	Entry Authorization into JPDA .....	64
	Revenue Distribution.....	67

Local Content Investment .....	68
SERN-FULBRIGHT .....	68
TIMOR-LESTE SKILL VOCATIONAL AND EDUCATION TRAINING CENTER .....	70
NATIONAL LIBRARY .....	71
Data Tape and Core Storage Facilities .....	72
3.2 Downstream Petroleum Activities .....	73
Amendment Transition period under regulation on installation and operation of FFS .....	74
Dissemination of Fuel, Biofuel and Lubricant Trading Regulation .....	74
Licensing and Monitoring Downstream Activities .....	74
Licensing and monitoring of Installation and Operation of FFS .....	74
Approval of location, project and operation license .....	74
Upgrading of Home Base FFS to Retail FFS .....	76
National Campaign and Subsequent inspection .....	76
Fuel Filling Station Metering Calibration Activities .....	77
HSE Awareness Workshop .....	77
Collection of Fees from FFS .....	78
Licensing and Monitoring Fuel, Biofuel and lubricant trading activity .....	79
True up Mechanism 2017 and Trading License Fee in 2018 .....	80
2018 Trading License Fee and 2018 Trading Annual Fee .....	81
License Storage Activity .....	83
Consultant Service .....	83
Fuel Quality Monitoring Program .....	84
Review of Environmental Documents .....	84
Inter-Ministerial Corporation's .....	87
License Fees .....	87
Fuel Import .....	87
4. MINERAL PERFORMANCE .....	89
4.1 Introduction .....	90
4.2 Public Consultation, Application Register and Location Approval Issued in 2018 .....	90
4.2.1 Public Consultation .....	90
4.2.2 Application Register .....	90
4.2.3 Location Approval .....	91
4.2.4 Licenses Issued in 2018 .....	91
Manganese Exploration .....	92
4.3 Construction Material Production and Revenue Collected in 2018 .....	94
4.3.1 Construction Material Production .....	94



4.3.2 Revenue Collected .....	95
4.4 Health, Safety and Environmental, Environmental License Register, Rehabilitation Plan, Monitoring and Inspection Activity.....	95
4.4.1 Environmental License Register .....	95
4.4.2 Quarry Rehabilitation .....	96
4.4.3 Monitoring and Inspection Activity .....	97
5. CORPORATE INITIATIVES.....	99
5.1 Graduate Internship Program.....	100
5.2 University Final Year Project.....	100
5.3 Public Events .....	101
National & International Exhibition Exhibition.....	101
Scientific Debate.....	101
List of Figures .....	103
List of Graphs .....	104
List of Tables.....	105

# 1. AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS IN BRIEF





## 1.1 ANPM REGULATORY JURISDICTION

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

ANPM is vested with administrative and financial autonomy to act as regulatory authority for the oil, gas and mineral related activities in accordance with the provisions of the Petroleum Activities Law, Interim Petroleum Mining Code, the Timor Sea Treaty and the Diploma Ministerial on mineral activities .

In the JPDA, ANPM is responsible to the Joint Commission and carry out the day today regulation and management of upstream petroleum activities thru regular supervision and control of petroleum activities including health, safety, environmental protection and assessments of work practices.

In the TLOA, apart from being responsible for the upstream petroleum activities equivalent to those in the JPDA, ANPM is also responsible to regulate downstream petroleum activities including supply, processing, storage, transportation, trading and marketing of oil and gas products.

ANPM is also responsible to regulate mineral activities in all territory including acknowledgement, exploration, assessment, development, exploitation, processing, refining, transportation and commercialization.

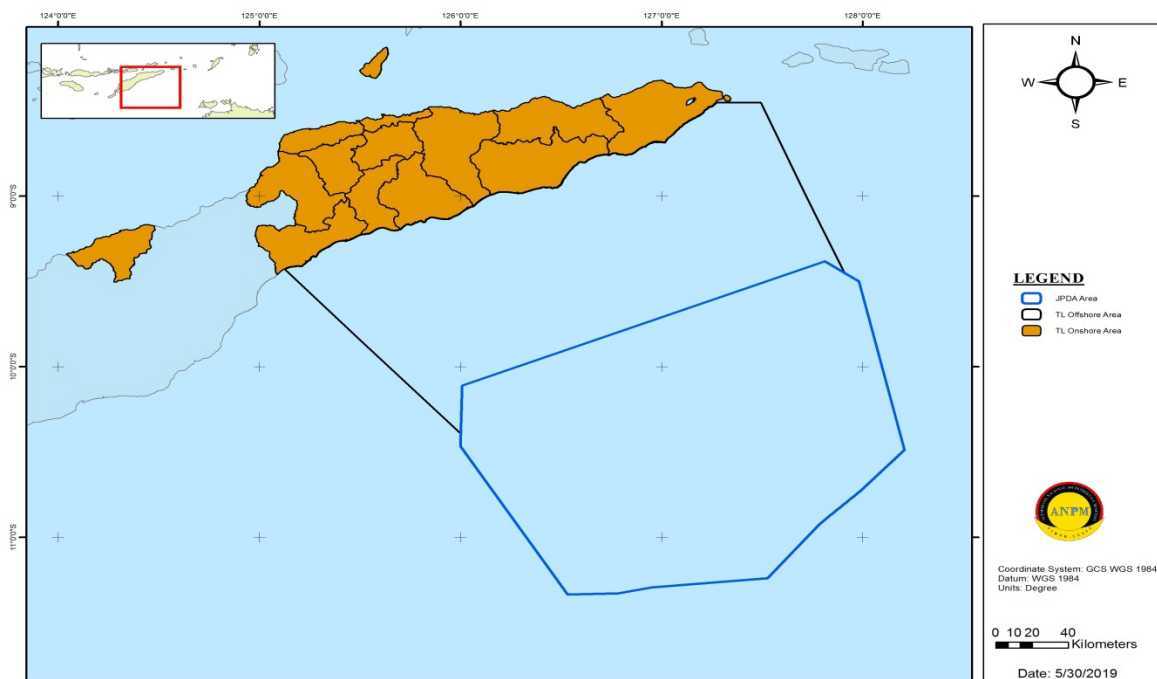


FIGURE 1:ANPM JURISDICTIONAL AREAS (MAP NOT TO SCALE)

## 1.2 VALUES, VISION, MISSION AND GOALS



### OUR VALUES

#### Collaboration

To conduct efficient and effective collaborating among (i) ANPM's internal Directorates, and (ii) with its stakeholders.

#### Openness

Honesty and transparency – underpinned by a culture of trust and respect

#### Unity

ANPM promotes and displays a high degree of teamwork and integration of its employees and Directorates. Whilst appreciating and respecting the cultural intellectual diversity of the individuals that work within it, the ANPM is united in its ambition to become a world class organization in Timor-Leste.

#### Responsibility

As true leaders, ANPM team members take full responsibility for the results of their actions

#### Accountability

ANPM and its team members are fully accountable for their ethical standards, behavior and performance at all times. Furthermore the ANPM is accountable for the government of Timor-Leste. In performing the task in and for the JPDA, the ANPM is accountable for Timor-Leste and Australia.

#### Global view

Whilst operations for the ANPM reside in Timor-Leste, its views are global ones. It deals with and coordinates activities with operators that are multi-national in nature, size and scope.

#### Excellence

In line with developing a world class organization, the ANPM believes in excellence – in everything that it does.

### OUR VISION & MISSION

#### Our Vision

- To be a leading petroleum and mineral regulatory authority in the region and a model for institutional development in Timor-Leste.

#### Our Mission

- To Maximize revenue and multiply economic benefits;
- To maximize the participation of Timor-Leste in the development of its petroleum and mineral sectors;
- To promote best Health, Safety and Environmental practices;
- To develop the institutional capacity of the Timor-Leste petroleum and mineral sectors.



## OUR GOALS

Ensure that petroleum and mineral resources are effectively explored, developed, managed and regulated;

Ensure that economic benefits are delivered to the contracting states;

Maximize employment opportunities for Timor-Leste nationals;

Develop organizational excellence;

Promote and ensure best HSE practices;

Regulate all downstream petroleum activities in Timor-Leste;

Maximize economic activities of petroleum and mineral sectors in Timor-Leste;

## 1.3 ORGANIZATIONAL STRUCTURE AND DEVELOPMENT

### STRUCTURE

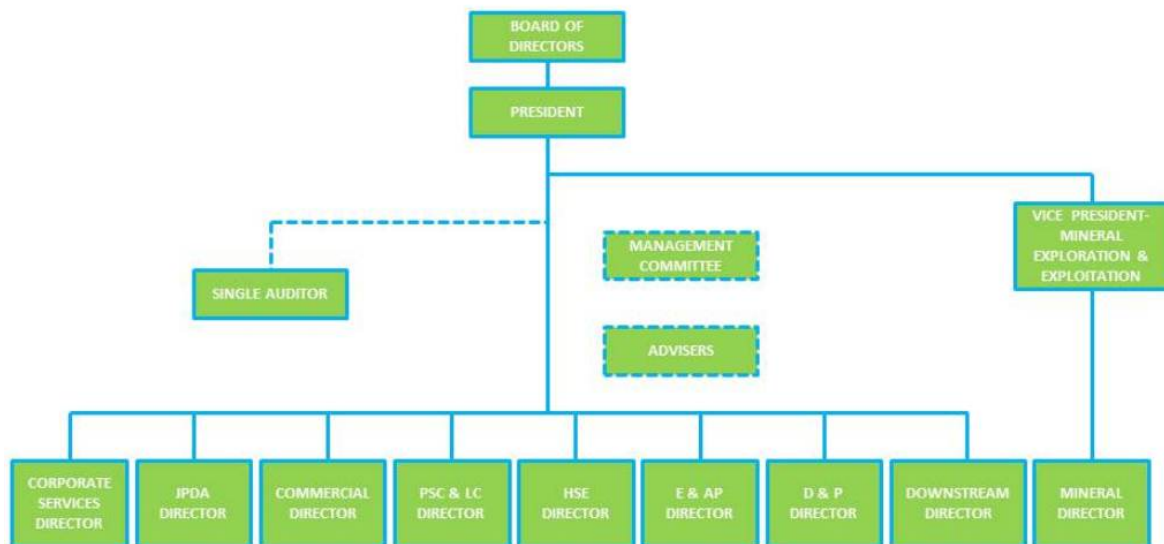


CHART 1: ANPM ORGANIZATIONAL STRUCTURE

### BOARD OF DIRECTORS (BOD)

ANPM Board of Directors in 2018 composed of:

Gualdino da Silva ,BEng(GeoEng) Hons.	Chairman
Jorge Dasilaku Martins, Msc	Non executive member
Jose Manuel Gonçalves, BEng(MiningEng)	Executive member
Mateus da Costa, MSc	Executive member
Nelson de Jesus, SE	Executive member

This composition based on ANPM Decree Law article 7.

BoD is responsible for defining directions and policies for the ANPM. In doing so, the board is responsible for approving internal regulations, strategic directions, technical regulations and directives under the Petroleum Act and approving ANPM's consolidated work plan and budget as prescribed under Article 8 of the ANPM decree law.

## SINGLE AUDITOR

The roles and functions of the Single Auditor (SA) are stipulated under Article 12 and 14 of the Decree Law on the establishment of the ANPM. The Single Auditor is the organ responsible for monitoring legality, regularity, and proper financial and patrimonial management of the ANPM. Single Auditor nominated by Ministry of Petroleum and Mineral Resources and Ministry of Finance for the mandate of three (3) years. The Single Auditor for the period 2015-2018 and 2018-2021 is Oscar Sanchez Faria, M.Acc.

## MANAGEMENT COMMITTEE

Management committee is established by the President which consists of the vice president and all executive directors. The Management committee holds meeting at least once in a month to address day-to-day management of ANPM and to address projects in JPDA and TLOA.

Jose Manuel Gonçalves, BEng (MiningEng)	Vice President - Mineral Exploration & Exploitation
Dionisio Martins, SE, MSc	Director - Corporate Services
Florentino Soares Ferreira, BSc. (Hons.) MS	Director - JPDA
Fernando da Silva, ST, MEDEA	Director - Development and Production
Verawati Corte Real de Oliveira, BSc	Director - Health Safety and Environment
Mateus da Costa, MSc	Director - Exploration and Acreage Release
Rosentino Amado Hei, SH	Director - PSC and Legal Compliance
Nelson de Jesus, SE	Director - Downstream



## 1.4 MAJOR ACHIEVEMENTS AND PROJECTS HIGHLIGHTS IN 2018

### LAUNCHING OF FAFULU 2D SEISMIC SURVEY

The Fafulu 2D Seismic Survey is a crucial step to explore and identify the drillable prospects within the PSCs boundaries. Autoridade Nacional do Petróleo e Minerais (ANPM), TIMOR RESOURCES Pty Ltd and TIMOR GAP, E.P. held a ceremony to launch Fafulu 2D Seismic survey. This is the first onshore seismic petroleum operations in Timor-Leste after its restoration of Independence in 2002. The Fafulu 2D Seismic survey is carried out under the Onshore Production Sharing Contracts (PSCs) TL-OT-17-08 and TL-OT-17-09. These two (2) PSCs are the first onshore Timor-Leste's PSCs, signed on 7<sup>th</sup> of April, 2017.



FIGURE 2: LAUNCHING OF FAFULU 2D SEISMIC AND MAPS OF BLOCK A AND C OF PSCS

### SIGNING OF AGREEMENT TO EXPLORE MANGANESE RESOURCES IN OE-CUSSE

On April 2018, the Government of Timor-Leste represented by His Excellency, The Minister of State and Minister for Mineral Resources, Mr. Mariano Assanami Sabino signed an agreement with PEAK EVEREST MINING, LIMITADA, a company incorporated and existing under the laws of Timor-Leste to explore for manganese prospects from the areas of Nipane and Passabe located in the Oe-Cusse Ambeno Special Administrative Region (RAEOA).

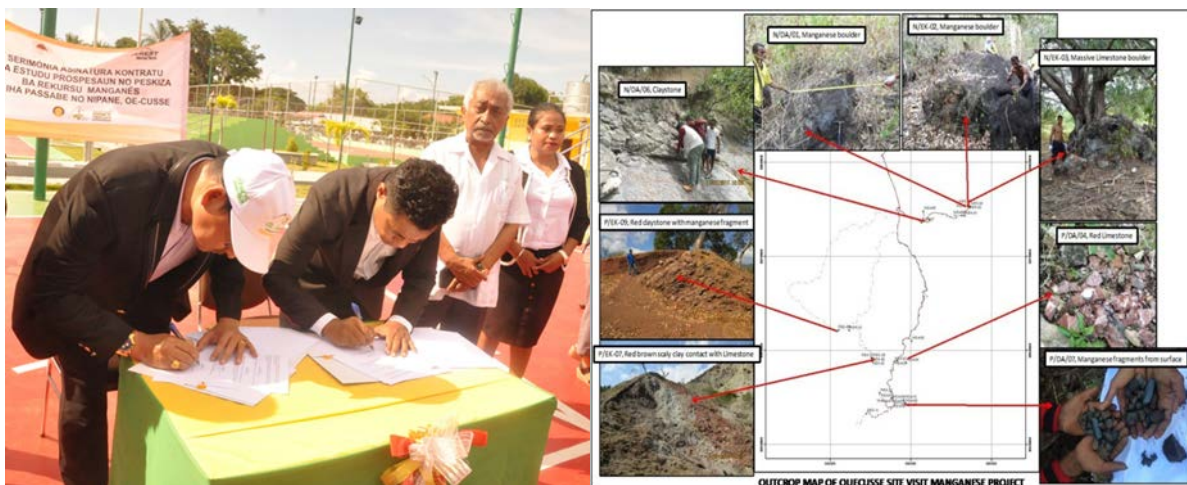


FIGURE 3: INVESTMENT AGREEMENT SIGNING CEREMONY AND MAP OF THE MANGANESE POTENTIAL IN OE-CUSSE

## LAUNCHING OF ILIMANU MARBLE STUDY PROJECT

Autoridade Nacional do Petróleo e Minerais (ANPM) launched the Ilimanu Marble Study on 1st March 2018 in Beheda area adjacent to the marble study location, following the award of the contract to an Australian based company, Resource Futures Pty Ltd.



FIGURE 4: THE LOCATION OF MARBLE STUDY AND EXHIBITION ON MARBLE IN VERONA ITALY

## VOCATIONAL TRAINING ON ELECTRICAL AND INSTRUMENTATION

A group of 18 Timorese were the first to graduate from a new vocational training program at Cento Nacional do Emprego e Formação Profissional, CNEFP-Tibar. They will now go on to industry placements and employment with a range of local & international organisations to gain industry exposure and put what they have learnt into practice, with some going directly into employment. This training was a pilot program developed by ConocoPhillips, representing the Bayu-Undan Joint Venture partners, the Autoridade Nacional do Petróleo e Minerais (ANPM) and Secretária de Estado Para Formação Profissional e Emprego (SEFPOPE), jointly implemented by CNEFP-Tibar and ACTEMIUM.



FIGURE 5: FIRST GRADUATION OF ELECTRICAL AND INSTRUMENTATION VOCATIONAL TRAINING

## DISSEMINATION OF DOWNSTREAM ACTIVITIES REGULATION

During 2018, ANPM also disseminated downstream regulation in all territory on Health, Safety and Environment aspect.



FIGURE 6: DISSEMINATION AND INSPECTION ACTIVITIES ON DOWNSTREAM PETROLEUM

## 1.5 JOINT COMMISSION AND SUNRISE COMMISSION

### MEMBERS OF THE TIMOR SEA TREATY JOINT COMMISSION IN 2018

- Mr. Francisco da Costa Monteiro Timor-Leste
- Mr. Antonio de Sousa Loyola Timor-Leste
- Mr. Bruce Wilson Australia
- Mr. Domingos Lequisiga Timor-Leste alternate Commissioner
- Mr. Vicente Lacerda Timor-Leste alternate Commissioner

During 2018, no Joint Commission Meetings taking place during the year

### MEMBERS OF THE SUNRISE COMMISSION IN 2018

- Bruce Wilson Australia
- Francisco da Costa Monteiro Timor-Leste

During 2018, no Sunrise Commission Meeting held during the year.

## TRANSITIONAL ARRANGEMENT FOR JPDA AREA

In the year 2018, the JPDA Directorate was focusing on the works on Transitional Arrangement as part of fulfilling the commitment of the Maritime Boundaries Treaty prior to its ratification. In parallel, the continuous works on the JPDA's usual activities namely Joint Commission Meetings and other operational matters within the JPDA – particularly the involvement of the JPDA Director as being the MCM (Management Committee Meeting) Coordinator for the PSC JPDA 11-106 as well PSC JPDA 03-19 and 03-20.

On Transitional Arrangement the main focus were to transpose the existing JPDA legal frameworks into Timor-Leste Domestic Legislations, and in addition the fiscal and commercial negotiations were also taken place in order to ensure that the operations of the Petroleum Activities post ratification are bound to principle of Conditions Equivalent Under Article 1 of Annex D – Transitional Provisions of the Maritime Boundaries Treaty.

The following is the outline of the Meetings held and discussion topics of each of the PSC and Titleholders throughout 2018:

Dates	Venue	Meetings and Discussion Topics
9 <sup>th</sup> – 13 <sup>th</sup> April 2018	Perth	<p>Trilateral discussion between Timor-Leste, Australia and the relevant PSCs Contractor Operators and JVs:</p> <p>Bayu Undan Project:</p> <ul style="list-style-type: none"> <li>• Decree Laws</li> <li>• PSCs.</li> <li>• Fiscals</li> </ul> <p>Kitan and 11-106 Projects:</p> <ul style="list-style-type: none"> <li>• Decree Law</li> <li>• PSCs</li> <li>• Fiscals</li> </ul> <p>Buffalo Projects:</p> <ul style="list-style-type: none"> <li>• Decree Law</li> <li>• Update on PSC progress</li> <li>• Discussion on the titles (WA-18-L and AC L/5) - NOGA</li> <li>• PSC</li> </ul>
17 <sup>th</sup> - 20 <sup>th</sup> July 2018	Brisbane	<p>Pre Meeting with TL Delegations, Miranda and DLA Piper on Fiscal and TA matters:</p> <p>Trilateral discussion between Timor-Leste, Australia and the relevant PSCs Contractor Operators and JVs:</p> <p>Bayu-Undan</p> <ul style="list-style-type: none"> <li>• Fiscal/Taxation Discussion</li> <li>• DL</li> <li>• PSCs</li> </ul> <p>Initial Discussion on Decree Law – Kitan and 11-106</p> <ul style="list-style-type: none"> <li>• DL</li> <li>• PSCs</li> <li>• Fiscal</li> </ul> <p>Follow up discussion on Decree Law and PSC – Buffalo</p> <ul style="list-style-type: none"> <li>• PSCs</li> <li>• Fiscal</li> <li>• Decree Law</li> </ul> <p>Greater Sunrise:</p> <ol style="list-style-type: none"> <li>a. PSC - update on the progress of PSC</li> <li>b. MoU to be to be discussed on Darwin Meeting</li> </ol>



14 <sup>th</sup> -17 <sup>th</sup> August 2018	Darwin	<p>Trilateral discussion between Timor-Leste, Australia and the relevant PSCs Contractor Operators and JVs:</p> <p>Carnarvon (Buffalo)</p> <p>Eni focusing on PSC JPDA 11-106 and Kitan:</p> <p>ConocoPhillips Bayu-Undan Joint Ventures discussion on:</p> <ol style="list-style-type: none"> <li>Fiscals;</li> <li>Decree Law;</li> <li>PSC;</li> </ol>
10 <sup>th</sup> -14 <sup>th</sup> September 2018	Darwin	<p>Continuous discussion on PSC, DL and Fiscal with:</p> <ul style="list-style-type: none"> <li>Bayu-Undan Joint Venture;</li> <li>NOGA;</li> <li>ENI Joint Ventures on Kitan/11-106 PSCs;</li> <li>Carnarvon;</li> </ul>
5 <sup>th</sup> – 16 <sup>th</sup> November 2018	Perth	<p>Continuous discussion on PSC, DL and Fiscal with:</p> <ul style="list-style-type: none"> <li>Carnarvon;</li> <li>Kitan / 11-106 Joint Ventures</li> <li>Northern Oil and Gas Australia (NOGA)</li> <li>Sunrise Joint Venture</li> <li>Bayu-Undan Joint Venture</li> </ul> <p>Meeting with Australia, Timor-Leste and NOPSEMA, courtesy visit of the ANPM to NOPSEMA's office.</p>
3 <sup>rd</sup> - 8 <sup>th</sup> December 2018	Dili	<p>Discussion on the Operations/Logistical issues:</p> <ul style="list-style-type: none"> <li>Timor-Leste's response on the JV DLNG metering paper</li> <li>Timor-Leste's response on the JV entry and exits paper</li> <li>BUJV presentation on vessel customs clearance</li> </ul> <p>Legal - Decree Law and Production Sharing Contract</p> <ul style="list-style-type: none"> <li>Timor-Leste and JV response on framework options</li> <li>Applicable laws</li> <li>BUJV discussion papers:</li> <li>Tax and regulatory stability</li> <li>Bridging provisions</li> </ul> <p>Meeting with NOGA</p> <ul style="list-style-type: none"> <li>PSC</li> <li>Fiscal Model</li> </ul> <p>Meeting with Greater Sunrise Joint Ventures</p> <ul style="list-style-type: none"> <li>Terms of PSC</li> <li>Work Commitment</li> <li>Fiscal</li> </ul>

TABLE 1: LIST OF TRANSITIONAL MEETING IN 2018



FIGURE 7: TRANSITIONAL ARRANGEMENT GROUP PHOTO

## 1.6 ANPM HUMAN RESOURCE DEVELOPMENT



FIGURE 8: ANPM'S STAFF PARTICIPATED IN TRAINING

ANPM has invested significantly to the capability development of its staffs. The commitment supported the staffs' trainings, workshop, conferences and secondment.

### STAFFING

During 2018, ANPM conducted 4 recruitment for new and replacement positions in order to respond to the ANPM's activities. By end of 2018, ANPM has a total of 100 staff spread across different directorates, including President and Single Auditor's offices.

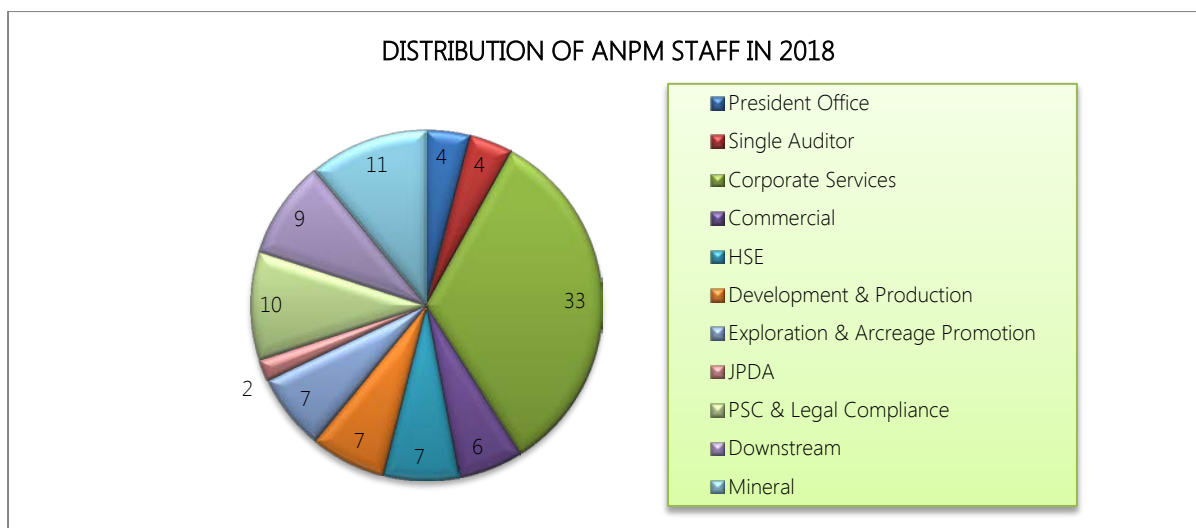


CHART 2: ANPM STAFF DISTRIBUTION IN 2018

## TRAINING AND CAPABILITY DEVELOPMENT

A total of eight individual training programs were attended by relevant ANPM employees. Most of these training programs were in the Technical areas, and were held attended in overseas. Besides that there were eighty eight other collective training programs conducted within the state for designated employees from various directorate within the ANPM.

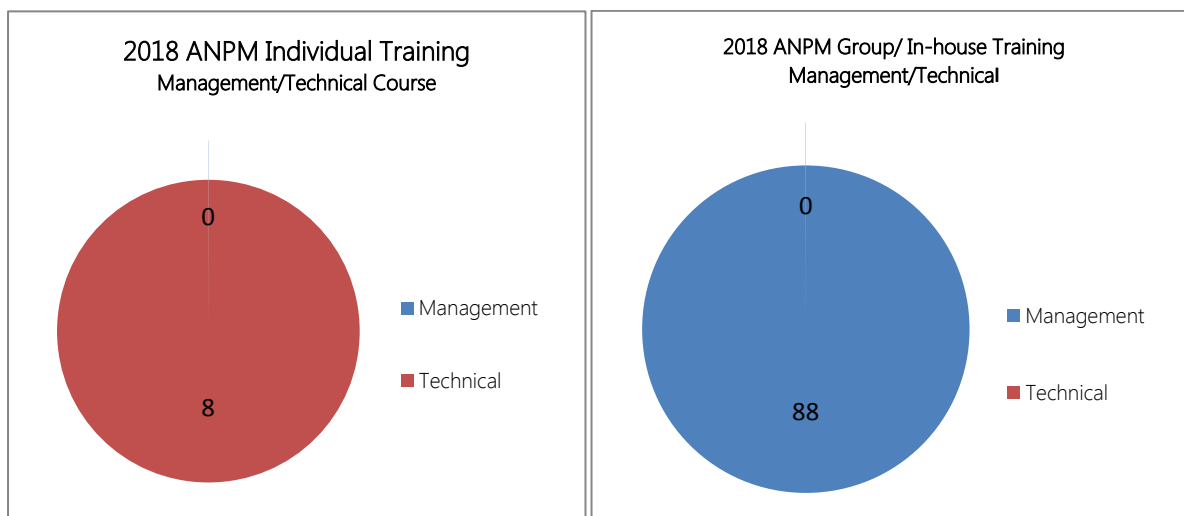


CHART 3: TRAINING AND CAPABILITY DEVELOPMENT IN 2018

## 1.7 CORPORATE PROCUREMENT

Corporate procurement is categorized into five major items; Consultancy, Audit, Goods and Services. In 2018, Corporate procurement amounts to a total of USD \$ 1,136,737.70. In terms of value distribution, corporate procurement in 2018 mostly expend on Goods, Services and Consultancy. Further details can be found in annex 2 of this report.

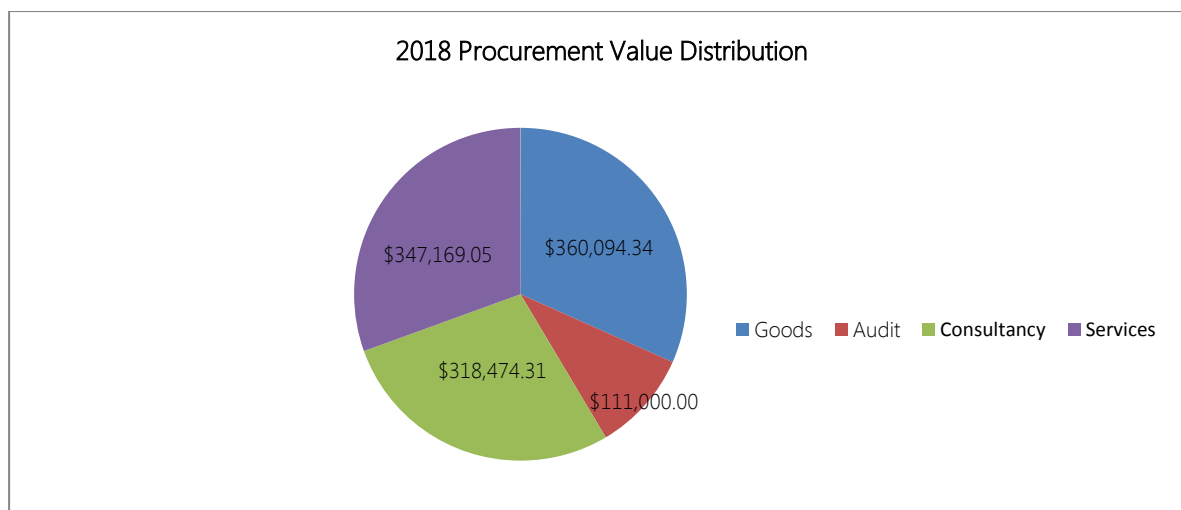


CHART 4: 2018 ANPM PROCUREMENT BY CATEGORIES

## 1.8 SINGLE AUDITOR

Under the Single Auditor Unit (SAU), there are three internal auditors who work together with the Single Auditor (SA). The team has carried out internal audit function mainly the audit to verify the internal control, compliance as well as financial including management reporting. Under the SAU approved Annual Audit Plan (AAP) by Board of Director (BoD), the SAU team has carried out various internal audit work such as, review budget execution and financial management and provide technical opinion to the ANPM proposed budget in which the final report of both budget opinion and execution will be presented to the BoD for consideration. Furthermore, the team facilitate the external auditor in performing audit to the corporate financial report, mineral as well as petroleum revenue starting from the preparation phase, audit field work until the issuing of the final report.

In addition, the SAU team also conduct an internal audit activity to verify/assess the internal control process of the directorates such as corporate service which includes corporate finance process, administration and procurement process, human resources, training, travel, downstream revenue collection process and mineral as well as petroleum revenue collection process. During the audit process, the SAU collect the document evidence, design flowchart, develop risk and control matrix, performing substantive test and lastly prepare and present the report to the BoD at the end of the year for an input ad recommendation.

The team, moreover, as per approved AAP, is responsible to follow-up the action plan from the agreed recommendations of the previous audit activities, from its internal audit assignment and external audit entities such as from Timor-Leste Supreme Audit Court (*Câmara de Contas*), British Standards Institution (BSI) auditors for Information Security Management Systems (ISMS) ISO27001:2013 standard and external auditors such as Ernst and Young (EY).

## 1.9 FINANCIAL STATEMENT AND AUDITOR'S REPORT

### ANPM - CORPORATE EXPENSES REPORT

Below is the ANP's audited expenses report for 2018. All figures presented are in United States Dollar.

<b>Expenses Report Per 31 December 2018 Audited)</b>		
	<b>Actual</b>	<b>Budget</b>
Development Fees	\$ 3,983,200.00	\$ 3,658,200.00
Contract Services Fees	\$ 880,000.00	\$ 880,000.00
Subsidy from Timor - Leste Government for ANPM Operation	\$ 1,521,189.00	\$ 1,945,594.62
Timor-Leste Government Funding for petroleum audits *		\$ -
Downstream Fees	\$ 470,607.00	\$ 924,038.40
Interest	\$ 7,029.00	\$ -
Profit and disposal of assests	\$ 4,723.00	\$ -
Other Income	\$ 25,866.00	\$ -
<b>Total Income</b>	<b>\$ 6,892,614.00</b>	<b>\$ 7,407,833.02</b>
<b>EXPENSES</b>		
Employee Cost	\$ 2,876,088.00	\$ 3,084,079.43
General and Administration	\$ 3,566,340.00	\$ 3,829,743.00
Depreciation and Amortisation	\$ 406,751.00	\$ 371,688.44
Government petroleum audit cost*		\$ -
Net Loss in Foreign Exchange	\$ 15,752.00	
Contingency		\$ 218,565.33
<b>Total Expenditure/Budget</b>	<b>\$ 6,864,931.00</b>	<b>\$ 7,504,076.20</b>
<b>Surplus</b>	<b>\$ 27,683.00</b>	<b>\$ (96,243.18)</b>

\* non ANPM asset fund (an income to execute Timor - Leste Government program)

Percentage Budget vs Actual 91%

Percentage Income vs Expenditure 100%



## ANPM - CORPORATE FINANCIAL STATEMENT

AUTORIDADE NACIONAL DO PETRÓLEO

2018 Financial Report (audited)

		2018	2017
		\$	\$
	Notes		Restated (Note 2(a) (ii))
<b>REVENUE AND OTHER INCOME</b>			
Development fees		3,983,200	3,983,200
Contract service fees		880,000	880,000
Subsidy from Timor-Leste Government		1,521,189	1,950,000
Timor-Leste Government funding for petroleum audits		-	291,111
Downstream fees		367,474	244,792
Downstream licenses - trading fees		103,133	82,651
Gain on disposal of property, plant and equipment		4,723	26,052
Interest		7,029	4,053
Other income		25,866	-
<b>TOTAL INCOME</b>		<b>6,892,614</b>	<b>7,461,859</b>
<b>EXPENSES</b>			
Employee costs	15	2,876,088	2,657,536
General and administration	16	3,566,340	3,476,853
Depreciation and amortization		406,751	375,455
Government petroleum audit costs		-	291,111
Net (gain)/loss in foreign exchange		15,752	(11,436)
<b>TOTAL EXPENSES</b>		<b>6,864,931</b>	<b>6,789,519</b>
<b>SURPLUS FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018	2017	As 1 January
		\$	\$	2017
	Notes		Restated	Restated
			(Note 2(a) (ii))	(Note 2(a) (ii))
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	11,854,055	12,893,737	11,053,423
Cash and cash equivalents - Joint Petroleum Development Area	4, 12	28,698,156	13,261,980	5,517,756
Cash-TL Cement Escrow Account	5	50,006,027	-	-
Trade and other receivables	6	204,805	15,512	39,367
Other current assets	7	139,169	30,036	37,576
<b>Total Current Assets</b>		<b>90,902,212</b>	<b>26,201,265</b>	<b>16,648,122</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	9	770,802	921,924	526,200
Intangibles	8	28,377	117,288	208,772
<b>Total Non-Current Assets</b>		<b>799,179</b>	<b>1,039,212</b>	<b>734,972</b>
<b>TOTAL ASSETS</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	2,121,782	2,404,120	973,084
Payable in respect of Joint Petroleum Development Area Funds	10, 13	28,698,156	13,261,980	5,517,756
Payable TL Cement Escrow Account	14	50,006,027	-	-
Unearned income	12	21,094	924,333	914,550
Provisions	11	147,307	-	-
<b>Total Current Liabilities</b>		<b>80,994,366</b>	<b>16,590,433</b>	<b>7,405,390</b>
Provisions	11	29,298	-	-
<b>Total Non-Current Liabilities</b>		<b>29,298</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>81,023,664</b>	<b>16,590,433</b>	<b>7,405,390</b>
<b>EQUITY</b>				
Initial contribution	20	2,153,168	2,153,168	2,153,168
Accumulated funds		8,174,559	7,911,876	7,697,536
Capital asset reserve	25	350,000	585,000	127,000
<b>Total Equity</b>		<b>10,677,727</b>	<b>10,650,044</b>	<b>9,977,704</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Initial Contribution	Capital Reserve	Accumulated Funds	Total Equity
	\$	\$	\$	\$
At 1 January 2017	2,153,168	127,000	7,019,778	9,299,946
Effect of adoption of new accounting Standards (Note 2(a) (ii))	-	-	677,758	677,758
As at 1 January 2017 (restated)	2,153,168	127,000	7,697,536	9,977,704
Transfer out of capital reserve	-	(127,000)	127,000	-
Transfer into capital reserve	-	585,000	(585,000)	-
Total surplus for the year	-	-	672,340	672,340
At 31 December 2017	<b>2,153,168</b>	<b>585,000</b>	<b>7,911,876</b>	<b>10,650,044</b>
Transfer out of capital reserve	-	(585,000)	585,000	-
Transfer into capital reserve	-	350,000	(350,000)	-
Total surplus for the year	-	-	27,683	27,683
<b>At 31 December 2018</b>	<b>2,153,168</b>	<b>350,000</b>	<b>8,174,559</b>	<b>10,677,727</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

ALLOCATION OF SURPLUS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Joint Petroleum Development Area	Timor-Leste Exclusive Area	Total for the year
YEAR ENDED 31 DECEMBER 2018	\$	\$	\$
Development fees	3,983,200	-	3,983,200
Contract service fees	880,000	-	880,000
Subsidy from Timor-Leste Government	-	1,521,189	1,521,189
Timor-Leste Government funding for petroleum audits	-	-	-
Downstream fees	-	367,474	367,474
Gain/Loss on disposal of property, plant and equipment	-	4,723	4,723
Downstream licenses - trading fees	-	103,133	103,133
Other Income	-	25,866	25,866
Interest	7,029	-	7,029
<b>Total Income</b>	<b>4,870,229</b>	<b>2,022,385</b>	<b>6,892,614</b>
Expenses split per JPDA Joint Commission approved budget	(4,103,856)	(2,761,075)	(6,864,931)
<b>Surplus/(deficit) for the year</b>	<b>766,373</b>	<b>(738,690)</b>	<b>27,683</b>

*The above Statement of Allocation of Surplus should be read in conjunction with the accompanying notes.*

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
<b>Operating activities</b>			
(Deficit)/surplus for the year		27,683	672,340
Adjustments to reconcile (deficit)/surplus for the year to net cash flows:			
Depreciation of property, plant and equipment	9	328,079	224,441
Amortization of intangible assets	8	78,672	151,014
Gain on disposal of property, plant and equipment		(4,723)	(26,052)
		<b>429,711</b>	<b>1,021,743</b>
Operating surplus before working capital changes			
Working capital adjustments:			
(Increase)/decrease in trade and other receivables	6	(189,291)	23,855
(Increase)/decrease in other current assets	7	(109,132)	7,540
Increase in trade and other payables	10	15,153,835	9,175,259
Increase in employee benefits provision	11	176,605	-
(Decrease)/increase in unearned income	12	(903,238)	9,784
Cash generated from operations		14,128,779	10,238,181
<b>Net cash flow provided by operating activities</b>		<b>14,128,779</b>	<b>10,238,181</b>
<b>Investing activities</b>			
Purchase of intangibles	8	(8,960)	(59,530)
Purchase of property, plant and equipment	9	(157,759)	(620,325)
Proceed on disposal of assets		4,723	26,212
<b>Net cash flow used in investing activities</b>		<b>(161,996)</b>	<b>(653,643)</b>
Net increase in cash and cash equivalents		14,396,494	9,584,538
Cash and cash equivalents at beginning of year		26,155,717	16,571,179
<b>Cash and cash equivalents at end of year</b>	4	<b>40,552,211</b>	<b>26,155,717</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## ANPM - REVENUE AUDIT REPORT

### AUTORIDADE NACIONAL DO PETRÓLEO OF TIMOR-LESTE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue receipts by field			
Bayu-Undan	3	286,520,548	270,772,876
Kitan	4	-	670
Total revenue receipts received		286,520,548	270,773,546
Interest			
- Interest from Term Deposit	6	8,695	8,014
Total receipts received		286,529,243	270,781,560
Bank charges		(1,010)	(880)
Receipts less bank charges for the year		286,528,233	270,780,680
Cash at beginning of year		13,261,980	5,517,756
		299,790,213	276,298,436
Less: cash at end of year	5	(28,698,156)	(13,261,980)
<b>Amount available for distribution</b>		<b>271,092,057</b>	<b>263,036,456</b>
<b>Distributed as follows:</b>			
Distribution to Petroleum Fund of Timor-Leste		243,982,851	233,992,343
Distribution to Department of Industry, Australia		27,109,206	29,044,113
<b>Total payments made</b>		<b>271,092,057</b>	<b>263,036,456</b>

The above Statement of Petroleum Revenue Receipts and Payments should be read in conjunction with the accompanying notes

## MINERAL STATEMENT

### STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue receipts by type of accounts			
License Fees	3	18,000	21,500
Prospecting		2,000	-
Exploration		-	21,500
Mining		16,000	-
Mining Extraction Fees	4	160,883	395,579
Compensation Fees	5	1,489,922	617,490
Total revenue receipts deposited		<b>1,668,805</b>	<b>1,034,569</b>
Bank charges	6	(60)	(92)
Receipts less bank charges during the year		1,668,744	1,034,477
Cash at beginning of year		-	-
Less: cash at end of year		-	-
<b>Total cash distributed during the year</b>	<b>7</b>	<b>1,668,744</b>	<b>1,034,477</b>

The above Statement of Mineral Revenue Receipts and Payments should be read in conjunction with the accompanying notes. The Mineral Revenue Receipts and Payments are directly paid to Timor-Leste Government account.



## 2. PETROLEUM CONTRACT OPERATOR'S ACTIVITIES



## 2.1 CONTRACTS IN JPDA AND TIMOR-LESTE ONSHORE AND OFFSHORE AREAS

ANPM's roles are to ensure contractors' compliances through audit and inspections on facilities, vessel, rigs as required under applicable laws for the Timor Leste Offshore Area (TLOA) and for the Joint Petroleum JPDA. ANPM uses information from reports, investigations, inspections and audit to analyze trends for better improvement and decision making.



FIGURE 9: VIBROSEIS SEISMIC SURVEY ACTIVITIES



FIGURE 10: FULBRIGHT-SERN AWARDED

ANPM's roles are to ensure contractors' compliances through audit and inspections on facilities, vessel, rigs as required under applicable laws for the Timor Leste Offshore Area (TLOA) and for the Joint Petroleum JPDA. ANPM uses information from reports, investigations, inspections and audit to analyze trends for better improvement and decision making.

In 2018, there were ten (10) contract areas consisting of four (4) Production Sharing Contracts in both Onshore and Offshore Timor Leste territories and Six (6) PSCs were dedicated to the JPDA.

Contract Operator	PSC	Locality	Statues
ConocoPhillips JPDA 03-12 & 03-13 Pty Ltd	PSC JPDA 03-12	JPDA	Production
	PSC JPDA 03-13		
Eni JPDA 06-105 Pty Ltd	JPDA 06-105	JPDA	<p>Development field – temporary suspended with possibility either to fully abandoned or redevelop alongside with any other discovered fiels.</p> <p>This field has been temporarily shut by the end of December 2015 due low price and producitons decline. The wells have been temporarily shut in and may be re-developed using different facilities if the oil price to recover and in favour for a new project economic of the field.</p> <p>The life of this PSC has been extended and</p>

			further discussions has on this PSC has been revolved around the possibility to either redevelop the field along side with any any discover fields or to fully abandoned the temporary suspended productions wells.
Woodside Energy Limited 03- 19 Pty Ltd	JPDA 03-19 JPDA 03-20	JPDA	Exploration – Development Concept Studies
Eni JPDA 11-106 Pty Ltd	JPDA 11-106	JPDA	Exploration
Eni Timor Leste SPA	S-06-04	TLOA	Exploration
TIMOR GAP Offshore Unipessoal Limitada	TL-S-15-01	TLOA	Exploration
Timor Resources Pty Ltd	TL-OT-17-08 and TL-OT-17-09	Timor Leste Onshore	Exploration. The Contractor completed the Fafulu 2D seismic survey in Covalima district in November 2018

TABLE 2: PSCS IN JPDA AND TLOA

Figure below outlines active PSCs in JPDA and TLO by end of 2018.

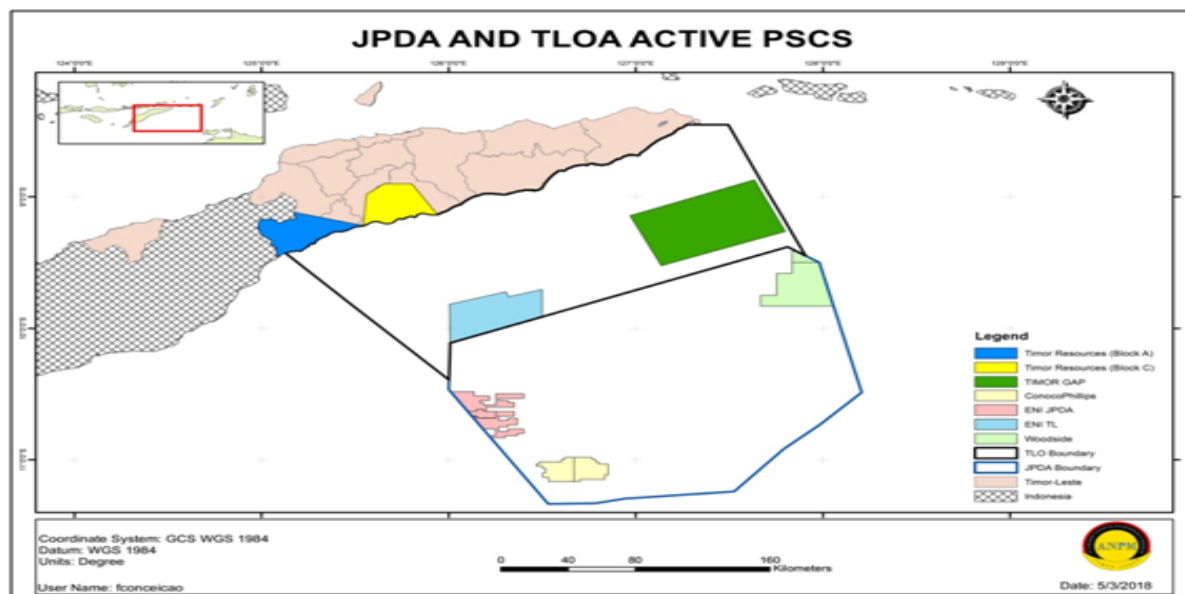
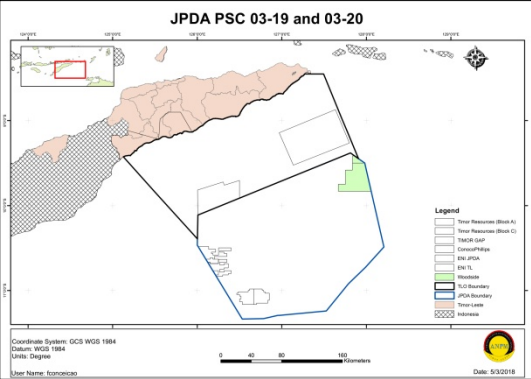
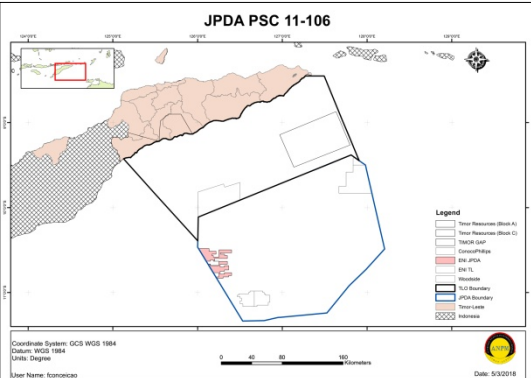
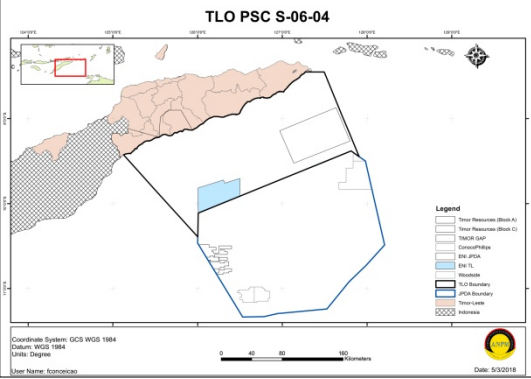


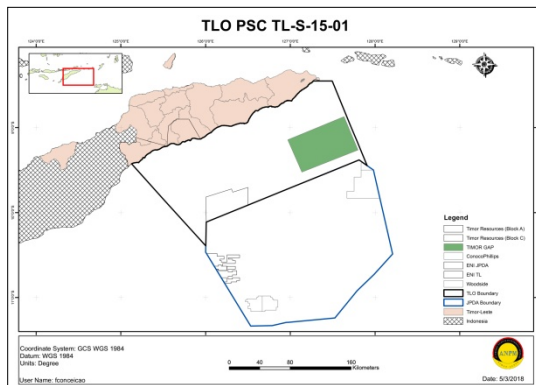
FIGURE 11: MAP OF JPDA AND TLOA ACTIVITIES PSCS

## 2.2 PETROLEUM EXPLORATION PERFORMANCES

PSCs	Activities
<p data-bbox="303 318 606 353">JPDA PSC 03-19 and 03-20</p> 	<ul style="list-style-type: none"> <li data-bbox="807 318 1364 459">The new Maritime boundary Treaty between Timor-Leste and Australia established special regime area for the Greater Sunrise fields,</li> <li data-bbox="807 468 1364 898">Upon the signature of the Maritime Boundary Treaty, and while awaiting for its ratification, over the period of 2018, a joint team between Australia and Timor-Leste has been on an ongoing discussions to finalize the establishment of a transitional arrangement on the specific legal frameworks requirement for the Sunrise PSCs. Such discussions are expected to be concluded towards the end of 2019.</li> </ul>
<p data-bbox="357 922 552 958">JPDA PSC 11-106</p> 	<ul style="list-style-type: none"> <li data-bbox="807 922 1364 1440">In 2018 further in depth Geological and Geophysical studies were conducted by the operator as part of the preparation for the 2019 Kanase-1 prospect exploration drilling. It has been confirmed that the Kanase-1 dual target wells are to be conducted within the period commencing at the end of first quarter 2019 and will carry on during the second and third quarter of the 2019. The Kanase-1 dual target drilling campaign will be targeting both the Jurassic prospect and the Triassic play.</li> </ul>
<p data-bbox="357 1476 552 1512">TLO PSC S-06-04</p> 	<ul style="list-style-type: none"> <li data-bbox="807 1476 1364 1563">The Geological and geophysical studies are still ongoing,</li> <li data-bbox="807 1581 1364 1809">The Contract operator and its Joint Ventures has requested for another 27 Months of extension to the expiry date of the PSC in order to perform further technical works to investigate the potential of Triassic as secondary drillable targets.</li> </ul>

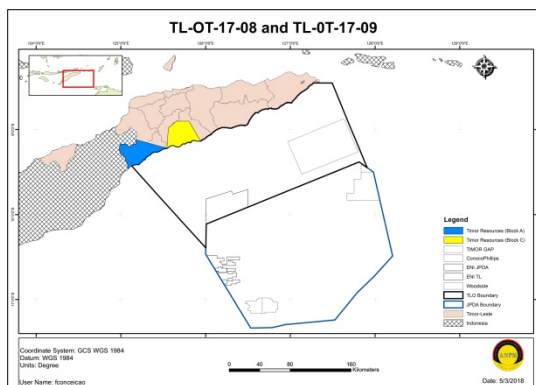


### TLO PSC TL-S-15-01



- During the period of 2018 TIMOR GAP OFFSHORE BLOCK completed their seismic interpretation of broadband seismic Crocodile 3D, and identified.
- As part of the plan further in depth studies are yet to take place by utilizing some other seismic geophysical methods to enhance the seismic image within sub-thrust area which has been difficult to be imaged.

### TL-OT-17-08 and TL-OT-17-09



- Over the period of 2018, the operator and its Joint Venture conducted various field work and geological and geophysical studies. In October 2018, the Contractor started the Fafulu 2D seismic survey over the PSC TL-OT-17-08 Contract Area and the said survey was completed at the end of November 2019. The operator processing and interpretation of the said data is currently ongoing and are expected to be completed by the second quarter of the 2019.
- Over the period of 2019, various field geological studies were conducted over the Contract Area of the PSC TL-OT-17-09. Several seismic lines scouting including environmental management studies as part of the Seismic Survey preparations were also undertaken. Due to a rainy season in Q1 & partially Q2 of the year the 2D Seismic survey over the Contract Area of the PSC TL-OT-17-08 was postponed and it is expected to be commenced again within the month of July 2019.

TABLE 3: SUMMARY OF EXPLORATION PSCS ACTIVITIES WITHIN THE EACH CONTRACT AREA





FIGURE 12: DISSEMINATION OF SEISMIC SURVEY ACTIVITY IN COVALIMA AND MANUFAHI



FIGURE 13: VIBROSEIS TRUCK IN PSC CONTRACT AREA

## THE INTEGRATED AIRBORNE GEOPHYSICAL SURVEY - IAGS

The IAGS is an Inter-Ministerial project, which are composed of three different ministries as the Steering Committee members, where the Ministry of Planning and Strategic Investment (MPIE) as project owner and the chairman of the Steering Committee, and Ministry of Finance and the Ministry of Petroleum and Minerals Resources as two Steering Committee Members. As part of the project implementation, the ANPM has been assigned to act in the representations of the Ministry Petroleum and Mineral Resources to coordinate all the technical implementation of the project in collaboration with the office of the Director General of the State Budget of the Ministry of Finances which acted as the Project Manager. In that, the progress of the technical implementation of such project has been reported as under the ANPM annual report both within the period of 2017 and this 2018 Annual Report. The implementation of the Integrated Airborne Geophysical Surveys (IAGS) – project was commenced in late Mid-late 2016, which covers four different Airborne Geophysical survey methods, namely the regional gravity survey, a combined regional magnetic - radiometric survey, and detail electromagnetic survey and gravity-gradiometric survey. Figure XX shows the base lines of the survey area to be conducted. The contract was awarded to PT. Karvak Nusa Geomatika, and Indonesian – Jakarta based Airborne Survey Company together with its other sub-contractors. Over the period of 2016 to 2017, the company

managed to complete the acquisition of the regional gravity survey over all the mainland of Timor Island, and the islands of Atauro and Jaco, as well as the enclave of Oecussi and north offshore.

Over the period of 2018, PT. Karvak and its sub-contractor Airborne Petroleum Geophysics (APG), a Canadian based company, completed the data processing of the acquired regional gravity and further proceeded with a low altitude Airborne Magnetic – Radiometric Survey using helicopter. Given that the radiometric data acquisitions survey is very sensitive to a wet soil, and the helicopter survey is highly dependent as will weather conditions, especially when conducting a survey with flights elevation requirement over the height of between 80 – 150 meters above the ground, hence, the operations of the survey is also highly sensitive to the weather conditions. These survey data acquisitions were conducted over the period of 2017 and 2018 during the dry season only. The said survey was conducted by PT. Karvak and its sub-contractor Airborne Petroleum Geophysics (APG) the Canadian based company. This survey data acquisition is currently ongoing and is expected to be completed by mid-2019.

Upon the completion of the regional gravity survey and the magnetic-radiometric survey, it is expected that a detail survey of Electromagnetic and Gravity-gradiometric airborne survey are to be conducted over certain selective areas based on the indication results of the regional survey and the ground geological survey.



FIGURE 14: HELICOPTER FOR MAGNETIC RADIOMETRIC SURVEY    FIGURE 15: AIRCRAFT FOR GRAVITY-MAGNETIC SURVEY

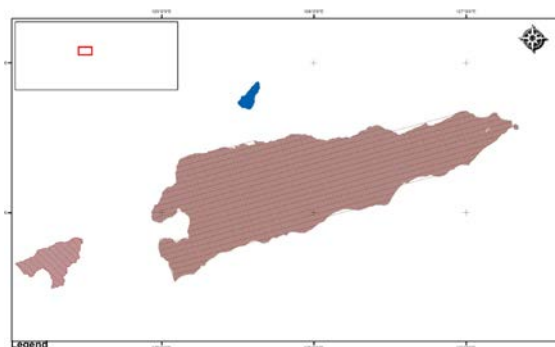


FIGURE 16: FLIGHT LINE FOR GRAVITY SURVEY

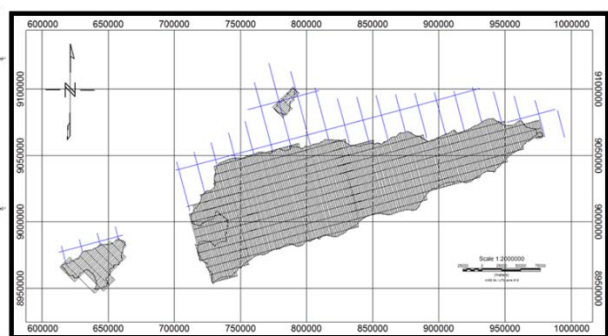


FIGURE 17: MAP OF FLIGHT LINES FOR OFFSHORE GRAVITY SURVEY

## PROMOTIONS

Globally Timor – Leste is one of the countries that is actively evolving and developing the growth of petroleum industries within the country in its contribution to the growth of petroleum industry within the Asia Pacific region despite of its experience of less than two decades in the industry. In that, through the year, it is part of the ANPM in its role and function as the regulatory body representing the country to continuously promote the growths of petroleum industry within the country.

As for the year 2018, the ANPM continues to promote the investment opportunities and the growth of the petroleum industry activities in the country through both media campaign as well as through our participations in various International conferences throughout the Asia Pacific regions by sharing our experiences managing and administering the petroleum and Mineral resources as well as promoting investments.



FIGURE 18: ANPM IN ASIA PACIFIC ENERGY ASSEMBLY IN SINGAPORE    FIGURE 19: ANPM ATTENDED 7TH OFFSHORE ASIA PACIFIC CONVENTION IN INDONESIA

## 2.3 PRODUCTION PERFORMANCE

### PRODUCTION IN BAYU UNDAN FIELD (PSC 03-12 & 03-13)

Bayu Undan (BU) Field is a gas condensate field which locates in the Joint Petroleum Development Area (JPDA) between Timor Leste and Australia. The field is operated by ConocoPhillips with its Joint ventures and located approximately 250 km from south-east of Suai, Timor Leste and approximately 480 km from north-west of Darwin, Australia. Bayu Undan project has two facilities including offshore facility and Onshore (Darwin LNG) facility. Offshore facility consists of a Central Production and Processing Complex (DPP and CUQ), FSO, WP1, subsea in-field pipelines and gas export pipeline to Darwin. In addition, Bayu Undan project is a partial gas recycling field where some excess produced lean gas reinjected into reservoir through 4 dedicated gas injection wells. As Bayu Undan field matures and productivity from existing wells decreases with increasing water, the gas reinjection wells will gradually be converted from re-injection to production duty.



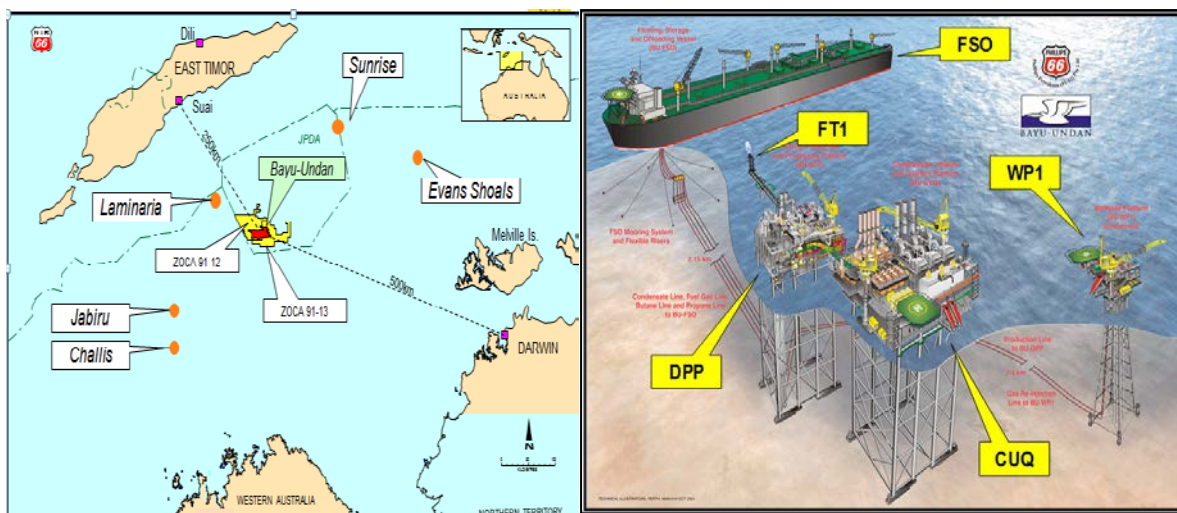
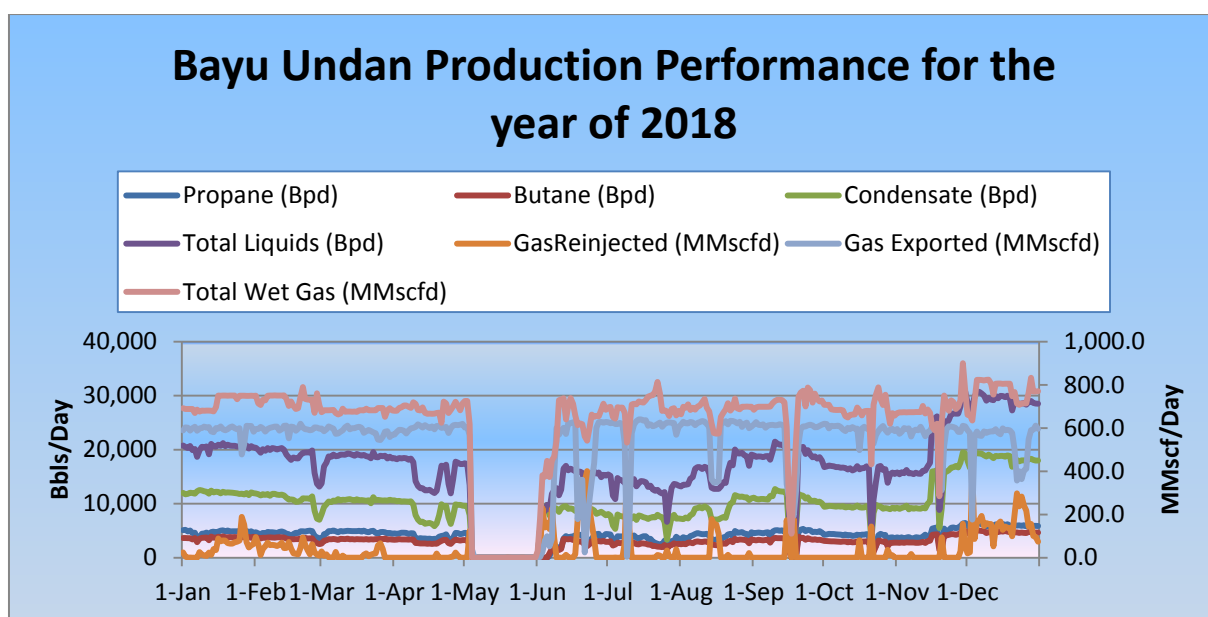


FIGURE 20: COURTESY OF CONOCOPHILLIPS

In the year of 2018, Bayu Undan field produced from 11 producing wells of 2 R2P wells, 3 infill wells and 6 existing producing wells. The total wet gas production through producing wells was 231.49 BCF and the combined liquid production (Condensate and LPG) was 6.08 MMbbls. Similarly, the total annual gas export to DLNG for the reporting period was 189.55 BCF. There were several production interruptions throughout the year including half rate in DLNG, plant shut down due to BUIW rig move, planned May shut down for maintenance and well interventions.



GRAPH 1: TOTAL WET GAS, LIQUID PRODUCED, INJECTED LEAN GAS AND GAS EXPORTED

From above graph, it is seen that liquid production was almost steady at average rate of 17,000 bbls per day, except from month November onwards was increased to 30,000 bbls per day due to all three BUIW wells came online which contributed high liquid production. Throughout the year, the wet gas production was averaging at 700 MMscfd as there are R2P wells (such as D14, D09 and D04) to be used for the DLNG gas demand if required. In addition, the total lean gas injected for year of 2018 was 13.6 BCF.

## KITAN FIELD (PSC JPDA 06-105)

---

The Kitan field is located in the Timor Sea JPDA area with approximately 500 km north of the Australian coast and approximately 170 km south of the Timor-Leste coast. There is no production from Kitan as this field was Shut-in on 16<sup>th</sup> December 2015. Risers were disconnected and completed topside process cleaning by flushing and purging of production plant. Floating Production Storage and Offloading (FPSO) departed from Kitan field on 27<sup>th</sup> February, 2016. ANPM is in continuous discussion with ENI on the method and time for the final abandonment.

## 2.4 HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

---

Health, Safety and Environment (HSE) Directorate is responsible for regulating and enforcing relevant legislation in both the Joint Petroleum Development Area (JPDA) and Timor-Leste. The aim of regulating and enforcing HSE in petroleum operations is to ensure that the contract operators control and manage risks to As Low as Reasonably Practicable (ALARP).

Our first onshore seismic survey after Timor-Leste's independence, platform shutdown, rig move and drilling of BU infill wells were some of the major undertaking by our operators.

ANPM-HSE Directorate's primary focus is constantly on preventing incident/accident and to ensure that the contract operators continue to be accountable for safe operations. We continuously aim at taking considerable steps towards continuous improvement and effectively regulate this sector. ANPM-HSE Directorate fulfill its function by undertaking rigorous assessment and carrying out inspections, investigations and enforcement as necessary.

### HSE PERFORMANCE IN THE JPDA

---

JPDA and Timor-Leste's legal framework has stipulated various requirements for petroleum activities. As the regulatory authority, ANPM aimed at maintaining effective and efficient regulatory assessment, to ensure rigorous review is carried out and at the same time, meeting the project schedule. During this reporting year, rigorous regulatory assessment was carried out for the following activities;

#### a). HSE Incident in the JPDA

Contract operators are required to report incident to ANPM. Whilst the reportable incident and dangerous occurrences shall be notified immediately or within 48 hours to ANPM, the contract operator also provides information non reportable incident and health and safety concerns to ANPM in monthly basis. This data is important to capture sufficient data to analyze any trend or correlation, to allow for contract operators to encourage worker participation in improving their safety program and creating an open safety reporting culture, and for lesson-learnt and performance measurement purpose.

Overall in 2018 there were a total of 247 incidents compiled from the petroleum activities in the JPDA. Out of 247 incidents, there was one recordable incident in the month of March 2018 which was immediately reported to ANPM. This incident was Lost time injury, where the injury person suffered an electric shock resulted in injuries to his right hand



fingers. Graphs below represent percentage of each incident by category/type and the spread of each incident category across the month during 2018, for a total Man Hours of 1,558,903.

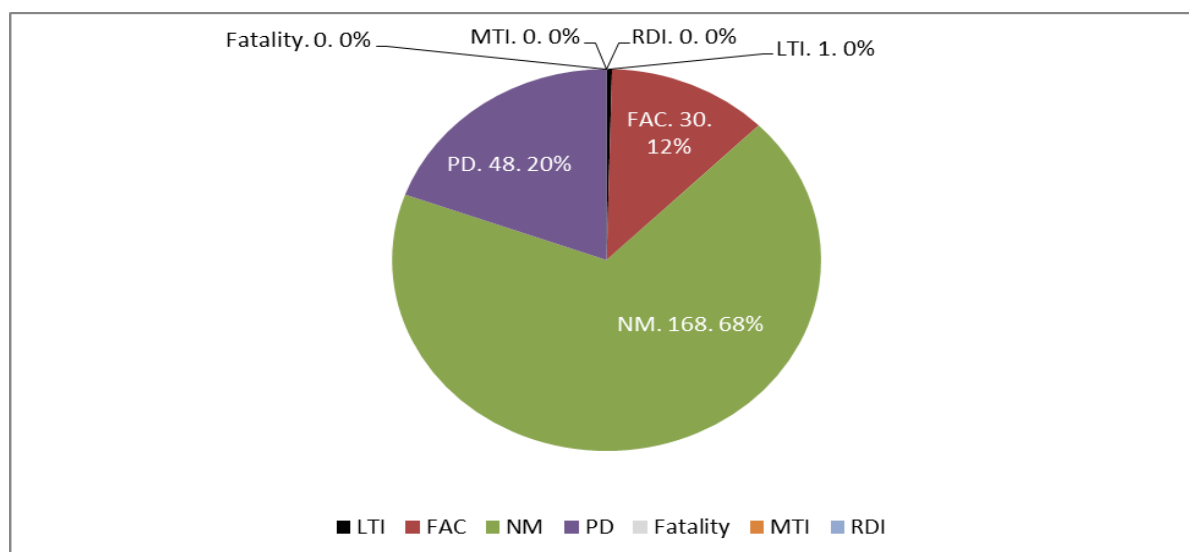
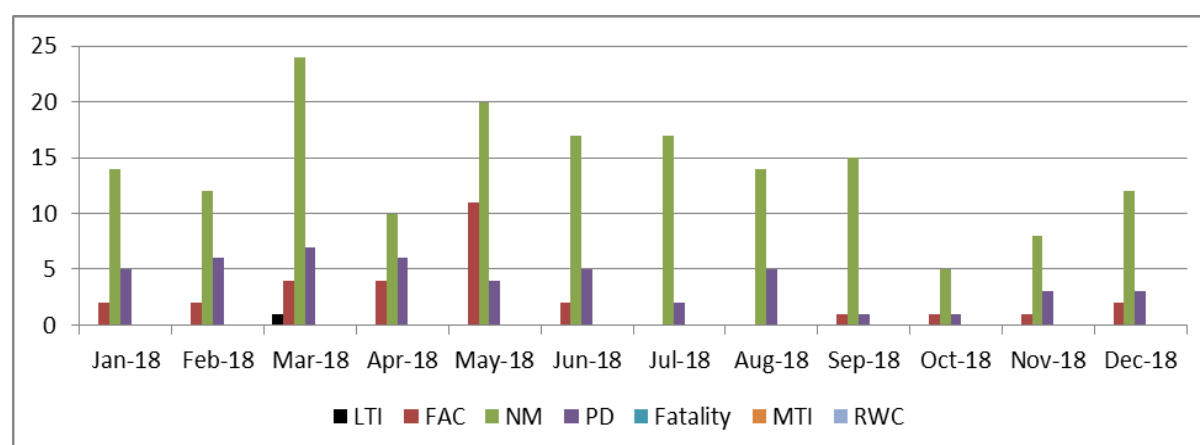


CHART 5: 2018 JPDA INCIDENTS BY PERCENTAGE



GRAPH 2: 2018 JPDA INCIDENT COMPILED ON MONTHLY BASIS

As contract operator are continuously encourage to report health concerns, workplace hazards, unsafe conditions, near misses and actual incidents, the numbers presented in the above graphs reflected reporting culture in the JPDA. Total man-hours for accumulated in 2018 was 1,560,279. The graph shows that with more than 1 million total man-hours, 68% of the incidents were classified as near miss. It is important to note that these near misses were mostly registered as an opportunity to improve certain practices and systems hence were not necessarily near miss with potentiality to cause serious consequence.

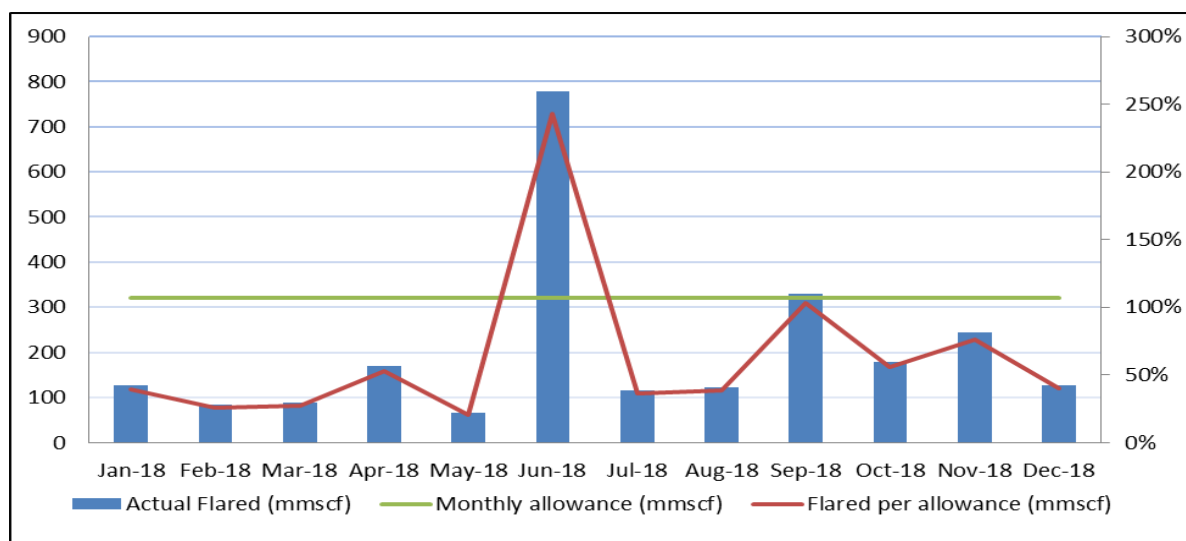
#### b). Gas Disposal in the Production Facilities in the JPDA

Flaring allowance is approved annually based on the activities to be undertaken each year. In 2018 flaring allowance was granted to BU Operations, as the only production facility in the JPDA. A total of 3,852 MMscf was requested and subsequently approved to be flared in 2018. The amount requested took into account a combination of historical actual

flare data accumulated since commencement of steady-state operation (2005) and the known scope of planned activities in 2018. In addition to routine operational activities, the 2018 application included the allowance for flaring from the following planned non-routine activities:

- 2018 Rate Reduction Campaign
- Major Facility Shutdown
- 3 Well Clean Ups and associated start-ups from rig movements due to Infill Wells

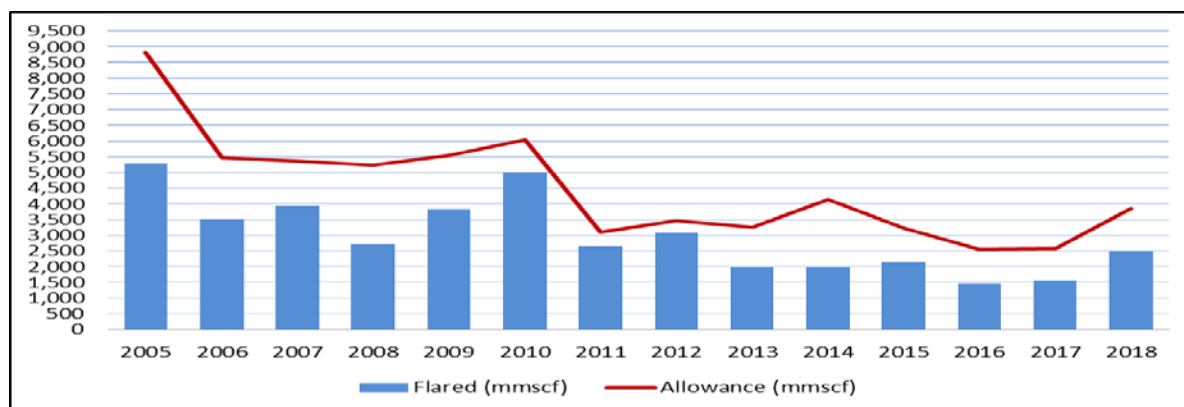
Total actual volume flared during 2018 was 2,496 MMscf, which is about 50% of the approved volume by the ANPM for the duration of the twelve months periods. The graph no. 1 below shows the flaring allowance and the actual volume flared gas during 2018 in monthly basis.



GRAPH 3: 2018 FLARING ACTUAL VS FLARING ALLOWANCE IN THE JPDA

As graphically portrayed above, the amount monthly flared for most of the time has been well below the allowed flaring volume. However, a spike was recorded in the month of June. This is due to the facility start up activities following the planned facility shutdown in May. In addition, there was a slightly increased flared above the monthly allowance in September due to well D06 flowing to unloading line for wireline PLT run, DS05 well-clean up, and facility restarts following field shutdown for ~3 days for drilling rig NTP skid onto DPP.

The Bayu Undan Annual Flaring trend has been showing a steady decrease of the amount flared but slightly increased in 2018 due the planned non-routine activities, the 2018 Rate Reduction Campaign, major facility shutdown and 3 Well Clean Ups and associated start-ups from the three days shutdown for the purpose of NTP rig skid onto DPP.



GRAPH 4: ANNUAL FLARING TREND (2005-2018) IN THE JPDA

Efforts for reduction of flaring have also been one of the main focuses of discussion with the contract operator and will be continuously carried out throughout the years until the end of field life.

## HSE PERFORMANCE IN THE TIMOR-LESTE

In 2018, petroleum activities in Timor-Leste were focused on airborne geophysical survey program and seismic survey at the onshore block A. There were only two near misses and one property damaged and no first aid case and lost time injury recorded during seismic survey in Block A, whilst for airborne geophysical survey no HSE incidents were recorded during the reporting period.

## 2.5 MARKETING PERFORMANCE

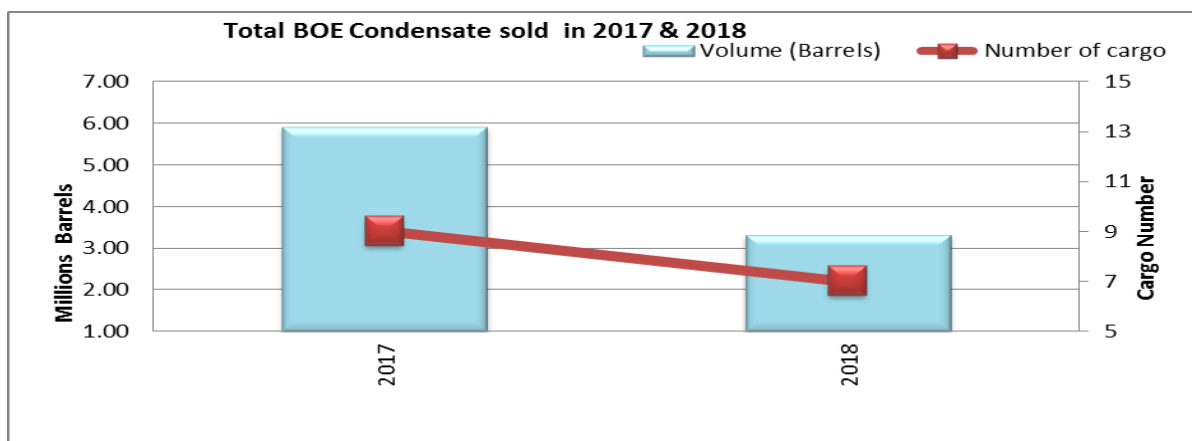
The fossil fuel from Bayu-Undan (BU) project, such as; Condensate, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG) continued to market with the existing arrangements. Condensate sold under a mixture of spot and term basis, while LPG and LNG sell under term contract to the buyers.

During 2018 BU has major shutdown which happened in May and early June, this has slightly impacted to the total production of Condensate and LPG. However, stable LNG production has helped BU field overall production.

Global oil prices have been volatile during 2018, in May, oil prices rose to a record of US\$ 77 /bbl and peaked at \$81/bbl in October then fall again at the end of 2018 to \$57/bbl. Rise in output from the three largest oil producers such as the US, Saudi Arabia and Russia and weak demand have been responsible for the majority of the decline.

## CONDENSATE

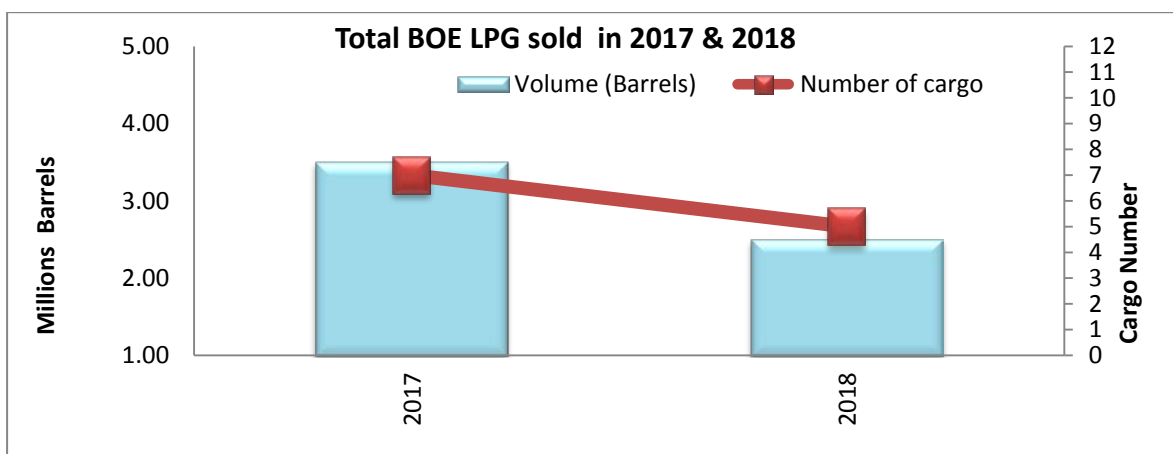
Generally, in 2018 Bayu Undan production was decline compare to previous year. The declining resulted from natural depletion and major planned maintenance shutdown which taken place in May to early June 2018, total cargo sold in 2018 were 7 cargoes, lower than 2017 which were 9 cargoes. Although there is decreasing in production profile, however the realized price of BU Condensate start to rise as the demand for regional Condensate remain robust from strong petrochemical margins, new splitter start-ups and effect of the OPEC production cuts.



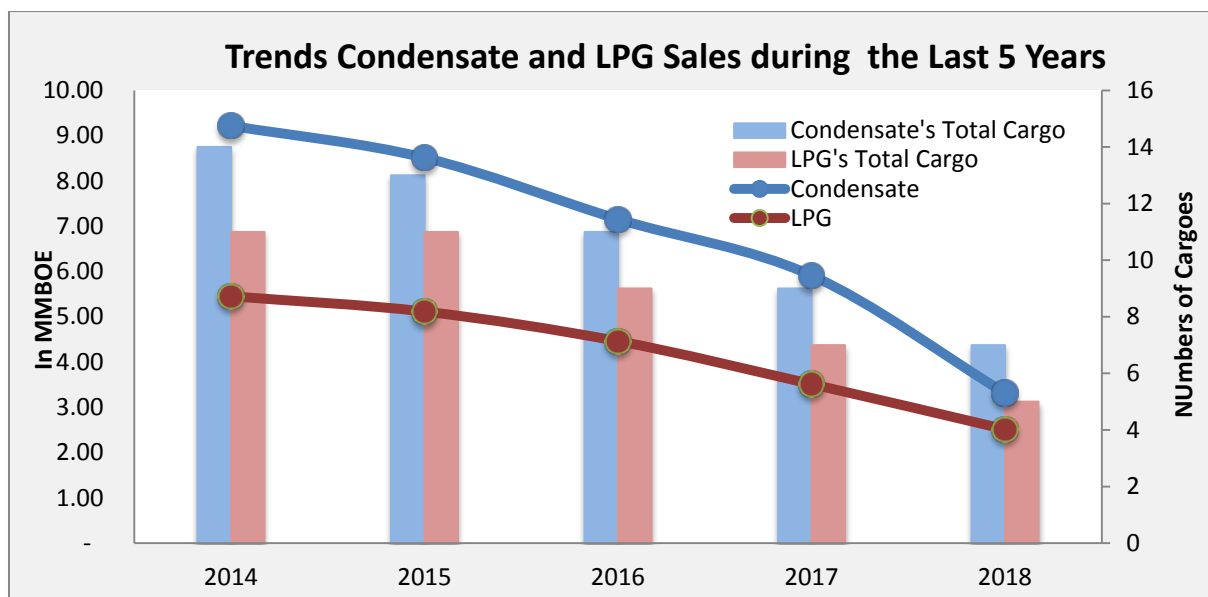
GRAPH 5: 2018 BAYU UNDAN CONDENSATE VOLUME SOLD

## LIQUEFIED PETROLEUM GAS (LPG)

Bayu-Undan LPG continued sold under term contract to Astomos in 2018 and will be for 2019 contract year. Due to planned maintenance shutdown in May and well intervention activities in the last quarter resulted only five LPG cargoes lifted down by two cargoes compared to 2017.



GRAPH 6: BAYU UNDAN LPG VOLUME SOLD IN 2018

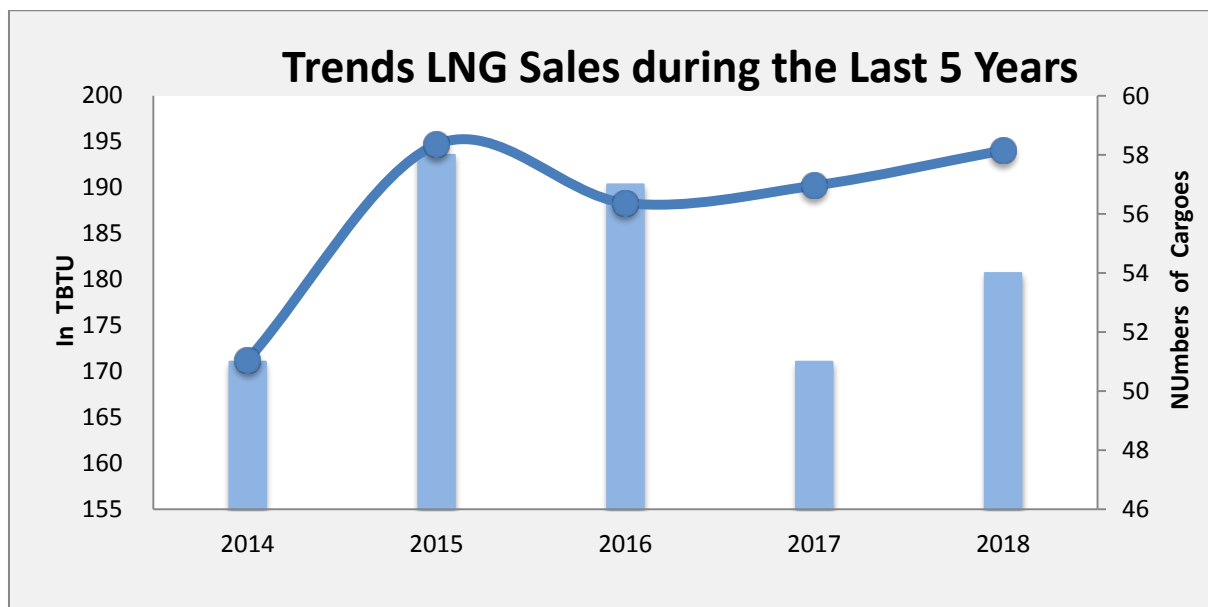


GRAPH 7: TOTAL CONDENSATE AND LPG SOLD IN 5 YEARS

As can be seen in the above graph the Bayu Undan Condensate and LPG cargoes sold remain lower than previous year driven by field depleting and major planned shutdown for maintenance purpose.

### LIQUEFIED NATURAL GAS (LNG)

Despite DLNG was shut in the second quarter but there was no significant impact to the DLNG production rate driven by stable production feed gas rate and additional volume from Bayu Undan Infill Well resulted a greater rise in feed gas production. On the other hand, DLNG continue to maintain production at System Capacity and a total of 54 cargoes were sold in this year, up by 6% compared to previous year.



GRAPH 8: BAYU UNDAN LNG VOLUME SOLD IN FIVE YEARS



## 2.6 PETROLEUM EXPLORATION EXPENDITURE PERFORMANCE

### A. JOINT PETROLEUM DEVELOPMENT AREA (JPDA) – EXPLORATION PSCs

- **PSC JPDA 11-106**

Eni, a Milan based oil and gas firm is the operator of this field. Eni JPDA 11-106 B.V. is in partnership with INPEX Offshore Timor-Leste, LTD., and TIMOR GAP PSC 11-106 Unipessoal, Limitada has a 24% interest in this PSC. This PSC has been extended until 2019, where Eni plans to drill its two wells commitment in first quarter of 2019.

- **PSC 03-19 & 03-20**

Woodside Petroleum, an Australia oil company is the operator of the Sunrise PSC together with ConocoPhillips (03-19 & 03-20) Pty Ltd, Shell Development (PSC-20) Pty Ltd and Osaka Gas Sunrise (PSC-19 & 20) Pty Ltd are the Joint Ventures. Sunrise and Troubadour is a proven discovered gas field with associated condensate. The development of this project is very much subject to the on-going negotiation between the two countries. For permit maintenance, this PSC continued maintain its presence with annual minimum work programs and budget for its local office, permits and corporate initiative investments.

### B. TIMOR-LESTE OFFSHORE AREA – EXPLORATION PSCs

- **PSC TLOA S06 – 04 block E**

Eni SpA, together with Galp Petroleum and Korean Gas acquired this PSC in 2006. Eni SpA as the operator of this PSC, Eni has requested an extension to the deferral of its drilling commitment as a result of the sustained low oil prices. The ANPM granted its extension for another 27 months on 26<sup>th</sup> March 2018, the extension would enable Eni to finalise its G&G studies to firm up its exploration economics.

- **PSC TLS – SO-15-01**

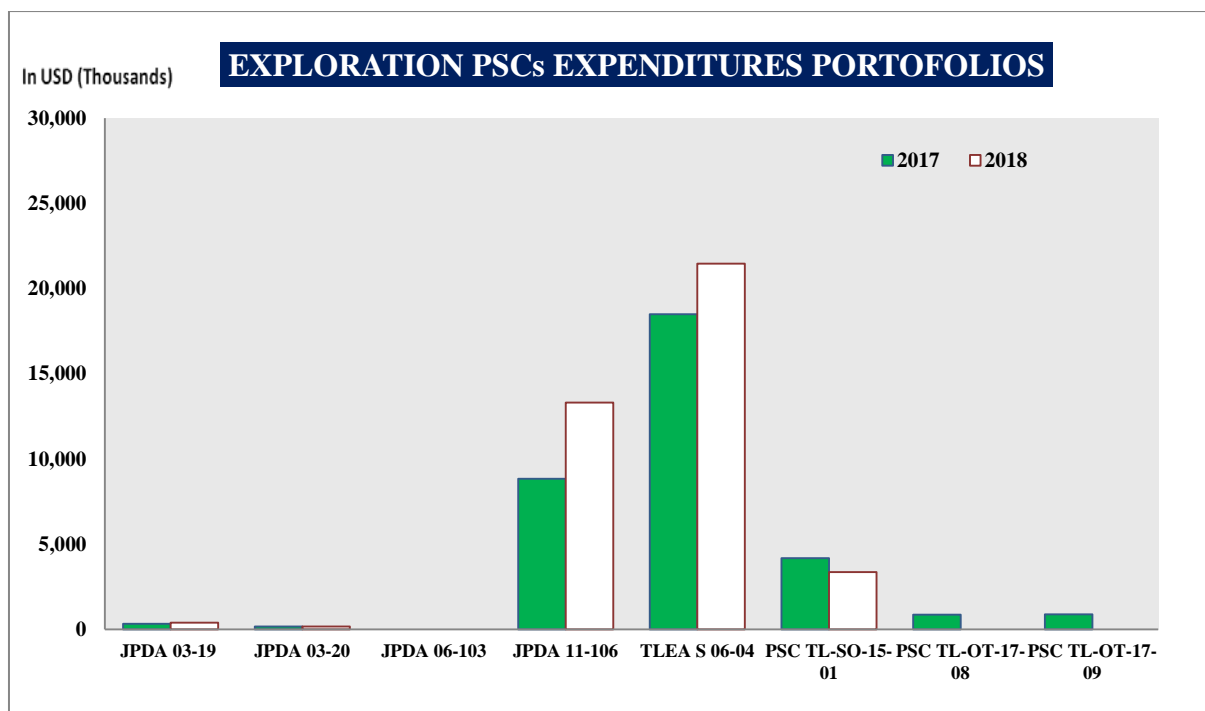
This PSC is 100% owned and operated by Timor GAP OFFSHORE BLOCK UNIPessoal, LDA ("TGOB"). In early 2016, BGPCG and TGOB had carried out seismic survey and acquisition for its contract area and subsequently its interpretation. Major expenditure was G&G, seismic costs, including permit maintenance.

### C. TIMOR-LESTE ONSHORE AREA – EXPLORATION PSCs

- **PSC TL-OT-17-08 and PSC TL-OT-17-09**

Both PSCs were granted in 2017 to Joint Ventures between Timor Resources Lda and TIMOR GAP ONSHORE BLOCK. Operator for both PSCs is the Timor Resources Lda. During the year of 2018, Timor Resources have carried out the initial exploration works in Geological Studies and 3D Seismic survey. Major expenditure was G&G Study costs, including permit maintenance and local content.

To summaries the total Exploration expenditures, below graph tries to outline the 2018 exploration expenditures reported with comparison of previous year, those expenditure are inclusive of the investment credit and uplift for the period.



GRAPH 9: JPDA AND TLOA PSCs EXPLORATION EXPENDITURE

## 2.7 PETROLEUM DEVELOPMENT EXPENDITURE PERFORMANCE

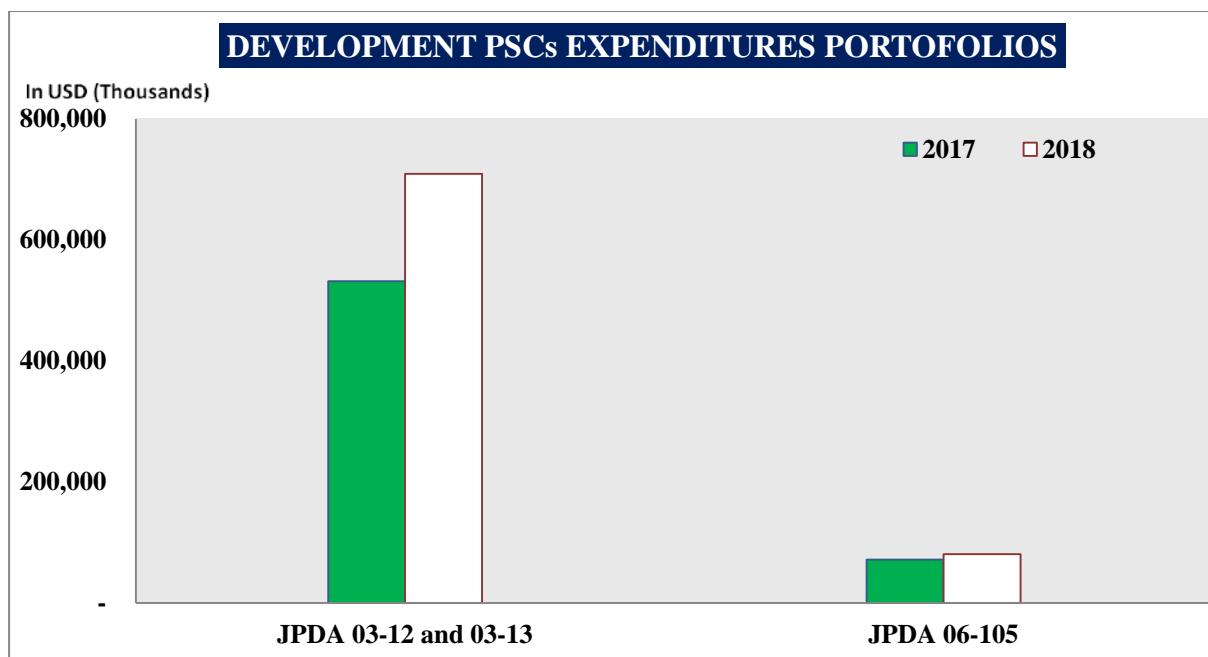
- PSC JPDA 03-12 & PSC JPDA 03-13 (Bayu Undan Field)

ConocoPhillips as the contract operator drilled 3 infill wells to maintain the production and guarantee export gas to Darwin LNG Plant. Bayu Undan field continuously experiencing natural production declining, as a result of water influx and lean gas breakthrough. Bayu Undan annual operating costs mainly to cover the operation of the production of liquids as controllable cost which to cover lifting costs, logistic, supply, minor and major maintenance. In 2018, there was major capital for infill well was incurred the capital expend was related to the infill well drilling.

- PSC JPDA 06-105 (Kitan Field)

The operation of this PSC was suspended due to the impact of low oil price to the economics of the Kitan field and reserved for future development of the field. Expenditures reported and incurred for year ended 31st December 2018 are mostly related to expenditures associated to the other general and administrative in order to maintain the contract area including activates on the studies of future development or Decommissioning options.

The below graph shown the development PSCs expenditures reported for year 2018: are shown in the below graph:



GRAPH 10: JPDA PSCS DEVELOPMENT EXPENDITURE

## 2.8 LOCAL CONTENT PERFORMANCE

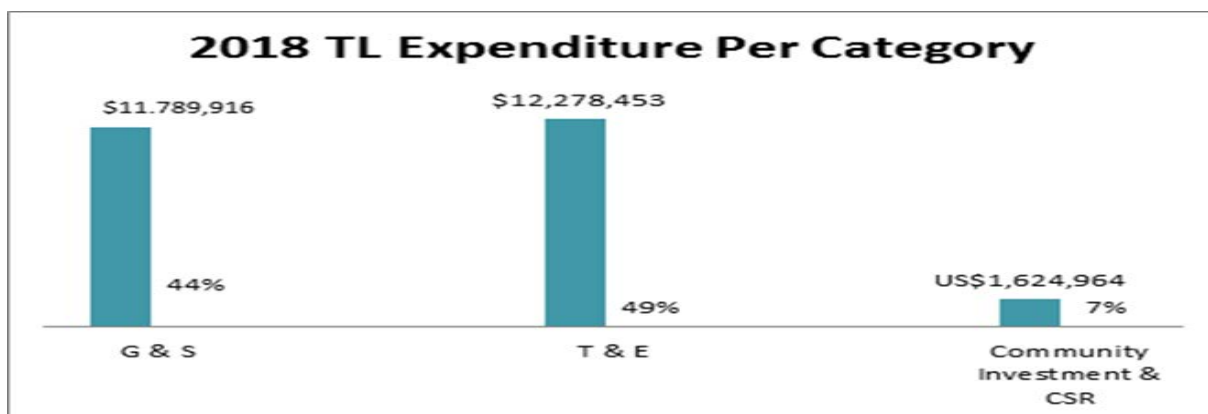
The ANPM was established to work closely with oil and gas companies operating in JPDA and Timor-Leste Exclusive Area, ensuring that all petroleum operations are complied with the law and Timor-Leste as resource owner making efforts to improve the local economy by leveraging linkages to extractive projects, beyond the revenues these petroleum operations generated. The approach to enhance local content to ensure that a company is hiring local labour and procuring local goods and services to the oil and gas industry operations and which can be measured in monetary terms to promote local content with lasting sustainable benefit to the country.

The 2018 annual Timor-Leste Local Content Performance within the Timor-Leste jurisdiction area has been gradually reflecting the local participation in procuring and supplying of local goods and services and ensuring the reasonable preference shall be offered to be competed amongst the Timorese suppliers for petroleum operations in the JPDA. In addition to the supply chain of goods and services, petroleum operators is required to grant preference in employment to Timor-Leste nationals and permanent residents with due regard to occupational health and safety requirements for the petroleum activities.

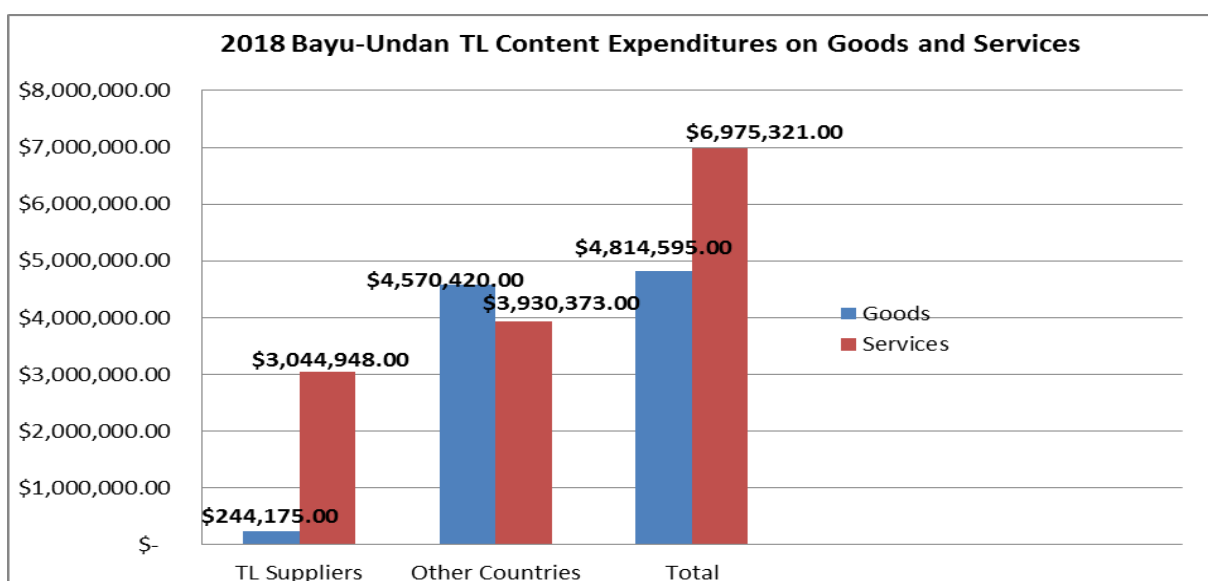
### THE 2018 LOCAL CONTENT EXPENDITURE

The cumulative expenditure at the end of 2018 Local Content is US\$25,693,332. The category of Goods & Services is US\$ 11,789,916.00, US\$12,278,453.00 for Training and Employment and US\$ 1,624,964 for Community Investment as reflected in graph 1.

While the 2018 local content expenditures presented in graph 2 is portraying the moderate participation of Local Suppliers, TL Local Companies and LC Other Countries in providing Goods and Services to Bayu-Undan with the introduction of enhanced measures under Bayu-Undan Consolidated Local Content Plan (BUCLCP) which made increase to the expenditures on Goods and Services (G&S) with a total amount of US\$11,789,916 made up of TL Supplier costs US\$244,175 and other country's supplier US\$3,044,948.



GRAPH 11: 2018 BAYU UNDAN-TL CONTENT EXPENDITURE



GRAPH 12: 2018 BAYU UNDAN-TL CONTENT EXPENDITURE ON GOODS AND SERVICES

## TIMOR-LESTE GOODS AND SERVICES

In 2018, in order to encourage maximum participation of Timor-Leste suppliers as well as to provide opportunities in the supply chain of goods and services to Bayu-Undan project, ConocoPhillips continued the application of local content assessments in its procurement process. The total expenditure on local goods and services for 2018 was US\$ 11,78MM compared the 2017 spend there was a slight increase. Despite the inexperienced and less capability of local suppliers in supply chain of goods and services to Bayu-Undan project, ConocoPhillips maintain its continuous support in building the capacity of local suppliers through direct subcontracting with ConocoPhillips and others ConocoPhillips subcontracting schemes.

The table below includes a description and value of Timor-Leste local Goods and Services procured for Bayu-Undan by Timor-Leste local companies and non-Timor-Leste companies.



Goods			
Vendor Name	Contract Name	TL Supplier	Other Countries Supplier
Altus Logistic Pty Ltd	Sundry goods for Freight Forwarding		\$ 3,275.00
Auto Timor-Leste	Motor Vehicles and Transport		
Babcock Offshore Services Australasia Pty Ltd	Materials and Equipment Lease for Operation and Provision of Helicopter Services for Bayu-Undan Maintenance Service contract		\$ 1,666,675.00
Callidus Process Solutions Pty Ltd	Training lunches		\$ 362.00
CAPL (formerly Clough AMEC Pty Ltd)	Materials & Equipment Lease for Operation and Maintenance Service contract		\$ 37,678.00
Compass Group (Australia) Pty Ltd	Food and Consumables for Catering and Hospitality Services contract		\$ 242,198.00
Digital Instant Shop	Hardware, PPE, Electrical Consumables	\$ 7,031.00	
Dili Development Co Lda	Office Fit out and Rental Charges	\$ 190,313.00	
Entrepuesto Comercial De Timor SA	Motor Vehicles and Transport	\$ -	
Esilva Motors	Vehicle Hire and Rental	\$ 6,662.00	
Inovar4 Lda	Hardware, PPE, Electrical Consumables	\$ 10,755.00	
MMA Offshore Vessel Operations Pty Ltd (Mermaid Marine Australia)	Chemicals and Cleaning Consumables for PSV Services contract		\$ 21,716.00
Noble Contracting II GMBH	Provision of drill rigs		\$ 1,061,951.00
Qube Ports Pty Ltd	Provision of supply base and equipment		\$ 4,380.00
Seafox Asia Pacific Pte Ltd	Materials, Equipment and Consumables Charges Provision of ASV for Bayu-Undan contract		\$ 3,724.00
Tiger Fuel Svsc		\$ 8,057.00	
Total Marine Technology Pty Ltd			\$ 3,008.00
Tradewinds Tea & Coffee Pty Ltd	Timor Coffee - Perth Offices	\$ 19,531.00	
Vinod Patel Investments Timor SA	Hardware, PPE, Electrical Consumables	\$ 1,827.00	
		\$244,176.00	\$ 3,044,949.00
			\$ 3,289,125.00
Services			
Vendor Name	Contract Name	TL Suppliers	Other Country Suppliers
Administration of Airport & Air	Airport Rent	\$ 85,925.00	
Altus Logistics Pty Ltd	Administration support for Freight Forwarding		\$ 13,876.00
Altus Oil & Gas SVCS Unipessoal LDA	Logistics and Management Fees for the Supply Base	\$111,464.00	
Babcock Offshore Services Australasia Pty Ltd	Provision of Helicopter Services for Bayu-Undan		\$ 2,580,271.00
Baker Hughes Australia Pty Limited	Provision of Drilling fluids and maintenance services		\$ 915.00
Callidus Process Solutions Pty Ltd	Engineering and Technician Services for Valve and Maintenance Services		\$ 2,782.00
CAMARA DE COMERCIO E INDUSTRIA DE TIMOR -LESTE		\$ 2,000.00	
CAPL (formerly Clough AMEC Pty Ltd)	Office Support costs for Operation and Maintenance Service contract		\$ 5,241.00
Compass Group (Australia) Pty Ltd	Travel and Accommodation Charges/Misc for Catering and Hospitality Services contract		\$ 196,728.00
ConocoPhillips Miscellaneous	Business Travel		\$ 141,101.00

Contract Resources Pty Ltd	Recruitment Agency Fees and Other Miscellaneous for Vessel Cleaning, Decontamination & Media Replacement Services contract		\$ 32,354.00
Dragon Svc Unippessoal Lda		\$ 3,536.00	
Electricidade De Timor Leste (Edtl)	Utilities Charges	\$ 28,939.00	
FMC Technologies Singapore Pty Ltd	Advertising and recruitment costs for Provision of Hardware BUIW contract		\$ 699.00
Halliburton Australia Pty Ltd	Travel and Accommodation Charges/Misc for Provision of the Well Intervention contract		\$ 2,753.00
Jornal Independente	Membership and Subscription Fees	\$ 6,060.00	
JYL International Unipessoal Lda	Accommodation	\$103,188.00	
KOTUG Maritime Services (Bayu-Undan) Pty Ltd (Formerly: KT Maritime Services (Bayu Undan) Pty Ltd)	Logistics and Crewing for Provision of ISV contract		\$ 67,645.00
LEADER LDA		\$ 6,359.00	
Lodge Hotel Pty Ltd	Accommodation	\$ 440,798.00	
Maubere Security Lda	Security Services	\$ 47,161.00	
MMA Offshore Vessel Operations Pty Ltd (Mermaid Marine Australia)	Personnel Support Services for PSV Services contract		\$ 33,118.00
National Fire Engineering Timor-Leste		\$ 230.00	
Noble Contracting II GMBH	Provision of Drilling contract services		\$ 208,683.00
NSL Oilchem Timor Lda		\$ 4,516.00	
Oceaneering Australia Pty Ltd	Labour Hire Services		\$ 221,560.00
Oceania Unipessoal Lda			
Qube Ports Pty Ltd	Provision of supply base		\$ 35,774.00
RMS Engineering & Construction P/L	Equipment hire, Security, Misc for Maintenance COP Dili Office contract	\$ 211,804.00	
Schlumberger Australia Pty Ltd	Bundled Services		\$ 34,134.00
Schlumberger Australia Pty Ltd	Well Clean Up Services		\$ 11,378.00
SDV Logistics East-Timor Unipessoal Lda	Crew Change and Travel and Logistics Charges for Provision of Logistic Support and Associated Services in Dili	\$ 3,309,336.00	
Seafox Asia Pacific Pte Ltd	Support Services and Travel Charges for Provision of ASV for Bayu-Undan contract		\$ 205,273.00
Stamford Medical Lda	Medical Services	\$ 42,662.00	
Subsea 7 Australia Contracting Pty Ltd	Recruitment Agency Fees/Misc for EPCI BUIW contract		\$ 50,929.00
Timor Post	Postal Service Charges	\$ 7,390.00	
Timor Tatoli Naroman Foundation		\$ 528.00	
Timor Telecom S.A.	Utilities Charges	\$ 157,362.00	
Timor-Leste Media Development	Membership and Subscription Fees	\$ 1,162.00	
Total Marine Technology Pty Ltd			\$ 19,470.00
Wood Group PSN Australia Pty Ltd	Rentals and Utilities for Provision of Engineering Services contract		\$ 65,689.00
		\$ 4,570,420.00	\$ 3,930,373.00
			\$ 8,500,793.00
Total Goods and Services			\$ 11,789,918.00

TABLE 4: DESCRIPTION AND VALUE OF TIMOR-LESTE GOODS AND SERVICE FOR BAYU UNDAN

- a. **Targeted Procurement**- ConocoPhillips has continued to pursue opportunities to work directly with Timor-Leste suppliers to supply goods and services to the specifications and standards required for Bayu-Undan. Some scope of work / supply scopes that have been assessed for Targeted Procurement are as follow:
- o BUIW Fabrication scope was awarded and successfully delivered by Timorese registered entity South Horizon.
  - o Operational Fabrication – working in conjunction with Clough AMEC, ConocoPhillips contracted with RMS, a Timorese entity, for fabrication work. To date, two batches of structural piping supports have been fabricated in Dili.
  - o General Hardware & Consumables - ConocoPhillips has been focusing its effort on exploring ways to assist Timor-Leste suppliers to overcome barriers, including facilitating engagement between Australian suppliers/distributors and local businesses to encourage partnership in goods supply.
  - o Catering and Cleaning service – in mid-2018, ESS conducted a supply chain operation review to further assess key areas of impediment that impacted on volumes in Timor-Leste supply. Two key areas around local supplier capability were identified, being compliance and supplier agility. Actions to address these barriers were put in place in the second half of 2018. These include continued supplier engagement in country; increased identification of available qualified items and process enhancement for ordering and provisioning. This has allowed an increase in the current range of dry goods product lines identified; now 251 items approved for purchase from Timorese entities.
- b. **Centralized Enhance Training Approach** – scopes which due to limitations (short duration, highly specialized and other such restrictions) would provide more meaningful local content through a contribution to a centralized training approach (LC-CETA). The contracts awarded under this category were seventeen (17) contracts, which mainly required for BUIW project.

Besides, the effort to enhance Timor-Leste supplier's participation through enhancement with local suppliers by enhancement of procurement process and the establishment of fit-for Purpose Supply Base in Dili, Timor-Leste, to support the direct supply of dry goods from Dili to Bayu-Undan.

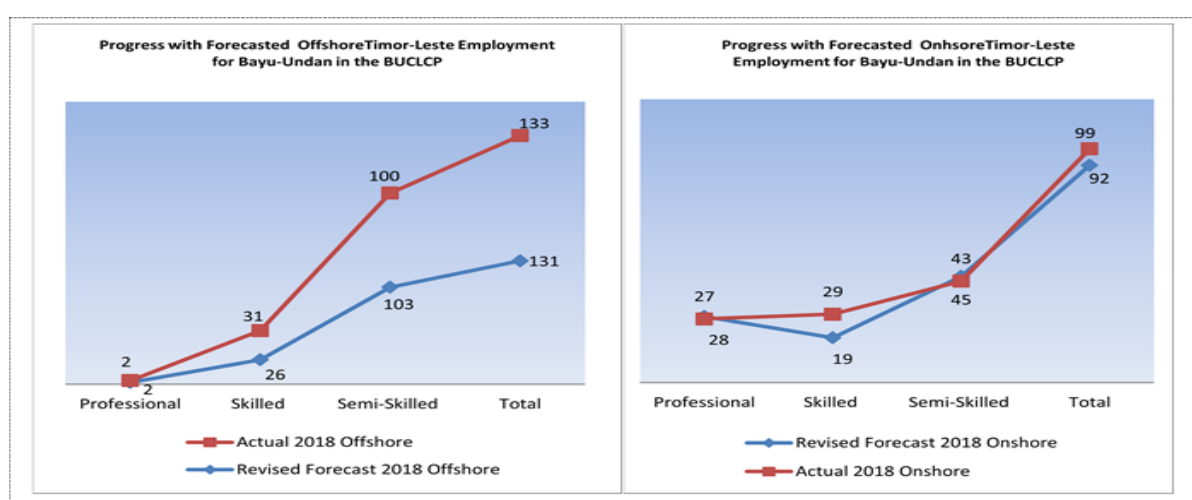
#### **DILI SUPPLY BASE & TRANSPORTATION FROM DILI TO BAYU-UNDAN**

Dili Supply base contract was awarded to Altus logistics in Q4 2016, the facility is based in Dili which provides a 200m<sup>2</sup> yard and 50m<sup>2</sup> of internal space which can accommodate the handling and packing of catering goods and other materials to supply to Bayu-Undan on a regular basis. Since December 2016 to the end of 2018 the Goods and services sourced in Timor-Leste have been transported through an established commercial route from Dili to Bayu-Undan. Dry goods and are stored and handled in a contained on the existing Dili-Darwin this general schedule between Dili and Darwin which will then send off to Darwin. The container is transported to Bayu-Undan via ConocoPhillips Australia's platform Vessel upon its arrival at Darwin Facility. In 2018, a total number of containers transported to Bayu-Undan is 18, bringing the total of 18 containers transported since January 2017. This arrangement is considered as commercially viable and sufficient in terms of local procured goods quantity, it also has the advantage of being scalable to allow the increase in local sourced goods for the future.

## EMPLOYMENT

Below chart shows the number of Timor-Leste Nationals (TLN) and Permanent Residents employed in the Bayu-Undan operation, with the total number of 312 TLN in 2018. These number represents 147 or 47% of employment offshore, 103 or 33% of employment onshore, 62 or 20% of employment through service companies. This overall TLN employment headcount includes the employment fully dedicated to Bayu Undan known as Long Term Dedicated (LTD) or Full Time Equivalent (FTE), and Short-Term Workforce (STW) or Non-FTE, such as contracting companies which are not included in the bayu-undan core activities such a marine, medical, aviation services and short-term programs.

ANPM as a regulatory authority continues to track the implementation of BUCLCP against its plan through Bayu Undan operator and its sub-contractors. The progress with forecasted Timor-Leste Employment both Offshore and Onshore for Bayu-Undan in the BUCLCP is presented in the graph 13 below.



GRAPH 13: CONSOLIDATED OFFSHORE AND ONSHORE EMPLOYMENT FRAMEWORK

The above figure shows the increased of five (5) TLN offshore into skilled positions category, as a results of promotion of one (1) TLN occurred with Clough Amec Pty Ltd (CAPL) and promotion of four (4) TLN with Euros Support Services (ESS), while in onshore, the promotion occurred with Babcock (5 TLN), ESS (1 TLN) and Wood Group (4 TLN). The promotion of TLN into the skilled position category, has decreased the number of five (5) TLN in the semi-skilled positions within 3 offshore positions with ESS and another two (2) positions onshore with Wood Group (1 TLN) and ESS (1 TLN). Hence, from the total forecasted number of 223 TLN LTD employment (offshore plus onshore) to 232 of actuals TLN LTD employment number indicates that, there has been an overall increase of nine (9) of TLN LTD employment positions in the year 2018 as a results of successful implementation of training and career progression.

## TRAINING AND DEVELOPMENT FOR TIMORSE NATIONALS BAYU UNDAN PROJECT

There were various of training and competency development program offered to TLN and promotion occurred during 2018, as follows:



#### a). Clough Amec Pty Ltd (CAPL)-Operation and Maintenance Service Contractor

- In the year 2018, ten (10) of mechanical trainees have obtained their Certificate III in Engineering Mechanical after they have completed all Australian units of competency for their Certificate III studies at Charles Darwin University (CDU). They are now being placed in Bayu-Undan to continue on-the-job-training by utilizing technical work books.
- Eight (8) of instrumentation trainees continued to undertake their training in CDU during 2018 and they are expected to complete by the end of 2019.
- There were also relevant training program or on-the-job-training program undertaken by scaffolders, blaster painters, mechanical technician, flange management/pipefitters, rigger, material controllers, HSE trainees and office supervisors, senior office administrator, data analyst, PCMS (Plant Condition management Software) analyst, Junior PCMS data analyst, etc.
- Promotion of two (2) Blaster/Painters of semi-skilled positions into leading hands skilled positions.
- After completed Certificate III in Workplace Health and Safety, one (1) HSE trainee got promoted now recognized as skilled category.
- Promotion of one (1) Material Controller, skilled category.

#### b). Babcock – Helicopter Services Contractor

Babcock as the new contractor for Helicopter services has commenced their operation in January 2018, all TLN employees employed under CHC have been transferred to Babcock, including three (3) Stores Supervisor/Assistants, two (2) Operations Officers three (3) general hands and six (6) Engineers, and including the four (4) fully Licensed Aircraft Maintenance Engineers.

In January 2018, two (2) Timorese Co-Pilots commenced their flight training – Commercial Pilot Helicopter License, with CASA (Civil Aviation Safety Authority) in Adelaide, South Australia. Since, one (1) of the Co-Pilot unsuccessfully completed the training and met the required standards of all stages of the training, thus, he has been converted to Avionics Engineering training in 2019.

The other two (2) Engineering apprentices will commence their training in 2019 in Australia, on aircraft maintenance procedures, basic hand skills and electrical fundamentals.

#### c). ESS – Catering and Cleaning Services Contractor

The training program that provided by ESS during 2018 were hydration training, food storage, cultural awareness, manual handling, menu preparation, meal presentation, food safe practices, temperature monitoring hazard identification, communications skills, conflict resolutions, recruitment policies/procedures, payroll, procurement, and other relevant employment training program.

According to the plan, ESS was expected to deliver 100% of local content plan by September 2018, however, during July, ESS undertook a comparative re-assessment and the results shows that for Chefs and Cooks they are still required the level of exposure to fully transition to these roles without supervision. ESS has revised training and development plan for:

- Offshore Unit Manager (OUM/Camp Boss) which have enrolled into Compass Group Site manager training program
- Head Chef/Chef/Cook
- Cooks: After demonstrating the competencies required for the cook position, 2 of the 4 trainee cooks got promotion into the night cooks without supported transition, more than 12 months ahead of the initial forecasted schedule.

The transition to 100% local content delivery is now expected by December 2020.

#### d). Oceaneering – Non Destructive Testing (NDT) and Inspection Services Contractor

To align with PCN (Personnel Certification in Non-Destructive Testing) Certification, six (6) of TLN have progressed offshore work experience. During 2018, the NDT trainees attend PCN training, IRATA (Industrial Rope Access Trade Association) Rope Access, and radiation safety training.

As a result of the performance and management of asset integrity related workscope, the PCMS (Plan Condition Management Software) Analyst was promoted to the Asset Integrity Coordinator.

#### e). Seafox – Accommodation Support Vessel Contractor

The departure of Seafox from Bayu-Undan field in mid of 2018, has concluded its project as accommodation support vessel in Bayu-Undan operation. Overall local content plan and commitment has been fulfilled in accordance with the plan, such as the promotion of 2 TL Junior HSE to act as Senior HSE, the promotion of TL trainee Deckhand to Full Deckhand Position, also the promotion of 4 TL Trainee Deckhands to fill Full Deckhand Positions. Also, the relevant employment related training program that have been provided for its TLN employees.

#### f). Wood Group – Engineering Services Contractor

This contractor provided various training to TLN employees such as first aid training Joint HSEQ induction, introduction to Work Health and Safety, workplace communication, developing and managing self, time management and other relevant related employment training program.

There were few promotions occurred within this contractor during 2018, such as the promotion of one Technical Clerk to PCMS Analyst and the IT support technician to IT Support Analyst.

#### g). Other Contractors

The other contractors such as SDV, Altus, Kotug Maritime, MMA and other general services contractors (Air North, Callidus, Halliburton, RMS, Stamford, Contract Resources, Qube) also provided capacity building and training program for TLN in accordance with their local content plan and commitment during 2018.

#### h). Graduate Internship Program (GIP)

Building on the successful delivery of the first batch of Bayu-Undan Graduate Internship Program (GIP) which concluded in 2016, with the five (5) Timorese Graduate interns have been successfully graduated from the Bayu-Undan Graduate Internship Program and have job placement at ConocoPhillips ABU-West Perth Office and ConocoPhillips Dili Office and as well as ConocoPhillips contracting companies, ConocoPhillips and its Joint Ventures has expressed its commitment to continue support the second GIP Program which commenced in 2018. After advertisement started and open for public in May 2018, there were more than one thousand (>1,000) applications received from graduates from across various universities and disciplines.



FIGURE 21: FIRST BATCH OF BU GIP IN 2018

Through that open and competitive process, fourteen (14) candidate were selected to pursue the Stage One (1) foundational skill training program in Dili and Darwin for a period of six (6) months. The GIP program opening ceremony was held in Dili on November 2018, which participated by governments' representatives, ConocoPhillips, ANPM, and many of industry players in the country. The trainees were progress well during 2018 and the trainingship is currently ongoing and it is expected to complete by second quarter of 2019. For the trainees who are successfully completed the Stage One (1) Training program, seven (7) of the them will be eligible to be selected for a twelve (12) months paid internship program with ConocoPhillips in the area of Engineering, Operations, Finance/Accounting, Exploration, Marine, Information Technology, Procurement, Supply Chain and Logistics. The program has been started in the latter half of 2018 and will be concluded by the First Quarter 2020.

#### i). Training and Employment associated with Bayu-Undan Infill Well (BUIW) Project

Training and employment commitment associated with BUIW are outlined in the following table below:

BUIW Contractors	Timor-Leste Content Commitment (Delivered and Ongoing Progress)
BUIW Facilities	
South Horizon (Timor-Leste based Company) – Fabrication	Delivered training in Aibel's facility in Thailand for a female welder and a male fitter who were selected from Centro Nacional de Emprego e Formação Profissional (CNEFP) Tibar.
FMC – Subsea Tree & Wellhead	Trained four (4) TLN as Subsea Equipment Assembly and Testing Technicians at FMC facility in Nusajaya, Malaysia for the period of twelve (12) months.
Subsea7 – Subsea Engineering, Procurement,	<ul style="list-style-type: none"> <li>• Provided on the Job Training (OJT) in Subsea7's</li> </ul>

Contracting and Installation (EPCI) Services	<p>Perth office for three (3) TLN in the positions of Environment Advisor, Graduate Project Engineer and Accountant.</p> <ul style="list-style-type: none"> <li>Employed permanently two (2) TLN in Subsea7 global marine feet. Due to health reason the third candidate has withdrawn</li> <li>Provided short-term employment for four (4) TLN during BUIW installation activities. BOSIET, HSEQ and site specific induction and sixty (60) hours of OJT were the training delivered by Subsea7 during an offshore campaign</li> <li>Delivered Foundational Skill Course to twenty six (26) students at the SenaiNT English Language Centre</li> </ul>
BUIW Drilling	
Noble Tom Proser – Drilling Rig	Employed a total of thirty two (32) positions which consisted of sixteen (16) crews and sixteen (16) catering roles.
Schlumberger – Bundled Services	<ul style="list-style-type: none"> <li>Employed one (1) TLN as Field Operator. Due to personal reason the other existing employee has resigned.</li> <li>Three (3) positions has been offered to Timor Gap candidates for capacity building /training opportunities which will commence on March 2019.</li> <li>Implemented Oil and Gas Capacity Building Program in Dili to Dili Institute of Technology (DIT) and other interested parties</li> </ul>
Schlumberger – Well Clean Up Services	For this scope of services, Schlumberger plan to offer one (1) employment position to TLN as Timor-Leste Field Specialist which been targetted for Timor Gap and will commence on March 2019.
Baker Hughes – Drilling Fluids	Baker Huges is committed to provide capacity building opportunities for two (2) Field Specialist which will commence in Australia in the first quarter (Q1) 2019.
Total Marine Technology (TMT) – Remote Operating	TMT has employed the first supernumerary ROV positions

Vehicle (ROV) Services	and provided working experience to Onshore Mechanical Engineering Graduate in Production engineering group.
------------------------	---

TABLE 5: TRAINING AND EMPLOYMENT ASSOCIATED WITH BUIW PROJECT

## KITAN FIELD

Due to operation in Kitan field hwas concluded in 2016, thus, the employment of Timor-Leste Nationals and its associated training activities for the Kitan field were also completed.

As reported in 2018 JPDA 06-105 Kitan Local Content Report , there were only three (3) Timor-Leste Nationals who are employed by Eni throghout the year of 2018, to maintain its administrative activities in Eni's Dili Office and also to perform any other related tasks to all Eni's PSCs, including PSC 06-105, PSC 11-106 and S-06-04. The said three (3) TLN are employed as Country Representative, Social Initiatives Supervisor, and Local Content Supervisor.



### 3. REGULATORY PERFORMANCE



## 3.1 UPSTREAM

### LEGAL FRAMEWORK REVISION

During 2018, managed to complete and further submitted a draft Decree Law for Onshore Petroleum operations for the approval of the Council of Ministers.



FIGURE 22: METERING TEAM CARRIED OUT AUDIT AT DARWIN LNG FACILITY

During 2018, managed to complete and further submitted a draft Decree Law for Onshore Petroleum operations for the approval of the Council of Ministers.

### PETROLEUM DATA AND REPORTS

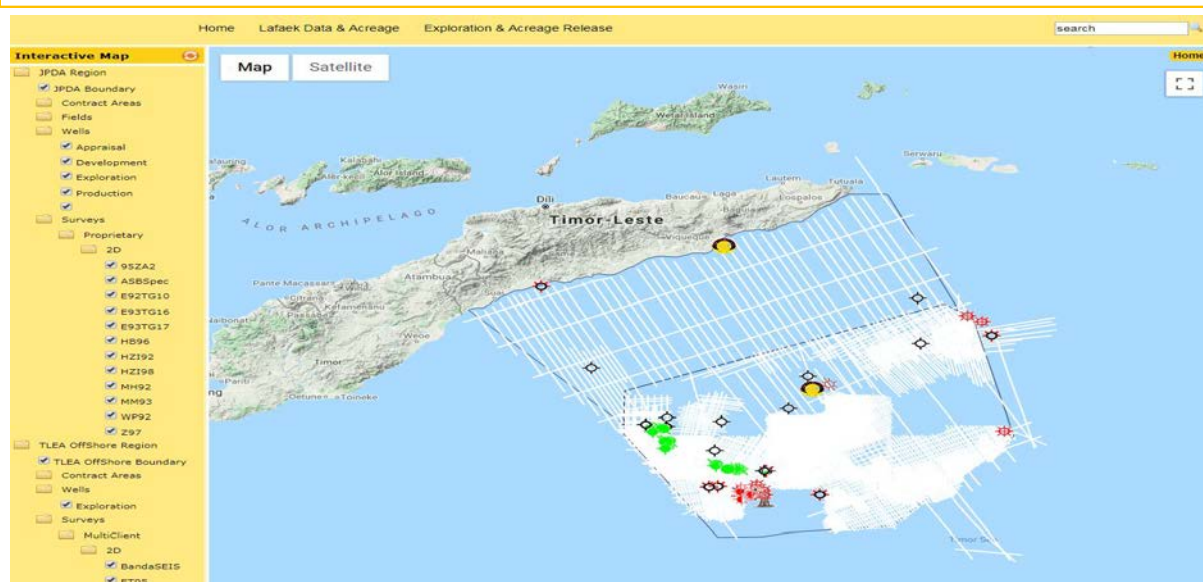


FIGURE 23: INTERACTIVE MAP OF LAFAEK DATA AND ACREAGE

As part of the ANPM's efforts in managing Petroleum data and information to support petroleum and resources management; ANPM has established an integrated fiscal data room and an interactive online information display called LAFAEK database system with its function is to manage data and reports information from all the Petroleum activities in both TLOA and JPDA. This database is established to serve the interest of data storage and data management regarding



petroleum sector. The ANPM also is currently developing a relevant database system relevant to mineral activities which shall be expanded slowly to serve the needs for mineral sectors related data management.

The ANPM continues to improve the data inventories systems by collecting all the relevant seismic and non-seismic data acquired, as well as various information and reports in relation to the mineral resources management in our systems.

## DEVELOPMENT AND PRODUCTION INSPECTIONS, SUPERVISIONS, MONITORING AND APPROVAL OF PETROLEUM OPERATION



FIGURE 24: METERING TEAM INSPECTED CUSTODY TRANSFER INSTRUMENT AND LABORATORY EQUIPMENT AT BU FSO

The ANP JPDA Interim Petroleum Mining Code (IPMC), Petroleum Mining Code (PMC) and JPDA interim Regulations issued under article 37 of the IPMC provides basis for inspections, supervision, monitoring and approval of petroleum production operations in both Bayu-Undan and Kitan fields.

The objective of the regulatory function of Development and Production Directorate as mandated by the above mentioned legal framework is to ensure the production operations carried out in prudent manner. This objective has been reflected under ANPM 2016-2018 strategic action plans through:

- Monitoring the performance of petroleum production from all fields.
- Carrying out regular process, maintenance, metering inspections.
- Ensuring the application of secondary and tertiary recovery methods on the existing producing fields
- Actively involving in the review of BU and Kitan decommissioning plan

INSPECTION			
DIRECTORATE	TITLE	LOCATION	SCHEDULE
DEVELOPMENT & PRODUCTION	Metering System Audit	DNLG, Darwin Australia	21 <sup>st</sup> -23 <sup>rd</sup> August 2018
	BU FSO Fiscal Metering Product Measurement Quality Audit	BU FSO	29th October-5th November 2018

	BU Maintenance	BU Offshore	25 <sup>th</sup> August-28 <sup>th</sup> September 2018
		Perth Office	26 <sup>th</sup> September-3 <sup>rd</sup> October 2018

TABLE 6: D & P INSPECTION DURING 2018



FIGURE 25: MAINTENANCE TEAM TRANSFERRED FROM BU-CPP TO BU-FSO USING FROG OPERATION AND USING STOPAQ PRESERVATION

OBSERVATION			
TITLE	ACTIVITY	LOCATION	SCHEDULE
DLNG Metering Facility	Overseas DLNG Inlet Flow Computers Factory Acceptance Test (FAT)	DLNG	19 <sup>th</sup> March 2018
DLNG Plant	Feed gas metering system validation	DLNG	23 <sup>rd</sup> -24 <sup>th</sup> April 2018
	New DLNG inlet flow computers Site Acceptance Testing (SAT)	DLNG	19 <sup>th</sup> -20 <sup>th</sup> July 2018
	New DLNG inlet flow computers Site Acceptance Testing (SAT)	DLNG	12 <sup>th</sup> -13 <sup>th</sup> December 2018
Bayu Undan Metering Facility	CUQ	CUQ Facility	8 <sup>th</sup> -11 <sup>th</sup> October 2018
Drilling Activities	W12/W12 ST1 development well drilling operation		11 <sup>th</sup> April to 26 <sup>th</sup> July 2018
	DS05 subsea development well drilling		26 <sup>th</sup> July to 15 <sup>th</sup> September 2018
	D10 platform well drilling operation		15 <sup>th</sup> September to 19 <sup>th</sup> November 2018
Completion and Well Test	Bayu Undan Infill Wells (BUIW) project		July to November 2018

TABLE 7: D&P OBSERVATION DURING 2018



FIGURE 26: LOWERING W12 XMAS TREE FROM RIG TO WP1 FIGURE 27: OBSERVING W12 WELL TEST FLARING ON NTP RIG



FIGURE 28: OBSERVING DS05 WELL TEST EQUIPMENT INSTALLATION FIGURE 29: OBSERVING D10 WELL COMPLETION ACTIVITY

## SUBSURFACE

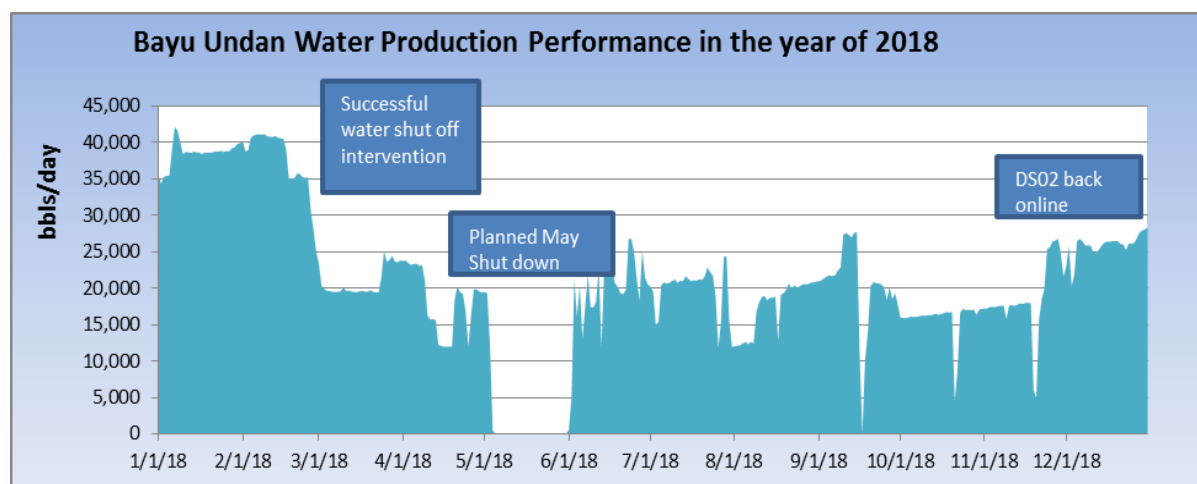
Development and production (D&P) subsurface team continued collaborating with third party (Sproule consultant) to carry out the assessment of Bayu-Undan reservoir models including the re-evaluation of volumetric hydrocarbon in place, the assessment of individual well performance and the final locations of Bayu-Undan Infill Wells. In order to technically align with ConocoPhillips reservoir model (BTC 2018), ANPM (and Sproule) participated in subsurface workshop in March 2018 in Perth, Western Australia. On the other hand, ConocoPhillips undertook an update Bayu Undan reservoir model with new reservoir data including BUIW results, well intervention 2018 and R2P multi-rate tests. The results of the study have been presented to ANPM through subsurface workshop in November and Q4 meeting in December, 2018. Similarly, ANPM (in collaboration with ANPM) had a further agreement to update the existing reservoir model with new reservoir data as provided by ConocoPhillips.

The D&P subsurface team continued monitoring the Bayu Undan reservoir performance through constant review of reservoir performances reports and engagement with operator in arranging regular meetings and workshops. From the



BUIW results and well intervention, it was found that the aquifer in Bayu Undan field is stronger and more vertically connected. As a result, more producing wells have been experienced water encroachment, in turn, production rate gradually decreased.

In addition to wet gas productions presented in graph 1, the graph 2 shows that there was a considerable decrease of water production in late February due to successful water shut off to high water production wells (i.e. D06 and D08). From Early March onwards, the average rate was approximately 20, 000 bbls per day although in November all three infill wells were brought online. From graph 2, it is seen that there was no water production in May due to planned platform shutdown for the planned facility maintenance.



GRAPH 14: ANNUAL TOTAL WATER PRODUCTION IN BAYU UNDAN FIELD

APPROVALS Of PETROLEUM OPERATIONS		
Schedule	Submission Type	Assessment Outcomes
11 <sup>th</sup> December 2017	W09 well suspension program	Approval & Granted
6 <sup>th</sup> of April 2018	Drill BU W12 Development Well	Approval & Granted
29 <sup>th</sup> of June 2018	complete W12ST1 Development Well	Approval & Granted
19 <sup>th</sup> of July 2018	Drill BU-DS05 subsea development well	Approval & Granted
17 <sup>th</sup> of August 2018	Complete BU-DS05 subsea development well	Approval & Granted
17 <sup>th</sup> of August 2018	Test BU-DS05 subsea development well	Approval & Granted
7 <sup>th</sup> of September 2018	Temporarily suspend BU-DS05 subsea development well	Approval & Granted

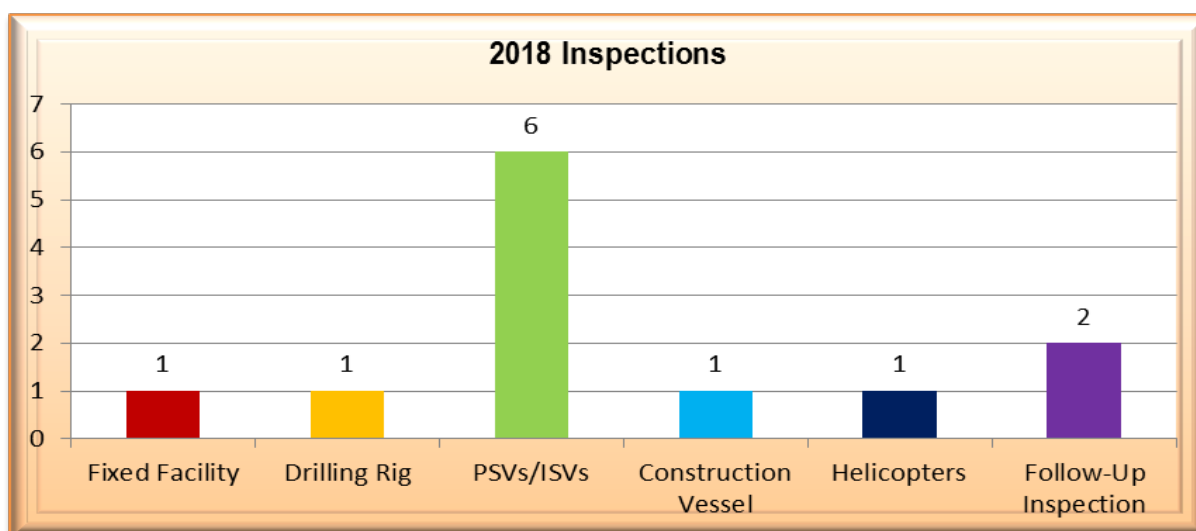
12 <sup>th</sup> of September 2018	Drill BU-D10 development well	Approval & Granted
30 <sup>th</sup> of July 2018	Produce W12ST1	Approval & Granted
17 <sup>th</sup> of October 2018	Complete BU-D10 platform development well	Approval & Granted
30 <sup>th</sup> October 2018	Test BU-D10 platform development well	Approval & Granted
31 <sup>st</sup> of October 2018	Temporarily suspend BU-D10platform development well	Approval & Granted
13 <sup>th</sup> of November 2018	Produce –BUDS05 subsea development well	Approval & Granted
27 <sup>th</sup> of November 2018	Produce BU-D10 platform development well	Approval & Granted

TABLE 8: D&P APPROVAL OF PETROLEUM OPERATION

## HEALTH, SAFETY AND ENVIRONMENT INSPECTIONS, SUPERVISIONS, MONITORING AND APPROVAL OF PETROLEUM OPERATION

### a). Inspection Related to Petroleum Operation in the JPDA

During the reporting period, the HSE directorate conducted a total of 12 inspections across a range of facility types such as; fixed production and storage facility, Subsea Construction Vessel, Platform Supply Vessels/Infield Support Vessels, Helicopters and follow-up/Corrective Action Plan Inspections. The main inspection objectives were to ensure the compliance of contract operators with the relevant legislations for administering the JPDA and conformance to relevant regulatory submission that approved/accepted by the ANPM. One helicopter safety inspection was carried-out during this reporting period.



GRAPH 15: HSE INSPECTIONS CONDUCTED IN 2018

From the inspection activities referred above a total of 444 inspection findings were recorded. 225 out of 444 inspections findings were findings required corrective action, this include non-conformance to operator management system as well as non-compliance to applicable laws and regulations. The graph below provides a breakdown of findings required corrective action recorded during 2018 inspection to petroleum facilities and its associated supporting facilities such as helicopters and vessel, etc.

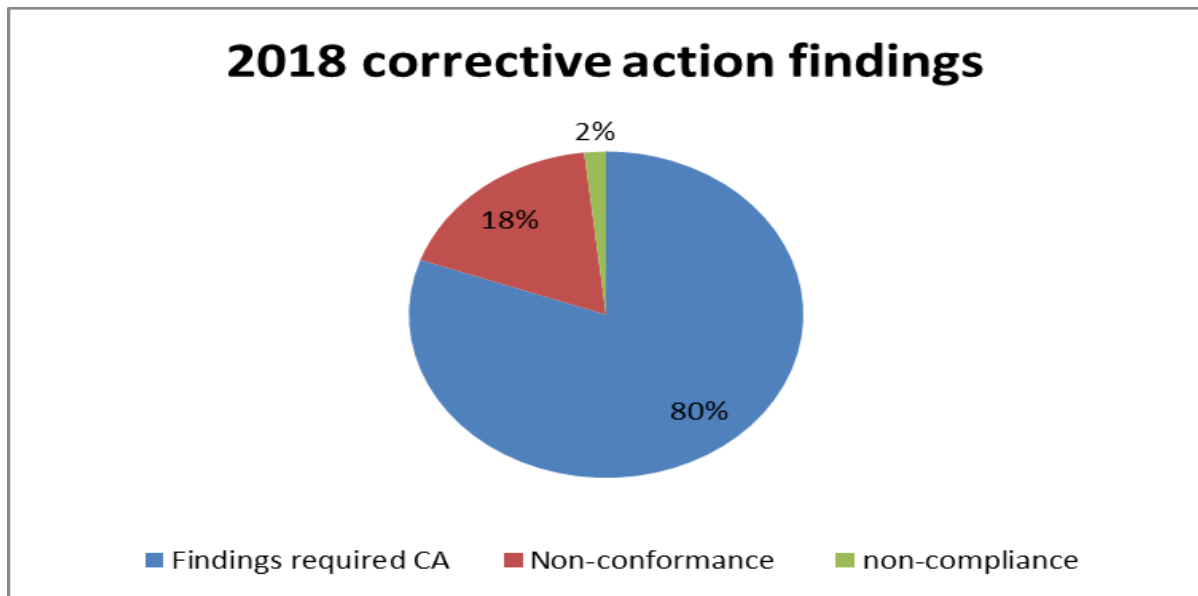


CHART 6: FINDINGS REQUIRED CORRECTIVE ACTION RECORDED DURING 2018 INSPECTION

Findings identified during the inspection were recorded in a report format and communicated to relevant contract operators and their sub-contractors for closing out in a timeline agreed both by ANPM and Contract Operators. Overall most of the findings required corrective actions have already been closed out by the Operator.

#### b). Inspection to Petroleum Related Facilities/Operation in Timor-Leste

In 2018 two inspections activities were carried out to petroleum related facilities/operations in Timor-Leste, i.e. Inspection activity carried out to Hevilift Helicopter, and to TIMOR RESOURCES Vibroseis Seismic Survey. The Hevilift helicopter was contracted by PT Karvak Nusa Geomatika to carry out Integrated Airborne Geophysical Survey in Timor-Leste. 25 findings were recorded during the inspection, where 24 findings were findings required corrective action. No non-conformance and non-compliance findings were recorded. All findings were closed out.

### REGULATORY SUBMISSION, ASSESSMENT AND APPROVAL FOR PETROLEUM OPERATION IN THE JPDA

During the reporting period, ANPM received various regulatory submissions for review and acceptance or approval, etc. The regulatory submissions submitted by contract operator include but not limited to the following:

- Safety Cases
- Health and Safety Plan
- Environmental Impact Assessments, Environmental Management Plans, Environment Monitoring Program
- Oil Spill Contingency Plans
- Emergency Response Plans

- Diving Project Plan & DSMS
- Aircraft & Vessel Documents
- Scope of verification and validation

The table below summarizes type of applications/documents submitted and the assessment outcome during the reporting period.

REGULATORY SUBMISSIONS				
Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
Health and Safety	Noble Tom Prosser Mobile Offshore Drilling Unit (MODU) Safety Case.	1	Accepted	
	BUIW-BU Operations Safety Case Bridging document	1	Accepted	
	Bayu-Undan Operations Safety Case Revision and its supporting documents.	1	Acceptance granted.	
	Bayu-Undan Operations Emergency Response Plan (ERP).	1	Approval granted.	
	MODU Noble Tom Prosser ERP and Interface ERP for BUIW drilling campaign.	1	Approval granted.	
	Revised Scope of Verification and Validation – Safety Case Addendum Revision 4	1	Agreement granted	
	Consent to construct and install for Topsides Pre-Works, W12, DS05 subsea tree and controls, DS05 flowline system, and D10 facilities.	5	Consent to construct and Install granted.	
	Consent to Use a facility of MODU NTP to drill W12, DS05 and D10 wells. ,	3	Consent to Use granted	
	Consent to Use a facility of W12 ST1, DS05 and D10 wells.	3	Consent to Use	
	Rig move application and its supporting	1	Approval	

	document for ASV Seafox Frontier depart from Bayu-Undan field.		granted.	
	Rig move application to move MODU NTP within the JPDA and outside the JPDA post completion of BUIW drilling campaign.	3	Approval granted.	
	Vessel dossier for entry authorisation for 12 offtake vessels (5 LPG, 7 Condensate)	12	Authorisation granted.	
Environmental	Application for revision of Environmental Management Plan (EMP) Operations to include BUIW wells.	1	Approval granted	
	2018 Flaring and venting for Bayu-Undan Operations.	1	Approval granted.	Continuous discussion since Q4 2017 and the decision was made in early 2018.
	BU Operations Oil Spill Contingency Plan (OSCP)	1	Approval granted.	Annual review of OSCP.
	Application for 2018 shutdown waste water dispensation.	1	Dispensation granted.	
	Application for Long Term Produced Formation Water (LT-PFW) disposal strategy approval.	1	Assessment Ongoing	
	Application for revision of EMP Operations Revision 14 in view of the Long Term Produced Formation Water Disposal Strategy.	1	Assessment pending.	Assessment of the EMP Operations Revision 14 was pending due to the ongoing discussion of the Long Term Produced Formation Water Disposal Strategy. The approval of EMP



				Operations is subject to the ANPM approval of LT-PFW disposal strategy.
	2019 Flaring and venting for BU Operations.	1	Assessment ongoing	Application was submitted in Q4 2018.
	BUIW Drilling EMP	1	Approval Granted	
	BUIW Construction, Installation & Commissioning EMP	1	Approval granted	
	BUIW Drilling OSCP	1	Approval granted	
	Request for dispensation of Disposal of Drilling fluids via BU-W12 ST1 "C" annulus	1	Dispensation rejected.	Dispensation rejected due to unforeseen risks associated with disposal via C annulus.
	Application for revision of BUIW Drilling EMP in view of BUIW DS05 and D10 well interface and pit cleaning fluids disposal strategy	1	Rejection letter granted	The application to revise the approved BUIW Drilling EMP to allow for overboard disposal of BUIW DS05 and D10 well interface and pit cleaning fluids was rejected considering that the overboard disposal options will lead to non compliance to the JPDA regulations.
	Kitan Decommissioning Comparative	1	Assessment	Parallel Assessment was carried out by an

	Assessment Report		completed.	independent third party consultant and ANPM HSE team.
	Revised Kitan Decommissioning Plan	1	Assessment ongoing	
	Revised Kitan Decommissioning EMP	1	Assessment ongoing	The results of the assessment of these documents are subject to the approval by Joint Commissioners on the Kitan Decommissioning Methodology (subsea equipment).
	Kitan Environmental Monitoring Program	1	Assessment ongoing	
	Kanase Exploration Drilling Environmental Impact Statement	1	Assessment ongoing	
	Kanase Exploration Drilling Environmental Management Plan	1	Assessment ongoing.	

TABLE 9: LIST OF SUBMISSION TYPE IN THE JPDA

## REGULATORY SUBMISSION, ASSESSMENT AND APPROVAL FOR PETROLEUM OPERATION IN TIMOR-LESTE

The following table provides summary of assessment and approval of the regulatory document submitted to HSE Directorate for onshore petroleum project in Block A and Block C.

REGULATORY SUBMISSION				
Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
	Project Document for Block A and Block C Explosive Seismic Survey	2	Category B was assigned to the project	

Environment	Project Document for Block A and Block C Vibroseis Seismic Survey	2	Category B was assigned to the project
	SEIS and EMP for Vibroseis Seismic Survey for Block A	2	Environmental License granted
	SEIS and EMP for Vibroseis Seismic Survey for Block C	2	Environmental License granted
	Project Document for Exploration drilling in Block A	1	Category A was assigned to the project.
	Submission of Project Document for Pipeline Development from Greater Sunrise to Beaco by TIMOR GAP E.P.		Category A was assigned to the project.
Health and Safety	Health and Safety Plan for Block A Vibroseis Seismic Survey	1	Approval granted
	Emergency Response Plan for Block A Vibroseis Seismic Survey	1	Approval Granted.

TABLE 10: LIST OF SUBMISSION TYPE IN TIMOR-LESTE

## ENTRY AUTHORIZATIONS INTO THE JPDA

During the reporting period a total of 23 vessel entries approval was issued to the contract operator that operating in the JPDA. Out of 23 entry authorizations, 21 were granted for new vessels (ISV/PSV/Construction vessel/MODU/off take tankers) and 2 extensions for existing vessels. There were also a total of 11 entry authorizations granted for aircraft entry into the JPDA.

The following tables indicated numbers of entry authorization such as; extension or new entry authorization granted for vessels and helicopters during the reporting period.

No.	Vessel's Name	Type of Vessel/	Project/Activities	Approval Date	Expire Date
1	MMA Leveque	Platform Supply Vessel (PSV)	BU Operations	1 <sup>st</sup> January 2018	15 <sup>th</sup> February 2018
	MMA Leveque	PSV	BUIW Project - Transport of Subsea Xmas Tree from Darwin to the NTP Drilling Rig - Provision of additional NTP Drilling Rig operations - Perform a Sonar Seabed survey	28 <sup>th</sup> June 2018	13 <sup>th</sup> August 2018
	MMA	PSV	BU operations & BUIW	20 <sup>th</sup> August 2018	5 <sup>th</sup> Oct 2018

3	Leveque		Project: - Substitute of MMA Leeuwin - PSV for NTP		
4	RT Beagle Bay	Offshore Tug/ Infield Support Vessel (ISV)	BU Operations	1 <sup>st</sup> January 2018	31 <sup>st</sup> May 2018
5	MMA Inscription	Platform Supply Vessel (PSV)	BU Operations	10 <sup>th</sup> January 2018	9 <sup>th</sup> January 2019
6	Mermaid Leeuwin	PSV, temporarily Infield Support Vessel (ISV) Substitute of the RT Beagle Bay	BU Operations	26 <sup>th</sup> March 2018	12 April 2018
7	Mermaid Leeuwin	Platform Support Vessel (PSV)	BUIW Project	10 <sup>th</sup> April 2018	31 <sup>st</sup> March 2019
8	Mermaid Vision	Anchor Handling Tug Supply Vessel	BUIW Project Scope: 1. Rig Ocean Tow from Darwin to WP1 3. Shutdown Support 4. ASV demob. From BU and Rig move from WP1 to DS05 5. Rig move from DS05 D10 6. Rig demob. From D10	6 <sup>th</sup> April 2018	31 <sup>st</sup> March 2019
9	Mermaid Vision	Anchor Handling Tug Supply Vessel	BUIW Project Scope: 7. Removal of anchors utilized for the NTP Rig Move from the DS05 at DPP platform 8. Assistance with the FSO hose change out	6 <sup>th</sup> April 2018	31 <sup>st</sup> March 2019
10	Mermaid Voyager	Anchor handling Tug Supply Vessel	BUIW project Scope: 1. Rig Ocean Tow from Darwin to WP1	6 <sup>th</sup> April 2018	20 <sup>th</sup> April 2018
11	Mermaid Voyager	Anchor handling Tug Supply Vessel	BUIW project: - DPP seabed Sonar Survey - Anchor Pre-Lay	14 <sup>th</sup> August 2018	17 <sup>th</sup> September 2018
12	Mermaid Voyager	Anchor handling Tug Supply Vessel	BUIW project: Assist the NTP Rig move from the DS05 to the D10 located at DPP Platform	10 <sup>th</sup> September 2018	28 <sup>th</sup> September 2018
13	Mermaid Coral	Anchor handling Tug Supply Vessel , temporarily Infield Support Vessel (ISV)	BU Operations	10 <sup>th</sup> April 2018	20 <sup>th</sup> April 2018

		Substitute of Beagle Bay			
14	MMA Coral	Anchor handling Tug Supply Vessel, substitute of Mermaid Vantage)	BUIW Project Scope: 1. Rig Ocean Tow from Darwin to WP1	6 <sup>th</sup> April 2018	20 <sup>th</sup> April 2018
15	MMA Coral	Anchor handling Tug Supply Vessel	BU operations Substitute for Beagle Bay as temporary ISV until the arrival of RT Raven	10 <sup>th</sup> April 2018	20 <sup>th</sup> April 2018
16	MMA Coral (Extension)	Anchor handling Tug Supply Vessel	BU operations Substitute for Beagle Bay as temporary ISV until the arrival of RT Raven	21 <sup>st</sup> April 2018	30 <sup>th</sup> April 2018
17	MMA Coral (Extension)	Anchor handling Tug Supply Vessel	BU operations Substitute for Beagle Bay as temporary ISV until the arrival of RT Raven	1 <sup>st</sup> May 2018	11 <sup>th</sup> May 2018
18	MMA Responder	Platform Supply Vessel	BUIW Project Scope: 2. Rig Support Vessel for BUIW NTP Drilling Rig	6 <sup>th</sup> April 2018	31 <sup>st</sup> March 2019
19	MMA Cristal	Anchor Handling Tag	BUIW project: - As additional PSV to expedite the well completion drilling equipment transportation and removal of well fluids - To assist in the NTP rig move from D10 to the redelivery outside of JPDA	26 <sup>th</sup> Oct 2018	16 <sup>th</sup> Dec 2018
20	RT Raven	Infield Support Vessel (ISV)	BU Operations	5 <sup>th</sup> May 2018	31 <sup>st</sup> May 2019
21	Skandi Acergy	Construction/Flex-Lay Vessel	BUIW Project To perform BUIW DS05 Subsea Construction and Installation	25 <sup>th</sup> Oct 2018	30 <sup>th</sup> Nov 2018
22	ASV Seafox Frontier	MODU Jack-Up Accommodation Rig	ASV to support management of BU asset integrity and for the execution of 2018 BU planned Shutdown	1 <sup>st</sup> Jan 2018	30 <sup>th</sup> Jun 2018
23	Noble Tom Prosser	MODU – Jack Up	MODU for the BUIW drilling campaign	6 <sup>th</sup> April 2018	31 <sup>st</sup> March 2019

TABLE 11: VESSEL ENTRY AUTHORIZATION



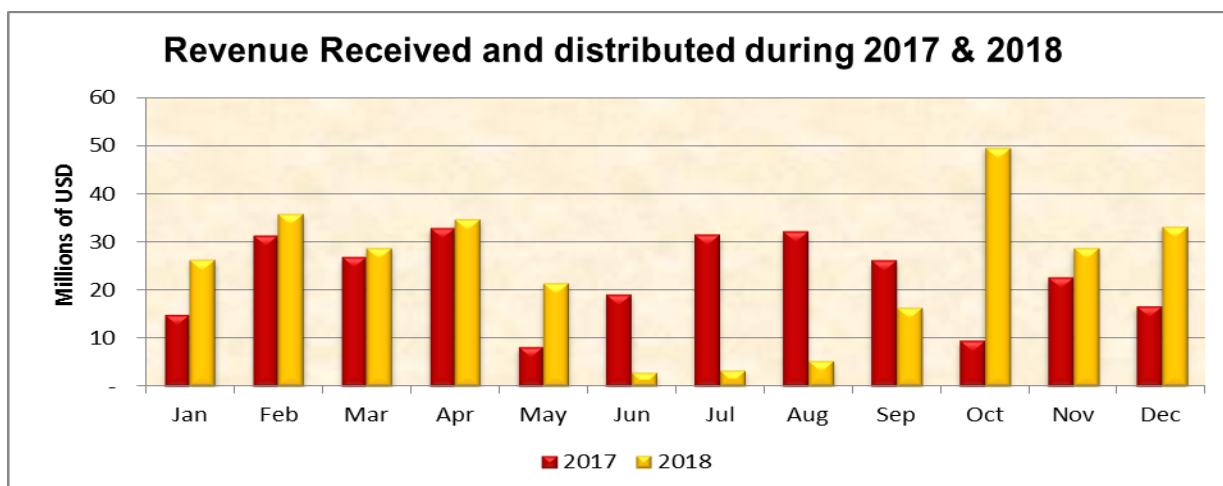
No	Helicopter's Name	Code of Helicopter/	Project/Activities	Approval Date	Expire Date
1	Sikorsky S92	VH-VYZ	BU Operations: Approved to landing only at the ASV Sea Frontier	1 <sup>st</sup> Jan 2018	31 <sup>st</sup> Jan 2018
2	Airbus EC175 – H175	VH-NYI	BU Operations: Approved for the BU normal operations	1 <sup>st</sup> Jan 2018	31 <sup>st</sup> Dec 2018
3	Airbus EC175 – H175	VH-NYJ	BU Operations: Approved for the BU normal operations	1 <sup>st</sup> Jan 2018	31 <sup>st</sup> Dec 2018
4	Sikorsky S92	VH-VYZ	BU Operations: Approved to landing only at the ASV Sea Frontier	1 <sup>st</sup> February 2018	25 <sup>th</sup> March 2018
5	Sikorsky S92	VH-VYZ	BU Operations: Approved to landing only at the ASV Sea Frontier	26 <sup>th</sup> March 2018	15 <sup>th</sup> April 2018
6	Sikorsky S92	VH-NYZ	BU operations & BUIW Project: Approved to landing only at MODU NTP and ASV Sea Frontier	6 <sup>th</sup> April 2018	31 <sup>st</sup> Dec 2018
7	Sikorsky S92	VH-NYW	BU Operations & BUIW Project: Approved to landing only at MODU NTP and ASV Sea Frontier	6 <sup>th</sup> April 2018	31 <sup>st</sup> Dec 2018
8	Sikorsky S92	VH-NYZ	BU Operations: Approved to transfer personnel for the BU normal operations.	28 <sup>th</sup> June 2018	31 <sup>st</sup> Dec 2018
9	Sikorsky S92	VH-NYW	BU Operations: Approved transfer personnel for the BU normal operations.	28 <sup>th</sup> June 2018	31 <sup>st</sup> Dec 2018
10	Airbus EC175 – H175	VH-NYJ	BU Operations: Approved to Landing at the SS7 Skandi Acergy	6 <sup>th</sup> Nov 2018	14 <sup>th</sup> Nov 2018
11	Airbus EC175 – H175	VH-NYI	BU Operations Approved to Landing at the SS7 Skandi Acergy	6 <sup>th</sup> Nov 2018	14 <sup>th</sup> Nov 2018

TABLE 12: HELICOPTER ENTRY AUTHORISATIONS

## REVENUE DISTRIBUTION

The below graph summarise the total revenue collected between 2017 and 2018. As can be seen, the implication of natural field depleting and planned maintenance shutdown (from May to Early June 2018) has slightly disturbed total revenue received from BU. Despite of that , the Bayu Undan Infill Well (BUIW) in 2018 has helped to increase the production and delayed the worst of production declining.

In 2018 the revenue receipt from FTP and Profit Oil and Gas is highest than last year. Revenue distributed in 2018 surpassing the previous record in 2017 of USD 270.8MM and has increased to USD 286.5MM. This suggests that the rise of oil price, BUIW production and stable production from LNG have contributed to the total governments' receipts.



GRAPH 16: PETROLEUM REVENUES RECEIVED DURING 2017-2018

## LOCAL CONTENT INVESTMENT SERN-FULBRIGHT

Fulbright-SERN Scholarship Program is a cost recoverable scheme through the Bayu Undan project is a tripartite partnership between the government of Timor-Leste through The Ministry of Petroleum and Mineral Resources (MPRM) represented by ANPM with Bayu-Undan operator, ConocoPhillips Pty Ltd and The United States Embassy in Timor-Leste. This scholarship program provides studies opportunity to Timorese to study in universities across The United States of America in energy and petroleum related field of studies.

As per 2018 annual report by the operator, Four (4) scholars from the second batch of the program had also successfully completed their studies and returned to Timor-Leste, which gives a total of 19 successful graduates. This represents 75% of the success for the 1<sup>st</sup> Fulbright-SERN Scholarship Program.

No.	Name	Field of Studies	Unversity	Start	Finish
1.	Abílio Barros	Master of Natural Resource Economics	North Dakota Univerisity	Jan 2013	Dec 2014
2.	Florentino Ferreira	Master of Geoscience, Reservoir Characterization	University of Tulsa	Jan 2013	Dec 2014
3.	Cosme Belo	Master of Engineering Management	Rochester Institute of Technology	Jan 2013	Dec 2014
4.	Rafael de Araújo	Master of Petroleum	Missouri University	Jan 2012	Dec 2014
5.	Odivio Gusmão	Master of Law	University of Pittsburgh	Jan 2013	Dec 2014
6.	Augusto Pinto	Master of Environmental Science	University of Oregon	Jan 2013	Dec 2014

7.	José Soares	Master of Geology	Western Michigan University	Sept 2012	Jul 2015
8.	Decio Sarmento	Master Environmental Health	Georgia State University	Jan 2013	May 2015
9.	Profirio Xavier	Master of Urban Planning	University of Kansas	Mar 2013	Dec 2015
10.	Almanzo Salsinha	Master of Public Policy	Western Michigan University	Jul 2014	May 2016
11.	Aida Baptista	Master of Accounting	University of Akron	Mar 2013	Dec 2015
12.	Palmira G.A. Vilanova	MBA Project Management	George Washington University	Jul 2014	May 2015
13.	Nizia Lopez da Cruz	Master of Environmental Science	North Dakota State University	Feb 2014	May 2016
14.	Simão Pereira	Master of Geology	Souther Illinois Uni at Carbondale	Feb 2014	June 2016
15.	Venancio Pinto	Master of Environmental Science	Georgia State University	Feb 2014	Aug 2016
16.	Andre Anuno Nono	Geotechnical Engineering	Iowa State University	May 2016	May 2018
17	Victor Fernandes da Costa Freitas	Environmental Health Science	Indiana University Bloomington	May 2016	Dec 2018
18	Justina Aurea da Costa Belo	Environmental Management	Oklahoma State Univeristy	May 2016	May 2018
19.	Bonaventura Alves Mangu Bali	Mining Engineering	West Virginia University	May 2016	May 2018

TABLE 13: LIST OF FULBRIGHT-SERN SCHOLARSHIP PROGRAM BENEFICIARIES

The Fourth batch recruitment had been finalized in October 2017 which resulted in recruiting four (4) Timorese Scholars to undertake post graduate studies the area of oil and gas and mineral study areas in order to support petroleum and mineral sectors. Unfortunately, two (2) of the successful candidates withdrew their offers due to work commitment and health reason, a hail and farewell ceremony to welcome the returned students and sending off the successful candidates was held in June 2018 as the scholars were expected to start their studies in October 2018, one candidate had departed for the USA in July 2018 and the other one will be leaving to the USA in January 2019. A

discussion for 2019 recruitment for the last batch of the program will be discussed in the first quarter of 2019. The Working Group is looking at increasing the number of recruitment from 5 to 7 scholars considering this may be the last batch of the scholarship program.



FIGURE 30: WELCOMING AND FAREWELL FOR FULBRIGHT-SERN BENEFICIARIES

## TIMOR-LESTE SKILL VOCATIONAL AND EDUCATION TRAINING CENTER

Electrical and Instrumentation is an identified skill vocational training program by Timor-Leste government which aligns with national strategies development plan, as to enhance the specialized-skill workforce of Timor-Leste Nationals in order to respond to the industry demands.

Since all the agreements signed in 15<sup>th</sup> December 2016 by the Secretary of State for Vocational Training and Employment (SEFOPE), Autoridade Nacional do Petróleo e Minerais (ANPM) and ConocoPhillips, and the implementing partners, Cegelec Oil and Gas and Centro Nacional de Emprego e Formação Profissional (CNEFP), the program has been implemented in 2017 to 2018.

This two (2) year pilot program is aimed to train forty (40) Timorese trainees in Certificate level I and level II of Electrical and Instrumentation.

During the implementation of the first batch training program from 2017 to 2018, eighteen (18) Timorese trainees were progressing well and they were successfully graduated in August 2018, and also have been successfully placed in various local entities for internship and employment. As part of the program sustainability plan, two (2) out of four (4) CNEFP Tibar trainers have been working alongside with Cegelec oil and gas trainers since end of December 2018. According to the plan, the other two (2) trainers will join the program in 2019.

In the end of 2018, all the agreements have been signed by all the relevant parties to begin the second intake of the program. Thirty (30) Timorese trainees were recruited to commence the foundational training course in January 2019.



FIGURE 31: ELECTRICAL AND INSTRUMENTATION TRAINING AND GRADUATION

### TIMOR-LESTE NATIONAL LIBRARY

The National Library project which is a local content commitment by Eni under PSC JPDA 06-105 as per Field Development Plan for Kitan Development field is a commitment to deliver establishment of National Library as part of Eni and its joint Ventures' social contribution associated with Kitan Development Project. The delivery and implementation of this project is conducted in cooperation with the State of Secretary of Arts and Culture (SEAC), Ministry of Tourism, Arts and Culture (MTAC) and the ANPM as the Designated Authority.

As a preparation for the National building's construction, Timor-Leste government through the Secretary of Arts and Culture is responsible to construct a site work prior to NL building construction. A total budget of US\$ 1.5 Million as contribution from government for site works was allocated under the Ministry of Finance, through Fundo Contrapartida. Based on a government resolution No. 28/2017 dated on the 31 May 2017 the budget for Site Work construction with the total amount of USD 1.5MM had been entrusted to the ANPM to be executed based on its internal procurement procedures. Through a competitive tender process the ANPM had nominated Jova Construction Unipessoal, Lda

The contractor for the construction Site Work (Before Package), as per the Service Agreement signed the project is estimated to be finalized in January 2019. A technical working comprises of SEAC and the ANPM as the project owners have committed to be the Supervising Consultant to supervise the work as per timeline of the project four and half



month duration. As per December 2018, the contractor had executed 72% of the work, the official handover of the project is planned to be held in April 2019.

Progress on National Library Project Construction is in its Project Staged G of NL Project is completed and proceeding into the stage H – Assistance with Tender Award. The Expression Of Interest (EOI) for detailed design and construction started in December 2018 where interest advertised in TL Newspapers. As per schedule the EOI process will be finalized in 31 of January 2019. According to the project timeline the construction for the NL building will be completed by 2020.

## DATA TAPE AND CORE STORAGE FACILITIES

---

The Local Content commitment under the TLEA (PSC S-06-04) and PSC JPDA 11-106; Eni as the operator of the refer PSC is remained committed to continue the construction of Core Storage and Data Tape Facility with total US\$ 3.02MM.

On 28<sup>th</sup> June 2017, the Steering Committee was held to revisit the project execution plan and detail scopes for project conceptual design including the fit out and equipment costs. Aside from that if any short fall in costs, to cover the costs for site work preparation will require additional contribution from Government side. The actual figure of contribution will determined once the detail concept design is finalized.

Major activities will be carried out by Eni in close collaboration with technical Working Group, this include defining the contract staregy and tendering process for engineering design and construction, then seek for the endorsement of the project steering committee team.

## 3.2 DOWNSTREAM PETROLEUM ACTIVITIES



## AMENDMENT OF ARTICLE 40 OF TRANSITION PERIOD UNDER REGULATION ON INSTALLATION AND OPERATION OF FUEL FILLING STATION

In September 2018, the Directorate submitted proposal to Board of Directors(BoD) of the ANPM seeking for the approval to extend the transitional period under regulation No. 1/2013 on Installation and Operation of Fuel Filling Station as amended by regulation No. 3/2014 in order for the existing Automotive Fuel Filling Station, existing Home Base Fuel Filling Station, Aviation Fuel Filling Station and Atypical Fuel Filling Station to comply with the technical requirements and the minimum requirement foresees under the mentioned Regulation and Article 9 of Decree-Law No. 1/2012 on Downstream Sector. The proposal was submitted considering the following reasons:

- The amended Regulation No. 1/2013 on Installation and Operation of Fuel Filling Station gives 5 years to the existing FFS to fulfil the new rules under the amended version. One of the new rules requires all Storage Tanks at the Fuel Filling Stations to be buried or installed underground. This new rule was effective in 24<sup>th</sup> October 2014 and will due on 24<sup>th</sup> October 2019. The approved new rule on Storage Tanks also affects other Installation Principle such as Filling Nozzles or Valves, Pump Island, Fuel Dispensers, Water Treatment Systems, Gutters, Grills & Sinks and Manholes.
- Unavailability of the technical rules to enable the approval of project for Aviation Fuel Filling Station. The extension of final provision is required to allow the ANPM to establish the technical rules as well for the operator to fulfil the established aviation rules.
- To grant a sufficient time for the atypical Fuel Filling Station to bring up their facility and operation in accordance with the Technical rules under Regulation on Installation and Operation of Fuel Filling Station.

## DISSEMINATION OF FUEL, BIOFUEL AND LUBRICANT TRADING REGULATION

The Downstream Directorate conducted a half day workshop on 2 of August 2018 on trading activity. This workshop was aimed to disseminate the information on how to obtain the license and the ways in importing the petroleum product to the territory of Timor-Leste. Further, this workshop was also aimed to share the information on quality control system of petroleum product. Most of the licensed Traders attended this workshop including the companies wishing to carry out trading activity.

## LICENSING AND MONITORING DOWNSTREAM ACTIVITIES

### LICENSING AND MONITORING OF INSTALLATION AND OPERATION OF FUEL FILLING STATION (FFS)

## APPROVAL OF LOCATION, PROJECT AND OPERATION LICENSE

In 2018, the Directorate processed the applications of existing fuel filling stations as well as new submitted application for the FFS. Applications of existing and some new fuel filling stations were approved and some new applications were rejected due to incompliance with distance requirement. Inspections were conducted by the inspectors as part of the licensing process. Inspection to three Aviation Fuel Filling Station facilities was assisted by Petronas Aviation SDN. BHD.

Detail information is provided in the table below.

No	Company	FFS	Type	Location	Location Approval	Project Approval
1	Realistic Fuel Unip. Lda.	FFS Realistic Fuel	Existing FFS	Baucau	✓	✓
2	Cabureno Unip. Lda.	FFS Cabureno	Existing FFS	Baucau	✓	✓
3	Albatross Unip. Lda.	FFS Albatros	Existing FFS	Baucau	✓	✓
4	Ra'ameta Fuel Unip. Lda.	FFS Ra'ameta Fuel	Existing FFS	Baucau	✓	✓
5	Belijo Unip. Lda.	FFS Belijo	Existing FFS	Baucau	✓	✓
6	Risa Fuel Unip. Lda.	FFS Risa Fuel	Existing FFS	Lautem, Lospalos	✓	✓
7	Titer Lda	FFS Titer	Existing FFS	Lautem, Lospalos	✓	✓
8	Tatoli Unip. Lda.	FFS Tatoli	Existing FFS	Lautem, Lospalos	✓	✓
9	Risa Fuel Unip. Lda.	FFS Risa Fuel	Existing FFS	Viqueque	✓	✓
10	Repende Unip. Lda.	FFS Repende	Existing FFS	Ermera	✓	✓
11	Nagarjo	FFS Nagarjo	Existing FFS	Dili	✓	In progress
12	PITSA	FFS Aeronaves PITSA	Existing FFS	Dili	✓	In progress
13	Esperança Timor Oan Lda.	FFS Aeronaves ETO	Existing FFS	Dili	✓	In progress
14	Risa Fuel Unip. Lda.	FFS Risa Fuel	Existing FFS	Dili	✓	✓
15	Fecilia Unipessoal Lda	FFS Fecilia	Existing FFS	Baucau	✓	✓
16	Borala Unip Lda	FFS Borala	Existing FFS	Caraubalo, Viqueque	✓	In progress
17	Realistic Fuel Unip. Lda.	FFS Realistic	Existing FFS	Hera, Dili	✓	✓
18	Jesoria Unip. Lda	FFS Jesoria	Existing FFS	Viqueque	✓	✓
19	Aidalau Furak	FFS Aidalaui Furak	Existing FFS	Manufahi	✓	✓
20	Manudare Unip. Lda.	-	New FFS	Baucau	✓	In progress
21	Central Hill Unip. Lda.	-	New FFS	Baucau	✓	In progress
22	Nautetu Fuel Unip. Lda.	-		Baucau	✓	In progress
23	Lepho-Loy Unip. Lda.	-	New FFS	Lautem, Lospalos	✓	In progress
24	Joker Junior Unip. Lda.	-	New FFS	Bobonaro	✓	In progress
25	Rarilivos Unip. Lda.	-	New FFS	Bobonaro	✓	In progress
26	Nundole Wey Station Full	-	New FFS	Dili	✓	In progress
27	Lim Lion Fuel Unipessoal	-	New FFS	Dili	Reject	N/A
28	Caramé Unip Lda	-	New FFS	Dili	Reject	N/A
29	Batuhei Global	-	New FFS	Dili	Reject	N/A
30	Batuhei Global		New Home Base FFS	Dili	In progress	In progress
31	Tiros Murak Unip Lda	-	New FFS	Dili	Reject	N/A

TABLE 14: NEWS AND EXISTING APPLICATIONS AND THEIR PROCESS

Amongst Fuel Filling Station above, 7 obtained the operational license. The Directorate also granted license to 5 companies who fulfilled the entire licensing requirement in 2017.

The detail of licensed Fuel Filling Station is outlined in the table below:

No	Name of FFS	Operator/Company	Location
1	Fuel Filling Station PITSA	Pertamina International Timor, SA (PITSA)	Bebora, Dili
2	Fuel Filling Station Roman Fuel	Roman Fuel Unipessoal, Lda	Ermera
3	Fuel Filling Station Nusabe	Nusabe III Unipessoal	Aileu
4	Fuel Filling Station Miglen	Miglen Unipessoal, Lda	Aileu
5	Fuel Filling Station Mosalaki	Mosalaki 99 Unipessoal Lda	Lautem, Lospalos
6	Fuel Filling Station Realistic	Realistic Fuel Unip. Lda.	Baucau
7	Fuel Filling Station Realistic	Realistic Fuel Unip. Lda.	Hera, Dili
8	Fuel Filling Station Belijo	Belijo Unip. Lda.	Baucau
9	Fuel Filling Station Albatros	Albatross Unip. Lda.	Baucau
10	Fuel Filling Station Repende	Repende Unip. Lda	Ermera
11	Fuel Filling Station Jesoria	Jesoria Unip. Lda.	Viqueque
12	Fuel Filling Station Aidatau Furak	Aidatau Furak Unipessoal Lda.	Manufahi

TABLE 15: LICENSED FUEL FILLING STATION IN 2018

## UPGRADING OF HOME BASE FFS TO RETAIL FFS

The Directorate received an application from E Silva car Rental Company requesting to upgrade the Home Base Fuel Filling Station to Retail Fuel Filling Station. The application was rejected since it did not fulfill 1 kilo meter distance requirement.

## AMENDMENT OF FFS LICENSE

The Directorate received an application from Lafahek Oil and Gas on the transfer of shareholder. The application was pending due to incomplete administration requirement.



FIGURE 32: PRELIMINARY INSPECTION TO PITSA FFS, DILI & TIMOR GAP AVIATION FFS, COVALIMA

## NATIONAL CAMPAIGN AND SUBSEQUENT INSPECTION

In early 2018, the Directorate conducted a national campaign for existing FFS such as calling for registration as part of follow up action of the registration call and regional workshop previously conducted.

In the national campaign, the Directorate also conducted final inspections to the licensed existing FFS throughout the country to verify the implementation of all of inspection recommendations.

The inspection was also extended to the existing FFS that have not been licensed with aim to finalize and grant the location approval and project approval.





FIGURE 33: SUBSEQUENT INSPECTION ACTIVITY AT BORALA FFS, DILI & ABOM KASE FFS, MALIANA

## FUEL FILLING STATIONS METERING CALIBRATION ACTIVITIES

In 2<sup>nd</sup> quarter of 2018, the Directorate started conducting verification to fuel dispensers within FFS operated in Dili including several Municipalities. The objective of this verification was to ensure the Fuel Dispensers were operated within the standard and the maximum permissible errors (MPEs). The result of the verification showed that most of Fuel Dispensers complied with the adopted standard and delivered fuel within the MPEs.



FIGURE 34: CALIBRATION ACTIVITY AT ALEXA FFS, LIQUICA

## HEALTH, SAFETY AND ENVIRONMENT AWARENESS WORKSHOP

The Directorate in last quarter of 2018 conducted HSE workshop at Municipality namely; Baucau, Ermera, Bobonaro, Suai, Maubisi. This activity was aimed at raising the HSE awareness of Fuel Filling Stations' Operators. Most of the FFS operators took part in the Workshop.





FIGURE 35: WORKSHOP ON HSE IN BAUCAU AND ERMERA



FIGURE 36: WORKSHOP ON HSE IN COVALIMA AND BOBONARO

## COLLECTION OF FEES FROM FUEL FILLING STATION

The total fee collected by the Directorate from FFS in 2018 is \$173,000.00. This fee included licensing fee for the issuance of new license in 2018 and the annual fee of companies licensed in 2014, 2015, 2016 and 2017. However, total fees paid/receivable in 2018 is only \$ 93,850.00 and the remaining fees \$79,150.00 have not been paid by the companies.

No	Name of FFS	Annual Fee	License date	Fee Received in 2018	Outstanding Fee in 2018
1	Pertamina International Timor, SA FFS	\$ 8,200.00	2018	\$ 8,200.00	-
2	Roman Fuel FFS	\$ 1,350.00	2018	\$ 1,350.00	-
3	Nusabe FFS	\$ 2,200.00	2018	\$ 2,200.00	-
4	Miglen FFS	\$ 1,200.00	2018	\$ 1,200.00	-
5	Mosalaki 99 FFS	\$ 2,200.00	2018	\$ 2,200.00	-
6	Albatross FFS	\$ 1,500.00	2018	\$ 1,500.00	-
7	Repende FFS	\$ 1,200.00	2018	\$ 1,200.00	-
8	Jesoria FFS	\$ 2,200.00	2018	\$ 2,200.00	-
9	Belijo FFS	\$ 1,200.00	2018	\$ 1,200.00	-
10	Realistic FFS (Baucau)	\$ 1,850.00	2018	\$ 1,850.00	-
11	Realistic, FFS (Hera)	\$ 3,350.00	2018	\$ 3,350.00	-
12	Ai-Dalau Furak FFS	\$ 1,200.00	2018	\$ 1,200.00	-
13	Alexa Fuel FFS	\$ 1,200.00	2017	\$ 1,200.00	-
14	Lafaek Oil and Gas FFS	\$ 1,200.00	2017	\$ 1,200.00	-
	Lafaek Oil and Gas FFS (Amendment of FFS License)	\$ 600.00	-		\$ 600.00
15	Mãe da Graça FFS	\$ 3,500.00	2017	\$ 3,500.00	-
16	Divita Fuel FFS	\$ 6,350.00	2017	\$ -	\$ 6,350.00
17	Andika Lima FFS	\$ 2,200.00	2017	\$ 2,200.00	-

18	Timor Gap E.P FFS	\$ 8,200.00	2016	\$ 8,200.00	-
19	68 Petroleum FFS	\$ 11,800.00	2016	\$ 5,900.00	\$ 5,900.00
20	Chong Ti Petroleum FFS	\$ 6,700.00	2016	\$ 3,350.00	\$ 3,350.00
21	99 Petroleum FFS	\$ 6,700.00	2016	\$ 3,350.00	\$ 3,350.00
22	De Shun Fuel Station FFS	\$ 6,700.00	2016	\$ 3,350.00	\$ 3,350.00
23	Culu Hun Fuel Station FFS	\$ 6,700.00	2016	\$ 3,350.00	\$ 3,350.00
24	Realistic Fuel FFS	\$ 4,500.00	2016	\$ 4,500.00	-
25	Super Fuel FFS	\$ 7,750.00	2016	\$ -	\$ 7,750.00
26	Ruvic FFS (Hera)	\$ 3,500.00	2016	\$ -	\$ 3,500.00
27	Arjumar FFS	\$ 3,700.00	2016	\$ -	\$ 3,700.00
28	Global Fuel Filling Station FFS	\$ 1,600.00	2016	\$ -	\$ 1,600.00
29	Abom Kase FFS	\$ 1,200.00	2016	\$ 600.00	\$ 600.00
30	Belak Fuel, FFS	\$ 1,650.00	2016	\$ -	\$ 1,650.00
31	Esperança Timor Oan, Lda FFS (Manatuto)	\$ 3,450.00	2015	\$ 3,450.00	-
32	East Gas Corporation FFS	\$ 2,350.00	2015	\$ 2,350.00	-
33	Vida Diak Petroleum FFS	\$ 2,400.00	2015	\$ 1,200.00	\$ 1,200.00
34	Borala FFS (Dili)	\$ 8,500.00	2015	\$ -	\$ 8,500.00
35	Mãe da Graça FFS	\$ 2,200.00	2015	\$ 1,100.00	\$ 1,100.00
36	Specialized Vehicle Services Centre FFS	\$ 11,300.00	2015	\$ -	\$ 11,300.00
37	Mega Petroleo FFS	\$ 5,200.00	2015	\$ -	\$ 5,200.00
38	Xalila Fuel Unipessoal FFS	\$ 7,750.00	2015	\$ 3,875.00	\$ 3,875.00
39	Esperança Timor Oan FFS (Dili)	\$ 8,350.00	2014	\$ 8,350.00	-
40	Aitula Fuel FFS (Dili)	\$ 3,850.00	2014	\$ 3,850.00	-
41	E Silva Motors Trading as Rentlo FFS	\$ 1,200.00	2014	\$ 1,200.00	-
42	Ruvic Unipessoal FFS (Dili)	\$ 1,200.00	2014	\$ -	\$ 1,200.00
43	Mekar Fuel FFS	\$ 2,450.00	2014	\$ 1,225.00	\$ 1,225.00
Total		\$ 173,000.00		\$ 93,850.00	\$ 79,750.00

TABLE 16: DETAILS OF COMPANIES AND THEIR CORRESPONDENCE FEE

## LICENSING AND MONITORING FUEL, BIOFUEL AND LUBRICANT TRADING ACTIVITY

In 2018, the Directorate finalized the licensing process of 23 companies involved in the import of lubricant, asphalt and LPG and issued the respective license. Following table provides the detail information on the licensed companies.

No	Name of Company	License Number	Licensing period
1	Klean Gas, Lda	ANPM/C/2018/001	10 Years
2	Cahaya Abadi Group	ANPM/C/2018/002	10 Years
3	Surya Putra II, Lda	ANPM/C/2018/003	10 Years
4	NSL OilChem(Timor), Lda	ANPM/C/2018/004	10 Years
5	Aimutin Furak II, Lda	ANPM/C/2018/005	10 Years
6	Fortuna Star, Lda	ANPM/C/2018/006	10 Years
7	Eastern Dragon, Lda	ANPM/C/2018/007	10 Years
8	Henk-Jon, Lda	ANPM/C/2018/008	10 Years

9	Gio Motor Unipessoal, Lda	ANPM/C/2018/009	10 Years
10	Uma Asia Motorizada Unipessoal, Lda	ANPM/C/2018/010	10 Years
11	Jonize Construction Unipessoal, Lda	ANPM/C/2018/011	10 Years
12	Jova Construcation, Lda	ANPM/C/2018/012	10 years
13	Campeao Motors, Lda	ANPM/C/2018/013	10 Years
14	Carya Timor-Leste	ANPM/C/2018/014	10 Years
15	Thai Siam Auto Parts, Lda	ANPM/C/2018/015	10 Years
16	Rufa Forever Unipessoal, Lda	ANPM/C/2018/016	10 Years
17	Vemisdel Unipessoal Lda	ANPM/C/2018/017	10 Years
18	Auto Timor-Leste	ANPM/C/2018/018	10 Years
19	Nison Unipessoal Lda.	ANPM/C/2018/019	10 Years
20	ZL Hardware and Machinery	ANPM/C/2018/020	10 Years
21	Raharjo	ANPM/C/2018/021	10 Years
22	Sister Motor and Drivers, Lda	ANPM/C/2018/022	10 Years
23	Junior G. G. A. Unipessoal Lda.	ANPM/C/2018/023	10 Years

TABLE 17: DETAIL OF LICENSED FUEL TRADERS

### TRUE UP MECHANISM 2017 AND TRADING LICENSING FEE IN 2018

On January 2018, the Directorate conducted *True up Mechanism* of Trading fees collected in the licensing process of Trading Activity in 2017. The result of True up mechanism is foreseen in the table below:

No	Company	2017 Annual Plan (L)	Import Realization (L) 2017	Differences	Fee paid based on 2017 Annual Plan	Actual Fee based on Import Realisation	Refund	Adjustment to 2018 (Carried Forward)	Additional Fee paid by the company based on Import Realization
1	Mega Petroleum	2,260,000	203,400	2,056,600	\$1,130.00	\$101.70	\$1,028.30	\$-	\$-
2	Xalila	500,000	230,962	269,038	\$250.00	\$115.48	\$-	\$134.52	\$-
3	PITSA	63,227,000	58,678,750	4,548,250	\$31,613.50	\$29,339.38	\$-	\$2,274.12	\$-
4	ETO	53,250,000	66,981,051	- 13,731,051	\$26,625.00	\$33,490.53	\$-	\$-	\$6,865.53
5	Far Ocean	15,200,000	16,251,749	- 1,051,749	\$7,600.00	\$8,125.87	\$-	\$-	\$525.87
6	Arjumar	1,000,000	3,297,361	- 2,297,361	\$500.00	\$1,648.68	\$-	\$-	\$1,148.68
7	Gilficac	2,000,000	1,232,920	767,080	\$1,000.00	\$616.46	\$-	\$383.54	\$-
8	EQ	10,800,000	2,379,502	8,420,498	\$5,400.00	\$1,189.75	\$-	\$4,210.25	\$-
9	VIP	150,000	200,283	- 50,283	\$75.00	\$100.14	\$-	\$-	\$25.14
10	Gafung	4,000,000	0	4,000,000	\$2,000.00	\$-	\$-	\$2,000.00	\$-
11	OGV	1,890,000	0	1,890,000	\$945.00	\$-	\$-	\$945.00	\$-

12	Sacom	15,000,274	15,000,274	0	\$7,500.14	\$7,500.14	\$-	\$-	\$-
13	EDS	71,533	25,000	46,533	\$35.77	\$12.50	\$-	\$23.27	\$-
14	King Construction	446,000	426,956	19,044	\$223.00	\$213.48	\$-	\$9.52	\$-
Total					\$84,897.40	\$82,454.10	\$1,028.30	\$9,980.22	\$8,565.22

TABLE 18: TRUE UP MECHANISM LICENSING FEE COLLECTED IN 2017

Table above shows that total actual fee received for Trading Activity in 2017 is **US\$ 82,454.10**

Four (4) companies imported more than annual plan and further pay additional fee for 2017. Whereas seven (7) companies imported less than annual plan and 2 companies did not perform any import activity. The remaining annual plan and fee of 6 companies was further adjusted to 2018 while the fee of Mega Petroleum Company was refunded following its confirmation to discontinue the Trading Activity due to the ANPM BoD decision of banning the use of ISO Tanks for import of fuel.

### 2018 TRADING LICENSING FEE AND 2018 TRADING ANNUAL FEE

The fee collected in the licensing process of trading activity was calculated based on the annual import plan. Apart from the licensing fee, the Directorate also collected annual fee from the companies licensed in 2017 based on their 2018 import plan. The True-up-Mechanism of Trading activity in 2018 will be conducted in 2019 to reconcile the fee based on import plan realization. Based on the data recorded by the Directorate, it shows that up to end of 2018 most of the companies did not realize the import plan.

No.	Company	2018 Annual Plan (Liters)	Realization (Liters)	Differences (Liters)	Fee paid based on 2018 Annual Plan	Actual Fee based on Realisation
1	Xalila	269,038	-	- 269,038	\$134.52	\$ -
2	PITSA	61,846,600	80,642,769	18,796,169	\$30,923.30	\$40,321.38
3	ETO	46,900,000	111,152,769	64,252,769	\$23,450.00	\$55,576.38
4	Far Ocean	10,020,000	3,376,010	- 6,643,990	\$5,010.00	\$1,688.01
5	Arjumar	-	-	-	\$ -	\$ -
6	Gilficac	767,080	-	- 767,080	\$383.54	\$ -
7	EQ	8,420,498	-	- 8,420,498	\$4,210.25	\$ -
8	VIP	472,500	412,912	- 59,588	\$236.25	\$206.46
9	Gafung	4,000,000	1,037,085	- 2,962,915	\$2,000.00	\$518.54
10	OGV	1,890,000	-	- 1,890,000	\$945.00	\$ -

11	Sacom	19,641,719	3,200,068	- 16,441,651	\$9,820.86	\$1,600.03
12	EDS	209,000	228,971	19,971	\$104.50	\$114.49
13	King Construction	1,000,000	752,000	- 248,000	\$500.00	\$376.00
14	Klean Gas, Lda	120,000	204,000	84,000	\$60.00	\$102.00
15	Cahaya Abadi Group	1,000,000	65,300	- 934,700	\$500.00	\$32.65
16	Surya Putra II, Lda	200,000	164,953	- 35,047	\$100.00	\$82.48
17	NSL OilChem(Timor), Lda	350,000	146,545	- 203,455	\$175.00	\$73.27
18	Aimutin Furak II, Lda	100,000	74,661	- 25,339	\$50.00	\$37.33
19	Fortuna Star, Lda	20,000	671,568	651,568	\$10.00	\$335.78
20	Eastern Dragon, Lda	156,088	130,830	- 25,258	\$78.04	\$65.42
21	Henk-Jon, Lda	100,000	76,704	- 23,296	\$50.00	\$38.35
22	Gio Motor Unipessoal, Lda	20,000	6,408	- 13,592	\$10.00	\$3.20
23	Uma Asia Motorizada Unipessoal, Lda	20,000	13,395	- 6,605	\$10.00	\$6.70
24	Jonize Construction Unipessoal, Lda	4,139,392	659,450	- 3,479,942	\$2,069.70	\$329.73
25	Jova Construcation, Lda	100,000	95,480	- 4,520	\$50.00	\$47.74
26	Campeao Motors, Lda	300,000	183,222	- 116,778	\$150.00	\$91.61
27	Carya Timor - Leste	258,301	234,714	- 23,587	\$129.15	\$117.36
28	Thai Siam Auto Parts, Lda	5,000	972	- 4,028	\$2.50	\$0.49
29	Rufa Forever Unipessoal, Lda	104,000	25,020	- 78,980	\$52.00	\$12.51
30	Vemisdal Unipessoal, Lda.	3,160,000	2,440,000	- 720,000	\$1,580.00	\$1,220.00
31	Auto Timor-Leste, Lda	15,000	-	- 15,000	\$7.50	\$ -
32	Nison Unipessoal Lda.	24,644	-	- 24,644	\$12.32	\$-
33	ZL Hardware and Machinery	420,000	-	- 420,000	\$210.00	\$-
34	Rahardjo	90,000.000	33,691	- 56,309	\$45.00	\$16.85



35	Sister Motor and Drivers, Lda	9,500	-	- 9,500	\$4.75	\$-
36	Junior G.G.A. Unipessoal, Lda	15,500	8,779	- 6,721	\$7.75	\$4.39
Total					\$83,081.93	\$103,019.14

TABLE 19: 2018 IMPORT PLAN REALIZATIONS

Table above shows that the fee payable based on the import plan is \$83,081.93 while total fee receivable in 2018 based on the actual import realization is **\$103,019.14**.

## LICENSING STORAGE ACTIVITY

In 2018, the Directorate finalized the licensing process of PITSA Storage Facility. This process was a continuation from 2017. Following the payment of fee, the ANPM granted the License to PITSA. The License duration is 4.4 years. The issuance of License to PITSA's Fuel Storage Facility was subjected to the payment of fee. The Directorate collected US\$ 269,000.

In last quarter 2018, the Directorate conducted review to the application for location approval submitted by Lai-Ara Nikmat Mujur. Further to the review of the application, the Directorate in assistance from Bro Nant International Consultant conducted inspection to location as well as project to Lai-Ara Nikmat Mujur Storage Facility in Kaitehu, Liquiça. The result of the inspections was under progress and would be shared with the company upon conclusion.



FIGURE 37: INSPECTIONS TO THE FUEL TANKS AND PIPES, LAI-ARA NIKMAT MUJUR, KAITEHU, LIQUIÇA

The Directorate also received a new application from Global Oil Storage Terminal Lda. for the construction of Storage Facility in Lauhata Suco, Bazartete Post Administrative, Liquiça Municipality. The review of the application has not been performed since some of the requirement on location has not been fulfilled. The company was in the process of finalizing the environmental license process.

## CONSULTANCY SERVICE

### ➤ Aviation FFS

Aviation FFS is part of scope of Regulation on Installation and Operation of Fuel Filling Station; however, there are no technical rules available in the referred regulation. Therefore, in third quarter of 2018, the directorate called for RFP seeking for qualified and experience consultant to assist the Directorate in the licensing process of aviation FFS as well as establish the technical rules for Aviation. The selection process was concluded and A Malaysian based company; Petronas Aviation SDN BHD, was the selected consultant for this Service.

➤ **Environmental Consultant**

The Directorate also implemented its annual plan on consultancy service to assist the Directorate in reviewing Environmental document particularly Category A projects. This service is required considering Decree-Law No. 14/2018 on VIII Constitutional Government Organic Law where it grants the Ministry of Petroleum and Mineral Resources mandate to approve the environmental license related to the petroleum and mineral sector and the ANPM is the entity responsible for conducting environmental licensing procedures related with petroleum and mining operations. It is expected the process would be concluded in first quarter of 2019.

➤ **Bro Nant International Consultant**

The Directorate received an application from Lai-Ara Nikmat Mujur seeking for the approval to operate the storage facility at Liquiça area. Further to this application, the Directorate submitted a proposal to direct source Bro Nant International in order to assist the Directorate in reviewing the submitted application. This consultant is one previously assisted the Directorate in the review and perform inspection to PITSA and ETO storage facility. The proposal has been approved and work orders have been issued to this consultant for reviewing Lai-Ara documents for location approval as well as for conducting preliminary inspection.

## **FUEL QUALITY MONITORING PROGRAM**

---

Fuel Quality Monitoring Program is one of the planned activities. In 2018, this activity was performed to two (2) fuel storage facility and two (2) Fuel Filling Stations. This activity was aimed to ensure the fuel circulated within the country complied with the specification established in Regulation on Fuel, Biofuel and Lubricant Quality Standards and Specifications.

Six (6) samples were collected which consist of 3 Diesel and 3 Petrol samples. The Diesel samples were taken from PITSA and ETO Storage Facility and Belak FFS whilst Petrol samples were taken from PITSA and ETO Storage Facility and De Shun FFS. These samples were sent to Intertek laboratory for testing. The laboratory results show that 5 fuels samples (3 Diesel and 2 Petrol) are off spec and the other one is on specification. The parameters identified as off specification are Distillation T95%, Density and Flash Point for Diesel and Oxygenates (MTBE) for Petrol. The off specs events have now been under thorough assessments for further due process.

## **REVIEW OF ENVIRONMENTAL DOCUMENTS**

---

Decree-Law No. 14/2018 on VIII Constitutional Government Organic Law grants the Ministry of Petroleum and Mineral Resources mandate to approve the environmental license related to the petroleum and mineral sector. The ANPM is the entity responsible for conducting environmental licensing procedures related with petroleum and mining operations, albeit subject to the final approval of the Minister responsible for the petroleum and mineral sector, the Ministry of Petroleum and Mineral Resources.

Following the effective date of this Organic Law, the Directorate notified all the Downstream Operators on the submission of the Environmental Documents to the ANPM.

Further to the notification letter, the ANPM received 11 Environmental Management Plans, one (1) Environmental Impact Statement (EIS), two Terms of References (ToR), 2 Simplified Environmental Impact Statement and 5 Project

Documents (PD) were submitted to the ANPM.

One EMP on Existing Storage Facility was concluded and the Directorate through the ANPM recommended to the Minister of Petroleum and Mineral Resources to grant approval to the EMP. Another 7 EMPs of existing facilities were reviewed, however, due to unavailability of the baseline data; the ANPM issued a notification letter to the project proponent to collect baseline data to support the review of the EMPs. 2 EMPs and SEIS of existing Fuel Station were pending and planned to finalize in 2019 while one (1) ToR, SEIS and EMP of New Fuel Storage Facility and one (1) ToR for Beaco LNG Plant were pending for review waiting for the Environmental consultant. The review of ToR for Beaco LNG plant is targeted to be finalized in 2019.

2 PDs of new proposed facility were concluded with revision while 3 PDs of existing facilities were concluded with no revision and the Directorate requested the proponent to proceed with the EMP as well as base line data collection. This approach was made due to the existence of the facility.

Prior to the establishment of the VIII government, in first quarter 2018, the Directorate and National Directorate of Pollution Control and Environmental Impact conducted review and concluded one PD of existing facility.

No	Proponent	Type of Project	Project Documents	Project Category	Terms of Reference	SEIS & EMP
1	PITSA	Storage Facility (Existing Facility at Pantai Kelapa)	-	A	-	Review of EMP concluded on 23 Nov 2018
2	Lai-Ara Nikmat Mujur	Storage Facility (Kasaid, Liquica)	Review concluded and the project category was issued on 17 July 2017	A		Review of EMP was pending and would continue in 2019
3.	Beaco LNG Plant	Beaço, Viqueque	-	A	Review of ToR will be assisted by Environmental Consultant iha tinan 2019	
4.	Nautetu	Fuel Filling Station (New Fuel Station at Baucau Municipality)	Review started and revision is required.	-	-	-
5.	Repende	Fuel Filling Station (New Fuel Station at Ermera Municipality)	Review started and revision is required.	-	-	-
6.	PITSA	Fuel Filling Station (Existing Fuel Station at Bebora)	-	-	-	Review will be continued in 2019

7.	PITSA	Aviation Fuel Filling Station (Existing Aviation Fuel Station at Dili Airport)	-	-	-	Review will be continued in 2019
8.	68 Petroleum	Fuel Filling Station (Existing Fuel Station Hudi Laran)		-	-	Request for baseline data collection
9.	De Shun Fuel	Fuel Filling Station (Existing Fuel Station at Fatuhada)	-	-	-	Request for baseline data collection
10.	Nundole Way	Fuel Filling Station (Existing Fuel Station at Manleuana, Dili)	-	-	-	Request for baseline data collection
11.	Culuhun Fuel	Fuel Filling Station (Existing Fuel Station at Culuhun)		-	-	Request for baseline data collection
12.	Chong Ti Petroleum	Fuel Filling Station (Existing Fuel Station at Culuhun)	-	-	-	Request for baseline data collection
13.	99 Petroleum	Fuel Filling Station (Existing Fuel Station at Hudi Laran)	-	-	-	Request for baseline data collection
14	Ra'ameta Fuel	Fuel Filling Station (Existing Fuel Station at Baucau)	ANPM requested to proceed with EMP and baseline data collection	-	-	Concluded and request to proceed with EMP and baseline data collection
15	Abom Kase	Fuel Filling Station (Existing Fuel Station at Maliana)	ANPM requested to proceed with EMP and baseline data collection	-	-	Concluded and request to proceed with EMP and baseline data collection
16	Rarilivos	Fuel Filling Station (Existing Fuel Station at Atabae, Maliana)	Review started and revision is required.	-	-	-

TABLE 20: DETAIL INFORMATION ON THE PROJECT PROPONENT AND ENVIRONMENT DOCUMENTS

## INTER-MINISTERIAL COOPERATION'S

The Downstream Directorate has been committed to continue its coordination and relationship with relevant government entities and institutions in Timor-Leste in order to expedite the licensing process of Downstream Activities namely Installation and Operation off Fuel Filling Stations and the Installation and Operation of Storage Facility. The coordination was also done to monitor the implementation of Trading Activity.

Several meetings were conducted with SERVE on economic activity license and Custom Authority on Trading activity.

## LICENSE FEES

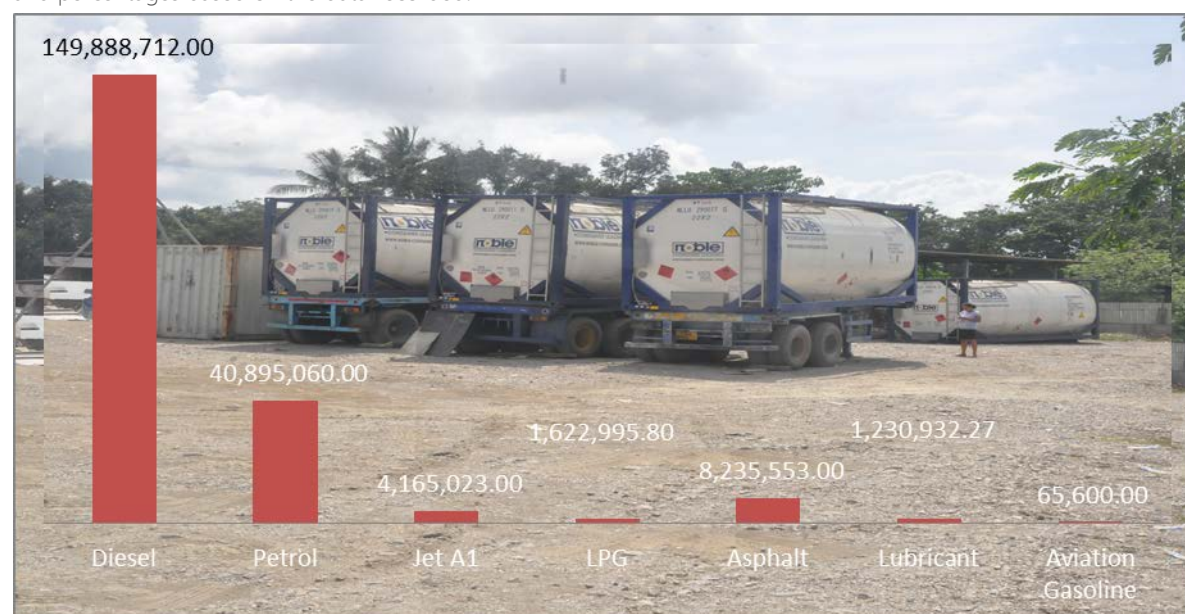
In 2018, the Directorate collected total fees of **\$ 465,869.14**. These fees were collected during the licensing process of Installation and Operation of Fuel Filling Station, Installation and Operation of Storage Facility, and Trading of Fuel, Biofuel and Lubricant. The Directorate also collected Annual Fees from the Fuel Filling Stations licensed in 2014, 2015 and 2016 and the administrative sanction.

	Type of the Activity	2018 Fees
1	Installation and Operation of Fuel Filling Station	\$ 93,850.00
2	Installation and Operation of Storage Facility	\$ 269,000.00
3	Fuel, Biofuel and Lubricant Trading Activity	\$ 103,019.14
	<b>Total</b>	<b>\$465,869.14</b>

TABLE 21: TOTAL FEE RECEIVED IN 2018

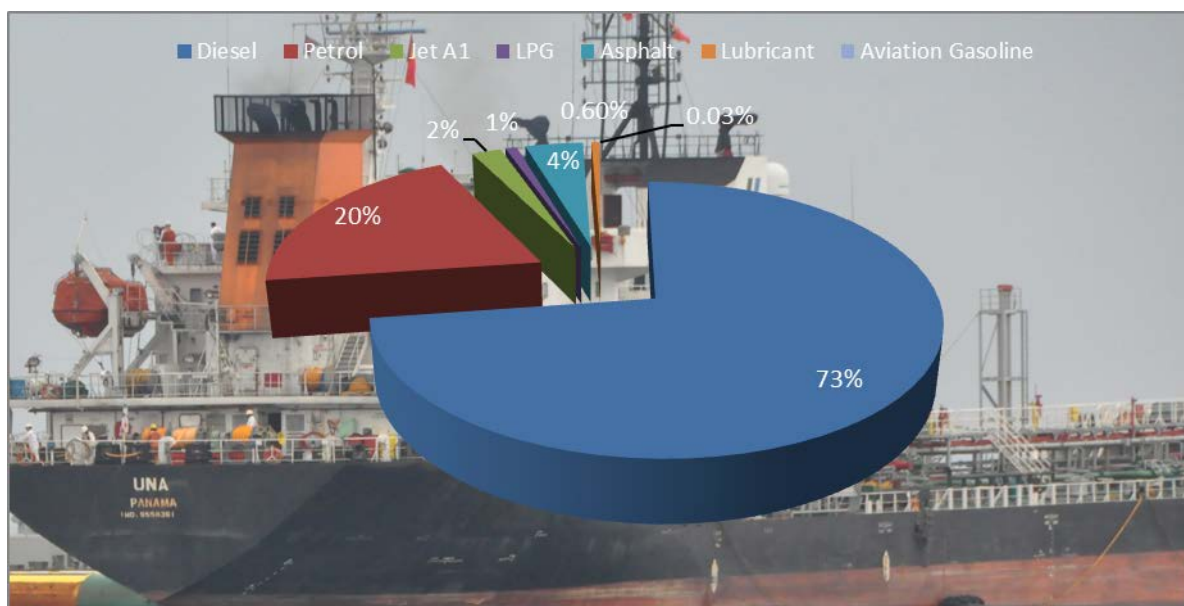
## FUEL IMPORT DATA

According to the data established by the Downstream Directorate, there are seven (7) types of Fuel that had been imported in 2018 to Timor-Leste. Below Picture indicates types of Fuel and their corresponding volumes in liters and percentages based on the data recorded.



GRAPH 17: 2018 FUEL IMPORT DATA





GRAPH 18: 2018 FUEL IMPORT DATA IN PERCENTAGE

Diesel makes up 73% of total fuel imported to the country. Importation of Diesel compared to 2017 has slightly decreased by 5%. The importation of Gasoline has increased 2% while Jet Fuel and LPG remain constant at 2% and 1% respectively. The import of Asphalt and Lubricant also has increased from 1% and 0.09 in 2017 to 4% and 0.60% in 2018. Aviation gasoline makes up 0.03%.

According to the established data, the main importation of Diesel is used for the generation of Power Plants in the country.

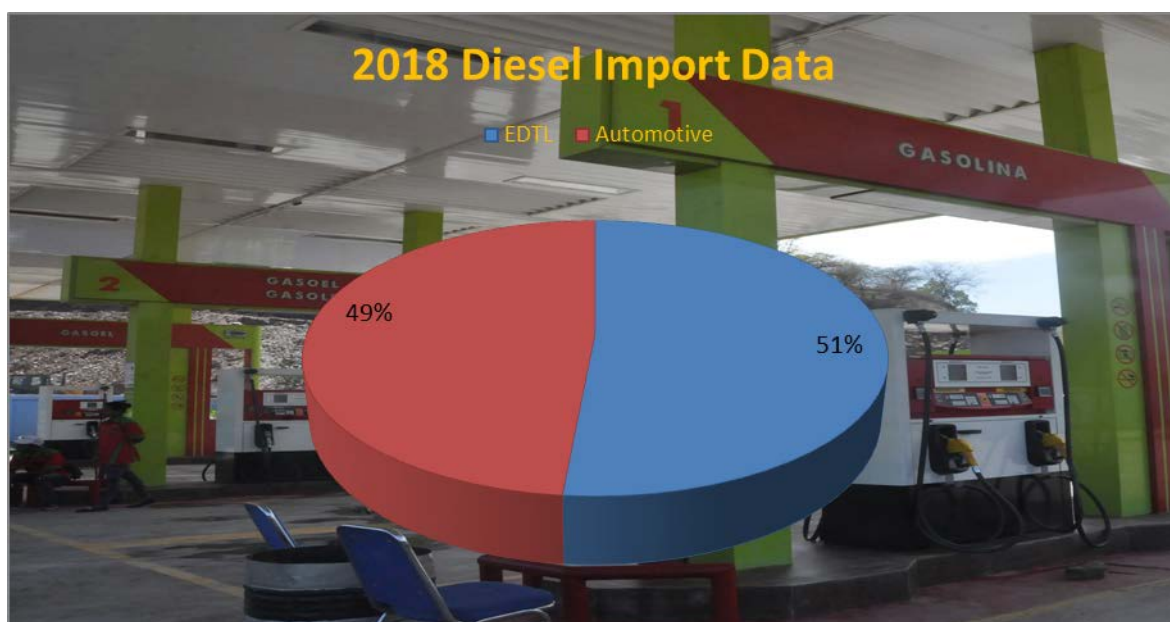


CHART 7: 2018 DIESEL IMPORT DATA

## 4. MINERAL PERFORMANCE





## 4.1 INTRODUCTION

Mining sector activities have been observed to be significantly increased in 2018 compared to the previous years. This is seen through increase in the number of mining related applications and records of quantities of Construction Materials produced and used throughout the country and similarly the level of revenue generated from mining activities.

Administration of mining related activities is still focused on Construction Materials based on the requirements set forth in Ministerial Diploma No.64/2016 November 16.

## 4.2 PUBLIC CONSULTATION, APPLICATION REGISTER AND LOCATION APPROVAL ISSUED IN 2018

### 4.2.1 PUBLIC CONSULTATION

One public consultation was carried out in Postu Administrativu Baguia, Municipiu Baucau in October 2018 in collaboration with International Labor Organization (ILO) through Era -Agro Forestry for rural road project. The purpose of the public consultation was to inform the local construction companies on the applicable requirements for the use of Construction Material such as sand and gravel to support their road construction project. This public consultation was also attended by other relevant ministries, ILO representative, local authority and PNTL.



FIGURE 38: PUBLIC CONSULTATION IN POSTU ADMINISTRATIVO BAGUIA, BAUCAU MUNICIPALITY

### 4.2.2 APPLICATION REGISTER

There are a total of fifty nine (59) applications submitted to the directorate in 2018.

No	Type of application	Total applications
1	Prospecting License	5
2	Location approval	26
3	Scientific Study	0
4	Exploration License	5

5	Mining License ( Extension)	5
6	Mining License (New)	18
TOTAL APPLICATIONS		59

TABLE 22: MINERAL APPLICATION REGISTER BASED ON TYPE

### 4.2.3 LOCATION APPROVAL

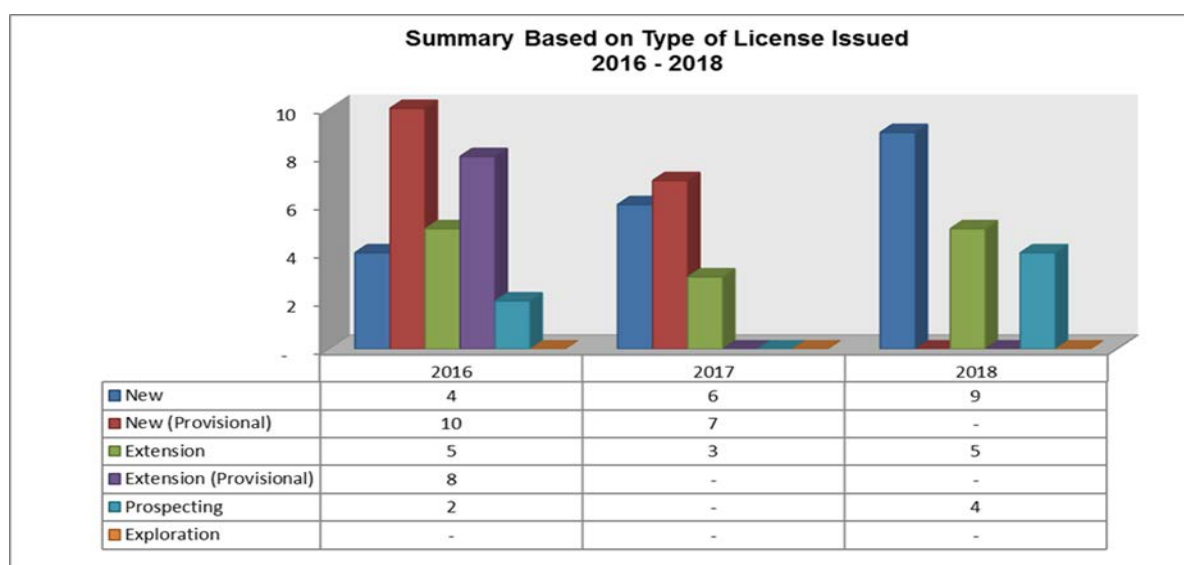
There were eighteen (18) locations approved in 2018. These locations were all applied for quarries to support road construction projects.



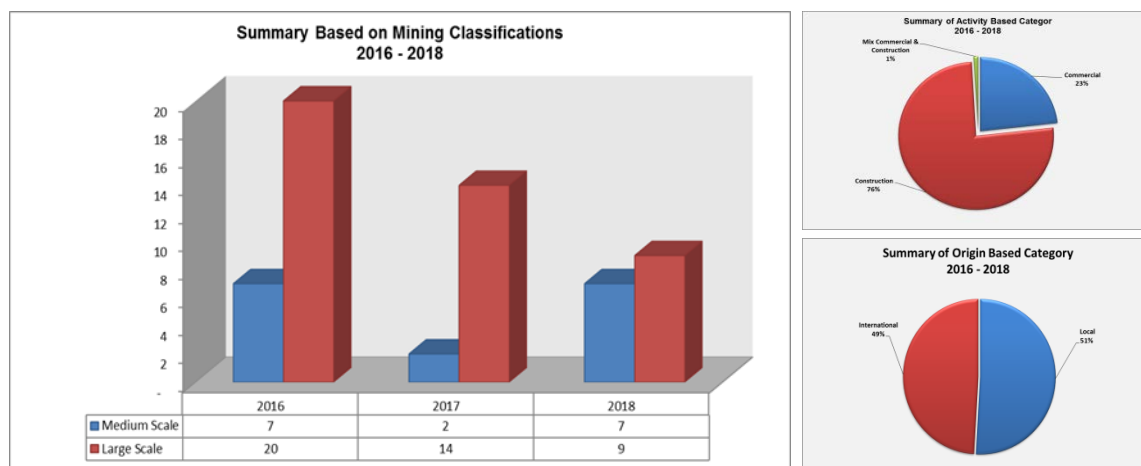
FIGURE 39: LOCATIONS APPROVED

### 4.2.4 LICENSES ISSUED IN 2018

There were eighteen (18) licenses granted in 2018. Out of these eighteen (18) licenses three (3) licenses were granted to local companies and fifteen (15) licenses were issued to international companies.



GRAPH 19: LICENSE ISSUED BASED ON TYPE OF LICENSE



GRAPH 20: LICENSED ISSUED FOR LOCAL AND INTERNATIONAL COMPANIES

## MANGANESE EXPLORATION

The government of Timor-Leste and Peak Everest Mining Lda signed an exploration agreement on 5 April, 2018 to explore manganese resources in two concession areas located in the village of Nipane and Passabe, Oe-cusse. The Exploration Agreement has duration of two years and may be extended to one year to allow the investor to complete a feasibility study to commercialize the manganese resources in the concession area.

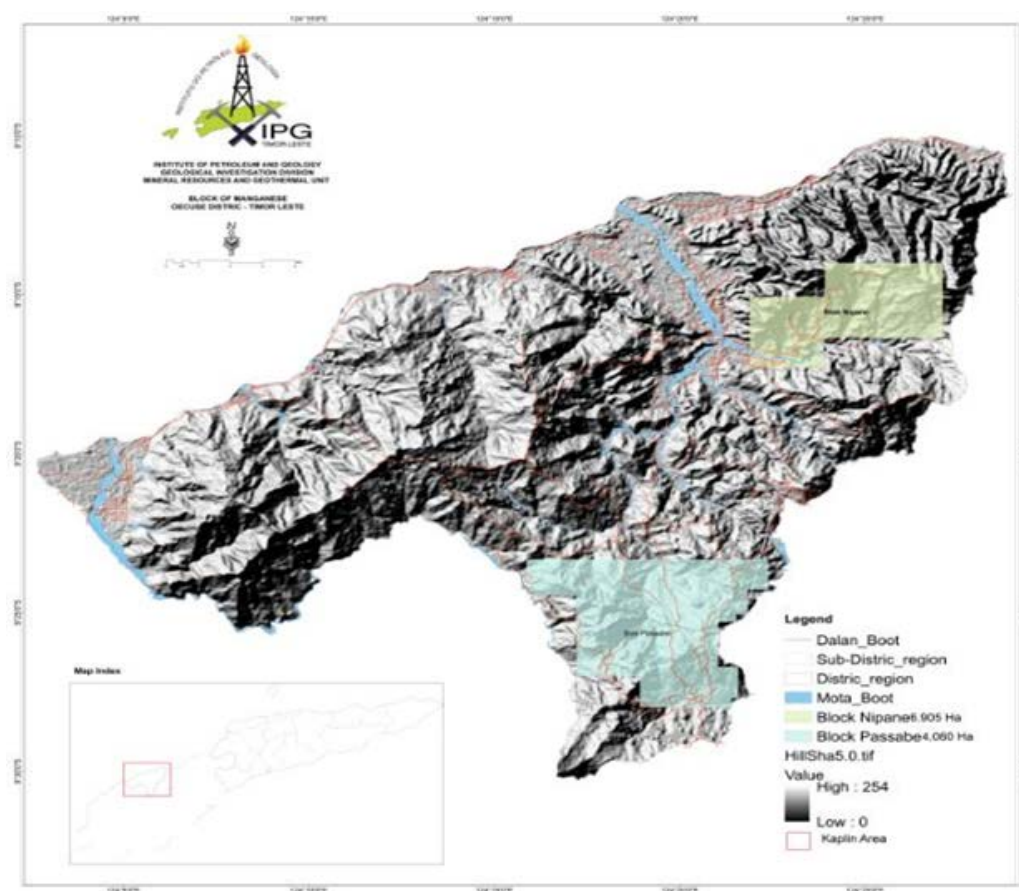


FIGURE 40: MANGANESE EXPLORATION CONCESSION AREA NIPANE AND PASSABE IN OE-CUSSE



The current proposed work program covered a total of eighteen (18) months activity which focuses on geological data collection, geological modeling, resource and reserve calculation, geotechnical data collection, hydro geological study, and preparation of a feasibility study.

In 2018, most of the exploration work focuses on geological data collection including geological mapping and assessment of manganese distribution and quality through sampling and assays as well as geological test pits. By end of 2018, the geological mapping within the two concession area are mostly completed, whilst the geological test pits activity are ongoing.

It is expected that the geological test pit activity will continue to be carried out in 2019 and a geophysical survey will be conducted to better understand the manganese prospectivity in both concession areas.

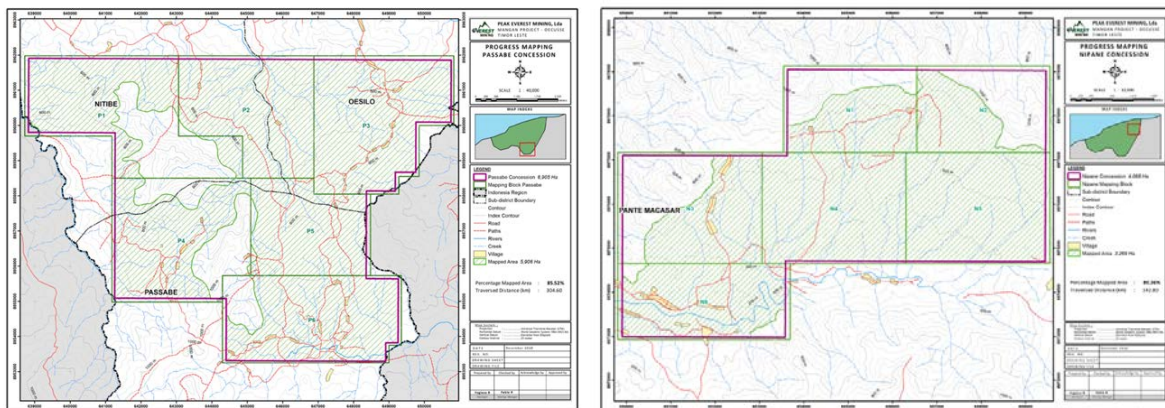


FIGURE 41: MANGANESE EXPLORATION CONCESSION AREA NIPANE AND PASSABE IN OE-CUSSE

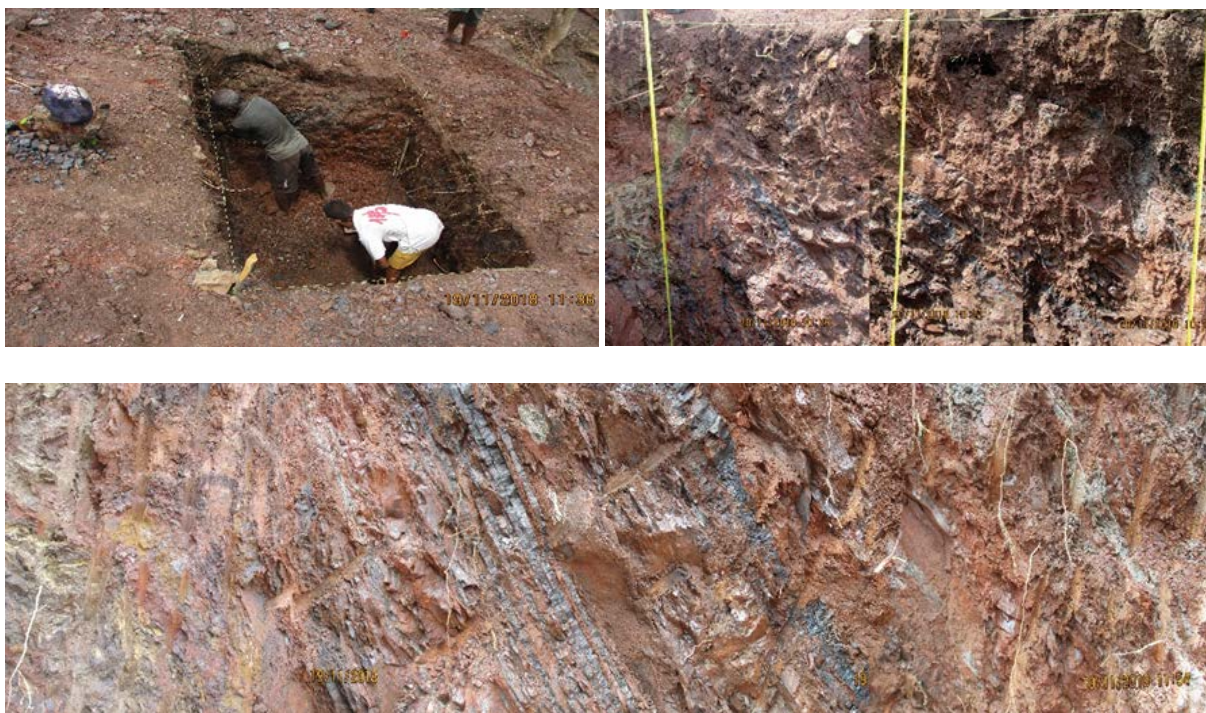


FIGURE 42: MANGANESE LAYER INTERBED WITH RED CHERT AND CLAYSTONE





FIGURE 43: MANGANESE BOULDERS WITH VARIOUS SIZES AND SHAPES

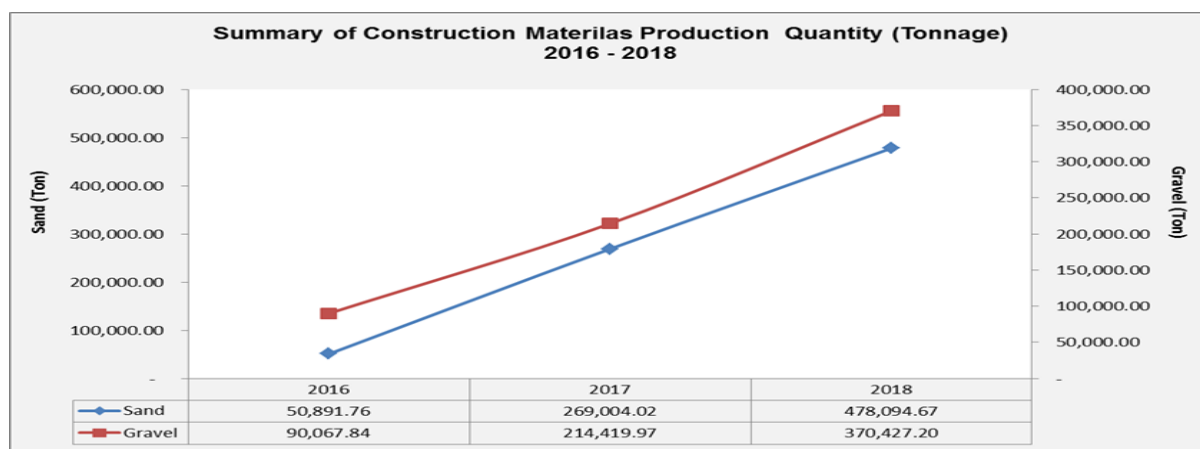


FIGURE 44: MANGANESE LAYER OUTCROP WITHIN RED CLAYSTONE

## 4.3 CONSTRUCTION MATERIAL PRODUCTION AND REVENUE COLLECTED IN 2018

### 4.3.1 CONSTRUCTION MATERIALS PRODUCTION

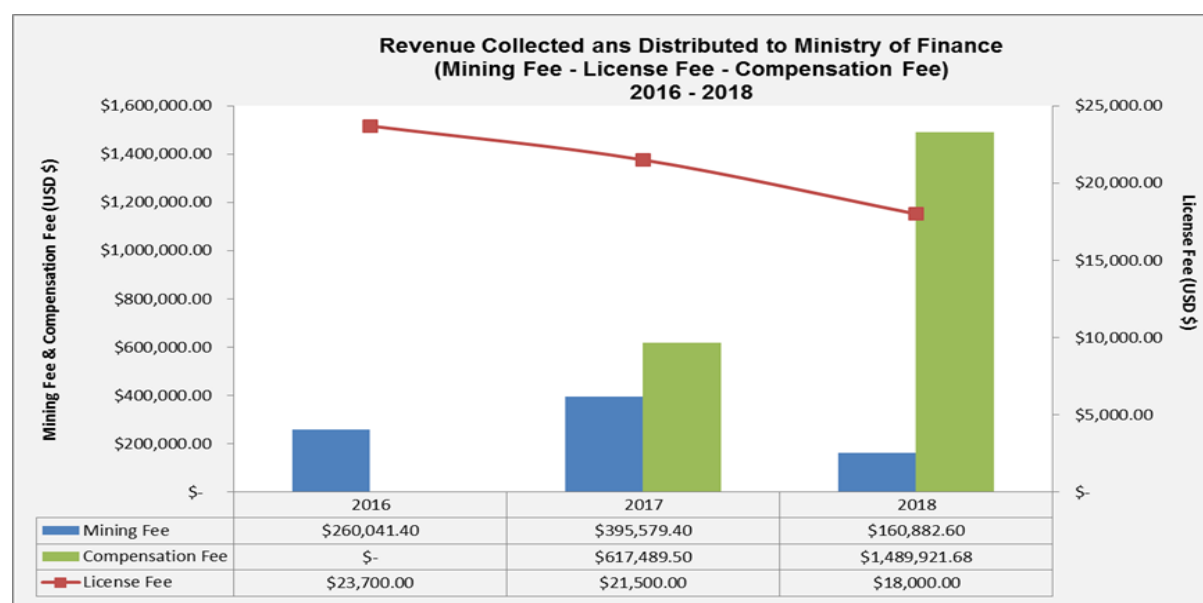
The estimated total Construction Materials produced in 2018 is 848,521.87 tons. This quantity is a total combination of 370,427.20 tons of gravel (crushed rocks) and 478,094.67 tons of sand. The quantity of Construction Materials production is calculated from quantity of materials licensed and quantity of materials calculated for compensation payment. Construction Materials produced since 2016 is presented in the chart below.



GRAPH 21: PRODUCTION FIGURE FROM 2016 TO 2018

### 4.3.2 REVENUE COLLECTION

Revenues from mining activities are generated from prospecting license fee, exploration and mining license fee and compensation fee for Construction Materials used without valid mining license. In 2018, the total revenue collected from mining activities is USD 1,668,804.28. Similar to the previous year revenue contribution, the compensation fee payment contributes the largest to the revenue generated from mining activities.



GRAPH 22: REVENUE COLLECTED FROM 2014 TO 2018

## 4.4 HEALTH, SAFETY AND ENVIRONMENTAL, ENVIRONMENTAL LICENSE REGISTER, REHABILITATION PLAN, MONITORING AND INSPECTION ACTIVITY

### 4.4.1 ENVIRONMENTAL LICENSE REGISTER

There were thirty three (33) environmental license related applications submitted to the directorate in 2018. These applications are listed out below;

No.	Type of Documents	Total submitted
1	Project Documents (PD)	15 Applications
2	Simplified Environmental Impact Statement (SEIS) + EMP and EIA for category A	12 Applications
3	Site Specific Environmental Management Plan (SSEMP) *  (* SSEMP is required under Memorandum of Understanding between relevant ministries signed on December 2017 to streamline the assessment process and issuance of Environmental License for World Bank and Asian Development Bank Road construction projects.	6 Applications

TABLE 23: ENVIRONMENTAL LICENSE PROJECT DOCUMENT REGISTER

#### 4.4.2 QUARRY REHABILITATION

As construction companies completing their construction projects, efforts are continuously made by ANPM to ensure that quarries sites are rehabilitated prior to returning the site to lawful land owner.

In 2018, a number of quarries were identified to be rehabilitated. The rehabilitation processes was initiated by revisiting commitments under environmental license regime followed by establishing plans and design and discussion with relevant stakeholders, including lawful land owner and local and municipal authorities.

No.	Type of Project	Status
1	Rock quarry – Lot 3 – Solorema – Bandudatu – Aileu	1 Rehabilitation plan finalized for implementation
2	Rock quarry – for high way from Zumalai to Suai Villa	5 sites are being rehabilitated.  Monitoring and maintenance activity ongoing

TABLE 24: QUARRY REHABILITATION PLAN

Below pictures outline processes involved in rehabilitating one (1) out of eight (8) quarries in municipal Covalima operated by COVEC CRFG JV.

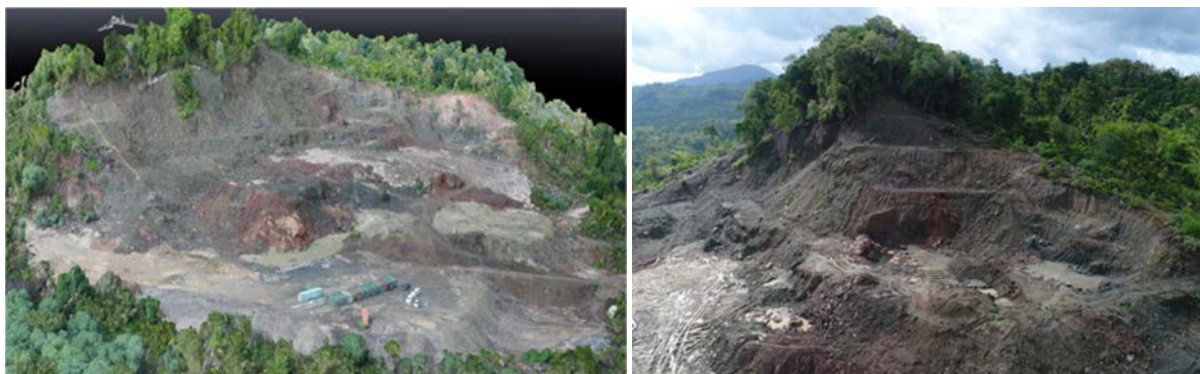


FIGURE 45: QUARRY CONDITION BEFORE REHABILITATION



FIGURE 46: DISCUSSION WITH PRESIDENT OF COVALIMA MUNICIPALITY





FIGURE 47: QUARRY SITE PREPARED FOR REHABILITATION FIGURE 48: XEFE SUKU OGUES VISITING THE REHABILITATED SITE



FIGURE 49: LOCAL TREE ALREADY GROWN ON SITE

In addition ANPM also assessing a number of rehabilitation plans for quarries that are currently close to its end of life.

#### 4.4.3 MOTORING AND INSPECTION ACTIVITY

In 2018, a total of eighty seven (87) quarry activity locations were registered. Out of these eighty seven (87) locations, nineteen (19) locations are surveyed and mapped. This number represents total drone coverage of registered quarry activity locations of twenty one (21) percent..

Apart from surveys and mapping, data and information generated from drone survey is also used for stockpile volumetric calculation.

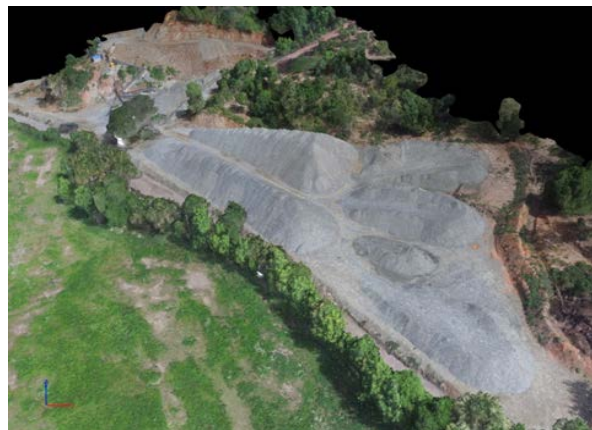


FIGURE 50: DRONE MAPPING AND STOCKPILE VOLUMETRIC SURVEY

As regulatory authority monitoring is one of the core activities to ensure both conformity and compliance with guidelines, standards and other applicable laws from companies operating in mining sector. The HSE department carried out both proactive and reactive monitoring to two international companies namely COVEC CRFG JV and Shanghai Construction Group, R.P. (SCG) during the period of 2018, respectively.



## 5. CORPORATE INITIATIVES



As a Timorese Autonomous organization, ANPM assumes obligation to share knowledge and experience on its core business with relevant stakeholders and academic graduates within the country and those from overseas. In 2018, our initiatives in sharing of knowledge and experience have been stepped up by not only increasing the number but also expanding the areas of disciplines. This is primarily contributed by opportunities and lessons learnt from previous years.

## 5.1 GRADUATE INTERNSHIP PROGRAM

Graduates are attached to the ANPM by means of a Graduate Internship Program. The successful candidates are offered with the opportunity to learn firsthand from the knowledge and experience of our experienced staffs in different disciplines and have the opportunity to get exposed to some field activities to gain knowledge and experience on real projects. In 2018, the ANPM only provided once GIP program for the period six months duration. A total of 21 graduates were selected to be attached to the directorates within the ANPM.

Type of Program	Graduate Internship Program (GIP)			
	ANPM Directorate	University Name	Participants	
			Male	Female
Graduate Internship Program (GIP)				
2018	Technical Group			
	Downstream Administration	DIT	0	1
	Technical Downstream	University Malaysia Sabah	1	0
	Health & Safety Engineering	UNPAZ	1	0
	Geology and Geophysics Engineering	ITATS, Adamsom University - Phillipine, University of Wellington,	4	1
	Petroleum Engineering	DIT	2	3
	Mining Engineering	Universidade de Porto, UPN Veteran Yogya, STTNAS Yogya,	2	2
	Oil and Gas Legislation	Universidade Narotama	1	0
	Oil and Gas Commercial	Trinity University of Asia- Phillipine, DIT	1	2
	Total Interns			21

TABLE 25: 2018 GRADUATION INTERNSHIP PROGRAM

## 5.2 UNIVERSITY FINAL YEAR PROJECT

The ANPM offers mentoring opportunity for final year students at university level to gain some work experiences and data collection for their thesis writing purpose as a part of university curriculum's requirements. A total of 65 students were assisted in completing their field study program and 11 students for data collection with different directorate within the ANPM in 2018.

Type of Program	Final Yaer Project (FYP)			
	ANPM Directorate	University Name	Participants	
			Male	Female
Final Year Project (FYP)				
Data Information Collection	Downstream	DIT	0	1
	D&P	UNDIL	10	0
Total students			11	
Field Study Program	D&P	DIT	12	17
		UNDIL	16	12
	Commercial	DIT	7	1
Total students			65	

TABLE 26: 2018 FINAL YEAR PROJECT

## 5.3 PUBLIC EVENTS

### NATIONAL & INTERNATIONAL EXHIBITION

In 2018, ANPM has been invited to take part at one National Exhibitions for commemorating 43<sup>rd</sup> Anniversary of Independence Day and one International Exhibition paid by ANPM to promote Timor-Leste potential marble.



FIGURE 51: ANPM ON NATIONAL EXHIBITION 2018



FIGURE 52: ANPM ATTENDED INTERNATIONAL EXHIBITION IN VERONA ITALY

### SCIENTIFIC DEBATE

In 2018, ANPM realized a scientific debate that focus on Petroleum and Mining. The objective of this event is to promote the vision and mission of ANPM and to increase the knowledge of the students and public on the petroleum and mineral issues. This scientific debate involved fourth Universities in Dili such Dili Institute of Technology (DIT), Universidade Nasional Timor Lorosa'e (UNTL), Universidade Dili (UNDIL) and Universidade Oriental (UNITAL).





FIGURE 53:SCIENTIFIC DEBATE REALISED IN TVE COMORO DILI

## LIST OF FIGURES

Figure 1:ANPM JURISDICTIONAL AREAS (MAP NOT TO SCALE).....	6
Figure 2: LAUNCHING OF FAFULU 2D SEISMIC AND MAPS OF BLOCK A AND C OF PSCS.....	10
Figure 3: INVESTMENT AGREEMENT SIGNING CEREMONY AND MAP OF THE MANGANESE POTENTIAL IN OE-CUSSE.....	10
Figure 4: THE LOCATION OF MARBLE STUDY AND EXHIBITION ON MARBLE IN VERONA ITALY .....	11
Figure 5: FIRST GRADUATION OF ELECTRICAL AND INSTRUMENTATION VOCATIONAL TRAINING .....	11
Figure 6: DISSEMINATION AND INSPECTION ACTIVITIES ON DOWNSTREAM PETROLEUM.....	12
Figure 7: Transitional Arrangement Group Photo .....	15
Figure 8: ANPM'S STAFF PARTICIPATED IN TRAINING.....	15
Figure 9: VIBROSEIS SEISMIC SURVEY ACTIVITIES     Figure 10: FULBRIGHT-SERN AWARDED.....	25
Figure 11: MAP OF JPDA AND TLOA ACTIVITIES PSCS .....	26
Figure 12: DISSEMINATION OF SEISMIC SURVEY ACTIVITY IN COVALIMA AND MANUFAHI.....	29
Figure 13: VIBROSEIS TRUCK IN PSC CONTRACT AREA.....	29
Figure 14: HELICOPTER FOR MAGNETIC RADIOMETRIC SURVEY     Figure 15: AIRCRAFT FOR GRAVITY- MAGNETIC SURVEY .....	30
Figure 16: FLIGHT LINE FOR GRAVITY SURVEY     Figure 17:MAP OF FLIGHT LINES FOR OFFSHORE GRAVITY SURVEY .....	30
Figure 18: ANPM in Asia Pacific Energy Assembly in Singapore     Figure 19: ANPM attended 7th Offshore asia pacific convention in Indonesia .....	31
Figure 20: COURTESY OF CONOCOPHILLIPS .....	32
Figure 21:FIRST BATCH OF BU GIP IN 2018.....	49
Figure 22: METERING TEAM CARRIED OUT AUDIT AT DARWIN LNG FACILITY .....	53
Figure 23: INTERACTIVE MAP OF LAFAEK DATA AND ACREAGE.....	53
Figure 24: METERING TEAM INSPECTED CUSTODY TRANSFER INSTRUMENT AND LABORATORY EQUIPMENT AT BU FSO .....	54
Figure 25: MAINTENANCE TEAM TRANSFERRED FROM BU-CPP TO BU-FSO USING FROG OPERATION AND USING STOPAQ PRESERVATION .....	55
Figure 26: LOWERING W12 XMAS TREE FROM RIG TO WP1     Figure 27: OBSERVING W12 WELL TEST FLARING ON NTP RIG.....	56
Figure 28: OBSERVING DS05 WELL TEST EQUIPMENT INSTALLATION     Figure 29: OBSERVING D10 WELL COMPLETION ACTIVITY .....	56



Figure 30: WELCOMING AND FAREWELL FOR FULBRIGHT-SERN BENEFICIARIES .....	70
Figure 31: ELECTRICAL AND INSTRUMENTATION TRAINING AND GRADUATION.....	71
Figure 32: PRELIMINARY INSPECTION TO PITSA FFS, DILI & TIMOR GAP AVIATION FFS, COVALIMA.....	76
Figure 33: SUBSEQUENT INSPECTION ACTIVITY AT BORALA FFS, DILI & ABOM KASE FFS, MALIANA.....	77
Figure 34: CALIBRATION ACTIVITY AT ALEXA FFS, LIQUICA.....	77
Figure 35: WORKSHOP ON HSE IN BAUCAU AND ERMERA.....	78
Figure 36: WORKSHOP ON HSE IN COVALIMA AND BOBONARO.....	78
Figure 37: INSPECTIONS TO THE FUEL TANKS AND PIPES, LAI-ARA NIKMAT MUJUR, KAITEHU, LIQUICA ..	83
Figure 38: PUBLIC CONSULTATION IN POSTU ADMINISTRATIVO BAGUIA, BAUCAU MUNICIPALITY .....	90
Figure 39: LOCATIONS APPROVED .....	91
Figure 40: MANGANESE EXPLORATION CONCESSION AREA NIPANE AND PASSABE IN OE-CUSSE.....	92
Figure 41: MANGANESE EXPLORATION CONCESSION AREA NIPANE AND PASSABE IN OE-CUSSE.....	93
Figure 42: MANGANESE LAYER INTERBED WITH RED CHERT AND CLAYSTONE .....	93
Figure 43: MANGANESE BOULDERS WITH VARIOUS SIZES AND SHAPES .....	94
Figure 44: MANGANESE LAYER OUTCROP WITHIN RED CLAYSTONE .....	94
Figure 45: QUARRY CONDITION BEFORE REHABILITATION.....	96
Figure 46: DISCUSSION WITH PRESIDENT OF COVALIMA MUNICIPALITY .....	96
Figure 47: QUARRY SITE PREPARED FOR REHABILITATION Figure 48: XEFE SUKU OGUES VISITING THE REHABILITATED SITE .....	97
Figure 49: LOCAL TREE ALREADY GROWN ON SITE .....	97
Figure 50: DRONE MAPPING AND STOCKPILE VOLUMETRIC SURVEY .....	97
Figure 51: ANPM ON NATIONAL EXHIBITION 2018.....	101
Figure 52: ANPM ATTENDED INTERNATIONAL EXHIBITION IN VERONA ITALY .....	101
Figure 53: SCIENTIFIC DEBATE REALISED IN TVE COMORO DILI .....	102

## LIST OF GRAPHS

GRAPH 1: TOTAL WET GAS, LIQUID PRODUCED, INJECTED LEAN GAS AND GAS EXPORTED .....	32
GRAPH 2: 2018 JPDA INCIDENT COMPILED ON MONTHLY BASIS.....	34
GRAPH 3: 2018 FLARING ACTUAL VS FLARING ALLOWANCE IN THE JPDA .....	35

GRAPH 4: ANNUAL FLARING TREND (2005-2018) IN THE JPDA.....	36
GRAPH 5: 2018 BAYU UNDAN CONDENSATE VOLUME SOLD.....	37
GRAPH 6: BAYU UNDAN LPG VOLUME SOLD IN 2018.....	37
GRAPH 7: TOTAL CONDENSATE AND LPG SOLD IN 5 YEARS .....	38
GRAPH 8: BAYU UNDAN LNG VOLUME SOLD IN FIVE YEARS .....	38
GRAPH 9: JPDA AND TLOA PSCS EXPLORATION EXPENDITURE .....	40
GRAPH 10: JPDA PSCS DEVELOPMENT EXPENDITURE.....	41
GRAPH 11: 2018 BAYU UNDAN-TL CONTENT EXPENDITURE.....	42
GRAPH 12: 2018 BAYU UNDAN-TL CONTENT EXPENDITURE ON GOODS AND SERVICES .....	42
GRAPH 13: CONSOLIDATED OFFSHORE AND ONSHORE EMPLOYMENT FRAMEWORK .....	46
GRAPH 14: ANNUAL TOTAL WATER PRODUCTION IN BAYU UNDAN FIELD .....	57
GRAPH 15: HSE INSPECTIONS CONDUCTED IN 2018 .....	58
GRAPH 16: PETROLEUM REVENUES RECEIVED DURING 2017-2018 .....	68
GRAPH 17: 2018 FUEL IMPORT DATA .....	87
GRAPH 18: 2018 FUEL IMPORT DATA IN PERCENTAGE .....	88
GRAPH 19: LICENSE ISSUED BASED ON TYPE OF LICENSE .....	91
GRAPH 20: LICENSED ISSUED FOR LOCAL AND INTERNATIONAL COMPANIES.....	92
GRAPH 21: PRODUCTION FIGURE FROM 2016 TO 2018.....	94
GRAPH 22: REVENUE COLLECTED FROM 2014 TO 2018.....	95

## LIST OF TABLES

Table 1: List of Transitional Meeting in 2018 .....	14
Table 2: PSCS IN JPDA AND TLOA.....	26
Table 3: SUMMARY OF EXPLORATION PSCS ACTIVITIES WITHIN THE EACH CONTRACT AREA .....	28
Table 4: DESCRIPTION AND VALUE OF TIMOR-LESTE GOODS AND SERVICE FOR BAYU UNDAN .....	44
Table 5: TRAINING AND EMPLOYMENT ASSOCIATED WITH BUIW PROJECT .....	51
Table 6: D& P INSPECTION DURING 2018 .....	55
Table 7: D&P OBSERVATION DURING 2018 .....	55
Table 8: D&P APPROVAL OF PETROLEUM OPERATION.....	58

Table 9: LIST OF SUBMISSION TYPE IN THE JPDA .....	63
Table 10: LIST OF SUBMISSION TYPE IN TIMOR-LESTE.....	64
Table 11: VESSEL ENTRY AUTHORIZATION .....	66
Table 12: HELICOPTER ENTRY AUTHORISATIONS.....	67
Table 13: LIST OF FULBRIGHT-SERN SCHOLARSHIP PROGRAM BENEFICIARIES.....	69
Table 14: NEWS AND EXISTING APPLICATIONS AND THEIR PROCESS .....	75
Table 15: LICENSED FUEL FILLING STATION IN 2018.....	76
Table 16: DETAILS OF COMPANIES AND THEIR CORRESPONDENCE FEE .....	79
Table 17: DETAIL OF LICENSED FUEL TRADERS.....	80
Table 18: TRUE UP MECHANISM LICENSING FEE COLLECTED IN 2017 .....	81
Table 19: 2018 IMPORT PLAN REALIZATIONS .....	83
Table 20: DETAIL INFORMATION ON THE PROJECT PROPONENT AND ENVIRONMENT DOCUMENTS .....	86
Table 21: TOTAL FEE RECEIVED IN 2018 .....	87
Table 22: MINERAL APPLICATION REGISTER BASED ON TYPE.....	91
Table 23: ENVIRONMENTAL LICENSE PROJECT DOCUMENT REGISTER .....	95
Table 24: QUARRY REHABILITATION PLAN.....	96
Table 25: 2018 GRADUATION INTERNSHIP PROGRAM .....	100
Table 26: 2018 FINAL YEAR PROJECT .....	101

## LIST OF ABBREVIATIONS

ANP: Autoridade Nacional do Petróleo, 6, 7, 8, 9, 10, 12, 13, 14, 15, 20; Autoridade Nacional do Petróleo, 22, 25, 31, 45	JPDA: Joint Petroleum Development Area, 6, 7, 9, 22, 24, 25, 26, 28, 31
APORTIL: Port Authority of Timor-Leste, 42, 43	kbpd: Thousand barrels per day, 24
BoD: Board of Directors, 8	km: kilo meter, 24, 25
BU: Bayu Undan, 28	LNG: Liquefied Natural Gas, 24
CUQ: Compression, Utilities and Quarters, 24	LPG: Liquefied Petroleum Gas, 24
DIT: Dili Institute of Technology, 45, 46	MMscf: Million Standard Cubic Feet, 24
DNTPSC: Direcção Nacional de Terras, Propriedades e Serviços Cadastrais, 42	MODU: Mobile Offshore Drilling Unit, 26, 36
DPP: Drilling Processing and Production Platform, 24	NZ: New Zealand, 45
ERP: Emergency Response Plan, 46	OPEC: Organization of Petroleum Exporting Countries, 28
FPSO: Floating Production, Storage and Offloading, 25	PNTL: Polícia Nacional de Timor-Leste, 42
FSO: Floating Storage and Offloading, 24	PSC: Production Sharing Contract, 22, 23, 31
IOB: Institute of Business, 45, 46	SCM: Sunrise Commission Meeting, 11
JCM: Joint Commission Meeting, 11	SEMA: Secretário do Estado e Meio Ambiente, 42
	SERVE: Serviço de Registo e Verificação Empresarial, 42





**AUTORIDADE NACIONAL DO PETRÓLEO E  
MINERAIS  
TIMOR-LESTE**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**



## GENERAL INFORMATION

Board of Directors:	Mr. Gualdino do Carmo da Silva (President and Chairman) Mr. Jose Gonçalves Mr. Jorge Martins Dasilaku Mr. Mateus da Costa (Appointed on 12 January 2018) Mr. Nelson de Jesus
Date of formation:	In terms of Decree-Law No.1/2016 dated 9 February 2016 as the 1 <sup>st</sup> amendment to the Decree Law no. 20/2008
Principal Activities:	Autoridade Nacional do Petróleo e Minerais (ANPM) is a public institution created pursuant to the Decree Law No.1/2016 dated 9 February 2016 as the 1 <sup>st</sup> amendment to the Decree Law no. 20/2008 of the Democratic Republic of Timor-Leste. The ANPM is Timor-Leste's body responsible for managing and regulating petroleum and mineral activities in Timor-Leste areas 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, and the Timor Sea Treaty ('Treaty').
Place of business:	Edifício do Ministério das Finanças, Pisos 6 e 7 Apartado 113, Aitarak Laran, Dili, Timor-Leste
Single Auditor:	Mr Oscar Sanches Faria
Director of Corporate Services:	Mr Dionisio Martins
Bankers:	Australia and New Zealand (ANZ) Banking Group Limited
Currency:	United States Dollars

## CONTENTS

	Page
Director's Declaration	2
External Audit Opinion	3-5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-39




## DIRECTOR'S DECLARATION

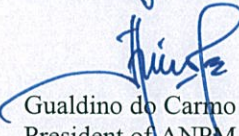
In accordance with a resolution of the directors of Autoridade Nacional do Petróleo E Minerais ('ANPM'), in the opinion of the directors:

- (a) The financial statements present fairly the ANPM's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
- (b) The financial statements have been prepared in accordance with International Financial Reporting Standards.

For and behalf of the ANPM Board of Directors:



Dionisio Martins  
Director Corporate Services



Gualdino do Carmo da Silva  
President of ANPM

Dili, Timor Leste  
21 May, 2019

## Independent auditor's report to the Directors of Autoridade Nacional do Petróleo e Minerais

### Opinion

We have audited the financial report of Autoridade Nacional do Petróleo e Minerais ("the Authority"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The directors of the Authority are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to cease the Authority's operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ernst & Young*

Ernst & Young  
Perth  
21 May 2019

**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR END 31 DECEMBER 2018**

		2018	2017
		\$	\$
	Notes		Restated (Note 2(a) (ii))
<b>REVENUE AND OTHER INCOME</b>			
Development fees		3,983,200	3,983,200
Contract service fees		880,000	880,000
Subsidy from Timor-Leste Government		1,521,189	1,950,000
Timor-Leste Government funding for petroleum audits		-	291,111
Downstream fees		367,474	244,792
Downstream licenses - trading fees		103,133	82,651
Gain on disposal of property, plant and equipment		4,723	26,052
Interest		7,029	4,053
Other income		25,866	-
<b>TOTAL INCOME</b>		<b>6,892,614</b>	<b>7,461,859</b>
<b>EXPENSES</b>			
Employee costs	15	2,876,088	2,657,536
General and administration	16	3,566,340	3,476,853
Depreciation and amortization		406,751	375,455
Government petroleum audit costs		-	291,111
Net (gain)/loss in foreign exchange		15,752	(11,436)
<b>TOTAL EXPENSES</b>		<b>6,864,931</b>	<b>6,789,519</b>
<b>SURPLUS FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		2018	2017	As 1 January 2017
		\$	\$	\$
	Notes		Restated (Note 2(a) (ii))	Restated (Note 2(a) (ii))
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	11,854,055	12,893,737	11,053,423
Cash and cash equivalents - Joint Petroleum Development Area	4, 12	28,698,156	13,261,980	5,517,756
Cash-TL Cement Escrow Account	5	50,006,027	-	-
Trade and other receivables	6	204,805	15,512	39,367
Other current assets	7	139,169	30,036	37,576
<b>Total Current Assets</b>		<b>90,902,212</b>	<b>26,201,265</b>	<b>16,648,122</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	9	770,802	921,924	526,200
Intangibles	8	28,377	117,288	208,772
<b>Total Non-Current Assets</b>		<b>799,179</b>	<b>1,039,212</b>	<b>734,972</b>
<b>TOTAL ASSETS</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	2,121,782	2,404,120	973,084
Payable in respect of Joint Petroleum Development Area Funds	10, 13	28,698,156	13,261,980	5,517,756
Payable TL Cement Escrow Account	14	50,006,027	-	-
Unearned income	12	21,094	924,333	914,550
Provisions	11	147,307	-	-
<b>Total Current Liabilities</b>		<b>80,994,366</b>	<b>16,590,433</b>	<b>7,405,390</b>
Provisions	11	29,298	-	-
<b>Total Non-Current Liabilities</b>		<b>29,298</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>81,023,664</b>	<b>16,590,433</b>	<b>7,405,390</b>
<b>EQUITY</b>				
Initial contribution	20	2,153,168	2,153,168	2,153,168
Accumulated funds		8,174,559	7,911,876	7,697,536
Capital asset reserve	25	350,000	585,000	127,000
<b>Total Equity</b>		<b>10,677,727</b>	<b>10,650,044</b>	<b>9,977,704</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Initial Contribution	Capital Reserve	Accumulated Funds	Total Equity
	\$	\$	\$	\$
At 1 January 2017	2,153,168	127,000	7,019,778	9,299,946
Effect of adoption of new accounting Standards (Note 2(a) (ii))	-	-	677,758	677,758
As at 1 January 2017 (restated)	2,153,168	127,000	7,697,536	9,977,704
Transfer out of capital reserve	-	(127,000)	127,000	-
Transfer into capital reserve	-	585,000	(585,000)	-
Total surplus for the year	-	-	672,340	672,340
At 31 December 2017	<b>2,153,168</b>	<b>585,000</b>	<b>7,911,876</b>	<b>10,650,044</b>
Transfer out of capital reserve	-	(585,000)	585,000	-
Transfer into capital reserve	-	350,000	(350,000)	-
Total surplus for the year	-	-	27,683	27,683
At 31 December 2018	<b>2,153,168</b>	<b>350,000</b>	<b>8,174,559</b>	<b>10,677,727</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
<b>Operating activities</b>			
(Deficit)/surplus for the year		27,683	672,340
Adjustments to reconcile (deficit)/surplus for the year to net cash flows:			
Depreciation of property, plant and equipment	9	328,079	224,441
Amortization of intangible assets	8	78,672	151,014
Gain on disposal of property, plant and equipment		(4,723)	(26,052)
Operating surplus before working capital changes		<b>429,711</b>	<b>1,021,743</b>
Working capital adjustments:			
(Increase)/decrease in trade and other receivables	6	(189,291)	23,855
(Increase)/decrease in other current assets	7	(109,132)	7,540
Increase in trade and other payables	10	15,153,835	9,175,259
Increase in employee benefits provision	11	176,605	-
(Decrease)/increase in unearned income	12	(903,238)	9,784
Cash generated from operations		14,128,779	10,238,181
<b>Net cash flow provided by operating activities</b>		<b>14,128,779</b>	<b>10,238,181</b>
<b>Investing activities</b>			
Purchase of intangibles	8	(8,960)	(59,530)
Purchase of property, plant and equipment	9	(157,759)	(620,325)
Proceed on disposal of assets		4,723	26,212
<b>Net cash flow used in investing activities</b>		<b>(161,996)</b>	<b>(653,643)</b>
Net increase in cash and cash equivalents		14,396,494	9,584,538
Cash and cash equivalents at beginning of year		26,155,717	16,571,179
<b>Cash and cash equivalents at end of year</b>	4	<b>40,552,211</b>	<b>26,155,717</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. NATURE OF OPERATIONS**

The Autoridade Nacional do Petróleo E Minerais ('ANPM') was established on the 1st of July 2008 after the Decree Law No. 20/2008 was passed on the 19th of June 2008. The ANPM is Timor-Leste's body responsible for managing and regulating petroleum and Mineral activities in Timor-Leste's exclusive jurisdictional areas 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, and the Timor Sea Treaty. The financial statements were authorized for issuing in accordance with a resolution of the directors on 21 May 2019.

Under Article 6(b) of the Timor Sea Treaty, between the Government of Australia and Timor-Leste, the ANPM has the juridical personality and such legal capacities under the law of both Contracting States as necessary for the exercise of its powers and the performance of its functions

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation**

The financial statements for ANPM are general purpose financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the financial statements, ANPM is a not-for-profit entity.

The financial statements have been prepared on a historical cost basis, and amounts are presented in United States Dollars (which is also the ANPM's functional currency) except when otherwise indicated. The financial statements provide comparative information in respect of the previous period.

New Accounting Standards and Interpretations adopted by the Group

ANPM has applied all new and amended Accounting Standards and Interpretations that were effective as at 1 January 2018, including:

**(i) IFRS 9 Financial Instruments ("IFRS 9")**

ANPM has adopted IFRS 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement



(“IAS 39”), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of IFRS 9 for the period from 1 January 2018 (see below).

### *Classification and measurement*

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: ANPM’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the “SPPI criterion”). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the ANPM were assessed in terms of the requirements of IFRS 9. The assessment was conducted on instruments that had not been derecognized as at 1 January 2018. In this regard, ANPM has determined that the adoption of IFRS 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

<b>Class of financial instrument presented in the statement of financial position</b>	<b>Original measurement category under IAS 39 (i.e. prior to 1 January 2018)</b>	<b>New measurement category under IFRS 9 (i.e. from 1 January 2018)</b>
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost
Trade and other receivables	Loans and receivables	Financial assets at amortized cost
Deposits and other debtors	Loans and receivables	Financial assets at amortized cost
Trade and other payables	Financial liability at amortized cost	Financial liability at amortized cost

The change in classification has not resulted in any re-measurement adjustments at 1 January 2018.

### *Impairment of financial assets*

In relation to the financial assets carried at amortized cost, IFRS 9 requires an expected credit loss model (“ECL”) to be applied as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires ANPM to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial



recognition of the financial asset. In particular, IFRS 9 requires ANPM to measure the loss allowance at an amount equal to lifetime expected credit loss (“ECL”) if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, ANPM is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 January 2018, ANPM reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with IFRS 9, transitional provisions, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, ANPM recognizes lifetime ECL on initial adoption of IFRS 9. The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of IFRS 9	Credit risk attributes	Cumulative additional loss allowance recognized on 1 January 2018
		\$
Cash and cash equivalents	All balances are assessed to have low credit risk as they are either on demand or have short term maturities and held with reputable institutions with good credit ratings.	-
Trade receivables & deposits	The Group applied the simplified approach and concluded that no additional loss allowance was required at 1 January 2018.	-

#### *Hedge accounting*

The Group has not applied not applied hedge accounting.

#### **(ii) IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)**

ANPM has adopted IFRS 15 with the date of initial application being 1 January 2018. IFRS 15 supersedes IAS 118 Revenue, and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.



IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

In accordance with the transitional provisions in IFRS 15, ANPM adopted the standard using the full retrospective method of adoption. The reassessment by ANPM of its revenue recognition policy upon adoption of IFRS 15 and its impact is set out below:

*Impact on statement of profit or loss (increase/ (decrease) in surplus)*

	Adjustments	31 December 2017 \$
Contract service fees	(i)	44
Downstream fees	(i)	(3,509)
Total income		(3,465)
Surplus for the year		(3,465)

*Impact on the consolidated statement of financial position (increase/(decrease))*

	Adjustments	31 December 2017 \$	1 January 2017 \$
Unearned income	(i)	(674,293)	(677,758)
Total current liabilities		(674,293)	(677,758)
Total liabilities		(674,293)	(677,758)
Equity			
Accumulated funds		674,293	677,758
Total equity		674,293	677,758
Total equity and liability		674,293	677,758

The change did not have an impact on other comprehensive income for the period. The impact on the statement of cash flows for the year ended 31 December 2017 only relates to the changes in surplus for the year, certain adjustments to reconcile profit before tax to net cash flows from operating activities, and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.



## Notes on adjustments

- (i) Contract service fee and downstream fees are now recognized when the right to receive the respective fee has been earned. Previously, contract service fees and downstream fees were recorded on an accrual basis over the fee periods.

## Adoption of new policies

The following new accounting policies were adopted during the year following adoption of the new accounting standards.

### **Financial instruments – as a result of Adoption of IFRS 9 with effect from 1 January 2018**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and ANPM's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which ANPM has applied the practical expedient, ANPM initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which ANPM has applied the practical expedient are measured at the transaction price determined under IFRS 15.

ANPM's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)



- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### ***Financial assets at amortized cost (debt instruments)***

This is the only category of financial asset that ANPM has which includes cash and cash equivalents (including balances for Joint Petroleum Development Area and TL Cement Escrow Account) and other debtors.

ANPM measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- ANPM has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the ANPM has transferred substantially all the risks and rewards of the asset, or (b) the ANPM has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When ANPM has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards



of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, ANPM continues to recognize the transferred asset to the extent of its continuing involvement. In that case, ANPM also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that ANPM has retained.

#### *Impairment of financial assets*

ANPM recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that ANPM expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, ANPM applies a simplified approach in calculating ECLs. Therefore, ANPM does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. ANPM has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ANPM considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, ANPM may also consider a financial asset to be in default when internal or external information indicates that ANPM is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the ANPM. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



## ***Financial liabilities***

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise of only trade and other payables (including balances related to Joint Petroleum Development Area Funds and TL Cement Escrow Account).

### *Subsequent measurement*

All financial liabilities are subsequently measured at amortized cost using the EIR method, unless they meet certain criteria to be classified at fair value through profit or loss in accordance with IFRS 9.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

ANPM has not designated any financial liabilities as at fair value through profit or loss.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

ANPM considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, ANPM may also consider a financial asset to be in default when internal or external information indicates that the ANPM is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the



ANPM. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

***Revenue from contracts with customers (new policy applied from 1 January 2017 due to adoption of IFRS 15)***

***Contract services fees***

This fee is payable as soon as a PSC governed by the JPDA legislation is awarded to the operator, regardless of any exploration or development that has been carried out by the operator. Contract service fees are recognized when the right to receive the contract service fee has been established and can be measured reliably.

***Development fees***

This fee is payable by operators of offshore oil and gas fields that have entered the commercial development phase and applies for every subsequent calendar year. The regulatory services undertaken by the ANPM for the JPDA are funded by way of these development fees paid by operators for the Production Sharing Contracts (PSC). Development fees are recognized when the right to receive the development fee has been established and can be measured reliably. To the extent that there is a related condition attached, that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

***Downstream fees***

The fees consist of licensing fees payable to the ANPM for any entity which is conducting downstream activity in Timor-Leste during the financial period. Downstream activity includes the installation and operation of fuel stations, the installation and operation of storage facilities and the importing/exporting of oil and gas. Downstream fees are recognized when the right to receive the downstream fee has been established. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

**b. Current versus non-current classification**

The ANPM presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle



- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within the normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The ANPM classifies all other liabilities as non-current.

### **c. Government Grant**

#### *Subsidy from Timor-Leste Government*

Subsidy from the Timor-Leste Ministry of Petroleum and Mineral Resources are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

#### *Timor-Leste Government Funding for Petroleum Audits*

This funding received in advance from the Timor-Leste Ministry of Petroleum and Mineral Resources is intended to finance the costs of auditing petroleum contracts. Revenue is recognized when the related expenditure occurs. Any unspent portion as at the end of the financial year is recognized as a liability in the statement of financial position.

### **d. Presentation Currency**

The financial statements are presented in US dollars, which is also the ANPM's functional currency.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded by ANPM at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



#### **e. Property, plant and equipment**

The initial cost of a property, plant, equipment comprises its purchase price or construction cost, any cost directly attributable to bringing the asset to working condition for its intended use.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the ANPM recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 – 5 years
Vehicles	4 – 6 years
Leasehold improvements	5 – 20 years
Office Equipment	3 – 5 years
Office Furniture	4 – 5 years
Other Assets	3 – 6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **f. Intangible assets**

##### *Acquired intangible assets*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

##### *Subsequent measurement*

All intangible assets are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, as these assets are considered



finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful lives of the intangible assets range from 2 to 4 years. Amortization has been included within depreciation and amortization.

Subsequent minor expenditures on the maintenance of computer software and brand names are expensed as incurred whilst major costs to improve the intangible assets are capitalized.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognized in profit or loss within other income or other expenses.

**g. Financial instruments – initial recognition and subsequent measurement (IAS 39 accounting policy applied up to 31 December 2017)**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**h. Financial Assets (IAS 39 accounting policy applied up to 31 December 2017)**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale (“AFS”) financial assets, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

The ANPM does not have any financial assets at fair value through profit or loss, held-to-maturity investments and AFS financial assets.



### *Loans and receivables*

This category is the most relevant to the ANPM. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss.

### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The ANPM has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the ANPM has transferred substantially all the risks and rewards of the asset, or (b) the ANPM has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the ANPM has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the ANPM continues to recognize the transferred asset to the extent of the ANPM's continuing involvement. In that case, the ANPM also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the ANPM has retained.

### *Impairment of Financial Assets*

The ANPM assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data



indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**i. Financial Liabilities (IAS 39 accounting policy applied up to 31 December 2017)**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The ANPM's financial liabilities include trade and other payables (including balances related to Joint Petroleum Development Area Funds and TL Cement Escrow Account).

*Subsequent measurement*

Trade and other payables - These amounts represent liabilities for goods and services provided to the ANPM prior to the end of financial year which are unpaid. Trade accounts payable, including accruals not yet billed, are recognized when the ANPM becomes obliged to make future payments as a result of a purchase of assets or services. The amounts are unsecured and are generally settled within agreed supplier terms. Payables to related entities are carried at the principle amount.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**j. Impairment of non-financial assets**

The ANPM assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the ANPM estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



#### **k. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash on hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### *Joint Petroleum Development Area receipts and payments*

The Timor Sea Treaty formed the Joint Petroleum Development Area (JPDA) within the Timor Sea, which is jointly controlled and managed for the benefit of the peoples of Timor-Leste and Australia.

Article 4 of the Timor Sea Treaty sets out the sharing of petroleum production between the Governments of Timor-Leste and Australia as follows:

(a) Timor-Leste and Australia shall have title to all petroleum produced in the JPDA. Of the petroleum produced in the JPDA, ninety (90) percent shall belong to East Timor and ten (10) percent shall belong to Australia.

(b) To the extent that fees referred to in Article 6(b)(vi) and other income are inadequate to cover the expenditure of the Designated Authority in relation to this Treaty, that expenditure shall be borne in the same proportion as set out in paragraph (a). The Autoridade Nacional Do Petróleo e Minerais (ANPM) has been appointed the Designated Authority for administrative purposes under Article 6 (b)(ii) of the Timor Sea Treaty. Acting as the Designated Authority the ANPM is responsible for the day-to-day regulation and management of petroleum activities under Article 6 (b)(iv). Thus the ANPM is responsible for the receipt of funds from the operations within the JPDA and distribution of the funds to the governments of Timor-Leste and Australia as set out above. Petroleum monies received and paid are held in a separate bank account for this purpose in the name of the ANPM. These monies together with any interest received and net of any bank charges incurred is distributed to the respective governments.

#### **l. Employee benefits**

Provision is made for certain employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages. The liabilities are measured at their nominal amount and are expected to be settled within twelve months.

Contractually local employees receive 15 % or 7.5% of their basic salary to be paid into a Retirement Fund of their choice, or a savings account on a monthly basis. Currently money is only paid into savings accounts in employee's names. Employees may not access these monies during employment without the permission of the Retirement Investment Fund (RIF) committee. After termination of employment employees may have direct access to the money regardless of age. The Retirement Investment Fund was established to respond temporary employee saving. At the end of



August 2017, a new Social Security (SS) Law came into force and replaced the RIF. SS Law and its ancillary laws define the total percentage that each employee and employer should contribute. The employee contributes 4% out of their gross salary to be withheld by the ANPM. In addition, the ANPM contributes a further 6% of their gross salary to the RIF. On the 20<sup>th</sup> of the following month, the ANPM will transfer its social security contributions withheld to a designated bank account under the signature holder of the Social Security office. This practice has been done since October 2017 until now. In addition to the SS Law obligations, the ANPM is also required to provide employee reimbursements for medical assistance from pre-approved healthcare providers of up to \$50 per employee.

The Timor-Leste Labor Law also states that all employees are entitled to one month of salary for every five years of service to their employer upon termination of their contract, regardless of the reason for termination. The ANPM provides for these entitlements, with the current portion (payable in less than 12 months) representing all the employees who have already reached five or ten years of service with the ANPM.

#### **m. Provisions, contingent liabilities and contingent assets**

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the ANPM can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognized.

#### **n. Economic dependence**

The ANPM is dependent upon the ongoing receipt of Timor-Leste Government support and contract service fee and development fees from contract operations to ensure the ongoing continuance of its operations.



At the date of this report, the Directors have no reason to believe that this financial support will not continue.

**o. Significant accounting judgements and estimates**

The preparation of the ANPM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

No accounting judgements or estimates have been identified that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

**p. Allocation of costs**

The ANPM carries out functions on behalf of the Joint Petroleum Development Area (JPDA) under the Timor Sea Treaty as the Designated Authority, and also carries out functions in the Timor-Leste Exclusive Area (TLEA). Article 6 (b) (vi) of the Timor Sea Treaty states that the Designated Authority of the JPDA, being the ANPM, shall be financed from fees collected under the Petroleum Mining Code.

Each year the Joint Commission of the JPDA authorizes a budget of the ANPM based on their work plan for the year. The budget includes the percentages expenditure should be split between the JPDA and TLEA for each internal directorate.



For 2018 the expenses were split as follows based on the approval of the Joint Commission in January 2018:

Directorate	2018		2017	
	JPDA %	TLEA %	JPDA %	TLEA %
President's Office	70	30	80	20
Vice President's Office	-	100	-	100
Single Auditor Unit	70	30	80	20
Corporate Services	70	30	80	20
Joint Petroleum Development Area	100	-	100	-
Commercial	90	10	75	25
Health Safety and Environment	90	10	85	15
Development and Production	95	5	95	5
Exploration & Acreage Release	65	35	75	25
PSC & Local Content	80	20	70	30
Downstream	-	100	-	100
Mineral	-	100	-	100
BOD	70	30	80	20
Overhead	70	30	80	20
Contingencies	70	30	80	20



### 3. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

International Financial Reporting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the ANPM for the financial reporting period ended 31 December 2018, outlined in table as per subsequent page.

Standard	Title	Summary	Application date of standard	Application date ANPM
IFRS 16	Leases	<p>The key features of IFRS 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> <li>• Lessees are required to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>• IFRS 16 contains disclosure requirements for lessees.</li> </ul> <p>Lessor accounting</p> <ul style="list-style-type: none"> <li>• IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>• IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>IFRS 16 supersedes:</p> <ul style="list-style-type: none"> <li>• IAS 17 Leases;</li> <li>• IFRIC 4 Determining whether an Arrangement contains a Lease;</li> <li>• SIC-15 Operating Leases—Incentives; and</li> <li>• SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.</p> <p>The ANPM is in the process of evaluating the impact of this standard. This work is ongoing and additional impacts may be identified later in the implementation process.</p>	1 Jan 2019	1 Jan 2019



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>4</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
	ANZ Dili ANPTL – JPDA	7,055,496	7,012,546
	ANZ Dili USD account*	4,671,515	5,740,703
	Corporate Credit Card Security Placement	127,044	140,488
	Cash and cash equivalents held for the operations of the ANPM <i>Other cash and cash equivalents under the administration of ANPM - see note below</i>	<b>11,854,055</b>	12,893,737
	ANZ Dili JPDA funds**	28,698,156	13,261,980
		<b>40,552,211</b>	<b>26,155,717</b>

\* In 2017 the Government of Timor-Leste transferred \$1,500,000 to this ANPM account to fund the Timor-Leste National Library project. As the funds can only be used for the local project, the amount is restricted from being used for any other purpose. As at 31 December 2018, the restricted balance amounts to \$1,363,152 (31 December 2017: \$1,493,204).

\*\* The ANZ Dili Joint Petroleum Development Area ('JPDA') funds are held in name of the ANPM as the Designated Authority of the Joint Petroleum Development Area in terms of article 6 (b) (iv) of the Timor Sea Treaty. The money is held on behalf of the Governments of Timor-Leste and Australia in respect of revenues received from the petroleum operations in the Joint Petroleum Development Area - see note 13.

<b>5</b>	<b>TL CEMENT ESCROW ACCOUNT</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
	TL Cement Escrow Account	50,006,027	-
		<b>50,006,027</b>	<b>-</b>

The TL Cement Escrow Account represents the TL Government Fund, a special fund allocated to the TL Cement Project by The Government of Timor-Leste. The Councils of Minister resolved to transfer the funds the Government of Timor-Leste was required to contribute to the TL Cement Project to the ANPM whilst the Government of Timor-Leste promotes the preparation and completion of the investment of such amount by the State in the Project. The funds will be transferred to the TL Cement Project upon instruction from the Government of Timor-Leste however, the funds held in the escrow account may not exceed two calendar years, after which the amount deposited in the TL Cement Escrow Account shall automatically revert to The Consolidated Fund for East Timor (CFET) Account, unless otherwise directed by the Council of Ministers.

The funds received by ANPM are held with a bank account held with the Central Bank of Timor-Leste with joint signatories from both the ANPM and the Ministry of Finance required to authorize any transactions to occur.

In accordance with Certificate for the Minutes of Council of Ministers, interest earned on the fund held for the TL Cement Project will be used for development of the Project and/or to the exploitation of mineral resources.



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>6</b>	<b>TRADE AND OTHER RECEIVABLES</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Refundable deposits	500	500
	Trading Fees	42,180	8,565
	Contract service fees	160,000	-
	Other receivables	2,124	6,446
	Cash advances	1	1
		<b>204,805</b>	<b>15,512</b>

*Trade and other receivables are non-interest bearing and are generally on terms of 30 to 90 days.*

<b>7</b>	<b>OTHER CURRENT ASSETS</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Prepayment	139,169	30,036

<b>8</b>	<b>INTANGIBLES</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	<i>Software</i>		
	Balance at beginning of year	1,166,569	1,126,238
	Additions	8,960	59,530
	<b>Balance at 31 December 2018</b>	<b>1,175,529</b>	<b>1,185,768</b>
	<b>Accumulated Amortisation</b>		
	Balance at beginning of year	1,068,480	917,466
	Amortisation expense	78,672	151,014
	<b>Balance at 31 December 2018</b>	<b>1,147,152</b>	<b>1,068,480</b>
	<b>Net book value</b>	<b>28,377</b>	<b>117,288</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. PROPERTY, PLANT AND EQUIPMENT**

	Computer Equipment \$	Vehicles \$	Leaschold Improvements \$	Office Equipment \$	Office Furniture \$	Other Equipment \$	Total \$
<b>Cost</b>							
Balance at 1 January 2018	672,335	557,251	285,912	986,854	101,051	88,742	2,692,145
Additions	-	-	22,470	154,488	-	-	176,958
Adjustment	173	-	-	-	-	-	173
Disposal	(6,584)	-	-	-	(2,990)	-	(9,574)
<b>Balance at 31 December 2018</b>	<b>665,924</b>	<b>557,251</b>	<b>308,382</b>	<b>1,141,342</b>	<b>98,061</b>	<b>88,742</b>	<b>2,859,702</b>
<b>Accumulated Depreciation</b>							
Balance at 1 January 2018	641,695	277,076	208,113	462,198	93,570	87,743	1,770,395
Depreciation	20,933	66,101	27,593	208,381	4,072	999	328,079
Depreciation on disposal	(6,584)	-	-	-	(2,990)	-	(9,574)
<b>Balance at 31 December 2018</b>	<b>656,044</b>	<b>343,177</b>	<b>235,706</b>	<b>670,579</b>	<b>94,652</b>	<b>88,742</b>	<b>2,088,900</b>
<b>Net book value</b>	<b>9,880</b>	<b>214,074</b>	<b>72,676</b>	<b>470,763</b>	<b>3,409</b>	<b>-</b>	<b>770,802</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Computer Equipment \$	Vehicles \$	Leasehold Improvements \$	Office Equipment \$	Office Furniture \$	Other Equipment \$	Total \$
<b>Cost</b>							
Balance at 1 January 2017	694,218	498,250	275,143	518,857	100,500	88,742	2,175,710
Additions	6,123	127,626	10,769	475,257	550	-	620,325
Disposal	(28,006)	(68,625)	-	(7,260)	-	-	(103,891)
<b>Balance at 31 December 2017</b>	<b>672,335</b>	<b>557,251</b>	<b>285,912</b>	<b>986,854</b>	<b>101,050</b>	<b>88,742</b>	<b>2,692,144</b>
<b>Accumulated Depreciation</b>							
Balance at 1 January 2017	646,732	279,680	180,556	371,922	86,689	83,931	1,649,510
Depreciation and amortization	22,636	66,022	27,557	97,534	6,880	3,812	224,441
Depreciation on disposal	(27,846)	(68,626)	-	(7,259)	-	-	(103,731)
<b>Balance at 31 December 2017</b>	<b>641,522</b>	<b>277,076</b>	<b>208,113</b>	<b>462,197</b>	<b>93,569</b>	<b>87,743</b>	<b>1,770,220</b>
<b>Net book value</b>	<b>30,813</b>	<b>280,175</b>	<b>77,799</b>	<b>524,657</b>	<b>7,481</b>	<b>999</b>	<b>921,924</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>10</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Trade payables	570,100	738,312
	Monies held in connection with assistance to Sao Tome & Principe (Note a)	62,165	89,250
	Unspent Government funding allocated for Timor National Library project (Note b)	1,363,152	1,493,204
	Withholding tax for non-resident	31,770	6,295
	PAYG Clearing	25,322	24,101
	Payroll Clearing	-	2,023
	Payroll Clearing- Social Security	69,273	50,935
	<b>Total</b>	<b>2,121,782</b>	<b>2,404,120</b>
	Payable in respect of Joint Petroleum Development Area Funds		
	To be distributed to the Government of Timor-Leste	25,828,340	11,935,782
	To be distributed to the Government of Australia	2,869,816	1,326,198
	Payables due by ANPM as the JPDA Designated Authority (see note 4 and note 13)	<b>28,698,156</b>	<b>13,261,980</b>
		<b>30,819,938</b>	<b>15,666,100</b>
		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	a. A Memorandum of Understanding was signed 18 May 2011 between the Government of Timor-Leste and Sao Tome and Principe. ANPM has been entrusted to administer the funds received from the Ministry of Petroleum and Natural Resources.		
	Opening balance	89,250	103,725
	Amount disbursed during the year	(27,085)	(14,475)
	<b>Monies remaining</b>	<b>62,165</b>	<b>89,250</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
b. National library funding: On 16 May 2017 a local content program was agreed between the Operator (ENI 06-105) and the Government to jointly fund the Timor-Leste National Library project. The Government's fund is managed by the ANPM. Hence, the Government transferred its funding to the ANPM account in relation to this project. The project is planned to be completed in 2019.		
Opening balance	1,493,204	-
Monies received from the Ministry of Petroleum and Natural Resources	-	1,500,000
Amount disbursed during the year	(130,052)	(6,796)
<b>Monies remaining</b>	<b>1,363,152</b>	<b>1,493,204</b>

11 PROVISIONS	2018 \$	2017 \$
Employee length of service compensation – current	147,307	-
Employee length of service compensation – non-current	29,298	-
	<b>176,605</b>	<b>-</b>

According to the Timor-Leste Labour Law, Article 56, all employees are entitled to one month of salary for every five years of service to their employer upon termination of their contract. This entitlement is payable by the ANPM regardless of the reason for termination of the employee's contract. The current portion of this provision represents the total entitlement due to employees who have reached five or ten years of service.

12 UNEARNED INCOME	2018 \$	2017 \$
Development fees	-	914,550
Downstream licenses - trading fees	21,094	9,783
	<b>21,094</b>	<b>924,333</b>

13 JOINT PETROLEUM DEVELOPMENT AREA BANK ACCOUNT MOVEMENTS SUMMARY	2018 \$	2017 \$
Opening balance ANZ Dili JPDA funds	13,261,980	5,517,756
Cash received from the operators	286,520,548	270,773,546
Interest received	8,695	8,014
Bank charges	(1,010)	(880)
<b>Net funds available for distribution</b>	<b>299,790,213</b>	<b>276,298,436</b>
Funds distributed to Timor-Leste	(243,982,851)	(233,992,343)
Funds distributed to Australia	(27,109,206)	(29,044,113)
<b>Closing balance ANZ Dili JPDA funds</b>	<b>28,698,156</b>	<b>13,261,980</b>
Payable in respect of JPDA funds:		
To be distributed to the Government of Timor-Leste	25,828,340	11,935,782
To be distributed to the Government of Australia	2,869,816	1,326,198
	<b>28,698,156</b>	<b>13,261,980</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>14</b>	<b>PAYABLE - TL CEMENT ESCROW ACCOUNT</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Opening balance	-	-
	Monies received from the Ministry of Finance	50,006,027	-
	Amount disbursed during the year	-	-
	<b>Monies remaining</b>	<b>50,006,027</b>	<b>-</b>

Refer to Note 5 for further details in relation to the TL Cement escrow account

<b>15</b>	<b>EMPLOYEE COSTS</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Salaries and wages	2,502,577	2,167,935
	Superannuation and retirement investment funding	3,115	251,484
	Social Security	135,875	66,042
	Staff amenities	50,132	46,339
	Insurance	59,738	53,489
	Employee benefits	33,733	3,218
	Overtime	67,600	59,102
	Other	23,318	9,927
		<b>2,876,088</b>	<b>2,657,536</b>

<b>16</b>	<b>GENERAL AND ADMINISTRATIVE</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Consultancy	1,676,419	1,594,017
	Travel	555,052	373,793
	Training	57,483	458,872
	Motor vehicle and equipment related costs	317,671	252,101
	Advertising and promotion	450,583	234,504
	Utilities	213,337	232,524
	Printing and office supplies	64,506	91,939
	Professional fees	59,000	56,000
	Cleaning	95,554	51,106
	Security	30,960	38,606
	Subscription and membership	23,588	27,541
	Bank charges	10,075	11,023
	Other expenses	12,112	54,827
		<b>3,566,340</b>	<b>3,476,853</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**17 FINANCIAL INSTRUMENTS**

---

**a) Financial risk management objectives and policies**

The ANPM's principal financial instruments comprise receivables, payables, cash and Corporate Credit Card Security placement (including the JPDA fund and TL Cement Escrow Account related balances).

The ANPM manages its exposure to financial risks, in accordance with its policies. The objectives of the policies are to maximize the income to the ANPM whilst minimizing the downside risk.

One of the requirements under Production Sharing Contracts ('PSC') entered into between the ANPM and exploration companies is that the company must provide adequate security by way of a bank issued Letter of Credit, or equivalent security. The security document provides additional certainty that the exploration companies will meet their minimum expenditure requirements under the PSC.

The Authority's activities expose it to normal commercial financial risk. The main risks arising from the ANPM's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. Risks are considered to be low.

Primary responsibility for the identification and control of financial risk rests with Management under the authority of the ANPM Board of Directors.

---

**b) Net fair value of financial assets and liabilities**

---

Cash and cash equivalents: The carrying amount approximates fair value because of their short-term maturity.

Trade and other receivables and trade and other payables: Their carrying amounts approximate fair value due to their short term nature.

---

**c) Foreign Exchange Risk**

---

The ANPM generally operates using United States denominated currency held in US dollar bank accounts. The ANPM is exposed to foreign exchange risk arising primarily from amounts owing to suppliers denominated in foreign currencies.

---

**d) Interest Rate Risk**

---

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The ANPM is exposed to interest rate risk primarily from its cash surpluses invested in short term interest bearing deposits. The deposits are only made with reputable financial institutions with maturity dates generally being no more than 30 days.

Monies held on behalf of the Timor-Leste and Australian governments may be placed in short-term term deposits of generally less than one month. Any interest accruing is paid to the governments and does not form part of the ANPM's income.

---

**e) Credit Risk**

---

Credit risk arises from the financial assets of the entity, which comprise cash and cash equivalents and trade and other receivables. The company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure as at balance sheet date is addressed in each applicable note.

The ANPM has a significant concentration to credit risk through its cash and deposits with banks. The main concentration is with one international bank with a credit rating (based on Standard & Poor's) of AA- and the Central Bank of Timor-Leste in relation to the TL Cement Project Escrow Account.

---



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**f) Liquidity Risk**

Liquidity risk arises from the financial liabilities of the entity and ANPM's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The ANPM has a system of reducing its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables. The payables reflected on the statement of financial position are all due within 12 months from balance date. ANPM has no non-current liabilities. Refer to note 5 and note 14 for the nature of the TL Cement Escrow account related assets and liabilities.

**18 CONTINGENT LIABILITIES & ASSETS**

There are no contingent liabilities or contingent assets as at 31 December 2018 and 2017.

**19 EVENTS AFTER THE REPORTING DATE**

There are no events after balance sheet date.

<b>20 EQUITY &amp; RESERVES</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening initial contribution	2,153,168	2,153,168
Closing initial contribution	<b>2,153,168</b>	<b>2,153,168</b>

**21 COMMITMENTS**

ANPM has no non-cancellable operating lease commitments (2017: Nil)

**22 KEY MANAGEMENT PERSONNEL**

Key management personnel are those having authority and responsibility for planning, directing and contracting activities of the entity of the entity including whether executive or non-executive. Key management consist of several directorates such as Board of Director, President, Mineral, Vice President, Single Auditor, JPDA, Commercial, Development & Production, Exploration & Acreage Release, Corporate Service, PSC & Legal and Downstream Directorates. Disclosures regarding remuneration of key management personal are provided in the remuneration as following:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefit	523,414	573,230
Total compensation paid to key management personnel	<b>523,414</b>	<b>573,230</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**23 TAXES**

*Income and deferred tax*

ANPM is being a government entity, is not subject to income tax as confirmed by the Ministry of Finance on 23 February 2015.

On 27 February 2015, the ANPM obtained legal advice from DLA Piper stating that the Authority is exempt from Australian income tax under the International Organisations (Privileges and Immunities) Act 1963 and the Timor Sea Treaty Designated Authority (Privileges and Immunities) Regulations 2003.

*Withholding tax*

Depending on the contractual arrangement, withholding taxes are either withheld against suppliers in specified industries or grossed up at the applicable rates and the monies paid over to the government of Timor-Leste.

**24 ALLOCATION OF SURPLUS**

<b>YEAR ENDED 31 DECEMBER 2018</b>	<b>Joint Petroleum Development Area \$</b>	<b>Timor-Leste Exclusive Area \$</b>	<b>Total for the year \$</b>
Development fees	3,983,200	-	3,983,200
Contract service fees	880,000	-	880,000
Subsidy from Timor-Leste Government	-	1,521,189	1,521,189
Timor-Leste Government funding for petroleum audits	-	-	-
Downstream fees	-	367,474	367,474
Gain/Loss on disposal of property, plant and equipment	-	4,723	4,723
Downstream licenses - trading fees	-	103,133	103,133
Other Income	-	25,866	25,866
Interest	7,029	-	7,029
<b>Total Income</b>	<b>4,870,229</b>	<b>2,022,385</b>	<b>6,892,614</b>
Expenses split per JPDA Joint Commission approved budget	(4,103,856)	(2,761,075)	(6,864,931)
<b>Surplus/(deficit) for the year</b>	<b>766,373</b>	<b>(738,690)</b>	<b>27,683</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>YEAR ENDED 31 DECEMBER 2017 (Restated)</b>	<b>Joint Petroleum Development Area</b>	<b>Timor-Leste Exclusive Area</b>	<b>Total for the year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Development fess	3,983,200	-	3,983,200
Contract service fee	880,000	-	880,000
Subsidy from Timor-Leste Government	-	1,950,000	1,950,000
Timor-Leste Government funding for petroleum audits	-	291,111	291,111
Downstream fees	-	244,792	244,792
Gain on disposal of property, plant and equipment	-	26,052	26,052
Downstream licenses - trading fees	-	82,651	82,651
Interest	4,053	-	4,053
<b>Total Income</b>	<b>4,867,253</b>	<b>2,594,606</b>	<b>7,461,859</b>
Expenses split per JPDA Joint Commission approved budget	(4,576,136)	(2,213,383)	(6,789,519)
<b>Surplus for the year</b>	<b>291,117</b>	<b>381,223</b>	<b>672,340</b>

## **25 CAPITAL ASSET RESERVE**

### *Equity reserve*

The capital asset reserve is used to classify equity (accumulated funds) during the financial period that represents cash used to purchase assets outside of the ANPM's planned budget for the year. At the end of the 2018 financial period, \$350,000 remained in the capital asset reserve (2017: \$585,000).

## **26 CAPITAL RISK MANAGEMENT**

The ANPM's capital comprises initial capital contributions, accumulated funds and capital asset reserve amounting to \$10,677,727 at 31 December 2018 (2017: \$10,650,044). The ANPM manages its capital to ensure its ability to continue as a going concern and carry out its responsibilities as the Designated Authority. Refer to Note 17 for further information on the ANPM's financial risk management policies.



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**



**AUTORIDADE NACIONAL DO PETRÓLEO E  
MINERAIS OF TIMOR-LESTE**

**STATEMENT OF PETROLEUM REVENUE RECEIPT AND  
PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**GENERAL INFORMATION**

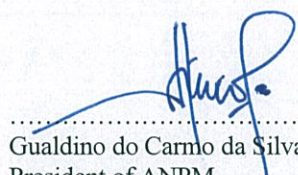
Board of Directors:	Mr. Gualdino do Carmo da Silva (President and Chairman) Mr. Jose Gonçalves Mr. Jorge Martins Dasilaku Mr. Nelson de Jesus Mr. Mateus da Costa (Appointed on 12 January 2018)
Place of business:	Edificio do Ministerio das Financas, Pisos 6 e 7, Apartado 11, Aitarak laran, Dili, Timor Leste.
Bankers:	Australia and New Zealand (ANZ) Bank
Single auditor:	Mr. Oscar Sanches Faria
External Auditor:	Ernst & Young, Perth
Country of Incorporation:	Timor-Leste
Currency:	United States Dollars

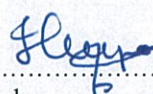
**CONTENTS**

	<b>Page</b>
Audit Report	2-4
Statement of Petroleum Revenues Receipts and Payments	5
Notes to the Statement of Petroleum Revenue Receipts and Payments	6-8

**APPROVAL OF THE STATEMENTS**

The Statement of Petroleum Revenue Receipts and Payments for the year ended 31 December 2018 set out on pages 4 to 8 were authorised for issue in accordance with a resolution of the Board of Directors and are signed on their behalf by:

  
.....  
Gualdino do Carmo da Silva  
President of ANPM  
21/May/2019

  
.....  
Honesia Amaral  
Manager of Marketing and Revenue Management  
21/May/2019



## Independent auditor's report to the Directors of Autoridade Nacional do Petróleo e Minerais

### Opinion

We have audited the Statement of Petroleum Revenue Receipts and Payments ("the Statement") of Autoridade Nacional do Petróleo e Minerais ("the Authority"), which comprises the statement of petroleum revenue receipts and payments for the year ended 31 December 2018, notes to the statement of petroleum revenue receipts and payments, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the Statement of Petroleum Revenue Receipts and Payments is prepared, in all material respects, in accordance with the accounting policies disclosed in Note 2 of the Statement.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Statement in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the Statements which describes the basis of accounting. The Statement is prepared to assist the Authority to meet the requirements of Decree Law on the establishment of the Authority, the Timor-Leste Petroleum Activities Law, and the Timor Sea Treaty ('Treaty') between the Governments of Australia and the Democratic Republic of Timor-Leste. As a result the Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of the Directors for the statement

The Authority's Directors are responsible for the preparation of the Statement in accordance with the significant accounting policies disclosed in Note 2 of the Statement and for such internal control as the Directors determine is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the audit of the statement

Our objectives are to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- ▶ Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young  
Perth  
21 May 2019



**AUTORIDADE NACIONAL DO PETRÓLEO OF TIMOR-LESTE**  
**STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Revenue receipts by field			
Bayu-Undan	3	286,520,548	270,772,876
Kitan	4	-	670
Total revenue receipts received		286,520,548	270,773,546
Interest			
- Interest from Term Deposit	6	8,695	8,014
Total receipts received		286,529,243	270,781,560
Bank charges		(1,010)	(880)
Receipts less bank charges for the year		286,528,233	270,780,680
Cash at beginning of year		13,261,980	5,517,756
		299,790,213	276,298,436
Less: cash at end of year	5	(28,698,156)	(13,261,980)
<b>Amount available for distribution</b>		<b>271,092,057</b>	<b>263,036,456</b>
<b>Distributed as follows:</b>			
Distribution to Petroleum Fund of Timor-Leste		243,982,851	233,992,343
Distribution to Department of Industry, Australia		27,109,206	29,044,113
<b>Total payments made</b>		<b>271,092,057</b>	<b>263,036,456</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

## **1. Nature of Operations**

Autoridade Nacional do Petróleo e Minerais (“ANPM”) is a public institution created pursuant to the Decree Law No.1/2016 dated 9 February 2016 as the 1<sup>st</sup> amendment to the Decree Law no. 20/2008 of the Democratic Republic of Timor-Leste. The ANPM undertaken its role and functions as Regulatory Authority on behalf of the Ministry Responsible for Petroleum and Mineral Sectors to administer and regulate the upstream to downstream petroleum sectors and all the Mineral sectors within Timor-Leste Onshore and Offshore territory. In exercising its power and function, the ANPM shall act in accordance with Timor Sea Treaty (“Treaty”) and other JPDA regulatory framework in place including regulatory framework applicable in the Territory of Timor-Leste.

Under Article 6(b) of the Treaty, between the Governments of Australia and Timor-Leste, ANPM has the juridical personality and such legal capacities under the law of both contracts, states as necessary the exercise of its powers and the performance of its functions.

ANPM, pursuant to Article 6 of the Treaty, is responsible for the management of activities relating to exploration for exploitation of the petroleum resources in the Joint Petroleum Development Areas. This includes the collection and distribution of proceeds generated from the sale of petroleum products produced from Bayu-Undan. There were no distributions made for royalties or profit oil from Kitan in 2018.

Article 4 of the Treaty sets out the sharing of petroleum production between the Governments of Timor-Leste and Australia as follows:

- (a) Timor-Leste and Australia shall have title to all petroleum produced in the JPDA. Of the petroleum produced in the JPDA, ninety (90) percent shall belong to Timor-Leste and ten (10) percent shall belong to Australia.
- (b) To the extent that fees referred to in the Treaty, article 6(b)(vi) and other income are inadequate to cover the expenditure of the Designated Authority in relation to this Treaty, that expenditure shall be borne in the same proportion as set out in paragraph 6(a).

The Contracting companies operate in the Bayu-Undan fields.

The Bayu-Undan fields lie in the JPDA 03-12 and JPDA 03-13 Production Sharing Contract (PSC) areas. Discovered in 1995, with first production being in 2004, the Bayu Undan field is approximately 250 kilometres from Timor-Leste and 500 kilometres from the Australian coast. Bayu-Undan upstream produces condensate, liquefied petroleum gas, while liquefied natural gas is produced at the Darwin liquefaction plant under the downstream facilities. ConocoPhillips ((ConocoPhillips (03-12) Pty Ltd; ConocoPhillips (Emet) Pty Ltd; ConocoPhillips (Timor Sea) Pty Ltd; ConocoPhillips JPDA Pty Ltd; ConocoPhillips (03-13) Pty Ltd)) is the operator with a 56.94% interest, while its joint venture partners hold the following interest: Santos JPDA (91-12) Pty Ltd (11.49%); Inpex Sahul Ltd (11.38%); Eni JPDA (03-13) Ltd (10.99%); and Tokyo Timor Sea Resources (aggregate 9.2%).

## **2. Significant accounting policies**

### **a. Basis of preparation**

The statement of petroleum revenue receipts and payments is prepared on a cash basis. The statement is prepared for monies received by the ANPM as a Designated Authority under the Treaty. These petroleum proceeds are held on behalf of the Timor-Leste and Australia Governments in an ANZ bank account in the name of the ANPM and are distributed to the two governments on a regular basis, interest earned and net of bank charges incurred. The accounting policies have been applied consistently throughout the period.

### **b. Petroleum revenue receipts**

Petroleum revenue receipts are recognised on receipt in the ANZ bank account. Petroleum receipts comprise of First Tranche Profits and Profits Oil and Gas as defined in the respective PSCs.



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Significant accounting policies (continued)**

**c. Payments**

Payments are the distributions to the Timor-Leste and Australia governments in terms of the Treaty and the Decree Law No.1/2016 dated 9 February 2016 as the 1<sup>st</sup> amendment to the Decree Law 20/2008.

**d. Presentation currency**

The ANPM's statements of receipts and payments are presented in United States Dollars.

**e. Cash and Cash Equivalents**

Cash and cash equivalents includes amounts held in current and short term deposits at ANZ bank. Amounts held represent petroleum proceeds (royalties & profit share) received, with interest and net of bank charges.

These monies together with any interest received and net of any bank charges incurred will be distributed to the respective governments. Distribution is made to the Petroleum Fund account of the Central Bank of Timor-Leste and the Department of Industry, Innovation and Science account, Australia. There were no distributions made for royalties or profit oil from Kitan in 2018. Profit generated from Bayu-Undan is distributed within the month after the funds are deposited by the contracted company into the ANPM ANZ account.

**f. Interest**

Interest earned is made up mainly from fund held during the month from ANZ bank in any given month prior to the funds being distributed to the respective governments in the following month.



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**  
**NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. Bayu-Undan Field Receipts**

	<b>2018</b>			<b>2017</b>		
	\$	\$	\$	\$	\$	\$
	First Tranche Profits ("FTP")	Profit oil and gas	Total	First Tranche Profits	Profit oil and gas	Total
ConocoPhillips 03-12 Pty Ltd *	58,526,615	129,464,392	187,991,007	47,231,654	119,663,811	166,895,465
Tokyo Timor Sea Resources Pty Ltd	-	20,465,377	20,465,377	-	21,218,448	21,218,448
Santos JPDA (91-12) Pty Ltd	-	29,568,966	29,568,966	-	29,590,942	29,590,942
Inpex Sahul Ltd	-	26,181,352	26,181,352	-	26,562,295	26,562,295
ENI JPDA (03-13) Ltd	-	22,313,846	22,313,846	-	26,505,726	26,505,726
Total Bayu-Undan receipts received	<b>58,526,615</b>	<b>227,993,933</b>	<b>286,520,548</b>	<b>47,231,654</b>	<b>223,541,222</b>	<b>270,772,876</b>

Note: \*ConocoPhillips is the lifting party on behalf of all joint venture partners, therefore they are the only entity subject to the FTP royalty

**4. Kitan Field Receipts**

	<b>2018</b>			<b>2017</b>		
	\$	\$	\$	\$	\$	\$
	Royalty	Profit oil	Total	Royalty	Profit oil	Total
ENI 06-105 Pty Ltd	-	-	-	-	-	-
Talisman Resources JPDA (06-105) Pty Ltd	-	-	-	670	-	670
Inpex Timor Sea Ltd	-	-	-	-	-	-
Total Kitan receipts received	<b>-</b>	<b>-</b>	<b>-</b>	<b>670</b>	<b>-</b>	<b>670</b>

**5. Cash and Cash Equivalents**

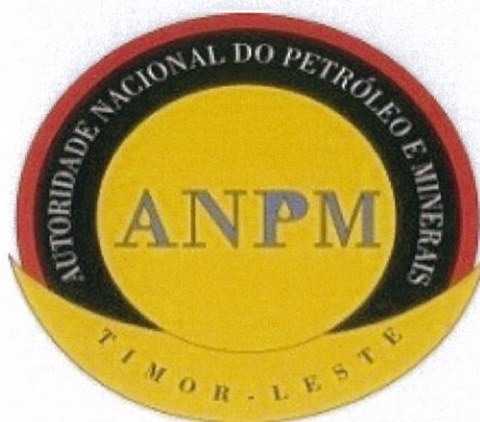
	<b>2018</b>	<b>2017</b>
	\$	\$
ANZ Dili held in the name of Autoridade Nacional do Petróleo e Minerais of Timor-Leste at year end	28,698,156	13,261,980
To be distributed as follows:		
- to Petroleum Fund of Timor-Leste	25,828,340	11,935,782
- Industry, Innovation and Science. Australia	2,869,816	1,326,198
	<b>28,698,156</b>	<b>13,261,980</b>

**6. Interest from Term Deposit**

	<b>2018</b>	<b>2017</b>
	\$	\$
ANZ Bank Interest	8,695	8,014
	<b>8,695</b>	<b>8,014</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS**



**AUTORIDADE NACIONAL DO PETRÓLEO E  
MINERAIS OF TIMOR-LESTE**

**STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**GENERAL INFORMATION**

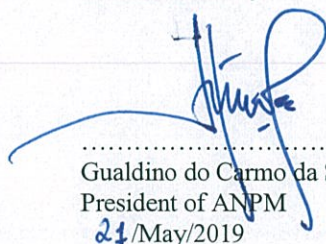
Board of Directors:	Mr. Gualdino do Carmo da Silva (President and Chairman) Mr. Jose Gonçalves Mr. Jorge Martins Dasilaku Mr. Mateus da Costa (Appointed on 12 January 2018) Mr. Nelson de Jesus
Place of business:	Edificio do Ministerio das Financas, Pisos 6 e 7, Apartado 11, Aitarak Iaran, Dili, Timor Leste.
Bankers:	Banco Ultra Marino (BNU) Timor-Leste
Single auditor:	Mr. Oscar Sanches Faria
External Auditor:	Ernst & Young, Perth
Country of Incorporation:	Timor-Leste
Currency:	United States Dollars

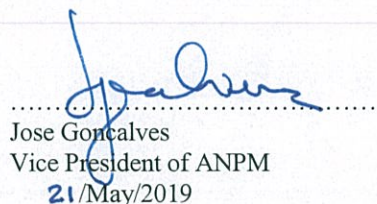
**CONTENTS**

	<b>Page</b>
Audit Report	2-3
Statement of Mineral Revenue Receipts and Payments	4
Notes to the Statement of Mineral Revenue Receipts and Payments	5-7

**APPROVAL OF THE STATEMENTS**

The Statement of mineral revenue receipts and payments for the year ended 31 December 2018 set out on pages 4 to 7 were authorised for issue in accordance with a resolution of the Board of Directors and are signed on their behalf by:

  
.....  
Gualdino do Carmo da Silva  
President of ANPM  
21/May/2019

  
.....  
Jose Goncalves  
Vice President of ANPM  
21/May/2019



## Independent auditor's report to the Directors of the Autoridade Nacional do Petróleo e Minerais

### Opinion

We have audited the Statement of Mineral Revenue Receipts and Payments ("the Statement") of Autoridade Nacional do Petróleo e Minerais ("the Authority"), which comprises the statement of mineral revenue receipts and payments for the year ended 31 December 2018, notes to the statement of mineral revenue receipts and payments, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the Statement of Mineral Revenue Receipts and Payments is prepared, in all material respects, in accordance with the accounting policies disclosed in Note 2 of the Statement.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Statement in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the Statements which describes the basis of accounting. The Statement is prepared to assist the Authority to meet the requirements of Decree Law on the establishment of the Authority and the Ministerial Diploma. As a result the Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of the Directors for the statement

The Authority's Directors are responsible for the preparation of the Statement in accordance with the significant accounting policies disclosed in Note 2 of the Statement and for such internal control as the Directors determine is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the audit of the statement

Our objectives are to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- ▶ Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young  
Perth  
21 May 2019



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Revenue receipts by type of accounts			
License Fees	3	18,000	21,500
Prospecting		2,000	-
Exploration		-	21,500
Mining		16,000	-
Mining Extraction Fees	4	160,883	395,579
Compensation Fees	5	1,489,922	617,490
Total revenue receipts deposited		<b>1,668,805</b>	<b>1,034,569</b>
Bank charges	6	(60)	(92)
Receipts less bank charges during the year		1,668,744	1,034,477
Cash at beginning of year		-	-
Less: cash at end of year		-	-
<b>Total cash distributed during the year</b>	<b>7</b>	<b>1,668,744</b>	<b>1,034,477</b>



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**NOTES TO THE STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. Nature of Operations**

Autoridade Nacional do Petróleo e Minerais ("ANPM") is a public institution created pursuant to the Decree Law No.1/2016 dated 9 February 2016 as the 1st amendment to the Decree Law no. 20/2008 of the Democratic Republic of Timor-Leste. The ANPM undertaken its role and functions as Regulatory Authority on behalf of the Ministry Responsible for Petroleum and Mineral Sectors to administer and regulate the upstream to downstream petroleum sectors and all the Mineral sectors within Timor-Leste Onshore and Offshore territory. In exercising its power and function, the ANPM shall act in accordance with Timor Sea Treaty and other JPDA regulatory framework in place including regulatory framework applicable in the Territory of Timor-Leste.

Under Article 28.1(a) of Decree Law No.6/2015, the Ministerial Diploma applies to the exploration and mining of construction materials and regulates the licensing procedure for Mining Activities in the territory of Timor-Leste. Under the Ministerial Diploma; prospecting, exploring and mining activities are to be levied through a licencing and mining fee. The assessment of these fees is to be managed by the ANPM, and paid to a designated bank account nominated by the Ministry of Finance of Timor-Leste.

**2. Significant accounting policies**

**a. Basis of preparation**

The Statement of Mineral Revenue Receipts and Payments ("the Statement") is prepared on a cash basis. The Statement is prepared for monies received by the ANPM as a Regulatory Authority under the Ministerial Diploma. These licencing and mining fee deposits are received by the ANPM on behalf of the Ministry of Finance of Timor-Leste in a BNU Timor bank account and distributed to the Ministry on a daily basis, net of bank charges incurred. The accounting policies have been applied consistently throughout the period.

**b. Mineral revenue**

Mineral revenue is recognised on receipt in the BNU Timor bank account. Mineral revenue comprises of Prospecting Fees, Exploration Fees, Mining Licence Fees and Mining Extraction Fees. These are defined in Article 7 and 8 of the Mineral Ministerial Diploma No. 64/2016. Such fees are to be collected from the holder of mineral rights who undertakes the mining activities. Article 42 defines the revocation of licences, including the suspension and ceasing of mining activities, and the payment of compensation fees.

- **License Fees**  
Article 7 of the diploma defines License fees levied on different mining activities, except artisanal mining for which no fee is levied. The fee stated under this article is applicable to both new and extended license.
  - (a) Artisanal, no fee applied
  - (b) Prospecting, Five hundred US Dollars (USD 500.00);
  - (c) Exploration, One thousand and five hundred US Dollars (USD 1,500.00);
  - (d) Mining;
    - (i) Medium-scale mining, Five hundred US Dollars (USD 500.00);
    - (ii) Large-scale mining, One thousand and five hundred US Dollars (USD 1,500.00)
- **Mining Extraction Fees**  
Article 8 defines that mining fees levied on the value of construction materials, process materials and dimension and ornamental stones, and holder of mineral rights who undertakes the mining activities shall pay mining fees in accordance with the mining category and fees.
- **Compensation Fees**  
Article 42.2 defines what constitutes the mining activities without holding valid license; the Regulatory Authority shall undertake the following measures:
  - (a) Suspend the mining activities and obliges the natural or legal person to pay for construction materials, process materials or dimensions and ornamental stones collected or extracted; and



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**NOTES TO THE STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Significant accounting policies (continued)**

- (b) Close or shut-down the mining activities if natural or legal person does not apply for mining activity license within thirty (30) working days of notification from the Regulatory Authority.

**c. Payments**

Payments are distributions to the Ministry of Finance of Timor-Leste, in accordance with the Ministerial Diploma. These distributions of funds received are made on a daily basis and are net of bank charges incurred.

**d. Presentation currency**

The ANPM's statement of receipts and payments is presented in United States Dollars.

**e. Bank Charges**

Bank charges are applied to amounts deposited by the contract operator into the BNU Timor temporary bank account.



**AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS OF TIMOR-LESTE**  
**NOTES TO THE STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. LICENSE FEE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prospecting fees	2,000	-
Exploration fees	-	-
Mining Fees		
Medium-scale mining	2,500	1,000
Large-scale mining	13,500	20,500
<b>Total License Fees receipts Deposited</b>	<b>18,000</b>	<b>21,500</b>

**4. MINING EXTRACTION FEES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sands	101,787	172,560
Gravels	59,095	223,019
<b>Total Mining Extraction Fees receipts Deposited</b>	<b>160,882</b>	<b>395,579</b>

**5. COMPENSATION FEES**

Article 42.2 gives authority to the ANPM to apply a penalty to contract operators that operate without a Mining License. This fee is levied to compensate for mining materials that have been extracted from sites. Furthermore, the operators will be temporarily suspended until the new license is granted.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sands	687,735	297,249
Gravels	802,186	320,241
<b>Total Compensation Fees receipts Deposited</b>	<b>1,489,921</b>	<b>617,490</b>

**6. BANK CHARGES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Bank Charges	60	92
<b>Total Bank Charges</b>	<b>60</b>	<b>92</b>

**7. TOTAL CASH DISTRIBUTED DURING THE YEAR**

Total cash distributed during the year is the amount transferred to the Ministry of Finance, net of bank fees that have been charged

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Total cash receipted during the year (net of bank charges)	1,668,744	1,034,477
<b>Total cash distributed to Ministry of Finance of Timor-Leste during the year</b>	<b>1,668,744</b>	<b>1,034,477</b>