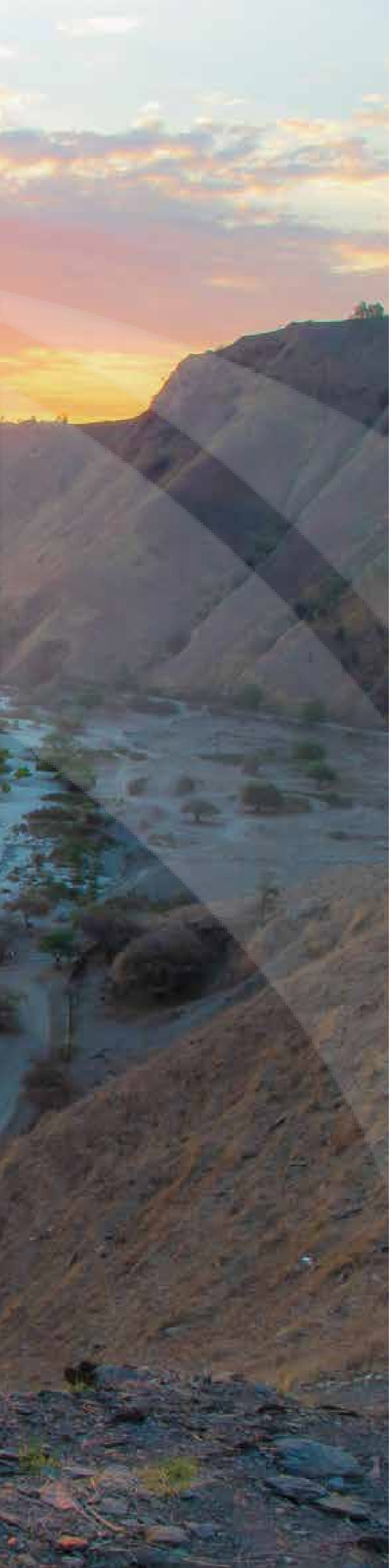
2019

REPORT & ACCOUNTS

TIMORGAP


POWERING A BETTER TOMORROW



REPORT DESCRIPTION

REPORTING SCOPE:

TIMOR GAP, E.P. and its subsidiaries annual activities and accounts.

REPORTING PERIOD:

1st January to 31st December 2019

DATA USED IN THE REPORT:

All disclosed financial data or information related to TIMOR GAP, E.P. is the final accounting data audited by an independent third party.

LANGUAGE:

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This report is available in print and electronic formats. The digital version can be downloaded from TIMOR GAP's website at www.timorgap.com

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Message of President & Chief Executive Officer

To all our stakeholders,

This year amid certain external instabilities, TIMOR GAP has achieved milestones parallel, in magnitude, with any achieved since its establishment as Timor-Leste National Oil Company 8 years ago. Geared towards diversification and maximizing the national petroleum resources revenues, this key objective becomes an element of focus, leveraging the longstanding strengths of the company, where we focus on building, performing, growing and expanding the upstream and downstream sector and expanding our portfolio, while investing on institutional and human resources development.

For this year annual report and accounts for fiscal year of 2019, it showcases the continuation of activities and accomplishments, and these developments will advance excellence at TIMOR GAP, generating successful achievements in the future. With further development in our core business on Exploration & Production, promotes a positive outlook, as Timor-Leste and Australia ratifies on 30 August 2019, the historic Permanent Maritime Boundaries Treaty. TIMOR GAP, as the National Oil Company, acting on behalf of the State, now find itself in the driving seat towards the exploration of unexplored oil and gas resources in the Timor Sea, in addition to existing onshore and offshore PSCs in place. This presents an opportunity to further the country's economic development, by way of implementing the projects that can bring a substantial value to the company and its stakeholder (the Government and the people of Timor-Leste). It has also remained crucial that our company continue to develop our downstream and services sector.

TIMOR GAP continues to proactively seek for greater efficiencies and adjustments to the current internal systems and strategies in response to external upheavals and challenges by further combining the strengths of the company, without never losing sight to its core values - Business Focus, Safety, Integrity, Competence and Teamwork - and further evolving these key characteristics to become a partner of choice. This approach will remain unchanged, as well as the unremitting development of our human capital, our greatest source of resilience, through training and secondment.

Going forward, we have established a cohesive business portfolio, one that we can build on and work diligently to strengthen and deliver results for our stakeholders. We are confident of our future and enthusiastically embrace the changes and innovations that will redefine the oil and gas sector in the years to come, as we look towards a profound transformation, we will continue to **Build, Perform, Grow and Expand. Powering a better tomorrow.**

" Build, Perform, Grow and Expand.
Powering a better tomorrow. "

Francisco Monteiro
President & CEO

Executive Summary

TIMOR GAP, E.P. presents its 8th Annual Report & Accounts comprising the company's activities and programs conducted from January to December 2019. This annual report covers all projects developed under TIMOR GAP's scope, the activities and programs performed, ongoing and planed for the upcoming year, all in line with TIMOR GAP's Strategic & Business Plan 2016-2035. TIMOR GAP's activities and accounts were subject to an extensive and comprehensive external audit by a third part consultant, this resulting on detailed analyses of the financial results and statements presented in the Sections 8 and 9 of this Report.

Our business portfolio covers the pursuit of upstream and downstream petroleum activities, provision of services to the industry and the management of the Tasi Mane Project on behalf of the Government. The main activities and accomplishments attained during the year 2019 for the aforementioned sectors and projects are summarized below.

Upstream

TIMOR GAP's core business, Exploration & Production (E&P), saw a substantial boost this year with the ratification of the Permanent Maritime Boundaries Treaty signed between Timor-Leste and Australia, maximizing upstream business opportunities and propelling TIMOR GAP towards the participation in new Production Sharing Contracts (PSC).

In light of the above, TIMOR GAP signed a new and revised PSC, TL-SO-T 19-11, replacing the preceding JPDA 11-106, that now falls under Timor-Leste exclusive maritime jurisdiction. As set forth in the Transitional Agreements established under the Permanent Maritime Boundaries Treaty, the new PSC enjoys equal terms and conditions, not affecting the ongoing Exploration Work Programme and as such, TIMOR GAP and its joint venture partners for this PSC, INPEX and ENI, the Operator, commenced this year the drilling of a dual target at Kanase prospect.

In our onshore blocks, both located at the southern coast of Timor-Leste, we have completed the Vibroseis 2D Seismic Survey for PSC TL-OT-17-09 (Block C) on the fourth quarter of 2019, while preparing the drilling campaign for PSC TL-OT-17-08 (Block A). Further studies are being conducted for the offshore PSC TL-SO-15-01, namely a pilot project for Baleia prospect by CGG in its Kuala Lumpur office, and this is expected to be completed in 2020.

TIMOR GAP continues to work towards the expansion of its E&P portfolio, and with this, in 2019, a new PSC was signed for a block containing the Chuditch gas discovery, PSC TL-SO-19-16, a joint venture partnership between TIMOR GAP and the Singaporean-based E&P company SundaGas. In addition to the Chuditch gas discovery, the area has the potential to contain a substantial gas accumulation.

Downstream, Services and Subsidiaries

Aiming to be a truly integrated oil and gas company, we continued to invest in our downstream and services sectors by further developing our retail and wholesale fuel supply services and rendering services to the oil and gas industry through our subsidiaries, abiding to the highest quality and safety standards applicable to this industry.

TIMOR GAP fuel station in Suai continued to supply reliability and efficiency to build brand loyalty among consumers and this year, we secured a new fuel supply contract with Air Navigation Administration of Timor-Leste (ANATL, E.P.), and extended the fuel supply contract with Covalima Municipality Administration for an additional one year period. TIMOR GAP established an aviation fuel retail and wholesale service at the Suai Airport, with the setup of two Jet-A1 fuel storage tanks on the Airport premises, a business expected to flourish with the acquisition of one refueller planned for 2020.

We provide services for the oil and gas industry through our subsidiaries and this year, our TIMOR GAP Seismic Services, Unipessoal, Lda, in joint venture with PT. BGP Indonesia, completed the acquisition of 2D Seismic Survey for the onshore Block C, this resulting in enhancing our expertise in field and consolidating our position in the market. Other business prospects partnerships are managed through TIMOR GAP's several subsidiaries, pursing activities in the fields of E&P, drilling services, fuel trading, maritime logistics, etc.

Tasi Mane Project

TIMOR GAP manages and administrates, on behalf of the Government of Timor-Leste, the Tasi Mane Project, which comprises three industrial clusters to be built on the southern coast and additional support infrastructures envisaged for each cluster.

The main achievements attained this year include the following: a) Suai Supply Base: concluded the 4th phase of land and properties compensation process, and completed the community support program for the agriculture sector; b) Betano Refinery & Petrochemical Complex: finalized the Optimization Design Project and concluded the land and properties clearance process for the Refinery and Petrochemical Complex site; c) Timor-Leste LNG (or "TLNG") Complex in Beaço: we continued to revise and update the TOR for the Pipeline and LNG Plant EIA Studies based on ANPM comments and review, and further advancements were made in relation to the LNG Human Resources Training Program, with 31 trainees concluding this year their fundamentals training at CNEFP Tibar.

Institutional and Human Capital Development

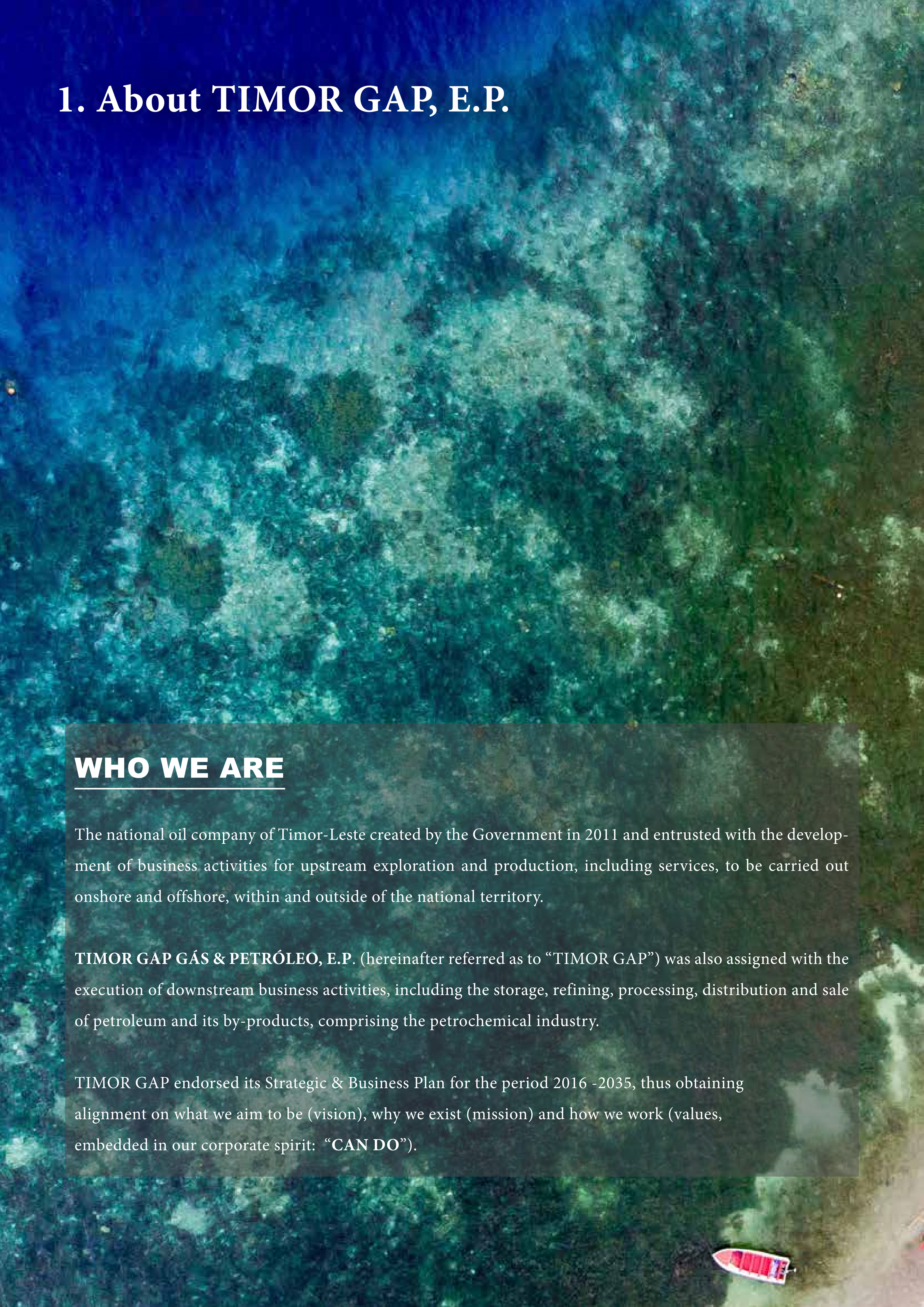
To achieve and execute the projects and programs outline above, TIMOR GAP is supported by a strong institutional and human capital development, a continuous and rewarding investment in our human resources capital and management; Quality, Health, Security and Environment (QHSE) system; and our Information Communication Technology assets and infrastructures. Our employees' skills and competencies were further developed and enhanced through a wide range of trainings, provided in-house and abroad, and secondments with our international business partners, such as Schlumberger, ENI and ConocoPhillips.

Internal and external audits to our QHSE Integrated Management System (IMS) were performed this year, guaranteeing that the system is well-maintained and is up-to-date with the highest QHSE standards; the SAP Retrofit project was executed and concluded by Ernst & Young, further boosting the productivity and efficiency for our workplace.

Permanent Maritime Boundaries Treaty Ratification & Greater Sunrise Special Regime

Timor-Leste and Australia ratified the Treaty Establishing their Permanent Maritime Boundaries in the Timor Sea on 30 August 2019, an extraordinary chapter in the Timor-Leste history that is expected to bring a vast impact in its economic development. The Greater Sunrise fields are subject to the Greater Sunrise Special Regime established by this Treaty, stipulating the sharing of upstream revenue: 70% for Timor-Leste and 30% for Australia in the case of a pipeline transporting the gas for processing in Timor-Leste. TIMOR GAP, as the country's National Oil Company, supports the Government's aim in development of the Greater Sunrise fields via an onshore LNG development within Timor-Leste and has been elected to rigorously document the technical and commercial viability and competitiveness of a TLNG project.

TIMOR GAP holds a 56.56% participating interest in the Greater Sunrise as a result of the acquisition of Shell and ConocoPhillips participating interests, and partakes in the negotiations with the Upstream Joint Venture Partners, currently ongoing.



1. About TIMOR GAP, E.P.

WHO WE ARE

The national oil company of Timor-Leste created by the Government in 2011 and entrusted with the development of business activities for upstream exploration and production, including services, to be carried out onshore and offshore, within and outside of the national territory.

TIMOR GAP GÁS & PETRÓLEO, E.P. (hereinafter referred as to "TIMOR GAP") was also assigned with the execution of downstream business activities, including the storage, refining, processing, distribution and sale of petroleum and its by-products, comprising the petrochemical industry.

TIMOR GAP endorsed its Strategic & Business Plan for the period 2016 -2035, thus obtaining alignment on what we aim to be (vision), why we exist (mission) and how we work (values, embedded in our corporate spirit: "**CAN DO**").

OUR MISSION

- To contribute to **national development** by securing and adding value to energy resources.
- To create **business opportunities** and **jobs**, improving skills and technological transfer.
- To support **social** and **economic development** by maximizing local capacity and participation.
- To operate according to **quality, health, safety** and **environmental** best standards.
- To guarantee **customer** and **partner satisfaction** through our products, services and projects.
- To promote **innovation and creativity** through research and development.

OUR CORPORATE VALUES

INTEGRITY – We are committed to the highest standards of integrity, behaving ethically and professionally at all times.

COMPETENCE – We are capable, confident and committed, delivering high-quality, accurate and innovative products and services.

BUSINESS FOCUS – We are business oriented, always seeking new opportunities and adding values to resources and stakeholders .

SAFETY – We care for the health and safety of employees, communities and the environment, aligned with international best practices.

TEAMWORK – We work together with an open mind and respect for diversity, and connected by a family spirit.

OUR VISSION

To be a regional leader in oil & gas for sustainable national development.

1.1 Business Units

TIMOR GAP business units comprise the following activities:

The **Corporate Service Unit** provides the company with essential support services and ensures the effective and efficient delivery of corporate operations. It has overall responsibility for the company's corporate services including all aspects of human resources management, management of information technology and communication systems, travel and logistics, procurement management and general administration.

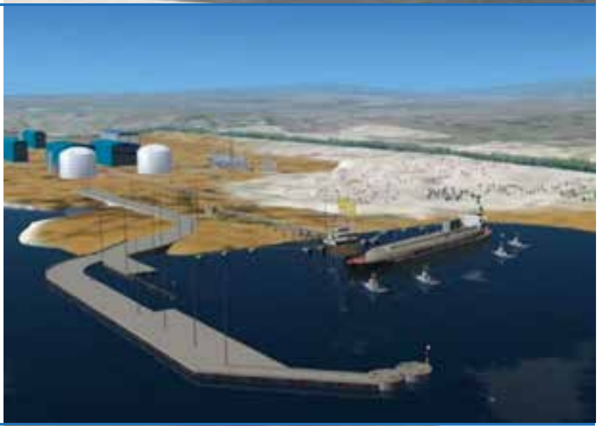
The **Business Infrastructure Development Unit** finds and seizes business opportunities related to infrastructure projects for TIMOR GAP and provides support, supervision, monitoring and evaluation to the infrastructure projects developed under the company's portfolio. It also supports other business units through the render of Geographic Information System (GIS), database and analysis support services; and liaises with the Government on issues concerning the company's activities.

The **Exploration & Production Unit** manages and coordinates upstream activities, developing the exploration and production of oil and gas.

The **Finance Unit** provides a full support to the company's operational of programs and projects, with the day to day financial transactions, recordings, and responsible in procuring funds for financing projects.

The **Refinery and Petroleum Services Unit** manages and coordinates the refinery project and is in charge of other downstream activities, including petroleum products and distribution in Timor-Leste.

The **Gas Business Unit** manages and coordinates all business activities within the field of natural gas, including LNG, LPG and gas pipelines.



The **Quality, Health, Safety and Environment Unit** provides, promotes and ensures the compliance with Quality, Health, Safety and Environment high standards across all company activities.

The **New Ventures Unit** is under the office of Vice-President and its core responsibilities is to lead, evaluate and coordinate all activities related to new venture projects/opportunities. The Unit evaluates and seizes all the new venture opportunities, providing Geological & Geophysical expertise, commercial & legal inputs to the new potential ventures related to exploration, production and other oil and gas services projects. It creates a bridge between the company and other partners to initiate all the business arrangements, playing a crucial role in assisting the company to convert an entrepreneurial proposal/idea into profitable business.

1.2 Financial Overview

The audited Financial Statements are contained in Section 8 of this Report, and have attached a detailed analysis of the results for 2019, which are for a period of 12 months, with 31 December as financial year end. TIMOR GAP has been using International Financial Reporting Standards (IFRS) to ensure a well-recognized framework. The figures shown in this Report are stated in US Dollars.

The company received a government grant of $16,900,000 during the year ended 31 December 2019 (2018: $9,948,762). The main sources of income were originated from fuel trading business of $226,983 (2018: $406,175) and profit on sale of property, plant and equipment of $39,620.

Expenditure for the Business Units, the Office of the President & CEO and the Office of the Vice-President is set out below:

Offices and Units	Remarks on the main expenses incurred during the period
President & CEO Office	Expenditures associated with projects, particularly with legal & technical consultancy fees for the Greater Sunrise negotiations, including Asset Evaluation & Transaction Support project. Expenditures with general legal consultant services, expenses related to BOD/Executive Committee Meetings, business travel, salary & wages, and fixed asset (software) and other capital acquisitions.
Vice-President Office - Drilling and Technology, New Ventures	Project expenditures related to new ventures meetings, legal and technical consultant fees for upstream business subsidiaries, including staff secondments; general operational expenditures, capital items, business travel and staff salary and wages, and investment related expenditure.
Corporate Service Unit	Company's operational expenditures as stationary, telephone, electricity, vehicle & office rental & maintenance, IT infrastructure and other items, including SAP software consultant and staff salary & wages, and capital expenditures.
Business Infrastructure Development Unit	Project expenditures, such as: project supervision & monitoring, dissemination & community liaison related expenditures on Tasi Mane projects; investment in vessel and general marine logistic services, and for capital expenditure. Unit expenditure for staff professional development, minor equipment, salary & wages, and other unit related expenditure.
Exploration & Production Unit	Bayu-Undan Re-development, Upstream Data Management & IT Infrastructures Support projects related expenditures; expenditures with PSC TL-SO-T 19-11 particularly for general administration costs and technical meetings during the preparation of the upcoming drilling of the block TL-SO-T 19-11. Unit expenditure for consultant fees, business travel, staff professional development, salary & wages, capital, and other overhead related expenditures.
Refinery and Petroleum Services Unit	Project expenditures, mainly for Betano Refinery Optimization Design and Suai Airport Aviation Fuel Depot Operations. Expenses related with to the Fuel Station, Refinery, fuel supply and trading projects. Unit expenditure for staff professional development, capital expenditure, salary & wages, and other operational related expenditures.
Gas Business Unit	Expenses related to the Greater Sunrise TLNG Optimization Concept and to LNG Human Resources Development Project. Expenses with Beaço Land and Property Identification Project and Beaço EIA study, which covers not only Greater Sunrise to Beaço pipeline but also the LNG Plant and Marine Facility in Beaço. The remaining expenditures are related with staff training and professional development, overheads, staff salary & wages, purchase of computer software and other capital items.
Quality, Healthy, Safety and Environment Unit	Unit expenditures, technical consultant for QHSE Integrated Management System implementation, internal audit and ISO certification audit, Personal Protective Equipment (PPE), salary & wages, and staff professional development.

Offices and Units	Remarks on the main expenses incurred during the period
Finance Unit	Expenses Expenses related to TIMOR GAP's investments: investment in offshore exploration Block TL-SO-15-01; investment in two onshore blocks exploration, TL-OT-17-08 (block A) and TL-OT-17-09 (Block C); and for TIMOR GAP Greater Sunrise Retention Lease NT/RL2, Retention Lease NT/RL4, PSC 03-19 and PSC 03-20. Finance Unit's general expenditures, such as consultant costs, travel expenses for project finance meetings, external financial audit fees, staff professional development costs, purchase of capital items including upgrading of the existing accounting software package, and salary & wages.

Table 1-1: Overview of expenditures for each Business Unit

The main components of the 2019 Financial Year were related to the development and management of several projects, as detailed from Sections 2 to 6.

2. Upstream

HIGHLIGHTS OF 2019

- *The Treaty between Australia and Timor-Leste Establishing their Maritime Boundaries in the Timor Sea* was ratified and entered into force on 30 August 2019;

- Pursuant to the Transitional Arrangements established by the Maritime Boundaries Treaty, a new and revised PSC TL-S0-T 19-11 was signed with ANPM, replacing the former PSC JPDA 11-106, as the contract area has now transitioned into Timor-Leste exclusive maritime jurisdiction;

- Initiated the drilling campaign for the Kanase-1 exploration well within the PSC TL-SO-T 19-11, former PSC 11-106;

- PSC TL-SO-15-01 Exploration Work Commitments for the Initial Period were fulfilled and it is confirmed that it will enter into Second Period of PSC;

- Completed the Vibroseis 2D Seismic Survey for the onshore PSC TL-OT-17-09 (Block C), and preparation of the drilling campaign for onshore PSC TL-OT-17-08 (Block A), expected to commence in early 2020;

- TIMOR GAP, in a Joint Venture with SundaGas Banda Unipessoal, Lda., signed a PSC for the TL-SO-19-16 contract area with the purpose to begin exploration and exploitation activities in a block containing the significant Chuditch gas discovery;

2.1 Overview

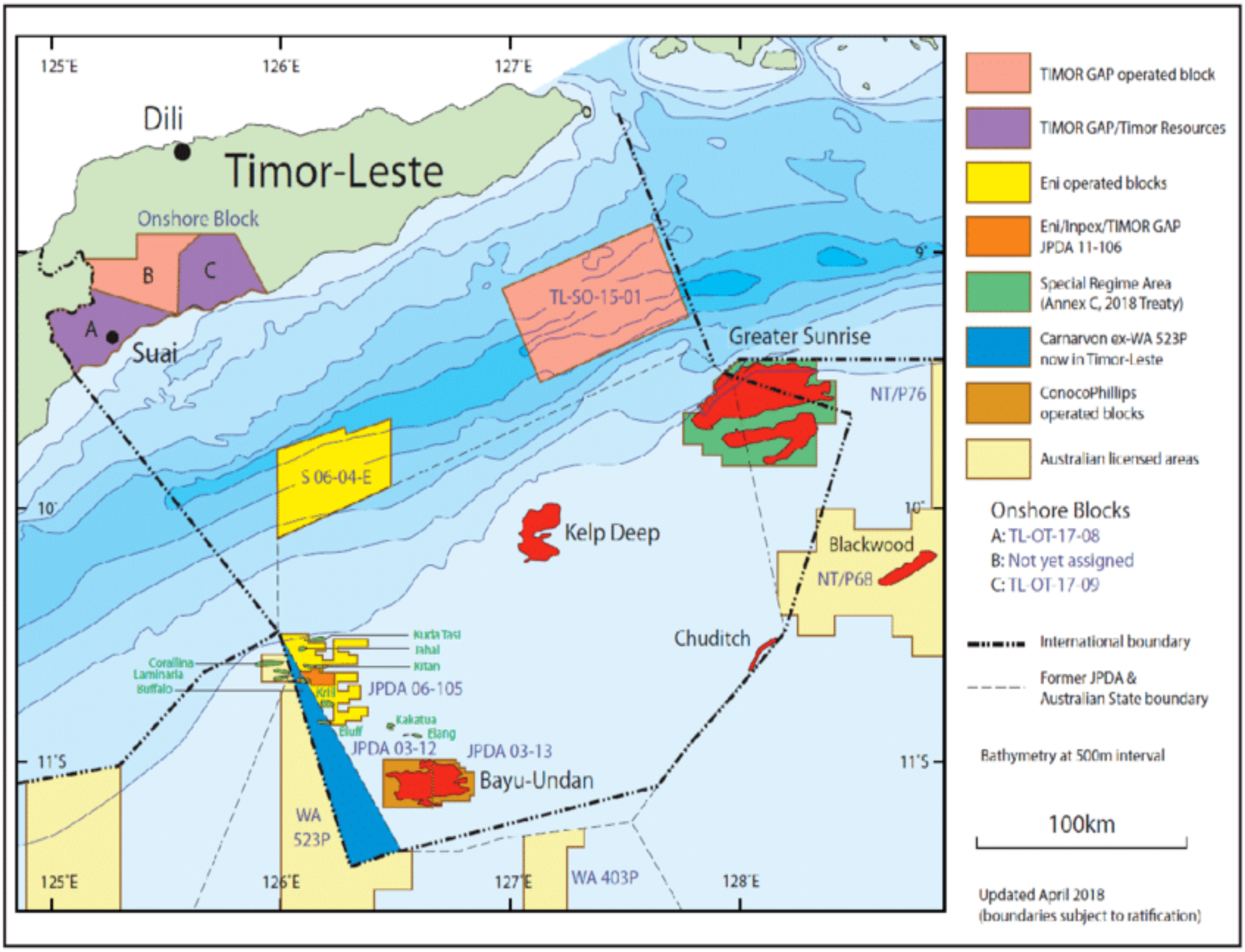


Figure 2-1: Timor-Leste current PSC license areas, with offshore international boundaries following the 2018 Treaty with Australia

Our core business, where the best opportunities matches your best capabilities, is Exploration & Production (E&P). This sector has been identified as the most viable source of income in the short to medium term, given the current privileges as the National oil Company, we have the competitive edge in marketing and strategically seek potential partnerships to boost the Exploration & Production activities and develop our portfolio.

A significant leverage to develop our portfolio and strengthen our position among the oil & gas players of the region has being provided by the ratification and entry into force of the Maritime Boundary Treaty signed between Timor-Leste and Australia on 6 March 2018. The Treaty exponentially expands Timor-Leste's area of exclusive maritime jurisdiction, triggering multiple opportunities for TIMOR GAP to enter into new Production Sharing Contracts (PSCs) and to tap undeveloped oil & gas fields, such as the Greater Sunrise fields subject to a Special Regime under the Maritime Boundary Treaty. Additional revenue streams are expected to flow from the petroleum exploration and exploitation activities in the Timor Sea, with TIMOR GAP taking an active role in securing strategic partnerships and E&P opportunities. The company currently holds PSCs both on offshore and onshore, in several stages of the Exploration Work Program.

With the aforesaid, TIMOR GAP is expected to acquire significant experience, competence and technology through its joint venture partners, an indication in meeting with the company's goals in becoming a partner of choice and paving the way to take the role of operator in the future. In view of this, TIMOR GAP ensures that its PSCs and/or Commercial Agreements demonstrate a clear, measurable and enforceable commitments to local content through a local content plan aiming, among other, to improve Timor-Leste's workforce and skills development through capacity-building initiatives and training of Timor-Leste nationals, and to improve and promote the country's commercial and industrial capacity through the transfer of knowledge, technology and research capability and capacity.

2.2 PSC TL-SO-T 19-11

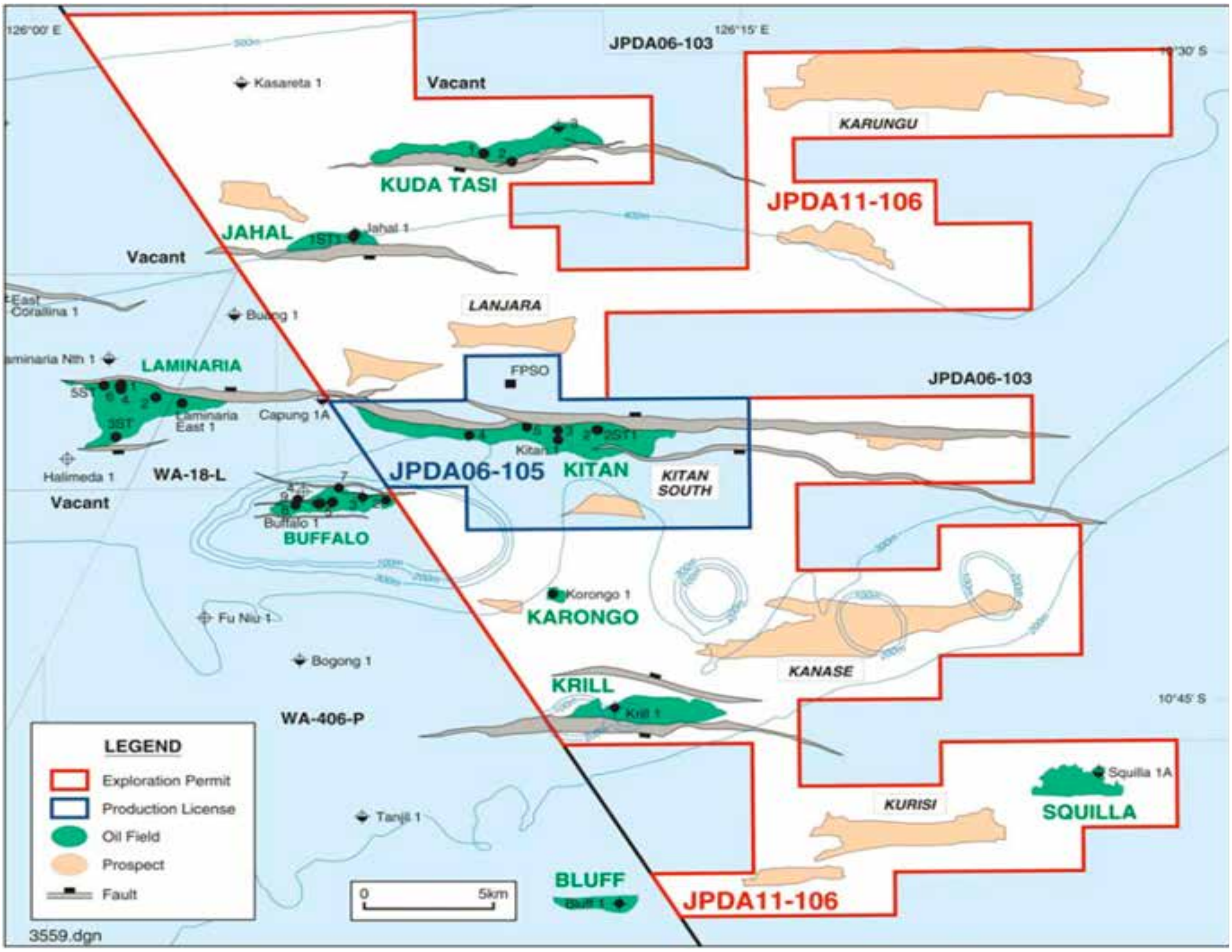


Figure 2-2: Map of the prospects in PSC JPDA 11-106

TIMOR GAP signed its first PSC in 2013, through its wholly owned subsidiary TIMOR GAP PSC 11-106, to begin the process of exploration, development and exploitation of petroleum resources in a block located in the former Joint Petroleum Development Area (JPDA), established by the Timor Sea Treaty and jointly administrated by Timor-Leste and Australia. Following the ratification and entry into force of the Treaty between Australia and Timor-Leste Establishing their Permanent Maritime Boundaries in the Timor Sea on 30 August 2019, which resulted in the cessation of the JPDA, the PSC contract area has now transitioned to Timor-Leste's exclusive maritime jurisdiction, being subject to a Transitional Arrangement established under the Treaty. Aligned with this, a new and revised PSC, designated TL-SO-T 19-11, was signed with ANPM on 28 August 2019, replacing the preceding PSC JPDA 11-106. Pursuant to the terms set forth by the Transitional Arrangement, the new PSC TL-SO-T 19-11 (PSC 19-11) enjoys of conditions or terms equivalent to those previously in place, ensuring that the ongoing operations continue with minimal impact.

The Joint Venture partnership for the above PSC is composed by TIMOR GAP, holding a participating interest of 24%, ENI, as the Operator of the Contract with a 40.53% participating interest, and INPEX, holding the remaining 35.47%. The area being explored by the Joint Venture partners is located approximately 240 km south of Dili and 500 km northwest of Darwin, covering an area of 662 km2 adjacent to the Kitan oil field and laying in an average water depth of 350m.

The main target of the study is on already proven but unproduced reserves at Jahal, Kuda Tasi (+/- 20MMbbls), Squilla and Krill fields. An extensive technical evaluation of drillable prospects within the contract area was conducted in with the Exploration Work Program, including review of the existing sub-commercial discoveries within the contract area and assessment of further potential drilling locations, covering shallow and deeper prospects. Joint venture partners have been focused on assessment of the Jurassic Plover sandstone reservoir and a review of fault trap integrity, essential to exploration in this region, as well as evaluation of deeper prospects in the Triassic. Pursuant to the findings attained with the foregoing technical evaluation and with the subsequently endorsement of the Designated Authority (ANPM), JV partners opted to drill a deeper dual target well at Kanase prospect to test the Triassic reservoir level, in lieu of the two exploration wells commitment program set out for the Initial Period. In case the Triassic play is proven in the Kanase area, it will open up a new exploration concept, not only in the permit area but across the entire area within Timor-Leste maritime boundaries.

In accordance with the Minimum Exploration Work Requirements for the Initial Period, to which ANPM has granted a second 24 months extension until 22 October 2020, the drilling campaign preparation was afterwards initiated for the dual target well at Kanase prospect. The referred prospect is located at approximately 13km from the Kitan field, 8km from the Krill discovery and 11km from Squilla discovery. The dual target comprises a primary target aiming for proven Jurassic Laminaria/Plover formation reservoir predicted at 3507 mSS with a mean Oil-Initially-In-Place (OIIP) of approximately 185 MMbbl, and a secondary target aiming for untested Triassic Nome formation play predicted at 4011 mSS with a mean OIIP of approximately 188 MMbbl.

In the first quarter of 2019, as part of the final preparation for Kanase-1 drilling campaign, a Pre-Drill Technical Workshop and a DWOP (Drill Well on Paper) Workshop were conducted by the JV partners, with the presence of ANPM, contractors and subcontractors. The DWOP is the most critical technical gate process of the project and requires participation, input and feedback from the major contractors in the project such as the drilling contractor and primary third-party services (Drilling & Measurement, Mud Logging, Drilling Fluids, Cementing, Open Hole Logging, etc.) whose specific equipment and service processes need to be factored into final well plans and drilling programs. Afterwards, the Kanase-1 Exploration Well Kick-Off Meeting was held on 12 March 2019, in Dili, focusing on pre-operation for Kanase-1 exploration well drilling program.

The Kanase-1 exploration well drilling commenced on 20 March 2019, carried out by the semi-submersible rig Maersk Deliverer deployed into the Timor Sea for this purpose. The Danish drilling rig operator Maersk Drilling was awarded in 2018 with a Contract for the provision of its semi-submersible rig Maersk Deliverer for the drilling of one well, Kanase-1 exploration well. The service scoop includes an option for an additional well with an expected duration of an additional two months.

The Kanase-1 exploration well drilling was encountered few problems both during the pre-drilling and drilling period. The primary target was reached at 3544mSS with reservoir properties on trend with expectation and with oil shows, whereas the secondary target was encountered at 4207mSS, within 6m of pre-drill predicted depth. After experiencing continued heavy losses, Total Depth was called at 4574mSS within the Plover Formation, and the well was plugged and abandoned. The rig was released at 12:00 on 20 June 2019.

TIMOR GAP technical team prudently evaluates the work of the operator and in parallel, carries out independent technical studies to evaluate the prospectivity of the PSC area. All technical evaluation is periodically reviewed by the management and it also provides opportunity for the team to improve their technical capabilities. In addition to this, during the Kanase-1 exploration well drilling campaign, a secondment was carried out in ENI Office in Perth, during a period of 3 months, providing an opportunity to actively involve our technical team in the Operator ENI daily Kanase-1 well operations activities and further deepen their knowledge in the areas of Drilling & Engineering and Exploration (G&G). Further information on this secondment is available under the Section "5.2.3. Employees Training".

2.3 PSC TL-SO-15-01

TIMOR GAP's wholly-owned subsidiary, TIMOR GAP Offshore Block, Unipessoal, Lda, was awarded with PSC TL-SO-15-01 in 2015, through the Ministerial Dispatch No.3/GMPRM/XII/2015, of 18 December, holding a participating interest of 100% in this offshore PSC. Exclusive hydrocarbon exploration rights were granted to TIMOR GAP Offshore Block through the Government Resolution n. 44/2015, of 22 December, including an authorization to carry out a multi-client 3D seismic survey in the referred offshore block.

The PSC block is located within Timor-Leste exclusive maritime jurisdiction, at approximately 60km southeast of Timor's island eastern tip midway between Timor and the Greater Sunrise gas-condensate field in intermediate water depths. A 2780 square kilometers Crocodile 3D seismic survey was acquired in 2016 and the full prospectivity assessment performed by CGG GeoConsulting, including interpretation of the 3D seismic data, AVO analysis, play analysis, prospect ranking and economics.

The seismic surveys results indicated a "world-class prospectivity" in the block with the seismic data allowing the imaging of 31 individual closed seismic structures at various geological levels (Jurassic, Triassic and Permian), frequently stacked vertically, in 17 geographically distinct locations (11 Plover Fm prospects, 11 Triassic prospects and 9 Permian prospects), with most locations having multiple targets. From the 31 prospects initially identified, approximately six have more than 1 billion of Petroleum-Initial-In-Place (PIIP). It is likely that all three Petroleum Systems identified – Jurassic, Triassic and Permian – provide chances for preserved hydrocarbon accumulations, with greater emphasis on Jurassic Petroleum System, especially Plover Formation. Baleia prospect deserves greatest attention in 3D Crocodile Study Area of Interest, with Tubarão being second attractive.

The study displays Proven Petroleum Systems (Late Jurassic and Late Permian) across the 3D data set with the nearby Sunrise/Troubadour gas field and the Kelp Deep gas discovery. The Triassic Petroleum System also shows indications to be a valid exploration target in the study area. The identification of prospects in the Triassic and Permian formations are extremely significant that add further dynamics for explorations in the region, to date many prospects and exploration plays have all been found in the Jurassic formation.

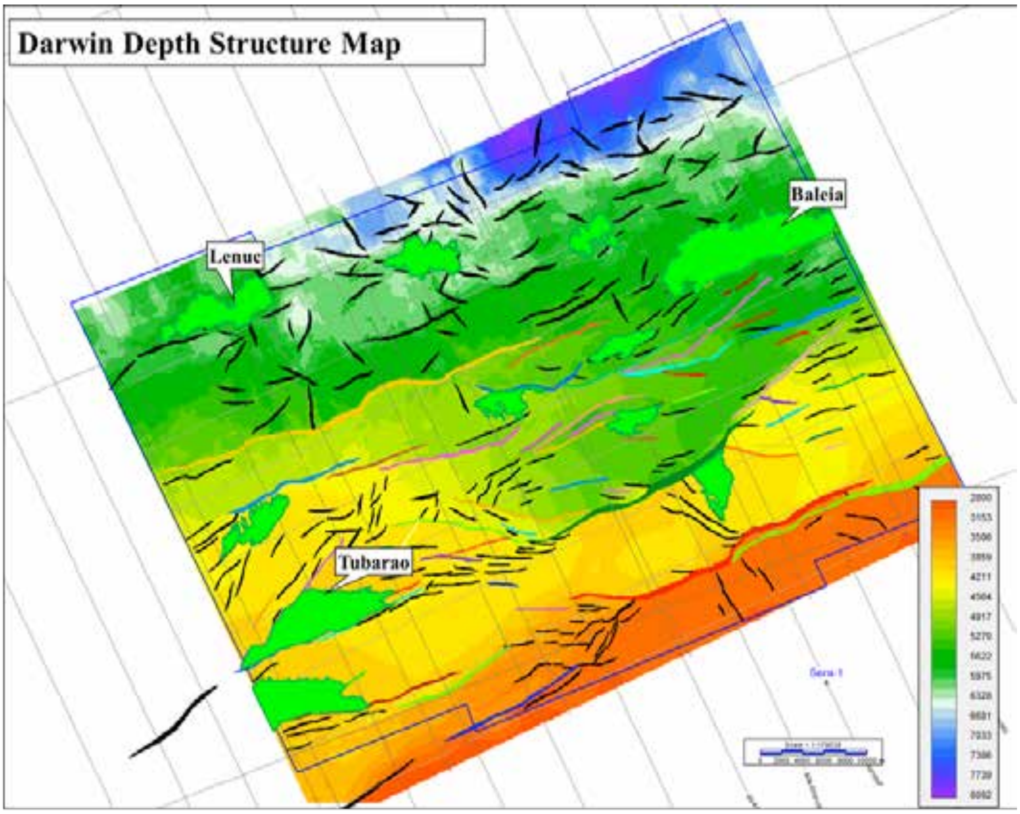


Figure 2-3: Prospects within Jurassic Reservoir (Plover Formation)

In addition to the above-mentioned, a pilot project is currently being conducted on Baleia prospect by CGG in its Kuala Lumpur office. The pilot project will engage the latest technique in data processing, namely Full Wave Field Inversion (FWI) and Time Reverse Migration (RTM), which are expected to improve depth image underneath thrust and lithology prediction. The ultimate outcome shall be a better reserve estimation and lower uncertainties prior to drilling program on Baleia prospect. This pilot project is due to be completed in March 2020.

Pursuant to the terms agreed under the PSC, the Minimum Exploration Work Requirements for the Second Period anticipate the obligation to drill one exploration well (contingent) until December 2020. Therefore, TIMOR GAP OFFSHORE BLOCK requested a drilling extension of two years to ANPM during Management Committee Meeting (MCM), held on 19 December 2019. TIMOR GAP OFFSHORE BLOCK is awaiting ANPM approval for drilling extension until 2022.

It is expected that, in case the FWI pilot project proves to be successful, TIMOR GAP OFFSHORE BLOCK will extend its studies to the other two prospect areas (Tubarão and Lenuc) until the end of 2020, while the subsidiary actively seeks for farm-in partnerships to the PSC TL-SO-15-01.

2.4 PSC TL-OT-17-08 & TL-OT-17-09

TIMOR GAP's first onshore PSCs, a significant milestone to the company, signed in 2017, through TIMOR GAP's wholly owned subsidiaries TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda, and TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda, in partnership with Timor Resources Pty Ltd, a company incorporated in Australia and an affiliate of the NEPEAN Engineering Group of Companies, have commenced oil and gas exploration activities in Block A (PSC TL-OT-17-08) and Block C (PSC TL-OT-17-09). TIMOR GAP was awarded the exclusive hydrocarbon exploration rights to Onshore Block through the Government Resolution n. 44/2015.

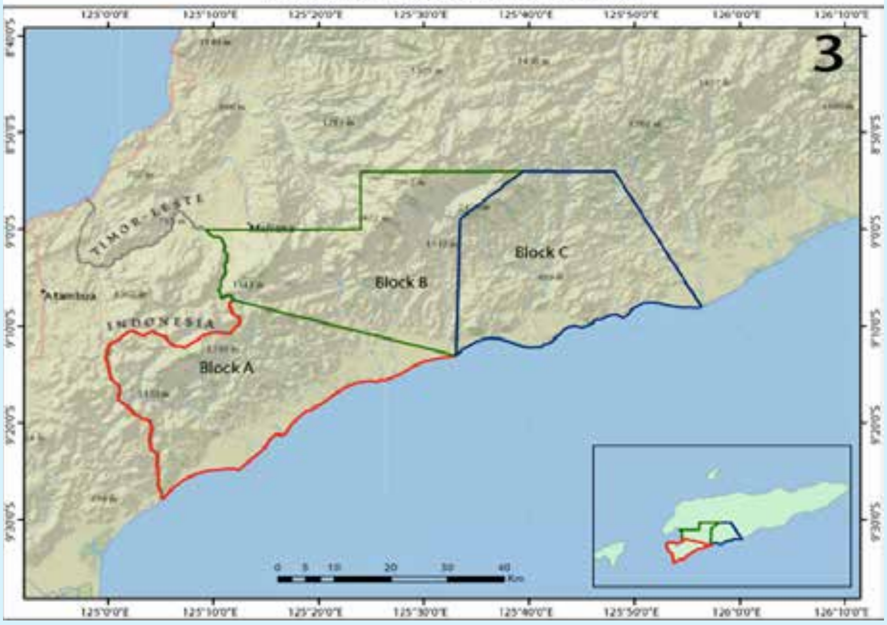


Figure 2-4: TIMOR GAP Onshore Blocks (A, B & C)

Onshore Block Subdivision

Timor-Leste Government approved the subdivision of the Onshore Block into three distinct blocks (Block A, B and C), each with an area of approximately 1000km2, through Resolution No. 39/2016 of 23 November, aiming to attract further potential investors and partners and thus increasing the quantity and quality of the exploration activities in the contract area.

The two contracts cover an area spanning over four Municipalities in the south-western part of the country. Block A covers mostly areas within Covalima and Bobonaro Municipalities, while Block C stretches over Manufahi and Ainaro Municipalities. Both areas are considered to be highly prospective due to the several oil and gas seeps identified within the referred area, indicating the existence of an active petroleum system. In fact, more than 70 natural or drilling-induced hydrocarbon seeps or shows are now documented from across Timor-Leste, with more than 30 in Block A and at least 6 in Block C.
Although the potential for onshore oil and gas had long been recognized, it has remained largely untapped and under-explored. No wells have been drilled onshore in Timor-Leste since 1972, when Timor Oil drilled the last of their 18 exploration wells in the onshore block area (16 in Block A, 2 in Block C), with hydrocarbons encountered in 9 wells in Block A, and 1 well in Block C. Of these, two wells in Block A tested significant oil flows: Matai-1A at an unsustained rate of 110 bbl/day, and Cota Taçi-1 at 216 bbl/day.

The PSCs establish a 50:50 joint venture between TIMOR GAP ONSHORE BLOCK & TIMOR GAP ONSHORE BLOCK C and its partner Timor Resources, with the latter assuming the Operatorship. Both parties committed to a 7 years Exploration Work Programme with Minimum Exploration Work Requirements covering technical studies, Geology and Geophysical studies, Environmental Impact Assessment (EIA), Environmental Management Plan, 2D seismic data planning and execution, and a drilling commitment to a minimum cumulative depth of 2000 meters during the Initial Period.

Pursuant to the Minimum Exploration Work Requirements set for the Initial Period, that stipulates the acquisition, processing and interpretation of 100 kilometers 2D Seismic Survey for each PSC, the onshore Vibroseis Fafulu 2D Seismic Acquisition Survey was conducted and concluded in 2018 in Block A, with the acquisition of 186km of seismic data. The 2D seismic data acquired during this survey was processed and interpreted during 2019, with the findings confirming the existence of several prospective structures within the permit area.

Similarly to the seismic survey conducted for Block A, in 2019, the Joint Venture Partners engaged BGP Indonesia in a joint venture with our subsidiary TIMOR GAP Seismic Services to carry out the onshore Vibroseis 2D Seismic Survey for the Block C contract area. For this purpose, vibroseis trucks were deployed to Betano and a camp established, employing a total of 200 staff, including operational and logistic employees. We strive to recruit and employ local staff as much as possible, and thus the majority of our operational and logistic personnel comprise workers recruited locally, providing job opportunities and promoting an active participation of the local communities in the project. Goods and services necessary to the camp daily operations, such as the provision of cattle and vegetables, are acquired locally, thereby providing some income for the local families through the selling of their products, and boosting the local economy. A good relationship with the local community is crucial to the successful completion of a seismic survey and, with this in view, TIMOR GAP and its partner Timor Resources continue to work hard towards that end.

Figure 2-5: Camp in Betano

The Vibroseis 2D seismic survey for Block C was concluded in October 2019, passing through 14 villages within Manufahi Municipality. A total line of 145.400 km seismic data was acquired over Block C, with the preliminary results showing potentially good prospectivity within the contract area.

Figure 2-6: Vibroseis trucks during the 2D seismic acquisition in Block C

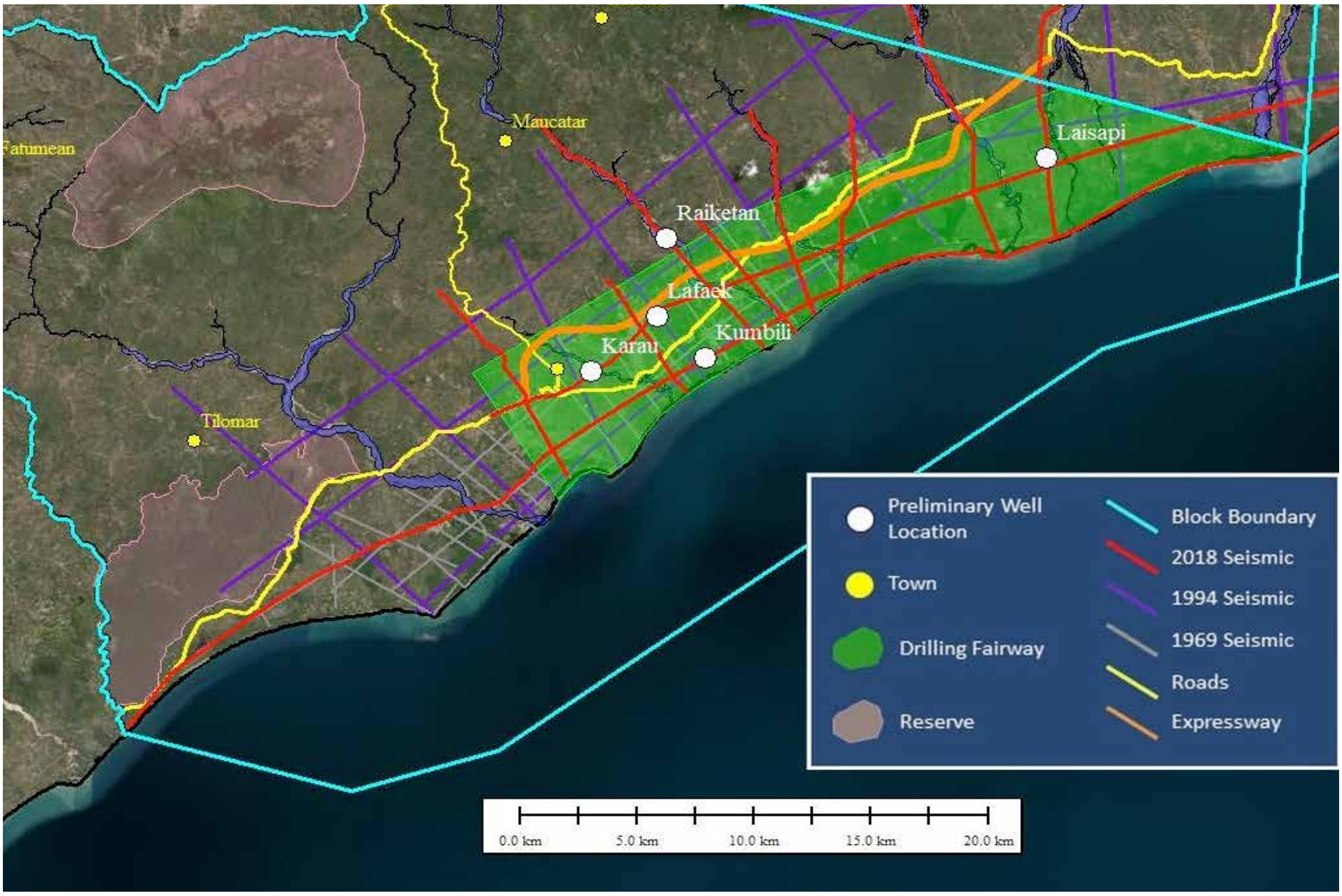


Figure 2-7: Map of the proposed exploration wells

While the seismic data collected in the Block C is currently undergoing processing and interpretation, TIMOR GAP ONSHORE BLOCK and its partner Timor Resources are finalizing the preparation for the drilling campaign within the Block A permit, which is expected to commence in early 2020. The campaign anticipates the drilling of up to five exploration wells corresponding to the prospects of Karau, Kumbili (with a dual target), Laisapi, Lafaek and Raiketan. The proposed exploration wells are located on the coastal fringe between Suai in the west and Zumalai in the east, and up to 7km inland from the coastline. The wells will be sited within three Administrative Posts, Suai, Maucatar and Zumalai, in Covalima Municipality.

The drilling program is designed to test three types of plays within the onshore acreage, maximizing the potential for a commercial discovery, namely: Pliocene-Pleistocene age Viqueque Formation within the syn-orogenic basinal section; "Lower Allochthon" (Permian-Eocene) succession; and Triassic-Jurassic age Babulu/Aitutu and Wai-Luli Formations beneath a regional metamorphic over thrust.

Following a competitive tender, Eastern Drilling Services was awarded a contract for the provision of a drilling rig and associated services for this drilling campaign. Karau-1, the first well in the campaign, will be drilled to 1,080m depth, targeting an approximately 430 meters thick gross reservoir interval in the Viqueque Formation. The five-well drilling campaign marks the first onshore drilling in Timor-Leste since 1972, a significant achievement that we are looking forward to commence with the potential to bring substantial value to the project stakeholders.

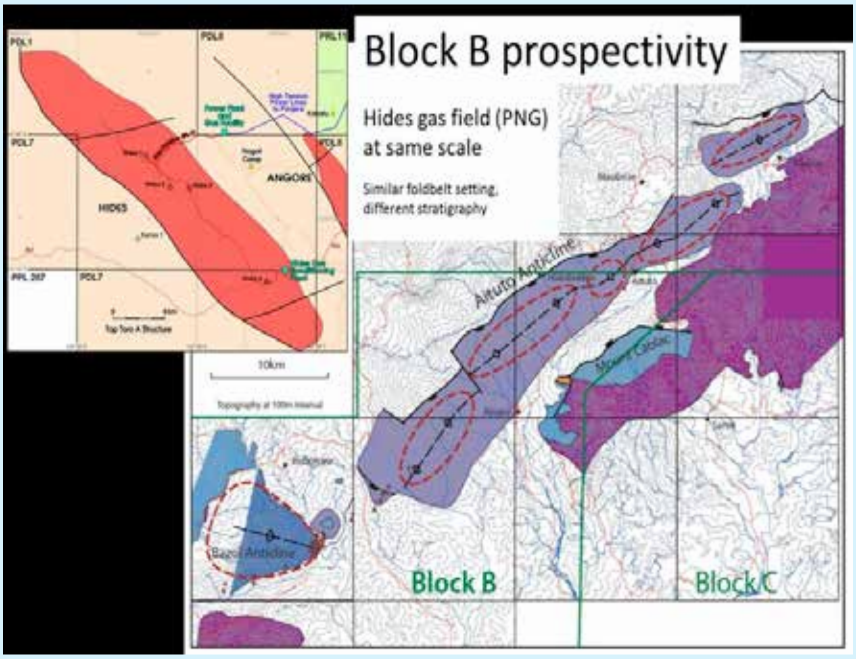


Figure 2-8: Block B prospectivity

Onshore Block B

TIMOR GAP, through its subsidiary TIMOR GAP ONSHORE BLOCK B, continues to liaise with potential partners and promoting farm-out opportunity for Block B, which occupies the more interior parts of the Onshore Block area with a total area of 1005 square kilometers. The area exhibits abundant surface hydrocarbon indications, particularly associated with the Bazol Anticline, and to a lesser extent the Aitutu Anticline. Field reconnaissance and geochemical sampling were initiated in 2018, leading to the identification of at least 17 naturally burning gas seeps and one oil seep, associated with the Bazol and western Aituto anticlines, in northern Block B, and additional leads further south in the block.

2.5 PSC TL-SO-19-16

On 8 November 2019, TIMOR GAP CHUDITCH, through its wholly owned subsidiary TIMOR GAP Chuditch Unipessoal, Lda., and its joint venture partner, SundaGas Banda Unipessoal, Lda., signed a PSC for the TL-SO-19-16 (PSC 19-16) contract area with ANPM, acting on behalf of the Ministry of Petroleum and Minerals, with the purpose to begin appraisal of the Chuditch gas discovery field and exploration of adjacent prospective areas within Chuditch discovery field. The Joint Operation Agreement was signed between TIMOR GAP CHUDITCH Unipessoal, Lda., and SundaGas Banda Unipessoal, Lda. on 27 November 2019, and became effective on 19 December 2019 upon approval from ANPM.

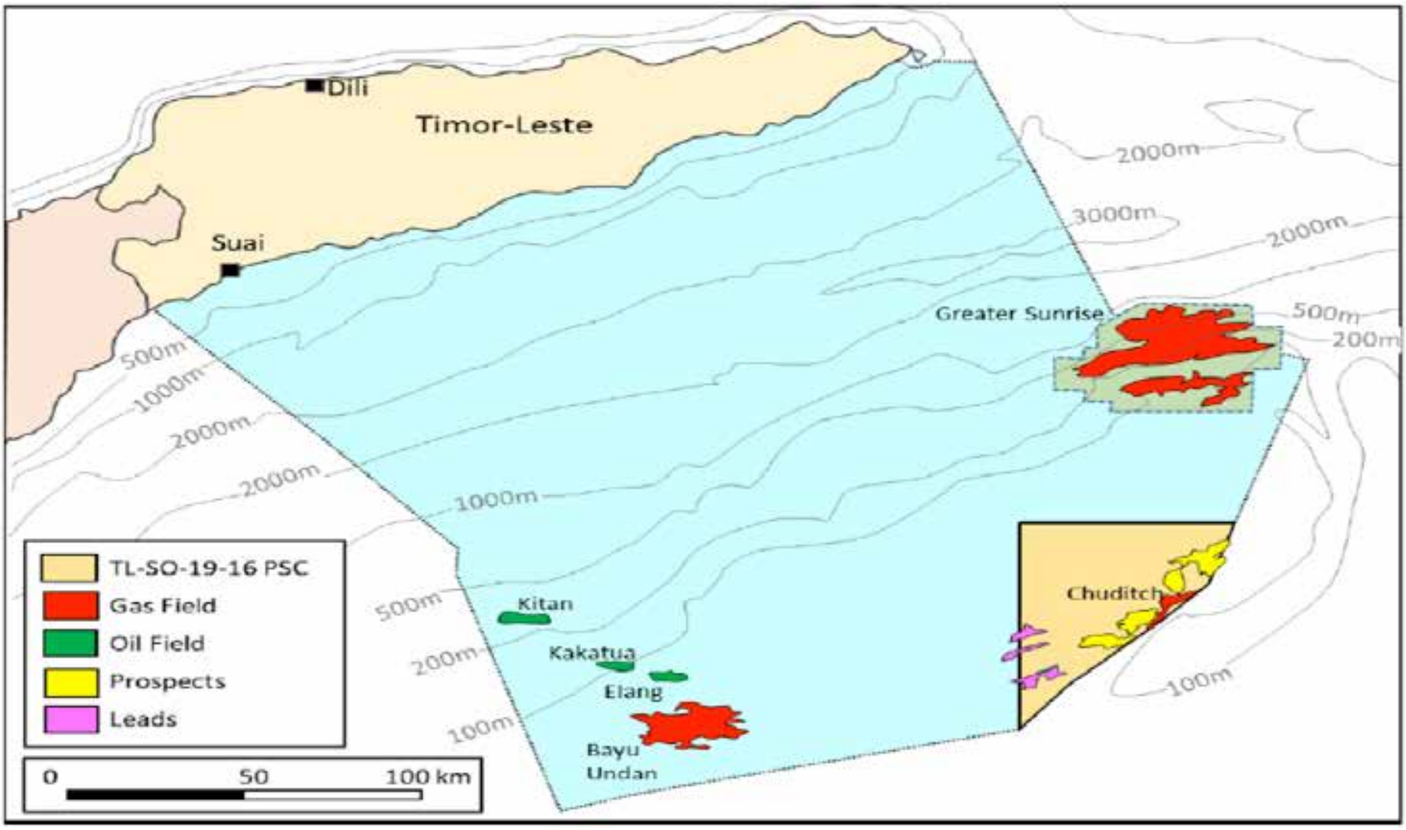


Figure 2-9: Location Map of the Contract Area for PSC TL-SO-19-16

The above PSC is entered into and granted pursuant to the provisions set forth in the Petroleum Activities Law No. 1/2019, of 18 January, First Amendment to the Law No. 13/2005, of 2 September, being awarded by the Government, through direct negotiation, to the joint venture partnership composed by TIMOR GAP, holding a 25% participative interest, and SundaGas, holding a 75% participative interest, whilst assuming the Operatorship of the Contract. SundaGas is a Singapore-based E&P company, focused on exploring and developing gas opportunities across the greater Southeast Asia region.

With the ratification and entry into force of the Permanent Maritime Boundary Treaty in 2019, the block contract area situated in the south of the former JPDA, is now under Timor-Leste exclusive maritime jurisdiction. Located approximately 185km south of Timor-Leste, the PSC TL-SO-19-16 covers approximately 3,571.49 km2, in water depths of 50-100 meters, and encompasses the Chuditch-1 gas discovery, which was discovered by Shell in 1998. The Chuditch field has 25m gas column with a good to excellent reservoir quality with a water depth of around 70m. The reservoir target for the Chuditch field is approximately 2900m from the seabed. Initial discovery by Shell presented that the field is estimated to contain 0.6 – 1.6 Tcf of gas with minor CO2.

Both Parties have committed to a seven-year Exploration Work Programme with the Minimum Exploration Work Requirements stipulated as following: Initial Period (Years 1-3) envisages seismic reprocessing (pre-stack depth migration) of 800 km² of 3D seismic data and a 2000 kilometers line of 2D seismic data, review of hydrocarbon potential of the entire contract area (geological and geophysical studies) and one appraisal well, subject to positive seismic reprocessing result that supports the presence of a significant structure associated with the Chuditch discovery; Second Period (Years 4 and 5) includes post-well evaluation study and drilling of one (1) exploration well, and development scenario planning for Chuditch discovery; and Third Period (Years 6 and 7) comprises geological and geophysical studies, development scenario planning, and drilling of two (2) exploration or appraisal wells.

Based on the significant gas discovery made by Shell in 1998 and on more recent technical studies carried out by Minza, the PSC contract area has the potential to accommodate a substantial gas accumulation and, in addition to the important Chuditch gas discovery, the field is expected to contain untested exploration targets, thus making it an asset of significant value.

2.6 Other Upstream Studies

2.6.1 Bayu-Undan Reservoir Management & Technical Study Post PSC 2022

The PSC of Bayu-Undan operated by ConocoPhillips on behalf of joint-ventures Santos, Inpex, ENI and Tokyo Timor Sea Resources, is anticipated to expire in mid-2022 and thus TIMOR GAP, as the national oil company, is working towards the preparation of a possible re-development of the referred gas field. Bayu-Undan is a gas-condensate field in the Timor Sea, 250km south of East Timor and 500km north of Australia, now falling within Timor-Leste maritime exclusive jurisdiction, after the Permanent Maritime Boundaries Treaty ratification in 2019.

TIMOR GAP was entrusted by the Government of Timor-Leste, through the Joint Commissioners and the Ministry of Petroleum and Minerals, to carry out a full field review of the Bayu-Undan field, with the objective of resource management and optimization. The Post PSC subsurface and surface studies to be carried out by TIMOR GAP, such as reservoir static and dynamic modelling, history matching and forecasting, prefeasibility study and preliminary review of topside weight and cost, are required as part of the Bayu-Undan redevelopment preparation in order to proceed with a final decision both economic and technical viability of the project.

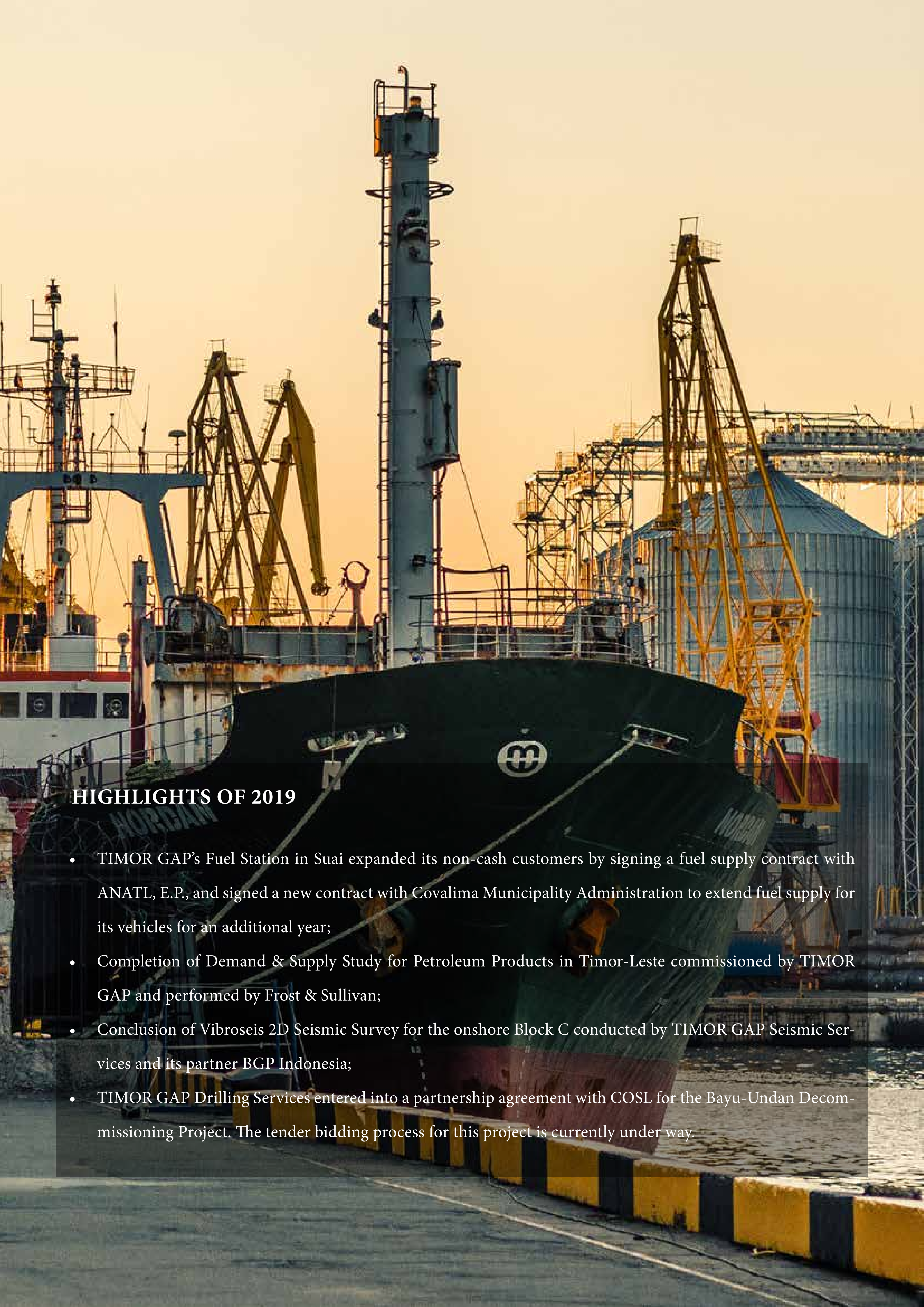
TIMOR GAP technical studies to estimate the Gas-Initial-In-Place (GIIP) and review of the production till date has been completed. The Exploration & Production team has completed the Geomodelling and the Full Field Reservoir Modelling for the Bayu-Undan field, with the results of the study being submitted to the Government. The reservoir simulations carried out by TIMOR GAP indicate that after 2022, when the PSC is expected to terminate, approximately 4Tcf of gas still remains in the reservoir.

The feasibility study for the Bayu-Undan topsides modification post PSC was adjudicated to Aibel and completed in 2018, indicating that the Bayu-Undan topside facilities are able to handle the Extended Life 2022 Case with only a new pig launcher and limited modifications. The new operating mode may be handled through adjustments of the existing equipment.

Throughout 2019, TIMOR GAP continued to work with experts to evaluate the remaining potential of the Bayu-Undan field, conducting comprehensive technical studies related to production optimization and re-development strategy post PSC of the Bayu-Undan field, with emphasis to the subsurface modelling study to be finalized in 2019.

While the studies are being updated with the new production data, and as a preparation for the Bayu-Undan redevelopment project for post PSC, TIMOR GAP have improved the technical competency of its employees by setting up a capacity building agreement with ConocoPhillips, Bayu-Undan current field operator, to expose the TIMOR GAP technical team to the field's current operation. TIMOR GAP employees totaling around 6 staff were sent to different domains in ConocoPhillips and its subcontractor such as Schlumberger, and Baker Hughes. Further information on these secondment is available under the Section "5.2.3. Employees Training".

3. Downstream, Services and Subsidiary Companies



HIGHLIGHTS OF 2019

- TIMOR GAP's Fuel Station in Suai expanded its non-cash customers by signing a fuel supply contract with ANATL, E.P., and signed a new contract with Covalima Municipality Administration to extend fuel supply for its vehicles for an additional year;
- Completion of Demand & Supply Study for Petroleum Products in Timor-Leste commissioned by TIMOR GAP and performed by Frost & Sullivan;
- Conclusion of Vibroseis 2D Seismic Survey for the onshore Block C conducted by TIMOR GAP Seismic Services and its partner BGP Indonesia;
- TIMOR GAP Drilling Services entered into a partnership agreement with COSL for the Bayu-Undan Decommissioning Project. The tender bidding process for this project is currently under way.

Figure 3-1: TIMOR GAP Fuel Station in Suai

3.1 Overview

TIMOR GAP, to further strengthen its current portfolio and status in becoming a truly integrated oil & gas company, aims to establish an efficient and competitive downstream and services sector, behind this objective, the main driving force will be carried forward by the impact of the upstream and Tasi Mane projects. We aim to gain market position in the oil and gas trading and marketing business by establishing our presence and in providing a range of services in compliance with high operational standards, practices and requirements of the oil and gas industry, including for the health, safety, quality and environment.

Plans to set a trading business to market crude, condensate and fuel are envisaged to complement and further expand the company, with the aim to establish a TIMOR GAP-branded wholesale and retail petroleum services focused in the south coast. TIMOR GAP first retail fuel station in Suai continued its operations in 2019 generating revenue for the company and increasing our brand-loyal customers.

TIMOR GAP provides a wide range of services through its subsidiaries in partnership with renowned international companies. Currently, TIMOR GAP holds several subsidiaries, pursuing business opportunities and activities in the areas of Exploration & Production, marine and logistics services, fuel supply, fabrication works, seismic data acquisition and processing.

3.2 Marketing of Petroleum Products

3.2.1 Retail Sales

TIMOR GAP aims to establish a strong presence in the domestic market by setting up a TIMOR GAP single-brand retail network, spread across the country, providing the best services and products to meet and fulfil the national petroleum products demand.

TIMOR GAP's first fuel station located in Suai, Covalima Municipality, continued to supply reliability and efficiency to build brand loyalty among consumers and secure new fuel supply Contracts. On 30 May 2019, TIMOR GAP signed a fuel supply contract with ANATL, E.P., for the provision of fuel during the period from 1 June 2019 to 31 May 2020. In addition, by securing a new Sale and Purchase Agreement with the Covalima Municipality Administration to extend fuel supply for its vehicles for an additional period from 1 January to 31 December 2019, TIMOR GAP became Covalima Municipality Administration sole fuel supplier since the start of its first fuel station operations in 2016.

TIMOR GAP provides a consistent source of supply of quality products, results in retaining and gaining new customers to our fuel station and improving our business performance. In 2019, Suai fuel station registered a total sales volume of 172,696 liters, consisting of 82,009 liters of gasoline and 90,687 liters of diesel. Sales volume

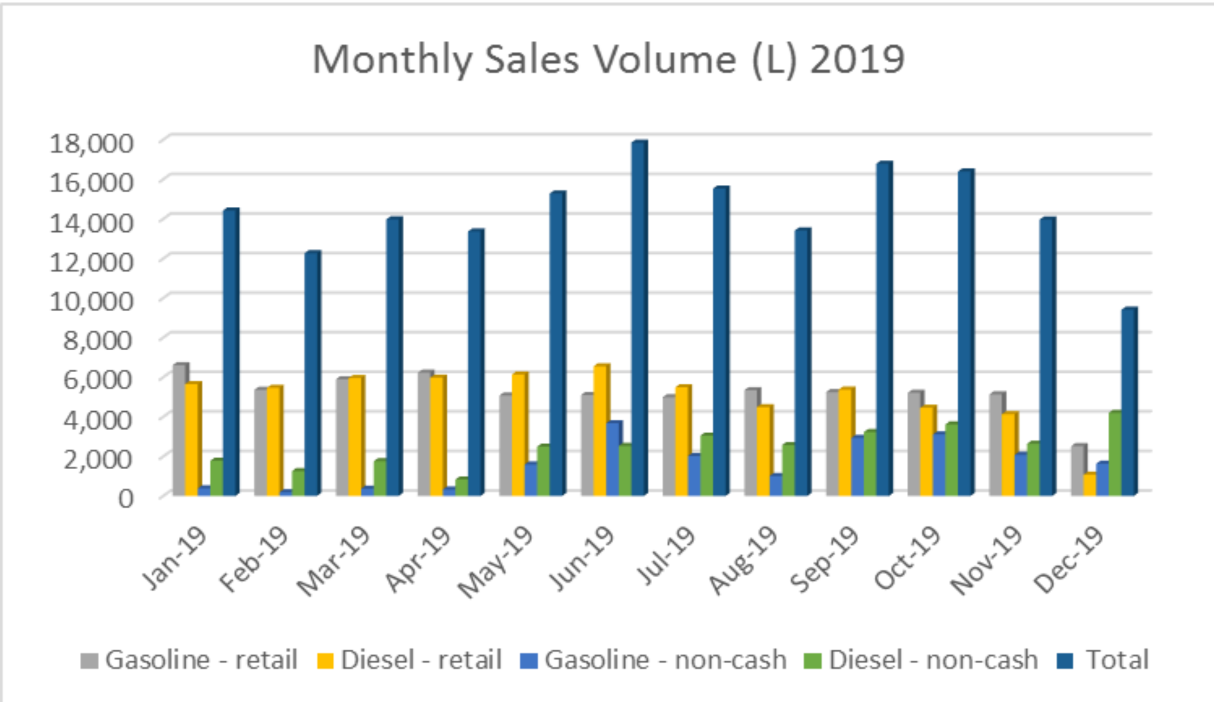


Figure 3-2: Suai Fuel Station monthly sales volume for 2019

for the non-cash customers, Covalima Municipality and ANATL, E.P., accounts for 28 percent of the total sales volumes for 2019.

While increasing our business profitability and promoting and exposing TIMOR GAP's brand, we create job opportunities for local Timorese and ensure that the local content requirements are dully respected in each and all of company's projects. The fuel station employs a workforce of 13 staff recruited locally and fully trained to excel in the customer service deliverance. Our daily operations are conducted following a rigorous compliance with the highest quality, safety, security and environmental protection standards. Regular inspections were carried out through 2019, guaranteeing that the Suai fuel station observes and meets all the safety requirements and guarantees a fully operational safety area for both our workers and customers.

TIMOR GAP plans the commissioning of a fuel station prototype design consisting of detail engineering design, cost estimation, detail construction scope of work and project bidding documents. All the referred technical specifications and detailed drawing shall be elaborated in accordance Decree-Law No. 1/2012 on Downstream Sector, 1st amendment to ANPM regulation No.1/2013 on Installation and Operation of Fuel Filling Station, and applicable international standards. The purpose of the prototype design is part of TIMOR GAP's goal of expanding its retail business to all municipalities. Having a prototype will allow the company to develop its retail business with a clear brand identity. In 2019, the budget for prototype design was not executed as the procurement process was cancelled because it did not fulfil the Procurement Policy's best value for money principle due to lack of competition.

3.2.2 Aviation Fuel Wholesale and Retail

Figure 3-3: TIMOR GAP Jet A-1 fuel tank (left) and depot facility (right) in the Suai Airport

As part of TIMOR GAP's strategic business goal to establish a wholesale petroleum services in the South Coast, the company continues to seek new business opportunities to expand its fuel supply services, an opportunity presented with the rehabilitation and inauguration of the Suai airport, fully operational since mid-2017.

In response, TIMOR GAP built Jet A-1 depot facility within Suai Airport to store and supply into plane fuel to the Offshore Aviation Firms based in the Suai Airport. The depot consists of two fuel tanks with a capacity of 60kl each, manufactured by Austank. The fuel tanks and its equipment were built in strict compliance with JIG 4 (Joint Inspection Group) edition 34 and International Aviation Transport Association (IATA) standard, in accordance with the recommendations made by relevant stakeholders. However, the facility has not been fully operated since it was commissioned by Air BP in October 2018 due to power supply issue which sourcing from Suai Airport. Hence, TIMORGAP has been looking into an alternative electrical power supply connecting directly form the City Power (EDTL Suai).

In order to provide fuel to plane service, TIMOR GAP will purchase its own refueller vehicle. In early December 2019, an international Invitation for Bid (IFB) was launched to invite aviation refueling truck manufacturers to submit a design and manufacturing proposal. This contract is expected to be award in early 2020.

As part of our commitment to capacity building, we have employed and trained one (1) fuel supervisor and one (1) fuel handler, who received on the job training by Air BP in Broome, Australia.

3.2.3 Demand & Supply Study for Petroleum Products in Timor-Leste

As per defined in TIMOR GAP's Strategic & Business Plan, the company foresees to set up various business activities in the downstream sector in order to establish a trading & marketing presence in the domestic market. To achieve this, TIMOR GAP anticipates the commissioning of a comprehensive market study to provide a set of detailed information to support the company's management to make profitable investment decision.

The Terms of Reference (TOR) for the Demand & Supply Study for Petroleum Products in Timor-Leste were prepared and endorsed by TIMOR GAP's management, followed by the issue of a Request For Proposal (RFP) invitation for public in the fourth quarter of 2018. The study will be conducted across the national territory, aiming to identify the domestic market size and its segments, to particularly define demand and supply of petroleum products such as gasoline, diesel, jet A-1 fuel/avtur, lubricant, marine fuel and LPG. The scope of the study includes identifying current demand and supply, 5-10 years forecast for each of the referred refining products; market demand analysis, identifying which of the refining products are highly demanded and profitable; a competitors' analysis, among other tasks.

The final study report was concluded and presented to TIMOR GAP on November 2019.

3.3 Subsidiary Companies

Pursuant to the Decree-Law no. 31/2011, of 27 July, in order to pursue any activities related to its object, TIMOR GAP, E.P., is authorized to incorporate subsidiaries, which may be associated with other national or foreign companies, as well as acquire, encumber and dispose of shareholdings in any company. The Consolidated Financial Statements of TIMOR GAP and its subsidiaries and associates are detailed in Sections 8 and 9.

Subsidiaries which are majority owned by TIMOR GAP as the national oil company are subject to directives and strategic planning, and common corporate rules providing technical, administrative, accounting, financial or legal guidance, which are approved by the Board of Directors. Members of the Executive Management are allowed to participate in the management of these subsidiaries and affiliates, by appointment of the Board of Directors.

In furtherance of the company's purpose, TIMOR GAP had since established several subsidiaries aiming to conduct specific business activities in the petroleum sector and related services.

TIMOR GAP holds the following subsidiaries/joint venture company:

- GAP-MHS Aviation, Lda
- TIMOR GAP PSC 11-106 Unipessoal Lda
- TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda
- South Horizon Offshore Services, Lda
- TIMOR GAP Seismic Services, Unipessoal, Lda
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda
- TIMOR GAP Drilling & Services, Unipessoal, Lda
- TIMOR GAP CHUDITCH, Unipessoal, Lda
- TIMOR GAP Offshore Block Resources, Unipessoal, Lda
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda
- TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda
- TIMOR GAP GREATER SUNRISE O3-20, Unipessoal, Lda

3.3.1 GAP-MHS Aviation, Lda

GAP-MHS Aviation Lda, was constituted in 2012 for the purpose of providing offshore petroleum aviation support operations in Timor Sea. The subsidiary is owned by TIMOR GAP (60%) and MHS Aviation (TL) Lda (40%), which is a subsidiary of Malaysian Helicopter Services (MHS) Aviation Berhad.

Following Management's decision, the subsidiary has been dissolved on 22 January 2020 and has obtained the Certification of Dissolution of Company by the Service Agency.

3.3.2 TIMOR GAP PSC 11-106, Unipessoal, Lda

TIMOR GAP established in 2012 a wholly owned subsidiary company, TIMOR GAP PSC 11-106 Unipessoal Lda, as a Special Purpose Vehicle (SPV) with the sole object being the acquisition and exercise of respective rights arising from ownership of a participating interest in the PSC regarding Block 11-106. This includes the exploration and production of crude oil and natural gas, and respective sale activities.

TIMOR GAP, through TIMOR GAP PSC 11-106, signed in 2013 its first Production Sharing Contract (PSC) to commence offshore exploration in the contract area JPDA 11-106, with the Italian company ENI and the Japanese company INPEX as Joint Venture (JV) partners and the regulator National Petroleum and Minerals Authority (ANPM). This PSC is located on formerly designated Joint Petroleum Development Area (JPDA). With the ratification and entry into force of the Treaty between Australia and Timor-Leste Establishing their Permanent Maritime Boundaries in the Timor Sea on 30 August 2019, this resulting in the cessation of the JPDA, the PSC contract area has now transitioned to Timor-Leste's exclusive maritime jurisdiction, being subject to a Transitional Arrangement established under the Treaty. A new and revised PSC, designated TL-SO-T 19-11 (PSC 19-11), was signed with ANPM on 28 August 2019, replacing the preceding PSC JPDA 11-106. The new PSC provides conditions or terms equivalent to those previously in place, ensuring that the ongoing operations continue with minimal impact.

Following the drilling campaign preparation carried out on the previous years, in 2019, TIMOR GAP commenced the drilling of a dual target well, Kanase-1, aiming to assess deeper prospects and to test the Triassic reservoir level. Further information on this subject is available under the Section "2.2 PSC TL-SO-T 19-11" of this Report.

3.3.3 TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda

TIMOR GAP Oil & Gas Marine and Logistics is a wholly owned subsidiary of TIMOR GAP created in 2014 to provide general services for the marine industry and to render logistic and support services to the petroleum industry operating in the Timor Sea, Timor-Leste and afar. The subsidiary is expected to not only manage but eventually own and operate supply vessels, tug boats, and general marine services required in the petroleum industry.

3.3.3.1 South Horizon Offshore Services, Lda

In 2015, TIMOR GAP Oil & Gas Marine and Logistics established the South Horizon Offshore Services, Lda, a joint venture company with Siglar Offshore Services Timor, with the purpose to provide support services to vessels and offshore installations operating in the Timor-Sea, to own and operate offshore support vessels, and render any other services for the marine and Oil & Gas industry. In this joint venture partnership, TIMOR GAP Oil & Gas Marine and Logistics holds a share of 51% and Siglar Offshore Services Timor holds the remaining 49%.

Following the successful delivery of Topside Fabrication Services for the Bayu-Undan Infill Wells (BUIW) Project with ConocoPhillips in 2018, both South Horizon and Aibel discussed a possibility of partnership to establish a small scale workshop in Suai to capture future services in Timor Sea especially the development of Greater Sunrise project. With this, a meeting and site visit were conducted on 23 April 2019, to Suai, Covalima Municipality.

In September, 2019, the Board of Director held its 1st Annual General Assembly (AGM) meeting and approved several resolutions in which instructed South Horizon Offshore Services managing director to actively pursue and seek for new business ventures and opportunities to provide services within the marine and oil & gas industry, even though no major contract was awarded during the 2019 period.

3.3.4 TIMOR GAP Seismic Services, Unipessoal, Lda

Established in 2015, TIMOR GAP Seismic Services (TGSS) is owned by TIMOR GAP (60%) and BGP Geoexplorer Pte, Ltd (40%), a subsidiary of China National Petroleum Corporation (CNPC) in the business of providing marine seismic services. TGSS was created through a Joint Venture Agreement signed in October 2015 by the two companies with the purpose of providing seismic survey services within the Timor-Leste's territory, with a planned expansion to overseas projects. TGSS main scope is to perform 2D/3D seismic acquisition, processing and, in the future, interpretation, whilst providing training opportunities and technology development to its local staff through its international partners.

Upon its establishment, on December 2015, TIMOR GAP launched its first 3D Broadband seismic survey, engaging TGSS and BGP Geoexplorer as the contractors to carry out the Crocodile 3D Seismic acquisition covering an area of 2780 Km2 within the offshore PSC TL-SO-15-01. The survey was carried out by BGP Prospector vessel, a 12 streamer seismic vessel, and concluded in 2016.

TGSS was also committed to seek a potential partner to pursue onshore business opportunities, this resulting in the signing of an agreement between TGSS and PT.BGP Indonesia in 2018, to work together on the onshore 2D Seismic Survey conducted on national territory. On August 2018, Timor Resources, the operator of the onshore PSCs, engaged TGSS Joint Venture with PT. BGP Indonesia to perform the onshore 2D seismic survey within PSC TL-OT-17-18 (Block A), in Covalima, and PSC TL-OT-17-19 (Block C), in Manufahi, both located on the southern coast of Timor-Leste. The total work load approximately covers 308.4 km, carried out by five (5) Vibroseis trucks. The first phase, corresponding to the Fafulu Vibroseis 2D seismic data acquisition on the Block A, was completed on 17 November 2018 with a vibroseis shooting point of around 4455vp covering an area of 179.32 km. In addition, as part of this agreement, PT BGP Indonesia is committed to set up a processing centre in Dili for the future development of TGSS.

The second phase of this project corresponds to the 2D seismic acquisition on Block C, commenced in the third quarter of 2019 and completed on 19 October 2019. For this project on Block C, three TGSS engineers were involved in the field operations for an on-job training and hands-on experience throughout the acquisition process.

Figure 3-4: TGSS team during planting Geophon

As part of the recent engagement between TGSS and PT.BGP Indonesia, both parties have committed to establish an explosive storage in Timor-Leste, aiming to provide services to all the oil & gas activities, amongst others. In line with this, TGSS continues its involvement in all seismic activities within the territory of Timor-Leste, such as the seismic survey planned to be conducted in the Block B, as well as other potential onshore or/and offshore blocks.

3.3.5 TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda

The Law No. 13/2005 on Petroleum Activities and the Production Sharing Contracts (PSC) require the establishment of a Special Purpose Vehicle (SPV) company for entering into a PSC. Therefore, TIMOR GAP established a wholly owned subsidiary company in 2015, TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda, as a SPV for the offshore block TL- SO-15-01.

In 2015, TIMOR GAP, through its subsidiary TIMOR GAP OFFSHORE BLOCK, entered in its second Production Sharing Contract for the block TL-SO-15-01, which covers approximately 3,000 square kilometers in the Timor-Leste offshore exclusive area. TIMOR GAP OFFSHORE BLOCK is the operator and sole right holder of the PSC TL-S0-15-01, which will terminate on 2022.

In 2019, TIMOR GAP OFFSHORE BLOCK continued to carry out the Exploration Work Programme as set forth in the PSC TL-SO-15-01. Activities conducted within this reporting period are described under the Section "2.3 PSC TL-SO-15-01" of this Report.

3.3.6 TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda

TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda was established in 2017 for the purpose of partaking in exploration and exploitation activities in the onshore block located in the Timor-Leste exclusive area.

On the memorable date of 7 April 2017, the onshore Production Sharing Contracts, PSC TL-OT-17-08 (Block A) covering parts of Covalima and Bobonaro municipalities, was awarded to TIMOR GAP ONSHORE BLOCK and Timor Resources Pty Ltd, a wholly owned subsidiary of the Nepean Group. The contract covers an area of approximately 1,000 square kilometers in the south-western part of the country considered to be highly prospective, with the presence of numerous oil and gas seeps. Large anticlinal structural traps with associated oil and gas seeps have been provisionally identified, with the potential to host significant hydrocarbon accumulations. Anticlinal traps, such as the ones found in Timor-Leste, are the most important structural element for oil explorers, accounting for around 80% of the world's discovered petroleum resources. TIMOR GAP ONSHORE BLOCK holds a 50% participating interest in the onshore block with Timor Resources assuming the role of operator in the Joint Venture.

In 2019, TIMOR GAP ONSHORE BLOCK continued to carry out the Exploration Work Programme as set forth in the PSC TL-OT-17-08. Activities conducted within this reporting period are described under the Section "2.4 PSC TL-OT-17-08 & TL-OT-17-09" of this Report.

3.3.7 TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda

TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda is a TIMOR GAP wholly owned subsidiary established in 2017 as a Special Purpose Vehicle (SPV) with the purpose of participating in exploration and exploitation activities in the onshore Block B.

TIMOR GAP ONSHORE BLOCK B continues to liaise with potential joint venture partners to conduct exploration and production activities in the above-mentioned block.

3.3.8 TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda

Pursuant to the Law No. 13/2005 on Petroleum Activities, the establishment of a Special Purpose Vehicle (SPV) company is required for the purpose of entering into a PSC. Therefore, TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda, a TIMOR GAP wholly owned subsidiary, was established in 2017 as a SPV with the sole purpose of entering into PSC TL-OT-17-09 signed with Timor Resources for the exploration and exploitation of the onshore Block C. TIMOR GAP ONSHORE BLOCK C holds a 50% participating interest in the onshore block with Timor Resources assuming the role of operator in the Joint Venture.

In 2019, TIMOR GAP ONSHORE BLOCK C continued to carry out the Exploration Work Programme as set forth in the PSC TL-OT-17-09. Activities conducted within this reporting period are described under the Section "2.4 PSC TL-OT-17-08 & TL-OT-17-09" of this Report.

3.3.9 TIMOR GAP Drilling & Services, Unipessoal, Lda

TIMOR GAP Drilling & Services, Unipessoal, Lda., also known as TGDS, is a subsidiary of TIMOR GAP established in 2017. The establishment of TGDS is important as a response to the complexity, challenges and necessities for supplying services in the upstream business. The principal objective of TGDS is to create, capture and optimize the value of commercial economy through business opportunity by providing services for drilling activities especially in exploration, development, production, abandonment and other upstream services.

Since its establishment, TGDS has participated in projects such as Bayu-Undan Infill Well (BUIW) and ENI Drilling Campaign. In the Bayu-Undan Infill Well Project, TGDS cooperated with China Oilfield Service Limited (COSL), a subsidiary of China National Offshore Oil Corporation (CNOOC), for the provision of Jack Up rigs. In 2018, TGDS and COSL agreed to expand its businesses to comprise the creation of a Liquid Mud Plant and Mud Storage Facility in Suai, which will directly respond to upcoming drilling campaign in the onshore Block A & Block C and perform drilling services. Timor Resources plans in drilling 5 exploration wells in the onshore Block A.

As a subsidiary of the National Oil Company, TGDS is committed to be directly involved in the first onshore project conducted in Timor-Leste national territory since its independence and thus, TGDS entered into a partnership with Bohai Drilling Service Indonesia (BDSI) through an agreement signed on 18 March 2019. TGDS and BDSI submitted on 6 May 2019, a proposal to the tender issued by TIMOR GAP for the provision of a package of drilling services for the Block A drilling campaign. However, TGDS and BDSI proposal was not successful.

In the third quarter of 2019, TGDS also signed another partnership agreement with COSL for the Decommissioning Bayu-Undan Project which is now at ongoing tendering process. TGDS aims to establish a strategic and economic viable partnership to find the best commercial way to re-develop the Bayu-Undan field and also proactively seeking the potential companies to capture new business opportunities for the provision of upstream activities and drilling services.

3.3.10 TIMOR GAP CHUDITCH, Unipessoal, Lda

TIMOR GAP CHUDITCH, Unipessoal, Lda is a TIMOR GAP wholly owned subsidiary company established in 2016, as a response to TIMOR GAP's strategic goal in expanding its Exploration & Production portfolio.

On 8 November 2019, TIMOR GAP, through its subsidiary TIMOR GAP CHUDITCH, Unipessoal, Lda, and its joint venture partner, SundaGas Banda Unipessoal, Lda, signed a PSC for the TL-SO-19-16 contract area with ANPM with the purpose to begin the appraisal of the Chuditch gas discovery field and exploration of adjacent prospective areas within Chuditch discovery field.

With the ratification and entry into force of the Permanent Maritime Boundary Treaty on 30 August 2019, Timor-Leste now enjoys exclusive rights over the block, as its contract area is under the country's exclusive maritime jurisdiction.

In this joint venture partnership, TIMOR GAP CHUDITCH holds 25% of the participating interest, while SundaGas holds the remaining 75% and assumes the Operatorship of the Contract. Further information on this PSC is available under the Section "2.5. PSC TL-SO-19-16" for this Report.

3.3.11 TIMOR GAP Chuditch, Unipessoal, Lda

In 2016, TIMOR GAP established a wholly owned subsidiary company, TIMOR GAP Offshore Block Resources Unipessoal Lda, as a Special Purpose Vehicle (SPV) with the purpose of participating in exploitation activities in the Kitan field redevelopment or others undeveloped discovery fields located in the formerly designated Joint Petroleum Development Area, annulled by the Treaty signed on 2018 and ratified on 30 August 2019 between Australia and Timor-Leste Establishing their Permanent Maritime Boundaries in the Timor Sea. Pursuant to the aforesaid Treaty, Kitan field is now under Timor-Leste's exclusive maritime jurisdiction.

No business activities were conducted by the referred subsidiary on this financial year, however a Production Sharing Contract for the block is anticipated to be awarded in the forthcoming year.

3.3.12 Subsidiaries for Greater Sunrise

3.3.12.1 TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda

Established in 2018 in light of the Maritime Boundaries Treaty signed on March 2018 and ratified on 30 August 2019 between Timor-Leste and Australia, of which opened a path for development of the Greater Sunrise gas fields, TIMOR GAP GREATER SUNRISE RL2, Unipessoal Lda is a TIMOR GAP wholly owned subsidiary company created with the purpose to hold a participating interest in the Retention Lease NT/RL2 of the Greater Sunrise fields, or any other contract that may replace the retention lease in the future in order to conduct any petroleum operations to be developed in the referred gas fields.

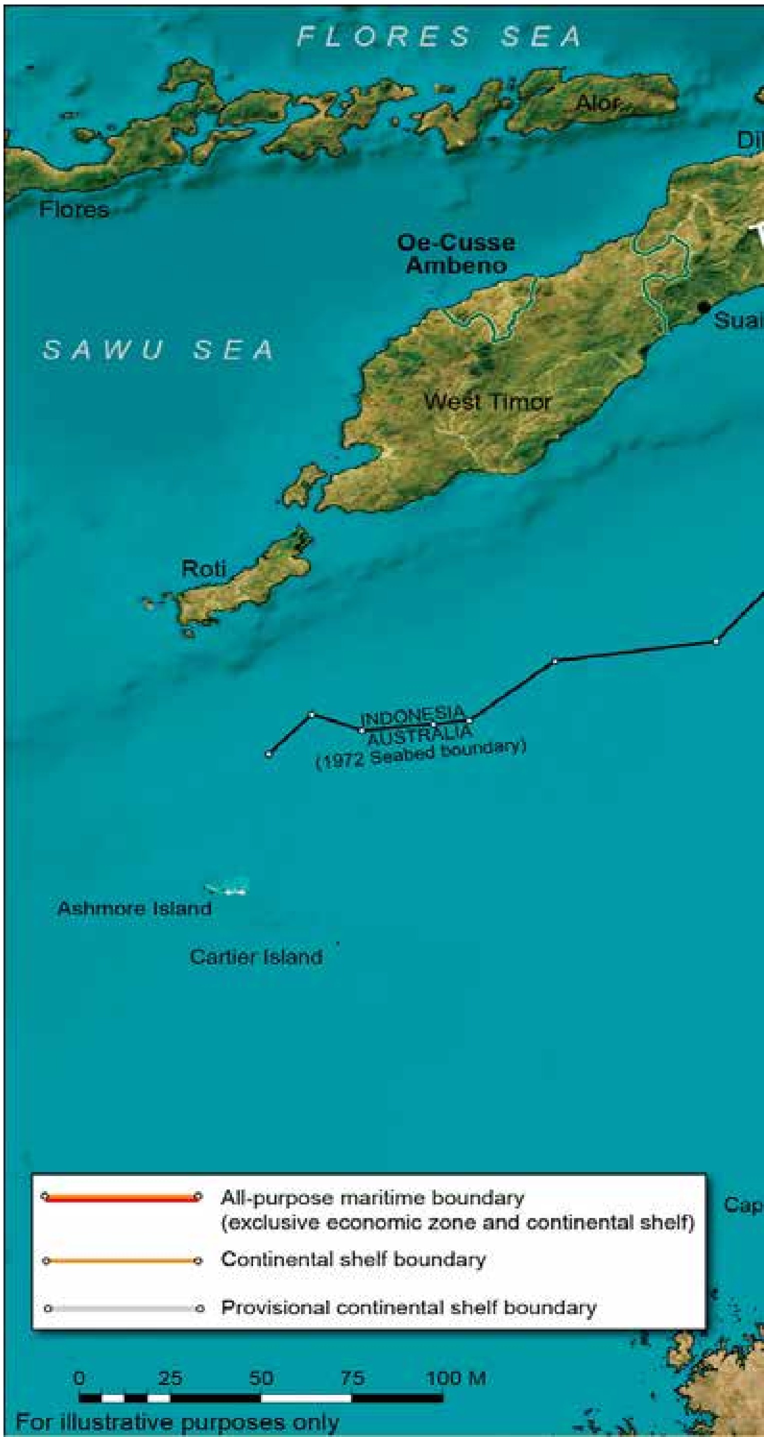
The participating interest in the Retention Lease NT/RL2 was acquired through a Purchase and Sale Agreement signed between Shell and ConocoPhillips, as the sellers, and Timor-Leste on 16 April 2019. This transaction was approved by the Government, through Resolution no. 20/2018, of 24 October, and Resolution no. 5/2019, of 30 January, which endorsed the contract for the acquisition of participation interests and rights in PSC JPDA 03-19, PSC JPDA 03-20, Retention Lease NT/RL2 and Retention Lease NT/RL4 of the Greater Sunrise field, the participation of Timor-Leste in petroleum operations and transfer of those participation interests and rights to TIMOR GAP and its subsidiaries for their holding and management, on behalf of the State.

Timor-Leste aims to develop Greater Sunrise by piping gas to a liquefied natural gas (LNG) plant on its south coast and thus, TIMOR GAP continues the discussions with the upstream joint venture partners in regards to the development concept preferred for the Greater Sunrise fields.

3.3.12.2. TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda

TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda is a TIMOR GAP wholly owned subsidiary company established in 2018 with the purpose of hold a participating interest in the Retention Lease NT/RL4 of the Greater Sunrise fields, or any other contract that may replace the retention lease in the future in order to conduct any petroleum operations to be developed in the referred gas fields.

The participating interests in the Retention Lease NT/RL4 was acquired through a Purchase and Sale Agreement signed between Shell and ConocoPhillips, as the sellers, and Timor-Leste on 16 April 2019, after Timor-Leste Government received funds approval from the Timor-Leste National Parliament, and the due regulatory approvals are met. As the National Oil Company, TIMOR GAP and its subsidiary will hold and manage the above participating interests.



3.3.12.3 TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda

TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda is a TIMOR GAP wholly owned subsidiary company established in 2018, with the purpose to hold participating interests in the PSC JPDA 03-19 of the Greater Sunrise fields, previously owned by Shell and ConocoPhillips and acquired through a Purchase and Sale Agreement on 16 April 2019, after Timor-Leste Government received funds approval from the Timor-Leste National Parliament, and the due regulatory approvals were met. As the National Oil Company, TIMOR GAP and its subsidiary will hold and manage the above participating interests..

3.3.12.4 TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda

TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda is a TIMOR GAP wholly owned subsidiary company established in 2018, with the purpose to hold participating interests in the PSC JPDA 03-20 of the Greater Sunrise fields, previously owned by Shell and ConocoPhillips and acquired through a Purchase and Sale Agreement on 16 April 2019, upon Timor-Leste Government received funds approval from the Timor-Leste National Parliament, and the due regulatory approvals were met. As the National Oil Company, TIMOR GAP and its subsidiary will hold and manage the above participating interests.

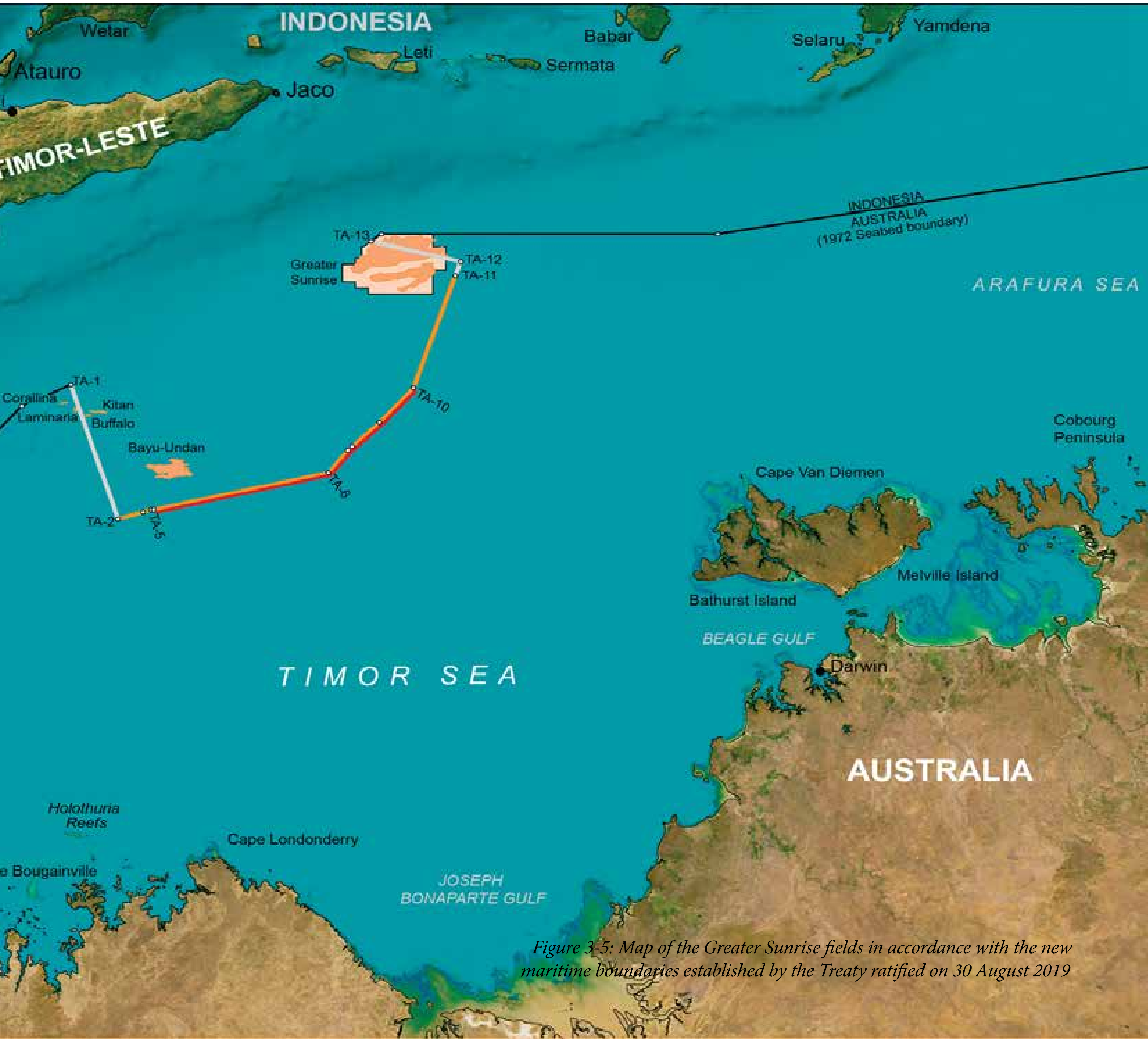


Figure 3-5: Map of the Greater Sunrise fields in accordance with the new maritime boundaries established by the Treaty ratified on 30 August 2019

4. Tasi Mane Project

TASI MANE PROJECT CLUSTERS

Planned developments include:

- Suai Supply Base;
- Betano Refinery and Petrochemical Complex;
- Timor-Leste LNG in Beaço.

Supporting Infrastructures:

- New towns to accommodate the work force and resettlement of local residents;
- The upgrade of two existing airstrips, in Suai and Viqueque;
- A highway connecting project locations along the south coast (Suai-Betano-Beaço).

Table 4-1: Tasi Mane Project Location

HIGHLIGHTS OF 2019

- Conclusion of the fourth phase of the land & properties compensation process for the Suai Supply Base project;
- Completion of the Optimization Design for Refinery & Petrochemical Complex project developed by TTCL Public Company Limited (TTCL);
- Completion of the land title clearance for the Refinery and Petrochemical Complex project, with the compensation payment process for the community affected concluded this year;
- Under the scope of the TLNG human resources development program, 31 trainees finalized their fundamentals training at CNEFP Tibar. Upon the completion of this training, it is anticipated that the best and top 25 out of 31 trainees will be sent to PT Badak LNG facility in Bontang, Indonesia, for 18-months of intensive OJT.

4.1 Tasi Mane Project Overview

Envisioned in the Government's Strategic Development Plan 2011-2030, which identifies the petroleum sector as a basis for our nation's sustainable development, the Tasi Mane Project aims at establishing a national petroleum industry and associated supporting infrastructures, skills development and service capability, becoming a major contributor to the economy of Timor-Leste. Tasi Mane is a multi-phase integrated project comprising of three industrial clusters located along a 155km stretch of the southern coast of Timor-Leste, from Suai in the district of Covalima to the west, to Beaço in the district of Viqueque to the east. The project encompasses three industrial clusters: Suai Supply Base cluster, Betano Refinery and Petrochemical Industry cluster, and Timor-Leste LNG cluster in Beaço, and planned additional facilities for each site.

The Tasi Mane Project is a major strategic initiative of the Government of Timor-Leste spanning a wide range of economic impacts at national and regional level and at the same time providing direct economic benefits from Timor-Leste's natural resources. The project will increase national gross domestic product (GDP) and export earnings, while creating employment opportunities during construction and operation, as well as providing a catalyst for further development in the south coast region. It is projected that up to 10000 direct jobs will be created form Tasi Mane projects, and more than 50000 indirect jobs can be generated with the transformation of petroleum sector development from extractive to industrialization.

In addition, the Tasi Mane Project will generate indirect benefits, influencing broader economic performance as a result of spillover effect to other industry sectors. Spending by project participants, employees, Government and private beneficiaries will lead to "multiplier effects" as the economic activities associated with the project impact on economy generally. Investment in productive physical assets (such as power generation facilities, roads and airports) and in social assets (for example improved education and health services) will also benefit the economy by enhancing the productivity of economic factors. One of the significant impacts of the project will be the opportunities it will create for local businesses. These opportunities include outsourcing of services such as catering, engineering, security, fuel supply, managerial, professional and technical services. TIMOR GAP was mandated by the Government to manage and administer the Tasi Mane project. The company will support the creation of industries and the development of the necessary human resources to operate efficiently the petroleum sector.

It is expected that the existence of these basic infrastructures will stimulate and provide incentive for commercial investment in the other Tasi Mane projects. This will transform the current nature of the petroleum sector in Timor-Leste which is simply extractive, and allow it to evolve to a more diversified and industrialized petroleum sector, including the development of a refinery and associated petrochemical complex in Betano and of the Timor-Leste LNG in Beaço.

The Government of Timor-Leste, as the proponent of the Tasi Mane integrated project, will finance some of these projects, such as the basic infrastructures, e.g. Suai supply base and airport. The rest of the Tasi Mane projects will be invested by way of project financing & other forms of private investment.

4.2 Suai Supply Base

4.2.1 Overview of Suai Supply Base

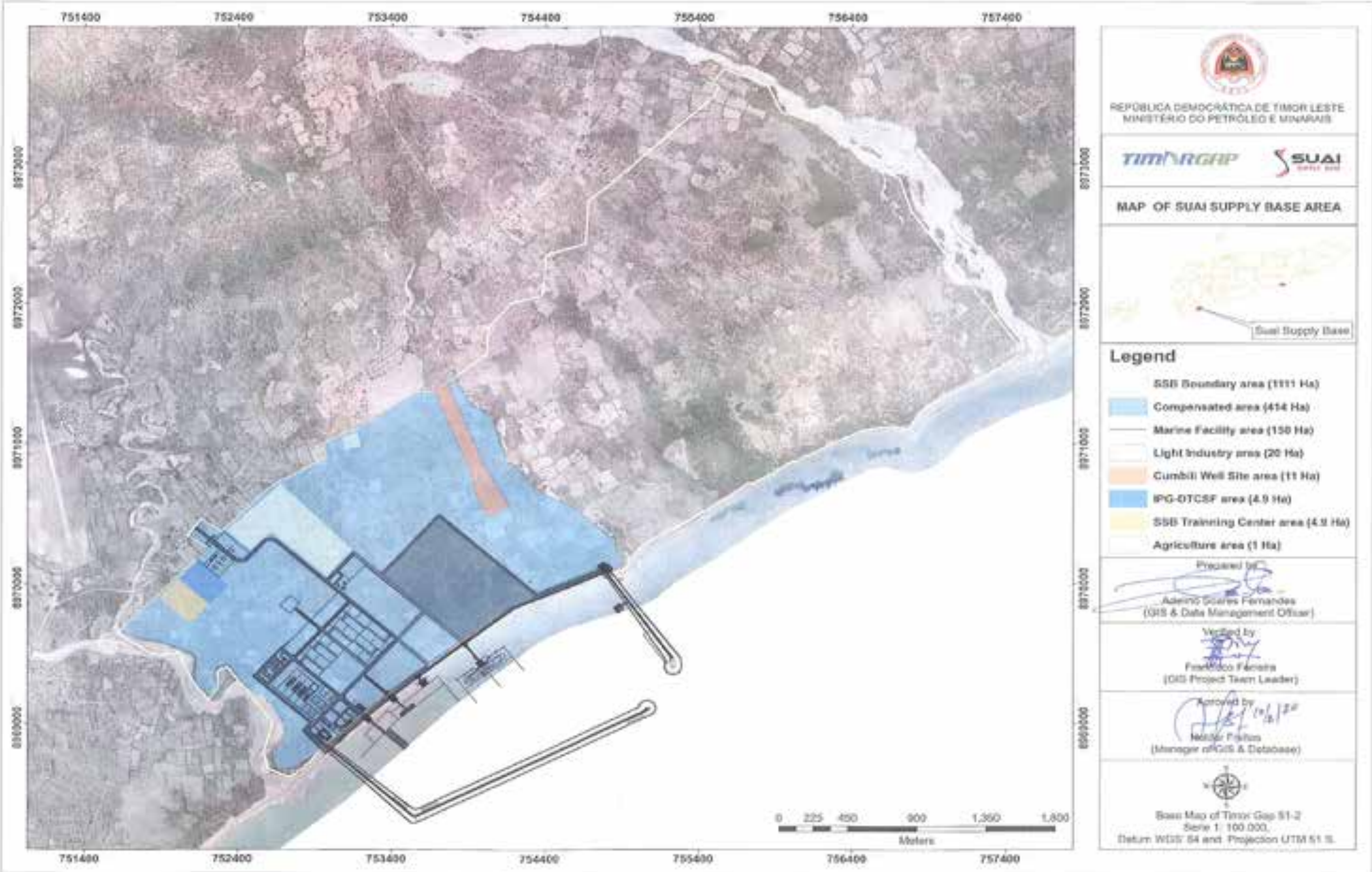


Figure 4-2: Map of Suai Supply Base area

The Suai Supply Base (SSB) facility constitutes an important role within Timor-Leste's Government Strategic Development Plan (SDP) and is recognized as a notable project and a future landmark in the south coast. The settlement of Suai Municipality is located approximately 135 km south-west of Dili, 22 km from the Indonesian border and 5 km inland from the Timor Sea (southern coastline). Suai will become a center for the petroleum industry in Timor-Leste providing services, logistics, fabrication facilities and human resources for both offshore and onshore oil and gas activities. The project includes the building of a sea port, a housing complex in Camanasa, a rehabilitated and expanded Suai airport, a heavy metals workshop and ship building and repair facilities.

The SSB will provide an entry point for the materials and equipment that will be required to build and maintain petroleum industry infrastructures and plants, serving also as an entry point to accommodate the supply chain management of other two planned industrial clusters activities in Betano's refinery and petrochemical complex and Timor-Leste LNG complex in Beaço.

The Suai cluster will be a platform in driving and stimulating job creation opportunities, generating hundreds of new jobs, support a national economic development, and potentially upgrade skills of local workforce through the establishment of a training center in the project area, providing training in fields such as steel fabrication, marine and civil construction, mechanical and electrical engineering, etc. Furthermore, other non-oil industries, such as commercial fisheries, are expected to be incorporated to the SSB marine shore facilities, especially in the east area of the breakwater.

The SSB project was subject to extensive studies and assessments, such as the Front-End Engineering and Design (FEED) completed in 2010, and the Environment Impact Assessment, with the Environmental License granted in 2013. A second extention of the Environmental License was requested by our techcinal team and is still in process and under the Secretariate of Environmental office portfolio

The construction works for the SSB project suffered a major delay when in 2015, under the preliminary review procedure, the Audit Chamber issued a ruling pursuant to which it was decided not to approve the Design-Build Contract for the SSB, a decision later revoked on July 2017 by the Court of Appeal in response to the appeal lodged by the Government, and thus granting prior approval to the SSB contract. As the entity mandated by the Government of Timor-Leste to manage and administrate the Tasi Mane Project and therefore the SSB construction, we remain confident that the project will be handled successfully, and further guidance is awaited from the Government in regards to the project next steps.

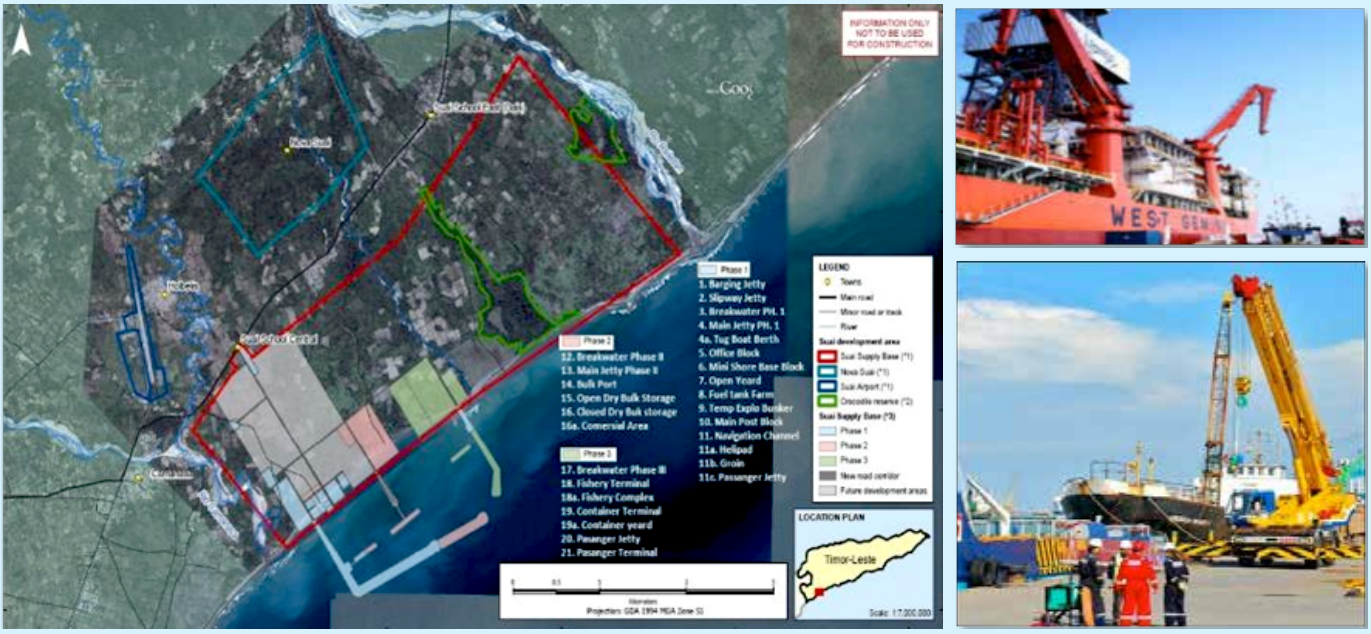


Figure 4-3: SSB layout (left) examples of services to be provided by the SSB (right)

The SSB is expected to be a standalone and fully self-supporting integrated supply base facility, providing multiply services and support the development of Oil and Gas Industry in the South Timor Sea for the next 50 years. The project comprises:

- **Onshore facilities** – such as operations building, covered warehouses, mini shore bases, fuel tank farm, water storage tanks, waste management system, open areas, recreational and community facilities, and others;

- **Offshore facilities** - three jetty structures consisting of, a main jetty, barge jetty and LCT Ramp that supports with a tug boat berth, passenger boat berth and a shore connected rock breakwater in order to provide shelter from the waves, creating a safe, calm and protected harbor for the facility.

4.2.2 Land Title Clearance and Community Liaison

Figure 4-4: Map of the land & title compensation for the SSB

While awaiting for the Government's decision on project's next steps, the SSB team continues to pave the way for the project implementation by proceeding with the land title clearance process in close coordination with Inter-Ministerial Working Group (Ekipa Konjunta Interministerial Alargado), participating in several meetings, field trips, public consultations and liaising with the local authorities, relevant stakeholders and affected community.

The fourth phase compensation process of the beneficiaries who decided to change from 10% share option of their land to sell ("$3" Option) was initiated and concluded in 2019, the compensation payment comprises of 84 land & properties contracts and 3 livestock contracts signed with the beneficiaries from the affected community of the Village of Camanasa, on the second quarter of 2019. Under the terms of the agreements signed, the local community will release a total area of 65 hectares, corresponding to 84 parcels of land, excluding houses and 3 cowsheds. The compensation payment for the aforementioned contracts was executed from October until December 2019. As of 31 December of 2019, of the 1,113 hectares required for the construction of the SSB project and industrial park, a total of 414 hectares of land were already compensated.

In regards to the community who opted to receive a 10% share of the SSB future proceeds (calculated based on the size of the land plot of each landowner), TIMOR GAP has been implementing a community support program soperations phases, in which the project is not expected to generate profit. This support is provided in the form of initiatives developed mainly within the agriculture and fisheries sectors. In the fishery sector, TIMOR GAP intents to support the local development of this activity through the construction and set up of a fish farming pond, anticipated to be jointly used and managed by the affected community. For this purpose, a survey was conducted on the Wee/Bee-Mout area, with the finding indicating that the area is suitable to accommodate the proposed project. The fish farm pound is expected to occupy an approximately area of 500 square meters.

In regards to the agriculture sector, the SSB team engaged the community in the allocation and preparation of a farming field with a total area of one hectare, located in Camanasa, Suai. This project includes field preliminary and general works, construction of fencing to protect the area, construction of a storage building and a public sanitary facility, installation of electrical & water supply system, and provision of start-up farm equipment & raw material. The field preparation works were concluded on 2 October 2019, and with the supply of the adequate equipment and seeds facilitated by TIMOR GAP, the community was able to plant crops and organic vegetables, for trading in local markets. A cooperative composed by the community members was established with the aim to manage the agribusiness program, and to future maximize its production and profits. In addition to this, the agriculture support program also facilitates an internship program for trainees from the Claret Salele Training Centre, located in Suai.

Figure 4-5: Community agriculture support program in Camanasa, Suai

4.2.3 Temporary Benchmark for Suai Industrial Estate

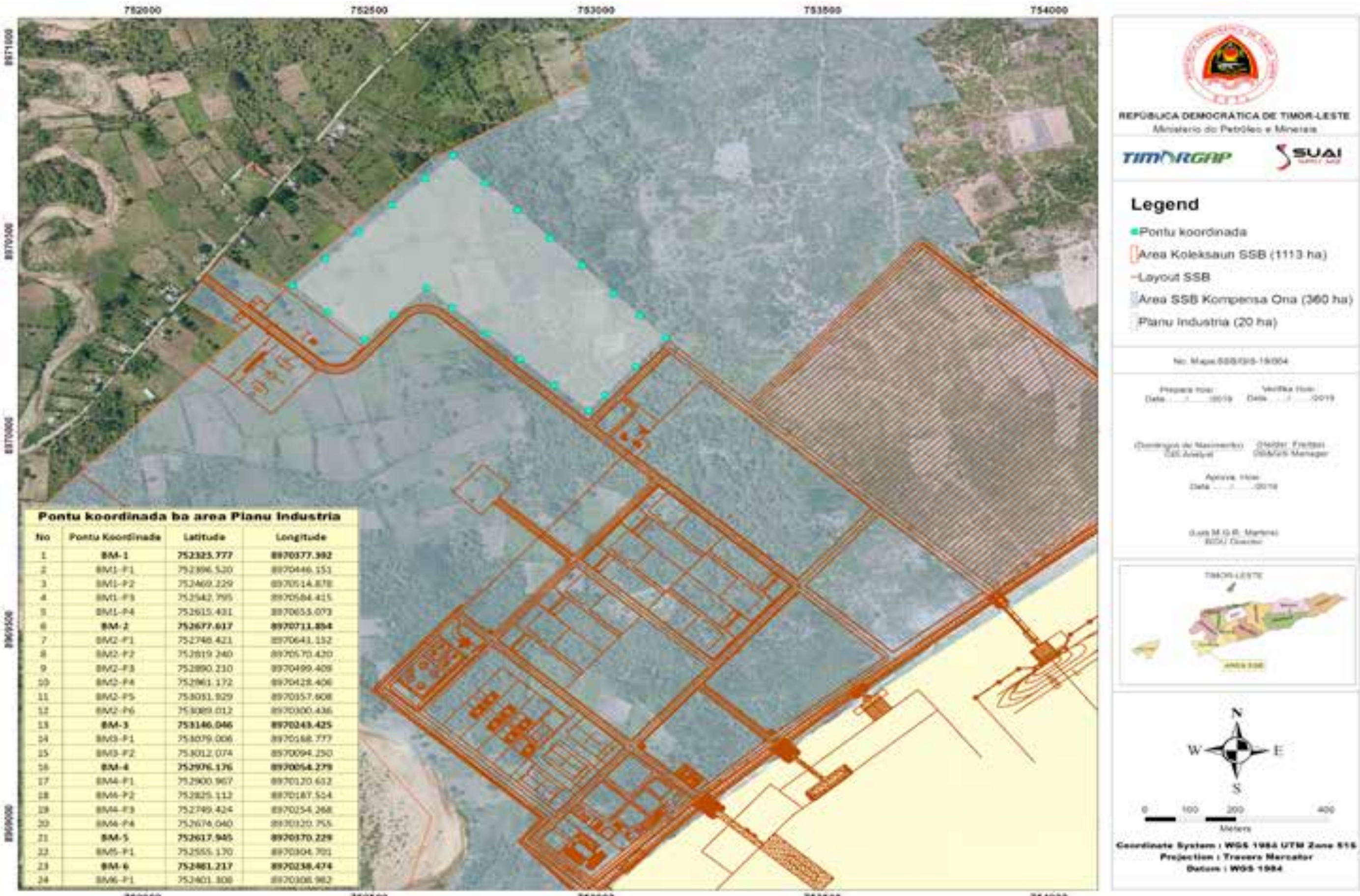


Figure 4-6: SSB light industrial layout and area

As part of future development at the Supply Base, a light industrial estate will be developed adjacent (north-east) to the SSB land-based facilities. The light industrial state is intended to provide facilities for small and medium-sized local businesses to benefit from the infrastructure and transportation networks associated with the Suai Supply Base.

The installation of a temporary benchmarking for the Suai light industrial estate was undertaken in 2019, as a result of several field trips, meetings and coordination with community leaders and relevant stakeholders held throughout the year. The area designated for the industrial area covers 20 hectares of State-owned land. The temporary benchmark installation was concluded on 30 April 2019.

4.2.4 SSB Supporting Infrastructures: Suai Airport

In addition to the supply base, the Suai industrial cluster is envisaged to include a new town in Camanasa, Nova Suai, and the rehabilitation of the Suai Airport, which was concluded on 2017 and is fully operational since. The new terminal building became operational in April 2019 and the flight calibration process was completed in November 2019. With this, on 31 March 2020, the Suai Airport was fully handed over to the Government, under the Air Navigation Administration of Timor-Leste (ANATL).

Subject to an extensive upgrade, to cater for an expanded passenger & freight services, the Airport is strategically located to provide logistic support flights to companies working on oil and gas platforms in the Timor Sea due to its proximity to the oil rigs operating in the region.

The Ministry of Petroleum and Minerals Resources, through TIMOR GAP, integrated the interministerial team responsible for the execution and supervision of the Airport rehabilitation project, being entrusted with the task to liaise with the local community affected by the project, in the matters related with the new resettlement areas.

Suai Airport

The "Commander-in-Chief of FALINTIL Kay Rala Xanana Gusmão International Airport" located in Suai, Covalima Municipality, operates regular domestic and charter flights operated by ZEEMS and MAF, and an international flight from Darwin, Australia, operated by Northern Oil & Gas Australia (NOGA). The latter provides daily helicopter flights from Suai Airport to the oil platforms in the Timor Sea and crew change flights thrice a week, allowing NOGA to set up its base of operations in Suai and therefore, promoting and boosting economic growth of the south coast.

Safety and security are a main concern and thus, are set as a priority in every operation conducted in the Suai Airport.

4.2.4.1 Construction of Infrastructure Facilities for the Support of Suai Airport

In order to allow the planned upgrade and enhancement of Suai Airport, it is envisaged the construction of a new residential neighborhood to resettle the community of Lohorai and Holbelis villages affected by the project. The new resettlement area for the Lohorai affected community has been fully completed and handed over to the community in 2017, encompassing 72 new houses and accommodating approximately 324 residents.

The second phase of the construction of infrastructure facilities for the support of Suai Airport corresponds to the Holbelis resettlement project, which comprises a total of 68 houses of 3-bedroom with outdoor kitchen, a chapel, community centre building, kindergarten school, and the construction of infrastructures and utilities, such as internal and external drainage, electrical and water supply system, and a 5m wide road with concrete pavement finishing, including connection to the existing road network. This project is set to be developed on 5.4 hectare flat area at Holbelis Village-Suai, Covalima Municipality, about 1Km from main road. The land title acquisition and compensation process was completed in 2018.

On 25 February 2019, the company CHL was awarded the contract to design the Master Plan for construction of infrastructure facilities for the support of the Suai Airport, at Holbelis. The scope of works provided in the contract includes the site clearing and technical studies, such as soil investigation and topographical survey covering an area of 7.1 hectares. The technical studies and Master Plan were concluded on 28 May 2019.

Upon the conclusion of the technical studies and Master Plan, TIMOR GAP worked together with ALGIS Consultant to prepare the architectural design and detail engineering documentation for the project. The design will include the detailed engineering, architectural design, buildings' construction and the required fit-out, road, drainage, power and water supply, in accordance with the national and international best standard practices applicable to building and associated utilities foreseen in the scope of works. The design and Bill of Quantities (BOQ) were finalized on 4 December 2019 and submitted to National Development Agency (Agência Nacional de Desenvolvimento, ADN) for approval. The construction works are expected to commence on 2020.

The new residential area of Holbelis aims to provide a safe and quality housing infrastructure while providing access to training, employment, affordable housing and social welfare to the affected communities. This is achieved by producing building materials on location, using local labor and training the local community through active involvement in the delivery of the houses. With this, it anticipated that the project enhances community development and provides sustainable housing which is safe and healthy.

Figure 4-7: Map of the master plan for the new residential neighborhood in Holbelis

4.2.4.2 Phase II of the Permanent Cemetery in Suai Airport Area

The phase II of the permanent cemetery in Suai Airport area foresees the construction of new fencing, stone masonry wall, and one Chapel to be built in the Airport area, in Suai, Covalima Municipality. A public tender aiming to secure the provision of construction services for the referred phase II of the project for the permanent cemetery was concluded on the last quarter of 2019 and the construction contract awarded to the company JOIA Camenasa, UNIP on 11 February 2020. The construction works are envisaged to commence on 20 of February 2020.

4.3 Betano Refinery and Petrochemical Complex

4.3.1 Overview of Refinery and Petrochemical Complex in Betano

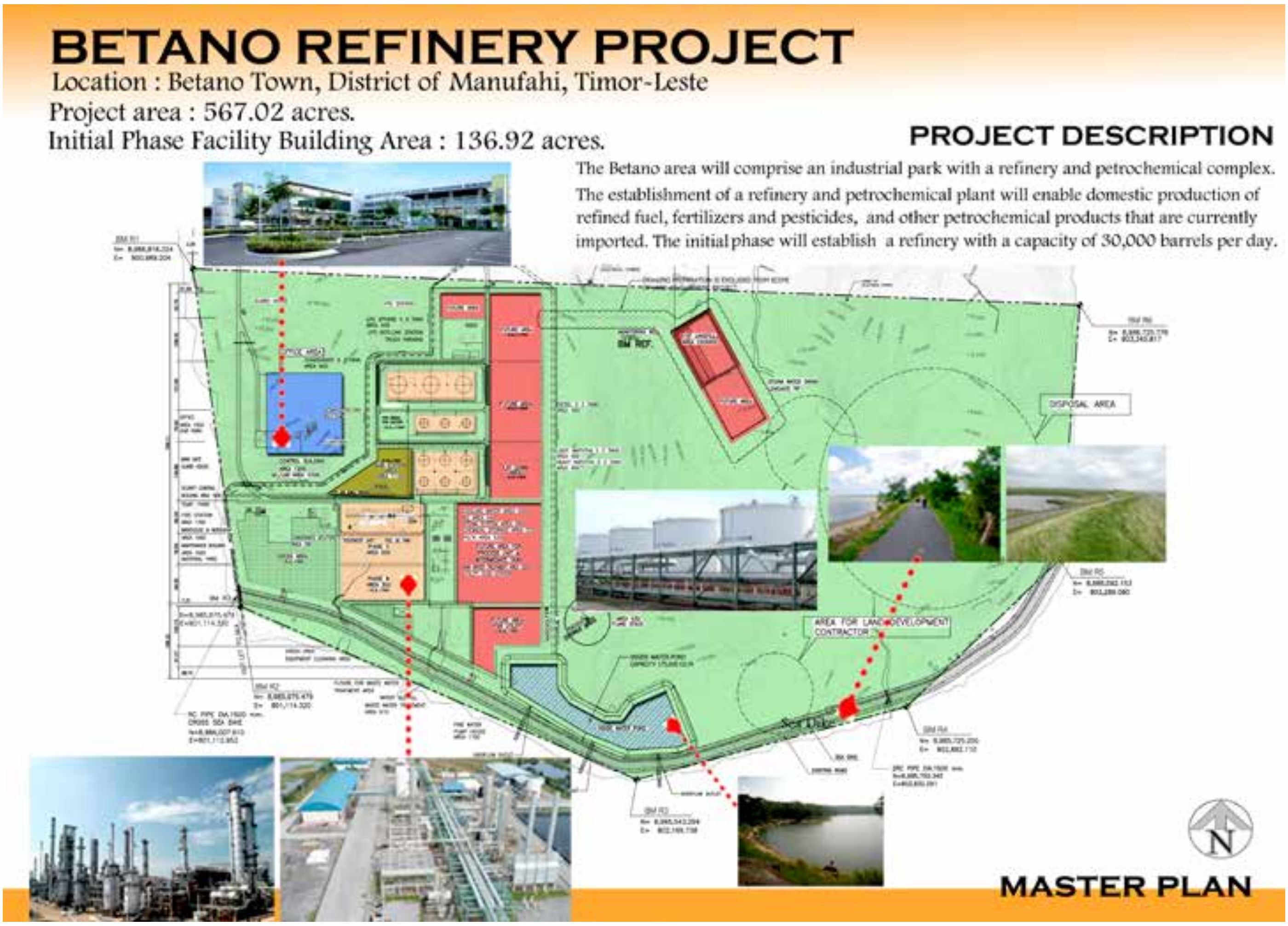


Figure 4-8: Betano Refinery project master plan

Located on the coast in the Manufahi District, approximately 70 km south of Dili, the Betano Petroleum Refinery and Petrochemical Complex are here identified as the second industrial cluster of the Tasi Mane project, with the purpose to convert condensate, piped to the site from fields in the Timor Sea, to a range of fuels and other products. It is expected that the project will make Timor-Leste self-sufficient for unleaded petrol (ULP) and diesel, with room to meet any further increased demand.

The refinery site has an area of approximately 230 hectares. The refinery main complex consists of the process unit and support units such as utilities units, waste treatment unit, tank farm, fire water and land fill for solid waste management. The complex will have supporting facilities such as Warehouse, Operation Building, Administration Building, Laboratory Building, Fire and Safety Office and Canteen. Water for the operation of the refinery will be supplied by the Water Supply Project from Quelan River, about 10 km from the refinery. Water will be conveyed by gravity through a pipeline from the river intake structure to the raw water storage pond (capacity 175,000 m3) at the refinery.

The initial development phase will establish a refinery that will produce fuel for domestic use (diesel, gasoline, LPG and Naptha), to be used both locally and for export. The initial capacity for production is 30kbpd of product with a maximum capacity for 40kbpd.

The development of the refinery will be supported with the construction of a new town, Nova Betano, which will house up to 14,500 staff, contractors and their families and cover an area of approximately 1,065 ha. The existing Betano airstrip will also be upgraded to the status of regional airport with a new runway and terminal facilities.

The Environmental License was granted in 2018 for the four project components: Betano refinery plant, condensate and petroleum products pipeline system, water supply system and Nova Betano.

The refinery cluster in Betano will be established through a commercial venture, entrusted to TIMOR GAP to cater the development. A Final Investment Decision (FID) for the Betano Refinery is still to be made. The refinery project requires a financing solution and a scheme for development, hence TIMOR GAP is investing further in looking for financing solutions and potential investors, in addition to the partnership with PTT Thailand.

The construction of the first refinery in the country will contribute and guarantee the country with energy security, added value to domestically produced condensate field, contribute to economic growth, and creation of direct and indirect employment, releasing and improving the current unemployment rate condition.

4.3.2 Optimization Design for Refinery & Petrochemical Complex Project

Betano Refinery and Petrochemical Complex has been subject to extensive and comprehensive technical studies, including the Front End Engineering Design & Cost Estimation (FEED), Land Survey, Land Development & Cost Estimation and Market Study. Throughout 2019, TIMOR GAP continued with the execution of the Optimization Design for this project.

The Optimization Design for the Refinery and Petrochemical Complex project was developed by TTCL Public Company Limited (TTCL), an engineering company based in Thailand. The purpose of the study was to investigate optimum process configuration for the complex as well as to perform cost estimation with estimated accuracy of +/- 50% and economic evaluation. The Optimization Design Report was finalized and presented to TIMOR GAP's Management in the first quarter of 2019. In addition to the elements abovementioned, this report includes overall material balance showing process unit feeds and product Block Flow Diagram, required area and overall plant layout, high level project schedule and recommendations for next step EPC and financing approach. Upon its submission to TIMOR GAP, the referred report was subject to further review and update, and an Optimization Design final report was endorsed in mid-2019.

As part of the arrangement with TTCL, the second group of four employees from TIMORGAP were seconded to TTCL to experience first-hand about the execution of the study and also to make timely decisions when input from TIMOR GAP as project owner was required.

4.3.3 Land Title Acquisition and Compensation

TIMOR GAP continues to pave the way for the Refinery and Petrochemical Complex project construction, by proceeding with the land title acquisition and compensation process. Reaching the compensation point, involved a lengthy and thorough process which started by informing the local community, through presentations, regarding the Land Title and Compensation program after which the actual Identification and Publication of the project site took place. From a total of 253 hectares for the refinery project site, 125.734 hectares was identified as inhabited land for which its owners had a rightful claim for compensation. The next step involved the Verification of the Publication, only after which contracts were signed on site from 3 to 18 July 2019.

Figure 4-9: Signature of the land title contracts with the affected community for the Betano Refinery project

A total of 163 contracts corresponding to 132 contracts for plots of land and vegetation, 18 contracts for houses, and 13 contract for livestock, were signed between the affected community and on behalf of the Government of

Timor-Leste, DNTPSC, Ministry of Public Works and Ministry of Agriculture and Fisheries of Manufahi Municipality. The land to be cleared affects the sub-villages of Be-Metan and Selihassan. Following the contracts signature, a list of beneficiaries was compiled and, together with the required documentation, was submitted to the Major Project Secretariat and afterwards to BNCTL for subsequent compensation payment, a process finalized and completed at the end of 2019. The total compensation amounting US $4,564,998.11 inclusive of tax which was paid to the beneficiaries in October 2019.

Prior the payment to the beneficiaries, TIMORGAP engaged the affected community by facilitating two workshops with the objective to provide information on economic opportunities for the beneficiaries "Dezeminasaun Atividade Ekonomia Produtiva ba Komunidade Afetadu". The first workshop was in August 2019 and presented by BNCTL and Loja das Agrikulturas from the Ministry of Agriculture with the subsequent workshop in October 2019 presented by SECoop and IADE. It is hoped that the information can assist the beneficiaries to invest their payment for their long-term benefit.

Figure 4-10: Workshops on "Dezeminasaun Atividade Ekonomia Produtiva ba Komunidade Afetadu" for the Betano community

4.3.4 Community Development

TIMOR GAP is committed to continuously improve the living standards of the communities where we develop our projects and, in line with this, strongly promoting and developing community support programs.

4.3.4.1 Community Clean Water Program

One such is the clean drinking water program. The access to reliable, safe drinking water at villages in the refinery project site is still challenging and thus, TIMOR GAP is working towards the implementation of a clean water program to ensure that safe drinking water is supplied to the local communities. This community-driven program will benefit 579 households from the villages of Be-Metan and Selihasan, Suco Betano.

The clean water program is an initiative developed in close coordination with the affected community and therefore, TIMOR GAP team continued to liaise with the community leaders and focal points throughout 2019, conducting several coordination meetings. Therewith, we intent to ensure their active participation and involvement throughout each stage of the project and guaranteeing that, together with the community, we build a water program that includes responsible community development, lasting local solutions and ongoing monitoring and resolution.

As a result of a site survey carried out previously, two water sources located in the hilly area of Selikiik and Seliboot were identified as having potential to supply reliable and verifiable clean water to the local communities. The Terms of Reference (ToR) and detail drawing were completed this year as part of the detail design process. The procurement process for the construction works will be undertaken in 2020.

In parallel, the Central Government via the Ministry of Public Works has put forward a plan for the same activity. Therefore, in the coming year the Clean Water Program will not be executed by TIMOR GAP, however, the company continues its commitment to the community and will cooperate with the local authority for alternative possibilities in 2020.

4.3.4.2 English & Computer Skills Development Program

Based on the successful experience achieved in the two other South Coast Projects in regards to community development programs with the focus on English literacy skills, and as the Betano Refinery project approaches the pre-construction phase, TIMOR GAP plans to set up an English & Computer Skills Development Program for the community affected by the Betano Refinery project.

The English and Computer Skills Development Program is to be provided to the community in cooperation with the Ministry of Petroleum & Minerals (MPM). It is expected to be delivered by AHHA Education and foresees the establishment of a training centre in the Village Be-Metan, Betano, also benefiting the surrounding local communities. Social consultations held with the community, confirmed their positive response and support to the program, as well as their willingness to actively participate in the latter.

By providing Basic English language skills we aim to empower the community and increase their prospects for future employment and entrepreneur opportunities brought by the development and construction of the Betano industrial cluster. Community participation is critical to project viability and sustainability. TIMOR-GAP in coordination with MPM will continue to work with the local authorities to prepare the training facility.

4.4 Timor-Leste LNG (TLNG) in Beaço

4.4.1 Overview of TLNG in Beaço

The Government of Timor-Leste aims to develop the gas from Greater Sunrise field through the building of a subsea pipeline to onshore Timor-Leste, and the establishment of a LNG plant to process the gas in south coast at Beaço, Viqueque (about 200 km southeast of Dili).

Figure 4-11: Map of Timor-Leste LNG Complex in Beaço

Timor-Leste LNG (or "TLNG") will be executed in two separated projects: the Upstream project, which will encompass the development of the subsea wells and associated production system and the offshore condensate processing and export facilities, using a single Floating Production Storage and Offloading (FPSO) unit with gas dew pointing and dehydration, gas export compression facilities, MEG regeneration and storage; and the Downstream project, which is anticipated to be built in Beaço and will encompass the gas export pipeline to shore (across the Timor Trough), the LNG Plant facilities and the Marine Facilities for LNG export.

For purpose of this Chapter and the Tasi Mane Project, we consider the downstream project. The first phase of the LNG plant development will establish a production capacity of 5 million tons per annum (MTPA) or one train, which may be expanded in the future to a capacity of up-to 20 MTPA or four trains. Natural gas feedstock to the LNG plant first train is planned to be sourced from Greater Sunrise, through a pipeline with a route of approximately 231 km across Timor trough, which will transport dry gas at 900 MMCFD flow rate during normal operation.

The design maturity of the referred components is consistent with pre-FEED/FEED level of definition. The Front End Engineering Design (FEED) studies for the Gas Pipeline and Marine Facility were completed in 2013, while the pre-FEED study for the LNG plant was concluded in early 2016. In light of the positive outcome reached by Timor-Leste and Australia in regards to the settlement of the Maritime Boundary between the two neighboring countries, additional works were carried out with the view to optimize the existing design.

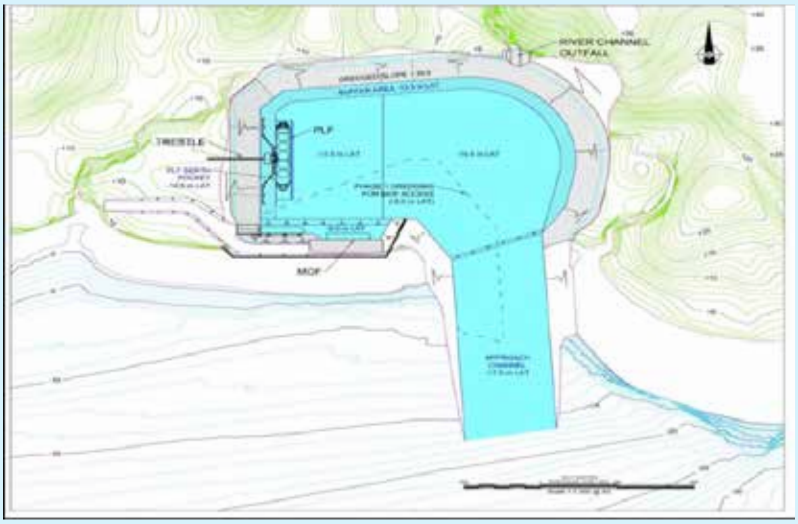
These studies were initiated in 2018 with the engagement of the Australian based engineering consultants Cardno and Peritus to assist TIMOR GAP's Owner Engineering team in executing the aforementioned optimization, mainly focused in subsea pipeline and LNG plant, and continued towards 2019.

The TLNG downstream components are shown below.

LNG Plant

The plant site will accommodate an initial 5 mtpa LNG liquefaction train, and will also provide expansion capability for further 3 x 5mtpa LNG liquefaction trains. This allows for future commercial development of regional, large, stranded gas fields, some of which were discovered and appraised many years ago, but which have not been developed to date due to lack of nearby infrastructures/facilities. Such "stranded" fields may include Evans Shoals and future discoveries in Timor-Leste's own exclusive area.

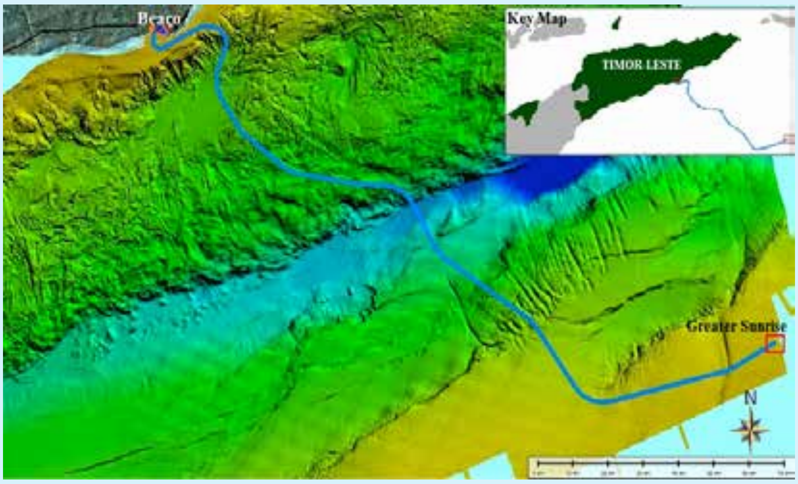
Maritime Facility



Marine facility design is based upon the creation of an inland basin, which offers both a low CAPEX and facility for future expansion. The main Product Loading Facility (PLF) wharf is 240m in length, capable of accommodating the largest LNG/LPG vessels, with an operating draft of -13.5m LAT within the basin. The Marine facilities are designed to withstand all anticipated seismic events with minimal damage, such that product offloading operations can be continue uninterrupted.

Pipeline

The offshore Pipeline system crossing the Timor Trough from the Field to the onshore plant site may involve either one pipeline of 24-inch (24") diameter or two 18-inch (2x18") pipelines. The base case is a single 24-inch rigid carbon steel pipeline.
The pipeline routing across the Timor Trough has been fully surveyed and used as a basis for pipeline FEED engineering.



In addition to the downstream components above-mentioned, the project also foresees the construction of new towns that are intended for resettlement of the local community, and the rehabilitation of the existing airport at Viqueque in order to operate as a fly-in-fly-out (FIFO) airport for LNG operators, serving also as a regional airport.

The presence of LNG project in Timor-Leste will provide energy security, clean energy and adding value to Timor-Leste natural resources, while boosting the revenue and job creation in the country and increasing economic growth. Another benefit would be indirect employment to local community members, through various spillover effects from the downstream activities, such as local entrepreneur, that may include engineering service providers, pharmacy, restaurant, etc., thus leading towards improvement of the living conditions of the population not only in the project area but also in the country as a whole.

4.4.2 Environmental Impact Assessment (EIA)

Pursuant to the Decree-Law No. 5/2011, on Environmental Licensing, an Environmental Impact Assessment (EIA) is required to identify the aspects of the project that have an interaction, either negatively or positively, with the environment. The identification of environmental and social aspects, their impacts and associated avoidance, management and mitigation measures form the basis of how a project will be managed to reduce potential adverse impacts.

The application process for an Environmental License requires the execution of an EIA in order to prepare two stand-alone documents, an Environmental Impact Statement (EIS) and an Environmental Management Plan (EMP). These two documents are subject to endorsement by National Petroleum and Mineral Authority (Autoridade Nacional do Petróleo e Minerais, ANPM) as set forth under the Decree-Law no. 14/2018, on the Organic Law of the VIII Constitutional Government, which empowers the Minister of Petroleum and Minerals, through ANPM, to carry out the environmental licensing process, including the approval of environmental licenses, in the petroleum and mining sector. Approval of the EIS and EMP by ANPM as the Environmental Regulatory Authority for the oil and gas sector is the condition for the issuance of an Environmental License to the project.

Aligned with the above, a detailed EIA study for the TLNG project components is ongoing. TLNG project has four major components: LNG plant, marine facility, Sunrise-Beaço pipeline and new towns. Whereas the Sunrise-Beaço pipeline project is quite distinct and located offshore, an EIA is being carried out independently from the other three major components.

4.4.2.1 EIA Study for LNG Plant

The EIA study for LNG plant includes the marine facility and pipeline landing point (onshore section) components.

As part of the environmental license procedures for the LNG plant, the following documents are to be prepared and approved, i.e. a Project Documents, a Terms of Reference (TOR), an Environmental Impact Statement (EIS) and an Environmental Management Plan (EMP). The TOR forms the basis of the EIS and the EMP.
The public consultation for the LNG plant TOR was held with the affected communities in Viqueque and Beaço on September 2018. Following this, the TOR was revised based on the inputs and comments compiled from the referred public consultations and submitted to ANPM on the 4 April 2019.

Several rounds of reviews and clarifications were taken place on the TOR between ANPM and TIMOR GAP. Finally, on 29 October 2019, ANPM concluded its review which enables TIMOR GAP to proceed to the next process which is to carry out the EIA/EIS study.

4.4.2.1 EIA Study for Pipeline

This EIA study is conducted for the proposed development of subsea gas pipeline project from offshore Greater Sunrise gas field to onshore Timor-Leste in Beaço.

Similar to the LNG plant TOR, the TOR for the Greater Sunrise-Beaço subsea pipeline was revised to reflect the feedback and comments obtained from the public consultations held in Viqueque and Beaço on September 2018, and submitted on 4 April 2019 to ANPM as the Environmental Authority for the petroleum sector, in accordance with the Decree-Law no. 14/2018, on the Organic Law of VIII Constitutional Government.

Several reviews were made by ANPM and clarifications were provided by TIMOR GAP. It was expected to review would be completed in the following financial year.

4.4.3 Land & Property Identification

Considering that the engineering design studies for the Timor-Leste LNG project have been progressed to Pre-FEED and FEED levels, TIMOR GAP has initiated the identification of land and property at the project site in Beaço. With this in view, an Inter-Ministerial team was assembled and established in early 2019 following consultations with the Ministers and Secretary of States from the relevant Ministries with the purpose to support the activities related to the identification of land and property for the TLNG project in Beaço. This Inter-Ministerial team comprises representatives from: *a)* Ministry of Petroleum and Minerals, through TIMOR GAP; *b)* Ministry of Public Works; *c)* the Ministry of Justice, through Secretariat of State for Land and Property; *d)* Ministry of State Administration, through the Local Authorities; *e)* Secretariat of State for the Affairs for National Liberation Combatants; *f)* Secretariat of State for Civil Protection; *g)* Secretary of State for Arts and Culture; *h)* Ministry of Interior through National Police (PNTL); and *i)* Civil Society Support Department under the office of Prime Minister.

As unanimously approved by the Inter-Ministerial team, TIMOR GAP, as the project owner, will lead the Inter-Ministerial team in conducting the land and property identification for Beaço LNG site which includes the areas designated for pipeline landing point, LNG Plant, Marine Facility and New Towns (Nova Beaço, Nova Knua Makaliku & Nova Knua Kailoibere) for community resettlement. The Inter-Ministerial team, TIMOR GAP and the local authorities will work closely, both among themselves and with the affected community, on the referred land & property identification and the analysis of the respective compensation of the affected community according with the legislation in force.

On 14 May 2019, TIMOR GAP and the Inter-Ministerial Team participated on the meeting with H.E. Prime-Minister of Timor-Leste in order to brief on the preparation that underwent for the identification of land and property in Beaço. This meeting was followed by several Inter-Ministerial meetings held at Directors and Focal Points level from the relevant Ministries throughout 2019.

Figure 4-12: Briefing of the program to H.E. Prime-Minister of Timor-Leste, Mr. Taur Matan Ruak

On 16 July 2019, the first Socialization and Cultural Ceremony Launching of Beaço land and property identification project was held in Beaço, Viqueque, marked with the participation of the Minister of Public Works, Minister of Agriculture and Fisheries, Secretary of State for Land and Property, Secretary of State for Arts and Culture, Directors and focal points from all relevant Ministries, followed by the pre-identification of land and property for Beaço site area that was undertaken and completed from 17 to 31 July 2019. The pre-identification was conducted by an Inter-Ministerial team composed by the focal points from Ministry of Public Works, National Directorate for Land & Property and TIMOR GAP.

Data processing on Ground Control Point (GCP) coordinates and Photogrammetric from Drone survey were both completed in August 2019, and reports on the Beaço first land and property socialization and pre-Identification were produced concurrently with Orthophoto map.

Figure 4-13: Pre-Identification of Beaço land & property

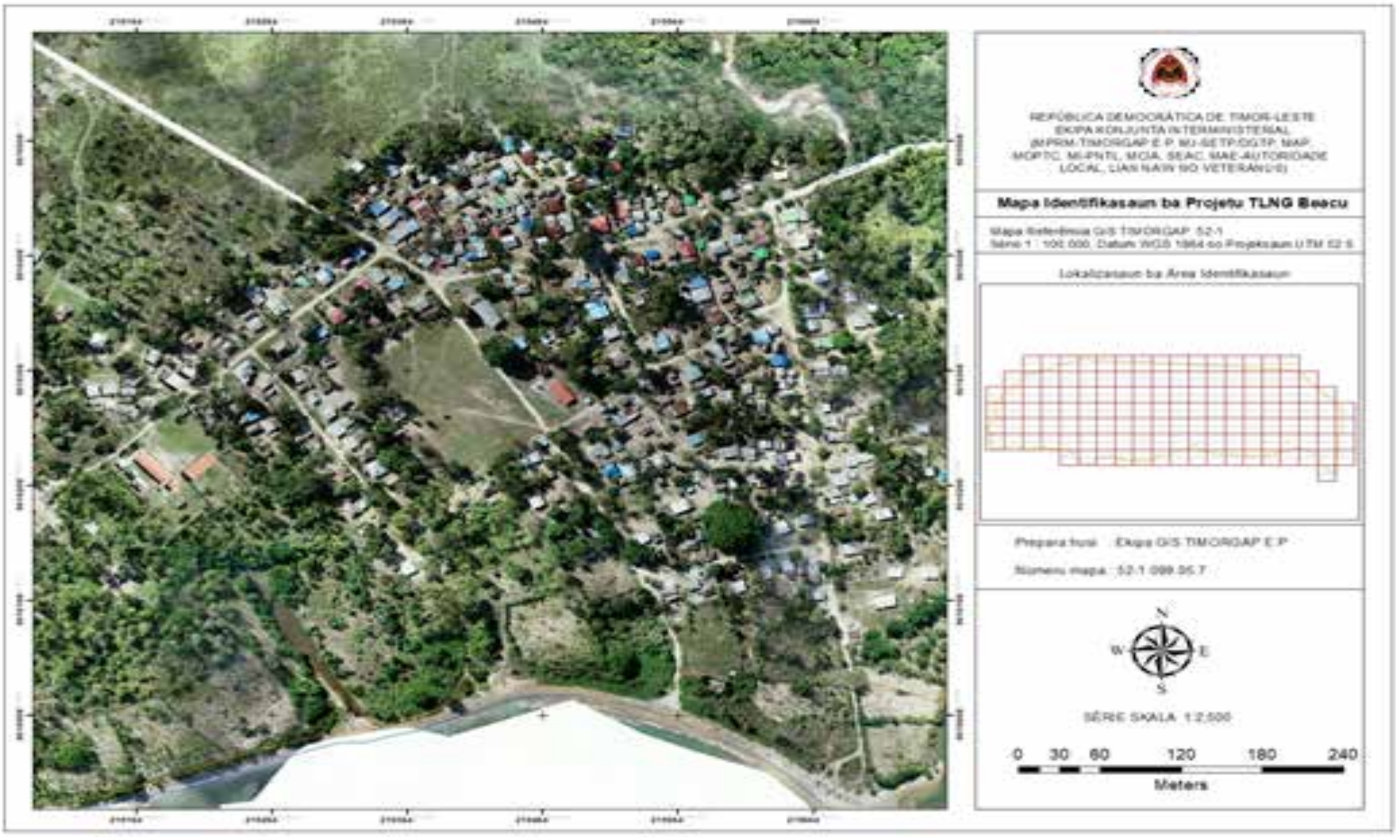


Figure 4-14: Orthophoto Beaço Area

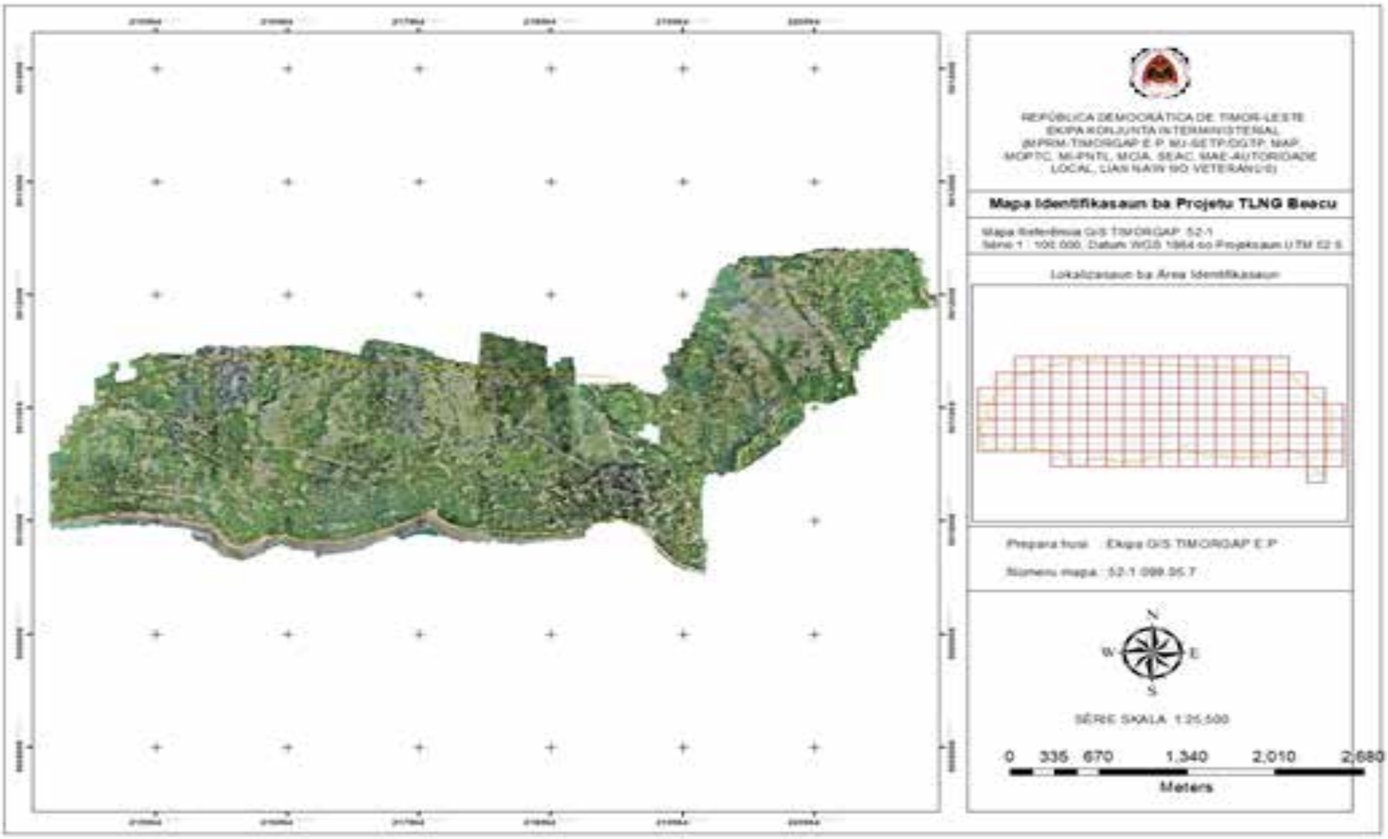


Figure 4-15: Orthophoto Maluru Village

4.4.4 TLNG Human Resources Development

One of the benefits from TLNG project is job creation in which Timorese nationals can have the opportunity to participate. Based on the local content study which forms part of LNG Pre-FEED study in 2015-2016, it is estimated that approximately 7,000 direct jobs can be created during the construction phase and out of which approximately 30% can be captured by local Timorese nationals. These figures have not taken into account potential jobs to be created by other components of TLNG such as the construction of Marine Facility (LNG port), installation of Subsea Pipeline and construction of other supporting infrastructures.

Although construction period is relatively short, approximately five (5) years only, by having thousands of Timorese employed in the project will not only tackle immediate issues related to the unemployment rate but also will enhance the living standards as well as improved professional know-how skills through transfer of skills and knowledge.

During the operation of LNG plant, approximately 300 permanent jobs will be created, and it is estimated that up to 70% can be captured by Timorese nationals during the first five (5) years of operation. Subsequently the number will be gradually increased and from year ten (10) onwards, Timorese participation is estimated to go up to 90% and this will include managerial roles.

In light of these, a number of training plans have been put in place. Due to the nature of works skills normally required during the construction phase, the training programs for these will not necessarily commence until one (1) year or less before the construction commences. However, for the operation phase, trainings on LNG operation and maintenance are required well ahead of time. A typical On-Job-Training (OJT) normally requires approximately two (2) years to complete.

Aligned with the above, TIMOR GAP plans to recruit and train up to 250 young graduates from technical schools and universities across all Timor-Leste Municipalities and RAEOA. For this purpose, TIMOR GAP contracted Cegelec Oil & Gas, a renowned French based specialized oil and gas training company, to undertake both recruitment and provision of fundamentals training, a program that is expected to be delivered in several phases. The first phase, mainly targeting young technical graduates from the affected community of Beaço, Village of Maluru, Municipality of Viqueque, was initiated in 2018 with the recruitment of 31 candidates. On 3 March 2019, the aforementioned 31 trainees commenced their fundamentals training at CNEFP Tibar for a period of four (4) months, having completed this training on 21 June 2019. The completion certificates were handed out to the trainees on 24 June 2019.

Upon the completion of the 4-months fundamentals training, it is anticipated that the best and top 25 out of 31 trainees will be sent to PT Badak LNG facility in Bontang, Indonesia, for 18-months of intensive OJT. Throughout the second semester of 2019, TIMOR GAP has liaised with Badak LNG to further discuss on specifics of the Contract Agreement between both Parties for OJL Program. TIMOR GAP was also involved with Cegelec Oil & Gas to discuss a Service Agreement, pursuant to which the latter is engaged to assist TIMOR GAP in reviewing and inspecting, once in every two or three months, the OJL Training Program implementation in PT Badak NGL, Bontang, Indonesia. Both Contracts with PT Badak NGL and Cegelec Oil & Gas were subject to a comprehensive discussion and review through to the end of 2019. The OJT program is expected to commence within the year of 2020.

Figure 4-16: Trainees during their fundamentals training at CNEFP Tibar (top); Group photo of the trainees upon the handover of their certificates (bottom)

4.5 Highway

4.5.1 Overview of Highway

The Suai to Beaço South Coast road will be developed to connect Tasi Mane Project industrial clusters and support the growth of the petroleum industry. Once completed, the highway will open up this coastline area to allow socioeconomic development and the movement of services, goods and passengers in a safer, faster and more reliable manner. The upgrade of the road will be a development based through stages on logistic and economic needs.

The design speed is 100km/h for flat areas and 60 km/h for mountainous areas, with an estimated travel time of 2 hours from Suai to Beaço. The highway will have four lanes (two in each direction), each 3.6m wide, with a total pavement width of about 26m and a total length of 155.7km. It will include 28 major bridges with an aggregate length of about 5.661 meters, and a total of 240 culverts (199 reinforced concrete pipe type and 41 reinforced concrete box type).

For construction purposes, the highway will be spilt in four sections:
1) Suai – Fatukahu /Mola - 30.4 km
2) Fatukahu/Mola – Betano - 34.3 km
3) Betano – Clacuc - 34.5 km
4) Clacuc – Beaço - 52.6 km

The construction supervision and monitoring of the Highway project is entrusted to the Project Management Unit composed by representatives of Ministry of Petroleum and Minerals (through TIMOR GAP) and Ministry of Public Works.

The Phase I of Highway corresponds to Section 1 connecting Suai to Fatukahu/Mola, a 30.4km corridor inaugurated and open for traffic on 2018. Timor-Leste's first highway marks the achievement of an important milestone to the development of the country's transport infrastructures and physical connectivity.

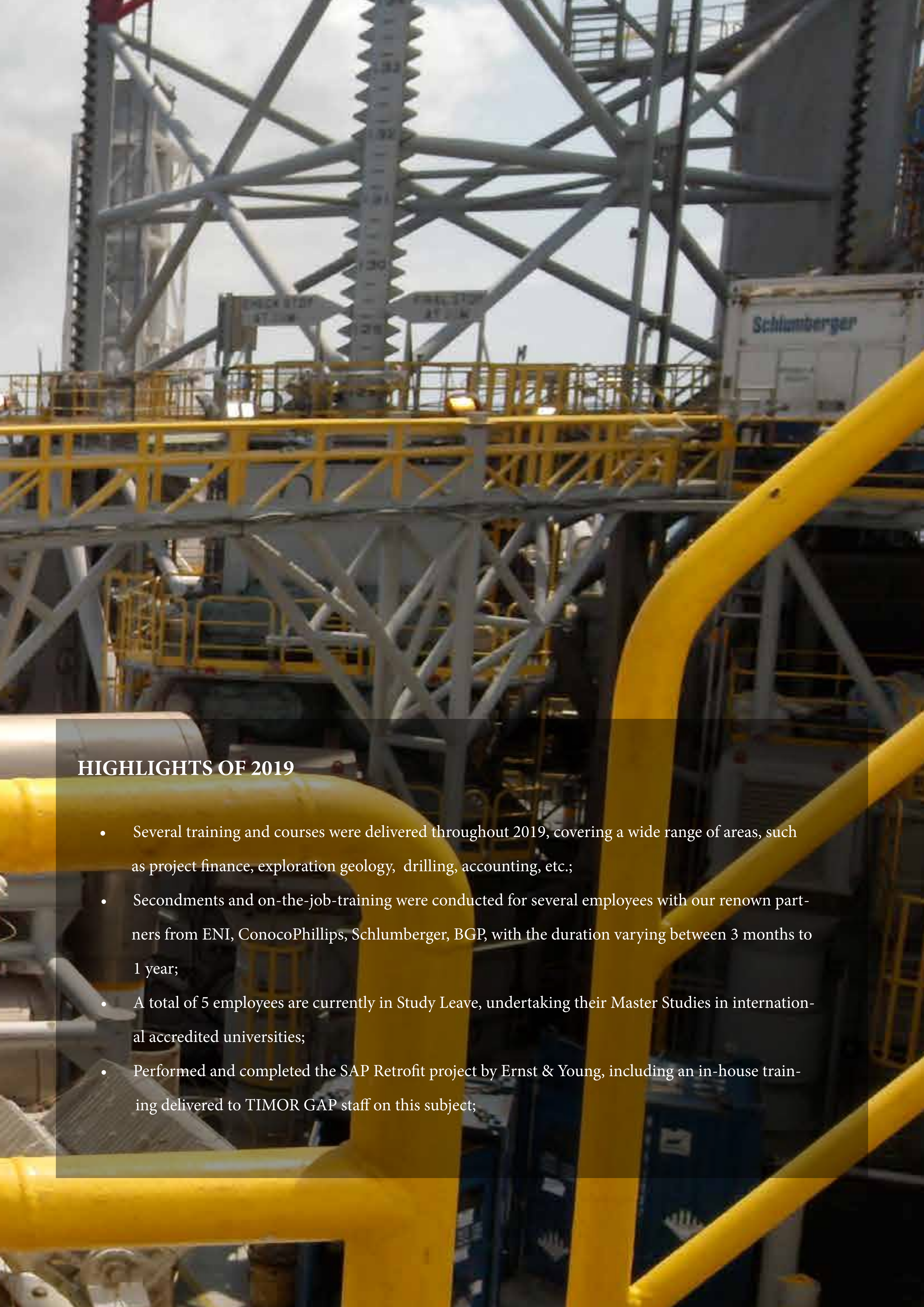
Figure 4-17: Highway connecting Suai to Fatukahu/Mola

4.5.2 Highway Phase II

Phase II comprises the construction of the Highway Section 2 connecting Fatukahu/Mola to Betano, where the Refinery and Petrochemical Complex is anticipated to be built. The Section 2 has a total length of 34.3km, designed to include 6 bridges, road alignment and several intersections.

Due to the alterations planned for the design of Highway Section 2, which is currently in the procurement process for the provision of consultancy services, the opening bid will be held on 18 February 2020. The land title identification and acquisition process for the referred project is expected to commence upon the completion of the Highway re-design, in early 2020.

5. Institutional and Human Capital Development



HIGHLIGHTS OF 2019

- Several training and courses were delivered throughout 2019, covering a wide range of areas, such as project finance, exploration geology, drilling, accounting, etc.;
- Secondments and on-the-job-training were conducted for several employees with our renown partners from ENI, ConocoPhillips, Schlumberger, BGP, with the duration varying between 3 months to 1 year;
- A total of 5 employees are currently in Study Leave, undertaking their Master Studies in international accredited universities;
- Performed and completed the SAP Retrofit project by Ernst & Young, including an in-house training delivered to TIMOR GAP staff on this subject;

5.1. Overview

TIMOR GAP's success and resilience relies on the strength from its pillars. Institutional capability and human capital are the pillars on which our company is built on and thus, they remain at the core of our strategic investment since TIMOR GAP establishment.

To meet the company's needs and future plans, particularly in large projects envisaged in the Tasi Mane Project, the LNG Plant, the Refinery and Petrochemical Complex, and the Supply Base, TIMOR GAP continued to grow in 2019, recruiting the right talent, managing, training, developing, rewarding, motivating and retaining, and through this keeping a well-balanced team through equality, and equally boosting development, a way to promote shared prospect.

TIMOR GAP is proud in being the first national institution awarded with an International Organization for Standardization (ISO) Certificate for its Integrated Management System, a recognition we are committed to uphold by fostering a strong Quality, Health, Safety and Environment (QHSE) culture amongst all employees, regardless of their job duties or position. We have continued to ensure that all TIMOR GAP's activities are delivered and aligned with the highest quality, health and safety, and environmental standards, while conducting internal and external QHSE annual audits.

TIMOR GAP continues at the forefront of Information & Communication Technology by implementing an efficient and up-to-date Information Management System, aiming to maximize efficacy and productivity in our workplace. Our SAP system was further enhanced and upgraded this year.

5.2. Human Resources Management

As a key pillar to TIMOR GAP's sustainability and growth, our company has been developing, refining and implementing a strong and cohesive human resources management strategy, shaped on our belief that by empowering the right talents and providing them a conducive environment to grow, they will performan at their best, thus contributing to the company's successful execution of its mission and vision.

Aligned with the above, we based our human resources strategy on key areas as recruitment of right talent, development and training, performance management and career development. This is supported by inclusive and strong human resources policies and procedures in force in the company, providing us the guidelines and orientations to a fair application of our principles and values. Our human resources policies and procedures consist on a dynamic and flexible set of tools, subject to continuous improvement and amendments as we move forward and where new challenges lay ahead of us. New policy and procedures were reviewed and endorsed on 2019, paving the way to its implementation in 2020.

Development and training are the cornerstone of our human resources strategy. The unremitting development of our employees' competences and know-how is a long-term strategy and priority adopted by TIMOR GAP and implemented through programs and trainings in several areas of the petroleum and gas sector; capacity building and on-the-job-training with external partners and joint venture partners; and secondments which are conducted through the cooperation with TIMOR GAP's international business partners. We strive to uphold our commitment to maximize the local content participation in our projects and this requires an early focus on training of nationals to ensure the required skills are available and thus, a local content plan is a key requirement under our agreements/contracts and negotiations with Joint Venture partners. Projects developed in the field, such as our Suai Fuel Station and Suai Airport Jet Fuel Depot, employ exclusively local staff, fully trained with our business partners.

In addition to the training opportunities offered by TIMOR GAP, we are sensible and encourage our employees' ambitions in pursuing higher education studies. Employees who wish to pursue accredited higher education studies, usually through prestigious scholarships awarded by foreign Governments, are entitled to take study leave for the period of their studies. We safeguard our employees' with job security, while they invest on their own professional valorization and future contribution to the company.

TIMOR GAP upholds a people-oriented and employee care concept, fulfills its responsibilities to employees, respect their legal rights and interests, promotes gender equality and non-discrimination culture, improves their working environment, and promotes employment of locals in the operation areas, so as to realize co-development of itself and its employees.

Figure 5-1: TIMOR GAP's Human Resources Core Values

5.2.1 Employees Overview

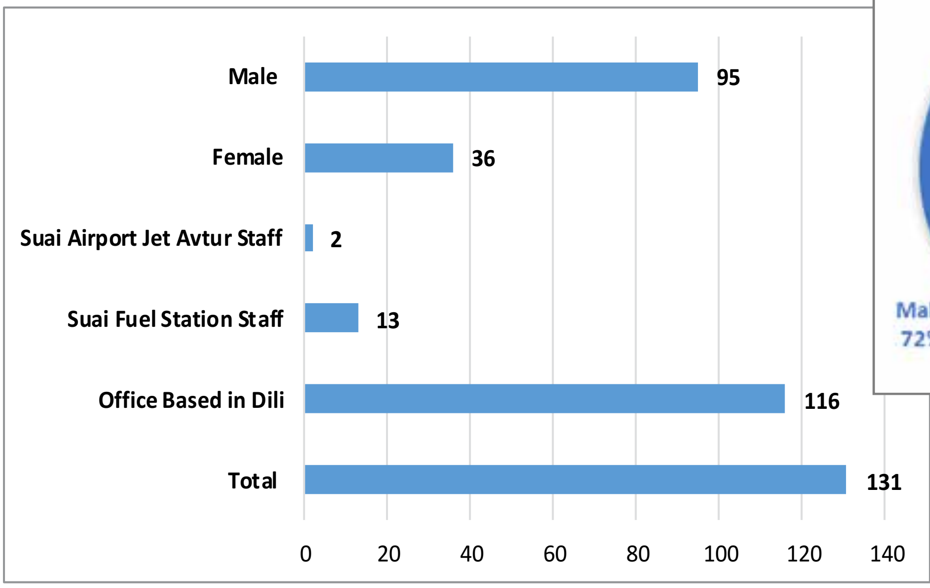
TIMOR GAP's staff is composed by experienced professionals and young graduates with varying skill-sets and expertise. We employ predominantly technical staff, highly qualified with Masters Degrees and Bachelors in a wide range of business and technical areas. In fact, 83% of our employees hold a higher educational degree, with Masters, Post-Graduate Studies and Bachelor, or are currently undertaking one of the previous mentioned degrees.

As of 31 December 2019, we employed a total of 131 employees with a gender breakdown of 36 female and 95 male (consultants are not included in this figure). This number is expected to rise in the next years as the company's continues to secure more upstream business opportunities, participating in new Production Sharing Contracts, this resulting of the ratification and entry into force of the Permanent Maritime Boundary Treaty, and as our major projects, mainly Tasi Mane, progress towards its implementation phase. In 2019, a recruitment and selection process was conducted in order to fulfill several positions within the company and its subsidiaries, with the new recruitees anticipated to join our team in 2020. We standardize our selection and recruitment process, recruiting base on the needs of the company and through a competitive process with equal opportunities and gender equality.

TIMOR GAP pursues and works hard in the achievement of a greater local participation, by respecting and valuing the local content participation in its projects. Our projects prioritize local staff whenever appropriate as it is the case of our Suai Fuel Station and TIMOR GAP's Jet Fuel Depot in Suai Airport. These projects employ a combined total of 15 staff, all recruited locally and fully trained in the performance of their job duties and responsibilities.

Our staff is primarily recruited from the national talent pool, as 98% of our employees are Timorese citizens, while the remaining percentage corresponds to expatriate staff contracted to fill the technical skill void that nationals are yet unable to fulfill. Consultants with highly specialized skills and expert knowledge are engaged through Services Agreements to provide consultancy services for business units and/or specific projects, as the likes of the Greater Sunrise Project.

TIMOR GAP also receives young interns with the purpose to introduce real and professional working environments as means to better prepare new graduates for their future professional career path. This year, we received two Interns from FDCH, from 19 August to 30 November 2019, for an internship conducted with Gas Business Unit, and two Interns from UPN Yogyakarta, for a 3 months' internship under G&G team guidance.



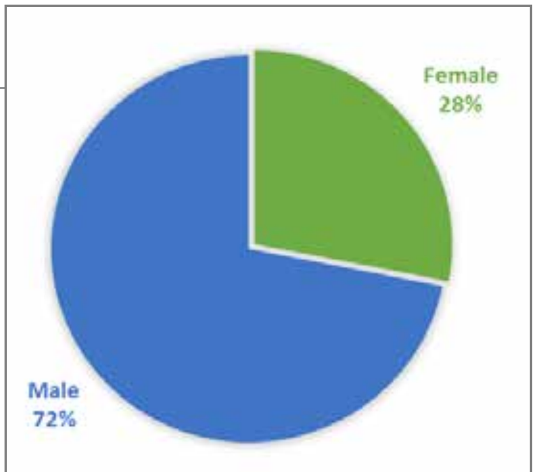


Figure 5-2: TIMOR GAP employees overview (left); TIMOR GAP employees distributed by gender (right)

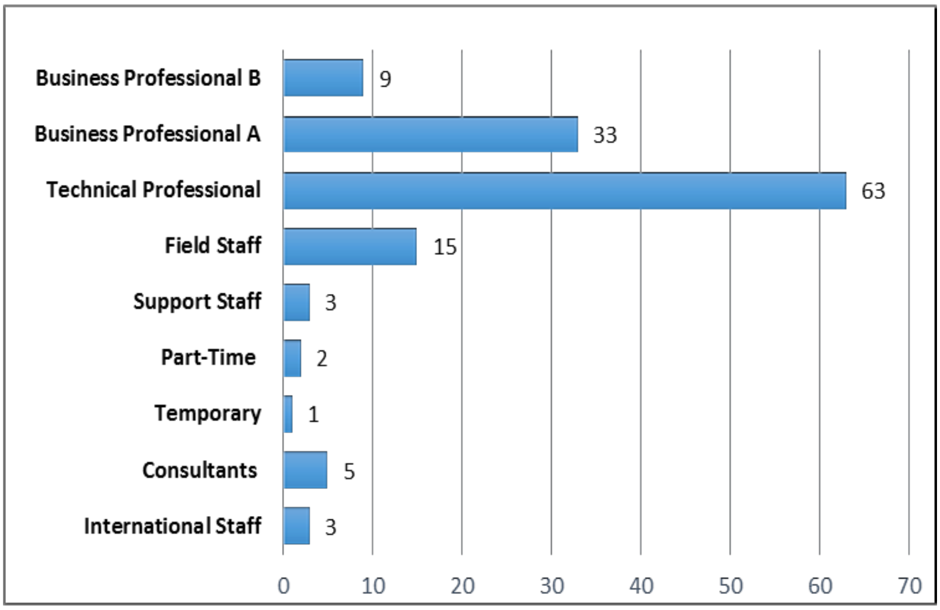
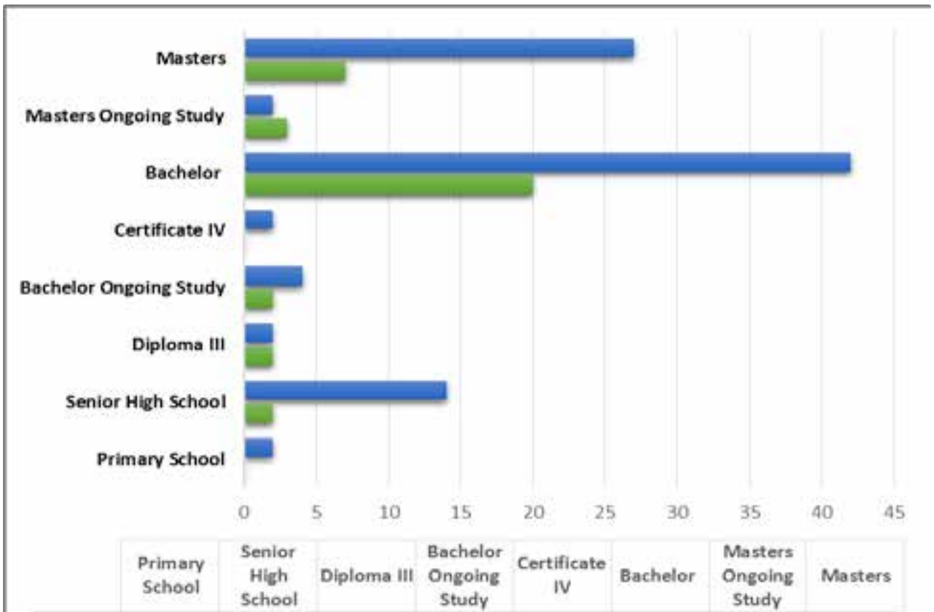


Figure 5-3: TIMOR GAP staff job category based on contract



	Primary School	Senior High School	Diploma III	Bachelor Ongoing Study	Certificate IV	Bachelor	Masters Ongoing Study	Masters
Male	2	14	2	4	2	42	2	27
Female	0	2	2	2	0	20	3	7

Figure 5-4: TIMOR GAP staff education background based on gender

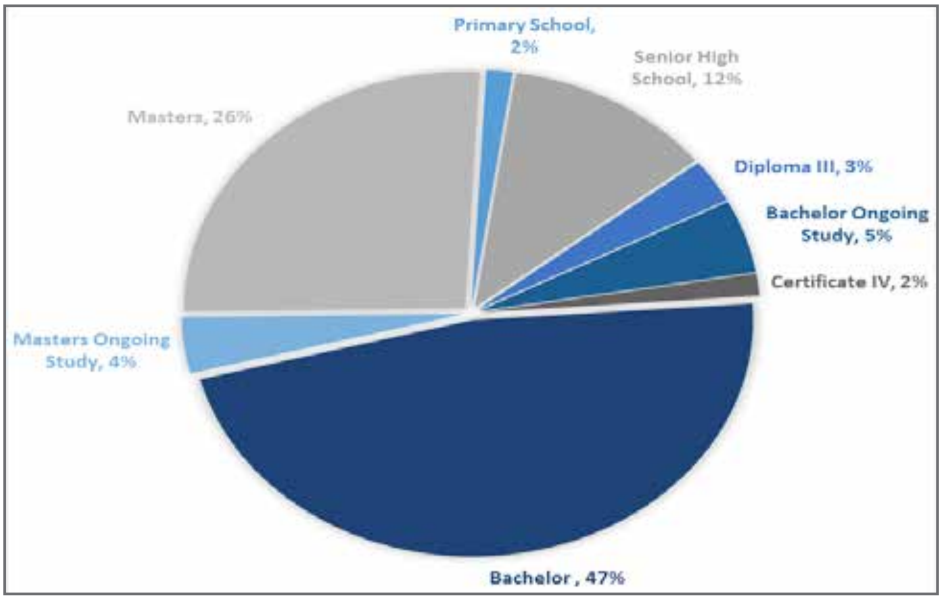


Figure 5-5: TIMOR GAP staff education background in percentages

"The achievements of an organization are the results of the combined effort of each individual."
Vince Lombardi

Figure 5-6 : TIMOR GAP employees during the Tropical Basic Offshore Safety Induction & Emergency Training (T-BOSIET)

5.2.2 Career Development

TIMOR GAP aims to become a major employer in the country, recruiting and retaining the best from the national talent and skill pool and offering competitive and attractive career development opportunities.

In line with the above, TIMOR GAP devises an individual development path which integrates selection, recruitment, training, assessment and progression/promotion. The objective is to align both individual career goals with the strategic objectives of the organization for an effectively and successful accomplishment of the company's mission and objectives, while promoting job satisfaction and motivation amongst our employees.

In 2019, we continued to conduct TIMOR GAP's annually performance review with the purpose of evaluating employees' work performance and recognizing achievements, covering the set objectives and key performance indicators (KPIs), which also supports planning staff development needs for the following year. By considering the results from the performance assessment, it is possible to manage more efficiently the career development of employees and plan their progression and promotion towards a next new role within TIMOR GAP. The potential for growth is a significant motivational difference maker and we, at TIMOR GAP, acknowledge this by offering the opportunity to succeed.

We uphold a people-oriented and employee care concept and therefore, we offer to our employees' benefits set forth under the employment contract, in compliance with TIMOR GAP internal policies and the laws in force applicable to the employment relations in Timor-Leste. The company complies with the Social Security Contribution System procedures and regulations, in furtherance of the Law No. 12/2016, on Social Security Law.

In 2019, we continued to work on our internal policies and procedures to better reflect the company's human resources vision and strategy, as well as to maximize the potential and productivity of our staff. Time Attendance Management Policy & Procedures were reviewed, endorsed and approved by the Board of Directors in December 2019, and are expected to enter into force in January 2020.

5.2.3 Employees Training

Our employees are our most valuable asset as they are essential for the successful execution of the company's strategy. For the success of its strategy, it is essential that the company is equipped with the right skills to meet the challenges ahead. In view of this, TIMOR GAP will strive to provide opportunities through training courses, workshops & conferences and secondments to further enhance professional capacity, performance and knowledge of its staff in their specific areas of expertise, as well as in the overall oil and gas industry..

5.2.3.1 Courses and Training

In 2019, training opportunities are identified both nationally and internationally which employees are encouraged to attend are as follows:

a) **Fundamental of Field Development Planning:** 2 employees attended this training held for 5 days, in Dili;
b) **Introduction to E&P Business Management:** 2 employees participated in this 5 days training provided by Oilsim, in Dili;
c) **Surface Facilities and Gas Field Production Operations:** 1 employee attended this 5 days training conducted in Dili;
d) **Best Practice in Accounting**: 3 employees attended this training for 5 days in Darwin and Perth, Australia;
e) **Drilling Essentials for New Engineers and Non-Technical Professional in Oil & Gas:** 3 employees participated in this training during 2 days, in Malaysia;
f) **Petroleum Geology:** 2 employees attended this 2 days training conducted in Malaysia;
g) **Project Finance & Project Financial Modelling**: 1 employee participated in this 1 week training, in Singapore;
h) **Probabilistic Simulation Model & Probabilistic Model for Greater Sunrise:** 2 employees participated in this training conducted during 2 weeks, in Perth, Australia;
i) **Mud Logging:** 2 employees attended this course for 15 days, in Australia;
j) **Exploration Geology Course (JOGMEC):** 1 employee from TIMOR GAP's Exploration & Production Unit attended a 8 weeks course in Japan;

k) **Training Induction:** 2 employees attended this training with the duration of 5 days, in Darwin and Perth, Australia;

l) **English Language Course:** 35 employees attended this English Language Course delivered by Lorosa'e English Language Institute (LELI), conducted from January to March 2019, in Dili. Students were placed into Beginner, Elementary, Pre-Intermediate and Intermediate Level, according to their English Language proficiency level;

m) **Tropical Basic Offshore Safety Induction & Emergency Training (T-BOSIET):** 5 employees participated in the T-BOSIET Refreshing Training during 3 days, Jakarta, Indonesia. The objective was to renew the participants' T-BOSIET certificates ending in November 2019 and January 2020. The training included the topics on first aid, fire fighting, boat safety, Helicopter Underwater Escape Training (HUET) and Emergency Breathing System (EBS). The new certificates are valid for four (4) years until 2023;

Figure 5-7: TIMOR GAP employees during the Tropical Basic Offshore Safety Induction & Emergency Training (T-BOSIET)

Figure 5-8: TIMOR GAP employees during the First Aid training delivered as part of T-BIOSET

n) **System, Application & Product (SAP)**: 12 employees participated in this in-house training delivered by Ernst and Young, during 2 weeks. The training focused on Sales and Distribution (SD); Financial Accounting and Controlling (FICO), Materials Management (MM); Human Capital Management (HCM) and BASIS.

5.2.3.2 Workshops and Conferences

Depending on the contents of conference/seminar, opportunities will be extended to staff to attend as deemed relevant and beneficial to their job duties and responsibility and the overall objective of the company.

In 2019, TIMOR GAP employees had the opportunity to partake in various workshops and conferences during the period:

a) 8th Regional Process Safety Seminar, Kuala Lumpur, Malaysia;
b) International Nuclear Safeguards Outreach, Dili, Timor-Leste;
c) Risk Compliance Workshop, Kuala Lumpur, Malaysia;

5.2.3.3 Secondments and On-Job-Training

Secondments and job placement are a key component of our development and training strategy and thus, TIMOR GAP ensures that these are a compulsory requirement set forth under the agreements or/and contracts we establish with our international joint venture/business partners. Secondments are conducted worldwide, including on offshore facilities, providing the opportunity to the employee to acquire first-hand knowledge and experience, delivered by experts working in the sector.

Secondments and on-the-job-training carried out during 2019 are described below.

a) Bayu-Undan Infill Wells Project, ConocoPhillips and Subcontractors, Australia

As part of the preparation for the Bayu-Undan redevelopment project for post PSC 2022, TIMOR GAP have improved the technical competency of its employees by setting up capacity building agreement with ConocoPhillips, current Bayu-Undan field operator to expose the TIMOR GAP technical team to Bayu-Undan current operation. TIMOR GAP employees totaling around 6 personnel shared by both New Venture Unit and E&P Unit were sent to different domains in ConocoPhillips and its subcontractor such as Schlumberger and Baker Hughes.

i. Sample catcher, Schlumberger, Australia

This secondment program for sample catcher was provided by Schlumberger Australia as a Subcontractor for ConocoPhillips in relation to Bayu-Undan Infill Wells project. The secondment took place from 25 May to 20 November 2019. During this period the secondees were exposed to hands-on experience in performing sample catcher tasks and other duties expected to be performed during drilling operation. Secondees were also involved in formal class training, web-based training and workshops. During this program period, they were involved directly on some drilling projects in Australia, especially on onshore area.


Figure 5-9: Secondee during hands-on training in the Workshop (left); Secondee during the job training onsite (right)

ii. Wireline Field Engineer, Schlumberger, Australia

The capacity building with Schlumberger involved on-the job training with focus on Wireline Field Engineer. Two of the TIMOR GAP staff was sent to Roma, QLD, Australia for the duration of 6 months, from 8 March to 28 September 2019, to undertake this training. With this program, the staff was exposed to all operational aspects of wireline field engineer job through intensive field exposure, hands-on training with the equipment and maintenance and some theoretical material (web-based modulus). The following are the learning and hands-on experience obtained:

- Quality, Health, Safety and Environment standards in relation to wireline operations which include but not limited to standard work for field operations, fatigue management, hazard identification, hazardous material, explosive, radiation, and environment;
- Perform and manage the field operations at the base location, which includes equipment maintenance, equipment preparation, and tool calibrations;
- Perform the field operations at the wellsite, which includes the operations of equipment at the well site (gun arming, tool installation/connection) rig up and rig down equipment;
- Theoretical material (web-based module) for technical aspects of the wireline operations, which includes Standard Working Instructions, logging element, logging unit, logging tools, depth measurement and control procedures, telemetry, acquisition system, and radioactive sources; and
- Gain exposure to different wireline job operations, which includes triple- and quad-combo job with Platform Express, MDT Tester, and perforation with gun system and charger.

TIMOR GAP's Geologist from New Venture Unit had the opportunity to focus more on the Wireline Field Engineer training in the Schlumberger's active drilling operations which took place in different states within Australia, including Roma in Queensland, Moomba in South Australia and Melbourne in Victoria. The Wireline training was conducted inside the base (workshop) and wellsite operations (rig), providing the opportunity to gain exposure to field work and wellsite operations, including exposure to different rigs, different tools, different wireline jobs which are considered a valuable experience for the secondee and to the TIMOR GAP's future.

Figure 5-10 : New Venture Geologist inside the logging unit (left) and during the on-job-training with Schlumberger (right)

iii. Mud Engineer, Baker Hughes, Australia

The capacity building with Baker Hughes involved the placement of two of TIMORGAP staff in ENI offshore rig for duration of 6 weeks with 2 weeks' rotations between the 2 staff from E&P Unit and New Venture Unit. The program focused on the role of Mud Engineers on daily operations. With this program, the staff were exposed to and learnt various aspects related to the role of the Mud Engineers during drilling operation. The learning experience are detailed as follow:

- Safety aspects of offshore drilling rig starting from emergency evacuation procedures, toxic gas escape plans and PPE
- Mud reports which covers checking mud properties, fluid system, regular check of sack store room, volume and mud weight;
- Observe and learn the communication between Mud Engineer and DFO such as Mud Engineers giving instructions to DFO for mud mixing, change of shaker screens and control mud pits volume and chemical treatments as well as the communication between Mud Engineers with company man and logistic on daily basis;
- Physically seeing the drilling fluid products and request whenever possible to ask the mud engineer to explain the function of each product.

Figure 5-11: TIMOR GAP's Geoscient during hands-on training in the Workshop (left); Mud lab on site (Kanase-1) (right)

iv. Exploration & Development and Drilling Training, ConocoPhillips, Australia

ConocoPhillips, as the operator of the Bayu-Undan field, also accommodated two TIMORGAP personnel to its office in Perth, Australia, on the department of Exploration & Development and Drilling. The secondment period lasted for a whole year of 2019 (from 7 January to 27 December 2019).

TIMOR GAP's Reservoir Engineer from the E&P Unit worked closely with the Exploration & Development Department have been involved in the following activities during the program in ConocoPhillips Perth Office, Australia:

- Mentored by the Senior COP Geologist building the Bayu-Undan Static Model from scratch;
- Mentored to perform quality checking to raw data prior to inputting into software's for further analysis;
- Perform Pressure transient analysis to one of the infills wells drilled in 2018;

- Learn how to build well performance model; and
- Learn and perform core activities of reservoir engineering such as model upscaling, simulation, well card update, history matching and forecasting.

Figure 5-12: TIMOR GAP's E&P Reservoir Engineer discussed geomodelling with Conoco Phillips Principal Geologist Kim MIcnerney, September 2019

TIMOR GAP's Geophysicist from New Venture Unit had the opportunity to work closely with ConocoPhillips' Bayu-Undan Wells Team, and directly involved in the Bayu-Undan Well Abandonment Project. This project involved programs such as identification of Reservoir and Barrier formations, evaluation on current well condition especially the cement job on production casing across shale formation, construction of Basis of Design (BOD) and Well Time Cost Estimate. Towards the end of program, the secondee also had opportunity to go offshore as part of Bayu-Undan well Intervention Program. During this program, he was able to assist and gained exposure to well intervention engineering and operation, and also exposure to the Bayu-Undan Production Facilities at CUQ and DPP platform.

Figure 5-13: TIMOR GAP's Geophysicist during his secondement with ConocoPhillips

b) Kanase-1 Drilling Campaign, ENI, Australia

Two of TIMOR GAP staffs successfully completed their secondment program that took place from 25 February till 24 May 2019 in Eni Office, Perth Western Australia. The Secondment program that was held in Perth, Australia, covered both exploration and drilling activities carried out during Kanase-1 Drilling Campaign. The main purpose of the activities is to involve and develop the capability of E&P Unit staff to learn and improve their knowledge as well as hands-on experience with regards to PSM of Kanase Prospect. Familiarization with Kanase prospect (Plays and Targets), POS (Possibility of Success), understand of other G&G methods/data used in Exploration period, well location and path of Kanase-1 well for G&G secondee, whereas the Drilling secondee had the opportunity to be exposed and learn about well design concept selection, drilling basis of design, well control, and etc.

Figure 5-14: TIMOR GAP's Geoscientist (top right), analyzing G&G data from Kanase Drilling Campaign, and Drilling and Development Graduate Engineer (top left) assessing Daily Drilling Report from Kanase Drilling Campaign Two TIMOR GAP secondees with ENI Engineering and G&G Team at ENI Perth office (bottom)

c) Onshore Vibroseis 2D Seismic Survey, BGP, Timor-Leste

TIMOR GAP Seismic Services and its partner and PT.BGP Indonesia were awarded with a service agreement to conduct the onshore vibroseis 2D seismic survey for the PSC TL-OT-17-08 (Block A) and PSC TL-OT-17-09 (Block C), both located on the southern coast of Timor-Leste. The second phase of the project corresponding to the 2D seismic acquisition on Block C, commenced in the third quarter of 2019 and was completed on 19 October 2019. During the aforesaid period, three TIMOR GAP Seismic Services engineers were involved in the field operations for an on-job training and hands-on experience throughout the acquisition process.

Figure 5-15: TIMOR GAP Seismic Services engineer inside (top) and in front of (below) the recording truck during the 2D Seismic Survey

d) Optimization Design for Refinery & Petrochemical Complex Project, TTCL, Thailand

As part of the arrangement with TTCL, the second group of four staffs from TIMORGAP were seconded to TTCL to experience first-hand on the execution of the Optimization Design for Refinery & Petrochemical Complex Project and also to make timely decisions when input from TIMORGAP as project owner was required.

5.2.3.4 Study Leave

TIMOR GAP recognizes the benefits of staff development for individuals and the company as a whole, offers opportunities for employees to undertake personal and professional development. Our company's study leave policy provides a flexible arrangement in terms of job security benefit for employees and to retain the best talented employees that enable them to improve and provide future contribution to the company.

In 2019, six employees returned to the company after completing the following Master's Degrees:

- Master of Engineering in Oil and Gas Program at University of Western Australia, under Australian Awards Scholarship Program;
- Master Degree in Educational Leadership and Management at Unitec Institute of Technology, New Zealand, under New Zealand Development Scholarship;
- Master Degree in Natural Gas Engineering and Management at University of Oklahoma, USA, under Fulbright Scholarship;
- Master Degree in Business Analysis and Consulting at University of Strathclyde, in Glasgow, Scotland, under Chevening Scholarship;
- Master Degree in International Commercial Law at University of Aberdeen, Scotland; and
- Master of Environment at Macquarie University, Australia, under Australian Awards Scholarship Program.

During this period, our employees continues and are successfully awarded competitive scholarships programs from countries such as Australia and New Zealand, and academic courses in international renowned universities, as following:

- Master Degree in Petroleum Geoscience at Victoria University of Wellington, New Zealand, under New Zealand Development Scholarship;
- Master Degree in Computing at Institute of Technology of Auckland, New Zealand, under New Zealand Development Scholarship;
- Master of Professional Accounting at University of South Australia (UNISA), Australia;
- Master of Project Management at University of South Australia (UNISA), Australia, under Australian Awards Scholarship Program; and
- Master of Petroleum Geoscientist at University of Western Australia, Perth, under Australian Awards Scholarship Program.

5.2.4. Corporate Culture

Corporate culture is the soul of the company and what enables us to grow, adapt to the continuously changing markets and environments, and to shield ourselves from external adversities and challenges. A resilient company will respond better and more efficiently to challenges, overcoming them and adapting itself as a whole. TIMOR GAP adopted a **CAN DO** corporate spirit since its establishment, which represents our values (Competent & knowledgeable, Assessing and seizing the opportunities for business, Non-discriminatory & responsible, Doer & creative, Optimist) and how we aim to conduct our business. We promote and instigate this spirit in all activities we perform, aiming to set a healthy and strong corporate culture that values each employee in the organization, regardless of his/hers job duties, which results in employees working as a team to meet the company's and their own individual and professional goals.

TIMOR GAP strives to maintain a constructive, motivating and open working environment by organizing and promoting the participation of our staff in activities with focus on team building capability and strengthen relationship among employees. This year, TIMOR GAP supported and participated in the Civil Service Commission Cup, a sport event organized by the Civil Service Commission for national civil servants from all Ministries and public institutions, comprising several sports modalities, such football, basketball and volleyball. Sports and social events as the likes of the preceding allow to create a space of social interaction outside office working hours, while encouraging an active lifestyle and heathy competition.

Figure 5-16: MPM's volleyball female team, composed by TIMOR GAP, ANPM and IPG

5.3. Information & Communication Technology (ICT)

Information & Communication Technology (ICT) is essential to the company's efficiency and productivity, as it remains a priority, in order to keep up with TIMOR GAP's growth, it is essential upgrade and install adequate hardware and software to meet the needs of all business areas, including support functions.

In line with the above, we continue to pay attention to our Management Information System, with particular focus on its Enterprise Resource Planning (ERP) and data management system, namely SAP (System, Application and Product). Following the assessment and diagnostic for TIMOR GAP SAP system that was completed in January 2019, TIMOR GAP continued to engage Ernst & Young, a multinational auditing and consultancy company, to deliver SAP Retrofit & Maintenance project. The SAP Retrofit was completed in September 2019 and all SAP modules, namely Sales and Distribution (SD), Financial, Accounting and Controlling (FICO), Material Management (MM), Human Capital Management (HCM) and BASIS, were successfully integrated and implemented and Go Live on 15 October 2019. User Acceptance Test (UAT) to modules were all accepted by end users and overall project was a success. As part of the project scope, an in-house training was delivered to TIMOR GAP's staff, comprising the SAP modules above-mentioned.

As the company grows over time, TIMOR GAP continuously seeks for more efficient and innovative solutions to enhance its security system and protect the company's information and data. An ICT Security Audit was completed in 2019 by a third party consultant, COMPNET Indonesia, and the findings and recommendations for system improvement duly addressed by our IT Department.

Pursuant to TIMOR GAP's Strategic and Business Plan, we aim to implement an Information Management Strategy to assist and support the company in applying standards and governance to its data and assets professionally. For this purpose, TIMOR GAP contracted Schlumberger Australia, to carry out an Information Management Assessment with detailed reports and recommendations for improvements delivered by the Consultant.

As the next step of the Information Management Strategy, TIMOR GAP anticipates to produce a Data Governance and Policy Setup, with the aim to establish the Data Governance for company's key data assets in the context of business workflows, and policies and procedure for data quality management aligned with industry standards.

5.4. Quality, Health, Safety and Environment (QHSE)

Quality, Health, Safety and Environment (QHSE) values and principles are at the forefront of TIMOR GAP's priorities, remaining of a paramount importance to our operations and business activities. Our QHSE Business Unit is mandated with the implementation and follow-up of the QHSE requirements, however, ensuring their successful and efficient application is a responsibility of every employee and business unit within TIMOR GAP. The success of the QHSE management system depends on leadership, commitment and participation from all levels and functions of the company.

To assist on the above, QHSE unit developed its Action Plan 2019-2021, setting a direction for achieving TIMOR GAP's objectives and strategic goals. This Action Plan includes the QHSE goals to promote good standards and practices to protect employees, the environment, and company's property; to generate human capital with the knowledge and competence to promote health and safety; and to change the company's culture from Pathological or Reactive to Calculative.

Considering QHSE high priority to achieve companies' objectives, QHSE plays an important role and responsibility as integral part of TIMOR GAP's activities, and in 2019, in order to fulfil the Objectives, Targets and Programs (OTP) set out for this year, QSHE unit continued to implement a few programs and actively participate in works with other business units; monitoring the company's activities; conducting IMS internal audit and surveillance audit; as well as to perform regular activities such as inspection of safety equipment and safety briefing, and promoting the reduction of plastic bottles, paper and electricity usage.

5.4.1. TIMOR GAP's QHSE 2019 Objective, Target & Program

5.4.1.1. Integrated Management System (IMS)

Figure 5-17: IMS Logo

We strive to promote good standards and practices in all company activities, this resulting on TIMOR GAP's Integrated Management System (IMS) being successfully recognized with the awarding of the International Organization for Standardization (ISO) certificate in 2016 from the international certification body DNV GL Singapore, one of the leading global providers for management system certification. TIMOR GAP is the first company in Timor-Leste to be awarded with an ISO certificate for its IMS, through which, the QHSE Unit can provide full support to other units' work to guarantee the quality of the work; the safety of the employees; protection of company assets and properties; and minimal effect of the projects to the environment.

The IMS has been continuously improved since its implementation, and continues in complying with the new ISO standard requirements. In line with this, and following a surveillance and upgrading audit, in 2018, the standard ISO 9001:2008 transitioned to ISO 9001:2015, ISO 14001:2004 transitioned to ISO 14001:2015, and OSHAS:2007 transitioned to ISO 45001:2018 on Occupational Health and Safety Management System (OHSMS).

To evaluate the effectiveness of the implementation of the IMS, TIMOR GAP undertakes internal audits yearly, verifying the compliance of the company Projects and/or Process implementation are in line with ISO standard requirements. An internal audit was conducted from 7 to 11 October 2019 involving QHSE Internal Auditors from all units, fully trained and certified for this purpose.

Following the above-mentioned internal audit, a surveillance/external audit was carried out from 18 to 21 November 2019, with focus on IMS & all Units processes and its procedures. This audit is performed annually by the certification body, in order to review and ensure if the system is continuously maintained and improved and that it remains in compliance with the mandatory ISO standards requirements.

5.4.1.2. Occupational Health and Safety

TIMOR GAP adhered to the philosophy of "SAFETY FIRST", always putting safety and wellbeing of employees at the top priority. Health and safety issues arisen from various TIMOR GAP's activities can be appropriately identified, assessed, controlled and monitored. Numbers of procedures and guidelines were developed providing processes needed in the assessment and management of risk, incident and accident, either in the office environment or in the field and during operation. With this, TIMOR GAP now has an applicable system for managing Occupational Health and Safety and for managing any related records for either its identified risks or also incident and accident that has occurred from its various activities, including its mitigation and controlling action needed and arisen from these risks, accidents or incidents.

Throughout its works, either field operation or daily activities, TIMOR GAP conforms to health and safety related code of conduct, oil and gas industrial best practices, ISO's requirements, Timor-Leste Labor Code Section IV-Occupational Safety, Hygiene & Health and any other international standards. In line with this, regular activities are performed routinely by the QHSE unit as better described in the table below.

Activity	Objectives
Safety Briefing	Delivering information about safety prior to departure in order to increase safety awareness during the journey
Safety Induction	Given to visitors to TIMOR GAP office to introduce the safety layout during emergency situations
Equipment Inspection	Conducting inspection to all vehicles used for field trip and fire extinguishers at TIMOR GAP office to ensure they are still in good conditions for use
First Aid Kit Provision	Providing First Aid Kits to employees travelling to the districts for medical treatment during journey
Emergency Drill	Carrying out regular emergency drill at the main office to help employees to be better prepare for any emergency situation. The drill help familiarize staff with the evacuation route and safety practices

Table 5-1: TIMOR GAP's QHSE routine activities

TIMOR GAP took part on the annual emergency drill organized by Timor Plaza was conducted on 4 October 2019. The drills are intended to better prepare the TIMOR GAP employees to respond to the emergency situation when any real emergency situation occurs, by providing better awareness and evaluate the effectiveness of the emergency response plan and the building's emergency infrastructure and equipment. The referred drill was successfully carried out according to the applicable emergency protocol and procedures set.

Figure 5-18: TIMOR GAP's employees and QHSE team during the emergency fire drill, conducted at TIMOR GAP offices in Timor Plaza

Figure 5-19: HSE inspection to TIMOR GAP's Fuel Station in Suai

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5.4.1.2.1. Hazard Identification, Incident/Accident Management and First Aid

Hazard Identification, Risk Assessment and Control (HIRAC), Incident/Accident Records and First Aid are some of the components applied to manage occupational health, safety risk to employees and assets, and to measure the company's HSE performance. All these are part of the IMS implementation throughout the company activities. Further details for this year HSE performance are presented below.

a) Hazard Identification, Risk Assessment and Control (HIRAC)

TIMOR GAP's IMS encompasses a HIRAC form to identify risks through the process of finding, recognizing and describing the risks in the workplace, so they can be analyzed and evaluated prior to treatment to reach a tolerable risk level. This tool covers not only the safety issue but also the environment as well as quality of the process or activity. A total of twenty-four (24) HIRAC reports were collected during 2019. All reports were properly addressed in a timely manner by each responsible unit and actions taken accordingly.

b) Incident/Accident Management

An Incident/Accident report is produced when a work related event in which an injury or fatality occur or could have occurred, or an undesired event that results in harm to people (injury), damage to property, loss to production or harm to environment. During 2019, only one (1) incident/accident report was collected and properly addressed and closed. No major injuries, damages or fatalities were recorded.

c) First Aid

First aid is provided, either at the office or in the field, by competent or certified First Aider to other employees who are feeling unwell or are injured at workplace. No first aid assistances were reported this year.

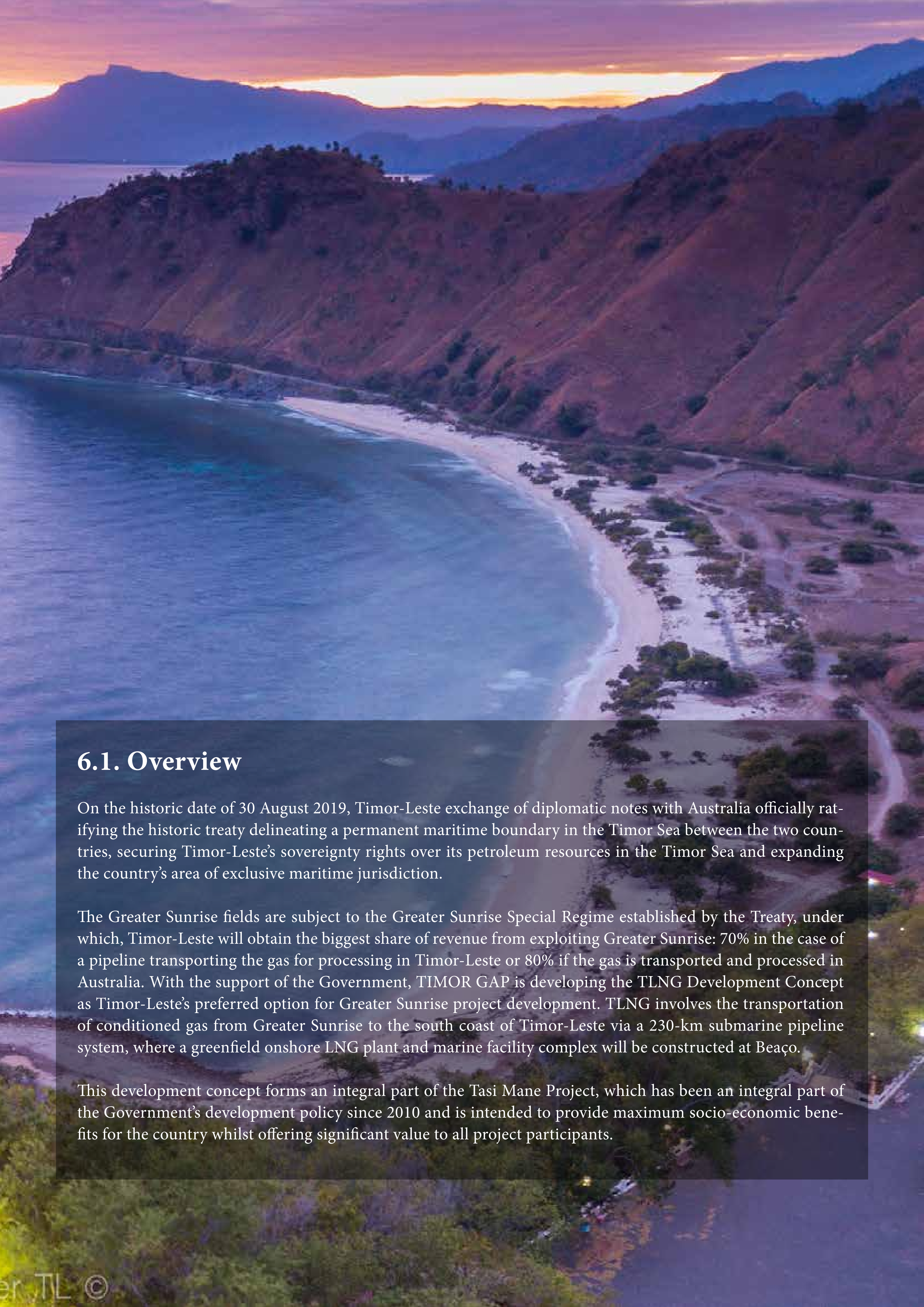
5.4.1.3. Environment Management System

TIMOR GAP abides with the applicable law and fulfills its responsibility with the environmental protection by conducting studies for all projects under its portfolio that assess the projects' potential impacts on the environment and social communities. Environmental Impact Assessments (EIA) have been carried out by TIMOR GAP and partners pursuant with Decree-Law No. 5/2011, on Environmental Licensing, the legal framework for regulating the environmental impacts of significant projects in Timor-Leste.

The EIA study identifies the social, economic and major environmental impacts that are likely to arise from the construction and operation of the projects, assess qualitative environmental impacts of the project on sensitive receptors including communities, and prescribes measures for management and mitigation to minimize likely adverse impacts. The EIA produces two standalone documents: an Environmental Impact Statement (EIS) and an Environmental Management Plan (EMP), which are presented for evaluation to the environmental authority. An Environmental License is issued to the project upon the EIS and EMP endorsement by the environmental authorities.

As project owner TIMOR GAP has followed thoroughly through all requirements of the EIA process such as public consultation and socialization with relevant stakeholders, open meeting, group discussion, survey or presentation and other requirements. In 2019, we continued to work towards the execution and completion of the EIA studies for LNG Plant and Greater Sunrise-Beaço Pipeline. The Terms of Reference (TOR) for both EIA studies, carried out separately due the offshore pipeline project complexity, were subject to further review and alterations according with ANPM latest comments and submitted to the latter for additional reviews and/or endorsement. More details on this subject are available under the Section "4.4. Timor-Leste LNG (TLNG) in Beaço" of this Report.
TIMOR GAP proceeded with the environmental license renewal for the Suai Supply Base, an extension expected to be granted on 2020. For this purpose, the Suai Airport project was separated from the SSB project, as the Airport is completed and under the management of the Ministry of Public Works.

6. Permanent Maritime Boundaries Treaty & Greater Sunrise Special Regime



6.1. Overview

On the historic date of 30 August 2019, Timor-Leste exchange of diplomatic notes with Australia officially ratifying the historic treaty delineating a permanent maritime boundary in the Timor Sea between the two countries, securing Timor-Leste's sovereignty rights over its petroleum resources in the Timor Sea and expanding the country's area of exclusive maritime jurisdiction.

The Greater Sunrise fields are subject to the Greater Sunrise Special Regime established by the Treaty, under which, Timor-Leste will obtain the biggest share of revenue from exploiting Greater Sunrise: 70% in the case of a pipeline transporting the gas for processing in Timor-Leste or 80% if the gas is transported and processed in Australia. With the support of the Government, TIMOR GAP is developing the TLNG Development Concept as Timor-Leste's preferred option for Greater Sunrise project development. TLNG involves the transportation of conditioned gas from Greater Sunrise to the south coast of Timor-Leste via a 230-km submarine pipeline system, where a greenfield onshore LNG plant and marine facility complex will be constructed at Beaço.

This development concept forms an integral part of the Tasi Mane Project, which has been an integral part of the Government's development policy since 2010 and is intended to provide maximum socio-economic benefits for the country whilst offering significant value to all project participants.

6.2. Permanent Maritime Boundaries Treaty Ratification

2019 marked the conclusion of a landmark process initiated in 2016 with the compulsory conciliation proceedings brought forward by Timor-Leste against Australia, under the United Nations Convention on the Law of the Sea (UNCLOS), an unprecedented chapter in the international law as it marked the first time that the compulsory conciliation process had been invoked.

Through the aforesaid process, the historic Treaty between Australia and Timor-Leste Establishing their Maritime Boundaries in the Timor Sea (hereinafter referred to as the "Treaty") was subsequently agreed and signed on 6 March 2018, supporting Timor-Leste claim that a median line should be drawn between the two countries in accordance with the principle of "equidistance", and demarcating, for the first time, permanent maritime boundaries in the Timor Sea.

In order to allow the ratification and entry into force of the Treaty, on 18 July 2019, Timor-Leste National Parliament passed and approved a legislative package, comprising bills developed to adjust the Petroleum Activities Law, Petroleum Fund Law, Tax Law and two laws regulating the taxation of the Bayu-Undan field exploration and to establish a Special Labor and Migratory Regime applicable to the exploitation of Bayu-Undan project, complemented by other legislations. These bills and amendments adapt the required existing legislation in force enabling the ratification of the Treaty.

On 30 August 2019, Timor-Leste's twentieth anniversary of the independence referendum, the Treaty was officially ratified with the exchange of diplomatic notes between the Governments of Timor-Leste and Australia, thus confirming that both countries have fulfilled their respective requirements for entry into force of this Treaty, in accordance with the Article 13 of the Treaty. This is a landmark achievement as it marks Timor-Leste resolute determination in claiming its sovereign rights over the natural resources in the Timor Sea.

The Treaty will support Timor-Leste's economic development by providing new opportunities for commercial and industrial development. Permanent maritime boundaries will expand Timor-Leste's area of exclusive maritime jurisdiction, allowing the collection of 100 percent of the proceeds from future exploration and exploitation of oil and gas fields in the Timor Sea, such as Bayu-Undan gas and condensate field and Kitan field which are now transferred to Timor-Leste exclusive maritime jurisdiction. Considering the foregoing, the Treaty also encompasses transitional arrangements to provide stability and certainty, particularly to existing commercial interests operating in the area, ensuring that companies with investments in the Timor Sea are not at a disadvantage. In line with this, and pursuant to the provisions set forth in the Treaty, on 28 August 2019, Timor-Leste signed five new and revised Production Sharing Contracts with the offshore petroleum operators affected by the Treaty. The revised PSCs guarantee conditions and terms equivalent to those arrangements previously in place, and reflect both Parties' interest in ensuring that the existing operations continue with minimal impact. In this occasion TIMOR GAP and its joint venture partners signed a revised PSC for the block 11-106, onwards designated PSC TL-SO-T 19-11 (PSC 19-11), previously located on Joint Petroleum Development Area (JPDA), and now under Timor-Leste exclusive maritime jurisdiction.

With the Treaty ratification, the Timor Sea Treaty and the International Unitization Agreement, signed between Australia and Timor-Leste in 2002 and 2003 respectively, ceased to be in force, consequently leading to the dissolution of the Joint Commission, which was established by the Timor Sea Treaty with the purpose to oversee and regulate petroleum activities in the former JPDA jointly administered by Timor-Leste and Australia. A last Joint Commission meeting for the JPDA was held on 15 August 2019, in Dili, Timor-Leste.

6.3. Greater Sunrise Special Regime

The Greater Sunrise fields are part of the rock formation known as the Plover Formation (Upper and Lower) that underlies the Special Regime Area and contains the Sunrise and Troubadour deposits of petroleum, discovered in 1974 and located in the Timor Sea, 140 km south-east of Timor-Leste and 450 km north-west Australia.

The Greater Sunrise fields are subject to the Greater Sunrise Special Regime established by the Maritime Boundaries Treaty between Timor-Leste and Australia. The Greater Sunrise Special Regime provides that Timor-Leste will receive either 70 or 80 percent of the upstream revenue from the direct upstream exploitation of petroleum produced in the Greater Sunrise fields depending on the development option selected, that is, whether by means of a pipeline to a liquefied natural gas (LNG) processing plant in Timor-Leste or Australia.

6.3.1. TIMOR LNG (TLNG)

The Government of Timor-Leste has clearly and consistently stated that Greater Sunrise fields must be developed via an onshore LNG development within Timor-Leste, using a submarine pipeline system across the Timor Trough, from the Greater Sunrise fields to landfall and LNG Plant at Beaço on the south coast. The Greater Sunrise development forms a key part of the Tasi Mane project which the Government of Timor-Leste has initiated to facilitate and encourage the country's petroleum development, with subsequent general economic and social benefits for the country. Processing of the Greater Sunrise reserves to the south coast of Timor-Leste is therefore a major driver in relation to the overall project development strategy.

The Timor LNG (TLNG) development concept will be executed as two separate projects: a) Upstream project, which will encompass the development of the subsea wells and associated production system, offshore production/processing facilities, and onshore facilities for processing and storage and offloading of condensate, liquids and MEG; and b) Downstream project, which will encompass the export pipeline to shore (across the Timor Trough), LNG plant facilities and marine/LNG export facilities. The TLNG development concept is shown schematically below.

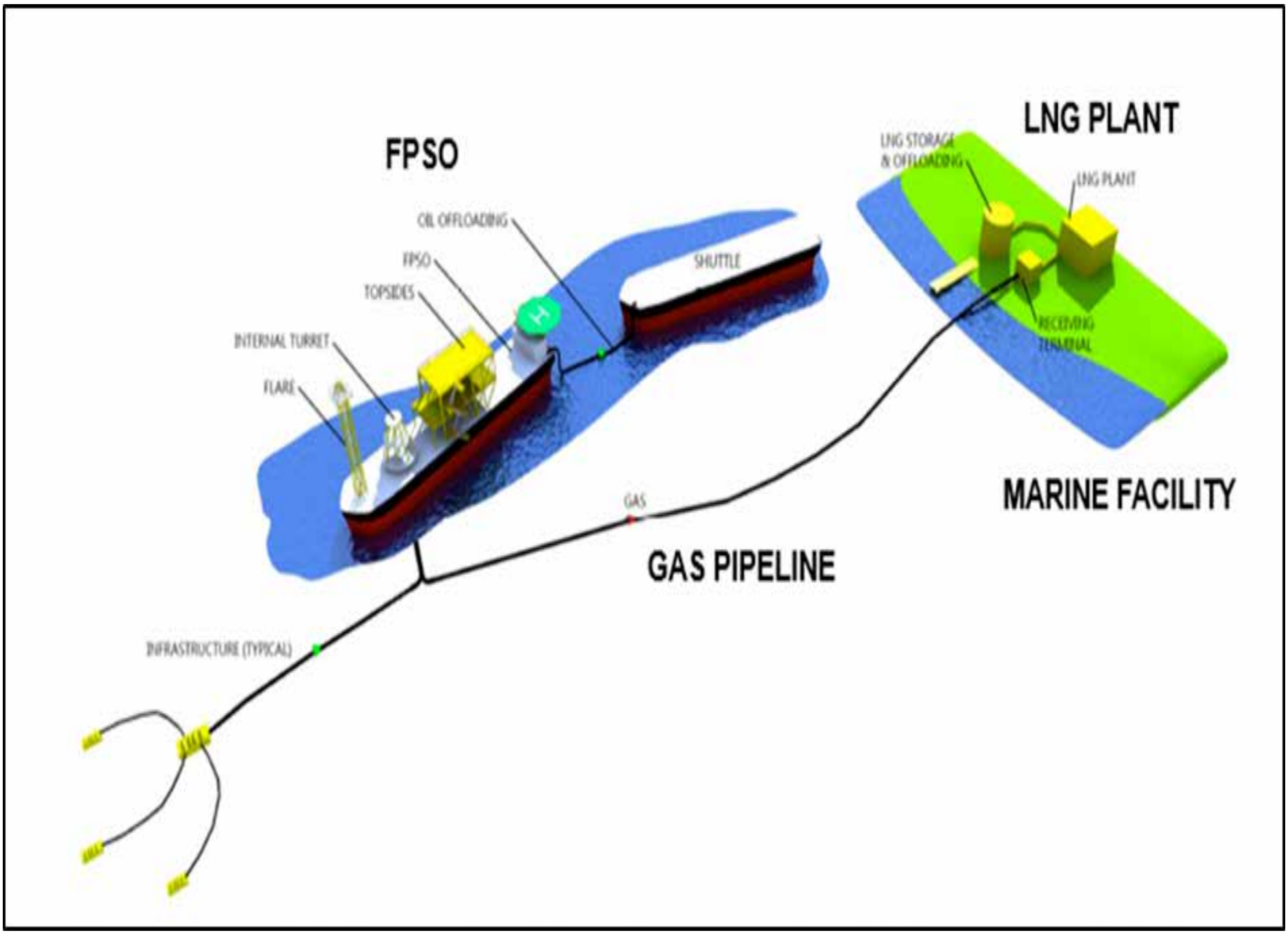


Figure 6-1: TLNG Development Concept

TIMOR GAP, as Timor-Leste's State owned national oil company, supports the Government's aim to process the Greater Sunrise gas in Timor-Leste, being elected to rigorously document the technical and commercial viability and competitiveness of the TLNG, and with the support of the Government, it has undertaken to present the TLNG Development Concept as Timor-Leste's preferred option for the Greater Sunrise project development. Over the last years, the Timor-Leste Government, through TIMOR GAP, has undertaken a significant number of development studies in relation to the upstream and downstream project technical concepts, including the Greater Sunrise Timor LNG Development Concept completed in 2017, and the Optimization Concept Study for the TLNG Downstream project initiated in 2018 and currently ongoing.

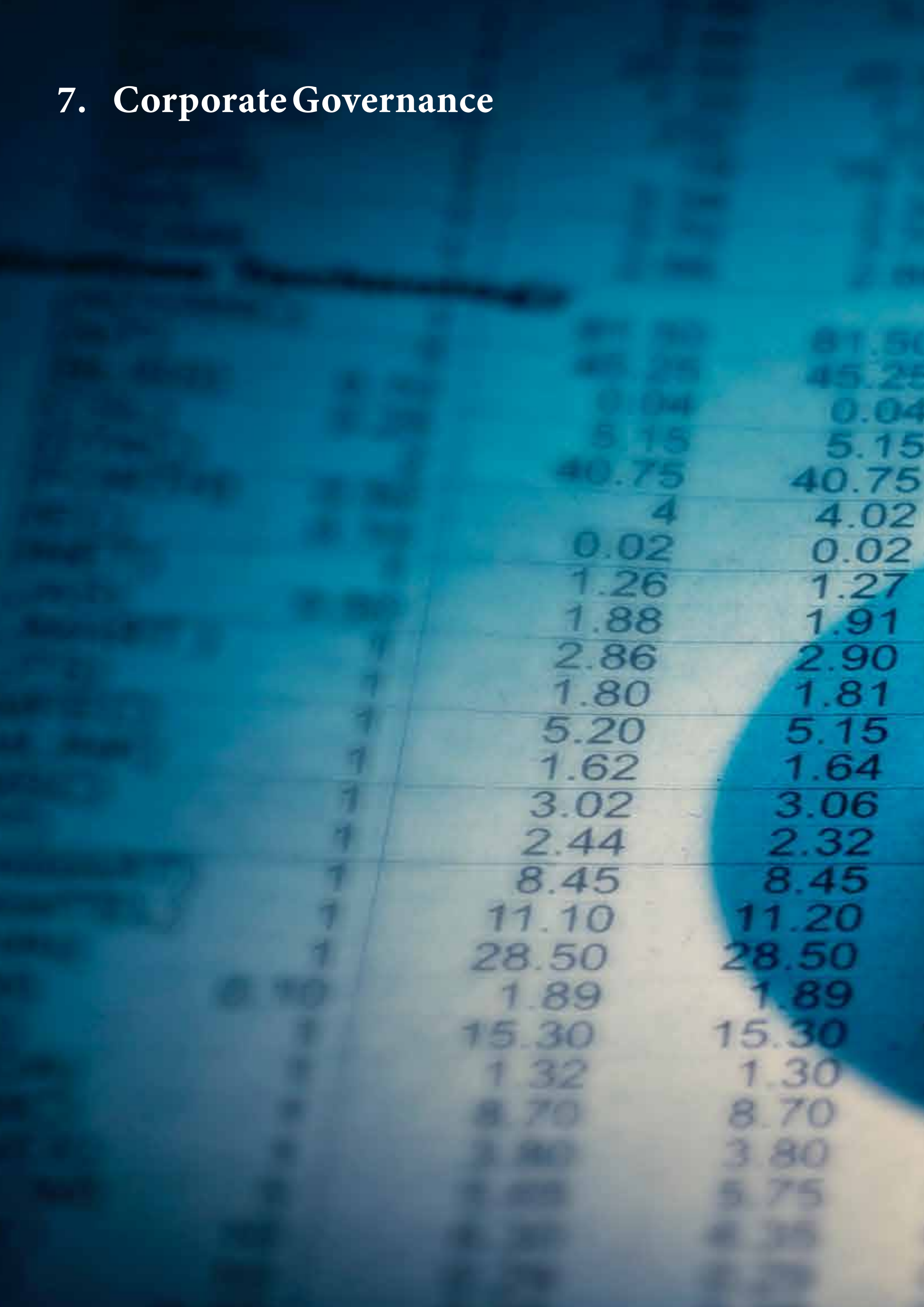
The Treaty, and the progress made during the conciliation, allowed the creation of a platform to negotiate with the Upstream Joint Venture Partners, this resulting in the acquisition of Shell and ConocoPhillips' participating interests and rights in the PSC JPDA 03-19, PSC JPDA 03-20, Retention Lease NT/RL2 and Retention Lease NT/RL4 in the Greater Sunrise field, through a Purchase and Sale Agreements signed between the above-mentioned companies, its affiliates and TIMOR GAP's wholly-owned subsidiaries, exclusively created and constituted for this purpose: TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda.; TIMOR GAPGREATER SUNRISE 03-20, Unipessoal, Lda.; TIMOR GREATER SUNRISE RL, Unipessoal, Lda.; and TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda. With the aforesaid commercial transition completed on 16 April 2019, and endorsed through the Government Resolution no. 20/2018, of 24 October, and Resolution no. 5/2019, of 30 January. TIMOR GAP holds a 56.56% participating interest allowing the company to proceed and favoring discussions with other Upstream Joint Ventures Partners, namely Osaka and Woodside, the Operator, on the future development of the Greater Sunrise resources.

TIMOR GAP continued to participate in the Greater Sunrise stakeholder discussions and negotiations in 2019, and we remain confident and positive that an outcome which delivers substantial benefits to Timor-Leste will be reached in the upcoming year.

Figure 6-2: H.E. Special Representative of the Government for the Petroleum Sector and Chief Negotiator for Maritime Boundaries, Mr. Kay Rala Xanana Gusmão, with the representatives from Shell and ConocoPhillips on the occasion of the signature of the Purchase and Sale Agreement of the participating interests in the Greater Sunrise fields

Figure 6-3: Timor-Leste team, Shell and ConocoPhillips on the occasion of the Purchase and Sale Agreement of the participating interests in the Greater Sunrise fields

7. Corporate Governance



0
20
40
340
320
300
280
N
NW
W

7.1 Board of Directors

The Board of Directors (BOD) is the highest corporate body in TIMOR GAP, responsible for defining directions, policies and management.

TIMOR GAP's Board of Directors is composed by the President of the Board and 3 other members. The President of the BOD is appointed by the Government body responsible for the petroleum sector, with the approval of the Council of Ministers. Mr. Francisco Monteiro was first appointed President of the Board and Chief Executive Officer (CEO) for a mandate of 4 years in 2011, and afterwards his mandate was renewed in 2015 and, more recently, in 2019 for an equal 4 years period ceasing in October 2023.

The remaining Board members were also appointed in 2011, shortly after the establishment of the company: Ms. Norberta Soares da Costa, Mr. Dino Gandara and Mr. António de Sousa, afterwards indicated as Vice-President in September 2014. All Board members hold a 4 years mandate also ceasing in October 2023.

Pursuant to the Decree Law no. 31/2011, the BOD is responsible for the direction and management of the company, being entrusted, amongst other, with the following duties: a) define the direction of TIMOR GAP's business and approve strategies, multiannual plans, budgets, as well as the participation in petroleum operations, related projects, PSCs and to incorporate subsidiaries; b) define general policies (commercial, financial, investment, environmental, human resources); and c) appoint and supervise the Executive Committee.

7.2 Executive Committee

The Executive Committee (EC) is entrusted with the daily exercise of the company's affairs, in accordance with its mission, objectives, strategies and guidelines approved by the Board of Directors. The EC is composed by the CEO, who is also the President of the Board, the Vice-President and the Executive Directors of TIMOR GAP business units, as schematically shown below on the Figure 7-1. The EC is chaired and headed by the company's President & CEO.

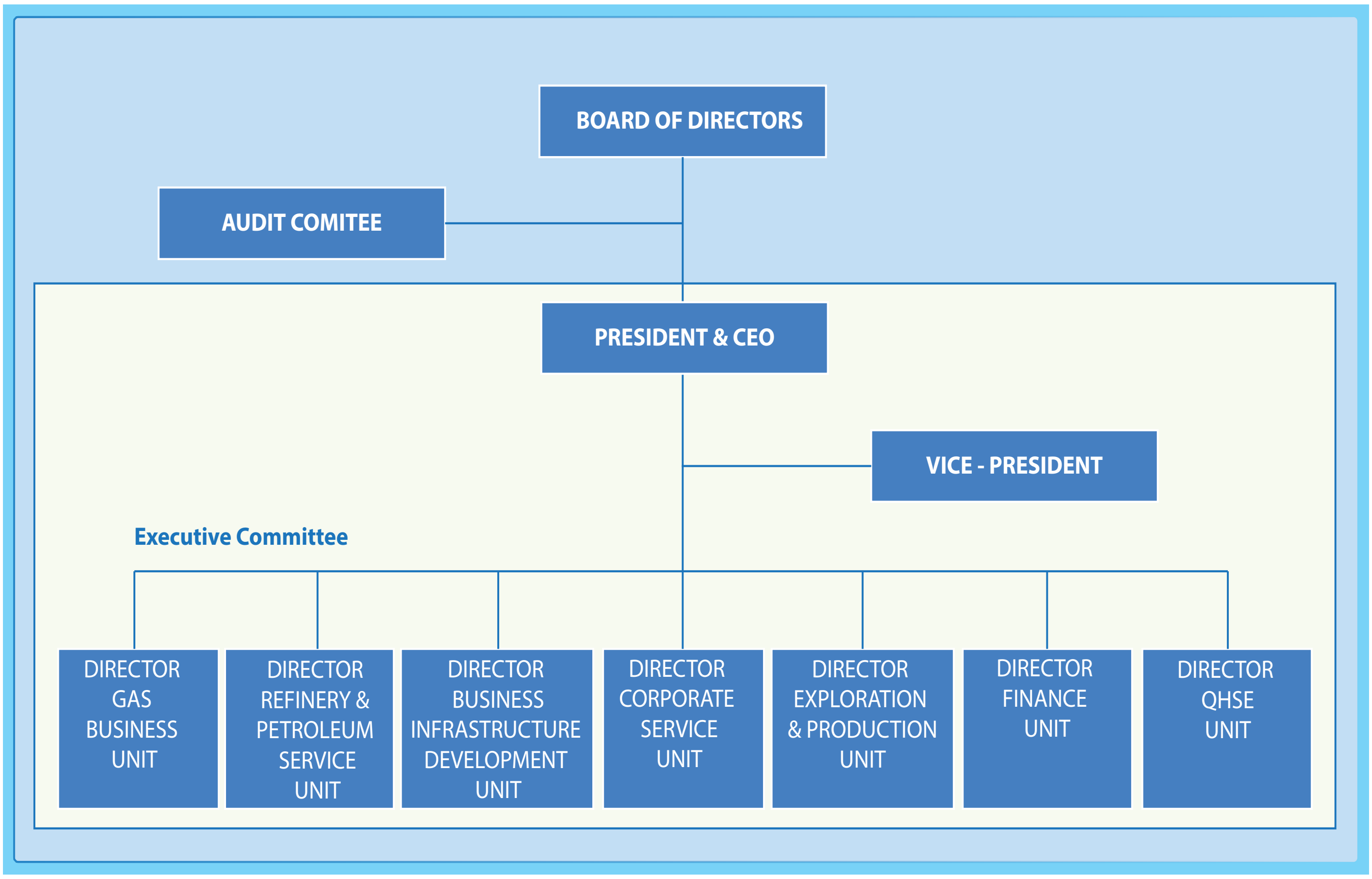


Figure 7-1: Organization Structure of TIMOR GAP, E.P.

The members of the Board of Directors and Executive Committee are briefly presented in the section below.

Francisco Monteiro
President & CEO

Mr. Francisco Monteiro graduated in 2003 with a Master of Science (MSc) in Geology from Auckland University, New Zealand and was a PhD candidate in Petroleum Geology at the Australian School of Petroleum, University of Adelaide. Mr. Monteiro has more than 15 years of work experience in the fields of geology, minerals, oil & gas, policy advocacy, as well as management and administration in the areas of petroleum and mineral resources. He is the President & CEO of TIMOR GAP, since its establishment in 2011. Mr. Monteiro is also Timor-Leste's Commissioner for the JPDA since 2007 and Greater Sunrise Commissioner from 2008. In 2012, he was appointed by the Prime-Minister as a member of the Investment Advisory Board of the Petroleum Fund.

António de Sousa
Vice-President – Drilling and Technology, New Ventures

Mr. António Loyola de Sousa graduated in 1998 with a BSc in Mining Engineering, from ITB, Bandung, Indonesia, Specialization in Rock Mechanics and in 2007 with an MSc of Petroleum Engineering, from NTNU, Trondheim, Norway, with Specialization in Reservoir Engineering/Simulation. Mr. Loyola de Sousa has more than 19 years of experience in the field of oil & gas and specialization skills in reservoir engineering/simulation, geomechanics, management, politics and advocacy. He held a position as Reservoir/Simulation Engineer, in North Sea Non Operated Assets, Subsurface Department, Premier Oil Plc, Aberdeen in Scotland, UK. Mr. Loyola is also one of the Timor-Leste's Commissioners for the JPDA since 2007 and Timor-Leste's Greater Sunrise Commissioner since 2008. He was nominated Vice-President of TIMOR GAP in September 2014.

Norberta da Costa
Member of the Board

Ms. Norberta Costa graduated from University of Coimbra, Portugal, with major in Geology in 2008. She has 8 years of experience in the areas of minerals, oil and gas, policy advocacy, management and administration in the fields of petroleum and mineral resources. Ms. Costa has served as Director General for Corporate Service of the Ministry of Finance before being appointed Managing Director of the subsidiary TIMOR GAP Onshore Block in 2016.

Dino Gandara
Member of the Board

Mr. Dino Gandara graduated from Trinity College Dublin, Ireland with major in Geology in 2004. He has worked in minerals and oil & gas geology for more than 11 years. Returning to Timor-Leste in 2008, he undertook geological field mapping of onshore hydrocarbon prospects with Dr. Tim Charlton from 2009 until early 2013, identifying 17 onshore prospects hydrocarbon in the last 3 years. Mr. Gandara was the Country Manager for the gas exploration company Minza Ltd (operating a Block in the Timor Sea). Currently, Mr. Gandara is the Managing Director of the subsidiary TIMOR GAP Offshore Block.

Luís Martins
Director, Business Infrastructure Development Unit

Mr. Luís Martins gained his BSc in Industrial Engineering from Winaya Mukti University and an MSc in Energy and Environmental Management and Economics from Scuola Enrico Mattei – ENI University, in Millan, Italy. Mr. Martins has over 7 years of experience in both technical and management skills within the oil and gas sector under the Secretariat of State for Natural Resources (SERN) of Timor-Leste. Prior to joining SERN, he held managerial position at the UN Agency as well as other international organizations in the country. Currently he is the Director of BIDU.

Domingos Lequi Siga
Director, Gas Business Unit

Mr. Domingos Lequi Siga received in 2006 a BSc in Natural Resources & Environmental Management from University of Hawaii at Manoa, Honolulu, USA. In 2008-2009, he was awarded a Fulbright Scholarship to pursue his MSc in Energy Management from New York Institute of Technology. Mr. Lequi Siga has over 11 years of experience in both technical and managerial skills within the oil and gas sector, research institutions and International Agencies. Currently he is the Director of GBU, whose main responsibilities are to manage and coordinate all business activities within the field of natural gas including LNG, LPG and gas pipelines.

Vicente Pinto
Director, Refinery & Petroleum Services Unit

Mr. Vicente Pinto graduated in 2010 with a MSc in Engineering in Oil & Gas Management from Asian Institute of Technology (AIT) Bangkok, Thailand. Mr. Pinto has more than 11 years of work experience as a public servant in administration and management in the area of petroleum and mineral resources. He is Director for R&PSU since October 2011.

Vicente Lacerda
Director, Exploration & Production Unit

Mr. Vicente Lacerda graduated in 2008 with an MSc in Petroleum Geosciences, specialization in Petroleum Geophysics from The Norwegian University of Science and Technology, Trondheim. Mr. Lacerda has 18 years of experience in the oil & gas industry in both technical and management skills. He started his career in 1998 as Officer- Geologist at the Regional Department of Mines and Energy in Timor-Leste, Dili. He is Director of E&P Unit at TIMOR GAP.

Henrique Monteiro
Director, Finance Unit

Mr. Henrique Monteiro graduated from Griffith University, Brisbane, Australia, with a Master in Banking and Finance. He started his career in 2000 at the United Nations Agency and holds 17 years of work experience within the areas of project economic & finance and corporate finance, in both technical and management skills. Prior to joining TIMOR GAP as project economic & finance manager in 2012, Mr. Monteiro worked for ANPM performing the role of corporate finance manager. In 2015, he became the Director of Finance Unit at TIMOR GAP.

Jacinta Paula Bernardo
Director, Corporate Service Unit

Ms. Jacinta Paula Bernardo holds a Master of Science (MSc) in Human Resource Management and Development from the University of Salford, Manchester, United Kingdom. Ms. Bernardo graduated from Monash University, Melbourne, Australia with a Bachelor Degree in Business and Commerce, double major in Human Resources Management and Management. Ms. Bernardo worked for more than ten years with international development agencies such as the World Bank, International Organization for Migration (IOM), Australian Embassy and Oxfam International. She has gained experience from those International Development Agencies in the areas of project management, financial management and procurement management, human resources management and general administration. Currently, she is the Director of Corporate Service, whose main responsibilities are to manage and coordinate all business activities such as Human Resources Management, Procurement Management, Information, Communication and Technology (ICT) and General Administration. In 2015, she was nominated by the Government of Timor-Leste to be a Commissioner for Civil Service Commission for a five-year-term.

7.3 Governance

7.3.1 Law on Petroleum Activities

The **Law No. 13/2005 on Petroleum Activities** indicates that pursuant to international law, Timor-Leste has sovereign rights for the exploration, exploitation and management of its natural resources, including petroleum. The country is entitled to all petroleum resources existing in the subsoil of its territory, both onshore and offshore. One of the objectives of the Law is to ensure stability and transparency in regulating the development of petroleum resources. Therefore, the Law is complemented with transparency requirements.

7.3.2 Petroleum Fund

Our Petroleum Fund was created through the **Petroleum Fund Law No. 9/2005,** with the intention to contribute to the wise and sustainable management of the petroleum resources for the benefit of the people and future generations. The Petroleum Fund contributes to sound fiscal policy and is to be integrated into the State Budget. It requires prudent management and is operated in an open and transparent way, within the constitutional and legal framework.

The **Central Bank of Timor-Leste** administers the Petroleum Fund and the Ministry of Finance is responsible for the overall management and investment strategy. The Fund's Investment Advisory Board provides strategic investment advice concerning the investments of the Petroleum Fund to Minister of Finance.

7.3.3 Extractive Industries Transparency Initiative (EITI)

EITI Extractive Industries Transparency Initiative

Timor-Leste is committed to full transparency in accounting for income resulting from its petroleum resources, which have been the greatest source of State budget revenue. Our commitment to transparency is demonstrated through the adherence to the Extractive Industry Transparency Initiative (EITI), which is a global coalition of governments, companies, and civil society, to improve accountable management of revenues from natural resources. More openness on how a country manages its natural resources, such as oil, gas, metals and minerals, helps to ensure that they can benefit all citizens. Timor-Leste was admitted in 2008 as a candidate to implement the EITI and became in 2010 an **EITI Compliant Country**, meaning that it meets all requirements in the EITI Standard.

The **EITI Standard** ensures full disclosure of taxes and other payments made by oil, gas and mining companies to governments. These payments are disclosed in an annual EITI Report, which allows citizens to see how much their government is receiving from their country's natural resources. Timor-Leste produces annual **EITI Reports** that disclose revenues from the extraction of its natural resources: companies disclose what they have paid in taxes and other payments and the government discloses what it has received.

7.3.3.1 TL-EITI

Timor-Leste is proud to be the first country in Southeast Asia and the third in the world to achieve the status of EITI Compliant Country. In 2007, Timor-Leste's Government invited civil society and industry to nominate representatives to form a Multi-Stakeholder Working Group (MSWG). Upon its establishment, the MSWG created the TL-EITI Secretariat office, which has been functioning since 2008 under the former Ministry of Petroleum and Mineral Resources and current Ministry of Petroleum, with the aim to ensure the transparency of resources generated by the oil and mineral sector and guaranteeing the technical and administrative support to the MSWG.

In June 2012, six months after the start of operations, TIMOR GAP became one of the few national oil companies in the world supporting the EITI. TIMOR GAP, as the state owned enterprise, participates in the MSWG's monthly meetings, which brings together relevant key stakeholders, such as representatives from the Government (MPRM, ANPM, Central Bank of Timor-Leste, Ministry of Finance), petroleum industry, civil society and international organizations. This working group is responsible for discuss and approve by unanimously the EITI-TL reports, prepared by an Independent Administrator (IA) selected by public tender, the supplementary EITI reports, the annual plan and the progress report. Following its approval by the MSWG, the reports are published by the Secretariat in accordance with the standard set by the International Council of EITI. The published reports are intended to transparently demonstrate the payments made by the extractive companies as well as the revenues collected by the State (reconciliation).

During 2019, TIMOR GAP continued to partake in the regular monthly MSWG' meetings, covering topics such as the approval and publication 10th Timor-Leste EITI Reconciliation Report which covers information for Fiscal Year 2017. The published report was produced by the Independent Administrator, Ernst & Young Audit & Associados – SROC, SA, which was selected in accordance with the 2016 EITI Standard, and contains important information related to the transparency of the oil and mining sectors as well as annexed models of financial data collection tailored to each type of institution.

8. Commentary on the Financial Results

Set out below are the audited consolidated financial statements of TIMOR GAP group for the year ended 31 December 2019. This is the group's eighth trading period. TIMOR GAP has adopted International Financial Reporting Standards (IFRS) to ensure that reporting is based on a well-recognized reporting framework.

8.1 Grant Funding

During the current year a grant of $16.9 million (2018: $9.9 million) was provided by the Government to fund the 2019 operations of the company including to carry out some related studies on asset evaluation and transaction support on the Greater Sunrise Reserve Study.

8.2 Revenue

Likewise, previous years, the government grant of $16.9 million (2018: $9.9 million) forms the majority of TIMOR GAP's revenue for the year 2019. While the company depends on government grant to carry out major project expenses, the company has also internally generated income from fuel trading business which recorded fuel sales of $226,983 (2018: $406,175). Further, the company earned a profit of $39,620 on sale of Property, Plant and Equipment.

The company is a 60% quota holder GAP-MHS Aviation Lda (GAP-MHS). During the 2019 financial year no dividends were received by TIMOR GAP.

Subsequent Event

GAP-MHS Aviation, LDA has been dissolved w.e.f 22nd January 2020 and has obtained the Certification of Dissolution of Company by the Service Agency. All physical assets have been depreciated to zero value for taxation and commercial purposes, and that title to those physical assets is passed to TIMOR GAP, E.P. The current assets that recorded are cash on hand amounting to $206,765 as on 31 December 2019.

8.3 Contract 1/2012

Contract 1/2012 relates to the previously completed pre-feasibility studies and pre-Front End Engineering Design (pre-FEED) options for a Marine facilities design at Beaço, District of Viqueque, as part of the LNG project. In consultation with SERN (Secretary of State for Natural Resources) the Coastal Harbour onshore basin layout was selected for the FEED or design stage. The design will form part of the planned LNG plant and provides a standard marine facility which includes a jetty, product loading facility, material offloading facility, and a trestle for pipe carrying LNG product to the loading arms and breakwater. In addition to the design, further Metocean studies were conducted to determine the physical environment near the planned site from both a meteorology and oceanography perspective. The contract was completed in 2018 and no impact is made on financial statements for the financial year 2019..

8.4 Contract 2/2012

Contract 2/2012 relates to a refinery facilities study for the Betano Refinery FEED. The project objective meets the Timor-Leste Government's Strategic Development Plan to capture more value added from its produced petroleum.
The contract has five main components which include the following:

- Betano Refinery FEED – which includes the ISBL and OSBL, pipeline, jetty facilities which support refinery operations infrastructure (accuracy 15%-20%) and
- Environmental Impact Assessment and a Social Health Impact Assessment for the Betano refinery
- A land survey
- Land development and design
- Market study

In the current year, no additional funds were received from the Government of Timor-Leste for either of these projects as the full contract value less than withholding taxes had been received in 2012 and 2013. During 2019, no costs was expended on the projects.

The project contract fixed service fee is only recognized as income based on the percentage of costs incurred to date on the project compared to the total costs expected. Since no costs was expended on this project, no revenue was recognized in the financial statements during the year 2019 (2018: $3,850).

At year end $891,983 (2018: $835,233) remained of the funds received for use in 2021 when the projects are expected to be completed.

8.5 Project Expenses

The primary projects that TIMOR GAP incurred expenses on during the period included:

- JPDA & Greater Sunrise Negotiations
- Greater Sunrise TLNG Optimization
- Betano Refinery Optimization Design
- TLNG HR Development
- BU Re-Development Project
- Other Upstream Business Subsidiaries
- Beaço Land & Property Project
- Fuel Station Project – Studies
- Refinery Project
- Suai Supply Base
- Suai Airport project
- Upstream Data Management & IT Infrastructure
- Asset evaluation and transaction support project
- Retail fuel station
- Fuel supply and trading

These projects have been discussed in detail in Sections 2 to 6 of this report.

8.6 Financial Results

8.6.1 Comprehensive Profit/Loss for the Year

The company's operating profit/loss for the year ended 31 December 2019 amounted to $215,919 (2018: $872,051) and total comprehensive profit/loss of $181,637 (2018: $767,964).

On a group basis, the operating profit/loss for the year ended 31 December 2019 stood at -$4,401,657 (2018: -$1,411,793) which is further decreased by the share of profit of associates (GAP-MHS Aviation, Lda) to the extent of -$74,955 (2018: -$103,106), which resulted into Profit/ (Loss) before tax of -$4,476,612 (2018: -$1,514,899) on group basis. The Profit/ (Loss) on group basis is further reduced by the Income Tax Expense of -$189,248 (2018: -$104,087) and reversal of Deferred Tax Asset charge of $2,419,920 (2018: -$613,827) which is actually the reversal of tax component calculated on accumulated losses in the group companies. Summing up all the elements in the Income statement resulted into total comprehensive Profit/ (Loss) of -$7,085,780 (2018: -$1,005,159) on the group basis.

The company is now having an equity of $10,532,825 (2018: $10,351,189) and the same at group level is -$3,083,960 (2018: $3,987,209). During the year the other income generated by the company through Suai fuel-trading business has marginally facilitated to exceed the operational expenses of the company. The company's retained earnings as at 31 December 2019 is $8,032,825 (2018: $7,851,189).

Set out below are the main categories of operational expenses incurred.

8.6.1.1 Depreciation and Amortization Expense

During the period TIMOR GAP has additions to property, plant and equipment worth $719,476 (2018: $54,535) as set out in Note 8, and additions of $147,293 (2018: $220,356) of computer software explained in Note 8 to the financial statements. For the first time, TIMOR GAP has adopted IFRS 16 lease accounting guidelines which introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. TIMOR GAP being lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a result of recognizing the right to use asset, there is an additional capitalization of $ 3,073,423 of Assets which also resulted in an increase in total depreciation of $496,626 in financial year 2019.

During the year, the addition of Property, Plant and equipment of $719,476 is on account of purchase of JetA1 Fuel Tank in Suai and other capital asset additions in Office equipment's, Furnitures and fittings and IT hardware of another $190,618. Further, TIMOR GAP has also discharged fully book depreciated motor vehicle for $124,850 through approved bidding and procurement process in the financial year 2019. As a result of capitalization of new asset and discard of old asset, the resulting net block for tangible assets has increased by $785,244 for financial year 2019.

As set out in the accounting policies TIMOR GAP has adopted the straight-line basis of accounting for depreciation and amortization over the expected useful lives of the assets from the date they were acquired and were ready for first use. During 2019, depreciation of property, plant and equipment amounted to $179,692 (2018: $194,705), for computer software the amortization for the year was $242,913 (2018: $292,984) and for Right to use asset $496,626 (2018: $0). The depreciation of tangible assets has slightly reduced due to change in estimated life of assets in financial year 2019. The amortization cost was incurred due to part capitalization of software license in Financial year 2019 purchased for the Exploration and Production Unit.

8.6.1.2 Employee Costs/Expenses

At 31 December 2019 TIMOR GAP had a staff of 131 employees (2018: 132 employees). Costs for staff increased from $2,964,470 in 2018 to $3,389,521 in the financial year 2019. The increase in costs is mainly due to the additional recruitment and enaction of social security contribution regime from Timor-Leste Government.

8.6.1.3 Project Expenses

The company's project expense was primarily for covering project consultant expenses such as technical and legal consultant on JPDA and Greater Sunrise Negotiation, Greater Sunrise TLNG optimization and Betano Refinery optimization design that are part of Tasi Mane Project. In addition to that, the project expense was also expended for project overhead disbursement and community liaisonings on Tasi Mane Project.

8.6.1.4 Other expenses

The most significant "other expenses" for the year ended 31 December 2019 for the company include the following items:

Particulars	2019	2018
Staff Training & Development Expenses	111,816	210,578
Rental Expenses	73,357	655,325
Telephone & Internet Expenses	91,007	106,946
Travel & Expenses	956,517	576,595
BOD Related Cost	24,310	-
Repairs & Maintenance	411,375	46,109
Office Maintenance	100,640	-
General Overhead Expenses	128,511	625,967
Total	**1,897,533**	**2,221,520**

The company's consultant expenses were mapped as Project expenses in 2019 and hence it is not shown in the schedule of other expenses as shown in the financial year 2018.

Travel & expenses include the costs to attend field trips for the Tasi Mane projects management and administration work. These include activities such as community liaisonings, land clearance by Inter-ministerial team, etc. In addition, travel & expenses also covered various activities for capacity development, participation at workshops and conferences, meetings, including Joint Commission meetings as well as other official requests from the Government for specific purposes.

The General Overhead Expenses are the expenditure for electricity, outsource service, minor equipment, organization promotion and other miscellaneous expenses.

In line with TIMOR GAP's mandate for the creation of business activities, the young NOC's costs in pursuit of the development of the oil and gas industry are often unpredictable.

8.7 Taxation

TIMOR GAP is subject to the Taxes and Duties Act of 2008. In the financial year 2019, the company has not estimated any taxes due to excess allowance of tax depreciation (100% Depreciation on Capital Assets as per Income Tax Laws) which resulted in the taxable losses (2018: $104,087). Further, till the year 2018, TIMOR GAP had recognized deferred tax assets (DTA) amounting to $ 2.4 Million primarily arising on the carry forward of tax losses in various subsidiaries. As per the provisions of IAS 12-Income Taxes, paragraph 34, when an entity has carry forward tax losses, DTA thereon can only be recognized when it is probable (supported by convincing evidence) of being utilised. TIMOR GAP and its subsidiaries are mostly in the exploration/appraisal stage of various PSC'S and accordingly will not have an evidence of taxable profit in near future against which the carry forward losses can be adjusted. Consequently, such DTA amounting to $ 2.4 Mn has been written off in the financial year 2019.

During the year, the company has timely paid withholding taxes to the extent of $915,688 (2018: $643,046) to Timor-Leste Tax Authority which is primarily deducted on wages and salaries paid to employees, payments of rental fees and payments on non-resident supplies at the prescribed rate as mentioned in the decree law of Timor-Leste. The company has recognized a withholding tax liability payable of $143,586 (2018: $206,853) which is already paid after the year end closing of 2019.

8.8 Statement of Financial Position

8.8.1 Intangible assets under development

The group had entered into an agreement with ConocoPhillips's and Shell Australia in 2018 for acquisition of their respective participating interest, totaling to 56.56%, in Greater Sunrise Oil Fields at a total consideration of $ 651,677,390. The transaction has been completed during the current year with effective date of April 16, 2019. These intangible assets have been capitalised in the Balance Sheet for the financial year 2019.

8.8.2 Current Assets

Current assets include amounts expected to be received within a year of the balance sheet date. Current assets of the company amount to $14,547,046 (2018: $12,299,943) and include prepayments of $ 76,810 (2018: $55,946) and receivables of $332,387 (2018: $306,146), the rental and other refundable deposits of $151,838 (2018: $179,514). At year end 2019 cash at the bank and on hand amounted to $284,902 (2018: 2,364,787).
As of that date, the Company's current assets exceeded its current liabilities by $7,689,146 (2018: $8,276,536), while for the group the current liabilities exceeded the current assets by $7,456,997 (2018: $725,829). Due to reversal of Deferred tax asset amounting to $ 2.4 Mn, the current liability is higher than current assets for the financial year 2019 on a group basis.
As set out in Note 30 the financial statements have been prepared on the going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of business.

8.8.3 Borrowing Costs

To mitigate the liquidity risk, the Group has borrowed the fund to the extent of $650 Mn from the Petroleum Fund of Timor-Leste with longer moratarium period and expects to generate revenue by then to meet its obligation. These loans are taken from Petroleum Fund of Timor-Leste for the purpose of acquiring participating interests and rights in the Greater Sunrise oil and gas field. The loan is unsecured and carrying interest rate of 4.5 % compounded annually. The loan tenure is of 18 years whose first annual repayment is due on 15th March 2028. As per International Accounting Standard (IAS 23), "Borrowing Costs", Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset and not charged off to the Profit and Loss Account and hence these borrowing costs have been fully capitalised in the Balance Sheet as Current Financial Liability for the financial year 2019.

8.8.4 Earnings and Equity

The company recorded a net profit of $181,637 (2018: $767,964), (Group Loss of: -$7,085,780) during the year ended December 31, 2019.

The company had recorded an equity of $10,532,825 (2018: $10,351,189) while the group equity stands at
-$3,018,960 (2018: $3,987,209). The decrease in the equity is generally due to accumulation of losses in the group companies which is assumed to be recovered in the subsequent years of operations and reversal of deferred tax asset and further by adoption of IFRS rules on lease accounting.

As a young national oil company, TIMOR GAP is reliant on government grants to sustain its operations until such time as the company grow its business to become sufficiently self-funding. In this phase of its business' development expenditure can be less predictable as it pursues opportunities in line with Timor-Leste and TIMOR GAP's vision for the oil and gas industry in Timor-Leste.

9. Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019
Amount in USD

Particulars	Notes	Group		Company	
		Year ended 31 Dec'19	Year ended 31 Dec'18	Year ended 31 Dec'19	Year ended 31 Dec'18
Revenue					
Revenue from contract with customers	4	406,983	410,025	226,983	410,025
Other income	5	16,965,012	12,472,492	16,991,773	12,472,492
Revenue (A)		**17,371,995**	**12,882,517**	**17,218,756**	**12,882,517**
Project Expenses		14,618,177	7,898,826	10,548,905	5,977,275
Purchase of Stock of Fuel		205,625	403,493	205,625	403,493
(Increase)/decrease in inventory	6	(964)	(43,982)	(964)	(43,982)
Employee Costs	7	3,584,650	3,234,483	3,306,275	2,964,470
Depreciation and amortization expense	8	930,222	493,106	919,231	487,690
Finance cost on lease liabilities		126,232	-	126,232	-
Other expenses	9	2,309,710	2,308,384	1,897,533	2,221,520
Total Expense (B)		**21,773,652**	**14,294,310**	**17,002,837**	**12,010,466**
Operating Profit/(Loss) (C)=(A-B)		(4,401,657)	(1,411,793)	215,919	872,051
Share of Profit of Joint Venture/Associates (D)		(74,955)	(103,106)	-	-
Profit/(Loss) before tax (E) = (C+D)		(4,476,612)	(1,514,899)	215,919	872,051
Tax expense					
Income tax expense		189,248	104,087	-	104,087
Deferred tax charge/(Credit) (Refer Note 18)		2,419,920	(613,827)	34,282	-
Total Tax Expense (F)		2,609,168	(509,740)	34,282	104,087
Profit/(Loss) after tax (G)= (E-F)		**(7,085,780)**	**(1,005,159)**	**181,637**	**767,964**
Other Comprehensive Income (H)					
Total Other Comprehensive Income (H)		-	-	-	-
Total Comprehensive Profit/(Loss) (I)= (G+H)		**(7,085,780)**	**(1,005,159)**	**181,637**	**767,964**

Particulars	Notes	Group		Company	
		Year ended 31 Dec'19	Year ended 31 Dec'18	Year ended 31 Dec'19	Year ended 31 Dec'18
Total Profit/(Loss) attributable to :					
TIMOR GAP, E.P.		(7,289,461)	(1,005,159)	-	-
Non-Controlling Interest		203,681	-	-	-
Total Comprehensive Profit/(Loss) attributable to :					
TIMOR GAP, E.P.		(7,289,461)	(1,005,159)	-	-
Non-Controlling Interest		203,681	-	-	-

See accompanying notes to the financial statements 1-38

Statement of financial position as at 31st December 2019
Amount in USD

Particulars	Notes	Group		Company	
		As at 31 Dec'19	As at 31 Dec'18	As at 31 Dec'19	As at 31 Dec'18
ASSETS					
Non-current assets					
Property, plant and equipment	8	1,576,789	803,578	1,521,015	790,613
Right-of-use assets	8	2,576,797	-	2,576,797	-
Capital Work in progress		159,869	788,816	159,869	788,816
Intangible assets	8	353,604	449,224	353,604	449,224
Intangible assets under development	10	673,290,100	-	-	-
Financial assets					
Investments	11	127,071	251,501	365,370	46,000
Deferred tax asset (net)		-	2,419,919	-	-
Total non-current assets		678,084,230	4,713,038	4,976,655	2,074,653
Current assets					
Inventories	12	94,084	93,120	94,084	93,120
Financial assets		-	-	-	-
Trade receivables	13	-	18,937	-	18,937
Cash and cash equivalents	14	1,178,119	2,822,389	284,902	2,364,787
Loans	15	-	-	13,607,025	9,281,491
Other financial assets	16	478,406	388,096	484,225	485,660
Other current assets	17	79,155	-	76,810	55,946
Total current assets		1,829,764	3,322,542	14,547,046	12,299,941
Total assets		**679,913,994**	**8,035,580**	**19,523,701**	**14,374,594**
LIABILITIES AND EQUITY					
Liabilities					
Non-current liabilities					
Deferred Tax Liability (Net)	18	-	-	34,282	-
Financial Liabilities					
Borrowings	19	671,612,500	-	-	-
Lease Liabilities		2,093,144	-	2,093,144	-
Provisions	20	5,550	-	5,550	-
Total non-current liabilities		673,711,194	-	2,132,976	-
Current liabilities					
Financial Liabilities					
Trade payables	21	6,093,195	1,924,990	3,909,297	1,899,662

Particulars	Notes	Group		Company	
		As at 31 Dec'19	As at 31 Dec'18	As at 31 Dec'19	As at 31 Dec'18
Lease Liabilities		501,144	-	501,144	-
Other financial liabilities	22	-	3,000	13,486	15,500
Provisions	23	1,307,461	946,569	1,111,737	946,568
Other current liabilities	24	1,384,960	1,173,812	1,322,236	1,161,675
Total current liabilities		9,286,760	4,048,371	6,857,900	4,023,405
Total liabilities		682,997,954	4,048,371	8,990,876	4,023,405
Equity					
Contributed Capital		2,500,000	2,500,000	2,500,000	2,500,000
Retained Earnings		(5,802,252)	1,487,209	8,032,825	7,851,189
Non- Controlling Interest		218,292	-	-	-
Total equity		(3,083,960)	3,987,209	10,532,825	10,351,189
Total equity and liabilities		**679,913,994**	**8,035,580**	**19,523,701**	**14,374,594**

See accompanying notes to the financial statements 1-38

Statement of changes in equity for the year ended 31st December 2019
Amount in USD

i. Contributed Capital

Particulars	Group		Company	
	2019	**2018**	**2019**	**2018**
Contributed Capital as at the beginning of the year	2,500,000	2,500,000	2,500,000	2,500,000
Received during the year	-	-	-	-
Contributed Capital as at the end of the year	**2,500,000**	**2,500,000**	**2,500,000**	**2,500,000**

ii. Retained Earnings

Partciulars	Group		Company	
	2019	**2018**	**2019**	**2018**
Balance at the beginning of the year	1,487,209	2,492,368	7,851,189	7,083,224
Profit/(Loss) for the year	(7,289,461)	(1,005,159)	181,637	767,964
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**(7,289,461)**	**(1,005,159)**	**181,637**	**767,964**
Balance as at the end of the year	**(5,802,252)**	**1,487,209**	**8,032,825**	**7,851,189**

iii. Non-Controlling Interest

Particulars	Group		Company	
	2019	**2018**	**2019**	**2018**
Balance at the beginning of the year	-	-	-	-
On Reclassification of associates to subsidiaries #	43,164	-	-	-
Dividend Paid	(28,553)	-	-	-
Total comprehensive income for the year	203,681	-	-	-
Balance as at the end of the year	**218,292**	**-**	**-**	**-**

During the year, the group's interest in TIMOR GAP Seismic Services, Unipessoal, Lda and South Horizon Offshore Services, Unipessoal, Lda has been considered as controlling interest and has been consolidated on line to line basis.

Statement of Cash Flows for the year ended 31st December 2019
Amount in USD

Particulars	Group		Company	
	Year ended 31 Dec'19	Year ended 31 Dec'18	Year ended 31 Dec'19	Year ended 31 Dec'18
Cash flow from operating activities				
Operating Profit / (Loss)	(4,476,612)	(1,514,899)	215,919	872,051
Adjustments for:				
Depreciation expenses	930,222	493,106	919,231	487,690
Finance Cost on right to use liabilities	126,232	-	126,232	-
Bad Debts / Provision for bad debts	15,377	-	15,377	-
Profit on sale of PPE	(39,620)		(39,620)	
Interest income	(25,392)		(52,153)	(23,730)
Loss from investment in associate	74,955	103,106	-	-
Increase / (Decrease) in trade payables	4,168,205	1,410,066	2,009,635	1,606,939
Increase / (Decrease) in other current financial liabilities	(3,000)	-	(2,014)	(5,000)
Increase / (Decrease) in other current liabilities	211,147	(62,675)	160,560	(624,223)
Increase / (Decrease) in provisions	170,717	-	170,717	387,245
(Increase) / Decrease in Trade receivables	3,203	(130,773)	3,560	(18,937)
(Increase) / Decrease in loan	-	-	(4,280,879)	(1,549,999)
(Increase) / Decrease in other financial assets	(92,309)	-	8,937	(77,242)
(Increase) / Decrease in Inventory	(964)	(43,982)	(964)	(43,982)
(Increase) / Decrease in other current assets	(79,155)	-	(20,864)	(55,947)
Income tax paid	-	-	-	-
Net cash flows provided by (used in) operating activities (A)	983,005	253,949	(766,326)	954,865
Cash flow from Investing activities				
Payment for property, plant and equipment and intangible assets	(482,239)	(615,743)	(428,440)	(605,109)
Income from investment in associates	-	-	(319,370)	-
Interest income	-	-	-	23,730
Proceed from sale of property, plant and equipment	39,620	-	39,620	-
Net cash flow provided by (used in) investing activities (B)	(442,619)	(615,743)	(708,190)	(581,379)
Cash flow from Financing activities				
Proceeds from long-term borrowings	(1,677,600)	-	-	-
Payment of lease liabilities	(605,369)	-	(605,369)	-
Net cash flow provided by (used in) financing activities (C)	(2,282,969)	-	(605,369)	-

Particulars	Group		Company	
	Year ended 31 Dec'19	Year ended 31 Dec'18	Year ended 31 Dec'19	Year ended 31 Dec'18
Net increase in cash and cash equivalents (A+B+C)	(1,742,583)	(361,794)	(2,079,885)	373,486
Cash and cash equivalents at the beginning of the year	2,822,389	3,184,183	2,364,787	1,991,301
Cash and cash equivalents at the beginning of the year of associates classified as subsidiaries	98,313	-	-	-
Cash and cash equivalents at the end of the year	**1,178,119**	**2,822,389**	**284,902**	**2,364,787**

Notes to Accounting Policies
(Amount in USD)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate and Group Information

a. Corporate Information

TIMOR GAP, E.P. ('the Company', 'the Parent') is a limited liability company by quotas ("Sociedade por Quotas") incorporated and domiciled in the Democratic Republic of Timor Leste whose registered office is located at Timor Plaza, Level 3, Rua Presidente, Nicolao Lobato, Comoro, Dili, Timor-Leste.
TIMOR GAP, E.P. is incorporated with the object to explore and develop hydrocarbon resources through subsidiaries and market the petroleum products.
The consolidated financial statements of TIMOR GAP, E.P and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 18th June 2020.

b. Group Information

The Consolidated financial statements of the Group includes:

Subsidiaries:

Name	Principal Activities	Place of incorporation	Ownership interest	
			2019	2018
TIMOR GAP PSC 11-106, Unipessoal Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda	Logistic and Support services	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Drilling & Services, Unipessoal, Lda	Drilling Service	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Chuditch, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%

TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
South Horizon Offshore Services, Lda	Support services	Democratic Republic of Timor Leste	51%	51%
TIMOR GAP Seismic Services, Unipessoal, Lda	Seismic Survey services	Democratic Republic of Timor Leste	60%	60%

Associate :

The Group has a 60% interest in GAP-MHS Aviation Lda (2018 - 60%). For details, refer Note 34

2. Summary of significant accounting policies

a. Basis of preparation and consolidation

Basis of preparation:

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Basis of Consolidation:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, transactions, unrealized gains and losses resulting from intra-group transactions, dividends and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investment in Associate:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

b. Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- 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 in the normal operating cycle
- It is held primarily for the purpose of trading
- 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. Revenue

i. Revenue from contracts with customers

Revenues from the production of hydrocarbon properties, in which the group has an interest with other contractors, are recognized based on Company's participating interest in the Production Sharing Contract.
Revenues from the sale of petroleum products are recognized at the time when performance obligations are satisfied. Performance obligations are satisfied at a point in time when the control of the goods have passed to the buyer, usually on delivery of the goods.
Revenue from seismic and drilling service are recognised over the time with reference to stage of completion of activity at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
Revenue is recognised at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
Revenue from *contract fixed service fee* is recognized by reference to the stage of completion of the contract as a percentage of actual expenditure incurred on the project of the total contracted amount.

ii. Other Income

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

d. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Timor- Leste where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

e. Foreign Currencies

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be the United States Dollars. The financial statements are presented in United States Dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company's entities 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 recognised 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

f. Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. During 2019, the useful life and residual value of assets has been revised basis technical estimate and to align with the public ruling issued by Ministry of Finance, Republic of Timor Leste, which are as follows:

Asset Class	Previous Years		Effective from 2019	
	Useful Life (Years)	Residual Value	Useful Life (Years)	Residual Value
Building	20	NIL	20	20%
Leasehold Improvements	7	NIL	7	20%
Machinery & Equipment	10	NIL	10	20%
Furnitures & Fittings	5	NIL	8	NIL
Vehicles	6	NIL	6	20%
Computer Hardware	3	NIL	3	NIL
Computer Software	3	NIL	3	NIL
Office Equipment	4	NIL	4	NIL
Other Intangible Assets	4	NIL	4	NIL

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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

g. Lease

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets i.e. below USD 5,000. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and low value assets on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
5. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

h. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. An intangible asset with an indefinite useful life are not amortised.

The intangible asset with an indefinite useful life is tested for impairment under IAS 36 by comparing its recoverable amount with its carrying amount annually and whenvever there is any indication that the intangible asset may be impaired. The useful life of an intangible asset that is not being amortised is reviewed at each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate in accordance with IAS 8.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Exploration and Evaluation, Development and Production cost

(i) Pre-acquisition cost

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

(ii) Acquisition cost

Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved in case of acquiring participating interest in an oil and gas assets and are accounted as follows: -

Exploration and development stage

Acquisition cost relating to projects under exploration or development are initially accounted as Intangible Assets under development or Capital work in progress - Oil and gas assets respectively. Such costs are capitalized by transferring to oil and gas assets (Property, Plant and Equipment) when a well in field/ project is ready to commence commercial production. In case of abandonment/ relinquishment, such costs are written off.

Production stage

Acquisition costs of producing oil and gas assets are capitalized under oil and gas assets (Property, Plant and equipment) and amortized using the unit of production method over proved reserves of underlying assets.

(iii) Survey cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.

(iv) Oil and gas asset under development - Development wells in progress

All costs relating to development wells are initially capitalized as development wells in progress (Capital Work in progress) and transferred to oil and gas assets (Property, plant and equipments) on completion.

(v) Production costs

Production costs include pre-well head and post-well head expenses including depreciation and applicable operating costs of support equipment and facilities.

j. Financial instruments – initial recognition and subsequent measurement

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.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company 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 the company has applied the practical expedient are measured at the transaction price as disclosed in section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The company'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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

- Financial assets at amortised 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 amortised cost (debt instruments)

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

The company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

The other three categories of Subsequent measurement of financial asset are not applicable to any financial asset of the company.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party along with the rights to receive cash flows from the asset have expired.

Impairment of Financial Assets

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument.

ii) 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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The company's financial liabilities include trade and other payables, lease liabilities and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (not applicable at any of the financial instrument of the company)
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

k. Impairment of non-financial assets

The company 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 company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The 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 company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Company estimates of recoverable value of hydrocarbon reserves in line with the principles contained in the Petroleum Resources Management Reporting System (PRMS) framework.

l. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

m. Inventories

Inventories include Traded Goods are valued at the lower of cost and net realisable value. Cost of inventories include cost of purchase, freight charges and other costs incurred in bringing the inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

n. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. Employee Benefits

i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long-term employee benefit obligations

a. Defined contribution plan

Social Security: Contribution towards social security is made to the regulatory authorities, where the group and Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

b. Other long term benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves can be encashed only on discontinuation of service by employee.

p. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or
► In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

q. Changes in accounting policies and disclosures

New and amended standards and interpretations
IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the company is the lessor.

The Group adopted modified retrospective approach with the date of initial application of 1 January 2019 recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The new standard does not have significant impact in the financial statement.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group and Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

The amendment has no significant impact on the group's financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Since the Group’s current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

r. Significant accounting judgements, estimates and assumptions

The preparation of the company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of company's, 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.

Judgement

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: recoverability of asset carrying values; provisions and contingencies; post-retirement benefits and impairment of financial assets. Where an estimate has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

New IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

This standard is not applicable to the company.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the company's financial statements.

4. **Revenue from Contracts with Customers**

Particulars	Group		Company	
	2019	2018	2019	2018
Income from fuel trading business	226,983	406,175	226,983	406,175
Income from Seismic Service Fixed	180,000	-	-	-
Contract Service Fees	-	3,850	-	3,850
	406,983	**410,025**	**226,983**	**410,025**

5. **Other Income**

Particulars	Group		Company	
	2019	2018	2019	2018
Assistance received from Government	16,900,000	9,948,762	16,900,000	9,948,762
Income – Onshore exploration farm-out	-	2,500,000	-	2,500,000
Profit on sale of PPE	39,620	-	39,620	-
Interest Income	25,392	23,730	52,153	23,730
	16,965,012	**12,472,492**	**16,991,773**	**12,472,492**

6. **(Increase)/decrease in inventory**

Particulars	Group		Company	
	2019	2018	2019	2018
Opening stock of fuel	93,120	49,138	93,120	49,138
Closing stock of fuel	94,084	93,120	94,084	93,120
	(964)	**(43,982)**	**(964)**	**(43,982)**

7. **Employee Costs**

Particulars	Group		Company	
	2019	2018	2019	2018
Employee benefit expenses (including directors) comprise:				
Wages and salaries	3,206,679	3,234,483	2,944,139	2,796,670
Defined contribution pension cost	182,842	-	167,132	167,800
Other long-term employee benefits	170,013	-	170,013	-
Staff Welfare	25,116	-	24,991	-
	3,584,650	**3,234,483**	**3,306,275**	**2,964,470**

8. Property, plant and equipment

Group

Particulars	Tangible								Intangibles		
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use #
Gross block											
Opening Balance as at 1st January 2019	492,403	91,156	739,540	547,503	186,701	423,797	741,043	3,222,142	1,556,640	1,556,640	-
Additions	-	719,476	53,000	-	46,476	16,191	128,751	963,894	147,293	147,293	3,073,423
Deductions/ adjustments	-	-	124,850	-	-	-	-	124,850	-	-	-
Balance at 31st Dec 2019	**492,403**	**810,632**	**667,690**	**547,503**	**233,177**	**439,988**	**869,794**	**4,061,186**	**1,703,933**	**1,703,933**	**3,073,423**
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2019	492,403	60,599	536,821	73,075	173,837	414,684	667,145	2,418,564	1,107,416	1,107,416	-
Charge for the year	-	20,823	54,392	14,332	9,706	4,120	87,310	190,683	242,913	242,913	496,626
Deductions/ adjustments	-	-	124,850	-	-	-	-	124,850		-	-
Balance at 31st Dec 2019	**492,403**	**81,422**	**466,363**	**87,407**	**183,543**	**418,804**	**754,455**	**2,484,397**	**1,350,329**	**1,350,329**	**496,626**
Net Book Value:											
31st December 2019	**0**	**729,210**	**201,327**	**460,096**	**49,634**	**21,184**	**115,339**	**1,576,789**	**353,604**	**353,604**	**2,576,797**

Particulars	Tangible								Intangibles		
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use
Gross block											
Opening Balance as at 1st January 2018	492,403	91,156	739,540	547,503	180,826	423,310	682,233	3,156,970	1,468,880	1,468,880	-
Additions	-	-	-	-	5,875	487	58,810	65,172	220,356	220,356	-
Deductions/ adjustments	-	-	-	-	-	-	-	-	132,596	132,596	-
Balance at 31st Dec 2018	**492,403**	**91,156**	**739,540**	**547,503**	**186,701**	**423,797**	**741,043**	**3,222,142**	**1,556,640**	**1,556,640**	**-**
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2018	488,761	37,752	495,104	45,637	159,921	391,986	599,280	2,218,442	814,432	814,432	-
Charge for the year	3,642	22,847	41,717	27,438	13,916	22,698	67,865	200,122	292,984	292,984	-
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2018	**492,403**	**60,599**	**536,821**	**73,075**	**173,837**	**414,684**	**667,145**	**2,418,564**	**1,107,416**	**1,107,416**	**-**
Net Book Value											
31st December 2018	**0**	**30,557**	**202,719**	**474,428**	**12,864**	**9,113**	**73,898**	**803,578**	**449,224**	**449,224**	**-**

For the period ended 31 December 2019, assets arising from leases where the Group is a lessee have been accounted for under IFRS 16. The Group has taken office premises on lease. Initial lease term for the same is 5 years with renewable clause.

Company

Particulars	Tangible								Intangibles		
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use #
Gross block											
Opening Balance as at 1st January 2019	492,403	91,156	739,540	547,503	185,801	422,970	721,543	3,200,916	1,556,640	1,556,640	-
Additions	-	719,476	-	-	46,476	15,391	128,751	910,094	147,293	147,293	3,073,423
Deductions/ adjustments	-	-	124,850	-	-	-	-	124,850	-	-	-
Balance at 31st Dec 2019	**492,403**	**810,632**	**614,690**	**547,503**	**232,277**	**438,361**	**850,294**	**3,986,160**	**1,703,933**	**1,703,933**	**3,073,423**
Accumulated depreciation/amortisation/impairment								-			
Opening Balance as at 1st January 2019	492,403	60,599	536,821	73,075	173,537	414,470	659,398	2,410,303	1,107,416	1,107,416	-
Charge for the year	-	20,823	49,799	14,332	9,500	3,956	81,282	179,692	242,913	242,913	496,626
Deductions/ adjustments	-	-	124,850	-	-	-	-	124,850	-	-	-
Balance at 31st Dec 2019	**492,403**	**81,422**	**461,770**	**87,407**	**183,037**	**418,426**	**740,680**	**2,465,145**	**1,350,329**	**1,350,329**	**496,626**
Net Book Value:											
31st December 2019	**0**	**729,210**	**152,920**	**460,096**	**49,240**	**19,935**	**109,614**	**1,521,015**	**353,604**	**353,604**	**2,576,797**

Particulars	Tangible								Intangibles		
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use
Gross block											
Opening Balance as at 1st January 2018	492,403	91,156	739,540	547,503	180,826	422,970	671,983	3,146,381	1,468,880	1,468,880	-
Additions	-	-	-	-	4,975	-	49,560	54,535	220,356	220,356	-
Deductions/ adjustments	-	-	-	-	-	-	-		132,596	132,596	-
Balance at 31st Dec 2018	**492,403**	**91,156**	**739,540**	**547,503**	**185,801**	**422,970**	**721,543**	**3,200,916**	**1,556,640**	**1,556,640**	**-**
Accumulated depreciation/amortisation/impairment								-			
Opening Balance as at 1st January 2018	488,761	37,752	495,104	45,637	159,921	391,929	596,493	2,215,597	814,432	814,432	-
Charge for the year	3,642	22,847	41,717	27,438	13,616	22,541	62,905	194,706	292,984	292,984	-
Deductions/ adjustments	-	-	-		-	-	-	-	-	-	-
Balance at 31st Dec 2018	**492,403**	**60,599**	**536,821**	**73,075**	**173,537**	**414,470**	**659,398**	**2,410,303**	**1,107,416**	**1,107,416**	**-**
Net Book Value											
31st December 2018	**0**	**30,557**	**202,719**	**474,428**	**12,264**	**8,500**	**62,145**	**790,613**	**449,224**	**449,224**	**-**

For the period ended 31 December 2019, assets arising from leases where the company is a lessee have been accounted for under IFRS 16. The company has taken office premises on lease. Initial lease term for the same is 5 years with renewable clause.

9. Other Expenses

Particulars	Group		Company	
	2019	2018	2019	2018
Staff Training & Development Expenses	126,862	210,578	111,816	210,578
Rental Expenses	183,727	655,325	73,357	655,325
Telephone & Internet Expenses	91,698	108,241	91,007	106,946
Travel & Expenses	1,071,331	639,081	956,517	576,595
BOD Related Cost	84,270	-	24,310	-
Repairs & Maintenance	420,761	46,109	411,375	46,109
Office Maintenance	107,716	-	100,640	-
General Overhead Expenses	223,345	649,050	128,511	625,967
Total	**2,309,710**	**2,308,384**	**1,897,533**	**2,221,520**

10. Intangible Assets Under Development

Particulars	Group		Company	
	2019	2018	2019	2018
Cost				
Opening Balance	-	-	-	-
Expenditure during the period* (Refer Note-32)	651,677,600	-	-	-
Borrowing cost capitalized	21,612,500	-	-	-
Closing Balance	673,290,100	-	-	-
Accumulated Impairment				
Opening Balance	-	-	-	-
Provided during the period	-	-	-	-
Closing Balance	-	-	-	-
Carrying Amount	**673,290,100**	-	-	-
	673,290,100	-	-	-

*Expenditure includes $ 210 incurred on account of bank charges

Acquisition cost relates to the cost for acquiring property or mineral rights of proved or unproved oil and gas properties which are currently under Exploration / Development stage; such cost will be transferred to Oil and gas assets on commencement of commercial production from the project or written off in case of relinquishment of exploration project.

11. Investments

Particulars	Group		Company	
	2019	2018	2019	2018
Investment in subsidiaries, valued at cost				
TIMOR GAP PSC 11-106, Unipessoal Lda	-		5,000	5,000
TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda	-		5,000	5,000
TIMOR GAP Seismic Services, Unipessoal, Lda	-		3,000	-
TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda (SPV)	-		5,000	5,000
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-		5,000	5,000
TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	-		5,000	5,000
TIMOR GAP ONSHORE BLOCK C	-		5,000	5,000
TIMOR GAP Drilling & Services, Unipessoal, Lda	-		5,000	5,000
TIMOR GAP Chuditch, Unipessoal, Lda	-		5,000	5,000
TIMOR GAP GREATER SUNRISE RL2	-		5,000	-
TIMOR GAP GREATER SUNRISE RL	-		5,000	-
TIMOR GAP GREATER SUNRISE 03-19	-		5,000	-
TIMOR GAP GREATER SUNRISE 03-20	-		5,000	-
Investment in Subsidiaries on Fair Value Accounting*				
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-		299,370	-
Investment in associate, valued at cost				
GAP - MHS Aviation Lda	127,071	202,026	3,000	3,000
TIMOR GAP Seismic Services, Unipessoal, Lda	-	14,860	-	3,000
South Horizon Offshore Services, Unipessoal, Lda	-	34,615	-	-
	127,071	**251,501**	**365,370**	**46,000**

* The parent company has given loan to TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda. The loan is interest free and repayable when the latter starts generating revenue from onshore block. Thus the investment is on account of fair valuation accounting of loan given.

12. Inventory

Particulars	Group		Company	
	2019	2018	2019	2018
Inventory – Fuel	94,084	93,120	94,084	93,120
	94,084	**93,120**	**94,084**	**93,120**

13. Trade receivables

Particulars	Group		Company	
	2019	2018	2019	2018
Trade receivables	4,615	18,937	4,615	18,937
Less: Provision for impairment of Trade Receivables	(4,615)	-	(4,615)	-
	-	**18,937**	-	**18,937**

Movements in the impairment allowance for trade receivables are as follows:

Particulars	Group		Company	
	2019	2018	2019	2018
Opening provision for impairment of Trade Receivables	-	-	-	-
Add: Increase During the year	4,615	-	4,615	-
Less: Receivables written off during the year as uncollectible	-	-	-	-
Closing provision for impairment of Trade Receivables	**4,615**	-	**4,615**	-

14. <u>Cash and cash equivalents</u>

Particulars	Group		Company	
	2019	2018	2019	2018
Cash in hand	7,485	14,719	4,870	11,738
Cash in Bank	1,170,634	2,807,670	280,032	2,353,049
	1,178,119	**2,822,389**	**284,902**	**2,364,787**

15. <u>Loans</u>

Particulars	Group		Company	
	2019	2018	2019	2018
Loans to subsidiaries	-	-	13,875,979	9,550,445
Less: Impairment on loan	-	-	(268,954)	(268,954)
	-	-	**13,607,025**	**9,281,491**

Movements in the impairment allowance on loan are as follows:

Particulars	Group		Company	
	2019	2018	2019	2018
Opening provision for impairment on loan	-	-	268,954	268,954
Add: Increase During the year	-	-	-	-
Less: Reversed during the year	-	-	-	-
Closing provision for impairment on loan	-	-	**268,954**	**268,954**

16. Other financial assets

Particulars	Group		Company	
	2019	2018	2019	2018
Other receivables	146,562	208,582	332,387	306,146
Refundable Deposits - Others	151,844	179,514	151,838	179,514
Contract Assets - Unbilled Revenue	180,000	-	-	-
	478,406	**388,096**	**484,225**	**485,660**

Refer related party disclosures.
Other receivables are generally receivable on demand and are non-interest bearing.

17. Other Current Assets

Particulars	Group		Company	
	2019	2018	2019	2018
Prepaid Expenses	79,155	-	76,810	55,946
	79,155	-	**76,810**	**55,946**

18. Deferred Tax Asset/(Liability)

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 10%.

The balance comprises temporary differences attributable to:

Particulars	Group		Company	
	2019	2018	2019	2018
Deferred tax Liabilities:				
- Net Block of Property, Plant & Equipments	(321,158)	-	(321,158)	-
	(321,158)	-	**(321,158)**	-
Deferred tax Assets:				
- Carried forwards tax losses	265,425	2,419,919	231,143	-
-Provisions	55,733	-	55,733	-
	321,158	**2,419,919**	**286,876**	-
Deferred tax Asset/(Liability)	-	**2,419,919**	**(34,282)**	-

The Group has recognised the deferred tax assets to the extent of deferred tax liability only and consequently, the deferred tax assets amounting to $2,419,919 on unused tax losses recognised till last year have been reversed during the year on prudent basis. These unused tax losses amounting to $10,618,829 can be carried forward for the indefinite period as per current Income Tax laws for set off against future taxable income.

Reconciliation of income tax expense and accounting profit multiplied by Company's Tax rate:

Particulars	Group		Company	
	2019	2018	2019	2018
Profit Before Tax	(4,476,612)	(1,411,793)	215,919	872,051
Enacted Tax Rate in Timor Leste	10%	10%	10%	10%
Computed Expected Tax Payable	-	-	21,592	87,205
Expenses disallowed under Income Tax Act	-	-	68,356	-
Difference between tax depreciation and book depreciation	-	21,280	(321,158)	21,280
Excess allowance of Tax depreciation resulting in taxable loss	-	-	231,210	-
Parent's/Subsidiary's Profit included in group loss Chargeable to Tax	189,248	87,205	-	-
Others		(4,398)		(4,398)
Income Tax Expense	**189,248**	**104,087**	-	**104,087**

19. **Borrowings**

Particulars	Group		Company	
	2019	2018	2019	2018
Loan from Petroleum Fund*	671,612,500	-	-	-
	671,612,500	-	-	-

* Loan is taken from Petroleum Fund of Timor-Leste for the purpose of acquiring participating interests and rights in the Greater Sunrise oil and gas field as fully explained in Note- 32. The loan is unsecured and carrying interest rate of 4.5 % compounded annually. The loan tenure is of 18 years whose first annual repayment is due on 15th March 2028.

20. **Provisions (For Employee Leave)**

Particulars	Group		Company	
	2019	2018	2019	2018
Provision for long term employee benefits	5,550	-	5,550	-
	5,550	-	**5,550**	-

21. **Trade payables**

Particulars	Group		Company	
	2019	2018	2019	2018
Trade payables	6,093,195	1,924,990	3,909,297	1,899,662
	6,093,195	**1,924,990**	**3,909,297**	**1,899,662**

Trade payable are generally payable on demand and are non-interest bearing.

22. **Other Financial Liabilities**

Particulars	Group		Company	
	2019	2018	2019	2018
Other payables	-	-	13,486	15,500
Payable to Related Party - Associate (TIMOR GAP Seismic Services, Unipessoal, Lda)	-	3,000	-	-
	-	**3,000**	**13,486**	**15,500**

Refer related party disclosures. Other payable are generally payable on demand and are non-interest bearing.

23. **Provisions**

Particulars	Group		Company	
	2019	2018	2019	2018
Provision for long term employee benefits	551,748	387,245	551,748	387,245
Provision for Income Tax	755,713	559,324	559,989	559,323
	1,307,461	**946,569**	**1,111,737**	**946,568**

24. **Other Current Liabilities**

Particulars	Group		Company	
	2019	2018	2019	2018
Deferred Income (Prepaid Vouchers)	72,681	-	72,681	-
Dues payable to government	420,297	281,830	357,573	269,693
Advance received from Government for Project Work	891,982	891,982	891,982	891,982
	1,384,960	**1,173,812**	**1,322,236**	**1,161,675**

25. **Contributed Capital and Retained Earning**

Contributed Capital and Retained earnings are as stated in the Statement of Changes of Equity.

26. **Contingent Liability**

There is no contingent liability as on 31 December 2019 and corresponding previous year ended 31 December 2018.

27. Financial Instrument Risk Management

Group

The Group financial assets include trade and other receivables, investments and cash & cash equivalents. Financial liabilities include borrowings, lease liabilities, trade and other payables. The Group is exposed to credit risk and liquidity risk.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As on date, the Group does not expect any loss on account of credit loss.

Liquidity risk is the risk that the Group will not able to meet its obligations. To mitigate the risk, the Group has borrowed the fund from the Petroleum Fund of Timor-Leste with longer moratarium period and expects to generate revenue by then to meet its obligation. The Group also receives support from the government of Timor-Leste to fund its operations and is hopeful of continuous support in future also. The table below shows the timing of cash outflows relating to lease liability and borrowings:

Company

The Company's financial assets includes trade receivables, other receivables, loans, investments and cash and cash equivalents. Financial liabilities includes Lease liabilities, trade payables and other payables.
The Company is exposed to credit risk and liquidity risk.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company gives loan only to the subsidiaries and other receivable are also due from the subsidiaries. Other Receivables also includes Contract Assets and Advance given to employees. The Company regularly monitors the operations of the subsidiaries to mitigate the risk. As on date, Company does not expect any loss on account credit loss.

Liquidity risk is the risk that the Company will not able to meet its obligations. The Company receives the support from the government of Timor-Leste to fund its operations and is hopeful of continuous support in future also. The table below shows the timing of cash outflows relating to lease liability:

	Group		Company
Period	**Lease liability**	**Borrowings**	**Lease liability**
Within 1 Year	501,144	-	501,144
From 2nd to 3rd Year	1,072,414	-	1,072,414
From 4th to 5th Year	1,020,729	-	1,020,729
From 9th to 18th Year (per annum)	-	116,820,209	-

28. Leases where Group and Company are lessee

(ia) Changes in the carrying value of Right-of-use Assets

Particulars		
Category of ROU Asset	**Office Building**	**Total**
Balance as at 1st January 2019	3,073,423	3,073,423
Additions	-	-
Deletion	-	-
Depreciation	496,626	496,626
Balance as at 31st December 2019	2,576,797	2,576,797

(ib) Changes in the Lease liabilities

Category of ROU Asset **Particulars**	**Office Building**	**Total**
Balance as at 1st January 2019	3,073,423	3,073,423
Interest Expense	126,232	126,232
Lease Payments	605,367	605,367
Balance as at 31st December 2019	2,594,288	2,594,288

(ii) Break-up of current and non-current lease liabilities

Particulars	**31-Dec-19**
Current Lease Liabilities	501,144
Non-current Lease Liabilities	2,093,144

(iii) Amounts recognised in statement of Profit and Loss account

Particulars	**Group**	**Company**
Interest on Lease Liabilities	126,232	126,232
Low-value leases expensed	73,357	73,357

(iv) The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group	**Company**
Operating lease commitments as at 31 December 2018	3,480,850	3,480,850
Weighted average incremental borrowing rate as at 1 January 2019	4.5%	4.5%
Discounted operating lease commitments as at 1 January 2019	3,073,423	3,073,423

29. Fair Value Hierarchy

i. The following table shows the carrying amounts and fair values of group's financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Fair Value			
31st December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	-	-
Cash and cash equivalents	1,178,119	-	-	1,178,119
Loans	-	-	-	-
Other financial assets	-	-	478,406	478,406
	1,178,119	-	**478,406**	**1,663,165**
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	671,612,500	671,612,500
Lease Liabilities	-	-	2,594,288	2,594,288
Trade payables	-	-	6,093,195	6,093,195
Other financial liabilities	-	-	-	-
	-	-	**680,299,983**	**680,299,983**

	Fair Value			
31st December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	18,937	18,937
Cash and cash equivalents	2,822,389	-	-	2,822,389
Loans	-	-	-	-
Other financial assets	-	-	388,096	388,096
	2,822,389	-	**407,033**	**3,229,422**
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	-	-
Lease Liabilities	-	-	-	-
Trade payables	-	-	1,924,990	1,924,990
Other financial liabilities	-	-	3,000	3,000
	-	-	**1,927,990**	**1,927,990**

ii. The following table shows the carrying amounts and fair values of company's financial assets and financial liabilities, including their levels in the fair value hierarchy:

31st December 2019	**Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	-	-
Cash and cash equivalents	284,902	-	-	284,902
Loans	-	-	13,607,025	13,607,025
Other financial assets	-	-	490,865	490,865
	284,902	-	**14,097,890**	**14,382,792**
Financial Liabilities				
a) Measured at amortized cost				
Lease Liabilities	-	-	2,594,288	2,594,288
Trade payables	-	-	3,909,297	3,909,297
Other financial liabilities	-	-	13,486	13,486
	-	-	**6,517,071**	**6,517,071**

31st December 2018	**Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	18,937	18,937
Cash and cash equivalents	2,364,787	-	-	2,364,787
Loans	-	-	9,281,491	9,281,491
Other financial assets	-	-	485,660	485,660
	2,364,787	-	**9,786,088**	**12,150,875**
Financial Liabilities				
a) Measured at amortized cost				
Lease Liabilities	-	-	-	-
Trade payables	-	-	1,899,662	1,899,662
Other financial liabilities	-	-	15,500	15,500
	-	-	**1,915,162**	**1,915,162**

Equity investment in subsidiaries and associate included in note no 10 are carried at cost as per IAS 27 "Separate Financial

30. Going Concern

The Standalone and consolidated financial statement has been prepared on the going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of business.

The Group is in the business of developing the hydrocarbon reserves, which has long gestation period and marketing the petroleum product. Some of its hydrocarbon reserves are in the advance stage of exploration, appraisal and development of hydrocarbon block.

The ability of the Group to continue as going concerns is dependent on the support received/to be received from Government of Republic of Timor-Leste to carry out its operations and discharge its liabilities. In view of the continued support received / expected to be received from the Government, these standalone and consolidated financial statements has been prepared on a going concern basis.

31. Segment Reporting

The Group is organized into business units based on its products and services and has two reportable segments as below:

i. Hydrocarbon- Developing hydrocarbon reserves and production of hydrocarbons
ii. Trading of Fuel

There are no reportable geographical segments, since all business is in Timor-Leste.

Particular	Hydrocarbon		Other		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Segment Revenue	17,145,012	12,476,342	226,983	406,175	17,371,995	12,882,517
less: Inter Segment	-	-	-	-	-	-
Total Revenue	17,145,012	12,476,342	226,983	406,175	17,371,995	12,882,517
Segment Expenses	21,447,835	13,934,799	204,661	359,511	21,652,496	14,294,310
less: Inter Segment	-	-	-	-	-	-
	21,447,835	**13,934,799**	**204,661**	**359,511**	**21,652,496**	**14,294,310**
Segment Results	(4,302,823)	(1,458,457)	22,322	46,664	(4,280,501)	(1,411,793)
Share in loss of associate	(77,968)	(103,106)	-	-	(74,955)	(103,106)
Tax Expenses (including Deferred Tax)					(2,609,168)	509,740
Net Profit	(4,380,791)	(1,561,563)	22,322	46,664	(6,964,624)	(1,005,159)
Segment Assets	678,630,604	7,265,314	1,283,390	770,267	679,913,994	8,035,580
Segment Liabilities	679,841,313	8,035,580	72,681	-	679,913,994	8,035,580

32. Acquisition of participating interest in Greater Sunrise Oil Fields

The group has entered into an agreement with ConocoPhillips's and Shell Australia in 2018 for acquisition of their respective participating interest, totaling to 56.56%, in Greater Sunrise Oil Fields at a total consideration of $ 651,677,390. The transaction has been completed during the current year with effective date of April 16, 2019.

33. Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

34. Investment in Associate

The Group has a 60% interest in GAP-MHS Aviation, LDA, which is involved in the business of providing commercial aviation support services to the offshore and onshore petroleum industry operating in the Timor-Sea and Timor-Leste. The Group's interest in GAP-MHS Aviation, LDA is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in GAP-MHS Aviation, LDA:

Particulars	2019	2018
Non Current Assets	-	-
Current Assets	211,787	393,677
Non Current Liabilities	-	-
Current Liabilities	-	56,965
Equity	**211,787**	**336,712**
Group's share in Equity - 60% (2018 : 60%)	**127,071**	**202,026**
Group Carrying value of Investment (Note 10)	**127,071**	**202,026**

Particulars	2019	2018
Revenue	24,837	42,250
Employee benefits expense	63,105	75,215
Other expenses	86,657	186,126
Loss before tax	**(124,925)**	**(219,091)**
Tax Expenses	-	2,282
Loss after tax	**(124,925)**	**(221,373)**
Other Comprehensive Income	-	-
Total Comprehensive Income	**(124,925)**	**(221,373)**
Group's share of loss	**(74,955)**	**(132,824)**

The associate had no contingent liability as on 31 December 2019 and corresponding previous year ended 31 December 2018.

35. Subsequent Event

Winding up of the Associate - GAP-MHS Aviation, LDA

GAP-MHS Aviation, LDA is in the business of providing commercial aviation support services to the offshore and onshore petroleum industry operating in the Timor-Sea and Timor-Leste. It has been dissolved w.e.f. 22nd January 2020 and has obtained the Certification of Dissolution of Company by the Service Agency and hence its financial statements have been prepared on realisable value basis. All physical assets have been depreciated to zero value for taxation and commercial purposes, and that title to those physical assets is passed to TIMOR GAP, E.P. The current assets are cash on hand amounting to $206,765.

36. Related party disclosures

Information about Subsidiaries

Name	Principal Activities	Place of incorporation	Ownership interest	
			2019	2018
TIMOR GAP PSC 11-106, Unipessoal Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda	Logistic and Support services	Democratic Republic of Timor Leste	100%	100%
South Horizon Offshore Services, Lda	Support services	Democratic Republic of Timor Leste	51%	51%
TIMOR GAP Seismic Services, Unipessoal, Lda	Seismic Survey services	Democratic Republic of Timor Leste	60%	60%
TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Drilling & Services, Unipessoal, Lda	Drilling Service	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP Chuditch, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%
TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	100%

Joint arrangement in which the Company is a joint venture

The Company has a 60% interest in GAP - MHS Aviation Lda (2018: 60%).

Key Management Personnel (KMP):

Name	Designation
Francisco da Costa Monteiro	President & Chief Executive Officer
Antonio Jose Loyola de Sousa	Vice President
Domingos Lequi Siga	Director of Gas Business Unit
Luis Martins	Director of Business Infrastructure Development Unit
Vicente Pinto	Director of Refinery & Petroleum Services Unit
Vicente Lacerda	Director of Exploration and Production Unit
Henrique Monteiro	Director of Finance Unit
Jacinta Paula Bernardo	Director of Corporate Service Unit
Dino Gandara Rai	Board Member
Norberta Soares da Costa	Board Member

Transactions with related parties
The following transactions occurred with related parties:

Particulars	Group		Company	
	2019	2018	2019	2018
Loans Given to Subsidiaries				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda			1,700,000	1,500,000
- TIMOR GAP PSC 11-106, Unipessoal Lda			150,000	-
-TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda			361,201	-
-TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda			117,265	-
-TIMOR GAP CHUDITCH, Unipessoal, Lda			-	50,000
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.			641,028	-
-TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.			815,859	-
-TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda.			333,196	-
-TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.			12,307	-
-TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda			449,478	-
Investment on Subsidiaries				
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.			5,000	-
-TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.			5,000	-
-TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda.			5,000	-
-TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.			5,000	-
Payment made on behalf of Subsidiaries				
- TIMOR GAP SEISMIC SERVICES, Unipessoal, Lda			210	-
Interest Income from Subsidiary				
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda			44,570	-
Payment Received from subsidiaries against Other Receivable				
- TIMOR GAP PSC 11-106, Unipessoal Lda			82	-

Payment made to subsidiaries against Other Payable				
- TIMOR GAP SEISMIC SERVICES, Unipessoal, Lda			3,000	-
Expenses Incurred by Subsidiary on behalf of Company				
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.			986	-
Payment to KMPs	710,343	702,641	710,343	702,641

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	Group		Company	
	2019	**2018**	**2019**	**2018**
Other Receivable				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda			20,633	19,942
- TIMOR GAP OIL & GAS MARINE LOGISTICS, Unipessoal, Lda			5,500	5,500
- South Horizon Offshore Services, Lda			31,869	31,869
- TIMOR GAP PSC 11-106, Unipessoal Lda			64,396	64,478
- TIMOR GAP Seismic Services, Unipessoal, Lda			410	200
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda			75,536	74,710
Other Payables				
- TIMOR GAP Seismic Services, Unipessoal, Lda			-	3,000
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda			5,000	5,000
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda			5,000	5,000
- TIMOR GAP Drilling & Services, Unipessoal, Lda			2,500	2,500
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.			986	-
Loan Given				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda			9,710,000	8,010,000
- TIMOR GAP PSC 11-106, Unipessoal Lda			800,116	650,115
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda			1,035,007	840,330
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda			361,201	-
-TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda			117,265	-
-TIMOR GAP Chuditch, Unipessoal, Lda			50,000	50,000
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.			641,028	-
-TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.			815,859	-
-TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda.			333,196	-
-TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.			12,307	-

Terms and condition relating to related party transactions

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

37. <u>Note on Global Pandemic of Covid-19</u>

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Group is dependent on assistance from the government to fund its activities and technical support from its project partners. Developments such as social distancing, shelter-in-place directives and government initiatives to support livelihood in the country may have impact on the ongoing assistance received by group from the government and on the ongoing projects of the group. While expected to be temporary, prolonged disruptions in assistance from government may negatively impact the ongoing projects of the group and overall liquidity. Further, the outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which may lead to impairment of the Group's asset like Intangible assets under development.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended December 31, 2019 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Group's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

38. The previous year figures have been reclassified/regrouped, wherever applicable to make them comparable.

ANNEX 1
ACRONYMS

ANPM	Autoridade Nacional do Petróleo e Minerais (National Petroleum and Minerals Authority)
Bpd	Barrels Per Day
DNCPIA	Direção Nacional de Controlo de Poluição e Impacto Ambiental (National Directorate of Pollution Control and Environmental Impact)
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
E&P	Exploration & Production
FEED	Front End Engineering Design
GIIP	Gas-Initial-In-Place
ICAO	International Civil Aviation Organization
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IMS	Integrated Management System
ISO	International Organization for Standardization
JOA	Joint Operating Agreement
JPDA	Joint Petroleum Development Area
JV	Joint Venture
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MPRM	Ministério do Petróleo e Recursos Minerais (Ministry of Petroleum and Mineral Resources)
PIIP	Petroleum-Initial-In-Place
Pre-FEED	Pre-Front End Engineering Design
PSC	Production Sharing Contract
QHSE	Quality, Health, Safety and Environment
SAP	System, Application and Product
SSB	Suai Supply Base
Tcf	Trillion Cubic Feet
TIMOR GAP	Timor Gás e Petróleo
TLNG	Timor LNG

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