



ANNUAL REPORT & ACCOUNTS 2021

TIMOR GAP



Paving the way for the economic and social welfare of our stakeholders through the development and growth of the national oil and gas sector.



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Message of President & Chief Executive Officer



António de Sousa
President & CEO

Let me take this opportunity to welcome you and invite you to take this journey with us and present you our National Oil Company, TIMOR GAP, achievements and progress for the year 2021, a period where we continue to confront the global pandemic, focusing on a wide collective effort to guarantee a safe work environment while adapting to new operational norms and readjusting our programs to achieve the company's goals and objectives.

TIMOR GAP, as a young emerging National Oil and Gas Company in the region, continuously works to improve and adapt to an ever changing environment in an already challenging sector, and this year was no different, where with new challenges comes opportunity for growth and expansion, and with the Government endorsement to lead the process of unlocking and realizing the country's natural resource potential for a sustainable growth, we met and rose to those challenges by attaining new significant milestones this year to further strengthen the significance of TIMOR GAP's role in the economic development of the country for the benefit of

our stakeholders, particularly the people of the Republic Democratic of Timor-Leste, and as a way to guarantee national sovereignty.

Onshore projects and activities are a significant highlight this year, a milestone achieved that will bring TIMOR GAP into the spotlight and key to create a sustainable economic growth through the oil and gas sector. The significance of this achievement is the result of hard work, resilience and perseverance that is engraved within our vision and mission, that defines the core nature of our company. Since the independence of Timor-Leste, this is the very first onshore drilling in the national territory, with two exploration wells, Feto Kmaus-1 and Liurai-1, drilled in the PSC TL-OT-17-08. Additionally, TIMOR GAP PUALACA BLOCK, Unipessoal, Lda., a wholly owned subsidiary of TIMOR GAP, was awarded with the onshore PSC TL-OT-21-17 (Pualaca Block), holding a 100% participating interest and assuming the role of Operator. This is an important milestone that showcases TIMOR GAP's commitment in expanding and improving its Exploration & Production portfolio, a commitment that we will continue to uphold as new onshore blocks are currently under evaluation as part of ANPM licensing round.

The Greater Sunrise is key to secure the oil and gas development in the country. The offshore fields are planned to be developed via an onshore LNG complex within the shores of Timor-Leste, through the submarine pipeline system that will be laid through the sea across the Timor Trough. TIMOR GAP, through its subsidiaries, holds a majority participating interest of 56.56%, a responsibility that we do not take lightly as the substantial petroleum and gas potential contained within the fields will bring a much-needed boost to the national economy. In this regard, we are now moving closer to finalize the Production Sharing Contract and the Petroleum Mining Code, through the Sunrise Joint Venture Partners discussions and negotiations progress.

Since its establishment, TIMOR GAP did not yet have the opportunity get a foothold on the domestic market potential for fuel supply, until recently, where this milestone has been achieved, after a thorough and lengthy negotiation process, the significance outcome meant a Fuel Purchase and Sale Contract signed between TIMOR GAP and EDTL, E.P., an agreement that extends to a three-year period contract. TIMOR GAP successfully delivered a grand total of 31,626,153 liters of gasoil to EDTL, E.P. Power Plant in Betano this year, fulfilling this way its obligations stipulated for the contract first

year. This is an achievement that needs highlighting, given the fact that this is the first time that TIMOR GAP is starting to define its wider role within the domestic market and take this opportunity for further expansion on its success for growth and generate additional income to the company.

Focusing on other achievements from the downstream, TIMOR GAP continued to work towards the implementation of the Petroleum and LNG Import Terminals, and we can safely express that the Feasibility Study has been concluded this year for the LNG Import Terminal, while the work the Petroleum Import Terminal is still ongoing. The importance of these projects aims to suppress

the supply-demand gap of the national energy.

Considering the challenges faced this year, where we see unprecedented changes due to the global pandemic COVID-19, our human resource played an ever-active role in the success and milestones achieved throughout this year, and thus, we will continue to invest in our most valuable asset, our people, as a key pillar to effectively respond and adapt to the challenges that lie ahead of us.

Having set a solid foundation, through the unremitting investment in our human resources and by enhancing our business portfolio, both at upstream and downstream, we welcome these future challenges as yet another growth opportunity.

“TIMOR GAP (...) continuously works to improve and adapt to an ever changing environment in an already challenging sector, and this year was no different, where with new challenges comes opportunity for growth and expansion, and with the Government entrustment to lead the process of unlocking and realizing the country’s natural resource potential for a sustainable growth, we met and rose to those challenges by attaining new significant milestones this year”



Figure 1: TIMOR GAP new fuel station prototype design

Executive Summary

The present Annual Report & Accounts contains TIMOR GAP's activities, programs and financial results for 2021, for a period of 12 months, with 31 December as financial year end. This Annual Report comprises eight chapters disclosing the company's main business activities and projects carried out during the above report period, institutional and human resources development, and the results of an extensive and comprehensive external audit performed by a third-party auditor, as presented on the financial results and statements included on the Chapters 7 and 8 of this Report.

Similarly to the previous year, when the global COVID-19 outbreak first stroke Timor-Leste and thus significantly

Upstream

TIMOR GAP, as the National Oil and Gas Company, holds several Production Sharing Contracts (PSC), both onshore and offshore, at different exploration stages. In light of COVID-19 related restrictions the drilling campaign was delayed and postponed, however we finally commenced this year, with our partner and Operator TIMOR RESOURCES, the onshore drilling campaign for the block TL-OT-17-08 (Block A). The exploration wells Feto Kmaus-1 and Liurai-1 are the first wells to be drilled on the country's onshore over a period of 50 years. Further prospects are being identified and assessed in the

impacting our operations, in 2021, TIMOR GAP continued to manage and adapt to these uncertain times and resolutely facing the challenges driven by a resilient workforce, a solid business mind-set with primary focus in overcoming the challenges through the implementation of a dynamic downstream business strategy and tapping further exploration & production opportunities.

In line with the above, and despite the negative impacts felt in our operations and some projects, noteworthy achievements were registered this year, giving us the necessary confidence to further pursue our vision and mission. The main achievements and projects are briefly presented below.

onshore PSC TL-OT-17-09 (Block C), where the drilling program is expected to commence in 2022.

Our onshore exploration portfolio was expanded this year with the award of a 100% participating interest in the new PSC, TL-OT-21-17, designated Pualaca Block, that covers an area of 1575 m² in the south cost of the country. Further to this, new onshore blocks are currently being evaluated by our technical team, and we remain confident and enthusiastic with their prospectivity and resources potential.

In the offshore, we are moving closer to the PSC finalization for the Greater Sunrise fields, where TIMOR GAP, through its subsidiaries, holds a majority participating interest of 56.56%. Discussions and negotiations are progressing with Sunrise Joint Venture Partners, including for the finalization of the Petroleum Mining Code (PMC) and fiscal regime.

Additionally, this year, an additional 24-months extension

Downstream

Building on the achievements made in 2020 and following the signature of the fuel supply contract with EDTL, E.P. in March 2021, the first fuel cargos were delivered this year to EDTL, E.P. Power Plant in Betano. During this financial year, TIMOR GAP delivered, in three shipments, a grand total of 31,626,153 liters of gasoil, generating a revenue of USD\$ 20,562,299 for the company.

Working towards the aim of guaranteeing the national energy security, the company continued to develop and invest on its petroleum and Liquefied Natural Gas (LNG) import projects, whereas for Petroleum Import Terminal (PIT) was launched the tender for the provision of a Feasibility Study and conducted the first socialization with the affected community; and for the LNG Import Terminal, a six-months Feasibility Study was completed.

Despite the sales decrease due to the COVID-19 global pandemic, TIMOR GAP continues operating its Suai Fuel Station (SFS) to guarantee the supply of fuel to its existing business and retail customers. Meantime, the company

Tasi Mane Project

TIMOR GAP has been mandated by the Ministry of Petroleum and Minerals/Government to manage and administrate the day-to-day activities for the implementation of the development project situated along 155 km of Timor-Leste southern coast, which comprises three industrial clusters and additional support infrastructures envisaged for each cluster.

The main achievements attained this year include the following: *a)* Suai Cluster: concluded the SSB Marine Facility Design Review by the Consultant Advisian; issued the Service Order to Advisian for the temporary jetty concept design; benchmarks' installation in the northern area of the SSB reached a progress of 84%; ALGIS and TIMOR GAP mutually agreed to terminate the provision

was granted to TIMOR GAP for the PSC TL-SO-T 19-11; the company is focusing on identifying potential partners for farm-out activities in the PSC TL-OT-15-01; and a preliminary well design and cost was being carried out by the Operator, SundaGas, for the PSC TL-SO-19-16.

Our upstream team is composed of qualified technical employees that resort to the latest software and hardware to carry out their technical work at a very high standard.

also plans to expand its own retail network within the national territory, especially in Dili, and a contract for the prototype design for additional fuel stations was awarded this year. As the Government commenced easing the COVID-19 related restrictions with the decrease of active cases registered in the country in the fourth quarter of 2021, we are confident that the fuel demand will grow and subsequently, increasing the business opportunities in the domestic market.

The Government aims to build a LNG Plant in the south coast and secure the feedstock via pipeline from the Greater Sunrise fields to Beaco. As a National Oil and Gas Company, TIMOR GAP supports that aim, and in 2021, we reinitiated the human resources development program, that comprises the training of young graduates from the affected villages of Beaco in several areas, conducted at the Tibar Training Centre. Works related to the Environment Impact Study (EIA) for the LNG Plant and Pipeline, were also reinitiated this year and are progressing.

of consultancy services for the Holbelis new resettlement area and thus, a new national competitive bidding for the Holbelis community house design works was launched this year; concluded and inaugurated the permanent cemetery in the Suai Airport area; *b)* Betano Cluster: completed the installation of the permanent benchmarks around the Refinery and Petrochemical Complex compensated area; *c)* Beaco Cluster: the community of Beaco, where it is planned to be built the TLNG project, formally withdrawn its land and property compensation proposal submitted to the Government on 16 July, 2019, allowing TIMOR GAP to proceed with the above process in accordance with the law and Government resolutions previously applied to the other Tasi Mane projects.

Institutional and Human Capital Development

To efficiently respond and adapt to the significant changes brought by the global pandemic COVID-19, 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 (ICT) assets and infrastructures. These have played a crucial role in gearing the company through this unprecedented event, as TIMOR GAP brings at the fore the employees well-being and health, while continuing its operations.

Amid the global health crisis, we continued to adopt the industry's health and safety standards, in accordance with the Government and World Health Organization (WHO) guidelines, and this year, we implemented a remote work system during the peak periods, provided face masks and hand sanitizers, facilitated COVID-19 testing in the of-

face, and strongly encouraged our employees to receive the vaccine against COVID-19. COVID-19 vaccinations will help to re-enable our operations.

To effectively adapt and respond to the challenges presented by the remote work system, our ICT team switched from IBM Notes to Microsoft 365, a new collaborative system. TIMOR GAP employees now have the flexibility and mobility to access communication resources from any location.

As a major shareholder and a partner of the Sunrise Joint Venture, TIMOR GAP remains actively engaged in the Sunrise Joint Venture Social Investment Program, a Corporate Social Responsibility (CSR) program that supports non-profit organizations in the areas of maternal and child healthcare, nutrition, agriculture, youth leadership, amongst others, with several activities being conducted this year within this scope.





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.

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 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 VISSION

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

1.1. Offices & Business Units

TIMOR GAP comprises four main business units: Corporate Finance Unit, Upstream Business Unit, Downstream Business Unit and Tasi Mane Project Unit. In addition to the aforesaid business units, corporate support services, QHSE, IT and legal subunits, amongst other

supporting subunits, were integrated under the Office of President & CEO and Office of Vice President. A detailed description of the business units and offices' main activities are presented below.

Offices and Business Units	Core Activities
President & CEO Office	Incorporates the following subunits: Finance; Commercial & Economics; Quality, Health, Safety & Environment (QHSE); Media & Public Relations; and other support to the daily activities and duties carried out by the President & CEO Office.
Vice President Office	Integrates the following subunits: Legal; Information & Technology and Data Management; Procurement; Human Resources; General Administration; and Corporate Support Services. In addition, the Office supports to the daily activities and duties carried out by the Vice President, as well as supervises other Business Units.
Corporate Finance Unit	Provides 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. Currently, this Unit is provisionally under the President & CEO Office.
Upstream Business Unit	Manages and coordinates upstream activities, analyzing and providing technical assessment for onshore and offshore potentials as well as the associated data, evaluating and coordinating all activities related to new venture projects/opportunities as well providing services related to upstream activities through its service subsidiaries. Assesses 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.
Downstream Business Unit	The Unit's core responsibilities comprise the establishment of the company's business plan, the management and coordination of downstream business activities and projects. The Unit evaluates and seizes business opportunities related with the sale of petroleum refined products, transport and other services to be carried out on the downstream.
Tasi Mane Project Unit	Provides support, supervision, monitoring and evaluation to the infrastructure projects developed under the Tasi Mane Project, liaises with the Government on issues concerning the Tasi Mane Project. The Unit is also responsible to capture and seize new projects related with renewable energies, working in collaboration with partners to conducted preliminary studies to implement the projects and guarantee the supply of energy in a sustainable way.

Table 1-1: TIMOR GAP's Offices and Business Units core activities



Figure 1-1: President & CEO Office (top); Vice President Office and Subunits (bottom)

1.2. 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 7 and 8.

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 has since established several subsidiaries aiming to conduct specific business activities in the petroleum sector and related services. Subsidiaries are integrated under TIMOR GAP's Business Units in accordance with their specific object. In 2021, TIMOR GAP established a new wholly owned subsidiary, TIMOR GAP PUALACA BLOCK, Unipessoal, Lda., to participated in exploration and production activities in the onshore PSC TL-OT-21-17 awarded this year to the company.

As of 31 December 2021, TIMOR GAP holds the following subsidiary companies:

	Name	Object
UPSTREAM SUBSIDIARY COMPANIES	TIMOR GAP PSC 11-106, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary company established in 2012, as a Special Purpose Vehicle (SPV), with the sole objective in the acquisition and exercise of respective rights arising from ownership of a participating interest in the PSC TL-SO-T 19-11, designated as PSC JPDA 11-106 prior to the ratification of the Maritime Boundary Treaty. The subsidiary object includes the exploration and production of crude oil and natural gas, and respective sale activities.
	TIMOR GAP Seismic Services, Unipessoal, Lda.	Owned by TIMOR GAP (60%) and BGP Geexplorer Pte, Ltd (40%), the subsidiary was established in 2015, with the purpose of providing seismic survey services within the Timor-Leste's territory.
	TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary company created in 2015, as a SPV for the offshore block TL-SO-15-01.
	TIMOR GAP CHUDITCH, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary company established in 2016, as a SPV to participate in exploration and exploitation activities in the PSC TL-SO-19-16, which comprise the gas field Chuditch, including exploration & production of crude oil and natural gas and respective sale activities.
	TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary established in 2017, as a SPV with the sole purpose of entering into PSC TL-OT-17-08 signed with TIMOR RESOURCES for the exploration and exploitation of the onshore Block A.
	TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary established in 2017, with the purpose of participating in exploration and exploitation activities in the onshore Block B.
	TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary 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 Drilling & Services, Unipessoal, Lda.	A wholly owned subsidiary of TIMOR GAP established in 2017, with the object to create, identify 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.

	TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	TIMOR GAP GREATER SUNRISE RL2, Unipessoal Lda is a TIMOR GAP wholly owned subsidiary company created in 2018, 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.
	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/RL 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.
	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.
	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.
	TIMOR GAP PUALACA BLOCK, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary established in 2021, whose object is to develop petroleum exploration and production activities in the PSC TL-OT-21-17, under the terms and pursuant to the respective legislation in force for the petroleum sector.
DOWNSTREAM SUBSIDIARY COMPANIES	TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda.	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.
	WESTSTAR-GAP Aviation, Lda.	Established in 2020 by TIMOR GAP in joint venture with WESTSTAR AVIATION TIMOR, Unipessoal, Lda, for the purpose of providing offshore helicopter transport services.
TASI MANE PROJECT SUBSIDIARY	South Horizon Offshore Services, Unipessoal, Lda.	A subsidiary of TIMOR GAP Oil & Gas Marine and Logistics, Lda, established in 2015 with the object to provide support services to vessels and offshore facilities operating in the Timor Sea, to own and operate offshore support vessels and to render any other services for the marine and oil & gas industry.

Table 1-2: TIMOR GAP's subsidiary companies

1.3. Financial Overview

The audited Financial Statements are described in Section 8 of this Report and attached with a detailed analysis of the results for 2021, 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 high quality, internationally recognized set of accounting standards being followed that bring transparency, accountability and efficiency to financial markets, both locally and internationally. The figures shown in this Report are stated in US Dollars.

The company received a government grant of \$65,739,701.43 (sixty-five million, seven hundred and thirty-nine thousand, seven hundred and one US dollars

and forty-three cents) during the year ended 31 December 2021 (2020: \$15,227,966) after voluntary deduction for the COVID Fund of approximately 7%. The other main source of income was originated from fuel trading business, with recorded fuel sales of \$102,759.90 (2020: \$147,914). In the fiscal year 2021, TIMOR GAP has entered into a contract for supply of fuel to EDTL, E.P. for 3 years, with the financial year of 2021 being the first year of fuel supply trading operation for TIMOR GAP. The revenue for the first financial year from this trading operation was recorded at \$20,562,299, out of which 2% is being recorded as non-current asset as performance security towards the contract, which will be released on satisfactory maturity of the contract.

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

Offices and Business Units	Remarks on the main expenses incurred during the period
President & CEO Office	Expenditures with technical and legal consultant services for the Greater Sunrise negotiations, expenses related to ISO certification audits and external audit, local business travel, consultant expenses, and other office related expenditure. The payment of annual income taxes from 2017-2020 is the major expense for 2021 under this office. All expenditures related to subunits like QHSE and Corporate Finance are embedded under this office.
Vice President Office	This office covers all expenditures related to human resources, legal, ICT, procurement, logistics and administration. The major expenditure under this unit were employee benefit costs, legal consultant costs, capital assets purchase cost as computer hardware and software along with other ICT minor equipments, vehicles and computer repairs and maintenance costs, office lease expenses, subscription and membership cost, and office administration and local field trip costs.
Corporate Finance Unit	Expenditures associated with this Unit are incorporated under the President & CEO Office.
Upstream Business Unit	Projects expenditure and investments, such as: Greater Sunrise PSC; Bayu-Undan Re-development; new onshore blocks evaluation; Chuditch PSC; investments in offshore and onshore exploration. The Unit also encompasses investments in TIMOR GAP subsidiaries and projects associated with the provision of services for the upstream sector including new onshore prospects and investments. Project expenditure for acquisition of software, field trips, virtual courses for staff, salary & wages, capital, fair market valuation of greater sunrise assets and other project related overhead expenditure.
Downstream Business Unit	Project expenditure, such as: trading business related to fuel supply to EDTL, E.P. Power Plant in Betano; feasibility study for the Petroleum Import Terminal and LNG Import Terminal; Suai Fuel Station operation; installation of power line for completion of the Jet Fuel A1 tanks in the Suai Airport; execution of the Refinery and Petrochemical Complex and LNG Plant & Pipeline technical studies related activities.

Offices and Business Units	Remarks on the main expenses incurred during the period
Tasi Mane Project Unit	Tasi Mane projects expenditure, such as: coordination trips to the field, activities associated with the reallocation of the affected community for the Suai Supply Base and Suai Airport, Betano Refinery and Petrochemical Complex and TLNG in Beço. The remaining expenditures are related with staff salary & wages, and over-heads related to respective projects under Tasi Mane.

Table 1-3: Overview of expenditures for each Business Unit and Office

The main components of the 2021 financial year were related to the development and management of several projects, as detailed from Section 2 to 5.



Figure 1-2: President & CEO with the Corporate Finance Unit staff

2. Upstream



Expanding TIMOR GAP's core business to effectively secure new upstream revenues streams.

HIGHLIGHTS OF 2021

- Approved the Work Program and Budget for 2021 by the Sunrise Joint Venture partners and concluded a Fair Market Valuation (FMV) study. The Sunrise Joint Venture partners continued to move closer to the PSC finalization, aligning the draft of Petroleum Mining Code and PSC, and Fiscal Regime at the Joint Venture level;
- Commenced the drilling campaign in the onshore PSC TL-OT-17-08, with the drilling of the Feto Kmaus-1 and Liurai-1 wells, the latter currently being drilled;
- Evaluation for a new onshore block, namely for the Block A located in the Lospalos area, was conducted including field trip and in-house data assessment;
- Conducted public consultation for the exploration drilling EIS & EMP for PSC TL-OT-17-09;
- Granted an additional 24-months extension to the PSC TL-SO-T 19-11, to perform detail studies on the prospects within the contract area;
- TIMOR GAP, through its subsidiary TIMOR GAP PUALACA BLOCK, Unipessoal, Lda., signed a new PSC for the onshore block TL-OT-21-17.



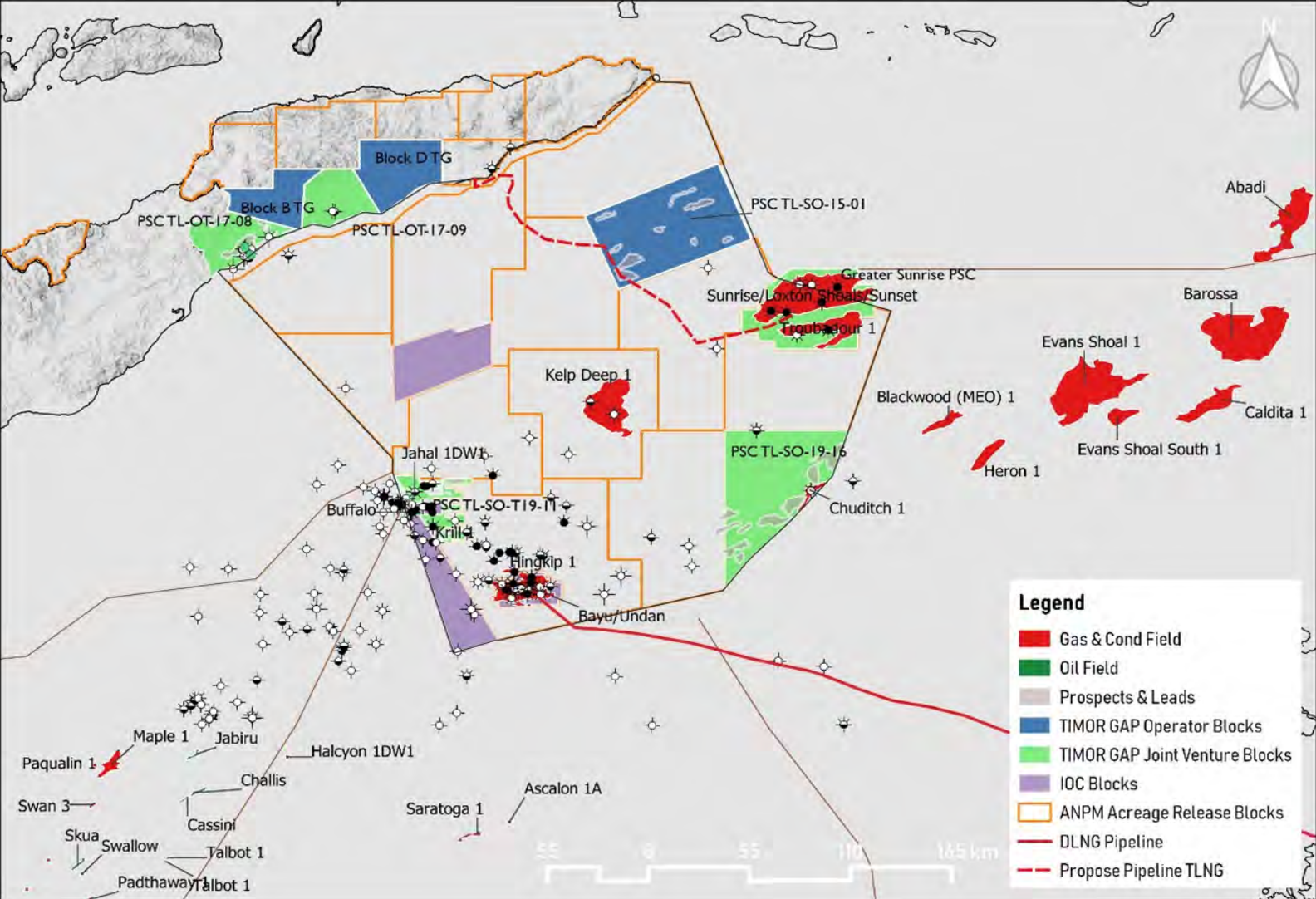


Figure 2-1: Location of TIMOR GAP current onshore and offshore PSCs

2.1. Overview

This Chapter contains all activities and projects related to the upstream sector conducted during the fiscal year of 2021, in accordance and compliance with the endorsed Work Program and Budget for the referred reporting period. TIMOR GAP's core business, Exploration & Production, is managed through its Upstream Business Unit, comprising activities and project developed onshore and offshore of the national territory and carried out by the company and its subsidiaries, both as Operator and Joint Venture partner.

Offshore projects and activities are spread across different exploration stages, namely: *a*) the Greater Sunrise fields, in which TIMOR GAP is a major shareholder with a participating interest of 56.56%, are currently under the Production Sharing Contract (PSC) and fiscal regime finalization process; *b*) TIMOR GAP offshore block, PSC TL-OT-15-01, is focusing on identifying potential partners for farm-out activities; *c*) granted an additional 24-months extension to the PSC TL-SO-T 19-11; *d*) PSC TL-SO-19-16 is focusing on the 3D Kyranis seismic re-processing, preliminary drilling and cost study, in-house interpretation for original Kyranis PSTM time; and *e*) evaluation of new blocks in the upcoming licensing round is currently ongoing.

Onshore projects and activities are predominantly in the exploration stage, namely: *a*) initiated the drilling of the exploration wells Feto Kmaus-1 and Liurai-1 in the contract area of PSC TL-OT-17-08 (Block A), where TIMOR GAP has a 50:50 partnership with the Operator TIMOR RESOURCES, a significant milestone for Timor-Leste and TIMOR GAP, as the National Oil and Gas Company, as this is the very first onshore well drilling in national territory since Timor-Leste independency; *b*) for the PSC TL-OT-17-09, also a partnership with TIMOR RESOURCES, a public consultation was conducted this year, as part of the requirements for the Environmental Impact Statement (EIS) and Environmental Management Plan (EMP) approval for the upcoming drilling campaign in this block; *c*) TIMOR GAP PUALACA BLOCK, Unipessoal, Lda., a wholly owned subsidiary of TIMOR GAP, was awarded with the PSC TL-OT-21-17 (Pualaca Block) in December 2021, holding a 100% participating interest and assuming the role of Operator; and *d*) an in-house study on airborne gravity and magnetics, and a field trip were conducted for onshore blocks' preliminary evaluation, particularly for the new onshore Block A (Lospalos) as part of the licensing round.

Upstream Business Unit has invested in industry standard software and hardware to carry out technical work



Figure 2-2: Staff of the Upstream Business Unit

at very high standard. All members of the Upstream Business Unit are exposed to multi-disciplinary workflows in Geology, Geophysics and Engineering in order to create a very robust national workforce.

The software and hardware which will be utilized in the projects are as mentioned below:

- High-end Lenovo Workstation with IHS Kingdom Software;
- High-end HP Workstation with Petrel Geology and Geophysics;
- High-end Workstation with Petrel Reservoir Engineering and Eclipse Simulation;
- Interactive Petrophysics software and Petrosys Mapping software; and
- tNavigator.

2.2. Greater Sunrise Fields

2.2.1. Greater Sunrise Special Regime

The Sunrise and Troubadour gas and condensate fields, collectively known as the Greater Sunrise Fields, are located approximately 140 km south-east of Timor-Leste and 450 km north-west of Darwin, Australia. The Greater Sunrise fields are part of the rock formation known as the Plover Formation (Upper and Lower) that underlies the Greater Sunrise Special Regime Area and was discovered in 1974.

The Greater Sunrise fields are subject to the Greater Sunrise Special Regime Area established by the Maritime Boundary Treaty between Timor-Leste and Australia (thereinafter designed as “the Treaty”), which was signed on 6 March 2018 and entered into force on 30 August

2019. The mentioned Special Regime area established a pathway to the development of the Greater Sunrise resources and 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.

In addition to the sharing of the resulting revenue, the Greater Sunrise Special Regime has provisions on the taxation, regulatory and governance framework applicable to the fields, which are jointly governed by Timor-Leste

and Australia. The regulatory structure includes a Designated Authority, the Timor-Leste National Authority for Petroleum and Minerals (Autoridade Nacional do

Petróleo e Minerais, ANPM), overseen by a Governance Board composed of two representatives from Timor-Leste and one from Australia.



Figure 2-3: Map of the Greater Sunrise fields (Source: Maritime Boundary Office)

2.2.2. Greater Sunrise PSC

The Greater Sunrise fields are planned to 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 Beço, on the south coast. This development concept is known as Timor Liquefied Natural Gas or TLNG and forms an integral part of the Tasi Mane Project, which is intended to provide maximum socio-economic benefits for the country whilst offering significant value to all project participants.

The 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 Treaty allowed the creation of a platform for intensive negotiations and discussions with the upstream Joint Venture Partners, and with this, commercial developments are made, 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/RL and Retention Lease NT/RL2, in the Greater Sunrise field, through Purchase and Sale Agreements signed between the above-mentioned companies, its affiliates, and the Government of Timor-Leste. The participating interests and rights acquired by the Government were, subsequently, transferred to TIMOR GAP's wholly owned subsidiaries, exclusively incorporated for this purpose: TIMOR GAP GREATER SUNRISE 03-19, Unipessoal, Lda.; TIMOR GAP GREATER SUNRISE 03-20, Unipessoal, Lda.; TIMOR GREATER SUNRISE RL, Unipessoal, Lda.; and TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda., pursuant to the terms provided under the Government Resolution no. 20/2018, of 24 October, and Resolution no. 5/2019, of 30 January.

With the above, TIMOR GAP, through its wholly owned TIMOR GAP Greater Sunrise subsidiaries, holds a 56.56% majority participating interest, while the Sunrise Joint Venture (SJV) partners hold the remaining, namely, Osaka (10%) and Woodside (33.44%), the Operator. In 2021, TIMOR GAP, as the major shareholder in the Greater Sunrise Field, has been focusing on PSC finalization by working closely with the SJV partners and reviewing the proposed PSC. During this year, the Sunrise Joint Venture have moved closer to finalization of the fiscal terms and discussions related to changes in the Petroleum Mining

Code (PMC) and the contents of the draft of PSC model. Moreover, TIMOR GAP with SJV partners has been working closely in developing an economic model for the Greater Sunrise Project to get an alignment in SJV level regarding the mechanistic of the economic model to ensure the condition equivalent requirement as stipulated under the Maritime Boundary Treaty. In parallel, TIMOR GAP technical team has been updating the Greater Sunrise subsurface models to evaluate the Greater Sunrise subsurface definition and upstream concept selection.

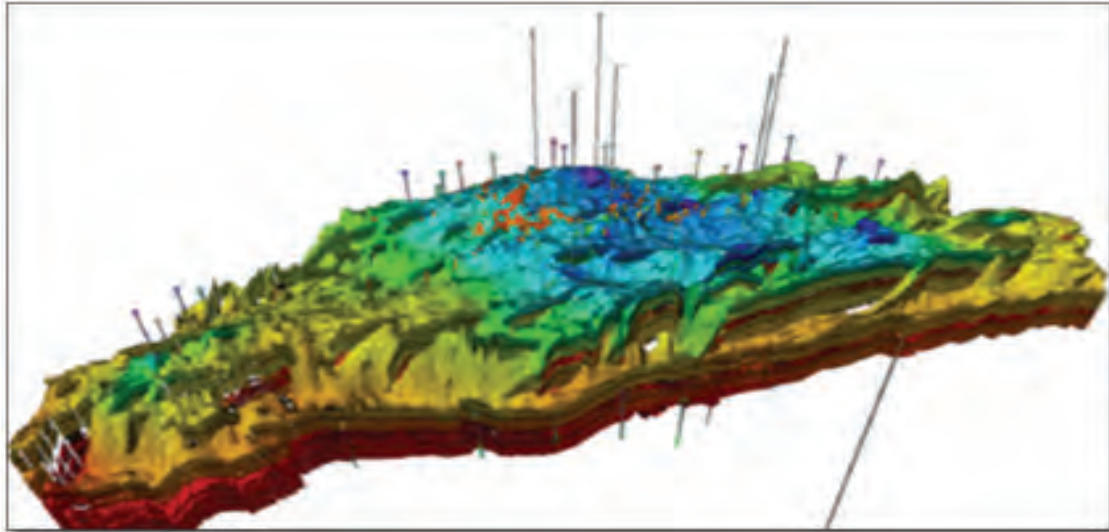


Figure 2-4: Greater Sunrise Reservoir simulation with all wells – TIMOR GAP's Model

The activities that have been carried out during 2021 consist of getting alignment in SJV level on draft of PMC and PSC, Fiscal regime and other associated legal aspects reviewed within the SJV partners. In addition, TIMOR GAP with SJV partners has been actively engaged in initial commercial and technical discussions, and Work Program and Budget for 2021 fiscal year has been agreed and

approved by the SJV partners after the necessary meetings, and reviews were conducted. In addition, a Fair Market Valuation (FMV) study was conducted in the fiscal year of 2021 to assess the value of Greater Sunrise asset, particularly the value of TIMOR GAP's 56.56% share or interest for the Greater Sunrise Project.

2.3. Bayu-Undan Post - PSC Field Life Extension

The Bayu-Undan PSC operated by Santos on behalf of joint-ventures 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 Timor-Leste and 500km north of Australia, now falling within Timor-Leste maritime exclusive jurisdiction, after the Permanent Maritime Boundaries Treaty ratification in 2019.

The technical studies for Bayu-Undan project to be carried out by TIMOR GAP technical team comprise the review of the Operator/Joint Ventures reservoir static and dynamic modelling, history matching and forecasting.

During the year of 2021, there were several activities

which have been carrying out in order to respond to PSC extension, such as finalizing full field reviews, remaining reserves and production forecast, discussion on PSC participation, and commercial evaluation and discussion.

Prior to the data review, a data compilation and quality check were conducted for the data to be delivered to a third-party consultant (ENERPROCO), for commencing the full field modelling review. In addition, TIMOR GAP technical team also provided the necessary support to the consultant and reviewed the project progress.

The above mentioned full field modelling review was carried out by the third-party consultant and is expected to be presented to TIMOR GAP and ANPM. The results will be discussed in the trilateral meetings, held between TIMOR GAP, ANPM and the Bayu-Undan Operator, Santos.

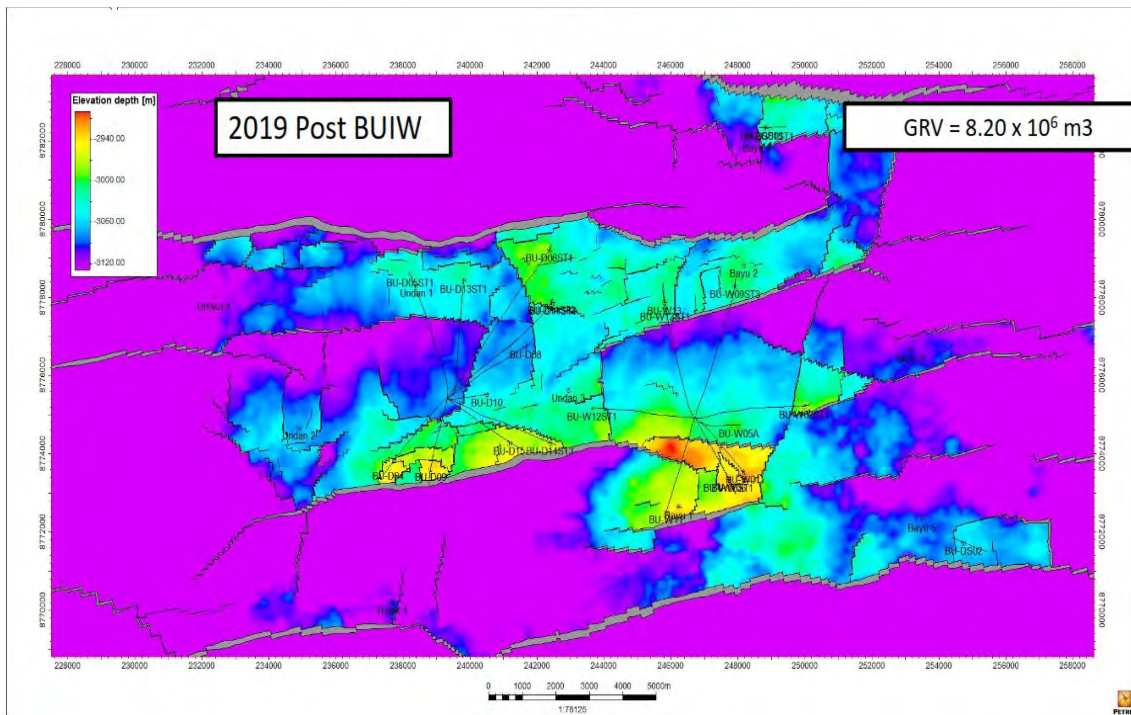


Figure 2-5: Bayu-Undan Top MFS1 Depth Structure Map

2.4. New Onshore Block A Evaluation

The new block technical evaluations were focused on desktop study and field trip to Block A, Lospalos, Baguia and Laga areas. The Block A covers an area of 2248.2 km² and is being released as part of the second licensing round announced by ANPM.

geological field trip was conducted by Upstream Business Unit under the New Ventures subunit. The objective of the field trip was to observe the petroleum systems existence, landforms for possible geophysical surveys, accessibility to the target areas and brief identification of the community socioeconomic level.

As part of the onshore Block A evaluation, a preliminary

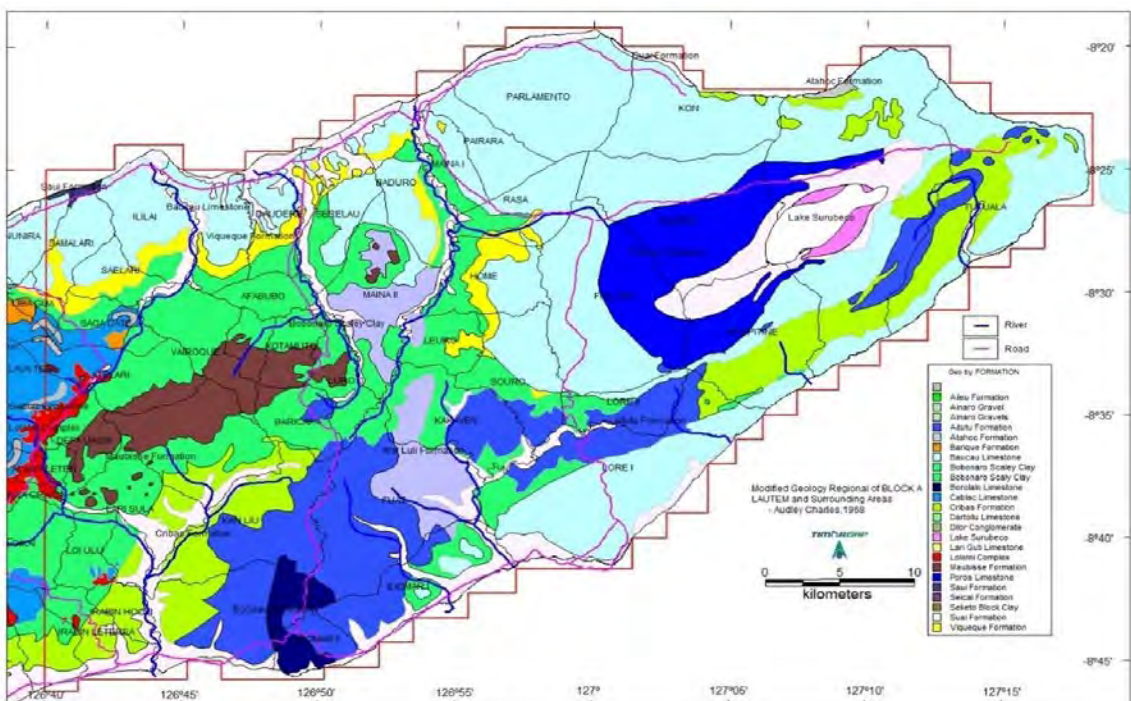


Figure 2-6: Location of the area of study and modified geological regional map of Timor-Leste (Audley-Charles, 1968)

Some of the preliminary geological observations of the new onshore Block A, collected during a field trip conducted in October 2021, are shown below.

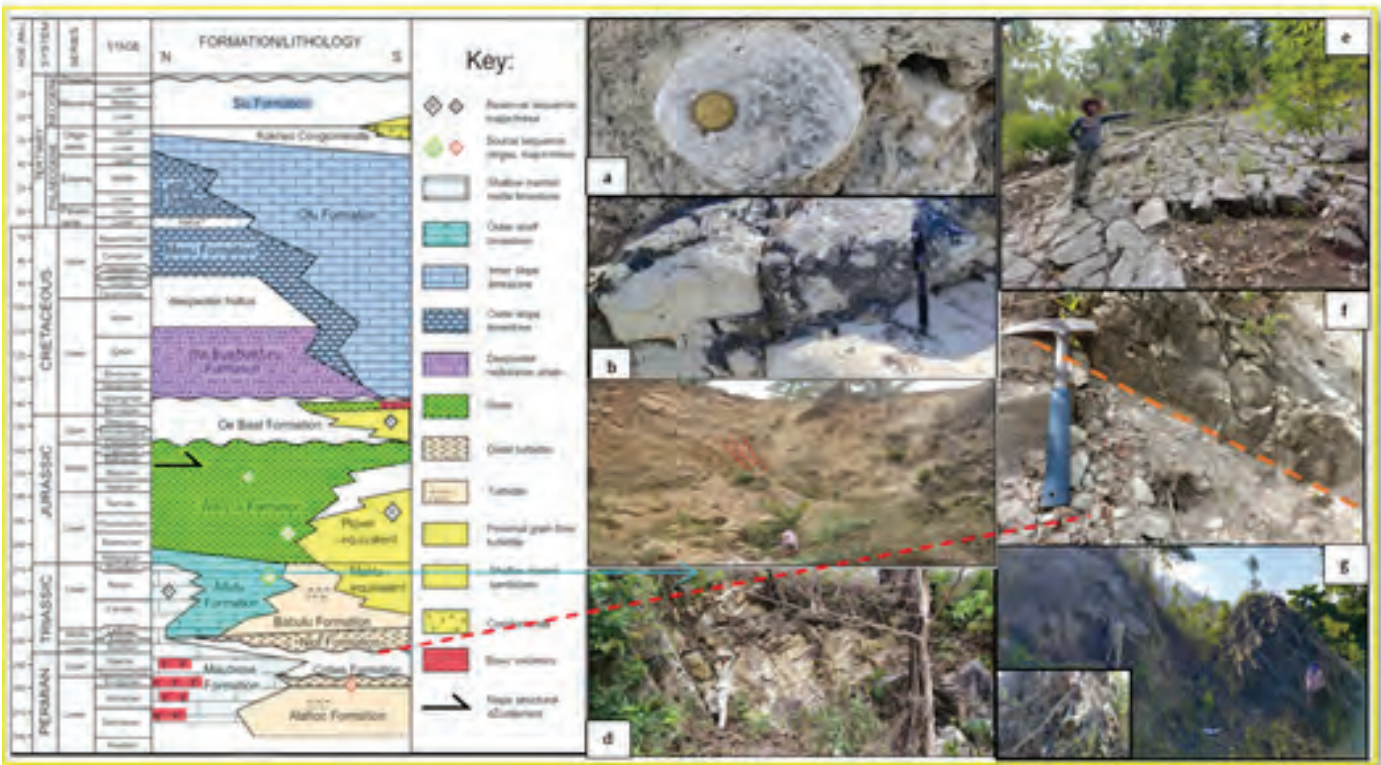


Figure 2-7: Locality TGA1-S1 to TGB1-S6 - Block B - Downstream of Fatulo River: Baucau Cora reef Massive (a); White chalk massive (b); Basalt Serpentine (c); Limestone interbedded thin black shale (d); Hard Massive Limestone Calcilutites (e); Clay ironstone in Cribas fm (f); Metamorphic Phyllites Greenies (g)

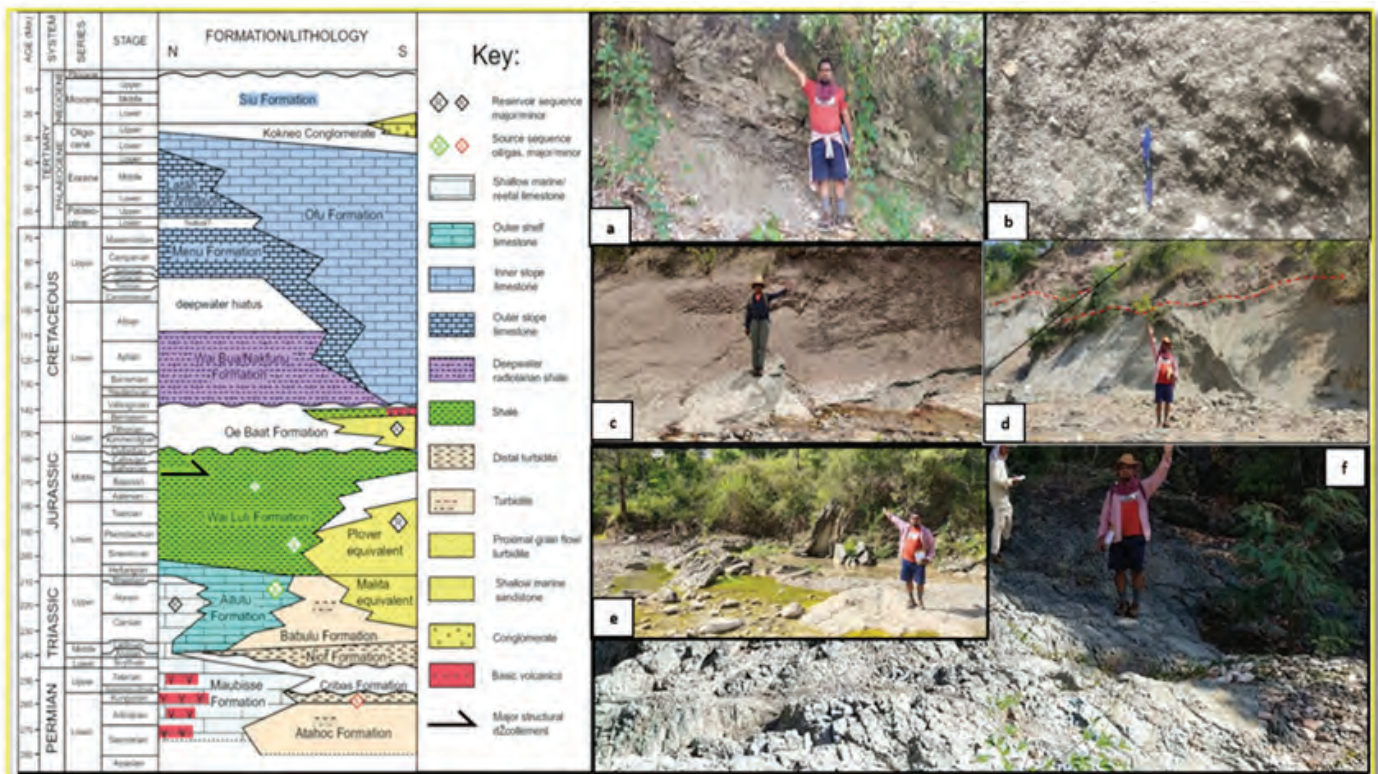


Figure 2-8: Block A - Baguia, Defa-Uasi and Alawa Kraik, Baucau Municipality: Marl interbedded Mudstone (a); Boulder of breccias (b); Mudstone interbedded Marl grey & white (c); Brown Mudstone interbedded Black Shale and affected by fault (d); Reddish Mudstone and Grey Mudstone (e); Massive Amphibolic, greenish Block (f)

2.5. Onshore Blocks Evaluation

During 2021, Business Development & New Venture Service (BDNVS) team collaborated with the Upstream Unit Geology and Geophysics (G&G) team, to evaluate the potentiality of TIMOR GAP reserved block D and new blocks. In addition, BDNVS also approached some of the consultants to support this activity. This resulted in a signed consultancy agreement between BDNVS and PT. TANA, a G&G consultant, to support BDNVS and upstream technical team on G&G evaluation of the reserved block D and new blocks in onshore area, which are currently under the ANPM licensing round. Together with PT TANA, the block evaluation processes involved the use of the recent data from ANPM including Air Gravity, Magnetic and Radiometric data.

Moreover, to strengthen the G&G interpretation on the potentiality of oil and gas resources within the marketed blocks, BDNVS also undertook a field survey to one of the targeted areas as part of block evaluation strategy. The field survey involved the upstream G&G technical team, with the aim to validate structural and stratigraphic data as well as to confirm the existing oil and gas seepages within the region. In addition, this field survey also involved other departments/subunits teams such as, Local Content, QHSE and Geographical Information System (GIS) team in order to obtain preliminary information for the future block application.



Figure 2-9: G&G technical team during field work survey in the respective blocks (top); GIS team during the field work (bottom)

2.6. PSC TL-OT-17-08

TIMOR GAP, through its wholly owned subsidiary TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda, and its partner, TIMOR RESOURCES Pty Ltd, were awarded with the onshore PSC TL-OT-17-08 (Block A) in 2017, to commence oil and gas exploration activities in Block A. This PSC establish a 50:50 joint venture between TIMOR GAP subsidiary and its partner TIMOR RESOURCES, with the latter assuming the Operatorship.

As the COVID-19 global pandemic continued during the year of 2021, delays were registered in our operational activities. In this respect, ANPM has approved the extension of the PSC TL-OT-17-08 initial exploration period for an additional 12-month period, from May 2021 to June 2022.

The Minimum Exploration Work Requirement committed in the third exploration period is to drill an exploration well or wells cumulative to the minimum depth of

2000 meters.

ANPM awarded TIMOR RESOURCES with a Category A Environmental License for drilling in October 2021. The Category A approvals comprises five wells: (1) Feto Kmaus-1 (Karau-1) and (2) Liurai-1 (Kumbili-1), and the additional wells: (3) Lafaek, (4) Laisapi and (5) Raiketan.

Due to the impact of the COVID-19, the drilling commissioning and rig set up at the Feto Kmaus-1 well was completed on the fourth quarter of 2021. Feto Kmaus-1 well was spudded on 25 October 2021 and officially launched by H.E. Prime Minister of RDTL, Mr. Taur Matan Ruak. This represents a significant milestone for TIMOR GAP, as the National Oil and Gas Company, and Timor-Leste's exploration and production sector, as this is the first drilling campaign in the country's onshore area over the past 50 years and the first well to be drilled onshore since Timor-Leste gained its independence in 2002.



Figure 2-10: Launch of the drilling campaign for the oil and gas exploration well, Feto Kmaus-1, in the PSC TL-OT-17-08

The Feto Kmaus-1 well targeted a total depth of 1309mMDRT. However, the high pressure and deteriorating hole condition did not allow for the operation to

hit the targeted depth. The Feto Kmaus-1 well was drilled to the depth of 654mMDRT.

The second exploration well, Liurai-1, was spudded on 26 December 2021. The target total depth is 1472mMDRT and is expected to take 30 days of drilling operations.



Figure 2-11: Feto-Kmaus-1 well (left); Liurai-1 well (right)

In addition to above drilling works, activities were developed with the scope of the local content, aiming at maximizing the Timorese nationals' participation and to improve the living conditions of local communities. In line with the aforesaid, 148 Timorese employees were contracted for the drilling operations in 2021.

In regards to the community welfare, a water project was implemented in the community of Labarai villages, namely Meop, Lorsele and Holba; and a horticulture pilot project at the village of Kuluoan, Sucu Tasihili, is progressing well since its implementation in May 2020.

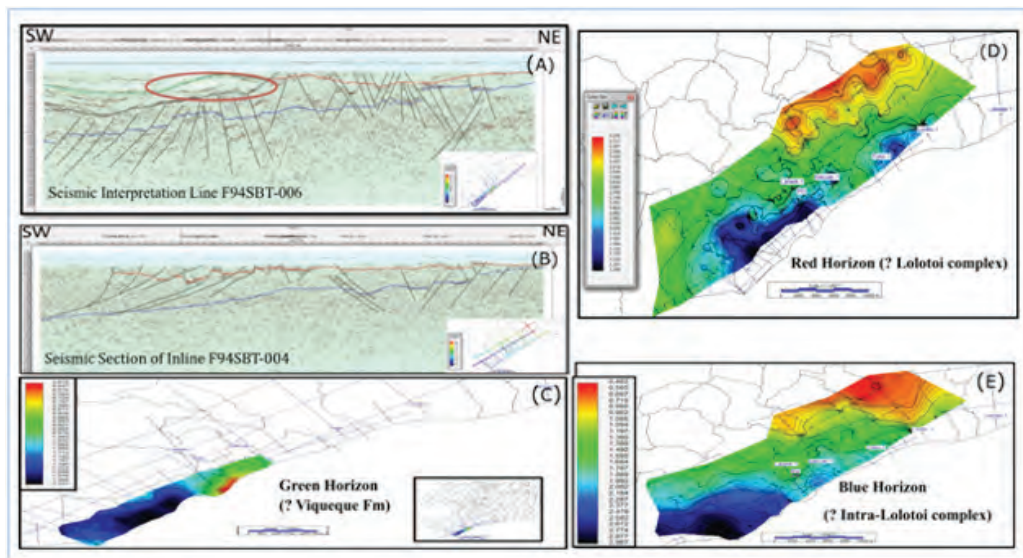


Figure 2-12: Fault and horizons interpretation (Kingdom): Seismic Interpretation Line F94SBT-006 (A); Seismic Section inline F94SBT-004 indicates fault blocks and sub-thrust (B); Green horizon possible Viqueque formation (C); Red horizon possible basement Lolotoi complex (D) and Possible intra-Lolotoi complex (E)

Seismic Line F94SBT-006 (A) indicates structural traps with the normal and sub-thrust faults. The seismic characteristics shows chaotic and discontinuity. Seismic Section of Inline F94SBT-004, horizon Lolotoi Complex (red) and blue horizon indicates intra-Lolotoi with the fault picking and structural trap with the normal and sub-thrust faults (Kingdom) (B). The figure (C) indicates the Top Viqueque fm? which dominates with lithology sand

and clay. The highest contour indicates from 0.786 ms until 0.618 ms and lowest contour between 1.060 ms until 1.331 ms. The figure (D) shows the preliminary map of Lolotoi complex with the highest counter from 0.514 ms-0.276 ms and the lowest counter from 1.206 ms-0.746 ms. The Lolotoi complex is mainly formed by Metamorphic rocks. The figure (E) depicts the intra-Lolotoi horizon.

Following the commencement of the drilling, the upstream technical team visited the Feto kmaus-1 well and performed an in-house evaluation for the well drilling results. The technical evaluation for TIMOR GAP onshore Block A was mainly focused on in-house seismic interpretation and in-house evaluation for Feto kmaus-1 drilling results, both on Kingdom and Petrel software.



Figure 2-13: TIMOR GAP Upstream Geoscience and Engineering team visited Feto Kmaus-1 well, guided by TIMOR RESOURCES technical team, in the Onshore Block A (PSC TL-OT-17-08)

2.7. PSC TL-OT-17-09

Similarly to the above PSC TL-OT-17-08, PSC TL-OT-17-09 (Block C) establishes a 50:50 joint venture between TIMOR GAP wholly owned subsidiary TIMOR

GAP ONSHORE BLOCK C, Unipessoal, Lda., and its partner and Operator TIMOR RESOURCES, to conduct oil and gas exploration activities in Block C.

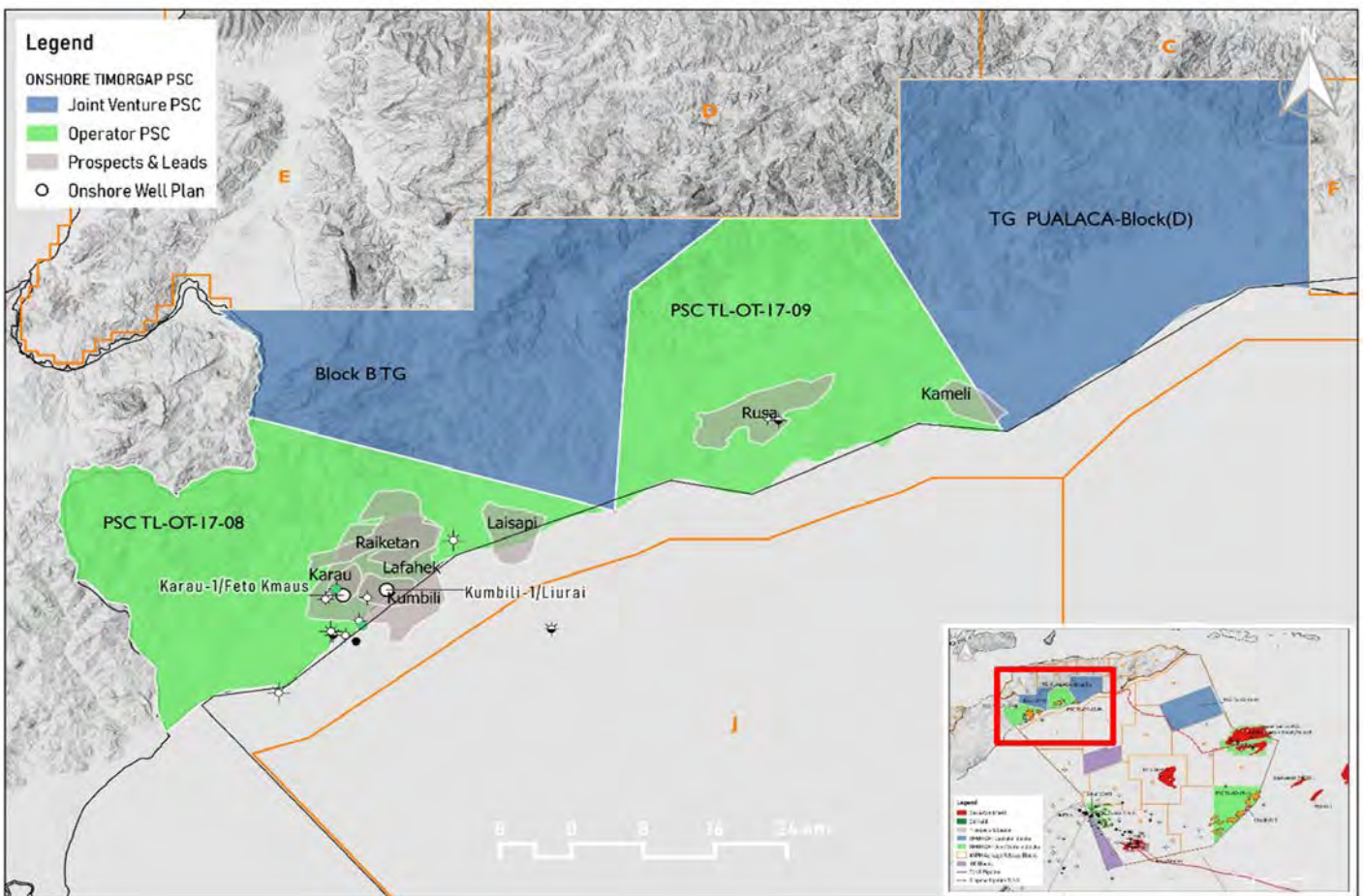


Figure 2-14: Location of the exploration wells planned to be drilled in the PSC TL-OT-17-09 contract area

The onshore drilling program for the PSC TL-OT-17-09 (Block C) with Operator TIMOR RESOURCES and post-drill evaluation and block level assessment were planned to be undertaken in 2021. Two prospects have been identified, Rusa, at southern central of the block, and Kumbili, close to eastern boundary of the block, as seen on above Figure 2-14, with Rusa-1 well being the first to be drilled. However, due to the COVID-19 pandemic and associated restrictions, the exploration drilling in onshore Block C was postponed.

TIMOR RESOURCES as the Operator, continues the preparation for the exploration drilling, including Category A license from ANPM and landowners identification. Besides those, public consultations with local authority and community and geotechnical survey of wellsite area and evaluation of the samples (rocks & soils) are also ongoing. The exploration drilling of Rusa-1 well on Block C will be substantially delayed as the Category A

License is only expected to be approved by the Committee Evaluation and ANPM by February 2022, and thus, any civil works could only commence once Category A License is approved.

As Joint Venture partner, TIMOR GAP ONSHORE BLOCK C, assisted TIMOR RESOURCES on the public consultations held in Hatu-Udo and Betano on Environmental Impact Statement (EIS) and Environmental Management Plan (EMP) for the Block C exploration drill. TIMOR GAP ONSHORE BLOCK C, on behalf of the Operator, conducted a meeting with Ministry of Public Works, particularly with the National Directorate for Roads, Bridges and Flood Control (Direção Nacional das Estradas, Pontes e Controlo de Cheias - DNEPCC), regarding repairs on the public road connecting Suai-Betano, required for future mobilization of drilling equipment to Rusa-1 wellsite location. The discussion with Ministry of Public Works is ongoing and will proceed in 2022.



Figure 2-15: Meeting with the Managing Director of TIMOR GAP ONSHORE BLOCK C and Geoscience team with Ministry of Public Works-DNEPCC on public road repairs (left); Public consultation on EIS and EMP for exploration drilling, with our partner TIMOR RESOURCES (right, top); TIMOR GAP and ANPM visited well location Rusa-1 guided by TIMOR RESOURCES Country Manager in the onshore Block C (PSC TL-OT-17-09) (right, bottom)

2.8. PSC TL-SO-15-01

TIMOR GAP Offshore Block, a wholly owned subsidiary of TIMOR GAP, was awarded with PSC TL-SO-15-01 in 2015. This block is located approximately 60 kilometers southeast of Timor’s Island, within Timor-Leste’s exclusive maritime jurisdiction.

The main activity in 2021 for this project was complet-

ing the pilot project Full Wave Field Inversion (FWI) and Time Reverse Migration (RTM) on Baleia prospect, identifying potential partner, prepare prospect portfolio as well as setup data-room for farm-out activity.

The pilot project FWI and RTM have been completed on the Baleia prospect, and the results will be incorporated

to finalize the prospectivity report of the block and will be dealing with third party to assist with virtual data-room to host the relevant data and reports for farm-out activi-

ties. The Business Development and New Ventures team has assisted to identify a suitable partner for this block.

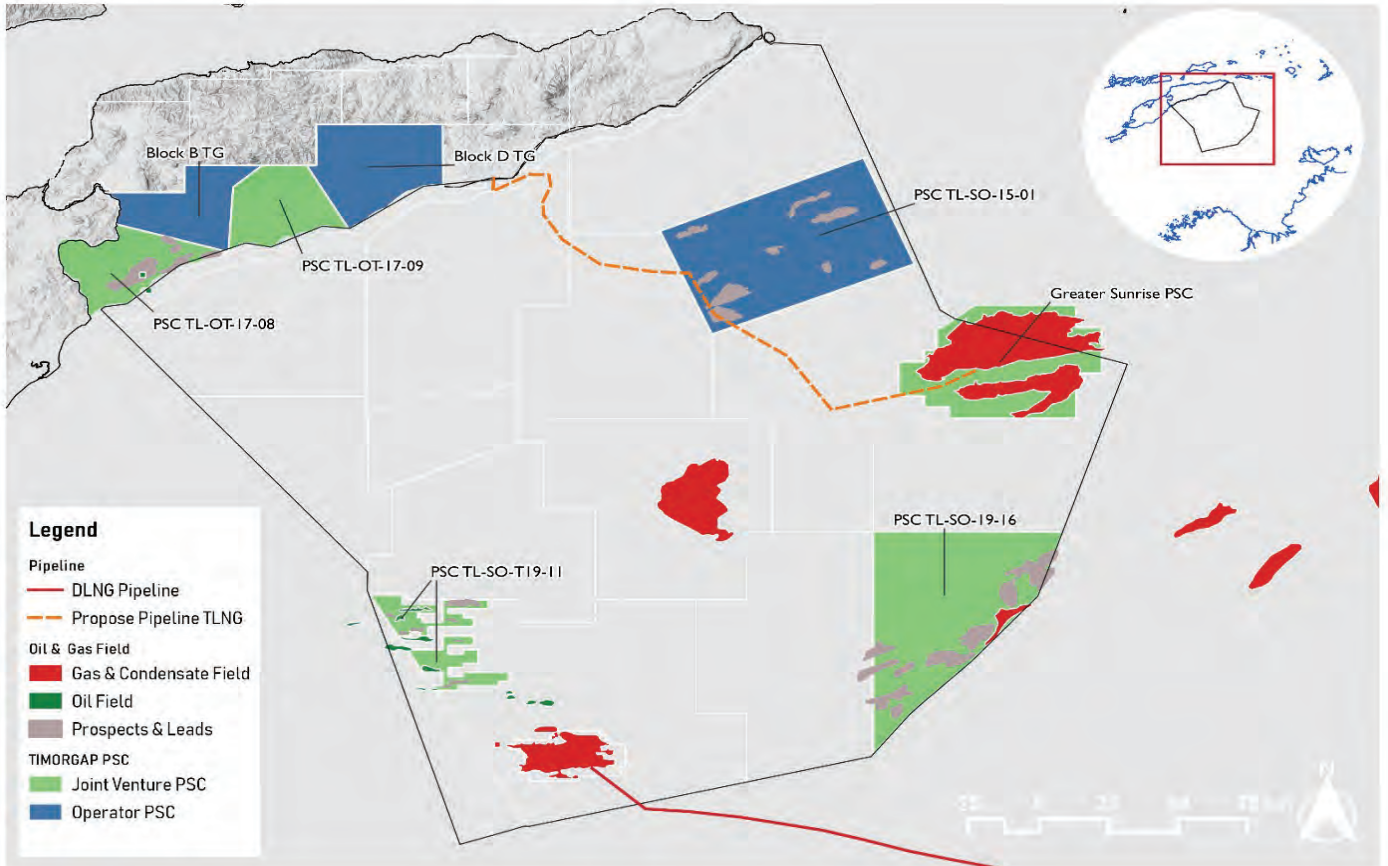


Figure 2-16: Location map of TIMOR GAP offshore PSC TL-SO-15-01

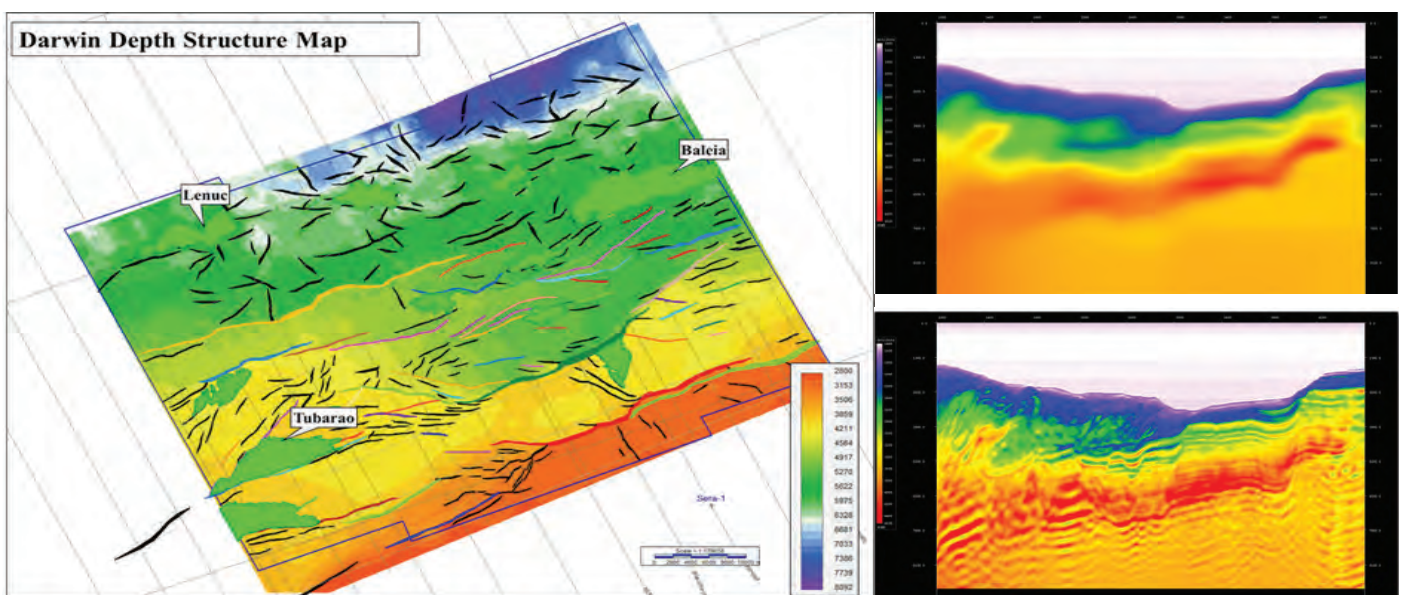


Figure 2-17: Prospects at Jurassic reservoir (Plover Formation) (left); IL 3280 – Initial Velocity Model (Tomography) (top, right); IL 3280 – Velocity Model – FWI 12Hz (bottom, right)

2.9. PSC TL-SO-T 19-11

PSC TL-SO-T- 19-11 (PSC 19-11) is in the Northern Bonaparte Basin, Timor Sea, approximately 240 km south of Dili and 500 km northwest of Darwin. The area covers about 662 km², adjacent to the Kitan oil field and lies in an average water depth of 350m. The block has few discoveries, proven but unproduced reserves at Jahal, Kuda Tasi (+/- 20MMbbls), in addition to few prospects such as Kanase, Karungu, Squilla and Krill, with approximately cumulative of more than 500 MMbbls and other prospects yet to be explored.

Kanase-1 prospect was drilled in 2019. However, this well encountered few technical problems and resulted in its unsuccessful conclusion. Further, with the flow of information from Kanase-1 drilling campaign, the Operator (ENI) together with its Joint Venture (INPEX and TIMOR GAP) decided to proceed in conducting detail studies of the prospects that lies within the block for better understanding the quality of the data as well as technical parts, such as Geological & Geophysical (G&G) data

and Petroleum System.

One of the main activities performed during 2021 consisted in the application for another 24-months PSC extension submitted to ANPM, which was granted by the latter in August 2021 to the Operator and its Joint Venture, to perform detailed studies on the prospects within this PSC contract area.

Further to the extension, in 2021, the Joint Venture also carried out a few technical studies, namely finalization of permit wide re-interpretation across the PSC on the available PSDM and PSTM seismic data sets and review of prospectivity within PSC 19-11, with evaluation and risking of prospects including all play elements (reservoir, seal, charge, and trap). The technical assessment included Fault Seal-analysis (FSA) of a prospect in the permit to better understand fault-seal risk associated with the new prospect mapping. These studies aimed at fully evaluate the remaining hydrocarbon potential of the PSC.

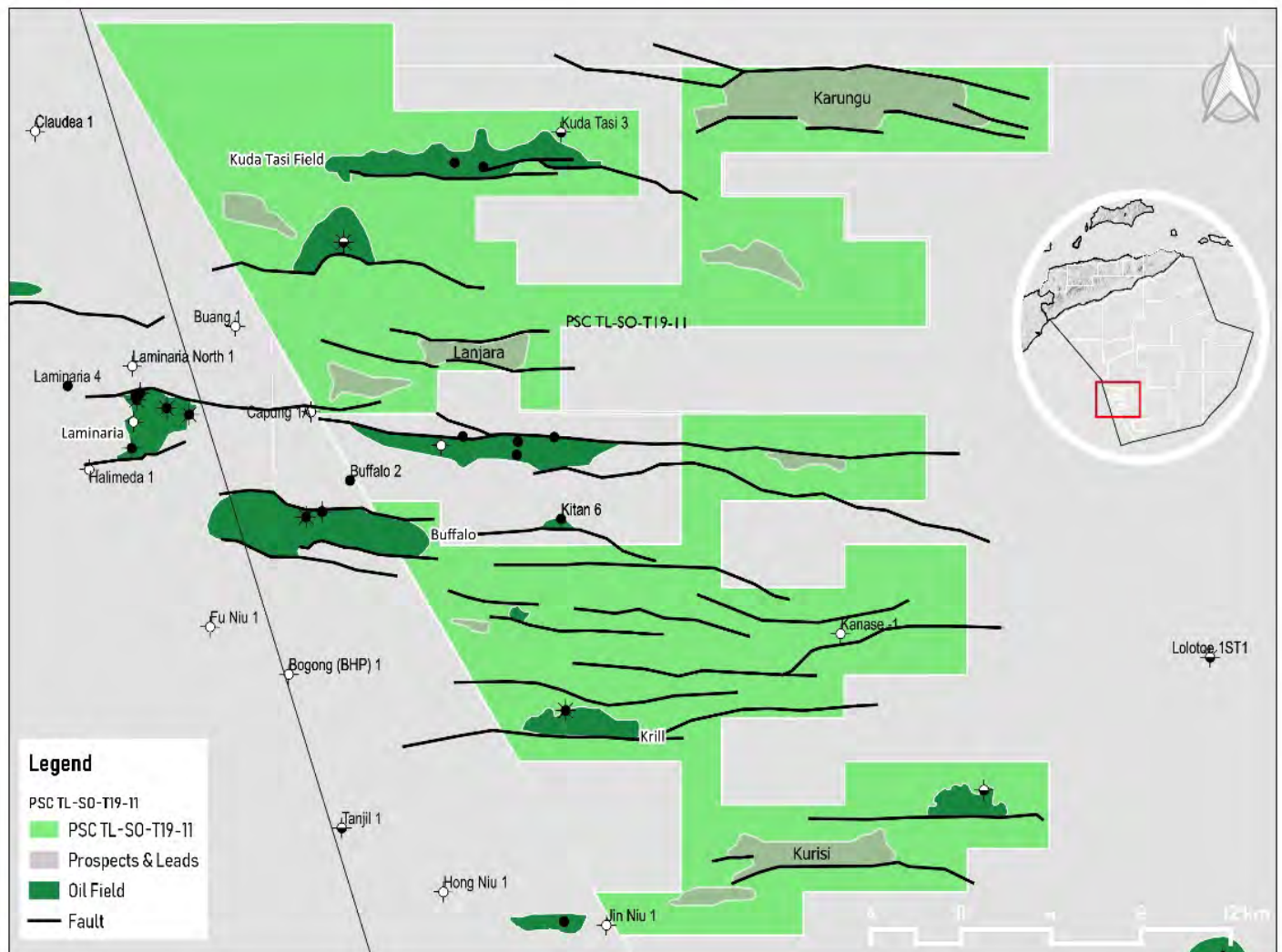


Figure 2-18: Location of the study area

2.10. PSC TL-SO-19-16

TIMOR GAP CHUDITCH, Unipessoal, Lda. is a wholly owned TIMOR GAP subsidiary established to represent the company with SundaGas to carry out exploration and production activities in the Chuditch undeveloped gas discovery (PSC TL-SO-19-16) located in Timor-Leste

Exclusive Area. TIMOR GAP CHUDITCH, Unipessoal, Lda. is the joint venture partner (25 % carry interest) with SundaGas Banda, Unipessoal, Lda. (75 %) as the PSC's Operator.

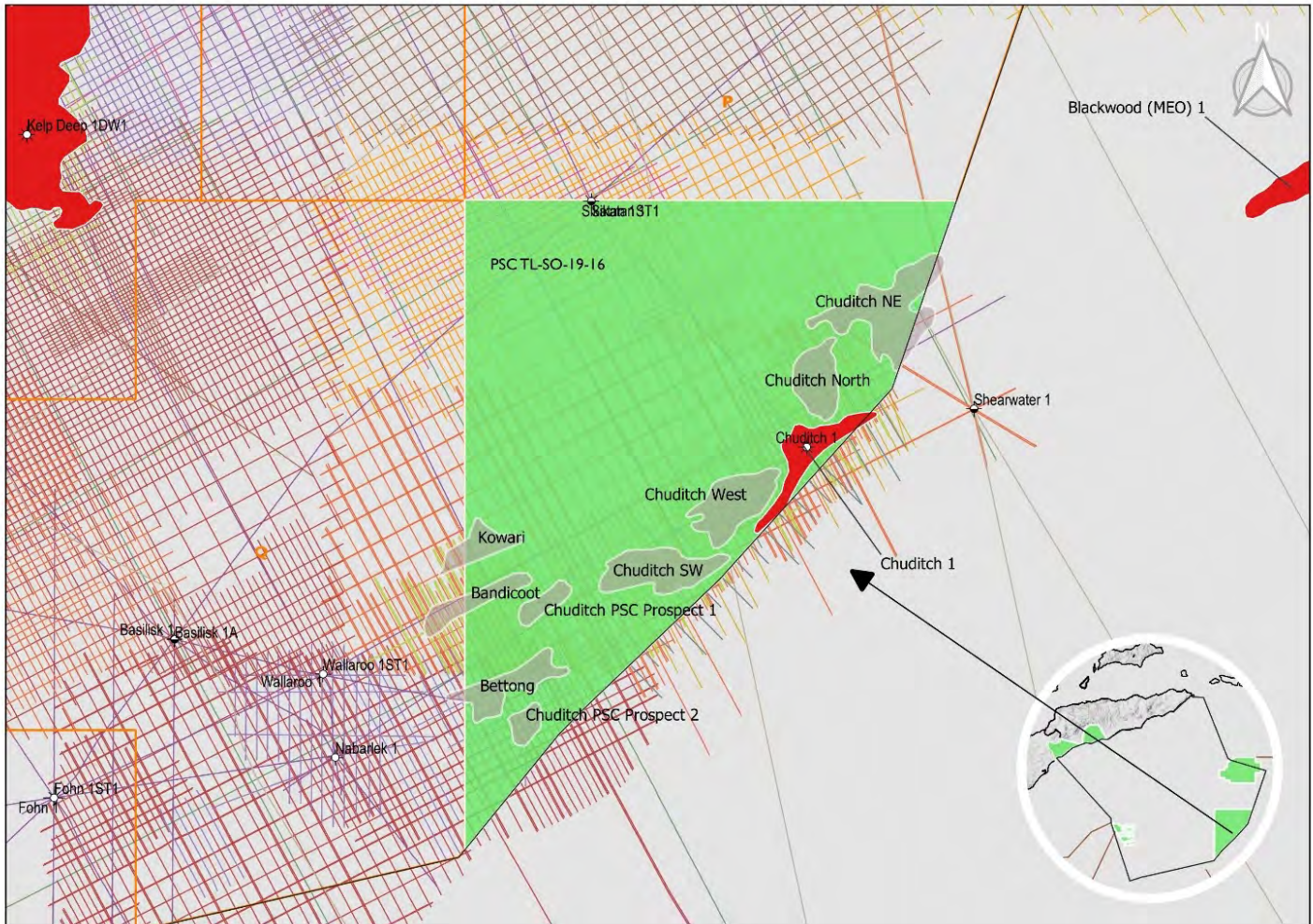


Figure 2-19: Location of the PSC TL-SO-19-16

The Operator, SundaGas, is carrying out a seismic reprocessing in accordance with the minimum work program requirements of the PSC. TIMOR GAP technical team will assess the technical details of the reprocessing work and provide the necessary recommendations by attending technical review meetings. TIMOR GAP staff are monitoring closely the reprocessing work. As of 6 December 2021, the seismic reprocessing has achieved 49% completion, including the time pre-processing and depth velocity model building covering the complex shallow carbonate pick. A fast-track 3D PSDM volume was delivered to TIMOR GAP office on 3 December 2021. The reprocessing work is expected to be completed around the middle of 2022 and then SundaGas and TIMOR GAP Chuditch will interpret those data for a better understanding of the Chuditch discovery.

A detailed petroleum system modelling study has been developed by SundaGas. This study aims at conducting a better understanding of petroleum elements in the region, particularly in the contract area. A preliminary well design cost and study was also carried out by the Operator in 2021. There were two anticipated wells from this study, namely the appraisal well (Chuditch-B) and exploration well (Chuditch West-A). The potential well designs and locations have been generated based on existing 2D seismic data. The water depth ranges from 67-70m and both wells can be drilled with jack-up or semi-submersible rig.

As joint venture partner in PSC TL-SO-19-16, TIMOR GAP technical team also carried out in-house estimates of Gas Initially-In-Place as well as petrophysical evaluation for the Chuditch field and evaluated the upside po-

tential, based on the original PSTM Kyranis 3D Seismic Interpretation.

The Preliminary volumetric calculations were carried

out for 4 prospects at the top Plover (Jurassic) sandstone using detailed depth mapping and key input parameters which were generated from internal petrophysical evaluation.

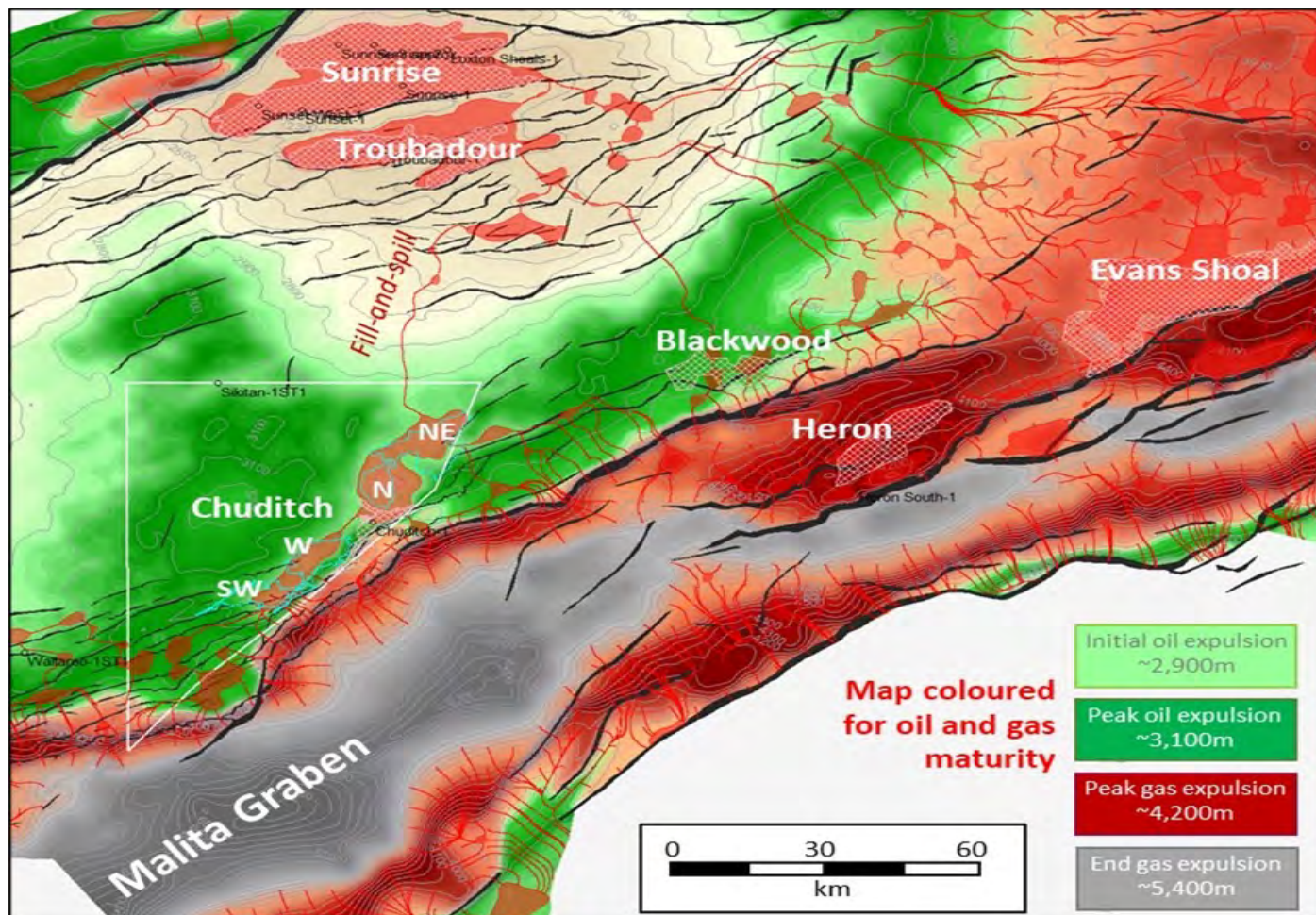


Figure 2-20: Detailed Petroleum System modelling by SundaGas (Operator)

2.11. PSC TL-OT-21-17

TIMOR GAP continues to expand its portfolio by tapping new exploration and production opportunities and this year, TIMOR GAP PUALACA BLOCK, Unipessoal, Lda., a wholly owned subsidiary of TIMOR GAP, was awarded with the PSC TL-OT-21-17 on 7 December 2021. The block is located on the south coast of the Timor-Leste and covers an area of 1575 km², encompassing three Municipalities: Manatuto, Manufahi and Viqueque. TIMOR GAP, through its subsidiary, holds a 100% participating interest in this PSC, equally assuming the role of Operator, a noteworthy achievement for the company.

The main activity was focused on PSC application, finalization, and minimum work program commitment plan, which was negotiated between TIMOR GAP and ANPM, and desktop studies and geophysical surveys including seismic and non-seismic; full tensor gravity and gradiometry and amplified geochemical imaging plans. The desktop study mainly covered onshore geological and geophysical data compilation. Due to delays on PSC award, the geophysical surveys planned for 2021, were carried over to the following financial year.



Figure 2-21: PSC signing ceremony on December 2021, with the attendance of the representatives of ANPM, TIMOR GAP and H.E. Minister of Petroleum and Minerals

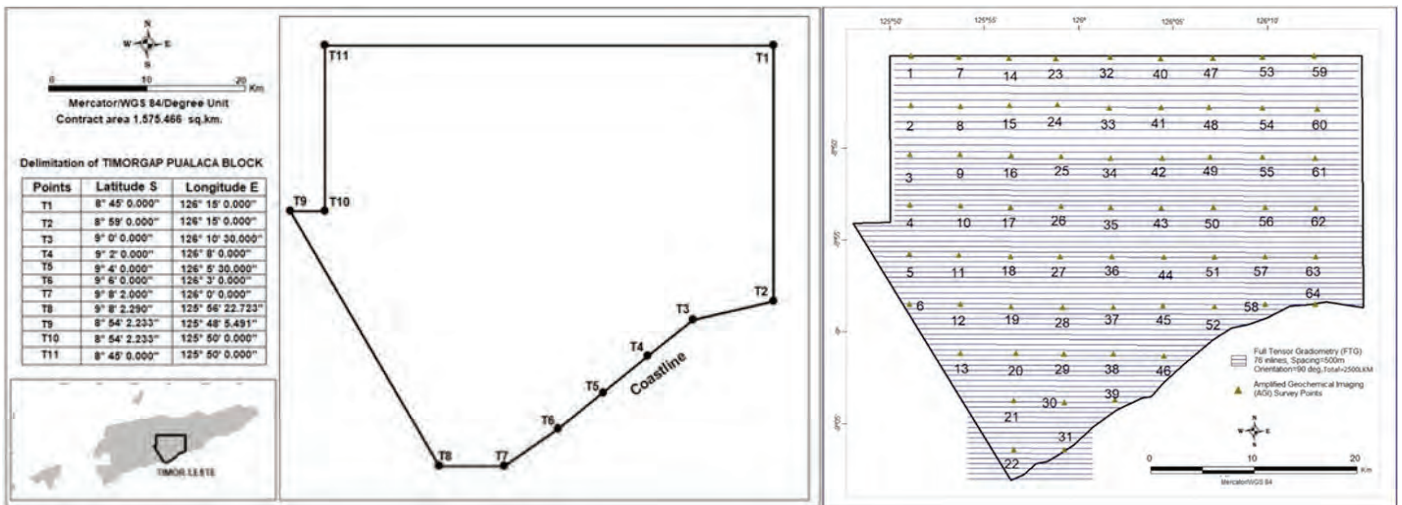


Figure 2-22: Location of PSC TL-OT 21-17 (left); Full tensor gravity and amplified geochemical imaging plans (right)



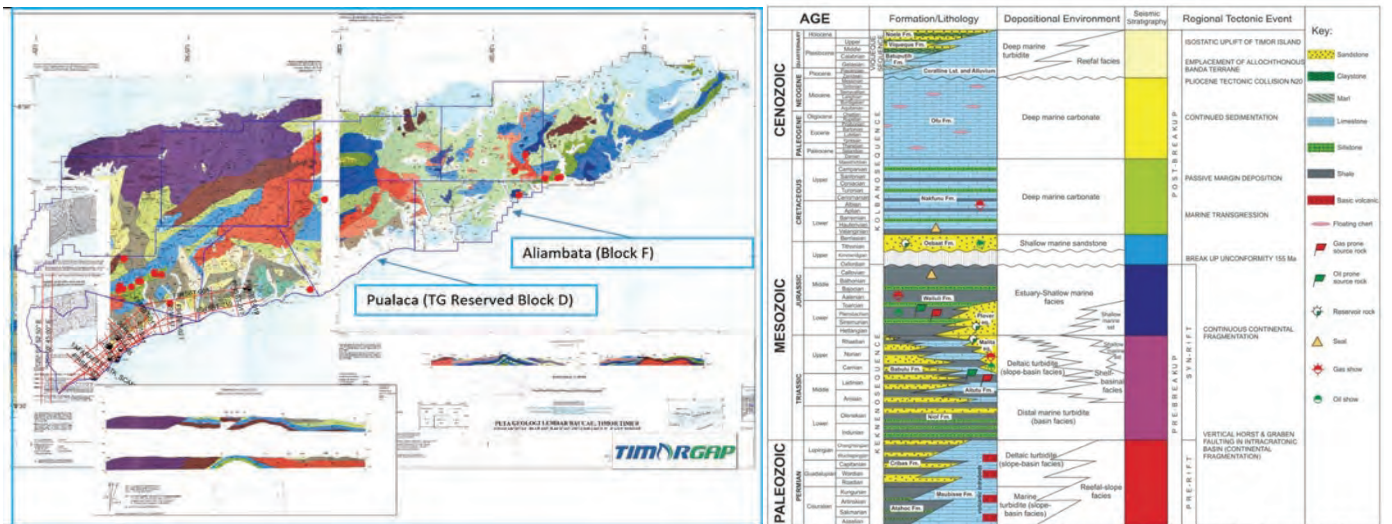


Figure 2-23: Regional petroleum systems of the onshore Timor-Leste

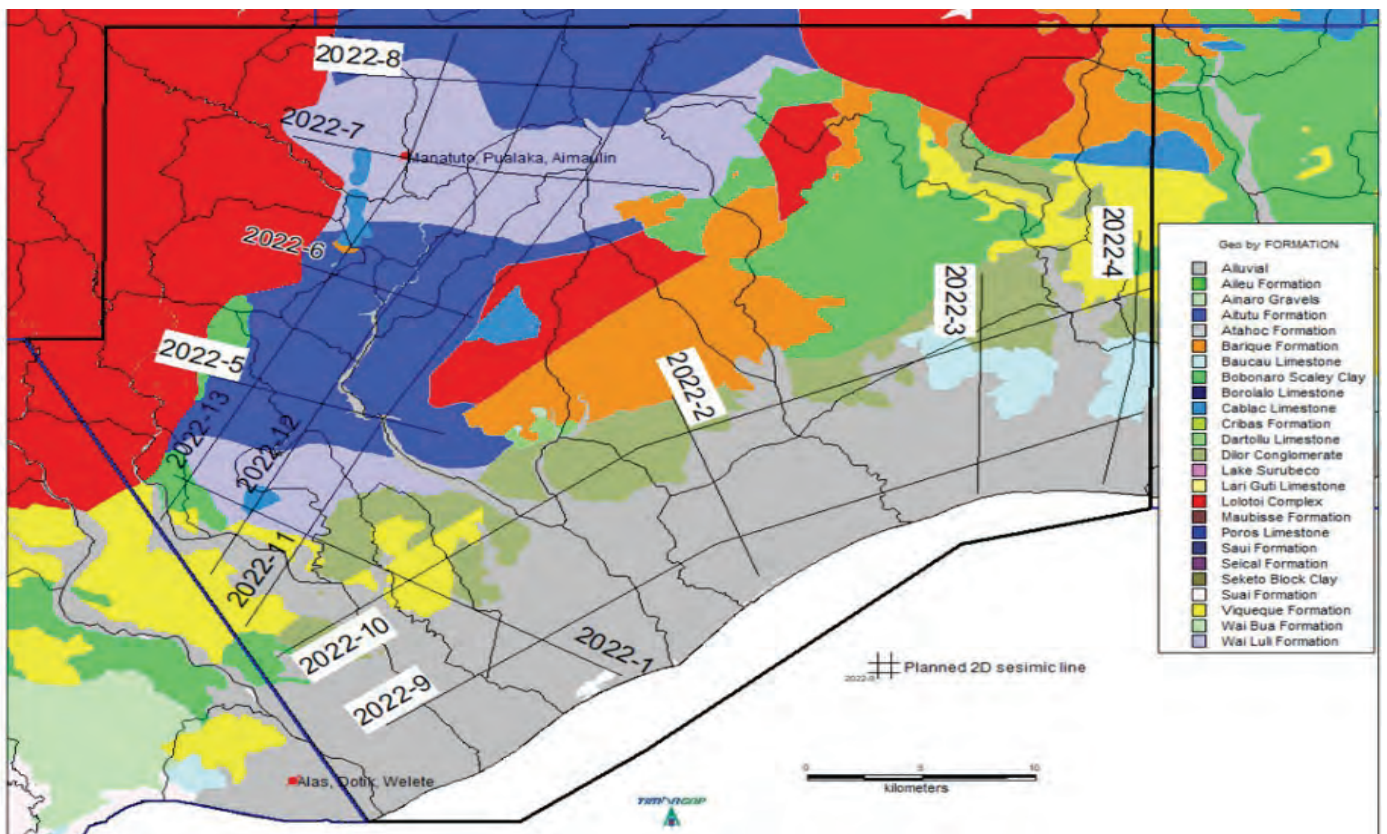
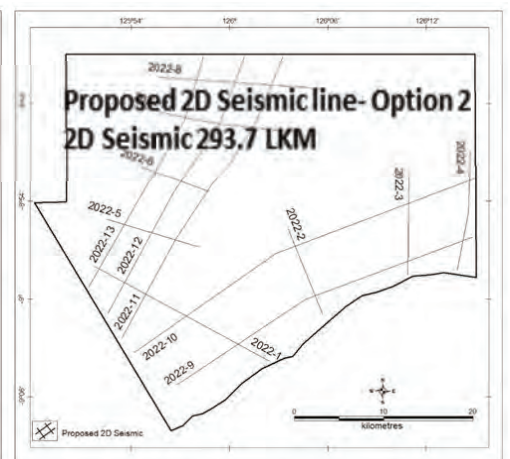
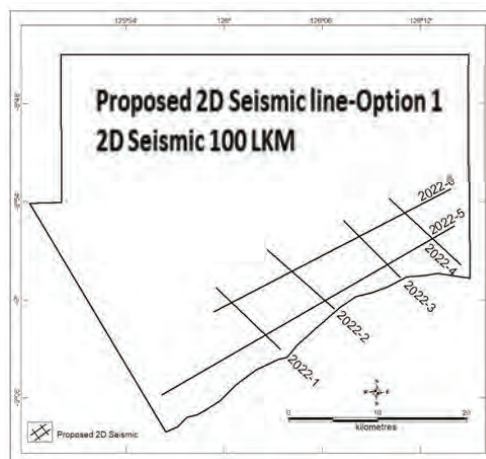


Figure 2-24: Seismic plan options and seismic plan overlays regional geological map of the TIMOR GAP Pualaca block



2.12. Business Development and Provision of Services for Upstream

Business opportunities and the provision of services for the upstream are seized and managed through Upstream Business Unit's subunit Business Development and New Venture Service (BDNVS), which focuses on creating and tapping business opportunities, securing partnerships with other upstream oil and gas and service companies, and providing upstream services through its subsidiaries, TIMOR GAP Seismic Services and TIMOR GAP Drilling & Services, rendering seismic and drilling related ser-

vices within the onshore and offshore upstream operations.

The activities of Business Development and New Venture in the year of 2021, focused mainly on the block evaluation which are now under the ANPM licensing round, farm-in and farm-out opportunities and several activities in relation to geothermal exploration.

2.12.1. Farm-in and Farm-out Opportunities

Farm-in and farm-out opportunities have been part of BDNVS' business strategy. Since early 2021, BDNVS have identified opportunity to invest in two potential fields: one being localized in Vietnam and the other one in the Cuban region. Confidential agreements between BDNVS and the field operators of the respective fields, namely Pharos Energy (Vietnam) and Petro Australian (Cuba) have been signed and technical data evaluation by TIMOR GAP's technical team has been taking place from

thereon. For the farm-out opportunities, TIMOR GAP, through BDNVS, has also approached companies, such as SANTOS and Ocyan, to evaluate the existing blocks that belong to TIMOR GAP and other blocks which are currently under the licensing round. Confidential Agreements between TIMOR GAP and Santos as well as TIMOR GAP and Ocyan were signed for two of the potential blocks. Currently, we are on the evaluation process of the block and the result will be obtained by early 2022.



Figure 2-25: Upstream team meeting and discussion with Pharos Energy

2.12.2. Geothermal Energy Project

Other important activity in 2021 is the exploration for non-renewable energy namely the geothermal project. Aside from oil and gas, TIMOR GAP also considers the development of geothermal energy to be a critical component of long-term development which offers an opportunity to improve access to modern energy services that are essential for sustainable community development. As

a result, together with Institute of Petroleum and Geology (IPG), TIMOR GAP initiated a preliminary site visit to the existing geothermal manifestations across the mainland of Timor-Leste. The result of this study will be important to determine the most potential area for further study.



Figure 2-26: TIMOR GAP Upstream Team with team from Institute of Petroleum & Geology (IPG) during site visit to geothermal manifestations

2.12.3. TIMOR GAP Seismic Services, Unipessoal, Lda.

Established in 2015, TIMOR GAP Seismic Services (TGSS) is owned by TIMOR GAP (60%) and BGP Geoprospector 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 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.

As a result of the pandemic, 2021 has become one of the most difficult years in the oil and gas Industry, as almost all activities stopped. As a seismic services provider, TGSS is highly dependent on exploration activities, which with the situation of the pandemic has resulted in significant consequences for the negotiation activities of TGSS. Thus, during 2021, TGSS was able to postpone its activities related to previous plan such as strengthening partnership with potential seismic suppliers and potential explosive suppliers. Several meetings were carried out in the first quarter of the year, such as meetings and field visits to Incanto’s explosive storage. In addition, several meetings were held with TL BGP.



Figure 2-27: TGSS Meeting with Incanto & Site visit to Incanto’s Explosive Storage in Tibar

2.12.4. TIMOR GAP Drilling & Services, Unipessoal, Lda.

TIMOR GAP Drilling & Services, also known as TGDS, is a wholly owned 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 upstream business. The principal objective of TGDS is to create, identify 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.

In 2021, TDGS had the opportunity to participate in several upstream services opportunities and also engaged capable partners early in the process for the upcoming onshore development. TGDS' participation in upstream drilling & services opportunities involved Carnarvon's Buffalo-10 drilling campaign, Santos' BUIW P3C, and Bayu-Undan Decommissioning, which is the early Suspension of Operation – Package 1.



Figure 2-28: TGDS meeting with PT Bohai Drilling Services Indonesia

The subsidiary is in early stages of identifying potential partners for drilling activities in the near future. Several meetings with capable companies, namely Schlumberger Australia, PT Bohai Drilling Services Indonesia and PT Elnusa TBK, were conducted prior to identifying service opportunities, such as drilling operation and management including drilling rigs, wireline logging, drilling fluids, support vessels and other related services.



Figure 2-29: Board of Directors of TIMOR GAP Drilling & Services, Unipessoal, Lda.

3. Downstream





Working towards providing energy-supply solutions to meet the country's needs.

HIGHLIGHTS OF 2021

- TIMOR GAP commenced the fuel supply to EDTL, E.P. Power Plant in Betano this year, delivering three shipments with a grand total of 31,626,153 liters of gasoil;
- Launched the tender for the provision of a Feasibility Study for the Petroleum Import Terminal project and conducted the first socialization with the affected community for this project;
- Concluded the six-months Feasibility Study for the LNG Import Terminal project;
- Awarded the contract for the provision of a prototype design for the new fuel stations development, allowing the company to have a clear brand identity;
- Reactivated the Human Resources Development program and the EIA study works for the TLNG project, following a temporary suspension period due to the COVID-19 pandemic and Management restructuring;
- Concluded the Peer Review Study for Betano Refinery & Petrochemical Complex.



Figure 3-1: ECTL, E.P. Power Plant in Betano

3.1. Overview

This Chapter contains all activities and projects related to the downstream sector conducted during the fiscal year of 2021, in accordance and compliance with the endorsed Work Program and Budget for the referred reporting period. Activities and projects for this sector are conducted and implemented by the Downstream Business Unit and the subsidiaries under its supervision.

TIMOR GAP's Downstream business is one of the company's main drives to increase its revenue streams at short term, with focus on petroleum products import and marketing projects, and fuel supply. TIMOR GAP commenced the fuel supply to the national electricity company of Timor-Leste, ECTL, E.P., delivering three cargos with a total of 31,626,153 liters at Betano Power Plant in 2021, a milestone to the company that will pave the way to seize similar businesses opportunities within the domestic market and to mitigate the impacts of COVID-19 on its financial performance.

TIMOR GAP continued to work towards the implementation of the Petroleum and LNG Import Terminals, two projects aimed at suppressing the national energy supply-demand gap and, regarding to the latter, deliver LNG as an alternative and more clean power source. A Feasibility Study was concluded this year for the LNG Import Terminal, while for the Petroleum Import Terminal a ten-

der for the Feasibility Study was launched.

Our retail business strategy foresees the establishment of additional fuel stations, to further unlock revenue-generating opportunities and strengthen TIMOR GAP's brand in the national market. In line with this, a contract for the prototype design for additional fuel stations was awarded and the works to establish a fuel station in Dili, the national bustling segment market, as well as in other Municipalities, have progressed through the year. We continued our existing fuel retail operations through TIMOR GAP's Suai Fuel Station (SFS) and Suai Aviation Fuel Facility (SAFF).

In the wake of a "on hold" period due to the COVID-19 outbreak, TIMOR GAP reactivated the human resources development program for the TLNG project and reinitiated the EIA study works for the same project, aiming to fulfill the Government vision to develop the Greater Sunrise field through a pipeline to the Timor-Leste onshore.

TIMOR GAP provides several services for the oil and gas industry through its subsidiaries in partnership with renowned international companies. Subsidiaries under the Downstream Business Unit pursue business opportunities and activities in the areas of marine and logistics services, and a subsidiary was added to our portfolio in the



Figure 3-2: Staff of the Downstream Business Unit

previous year, WESTSTAR-GAP Aviation, Lda., a joint venture with WESTSTAR AVIATION TIMOR, Unipes-

soal, Lda., for the provision of offshore helicopter transportation services.

3.2. Wholesale Businesses

3.2.1. Fuel Supply to EDTL, E.P.

TIMOR GAP commenced the fuel supply to EDTL, E.P. Power Plant in Betano this year, a significant milestone for the company's downstream business portfolio, allowing TIMOR GAP to tap an opportunity to successfully deliver its mandate to guarantee national energy security.

Endorsed by the Council of Ministers through the Decree Law no. 61/2020, of 25 November, the fuel supply to EDTL, E.P., was subject to a thorough and lengthy negotiation process, resulting in the signature of the Purchase and Sale Contract between both Parties, TIMOR GAP and EDTL, E.P., on 30 March, 2021. This Contract will regulate the fuel supply, pricing and technical specifications, for a contractual term for a period of three years, from 2021 to 2023.

TIMOR GAP delivered its first cargo of 1,492,174 liters of gasoil to Betano Power Plant in May. A second shipment was delivered in June, supplying 16,564,623 liters of gasoil, and, with the successful delivery of its third cargo of 13,569,356 liters in December, TIMOR GAP

completed the contract first-year delivery obligations. At the year-end, TIMOR GAP had supplied a grand total of 31,626,153 liters to EDTL Power Plant in Betano, amounting to USD\$ 20,562,299 in revenues for the company.

While for the first fuel delivery TIMOR GAP engaged MATO as a third-party fuel supplier, the second and third cargos, with a significant higher volume, were sourced through a contract with PetroChina International (Singapore) Pte Ltd., an overseas subsidiary of PetroChina International Co. Ltd which is a wholly owned subsidiary of PetroChina Company Limited, a Chinese State-owned company. The first spot contract was signed on 18 May, upon the conduction of a selected request for quotation process and subsequent two-way due diligence. In the fourth quarter of the year, TIMOR GAP concluded the negotiations and signed a Purchase and Sale Contract with Singapore Petroleum Company Limited (SPC), pursuant to which the latter is engaged to supply gasoil with a quantity between 75,000 kiloliters to a maximum

of 90,000 kiloliters, with +/- 10 % operational tolerance. This contract represents a noteworthy step in cooperation on the oil and gas area and potentially a steppingstone for other future collaborations and projects.

The discharge and transport of the fuel from the berthed vessel to the EDTL, E.P. Power Plant in Betano is carried out resort through the unloading terminal facilities owned by SACOM and its Conventional Buoy Mooring (CBM) system. The integrity of the facilities available for the purpose within the offloading area were assessed during 2020 by a TIMOR GAP team and SACOM was selected as the only facility suitable for the operation. However, concerns were raised during the initial fuel

discharges regarding HSE aspects, operational integrity of the CBM and design and operations of the SACOM's unloading terminal. Recommendations were made from TIMOR GAP side, which we expect to be addressed in due time by the responsible parties. We remain fully available to work alongside the relevant parties to ensure that the facilities and operations are in strict compliance with the best practices applicable to the industry.

As TIMOR GAP enters in the contract second-year, we look forward to continuing to cooperate with EDTL, E.P. to establish the guarantee of price stability and energy security in the country.



Figure 3-3: On board of the fuel tanker vessel, Glory Star



Figure 3-4: Several supervision activities conducted during the second fuel discharge operation in Betano, abroad the vessel (B, C & D), in the SACOM unloading terminal (A) and with the client, EDTL, E.P. in its Power Plant in Betano (E)

3.2.2. Petroleum Import Terminal (PIT)

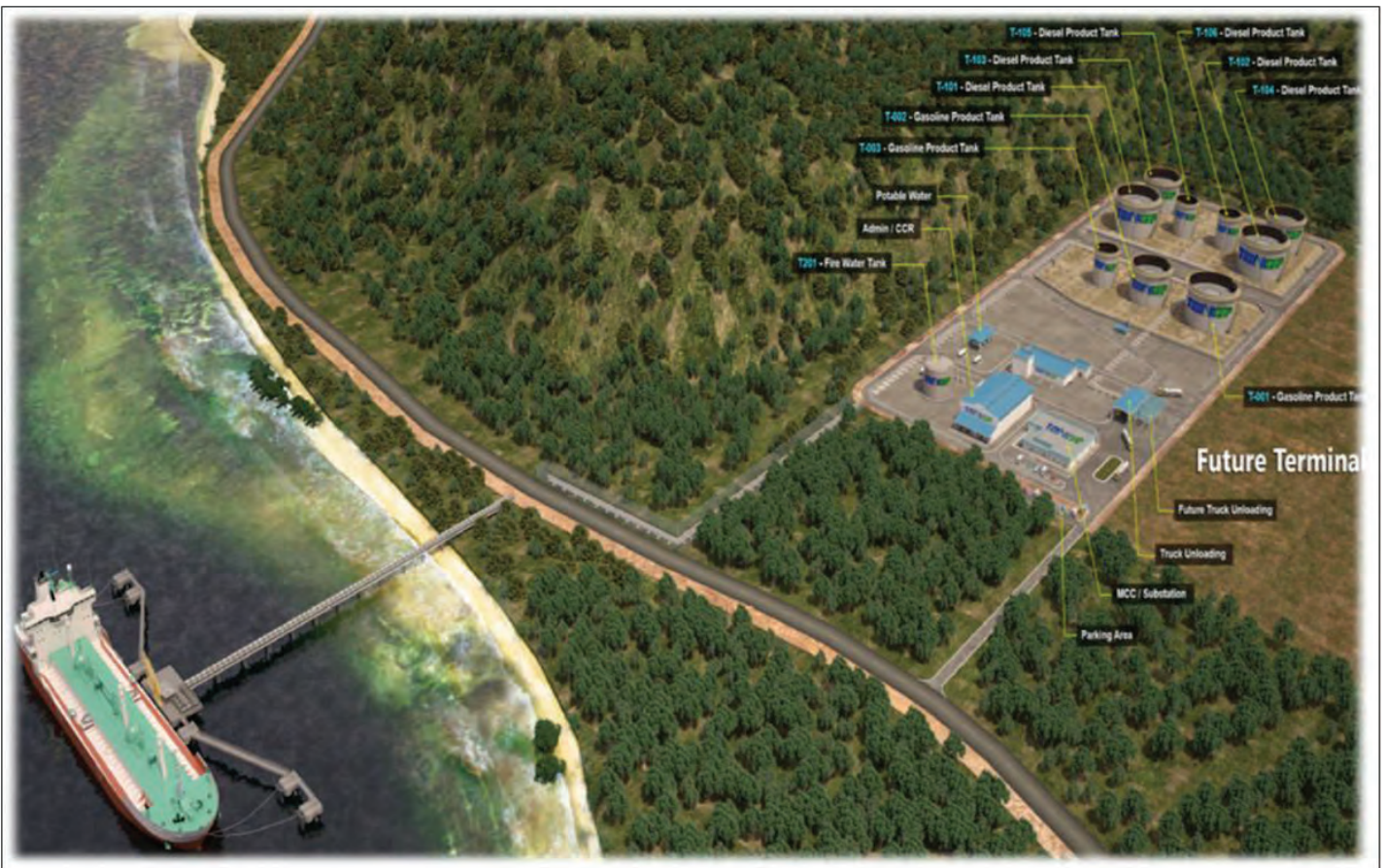


Figure 3-5: Petroleum Import Terminal design

Pursuing its mandate to guarantee energy security through the storage and supply of fuel, TIMOR GAP continued this year to work towards the establishment of the Petroleum Import Terminal (PIT). The project is anticipated to respond to the need for increased investment in fuel storage to meet foreshadowed petroleum fuels import requirements and ensure ongoing security of fuel supply.

In line with the above, the PIT is envisioned to receive and store a total of approximately 110,000 m³ of gross capacity of fuel, encompassing storage tanks for diesel, gasoline, jet fuel and Liquefied Petroleum Gas (LPG), which will increase by 40 per cent the national storage capacity. This will allow the Terminal to store a fuel stockpile of 120 days, as determined by the Government of Timor-Leste, comprising a ninety (90) day national strategic petroleum stock with an additional thirty (30) day fuel stock to be stored by TIMOR GAP for trading purposes. The project, its overall conception and schedule, as presented and endorsed in a Council of Ministers meeting held on July, 2021.

The PIT project is foreseen to be constructed in Metinaro, Municipality of Dili, on a 186 hectares land plot previously granted to TIMOR GAP through a Land Use Permit issued by the Ministry of Justice through the National

Directorate of Land and Properties (Direção Nacional de Terras e Propriedades, DNTP), in 2013. Following a site assessment and replot of the dedicated area for PIT performed by TIMOR GAP and DNTP, a first socialization on the land and proprieties re-identification process was conducted on September 2021 with the community affected and the attendance of local authorities, cultural leaders and an Inter-Ministerial Team composed by the relevant Ministries and institutions. This socialization aimed at introducing the project to the community, with a primary focus on its benefits and impact on the local community way of life. The land and proprieties reidentification will proceed in 2022, in close collaboration with the DNTP and the relevant parties.

In parallel with the site re-identification, TIMOR GAP is preparing the required studies for the project. In line with this, a tender was launched on 2 July, 2021, for the provision of services for a Feasibility and FEED Study. At the year-end, the bidding process for the Petroleum Import Terminal Feasibility and FEED Study had reached a completion rate of 95%, pending contract negotiations with the first rank bidder. The service agreement is expected to be awarded in early 2022.



Figure 3-6: Socialization on the land and proprieties re-identification process with the affected community

3.2.3. LNG Import Terminal

As the National Oil and Gas Company of Timor-Leste, TIMOR GAP supports the Government of Timor-Leste energy plan to achieve a significant reduction of both fuel supply cost and greenhouse gas emissions by conversion of the main power plants to fire on natural gas. A potential future annual fuel supply cost saving of up to USD 117 million is estimated across the power plants when operating at the aggregate maximum installed generating capacity of 272 MW. On the environmental side, conversion of the Wärtsilä generators to fire on natural gas would reduce aggregate carbon emission from the Timor-Leste power plants by 23% and result on a significant decline in other atmospheric pollutants (i.e., nitrous oxides, Sulphur dioxide and particulates) of between 62-94%.

The reduction on annual state expenditure and environmental impact improvement presents a compelling case for Timor-Leste to invest in the infrastructure needed to support conversion of the power plants and therefore, TIMOR GAP has commenced a study program to evaluate feasibility to supply Hera, Betano and Innur Sakato Power Plants, the country's main power generation facili-

ties, with natural gas fuel.

In line with the above and to support the program, on 30 March 2021, TIMOR GAP awarded a contract to Wood Group Kenny Sdn Bhd, a global consulting and engineering company, pursuant to which the latter is engaged to perform a six-month Feasibility Study into supplying the country's three power plants with gas. The study scope will focus on assess the potential market supply for import of LNG (Liquified Natural Gas) to Timor-Leste, develop a concept design for an LNG Import Terminal and associated LNG regasification facilities, identify potential site locations for implementation of the referred Terminal and conduct a site selection assessment. The Wood Group Kenny is also required to perform geotechnical and geophysical surveys to support development of an LNG Import Terminal design; study the mode of distribution of natural gas to the three power plants; develop the capital and operating cost estimates for the LNG Import Terminal and natural gas distribution; and develop the implan-



Figure 3-7: Signature of the contract for the Feasibility Study awarded to Wood Group Kenny

The work kicked off on 1 April and was successfully completed on the fourth quarter of the year. TIMOR GAP is reviewing the LNG Import Terminal Feasibility Study outputs and with this, a Contracting Strategy and Project Implementation Plan (PIP) Workshop was conducted on 10 November 2021 and the final presentation of the study concluded on 3 February 2022.

TIMOR GAP's execution of the Feasibility Study for the project is aligned with EDTL, E.P.'s plan to undertake its own studies to convert its generators in both the Hera and Betano power plants. Furthermore, the President of the RAEOA (Região Administrativa Especial de Oé-Cusse Ambeno) has also conveyed his support on the conver-

sion plan for Inur Sakato Power Plant.

TIMOR GAP is taking a proactive approach to the LNG Import Terminal project and looking into engaging potential LNG suppliers, financial institutions, partners and investors to gain their view on opportunity for the investment at hand. With this in view, TIMOR GAP is in discussion with the US Embassy for potential support through its Transaction Advisory Fund (TAF) program for funding and delivery of the Environmental Impact Assessment (EIA) and surveys for the LNG Import Terminal. A complete application for these studies was submitted to TAF on the fourth quarter of 2021.



Figure 3-8: TIMOR GAP fuel station in Suai

3.3. Retail Businesses

3.3.1. Suai Fuel Station (SFS)

TIMOR GAP continued the regular operation of its fuel station in Suai, Covalima Municipality, despite the challenges presented by the state of emergency and the re-

spective movement restriction measures enacted by the Government during the year to mitigate the COVID-19 spread.

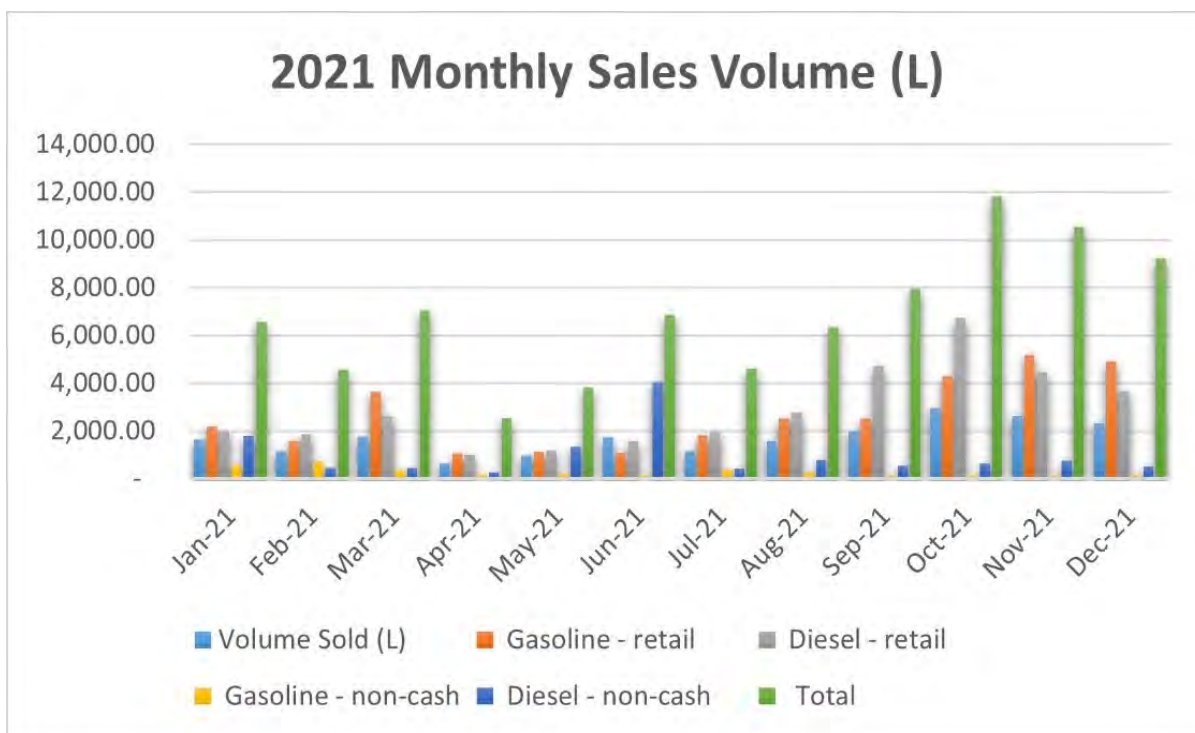


Figure 3-9: Suai fuel station monthly sales volume for 2021

A decreased number of vehicles on the road naturally had an impact on the domestic fuel demand and thus, on the operations and sales margins of TIMOR GAP. In 2021, Suai fuel station registered a total sales volume of 81,796 liters, consisting of 35,375 liters of gasoline and 46,421 liters of diesel. This represents a decrease of 28.5 percent, comparing to the total sales volume of 114,437 liters in 2020 due to a movement restriction and the implementation of the state of emergency.

Sales volume for the non-cash customers, Administration of Covalima Municipality and ANATL, E.P., accounts for 19 percent of the total sales volumes for 2021. TIMOR GAP retained its non-cash customers and continued to supply fuel to the vehicles of the Administration of Airports and Air Navigation of Timor-Leste (ANATL, E.P.), securing a new contract for the provision of fuel during the period from 1 January to 31 December 2021, and to Covalima Municipality Administration, extending the fuel supply for its vehicles for an additional period from 1 January to 31 August 2021.

TIMOR GAP is redefining its strategy to maximize profits and with this in view, a Profitability Analysis to Suai fuel station was concluded this year. This Analysis assesses the fuel station performance and identifies untapped poten-

tial to build on its revenue-generating opportunities and strategies, such as increasing sales volume with a competitive price, marketing and promotional, continuing improvement of our customer services, etc., and non-fuel retail through the establishment of a convenience store. We are looking into creating a differentiated retail experience that leverages the number of daily customer and encourage return visits.

Despite the challenges referred above, throughout the year, TIMOR GAP continued to expose and promote its brand, providing a reliable and quality product supply flow to meet its retail consumers' needs, while prioritizing the safety and health of its consumers and employees alike, in line with the industry best practices and the World Health Organization (WHO) and Government's guidelines for the COVID-19 pandemic prevention. Preventive measures, such as the mandatory use of face mask, gloves, regularly washing and/or disinfecting hands, and maintaining a safety distance, to avoid the contamination and spread of COVID-19, were actively put in place as an integral part of the fuel station daily operations. TIMOR GAP encouraged its fuel station employees to take the vaccine against COVID-19 and 100 percent of the fuel station staff are currently fully vaccinated.



Figure 3-10: Meeting with the fuel station staff

3.3.2. New Fuel Stations Development

The company foresees to establish a TIMOR GAP single-brand retail network across the national territory and with the demand steadily rising as the COVID-19 measures ease, there is room for TIMOR GAP to invest in the domestic market and capture new fuel retail business opportunities.

Following a Request for Proposal (RFP), TIMOR GAP signed a Service Agreement with PTT Consultant CO, LTD in association with RILTESIL Engineering Consul-

tant, Unipessoal, Lda. on 27 April, for the provision of a prototype design for new fuel stations. The prototype design consists of detail engineering design, cost estimation, detail construction scope of work and project bidding documents. Having a prototype will allow the company to develop its retail business with a clear brand identity. The prototype design project reached a progress of 95% at the year-end, pending the Statement of Work (SOW) tender.



Figure 3-11: New fuel station prototype design 3D

In the meantime, TIMOR GAP continued to liaise with the relevant parties, namely with the National Directorate of Land and Properties and ANPM for the allocation of new locations and its approval, respectively. For the new fuel station planned to be built in Lospalos, Lautem Municipality, and in line with this development, the Succursal Business Registration was duly completed this year.

In regards to the future fuel station development in Dili Municipality, discussions and negotiations were also conducted with other retailers, as TIMOR GAP is looking into acquiring an existing fuel station in the capital. The elevated number of end-consumers and services present in Dili makes this a thriving market segment that TIMOR GAP is looking forward to tap and this way, further exposing the brand and generating profitable margins.

3.3.3. Suai Aviation Fuel Facility (SAFF)



Figure 3-12: TIMOR GAP Aviation Fuel Facility in Suai

TIMOR GAP expanded its retail services to the aviation sector, through the ownership of a Jet A-1 depot facility, consisting of two fuel tanks with a capacity of 60kl each, to store and supply into plane fuel to the Offshore Aviation Company based in the Suai Airport.

The depot facility is not operational yet due to power supply issues and Jet A-1 refueller truck requirements. In

regards to the power supply issue, TIMOR GAP engaged the company Tattoo Brother's, Lda. for the installation of a 50Kv low voltage line from EDTL line supply to the aviation facility. The installation was concluded in February 2021 and final inspection to the facility was conducted in same month with the presence of staff from EDTL Dili and Suai and TIMOR GAP.



Figure 3-13: Inspection to the low voltage line (left); Fuel tanks (right)

For the Jet A-1 refueller trucks, the team finalized the technical specifications review for two (2) fuel trucks and

submitted the fuel trucks specifications to ANPM on the fourth quarter of the year 2020.

3.4. Environmental Impact Assessment & Human Resources Development for TLNG Project

Timor-Leste Liquefied Natural Gas (TLNG) aims at developing the Greater Sunrise fields 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 Beço, Viqueque. The downstream project comprises the following components: LNG Plant, Pipeline and Marine Facilities. For the purposes of this Chapter, we will consider the LNG Plant and Pipeline.

While the project physical construction is conditioned

3.4.1. Environmental Impact Assessment (EIA)

Pursuant to the Decree-Law No. 5/2011, on Environmental Licensing, an EIA is required with the purpose to: (i) identify, predict and evaluate the economic, environmental, and social impact of development activities; (ii) provide information on the environmental consequences for decision-making; and (iii) promote environmentally sound and sustainable development through the identification of appropriate alternatives and mitigation measures.

Aligned with the above, two EIA will be conducted inde-

3.4.2. Human Resources Development

The COVID-19 global pandemic resulted in a temporary suspension of the TLNG human resources development program, a training program designed by TIMOR GAP to prepare and develop the required qualified and experienced human resources for the operation and oil and gas facility maintenance and thus, maximizing local participation of Timor-Leste nationals in the oil and gas sector. This training program mainly targets young technical graduates from the affected community of Beço, Village of Maluru, Municipality of Viqueque.

The training program is provided in two phases: an initial professional training at National Centre for Employment and Vocational Training (Centro Nacional de Emprego e Formação Profissional, CNEFP), followed by an intensive On-Job-Training (OJT) at PT Badak LNG facility in Bontang, Indonesia.

In 2019, 31 trainees completed a four-months fundamentals training at CNEFP Tibar. Due to the impact of the COVID-19 pandemic outbreak, it was not possible in the recent past years to proceed with the planned OJT at PT Badak LNG Facility. However, with the recent steadying

by the ongoing discussions on relevant issues the Sunrise Joint Venture Partners and both States (Timor-Leste and Australia), in regards to the Petroleum Mining Code, Production Sharing Contract (PSC), Fiscal Regime, and upstream development concept, TIMOR GAP team is preparing the project implementation on the ground and with this, the company has reinitiated the works within the scope of the Environmental Impact Assessment (EIA) and Human Resources Development.

pendently for the TLNG project due to offshore location and distinct characteristics of the pipeline project: (i) an EIA for the Sunrise-Beço pipeline, and (ii) an EIA for the Beço LNG Plant and Marine Facility. TIMOR GAP is currently reviewing with ANPM the Terms of Reference (ToR) for LNG Plant and Marine Facility, with a fourth revised ToR submitted in the last quarter of the year. ANPM is the authority responsible for the environmental licensing process, including the approval of environmental licenses, in the petroleum and mining sector.

of the COVID-19 pandemic situation, TIMOR GAP, in partnership with CNEFP Tibar, is reactivating the continuation of the training plan by preparing and facilitating a six-months professional training on LNG plant maintenance for twenty (20) trainees from the youth community of Suku Maluru-Beço. The purpose of the referred training is to deepen the trainees' knowledge and capabilities on the area relevant to their skills and therefore, to refresh and reinforce the knowledge and capabilities that the trainees obtained from their first training. Upon the conclusion of this professional training, the trainees will undertake an On-Job-Training on few specialized areas at PT Badak LNG, Bontang-Indonesia.

At the end of 2021, TIMOR GAP finalized and approved the Terms of Reference for the above training and is drafting and reviewing the training contract agreement for the supplementary technical training to be signed with CNEFP Tibar, as well as the contract agreement to be signed between the trainees and the CNEFP Tibar. Both agreements are expected to be signed in early January 2022.

3.5. Refinery and Petrochemical Complex Studies

Betano Refinery and Petrochemical Complex have been subject to extensive and comprehensive technical studies, including the Front-End Engineering Design & Cost Estimation (FEED), Land Survey, Land Development & Cost Estimation, Market Study and the Optimization Design. In 2021, TIMOR GAP completed the in-house Peer Review Study for the Betano Refinery and Petrochemical Complex with the aim to provide a technical and financial evaluation and propose recommendations to the overall project scope, business strategy and project economics for the Management's future consideration and decision-making. The Peer Review team, composed of a technical and commercial team, drafted and submitted the final study report to the Management, which was endorsed by the latter on the first quarter of 2021.

As referred above, a Market Study and Optimization Design was also performed for the Refinery and Petrochemical Complex. This study, conducted by Toyo Thai Company Limited (TTCL), analyzed and investigated the process to optimize the layout of the project, and the

feedstock planned to be piped to the site from fields in the Timor Sea, such as Greater Sunrise fields, Bayu-Undan and Norwest Shelf. However, as the Bayu-Undan PSC is approaching its term and the development of the Greater Sunrise fields is pending on the negotiation process between the Joint venture partners, TIMOR GAP intends to carry out a market study to evaluate alternative feedstock sources, particularly the possibility of purchasing feedstock in the international market. Currently, TIMOR GAP is developing the Terms of Reference for the market study, which is planned to be carry out in 2022.

The Refinery cluster in Betano will be established through a commercial venture, entrusted to TIMOR GAP to cater the development. 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.

3.6. Downstream Subsidiary Companies

3.6.1. 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 even-

tually own and operate supply vessels, tugboats, and general marine services required in the petroleum industry.

No business activities were conducted in 2021 for this subsidiary.

3.6.2. WESTSTAR-GAP Aviation, Lda.

WESTSTAR-GAP Aviation, Lda. is a joint venture company established by TIMOR GAP and WESTSTAR AVIATION TIMOR, Unipessoal, Lda, an affiliate of the Indonesian aviation company PT. WESTSTAR AVIATION INDONESIA (PTWAI), specialized in the provision of aviation transportation services particularly for the offshore oil and gas industry. TIMOR GAP owns a 45% share of the subsidiary, while WESTSTAR AVIATION TIMOR, Unipessoal, Lda. owns 55%.

WESTSTAR-GAP Aviation, Lda. was incorporated for

the purpose of providing offshore helicopter transport services and to, overall, render aviation services for business clients based in Timor-Leste and secure bids, tenders, projects and/or contracts within the referred scope of services.


The subsidiary will be actively involved in the pursuit of business opportunities within the oil and gas aviation services, offering the provision of helicopter services with quality and safety as a prime priority and in line with the best standards applicable to the sector.



Figure 3-14: WESTSTAR-GAP Aviation fleet

4. Tasi Mane Project





Adding value to the national oil and gas resources through the industrialization of the petroleum sector.

HIGHLIGHTS OF 2021

- The benchmarks' installation in the northern area of the SSB reached a progress of 84%;
- Concluded the SSB Marine Facility design review by Advisian;
- Issued the Service Order to Advisian for the temporary jetty concept design;
- ALGIS and TIMOR GAP mutually agreed to terminate the provision of consultancy services for the Holbelis new resettlement area and thus, a new national competitive bidding for the Holbelis community house design works was launched this year;
- Inaugurated the permanent cemetery in the Suai Airport area;
- Completed the installation of the permanent benchmarks around the Refinery and Petrochemical Complex compensated area;
- The community of Beaçó, where it is planned to be built the TLNG project, formally withdrawn its land and property compensation proposal submitted to the Government on 16 July, 2019, allowing TIMOR GAP to proceed with the above process in accordance with the law and Government resolutions previously applied to the other Tasi Mane projects.



Figure 4-1: Tasi Mane clusters

4.1. Tasi Mane Project Overview

The Tasi Mane is a multi-phase integrated project infrastructure comprising of three industrial clusters located in between a corridor of a highway with 155km long in the south coast of Timor-Leste. The highway starts from Suai city, Covalima Municipality, located at the west of the country, towards to Betano city, Same Municipality, then moving to Beaço, Viqueque Municipality, situated at the east part of these clusters.

The project encompasses three main industrial clusters: Suai Supply Base, Betano Refinery and Petrochemical Industry, and Timor-Leste LNG in Beaço, beside additional business centers facilities for each cluster site, such as new town developments, airports upgrades and so forth.

The Project aims to establishing a national petroleum industry park and its associated supporting infrastructures, skills development, service capabilities, and further becoming a major contributor to the socio-economic of Timor-Leste. It is expected that the Tasi Mane Project will add value to the national oil and gas resources, with the construction of Refinery and associated petrochemical complex and a LNG plant, thus transforming the current nature of the petroleum sector in Timor-Leste, which is not just simply petroleum and oil & gas extractive matters, but it could allow to evolve to a more diversified business industrialization in petroleum sector.

However, the COVID-19 and associated fall in oil demand will impact the project economics, the full extent of its impact at long-term in the project sustainability and feasibility will require further and extensive evaluation. Nevertheless, the Tasi Mane Project is expected to span a wide range of progressive 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.

In addition, the Tasi Mane Project will generate indirect benefits, influencing broader economic performance because 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 creating local businesses opportunities, including outsourcing of services such as catering, engineering, security, fuel supply, managerial, professional, and technical services.



Figure 4-2: Staff of the Tasi Mane Project Unit

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.

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.

Activities and projects related with the Tasi Mane Project are carried out under the supervision of the Tasi Mane Project Unit.



Figure 4-3: Tasi Mane Project – social activity

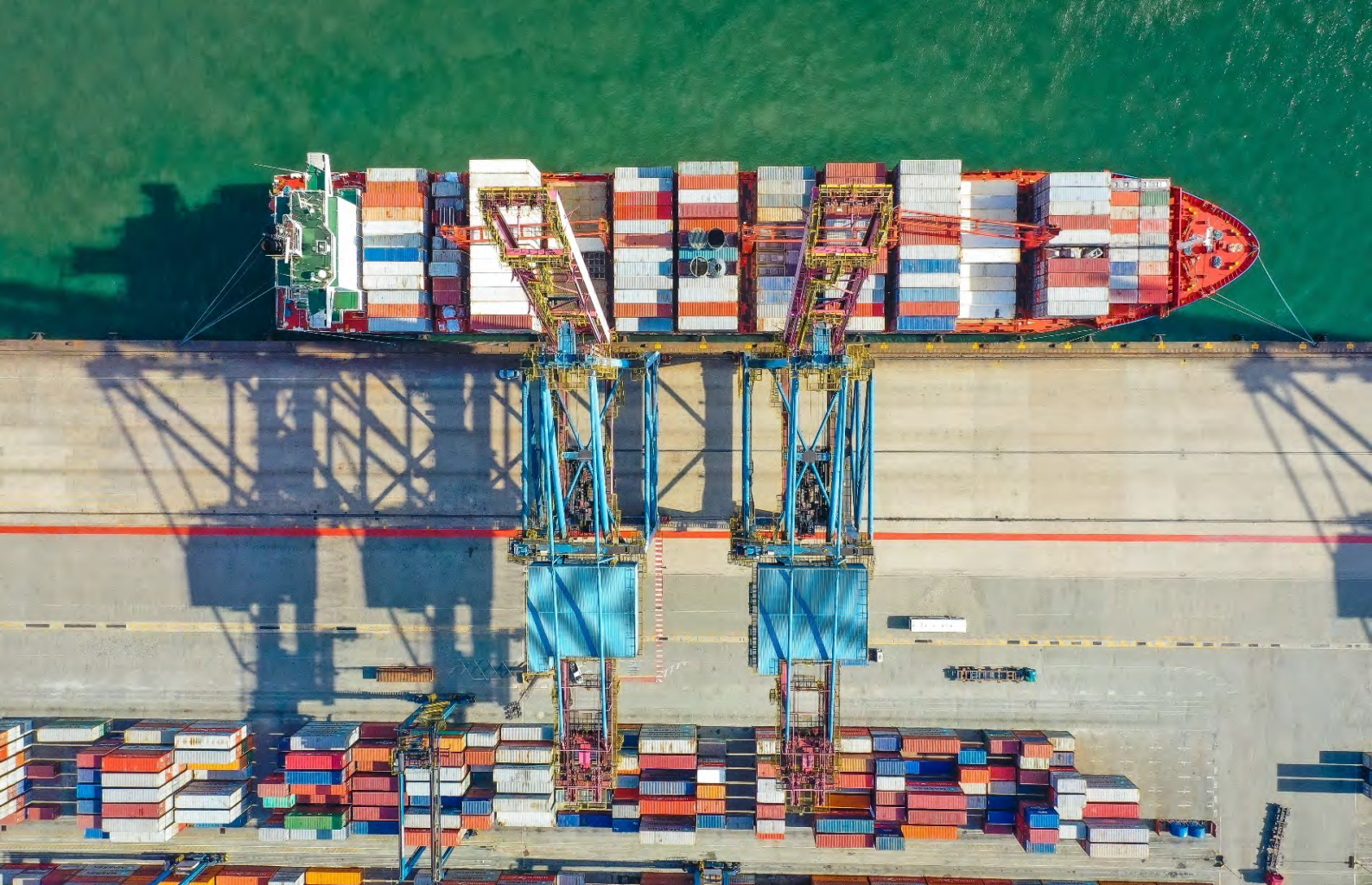


Figure 4-4: Typical Supply Base Business Activities

4.2. Suai Cluster

The Suai cluster comprises the establishment of services and logistics base support for the petroleum sector in the region. The Suai Supply Base will provide capacity for the south coast to develop a domestic petroleum sector along with related and supporting industries and commercial industry businesses. It will provide an entry point for the materials and equipment that will be needed to build and maintain petroleum industry infrastructure and plants. Suai is expected to become a center for the petroleum industrial park in Timor-Leste, providing services, logistics, fabrication facilities and human resources for offshore and onshore oil and gas activities.

4.2.1. Suai Supply Base

The Suai Supply Base (SSB) is recognized as a notable project and a future landmark in the south coast. This facility is intended to open the south coast for investment and growth, and to provide an international access port point to Timor-Leste.

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). The Supply Base will provide the services and logistics' support to serve the existing and future petroleum exploration in the Timor Sea and will facilitate development of hydrocarbons processing facili-

In addition to the Supply Base, this industrial cluster envisages the construction of the following: *a) industrial state*, 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; *b) Nova Suai*, the new town is expected to establish a commercial business center, house up Supply Base staff, contractors and their families; *c) Suai Airport upgrade*, the existing Suai Airport, located in Holbelis, will be upgraded to cater for expanded passenger and freight services.

ties, such as LNG (Beaço) and petroleum refining (Beta-no). It will also serve multiple users for both offshore and onshore.

The SSB will be establishing as 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 or fields such as steel fabrication, marine and civil construction, mechanical and electrical engineering, etc. Furthermore, other non-oil industries as well such as commercial industry, agriculture, fisheries, etc. are ex-

pected to be incorporated adjacent to the SSB facilities, especially in the eastern part of the port area of break-water.

Apart from that, the construction works of 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 awarded by the National Procurement Commission (CNA) to Hyundai

Engineering & Construction (HDEC-HEC). In due process, the decision was 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 administer the Tasi Mane Project and therefore the SSB construction, TIMOR GAP is revising the status of the project, while waiting for further guidance and instructions from the Government regarding the project next steps.

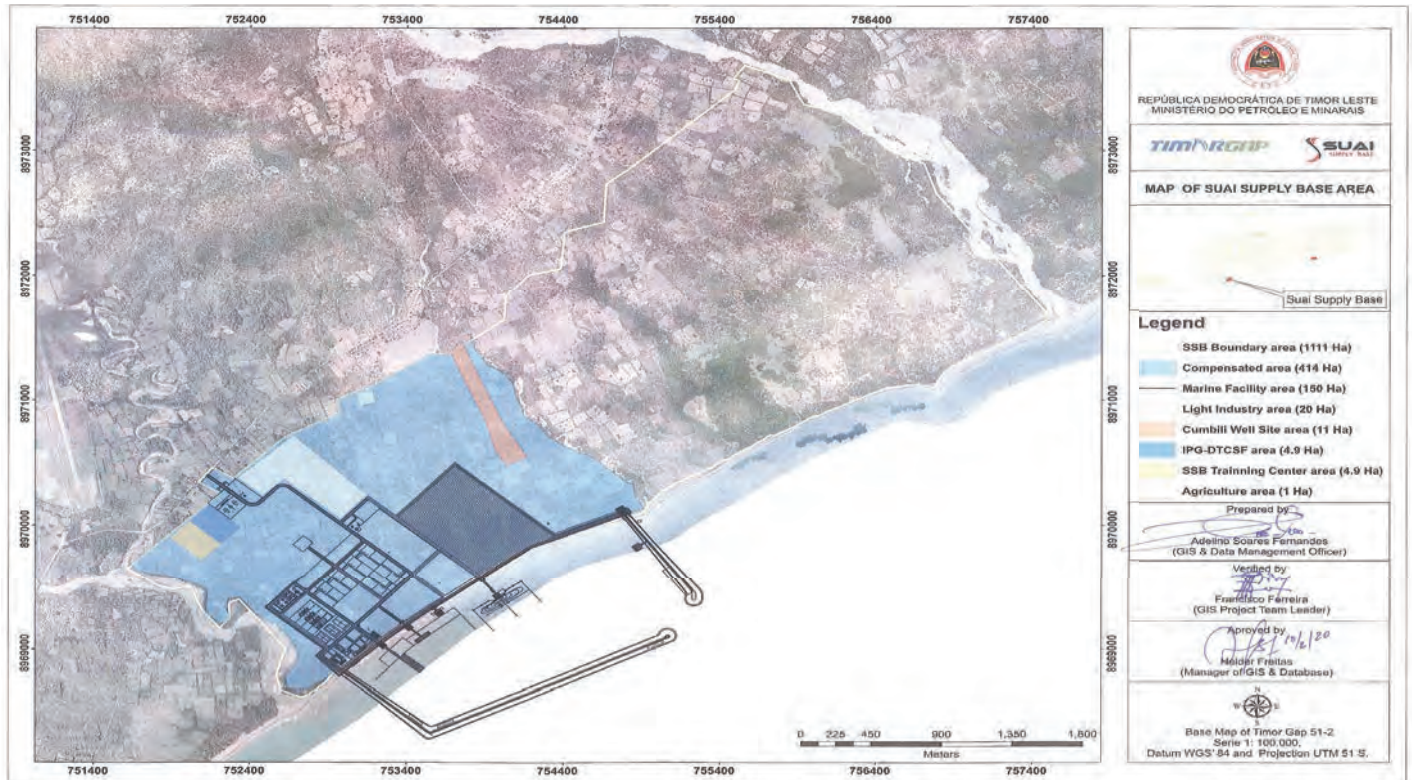


Figure 4-5: Suai Supply Base (SSB) future facilities and compensated area

4.2.1.1. Land Title Clearance & Community Liaison

While waiting 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 land and property compensation procedure laid down for the affected community is embedded in two options: the "10% Option" (as proposed by the community); and the "\$3/m² Option", entitling the beneficiary to receive a direct compensation for the land cleared, based on a payment of a maximum amount of three dollars of the United States of America per square meter, in accordance with the Government Resolution no. 20/2014, of 6 August.

In 2020, 8 beneficiaries from the affected community of the Village of Camanasa have decided to change from 10% share option to sell their land ("\$3/m²" Option). The land compensation contracts were signed on December 2020 and the compensation payment was completed in the same year. With these 8 contracts duly signed and compensated an additional 8.63 hectares were cleared this year and, as of 31 December of 2021, 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.

At the end-year, only 2 beneficiaries remained in the "10% Option" group. Due to the reduced number of the remaining beneficiaries and their lack of willingness to continue the program, the agricultural community program implemented by TIMOR GAP in the previous years,

was halted. Nonetheless, TIMOR GAP continues to support this group, monitoring and accompanying the affected community welfare, an endeavor that the company

will strive to continue during the forthcoming years, until the SSB project generates profit.

4.2.1.2. SSB Benchmarks Installation

TIMOR GAP intends to build and install 65 permanent benchmarks in the northern area of the SSB compensated perimeters, delineating the area from the River Aibes-si/Hale to the River Maliloec. The proposed permanent benchmarks are designed with the purpose in providing a proper border line to facilitate the control and monitoring of the land and properties already fully compensated in the area designated for the SSB project construction and businesses.

Following a procurement process, TIMOR GAP has awarded a contract to the local company Jeles Brassis, Unipessoal, Lda. in 2021, pursuant to which the latter is engaged to construct and install the referred benchmarks in the northern area of SSB. The project kicked in early December 2021, reaching a progress of 84 percent on 31

December, 2021. The benchmarks' installation process registered a delay due to the need to reverify some of the lands close to the border, a process conducted between the local community and the National Directorate for Land and Properties and TIMOR GAP.

In addition to the benchmarks, TIMOR GAP is also planning the construction of an access road in the northern area of the SSB compensated land's border. The implementation of this project will provide to visitors and relevant stakeholders an access point to the construction area designed to the future SSB temporary jetty. Up to date, TIMOR GAP has prepared the required documentation and requested IGE's support for the provision of heavy machinery/equipment or outsourcing of works to local contractors.



Figure 4-6: SSB benchmark map & point perimeters



Figure 4-7: SSB benchmark contract signature



Figure 4-8: SSB benchmark progress installation



Figure 4-9: SSB benchmark installation – dispute & solution (TIMOR GAP, local authority & leaders and local community)

4.2.1.3. SSB Marine Facility Design Review

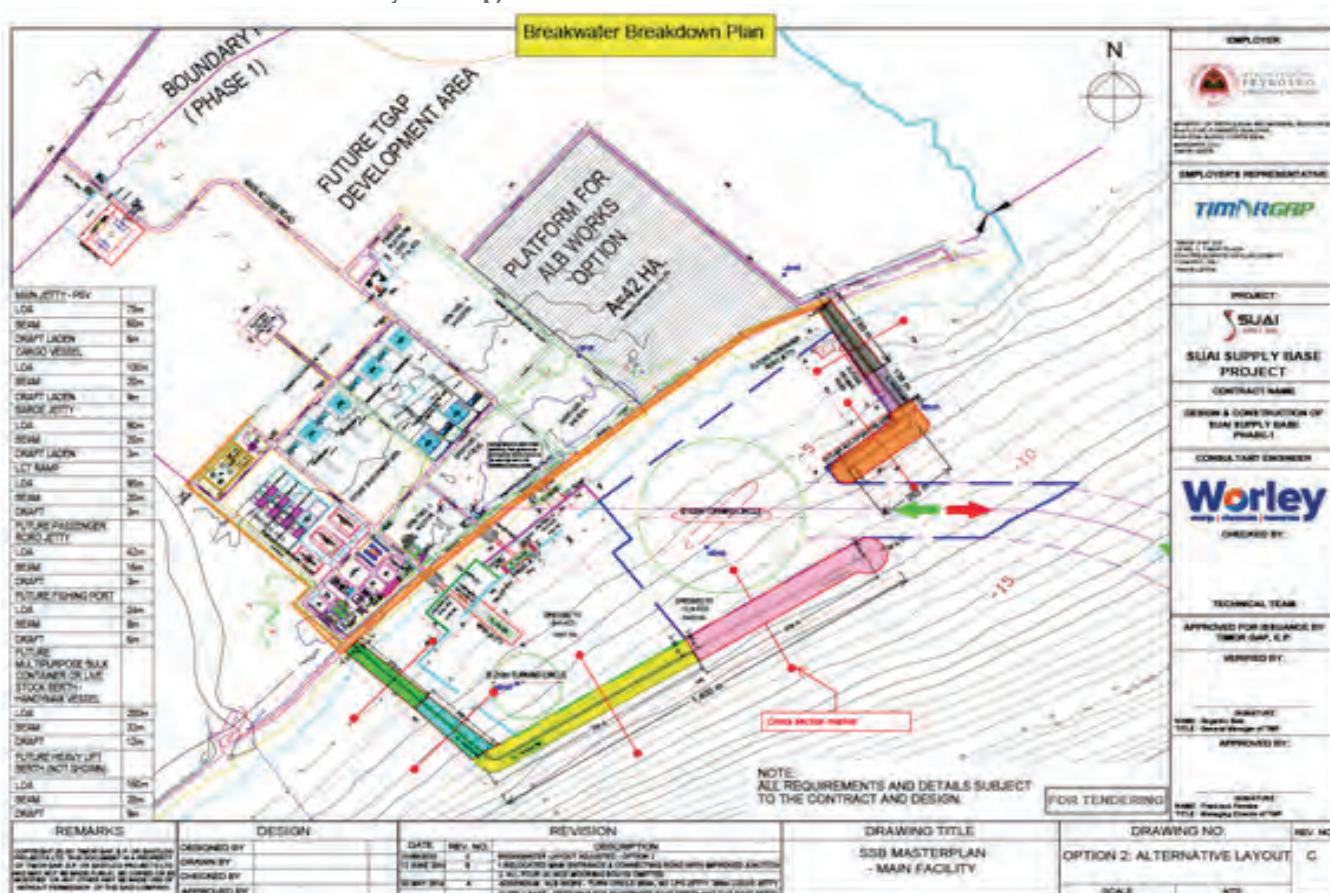


Figure 4-10: SSB breakwater and port optimization

The SSB Marine Facility design review was completed in 2021 by the consultant engaged for this project, Advisian-Worley Group, with the purpose to optimize the layout of the proposed SSB and reduce the works, thus actualizing and decreasing the expenditure associated to the project.

As stipulated in the contract scope of work, the following deliverables were concluded and presented:

- Revised layout design;
- Revised project costs;
- Navigation study;
- Wave modelling; and
- Reports and recommendations.

As result of the above design review, an alternative layout was recommended by the Consultant to TIMOR GAP, through a final report and its recommendations.

4.2.2. Temporary Jetty

In order to respond to the planned decommissioning of the Bayu-Undan platform/pipeline, when the Production Sharing Contract ceases in 2022, TIMOR GAP foresees the construction of a temporary jetty in Suai. Furthermore, the temporary jetty will support the construction phase of the SSB, serving as an entry point for building materials, and is also envisaged to assist the onshore and offshore exploration activities.

The temporary jetty is planned to be located within the SSB project area. Upon the signature of the Engineering Services Framework Agreement between the TIMOR GAP and Advisian – WorleyParsons in May 2021, a Service Order was issued to the latter in January 2022 pursu-

ant to which the services are to be provided in three (3) steps with the following scope of work:

- Step 1 (ships, lifts and berthing): this step 1 will assess the various possible options and identify what is achievable, this will involve clarifications with TIMOR GAP around physical and logistical limitations on various aspects such as dredging and available plant in the country and the types of plant that are intended to be purchased as part of project. The project will then define the items that may be needed to support the various opportunities that this work will feed into, such as offshore drilling and exploration, rig supplies, etc. Advisian is also required to

identify potential locations for the temporary jetty and the initial marine structures that would accommodate the proposed ships;

- Step 2 (cranes and landside facilities): Advisian is tasked with the definition of the appropriate onshore facilities to cater for operational cases outlined in step 1; refinement of the mooring criteria and high-level static mooring analysis to validate the suitability of

the proposed mooring arrangements; and

- Step 3 (estimating): the final step comprises the material takeoffs generated based on generic designs of similar structures and estimates generation.

The above services were commenced in early February 2022, and they are expected to be completed in late June 2022.

4.2.3. Suai Airport

The Ministry of Petroleum and Minerals, through TIMOR GAP, integrates 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. In line with

this, TIMOR GAP continued to support and supervise the design, procurement and construction process for the second phase of construction of infrastructures facilities to support the Suai Airport project (Holbelis Village) and for the phase II of the permanent cemetery in the Suai Airport area, as better described next.



Figure 4-11: Suai Airport

4.2.3.1. Second Phase of Construction of Infrastructure Facilities to Support the Suai Airport Project

The second phase of the construction of infrastructure facilities for the support of Suai Airport corresponds to the Holbelis community house resettlement project, set to be developed on 5.4-hectare flat area at Holbelis Village-Suai, Covalima Municipality, about 1Km from main road.

The initial design and Bill of Quantities (BOQ) for the new town of Holbelis were prepared by a local consultant, namely ALGIS previously engaged by TIMOR GAP to deliver the aforesaid consultancy services. Upon due analysis of its services engagement, it was noted that no official contract for the provision of these services was signed between ALGIS and TIMOR GAP, which would have further legal implications on the execution of the services, payments and the project itself. In addition, it was also verified that the design and BBQ prepared by ALGIS were not aligned with the construction plan and some technical/engineering requirements previously discussed and with the agreement made between the community and the Government.

Considering the above, ALGIS and TIMOR GAP had mutually agreed to terminate the provision of the consultancy services in July 2021. With the ALGIS' official withdrawal from the project, TIMOR GAP abided by its legal obligation to return all consultant's property, namely the design and Bill of Quantities (BOQ), which had been utilized in the procurement process to procure and secure a contractor for the project. Consequently, the construction services contract for the new residential neighborhood in Holbelis awarded in November 2020 to the company Karya Timor, was cancelled by the Procurement

National Commission (CNA) in 2021, at TIMOR GAP's request and in compliance in the applicable law in force.

A new process was initiated this year with the launch of a new national competitive bidding for Holbelis community houses resettlement design works in the fourth quarter of 2021. The development of the Holbelis community houses resettlement and its facilities shall be harmonized with Lohorai existing community houses and its engineering standards, including the local content training program. Therefore, is required to the prospective engineering consultant to develop the new house standards based on TIMOR GAP existing Lohorai building data and to provide local content measures or provisions for an "On-Job-Training" (OJT) program.

The new resettlement area will comprise a total of 62 houses of 4-bedrooms (1 unit) and 3-bedrooms (61 units) with external kitchen and bathroom, a Chapel, a kindergarten school, community center, sport facilities (futsal field) and the associated infrastructures and utilities, such as drainage system, embankment, electrical and water supply system, and an access road with concrete pavement finishing.

Notwithstanding the significant delay caused by the re-execution of the design works for the Holbelis new resettlement area, TIMOR GAP continues to uphold its commitment to provide a safe, healthy and quality housing infrastructure, while providing access to employment, affordable housing and social welfare to the affected communities.

4.2.3.2. Phase II of the Permanent Cemetery in Suai Airport Area

The phase II of the permanent cemetery in Suai Airport foresees the construction of new fencing, stone masonry wall, and one Chapel in the Airport area, in Suai, Covalima Municipality. The company JOIA Camenasa, Unipessoal, Lda. was awarded with the contract for the provision of construction services for the referred phase II of the permanent cemetery project. The workforce for this

phase II is 100% recruited locally, employing a total of around 30 local workers.

In spite of the delays due to the pandemic-related restrictions, the phase II construction works were completed this year and the permanent cemetery was inaugurated on 23 September 2021 comprising a total of 310 graves.



Figure 4-12: H.E. Minister of Petroleum and Minerals cutting the ribbon during the inauguration ceremony (A); Construction completion of the graves (D) and concrete wall (B); Cemetery Chapel (C)



Figure 4-13: Typical Refinery & Petrochemical Plant

4.3. Betano Cluster

Located on the coast in the Manufahi Municipality, 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.

Development of the refinery will be supported by construction of a new town, Nova Betano, which will house up to 14,500 staff, contractors and their families, covering an area of approximately 1,065 ha and located about 7 km northwest of the refinery and petrochemical complex. The town area will include schools, hotels, commercial areas, recreation facilities and ancillaries such as water,

waste, sewage and power plants.

In addition to the above, the Betano Cluster will also comprise the following: *a) water supply project*, water for the operation of the refinery will be sourced from Quelan River, about 10 km from the refinery, conveyed by gravity through a pipeline from the river intake structure to the raw water storage pond (capacity 175,000 m³) at the refinery; *b) pipelines along the new highway between Suai and Betano* - the refinery in Betano will be connected by pipelines for transport of both condensate and petroleum products to the supply base at Suai, approximately 75 km to the southwest.

4.3.1. Betano Refinery and Petrochemical Complex

The proposed Betano Petroleum Refinery and Petrochemical Complex will 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 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. Stage 2 would result in expanded capacity of 60,000 barrels per day with Stage 3 increasing total capacity to 100,000 barrels per day. The product mix would change at each stage.

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.

4.3.1.1. Refinery Site Benchmarks Installation

The land title acquisition and compensation program for the Refinery and Petrochemical Complex project, a program conducted in a strict collaboration between TIMOR GAP, the Interministerial Team, local communities and leaders, was fully completed in the previous years and hence, a total of 253 hectares required for the refinery project construction area, including the weir area, were duly cleared.

To protect and secure the area, TIMOR GAP is proceeding with the installation of 45 permanent benchmarks around the Refinery cleared area, located in Be'e Metan,

and 11 permanent benchmarks around the border of the weir cleared area, located in Ferik Sare. Following the due tender process, TIMOR GAP awarded a contract to the local company Loro Tiris, Unipessoal, Lda. in 2021, pursuant to which the latter was engaged to construct and install the above referred permanent benchmarks.

At the end of December 2021, the benchmarks' construction and installation process had reached a progress of 100%.



Figure 4-14: Benchmark points in the boundary of Betano Refinery & Petrochemical Complex area





Figure 4-15: Benchmark points in the boundary of the weir area (A); Signature of the contract to install the benchmarks (B); Benchmark installation in the Betano Refinery & Petrochemical Complex and weir designated area (C, D & E)



Figure 4-16: TNLG project - socialization activity in Beaçó

4.4. Beaçó Cluster

The Government of Timor-Leste aims to develop the gas from Greater Sunrise field through the building of a sub-sea pipeline to onshore Timor-Leste, and the establishment of a LNG plant to process the gas in south coast at Beaçó, Viqueque (about 200 km southeast of Dili). The first phase of the LNG Plant development will establish a production capacity of (nominally) 5 million tonnes per annum (Mtpa) or one train. This may be expanded in the future to a capacity of up to 20 Mtpa (or four trains).

This cluster will incorporate the LNG Plant complex, including associated marine facilities, as well as the Nova Beaçó and Nova Viqueque urban development 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.

4.4.1. Timor-Leste LNG (TLNG) in Beaçó

The Timor-Leste LNG (or “TLNG”) will be executed in two separated projects: *a*) 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 *b*) the Downstream project, which is anticipated to be built in Beaçó and will encompass the gas export pipeline to shore (across the Timor Trough), the LNG Plant facilities and the Marine Facilities for LNG export.

sider the downstream project.

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.

For the purpose of the Tasi Mane Project, we need to con-

4.4.1.1. Land Title Clearance & Community Liaison

During the land and property pre-socialization previously carried out in Beço, TIMOR GAP identified that there was a potential high expenditure for community resettlement in the future, which was proposed by local community, prompting TIMOR GAP to consider a potential alternative site for the LNG Plant location at Natarbora. However, all work initiated at the Natarbora LNG site location, including a Pre-FEED study for the marine facility, was suspended and fully terminated in 2020 as TIMOR GAP's current Management is committed in moving forward with the original proposed project site, harnessing the investment made with the studies already conducted at Beço, such as the Pre-FEED and FEED, and thus avoiding duplication of costs, as well as building on the work developed throughout the years.

With this in view, the company reapproached the community of Suco Maluru, Beço, initiating and fostering an open dialogue between the Ministry of Petroleum and Minerals (MPM) and TIMOR GAP, on behalf of the Government as the project proponent, and the affected community, and thus, a socialization was held on 25 November, 2021, with the attendance of H.E. Minister of Petroleum and Minerals, representatives of TIMOR GAP, IPG and ANPM, representatives of the F-FDTL, municipality authorities, veterans, local authorities and leaders, youth and local community, amongst other relevant stakeholders, to disclose further information on the Timor-Leste LNG project and its status, Government future plans & strategy and to report the progress on the Greater Sunrise upstream negotiations with the Sunrise Joint Venture partners. This allowed the creation of a communication platform, where the local community

and youth were encouraged to convey their concerns and seek further clarifications.

During the above socialization, the community verbally expressed its intention to withdrawal the proposal on the compensation of land and property submitted to the Government on 16 July, 2019, as well as its willingness to handover to the Government the project management and implementation in accordance with the law and the Government Resolutions previously applied to the other Tasi Mane projects, namely the Suai Supply Base, Suai Airport, Highway and the area designated to the construction of the Refinery and Petrochemical Complex. As result, on 22 December, the community of Beço signed an agreement through which formally withdrawn its land and property compensation proposal previously submitted to the Government. In this agreement, the community also agreed in applying to the future construction area of the LNG Plant, the laws and resolutions on land and properties compensation, including livestock and vegetation, used for similar compensation purposes on the other Tasi Mane projects.

In light of the foregoing, TIMOR GAP may now proceed with the land and property title compensation, as well as conducting further technical studies within the area designed for the TLNG project, including the community resettlement area, while continues the discussions with the Sunrise Joint Venture partners on the relevant issues related to the Special Regime of the Greater Sunrise fields, namely the Production Sharing Contract (PSC), Petroleum Mining Code, Fiscal Regime, and upstream development concept.



Figure 4-17: Socialization with the community of Beço



Figure 4-18: Socialization and signature of the agreement with the community of Beaco, through which the previous proposal for land and property compensation is formally withdrawn

5. Institutional and Human Capital Development



As we navigate through uncertain times, we focus on our institutional and human capital development, as a fundamental tool to overcome today's challenges and provide the best results.

HIGHLIGHTS OF 2021

- TIMOR GAP continued to implement health and safety regulations to prevent the spread of the COVID-19, such as a remote working system, mandatory use of facial masks, readily accessible hand sanitizer in the office and facilitating COVID-19 testing;
- COVID-19 positive cases were detected amongst our staff this year, and health and safety protocols were strictly followed and applied;
- Several online trainings were conducted during the year, particularly for the Upstream Business Unit staff;
- TIMOR GAP continued actively engaged in the Sunrise Joint Venture Social Investment Program, supporting several NGO in several areas;
- Our ICT subunit successfully completed the software transition from IBM Notes to Microsoft 365, a new collaborative system.



Figure 5-1: National Parliament Commission D visit to TIMOR GAP's office

5.1. Overview

As the country continues to face the challenges posed by the worldwide COVID-19 outbreak, TIMOR GAP continues to develop, adapt and improve its corporate strategy to better respond to the health crisis at hand. This is translated in a set of measures and procedures put in place to prioritize employees' safety and well-being, while the company maintains its operations and projects.

The key component of our corporate strategy is our human capital. TIMOR GAP recognizes that human resource management is critical to success and is willing to devote the necessary resources to building and leveraging human capital. In this context, we continue to work on our strategy to attracting, retaining and motivating a workforce that will enable the company to succeed, and this includes the incorporation of COVID-19 health and safety regulations on our approach, such as a remote working system, to protect our employees and their families.

Our utmost priority is to render our mission and vision with the highest safety and quality standards, a mindset that we have been working towards solidifying through our Quality, Health, Safety and Environment

subunit, which have played a crucial role on the ongoing COVID-19 outbreak, while conducting its routine activities across the company operations, and continuing to perform internal and external QHSE annual audits.

Noteworthy advancements were made in regard to our Information and Communication Technology (ICT), as this year we have implemented a new software, Microsoft 365, providing to our staff the flexibility and mobility to access communication resources from any location. These technological improvements will assist us to maintain an up-to-date and effective ICT system, a fundamental tool to overcome today's challenges and provide the best results.

As a major shareholder and a partner of the Sunrise Joint Venture, TIMOR GAP remains actively engaged in the Sunrise Joint Venture Social Investment Program, a Corporate Social Responsibility (CSR) program that supports local non-profit organizations in the areas of maternal and child healthcare, nutrition, agriculture, youth leadership, amongst others. Through these programs we intend to create a meaningful and lasting bond with the community, one of TIMOR GAP's main stakeholders.



Figure 5-2: TIMOR GAP staff on the company's 10th anniversary

5.2. Human Resources Management

Human resource management is a crucial part of our daily work, and a field where we have heavily invested throughout the years, becoming a major national employer recognized for our national and highly qualified talent pool, effectiveness of the human resources management systems in place, sound policies and procedures that protect and value our human capital, while complying with the applicable legislation in force in the country.

TIMOR GAP's human resources strategy is based on recruiting the right talent, managing, training, developing, rewarding, motivating and retaining, and through this we aim at achieving the type and level of performance that enables the organization to meet its objectives and fulfil its mission. We adopt a comprehensive and cohesive approach to our human resources by recruiting based on fair and transparent policies and procedures; providing development and training, through

courses and training programs in-house and abroad with our business partners; providing study leave for those employees who wish to pursue higher education studies; offering a well-defined career development path and progression/promotion opportunities, and through this, motivating our employees to perform at their best.

Although the COVID-19 global pandemic greatly impacted our human resource management practices, restricting a number of activities, such as the provision of training and secondments abroad, and significantly altering the way we operate at our offices, as is the case of the remoting working system adopted this year for a period of seven (7) months in compliance with the Government guidelines, we continued to strive to foster an environment that promotes employee engagement, constant communication and demonstrated commitment to your culture by leadership.

5.2.1. Employees

As of 31 December 2021, TIMOR GAP employed a total of 141 employees with a gender breakdown of 41 female and 100 male. Our employees number continued to steadily rise and it is expected to further increase in 2022 following the completion of an ongoing recruitment

process for several positions. These employees increase will back up the growth and development of the company, expansion of its upstream and downstream business portfolio, as well as the back office functional areas to adequately support our core businesses.

Of the above employee number, 131 are Timorese nationals and the remaining 10 are expatriate staff, including Consultants engaged to provide specialized technical skills and expertise to business units and/or specific projects. As shown above, TIMOR GAP, as a State-owned company, prioritizes and primarily recruits from the national talent pool, selecting and retaining experienced professionals and graduates with varying skill sets and expertise. In fact, over the years, TIMOR GAP has garnered a highly qualified workforce with Masters Degrees and Bachelors in a wide range of business and technical areas and those holding a higher educational degree account for 87% of our employees.

In addition to our head offices in Dili, where most of our workforce is concentrated, TIMOR GAP has a branch in

Covalima Municipality to cater for the staff employed in our projects developed in the field, such as our Jet Fuel Depot in Suai Airport, TIMOR GAP's Fuel Station in Suai, and Tasi Mane Project staff. With additional fuel stations expected to be established in other Municipalities and as the company's field projects implementation progresses, the number of employees performing duties in the field is expected to increase in the forthcoming years.

In field projects, we prioritize, whenever appropriate, the recruitment of local staff, providing employment opportunities and promoting a greater local participation, as it is the case of TIMOR GAP's Suai Airport Jet Fuel Depot and Suai Fuel Station, employing a combined total of 13 local staff.

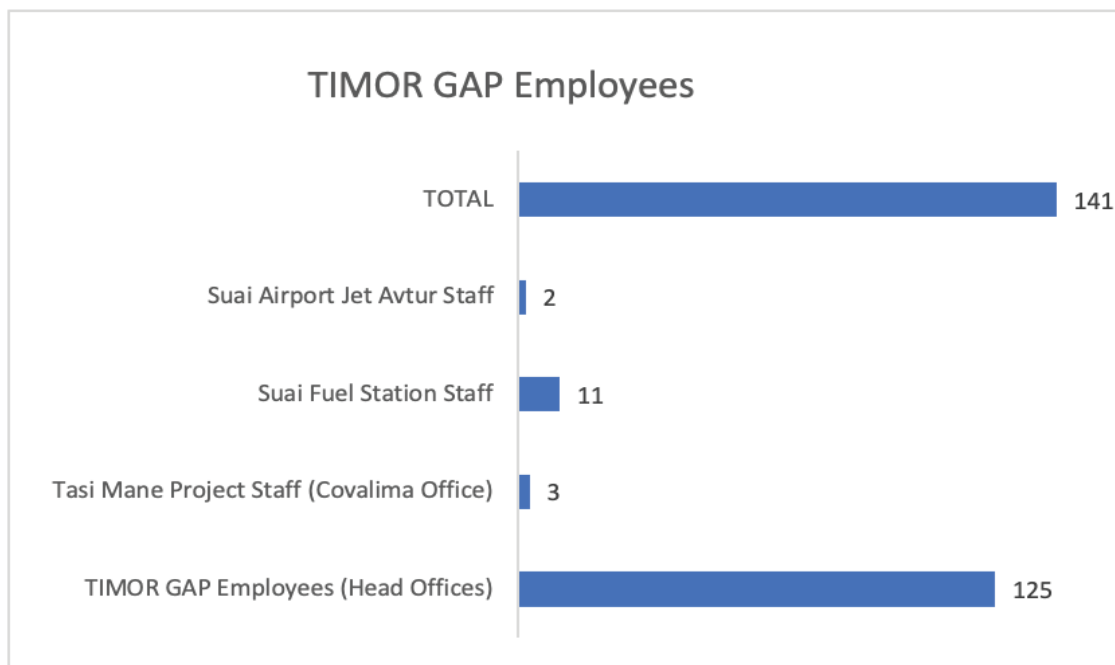
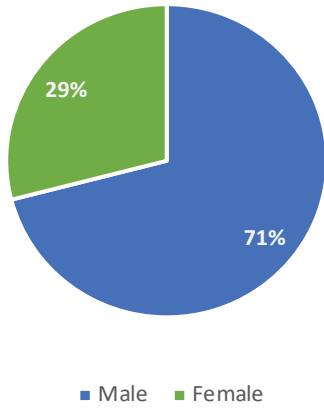
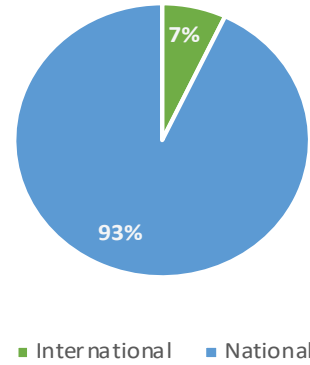


Figure 5-3: Chart of the TIMOR GAP employees (top); H. E. Minister of Petroleum and Minerals with TIMOR GAP during the fuel discharge to EDPL, E.P. in Betano (bottom)

Breakdown by Gender



Breakdown by National & International Staff



Educational Background Based on Gender

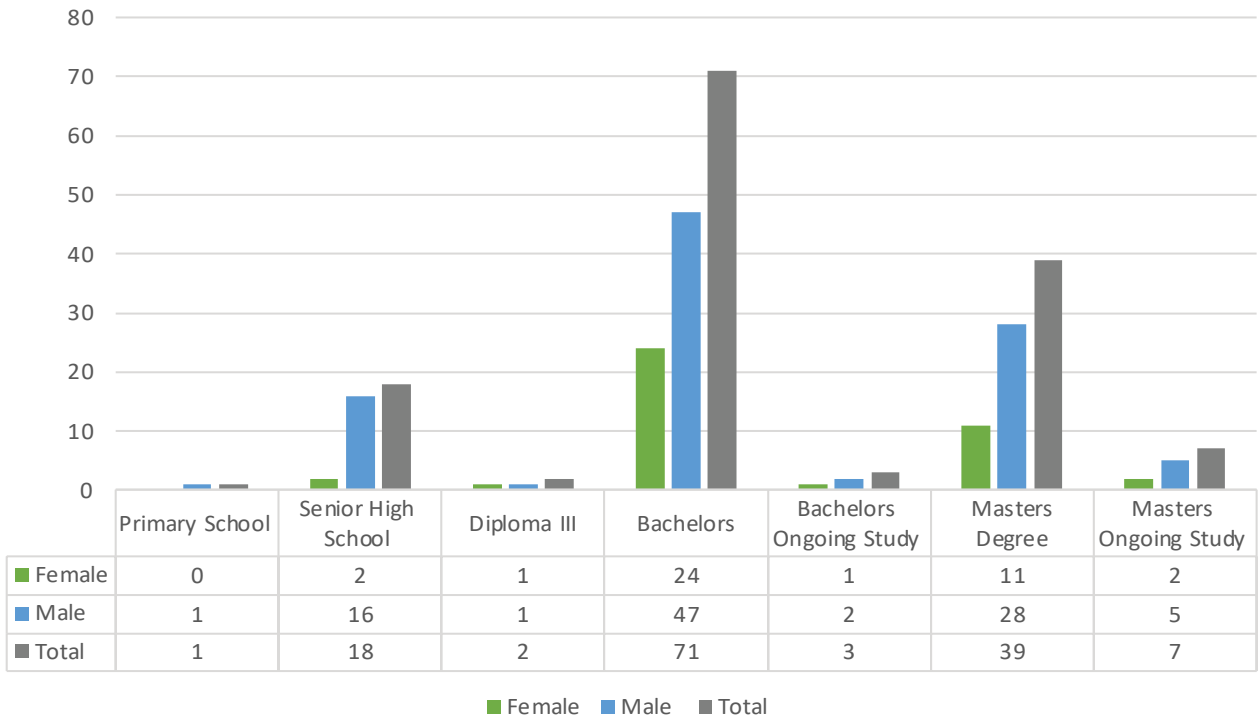


Figure 5-4 (from top to bottom, left to right): TIMOR GAP employees' breakdown by gender; Breakdown by national and international staff; TIMOR GAP employees educational background based on gender; TIMOR GAP staff during the fuel discharge to EDTL, E.P. in Betano

5.2.2. Human Resources Policies and Procedures

Defining human resources policies and procedures is one of the core functions of our human resources management, playing an important role in fostering a culture of trust, fairness and inclusion. TIMOR GAP's human resources strategy, based on key areas as recruitment of right talent, development and training, performance management and career development, is supported by inclusive and a solid human resources policies and procedures set in force in the company, providing the guidelines and orientations to a fair and clear application of our principles and values.

Our human resources policies and procedures are subject to continuous improvement and amendments as we move forward and where new challenges lay ahead of us, and in line with this, several policies and procedures were created and amended, and subsequently approved by the Board of Directors in 2020. This year, we continued to further improve and review the internal policies and procedures to maximize the potential and productivity of the company's staff, as it is the case of the Training Policy and Procedures, with its amendment and endorsement process currently ongoing.

5.2.3. Career Development

We shape our career development approach on our belief that by empowering the right talents and providing them a conducive environment to grow, they will perform at their best. Our aim is to offer competitive and attractive career opportunities and thus, promoting job satisfaction and motivation amongst our employees, while the company effectively and successfully accomplishes its mission and objectives.

To assist with the above, TIMOR GAP integrated the performance assessment tool on its talent development strategy, to appraise current performance and development needs as well as future contributions. Our Performance Management Review Policy and Procedures, subject to an extensive amendment in 2020, intertwines the key performance indicators (KPIs) to the core values and strategy of the company, and provide a clear definition of what is expected of the employee in his/her current position in relation to the units and the company's overall goals.

The Training Policy intends to act as a guideline for all training activities in TIMOR GAP. It will help the company to define and structure in detail some aspects, such as: which training courses staff should attend, who is entitled for the training, if the training should be developed internally or if should be conducted by an external part, how the training program will promote career progression, how budget will be allocate to training, etc. The policy will also help managerial positions to support and develop their teams and engage them on the learning process. However, is also important to ensure that each staff member understands what his/her work role involves and what are the competences required to perform the work.

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 also complies with the Social Security Contribution System procedures and regulations, in furtherance of the Law No. 12/2016, on Social Security Law.

As established in the above Policy and Procedure, TIMOR GAP is foreseen to conduct performance reviews annually, however, on previous years this has been conditioned by the ongoing COVID-19 pandemic as well as by changes in the Management. Despite of the aforementioned, TIMOR GAP has initiated the performance assessment process at the end of 2021, which is expected to be concluded on the first quarter of the 2022.

In addition to the annual performance assessment, an integrated performance management review is also being laid down by the Management. The latter will consist of an integrated assessment also encompassing the performance evaluation of the top managerial positions, with the main objective of correctly place the employees on the career path levels and sublevels that better correspond to their skills and experiences.



Figure 5-5: Upstream Business Unit technical team at the company's office

5.2.4. Development and Training

Our most valuable asset are the employees at TIMOR GAP, and in order to successfully execute the company's strategy, it is imperative that the company provides the employees with the right tools to be ready equipped and with the right skills to front these challenges. In view of this, TIMOR GAP from its establishment, continues and 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.

The COVID-19 outbreak and the measures set in place to respond to this global pandemic, had a significant impact on the courses, training, on-the-job training and secondments undertaken by the company's employees during 2021, this resulting in a limited number of courses and training conducted, where all of the latter have been delivered in-house and with resort to virtual and online tools. Due to the pandemic travelling-restrictions, no secondment or/and on-the-job-training took place this year.

5.2.4.1. Courses and Training

In 2021, virtual training sessions from various training providers were attended by the Upstream Business Unit staff. These training sessions focuses on technical capacity building, with industry standard workflows and use of

the appropriate software designated and purchased by the Unit. The following courses and training were provided online:

A. Software Virtual Training with NexT (Schlumberger)

1. **Petrel Geophysical Interpretation:** 5 employees participated in the Petrel Geophysical Interpretation course. This course introduced to users to how to set up a new seismic interpretation project and load seismic data. The training covered Petrel project set-up,

data preparation, seismic well tie preparation, synthetic seismogram generation, tools for interpretation, attributes and techniques for specific geological environments, fault interpretation, horizon interpretation and QC, mapping and depth conversion. The Delfi Studio has also been introduced to the technical team.

2. **Petrel Reservoir Engineering 2 & 3:** 5 employees participated in this training that covered different modules and learn how to select the correct simulator well model for reservoir simulation. The course also covered about the multiple trajectories well model in Petrel and how to create a well in Petrel by using interactive and automated well path design approaches, set up a simulation case with an existing development strategy and use the Results tab on the Define simulation case dialog box to define which computed results will be generated by the simulator and also learn objective and overall structure of the history matching process, how to use the tools in Petrel to modify elements of a simulation model that affect its dynamic behavior.

Each exercise contains a description of the scenario and the main steps. The idea is to let the trainee solve the designed scenario tasks by himself/herself. Few tips are given in each exercise to encourage you to find your own way to complete the task.

3. **Oilfield Manager (OFM) Fundamentals:** 5 employees participated in this training that introduces new users to OFM functionality with emphasis on visualization, reporting, and data analysis. During this course, the trainees explored the intuitive software interface through a sequence of hands-on exercises designed to mimic practical oil-gas workflows to visualize, analyze, run calculations and share results.

This course covers basic usage of the application, providing an understanding of how to configure and personalize an OFM workspace, to use and create project variables. Trainees had the opportunity to learn about creating simple graph and reports and performing basic data quality checks.

4. **Petrel Property Modelling:** 5 employees participated in this in-house course. This session first introduces the Petrel reservoir modeling workflow - in particular, the Petrel Property modeling workflow - and presents the differences between Deterministic and Stochastic methods and the difference between Kriging and simulation and also covered geostatistical analysis fundamentals forming the basis of the property modeling tools and methods in Petrel and creating and applying trends in Facies Modeling algorithms. This session focused on petrophysical modeling and the stochastic petrophysical modeling algorithms (Sequential Gaussian Simulation & Gaussian Random Function Simulation).

5. **Petrel Property Advanced Modelling:** 5 employees participated in this in-house course, an advanced course of Petrel Property Modelling. This session first introduces the Petrel reservoir modeling workflow -

in particular, the Petrel Property modeling workflow and presents the differences between Deterministic and Stochastic methods and the difference between Kriging and simulation and also covered geostatistical analysis fundamentals forming the basis of the property modeling tools and methods in Petrel and creating and applying trends in Facies Modeling algorithms. This session focused on petrophysical modeling and the stochastic petrophysical modeling algorithms (Sequential Gaussian Simulation & Gaussian Random Function Simulation).

B. Document Management for Oil & Gas Professionals

8 employees attended in this in-house training. The training has been designed to help oil and gas company staff understand the issues and challenges faced by data and document managers in this sector and recognize the importance of information management. It introduces a number of new tools and techniques that could form the basis of the delegates document management strategy. It also provides case histories and access to the experience of leading experts in this field. The course also covered highlight the different types of risks facing the oil and gas sector and provides guidance on disaster recovery and business continuity planning. Last but not least, delegates will be able to carry out a benefits analysis quantify the cashable cost savings associated with the implementation of a robust data management framework.

C. Norwegian Petroleum Directorate

The Norwegian Petroleum Directorate is a governmental specialist directorate and administrative body. Established in 1972, NPD is a directorate under the Ministry of Petroleum and Energy (MPE). The Ministry of Petroleum and Energy has joined the Ministries of Foreign Affairs, Finance and the Environment to help developing countries with petroleum administration and good governance. Strengthening bilateral assistance to countries which want Norwegian oil and gas expertise is supplemented by an emphasis on good governance and transparency in petroleum administration. With a wide scope, the programme covers such issues as resource and revenues management, environmental considerations and business development. Therefore, TIMOR GAP, as National Oil Company and through Upstream Business Unit, also participated in this program, with the attendance of 20 employees, who participated in various online training programs for technical and non-technical professionals.

The program comprised several courses, such as Geology and Geophysics, Reservoir Management, Well Data, Production Data and Seismic Data, amongst others.



Figure 5-6: Upstream Business Unit staff during the online training

In addition to the above, several employees from different Units and Offices participated in the **S&P Global Platts** online training conducted for the company staff on the

use of the platform S&P Commodity Insights, a leading independent provider of information, benchmark prices and analytics for the energy and commodities markets.

5.2.4.2. Workshops, Conferences and Exhibitions

a) Workshop on the new Anti-Corruption Law

TIMOR GAP organized a one-day workshop for all employees regarding the new Law no. 7/2020, of 26 August, on Measures to Prevent and Combat Corruption, which entered into force 180 days after its publication, providing to all persons and entities covered by its provisions, 6 months to prepare for its implementation.

The above Anti-Corruption Law establishes the necessary mechanisms for an effective fight against the corruption, rules on the types of “corruption offenses” and respective sanctioning regime, adoption of codes of conduct by both public and private entities, rules on public tenders, amongst others matters. The law also mandates the An-

ti-Corruption Commission (Comissão Anti-Corrupção, CAC) to administer the new system for the declaration of income, assets and interests, with a view to preventing conflicts of interests and facilitating the detection of sudden, unjustified changes in wealth.

The workshop was held on 9 February, 2021, with the attendance of the Commissioner of Anti-Corruption Commission, Mr. Sérgio Hornai, and the Commission representatives who presented the new law, its content and implications, further clarifying any inquiries and questions raised by TIMOR GAP employees. TIMOR GAP abides with the anti-corruption law, upholding strict transparency, integrity and good governance values.



Figure 5-7: Workshop on the new Anti-Corruption Law, organized by TIMOR GAP

b) 3rd Timor-Leste Oil, Gas and Energy Summit

TIMOR GAP partook in the 3rd Timor-Leste Oil, Gas and Energy Summit, an international online conference organized by the Ministry of Petroleum and Minerals and the National Authority of Petroleum and Minerals of Timor-Leste, held on the 25 March, 2021, with the participation of several oil and gas companies.

The above online conference aimed at introducing 18 new oil and gas exploration blocks released for public tender, exposing the potential of the national petroleum and gas resources, both onshore and offshore. TIMOR GAP has represented by its President & CEO, who delivered a presentation on the National Oil & Gas Company, its current portfolio and the potential for future partnerships.



Figure 5-8: TIMOR GAP's Upstream Business Unit Managing Director, Vice President, President & CEO and Downstream Business Unit Managing Director (from left to right) at the 3rd Online Timor-Leste Oil, Gas and Energy Summit

c) Expo on the Commemoration of the 46th Anniversary of the Timor-Leste Proclamation of Independence

TIMOR GAP participated on the exhibition organized by the Government on the occasion of the Commemoration of the 46th Anniversary of the Timor-Leste Proclamation of Independence, held in Darsula, Baucau Municipality, during the month of November.

On this exhibition TIMOR GAP, as part of the Ministry of Petroleum and Minerals stand, showcased to the public the company's activities and main projects, vision and mission. To commemorate the anniversary and better engage the visitants, TIMOR GAP organized several activities and competitions for children. This event was an excellent platform to further boost transparency and a close communication with the public at large, while promoting the company brand.



Figure 5-9: TIMOR GAP employee showing the company's project to the expo visitants, dance and activities conducted for children during the said expo in Baucau Municipality

5.2.4.3 Study Leave

In addition to the opportunities offered by the company, our internal training and development policies also facilitates a study leave for those employees who wishes to pursue higher education studies, generally through prestigious scholarships awarded by foreign Governments. In such cases, the employee is entitled to take study leave for the period of his/her studies. We safeguard and give guarantees to our employees with job security, while they invest on their own professional valorization and providing future contribution to the company.

During this period, our employees continued their stud-

5.2.5. Corporate Culture

Corporate culture is the soul of the company and what enables us to grow, adapt to the continuously changing market and environment, and to shield ourselves from external adversities and challenges. A resilient company will respond better and more efficiently to challenges, as in light of the ongoing COVID-19 pandemic, 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, instigate and incorporate 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/her job duties, which results in employees

ies or/and were successfully awarded competitive scholarships programs from countries such as Australia and Japan, and academic courses in international renowned universities. Currently, two employees are undertaking the following degrees:

- Master's degree in professional accounting at University of South Australia (UNISA), Australia; and
- Master's degree in business administration at International University of Japan (IUJ), Japan.

working as a team to meet the company's and their own individual and professional goals.

Similarly to last year when the pandemic first stroke the country, our team building activities conducted inside and outside the office were also limited this year. However, we continued to foster an open and transparent communication, particularly between the leadership and employees, in every activity and program carried out in the company, encouraging the employees to give their opinion and feedback, and through this, achieving a better outcome. Although the majority of our workforce is composed by males, we motivate and create an equal opportunity working environment, where women contribution is welcomed and valued.



Figure 5-10: A few of TIMOR GAP's female employees



Figure 5-11: TIMOR GAP visit to MILINIUM GREEN AGRO, Lda. tree nursery facility

5.3. Corporate Social Responsibility (CSR) & Local Content Commitment

In our pursuit of business performance with due regard for environmental, community, and social stewardship, plenty of new ideas are applied to derive green innovations. In this process, knowledge transfer to communities takes place. It is through the galvanization of ideas, knowledge, and virtue that TIMOR GAP business growth has been driven, as we believe that sustained power is what the people of Timor-Leste need.

TIMOR GAP’s Local Content and Corporate Social Responsibility (CSR) are roadmaps connecting the elements of the ecology and processes. Is the brainwork of more than three full decades of business existence, stakeholders’ commitment, and conscientious consumption of resources, for the benefit of society in the many years to come.

5.3.1. Local Content Commitment

a) TIMOR GAP Commitment to Community Impact Management

TIMOR GAP is open to receive opinions and complaints of stakeholders and communities that are potentially affected by its operations. TIMOR GAP accepts and handles all sorts of issues raised such as environmental impacts from dust, or noise; social and community impacts such as damage from construction, occupational loss, etc.

A dedicated grievance mechanism is in place to ensure the complaints are dealt without delay and followed up continuously. With this in mind, TIMOR GAP strives to ease the concerns and tensions among those affected with confidence that their problems will be solved.

b) TIMOR GAP Society and Community Development Project

TIMOR GAP balances the needs of all stakeholders by engaging in the development and support to raise a better living standard in society and local communities along

with generating awareness of the Principles of Sufficiency Economy, namely:

- Support Education Program to develop individual competence in order to enhance the quality of life in local communities and in society, as well as to advocate business growth;
- Became a part of the Community through organizational and industrial development together with the long-term enhancement of the community;
- Support the conservation and restoration of green areas to become educational centers and create a network of natural and environmental preservation and sustainability.

c) Community Investment Project with MILINIUM GREEN AGRO, Lda.





 Objective	<p>TIMOR GAP conducts its business under the Principles of Sufficiency Economy and expands the philosophy to communities</p>
 Operation	<p>Continues expansion to communities through all sufficiency economy Municipality Learning Centers throughout the country. Based on regular follow-ups, communities have applied the philosophy to develop and support themselves.</p> <p>@. Evaluate and Make Analyst economy and Energy use compare of sufficiency of resources for National Security Energy. Petroleum Import Terminal are the Petroleum Import Terminal (PIT) as a Project TIMOR GAP in providing solutions and guarantee to the Government on National Energy Security. The project is located in the village of <u>Wenunu - Metinaro</u>.</p> <p>@. Joint with the communities to adopt knowledge from local research into community development</p> <p>TIMOR GAP plans in a wide range of areas such as the development of quality and with our partner GREEN MILLENIUM develops one Centro Integrado Agricultura in Supply Base Area in Suai. The objective are prepare the community affected of the Supply Base included 4 Village like <u>Kamanasa, Matai, Labarai and Belekasak</u> prepare them in Agriculture Group to develop and assist them how to manage and lead them in working group to prepare them involved in Petroleum Industry are in <u>Tasi-Mane</u>. In addition, knowledge from research shaped the strategy of developing organic Product, Vegetables, <u>foods</u> and meat started with the Productivity, Processing and Market.</p>
 Benefit for societies and communities	<p>Communities adopt sufficiency economy knowledge as the principle means of developing their communities and increasing revenue by an average <u>In</u> tricking the low economic group into a decent life.</p>
 Benefit for the organization	<p>TIMOR GAP has been able to expand the community network and educational institution network through a knowledge exchange process and by cooperating with villagers to conduct 4 Villages. Benefit for societies and communities Benefit for the organization.</p>

Figure 5-12: Development of society and communities in Tasi Mane Project area

In 2021, TIMOR GAP created a program aiming at preparing the affected community in the Tasi Mane Project area, namely from the areas of Suai Supply Base (Kamanasa, Matai, Labarai and Belekasak), Betano Refinery and Beço LNG Plant, to be involved and take part in the socioeconomic development expected to be triggered in the aforesaid project areas.

In line with the above, TIMOR GAP, through its partner, MILINIUM GREEN AGRO, Lda. (MGA), created an Agricultural Integrated Centre in the Suai Supply Base area, with the purpose to provide briefing and training for farmer groups, which later will serve as food suppliers to the petroleum industry, particularly of local products such as meat, vegetables and fruits. As a Community Investment Project, the Timorese company MGA provides services in the areas of plantation, transport and distri-

bution of trees, management of tree nurseries/seedbeds and training, environmental education for youth, animal breeding and promotion of organic agriculture. This company has experience in producing and supplying trees for forests, fruit trees plantation, gardening and horticulture, while offering training and capacity building on sustainable development, covering areas such as natural resources management, agriculture and development of resources and agricultural technology.

On 10 October, 2021, a team from MGA conducted a visit to the agriculture field in the Suai Supply Base area, where a plot of land was allocated to the community who decided for the “Option 10%”, for agricultural purposes. The intention of this visit is, with the assistance of MGA, to further develop and harness the agricultural potential of the land.



Figure 5-13: MGA's tree nursery

In addition, MGA also assists the local farmers in selling their products by connecting them to the markets. For this, they collaborate with the Loja Amigos de Agricultura and Loja Agricultura, fair-trade shops where local

Timorese products are sold. TIMOR GAP visited the dragon fruit tree field, whose fruit will be sold in these shops upon their harvesting, and MGA's tree nursery in Dili Municipality.

5.3.2. Sunrise Joint Venture Social Investment Program

TIMOR GAP integrates social and environmental concerns in their business operations and interactions with their stakeholders and, as a majority shareholder of the Greater Sunrise, we actively participate in the Social Investment Program, a health and social welfare initiative created by the Sunrise Joint Venture (TIMOR GAP, Woodside and Osaka Gas) and implemented in close collaboration with local Non-Governmental Organizations (NGOs) and international organizations. This Program demonstrates the Sunrise Joint Venture's commitment to community involvement and to a long-term sustainable development, and through it, to contribute towards achieving Timor-Leste aspirations in a manner that is

complementary to the SJV's future development of Greater Sunrise, while building long-term and meaningful relationship with the communities where the Joint Venture develops its operations.

The intended outcome is to participate in meaningful social investment to develop the wellbeing and capability of Timor-Leste nationals, particularly to contribute towards delivering training, education and health/nutrition programs, and with this, build positive relationships and enhance SJV reputation by bringing social and economic benefits to the Timorese community, respecting Government priorities and activities.

a) HIAM Health

The Sunrise JV's commitment within the healthy nutrition area is showcased through the partnership with HIAM Health, with the mission to deliver nutrition and agriculture programs to Timorese communities. HIAM Health programs provides agriculture and nutrition trainings to communities and schools aiming at improving nutrition status and economic wellbeing; creates market linkage between the community/farmers groups and traders, purchasing crops directly from the community and selling them to the market.

The Sunrise JV continued to support HIAM Health pro-

grams during 2021 and this year, we supported HIAM Health to implement a demonstration plot project in Manufahi Municipality. This demonstration plot will support the community and allow the local farmers to increase their production and knowledge on the agriculture and aquaculture fields. The project has launched on 22 October, with the plantation of vegetables and strawberries, and baby fish farming on artificial pounds. Representatives of TIMOR GAP, Woodside, Administration of Manufahi Municipality, Police and Chief of Village were in attendance, bringing the community and the donors together for this project.



Figure 5-14: Representatives from the Sunrise Joint Venture planting strawberries at HIAM Health demonstration plot in Manufahi Municipality



Figura 5-15: Vegetable field (left); Fish pounds (right)

TIMOR GAP also partook in the closing ceremony held in September 2021, for the training program on “Sustainable Development of Agriculture” undertaken by the youth group of the Post Administrative of Atabae, Bobonaro Municipality, where Certificates of Attendance

were handed over to these youths. At this occasion, the Sunrise JV also donated a hand tractor to the aforementioned youth group of Atabae to facilitate the farming process and expand the plantation areas.



Figure 5-16: Training certificate handover and hand truck donation to the Atabae youth, in Bobonaro Municipality

A signing ceremony was held with HIAM Health on 22 December, to detail the programs and activities for the forthcoming year of 2022 and solidify Sunrise JV commitment and support with the aforementioned program and activities. HIAM Health will focus on Community

Nutrition Garden for commercial and technical support of the existing projects, which will be implemented in Manufahi and Bobonaro Municipalities, amongst other commitments as foreseen in the contract.

b) ALOLA FOUNDATION

Focusing on the nutrition and health area at an earlier development stage, Sunrise JV supports the Maternal and Child Health program created and implemented by the local NGO ALOLA FOUNDATION since 2003, with the purpose to improve women and children’s health status, reduce the malnutrition in children under 5 years, promote exclusive breastfeeding and complementary feeding through community-based groups at the village level, amongst other.

On 21 October, 2021, TIMOR GAP and the Sunrise JV partners visited the “*Suco Hadomi Inan no Oan*” (SHIO), in Aileu Municipality, an community-based group at the village level supported by the ALOLA Maternal and Child Health program, with focus on capacity building activities in order to promote maternal health, infant and young child feeding, including cooking demonstration, community health discussion, counseling and referral.



Figure 5-17: Maternal and Child Health program implemented by ALOLA’s community-based group “*Suco Hadomi Inan no Oan*”

c) RYLA-TL

Through the above Social Investment Program, the Sunrise JV supports the young leadership program created by RYLA (Rotary Youth Leadership Awards), an independent organization of ROTARY, focused on providing leadership, empowerment and development training to young Timorese, in the 19-27 age group.

RYLA-TL organized a workshop to review its activities for the year 2022, with the attendance of representatives from TIMOR GAP and Sunrise JV partners.

Annually, RYLA-TL organizes a week-long camp for up to 100 participants aiming at training young Timorese in the area of leadership and life skills teamwork, communication and motivation. RYLA-TL also organizes every year six-month internships for young people with placement at local NGOs in Timor-Leste, and promotes Community Services Programs, such as the one being developed in Jaco Island, that provides clean drinking water to wild deer and other animals with natural habitat in this island. Despite the impact of the COVID-19 on its activities, RYLA-TL continued to perform and carry out its activities and programs during 2021, with the unremitting support of the Sunrise JV. On 3 December, 2021,



Figure 5-18: RYLA’s wildlife rescue program in the Jaco Island which foresees the building of rain troughs to collect rainwater



Figure 5-19: TIMOR GAP staff on board of the vessel during the fuel discharge operation

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. We embrace such values and a safety mind-set to form the core of TIMOR GAP’s approach to its daily operations, projects’ planning and execution, provision of services, employees working environment, and response to external health crisis, such as the COVID-19 pandemic.

As a support subunit, QHSE works on assisting the company’s business units in advising and preparing QHSE related requirements for their specific projects, these including the fuel supply project to EDTL, E.P. Power Plant in Betano, LNG Import Terminal planned to be built in Metinaro, as well as some works related to Tasi Mane Project e.g., Suai Supply Base and temporary jetty.

5.4.1. Integrated Management System (IMS)

5.4.1.1. Audits



Figure 5-20: TIMOR GAP’s IMS Logo

TIMOR GAP continued to work towards its Integrated Management System (IMS) implementation by performing internal and external audits, conducted annually to guarantee TIMOR GAP compliance with the company’s IMS requirements and assure its continuous improvement. In 2021, the internal audit was carried out in October to almost all business units and offices. Unfortunately, not all subunits under Vice President Office were audited internally, however they are expected to be internally audited in the beginning of 2022.

As for the external audit for 2021, it was conducted from 8 to 11 November by two auditors from DNV GL, the international certification body. The external audit found 6 minor nonconformities (NC), 1 observation (Obs), and 1 opportunity for improvement (OFI). The findings will be closed out in March 2022, for the ISO recertifications.

5.4.1.2. IMS Socialization

In addition to the above, QHSE aims to improve the company's staff understanding of TIMOR GAP IMS procedures, through a socialization campaign called Fri-Learn initiatives, in which the program is to be conducted every Friday. The QHSE subunit managed to deliver two sessions in the beginning of 2021, however, due to the COVID-19 national lockdown decreed by the Government to prevent further spread of the virus, the socialization program was postponed. With this campaign, it is expected to achieve a more effective IMS implementation

across TIMOR GAP's business units and offices. The socialization campaign is expected to be resumed in 2022.

TIMOR GAP's Integrated IMS was recognized with the awarding of the International Organization for Standardization (ISO) certificate, from the DNV GL Singapore. TIMOR GAP, through its QHSE subunit, will continue to strive to uphold its commitment with the oil and gas best practices across all the company's activities and projects.

5.4.2. Occupational Health and Safety

TIMOR GAP adhered to the philosophy of "SAFETY FIRST", always putting safety and wellbeing of employees at the top priority. In this context, during this year, TIMOR GAP continued to identify, assess, control and monitor health and safety issues arisen from various TIMOR GAP's activities, through the procedures and guidelines developed to provide the processes needed in the assessment and management of risk, incident and accident, either in the office environment or in the field and

during operation, conforming with 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 subunit 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. The safety briefing shall be conducted by the Occupational Health & Safety (OHS) department, OHS representatives and/or team leader to ensure everyone involved have the same knowledge of OHS, whenever any incident and/or accident occur and during an emergency.
Safety Induction	Safety induction is given to temporary visitors to TIMOR GAP office about the safety layout during emergency situations; and to employees, contractors and consultants, who will remain in the company for a long-term period, which is followed by a complete induction on the OHS policy and procedure.
Equipment Inspection	Conducting inspection to all vehicles used for field trip, fire extinguishers, IT equipment, furniture at TIMOR GAP office to ensure they are still in good conditions for use. Inspection for the building, air conditioner and electrical done by Timor Plaza, as the facility owner.
First Aid Kit Provision	Providing First Aid Kits to employees travelling to the districts for minor injuries treatment during journey.
Emergency Drill	Carrying out regular emergency drill at the main office to help employees to be better prepare for any emergency. The drill help familiarize staff with the evacuation route and safety practices. However, due to the COVID-19 and remote working system adopted during an extensive period, this drill was not implemented in 2021.
Covid-19 Preventive Measures	Prevention and awareness to employees on the global pandemic, from disinfecting and to have readily accessible hand sanitizers and masks to all employees and visitors in the premises of TIMOR GAP.

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



Figure 5-21: Safety briefing

5.4.2.1. Occupational Health and Safety Approach to COVID-19

QHSE plays a significant role during the ongoing situation surrounding the global pandemic, COVID-19, and as the number of active cases soared in the first quarter of 2021. In order for TIMOR GAP office to remain a safe environment to work and receive visitors, the company introduced preventive measures in line with the Government and the World Health Organization (WHO) guidelines and when these procedures and preventive measure are set in place, it provides the premises of TIMOR GAP safety and reassurance to employees and visitors alike. In line with this, and as already implemented on the previous year, hand sanitizers and facial masks were made available for all employees, implemented a safety distance among employees, and limited the number of attendees in meetings, and adopted a remote working system, when decreed by the Government.

Integrating a testing response in our approach is important to fight the ongoing health crisis and, at TIMOR GAP's request, a medical team from the Ministry of Health performed swab tests at TIMOR GAP's office, and through this, positive cases were detected amongst our staff. Those infected with the virus followed the applicable health pro-

ocol, namely self-isolation or/and quarantine. Following the detection of positive COVID-19 cases, a disinfection of common offices areas was carried out, ensuring that a safe working place would be provided for all staff. In addition to the above, we also highly recommend to any employee who had close contact with infected people or that shows symptoms, to undertake a COVID-19 test.

Timor-Leste initiated the COVID-19 vaccination campaign in 2021. TIMOR GAP, as an employer, has a role to play in encouraging and supporting all employees to receive the full vaccine against COVID-19 and, as of the year-end, the majority our employees had received the full vaccine or its first dose.

Although the Government commenced easing the COVID-19 related restrictions with the decrease of positive cases in the fourth quarter of 2021, TIMOR GAP, through the QHSE subunit, will follow with close attention any further update on the ongoing situation and be ready equipped to react to any given change in order to keep its employees and working environment safe.



Figure 5-22: TIMOR GAP staff upon receiving their vaccines, showcasing their vaccine certificate

5.4.2.2. 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 mea-

sure the company’s HSE performance. All these are part of the IMS implementation throughout the company activities, as presented below.

Components	Objectives
Hazard Identification, Risk Assessment and Control (HIRAC)	The HIRAC form identifies 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 safety issues, environment and quality of the process or activity.
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.
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.

Table 5-2: HIRAC, Incident/Accident and First Aid objectives

5.4.3. Quality and Environment

5.4.3.1. Environmental Licenses Application and Renewal

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 in the communities.

Environmental Impact Assessments (EIA) have been carried out by TIMOR GAP and partners, in accordance with Decree-Law No. 5/2011, on Environmental Licensing, and in 2021, the company has commenced this process for the Petroleum Import Terminal (PIT) project (see section 3.2.2. of this Report, for additional details on the PIT project). For this project, QHSE subunit successfully received the approval for Project Document (PD) for project categorization, as part of the environmental licensing procedures under the abovementioned Decree-Law no. 5/2011. Works will continue to later stages,

such as preparing and formulation of Terms of Reference (TOR) and EIA study for the proposed project along with the implementation of feasibility and FEED study.

In regards to the EIA planned to be conducted for the LNG Plant and Marine Facility in Beaco, discussions with ANPM for the approval of Terms of Reference (TOR) are ongoing prior to move towards the EIA study, which is foreseen to be implemented in the year of 2022.

Concerning to the environmental license renewal, QHSE is assisting in the process of renewing the environmental license for TIMOR GAP’s Fuel Station in Suai, which was expired on 30 July, 2021. The referred license was successfully renewed by ANPM in early January 2022, remaining valid for a period of 2 years.

5.4.3.2. Environmental Initiatives

Environmental awareness is a concern entrenched in our daily activities and, to further improve TIMOR GAP environmental performance and adopt a more effective waste management system, QHSE has carried out an initiative to manage plastic bottled water used in the company main offices through recycling. In this in view, QHSE has approached Caltech Timor in Dili, with the purpose to use their recycling facility to recycle our plastic bottled water. In addition to this, we donated some of the used

bottled water to Huko, a local recycling group, converting used bottles to other useful items.

QHSE also recently prepared a Waste Management Plan to include plastic bottles from field activities. The plan outlines the process to collect bottles during field work and how to safely dispose them. This plan has been presented to Board of Director and is expected to be fully implemented in 2022.



Figure 5-23: Plastic recycling bin at TIMOR GAP's office



Figure 5-24: Software and hardware used by our exploration and production technical team

5.5. Information & Communication Technology (ICT)

TIMOR GAP is heavily reliant on cutting-edge technology to support its day-to-day business operations. Innovation and improvement require the use of technology and software applications. TIMOR GAP ICT & Data Management understands that ongoing support and system upgrades are critical to the overall computer hardware and software deployed. Our Information and Communications Technology and Data Management subunit works with several well-known industry vendors and service providers. The company needed a more streamlined, centralized solution to support both application development and the entire computing system. The company considered updating its on-premises major software applications to the most recent version, which may include new features and tools. TIMOR GAP ICT & Data Management focused on improving its software system in 2021, completing outstanding annual software licensing maintenance for major software companies like Schlumberger, ESRI, and IHS Global. Our Petroleum Engineers use tNavigator, a high-performance tool for integrated static and dynamic modeling from reservoir to surface networks, developed by Rock Flow Dynamics and introduced to TIMOR GAP.

On the other hand, improving the TIMOR GAP collaboration system is critical, as a cloud platform would

be the best option for increasing user productivity and reducing many of the undesirable risks. We can create an environment that is significantly more agile and fast-paced in the cloud than we could in an on-premises environment.

TIMOR GAP had also taken another step forward by switching from IBM Notes to Microsoft 365, a new collaborative system. IBM Notes is considered an old technology that does not support the latest collaborative environment when compared to Microsoft's Office 365. The system's migration to cloud technology went smoothly, and we were up and running again in a matter of hours. TIMOR GAP employees now have the flexibility and mobility to access communication resources from any location. They can now work more efficiently while traveling within the Timor-Leste or abroad. To meet the world's growing business demand, TIMOR GAP's ICT development team works tirelessly to keep its applications and computing systems up to date and enhanced with new features. TIMOR GAP is also always looking for new ways to meet an increasing demand for dwindling resources to support its expanding businesses. Overall, the ICT team is still looking for ways to improve the office application system, as well as the need to align with our external partners and service providers.



6. Corporate Governance





As we shift from response to recovery, the key for leadership is to make strategic decisions that will lead the company to a renewed and brighter future.

6.1. Legal Framework

Pursuant to the Decree-Law no. 31/2011, of 27 July, TIMOR GAP - Timor Gás & Petróleo, Empresa Pública (TIMOR GAP, E.P.) is established for the purposes of holding and managing, under a corporate structure and in accordance with business principles, the assets owned by the State of Timor-Leste in the oil sector assigned by law. TIMOR GAP is governed by the above referred Decree-Law, its By-Laws, the internal regulations and, on a subsidiary basis, by Decree-Law no. 14/2003, of 24 September, and the additional legal framework applicable to State-owned companies.

As a State-Owned company, TIMOR GAP is under the supervision of the Ministry of Petroleum and Minerals, the body of the direct administration of the State responsible for the supervision of the petroleum sector. Notwithstanding the autonomous nature of the TIMOR GAP, all business activities and strategic direction of the company shall be aligned in accordance with the Government strategic direction and objective for the sector, as set by the supervisory body. The company comprise the following main corporate bodies: a) Board of Directors; b) Executive Committee; and c) Audit Board.

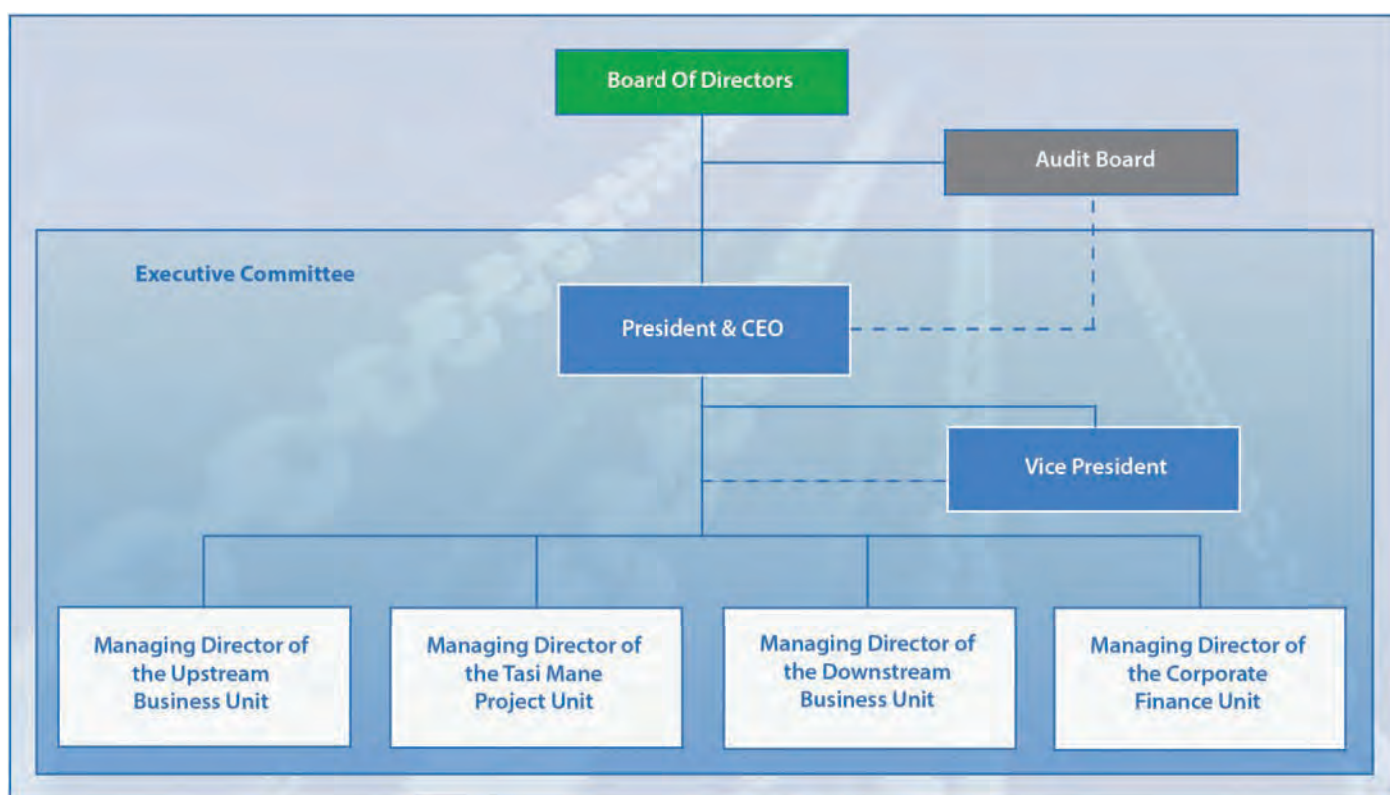


Figure 6-1: Organization Structure of TIMOR GAP, E.P.

The Audit Board is the body responsible to monitor the legality, correctness and sound financial and asset management of TIMOR GAP, ensuring compliance with laws, statutes and regulations in force, as well as budget, financial and asset management of the Company.

The Audit Board comprises three members appointed by joint ministerial order of the Minister of Finance and the Government member responsible for the oil sector for a term of 3 (three) years, renewable only once. Since

TIMOR GAP creation in 2011, the Audit Board has not yet been established, however, the Minister of Petroleum and Minerals, as the Member of the Government responsible to supervise TIMOR GAP's activities and functioning, is committed to establish the Audit Board and is currently working toward that end.

The mission, powers and members of the Board of Directors and the Executive Committee are described next.

6.2. Board of Directors

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 four 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. In respect to other members, Minister of Finance shall appoint one member to represent the Ministry of Finance and the member of Government responsible for the petroleum sector shall be responsible for appointing and dismissing the remaining members. The term of office of the members of the Board of Directors shall be four (4) years and may be renewed for equal periods.

Mr. António de Sousa was appointed President of the Board and Chief Executive Officer (CEO) of TIMOR GAP in July 2020, endorsed through the Ministry of Petroleum and Minerals' Dispatch no. 05/GMPM/VII/2020, of 8 July, in accordance with which, Mr. António de Sousa was appointed for a four (4) years mandate, ceasing in July 2024.

The new Board members were also appointed in July 2020, namely: a) Mr. Gabriel de Oliveira; b) Mr. Amandio Soares; c) Mr. Francelino Boavida. The Board members were duly appointed through the Dispatches no. 06/GMPM/VII/2020; 07/GMPM/VII/2020 and 08/GMPM/VII/2020, respectively, for a four (4) years mandate until July 2024. The fourth Board member, Mr. Rui Ferreira Magno, was appointed on 18 August 2021, through the letter ref. no. 244/GMF/VIII/2021-08, of the Minister of Finance, replacing Mr. Carlito Gama, who sadly passed away in 2020.

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.

6.3. 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 Chairman of the Executive Management/ "Chief Executive Officer" (CEO), who is also the President of the Board by virtue of his capacity, the Vice President and the Manag-

ing Directors of TIMOR GAP business units. The EC is chaired and headed by the company's President & CEO. The BOD is responsible for the appointment the members of the EC, for a term not exceeding four (4) years, and who may be reappointed. The BOD approved the organization structure and appointed the EC members, as schematically shown below on the Figure 6-2.

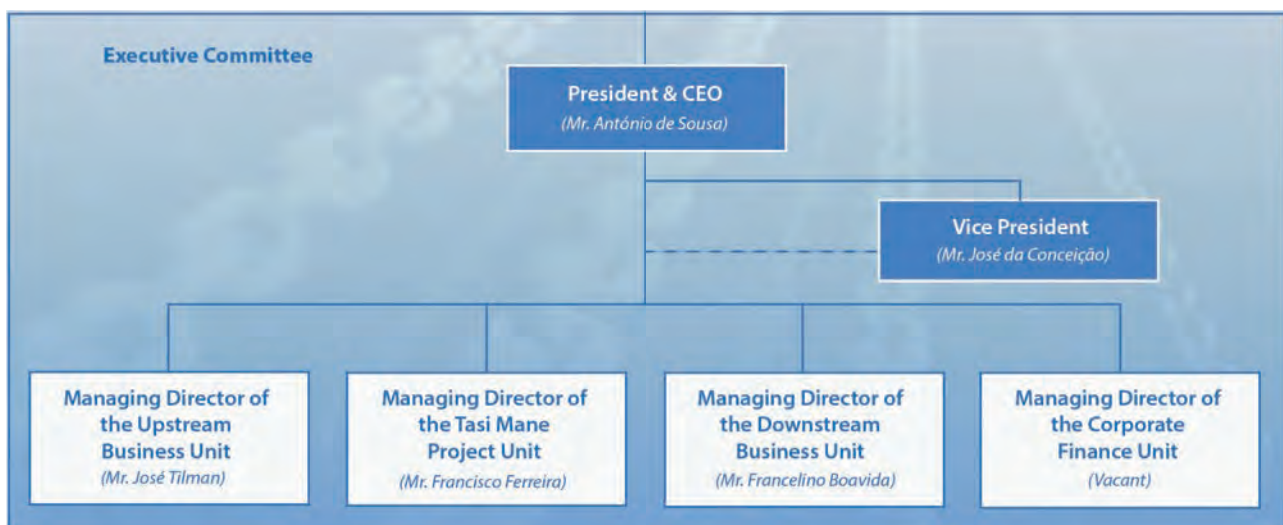


Figure 6-2: Executive Committee structure and members

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



Mr. António de Sousa
President & CEO

Mr. António 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. Sousa has a long career with more than 20 years of experience in the field of oil & gas and specialization skills in reservoir engineering/simulation, geomechanics, and management. Previously he held a position as Reservoir Simulation Engineer and Business Development, in North Sea Non-Operated Assets, Subsurface Department, Premier Oil Plc, Aberdeen in Scotland, UK, and as a Reservoir Simulation and Geomechanics Engineer in Schlumberger Data Consulting Services, Paris, France. Mr. Sousa served as Timor-Leste's Commissioner for the JPDA and Timor-Leste's Alternate Commissioner for Greater Sunrise, between the period 2007 – 2018. Shortly after TIMOR GAP establishment in 2011, he was nominated Board Member of the company, and afterwards indicated as Vice President in September 2014. In July 2020, Mr. Sousa was appointed President & CEO of TIMOR GAP.



Mr. Gabriel de Oliveira
Member of the Board

Mr. Gabriel de Oliveira gained his BSc in Geology from the Institute of Technology of Adhi Tama Surabaya (ITATS) and his Master degree from the University of Évora, Portugal with major in Geosciences, in 2009. Mr. Oliveira has one year of experience as Head of the Laboratory of the Secretary of State for Natural Resources (SERN Timor-Leste) and more than eight years as university lecturer and Head of Department of Geology and Petroleum at the Timor Lorosa'e National University. In 2020, Mr. Oliveira assumed the role of President of the Institute of Petroleum and Geology – Public Institute.



Mr. Rui Ferreira Magno
Member of the Board

Mr. Rui Ferreira Magno graduated in 1999 with a Bachelor on Economic Development Studies, from the Catholic University of Parahyangan, Bandung, Indonesia, also holding a Bachelor on Financial Management, from the STIE Malangkececwara School of Economics (MCE), Indonesia. Mr. Magno has an extensive career in the finance area with more than 20 years of professional experience, including accounting and budget execution expertise, initiating his career in a Non-Governmental Organization, ADRA, in 2000, as Adviser, and further progressing to the position of Department Chief of the National Directorate of Treasure (Budget Execution Unit) in 2003, Department Chief of the Payroll Unit in 2012, and National Director for Payments of the General Directorate of Treasury, in 2013. Currently, Mr. Magno performs the role of General Director of Treasury, in the Ministry of Finance. Mr. Magno was appointed as TIMOR GAP Board member this year.



Mr. Amandio Soares
Member of the Board

Mr. Amandio Soares graduated in 2005 with a Bachelor of Applied Science in Petroleum Geology, specialisation in Facies Analysis (Basin Analysis), from the Padjadaran University, Bandung, Indonesia. Mr. Soares has more than 20 years working in the oil and gas sector, holding an extensive career within the Ministry with supervision powers over the petroleum activities, as a Director for several National Directorates, Senior Geologist and Advisor. Previously, Mr. Amandio Soares performed the role of Senior Geologist at the Ministry of Petroleum and Minerals, being later appointed Senior Advisor to the Minister of Petroleum and Minerals. Mr. Soares joined TIMOR GAP in August 2020 as a Member of the Board of Directors and as Principal Advisor and Government Relation for the company.



Mr. Francelino Boavida
Member of the Board and Managing Director,
Downstream Business Unit

Mr. Francelino Boavida graduated in 2011 with a Bachelor of Business, Major in International Business with Minor in Applied Marketing from University of the Sunshine Coast, Queensland, Australia. He received an Excellence Award on Export Plan Development for an Australian Tank Liner Company during his final year of Study. Mr. Boavida has several years of working experience with Donor Organisations, such as, Work Bank - GTZ and USAID. He worked as Business Trainer and Marketing Specialist during six (6) years and later served as short term Business Development Consultant with DAI contractor of USAID's Private Sector Development Project. Mr. Francelino Boavida joined TIMOR GAP in 2012, as a Junior Chartering Analyst, professionally progressing through the years within the company. Mr. Boavida became Trading and Marine Chartering Team Leader in 2014, and Business & Trading Manager in 2016. He assumed the role of Deputy Managing Director of the South Horizon Offshore Services, Lda., successful leading the joint venture company to win the Bayu-Undan Topside Engineering Contract. Mr. Boavida become the Managing Director of the Downstream Business Unit and a Board Member of TIMOR GAP in 2020.



Mr. José da Conceição
Vice President

Mr. José da Conceição holds a Degree of Master of Laws (LLM) in International Oil and Gas Law & Policy, from Center for Energy, Petroleum, Mineral Law and Policy, University of Dundee, Scotland, UK. He also holds another Master Degree (MDip) in the area of International Business Law from London College, United Kingdom. In 2011, Mr. José graduated with BA Degree in Commercial Law and, in 2010, he obtained BTEC of HND in Law from Solent Business School, Law and Enterprise, Southampton Solent University, UK. In 2008, Mr. José completed Advance study for National VQ in Motor Vehicle engineering at Southampton City College in United Kingdom. Mr. José has an extensive work experience, including approximately 8 years as the Joint Petroleum Development Area (JPDA) and Legal Analyst for Timor-Leste Joint Commissioners for JPDA and Sunrise Commission, under the former President & CEO of TIMOR GAP. Mr. José also worked for almost 9 years for various companies in the United Kingdom and he was also a part-time lecturer for the final year of undergraduate students in the area of International Marketing and International Trade at Dili Institute of Business (IOB). In July, 2020, Mr. José was appointed Vice President of TIMOR GAP.



Mr. José Tilman
Managing Director, Upstream Business Unit

Mr. José Tilman holds a Master of Science in Petroleum Engineering, specialized in reservoir engineering, University of Stavanger, UiS – Norway. Mr. Tilman has over 18 years of experience in the oil and gas industry, and more than 9 years of experience in operating offshore production equipment, particularly dehydration and cold processes equipment, wellhead equipment and fractionation plant. He worked as mechanical operations technician, from 2003 to 2005, and as production technician, from 2005 to 2009, in the Bayu-Undan Recycle Project, in the Timor Sea. Mr. Tilman joined TIMOR GAP in 2012 and he has more than 9 years working for Exploration & Production (Upstream sector) of the company. Previous main roles with TIMOR GAP include leading and supervising teams of Drilling, Development & Reservoir Management and Business Support departments of E&P Unit. Other role includes performing reservoir studies for Bayu-Undan and Greater Sunrise fields, located in Timor Sea, on how to optimize development scenario for Greater Sunrise field as well as Bayu-Undan field post Production Sharing Contract (PSC) 2022, as part of resources management and optimization strategy. Currently, Mr. José Tilman holds the position of Managing Director for Upstream Business Unit, managing, leading, supervising and coordinating all upstream projects for the company.



Mr. Francisco Ferreira
Managing Director, Tasi Mane Project Unit

Mr. Francisco Ferreira holds a Diploma of Petroleum Engineering, from the Central Institute of Technology, Western Australia and a Bachelor of Petroleum Engineering, from the Dili Institute of Technology. Mr. Ferreira has been working in the Oil and Gas public institutions for more than 15 years. During the period of 10 years, he mostly worked as onshore Oil and Gas officer, with the role and responsibility to identify and map all the Oil and Gas seeps in the onshore area, also taking part on the first onshore seismic survey; took part with Universities and International Oil Company in the onshore Geological & Geophysical field survey covering the entire Timor Island, and has experience working with ANPM as a Downstream Analyst, with the role and responsibility to assist the Downstream Director in preparing the guidelines, as well as identify downstream business opportunities in order to stabilize the regulation related to the downstream activities. Mr. Francisco Ferreira has more than 8 years working closely with Tasi Mane Project as GIS analyst with the role and responsibilities of mapping all the south coast project site, leading the Interministerial Team to conduct the socialization, lands and properties identification, data collection and analysis, data publication and contract signature for the lands and properties affected by the project. In August 2020, Mr. Francisco Ferreira has appointed Managing Director for the Tasi Mane Project Unit of TIMOR GAP.



Figure 6-3: Members of the Executive Committee

6.4 Governance

6.4.1. 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.

6.4.2. 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.

6.4.2.1. Petroleum Fund Consultative Council

Established by Petroleum Fund Law No. 9/2005, the Petroleum Fund Consultative Council advises the Parliament on matters relating to the performance and operation of the Petroleum Fund and advises the Parliament on whether the appropriations of the Petroleum Fund are being used effectively to the benefit of the current and future generations.

The Council regularly organizes workshops in order to

disseminate information on how the Petroleum Fund is being managed and used. Workshops are conducted across the national territory, and TIMOR GAP is a regular attendee and speaker. On October 2021, TIMOR GAP participated in the workshop on the "Importance of the Petroleum Fund for the Current and Future Generation", sharing with the participants information on management and development of petroleum resources.

6.4.3. Extractive Industries Transparency Initiative (EITI)



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**, mean-

ing 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.

6.4.3.1. 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).

TIMOR GAP continued to partake in the regular monthly MSWG' meetings during 2021, covering topics such as the approval and publication of Timor-Leste EITI Reconciliation Report which covers information for the fiscal year 2018. The published report was produced by the Independent Administrator, Ernst & Young Audit & Associados – SROC, SA, 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.

Following its publication, TIMOR GAP participated in the report dissemination to the public held from 15 to 16 November 2021, in Covalima Municipality, presenting on the topic "TIMOR GAP as a Public Entity: Challenges and Contributions to Transparency".

TIMOR GAP also participated in the workshop held for the civil society on 17 November, 2021, in Covalima Municipality. This workshop aimed at disclosing EITI Standards for 2019, introducing the new transparency requirements.



Figure 6-4: TIMOR GAP participating in the dissemination of information on the TL-EITI 2018 report, in Covalima Municipality

7. Commentary on the Financial Results



Set out below are the audited consolidated financial statements of TIMOR GAP group for the year ended 31 December 2021. This is the group's tenth trading period.

TIMOR GAP has adopted International Financial Reporting Standards (IFRS) to ensure that reporting is based on a well-recognized reporting framework.

7.1. Grant Funding

During the current year a grant of \$65,739,700 (2020: \$15,227,966) was provided by the Government to fund the 2021 operations of the company including to carry out major project related studies like development of other Down-

stream Businesses and Services (Initial Capital for EDTL, E.P. Fuel Supply), investments in Greater Sunrise PSC, investments in new onshore blocks, etc.

7.2. Revenue

The government grant/subsidy had always been TIMOR GAP's main source of income. Likewise previous years, the government grant of \$65,739,700 (2020: \$15,227,966) forms the majority of TIMOR GAP's revenue for the year 2021. While the company depends on government grant to carry out its operating and non-operating project ex-

penses, the company has also internally generated income from EDTL, E.P. fuel supply trading business and from fuel sales from Suai Petrol station which recorded total combined sales of \$20,665,059 (2020: \$147,914). The EDTL, E.P. fuel supply trading business is primarily new business for TIMOR GAP for the year 2021.

7.3. Project Expenses

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

- Tasi Mane Project Management (SSB pre-condition for the decommissioning of Bayu-Undan)
- Support for the Negotiation of the Greater Sunrise Project
- Bayu-Undan Re-Development Project Post-PSC 2022
- Development of Other Downstream Businesses and Services (Initial Capital for EDTL Fuel Supply)

- Investment on Greater Sunrise PSC
- TIMOR GAP's Investment on Offshore Exploration
- TIMOR GAP's Investment on Onshore Exploration
- Investment on Exploration (Drilling) for PSC Block TL-SO-T 19-11
- Investment on Chuditch PSC
- New Investment on two Onshore Blocks

These projects have been discussed in detail in Sections 2 to 4 of this report.

7.4. Financial Results

7.4.1. Comprehensive Profit/Loss for the Year

The company's operating profit/loss for the year ended 31 December 2021 amounted to \$7,970,858 (2020: \$6,290,538) and total comprehensive profit/loss of \$7,817,315 (2020: \$5,457,910). The total income of the company is reduced by \$48,355,867, which is derived considering unspent project budgets for the year 2021. The reduced income i.e., \$48,355,867 is being treated as deferred income (Grant), which is captured in the liability section of the audited financial position for the year 2021.

-\$698,142,082). The Profit/ (Loss) on group basis is further reduced by the total of income tax and deferred tax expense of -\$257,686 (2020: -\$832,628).

The company is now having an equity of \$23,808,051 (2020: \$15,990,736) and the same at group level is -\$728,374,304 (2020: -\$702,064,682). The company's retained earnings as of 31 December 2021 is \$21,308,051 (2020: 13,490,736).

On a group basis, the operating profit/loss for the year ended 31 December 2021 stood at -\$26,152,277 (2020:

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

7.4.1.1. Purchase of Stock of Fuel

The company has entered 3 years contract with EDTL, E.P for supply of light fuel oil to EDTL, E.P. The contract is valid from the year 2021- 2023. To supply fuel to EDTL, E.P.

and for fuel supply, the company has purchased stocks of fuel to the extent of \$20,034,982.

7.4.1.2. Depreciation and Amortization Expense

During the period TIMOR GAP has additions to total tangible assets of \$32,844 (2020: \$109,101) and intangible asset of \$247,957 (2020: \$280,545), as set out in Note 10 to the financial statements. TIMOR GAP adopted IFRS 16 lease accounting standards from the year 2019 which introduced a single lessee accounting model and required 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. The written down value for the right to use asset is reported at \$1,483,970 (2020: \$2,004,407) as on 31 December 2021.

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 2021, depreciation of property, plant and equipment amounted to \$165,389 (2020: \$157,226), for computer software the amortization for the year was \$187,627 (2020: \$285,590) and for right to use asset \$541,544 (2020: \$572,390). The amortization cost was incurred due to final capitalization of software license in financial year 2021 purchased for the Upstream Business Unit in the year 2020.

7.4.1.3. Employee Costs/Expenses

On 31 December 2021 TIMOR GAP had staff count of 141 employees, including consultants (2020: 134 employees). Employee Cost recorded for the year is \$3,885,345 (2020: \$4,422,850). The company has recognized long service remuneration provision for the employees as per the provisions of article 56 of the Timor-Leste Labor Law, which states that *“in case of termination of the employment contract the worker shall be entitled to compensation for length of service and that shall be the equivalent of 1 month’s salary for each 5-year period the worker has worked for the employer”*. Accordingly, the group has recorded the provisions for long term employee benefits of \$1,087,291 (2020:

\$1,379,127) as non-current liability and \$22,612 (2020: \$8,126) as current liability in accordance with the principles outlined in IAS-19 employee benefits (amended 2011, effective from 1 January, 2013) through conduction of Actuarial Valuation as of 31 December 2021. The standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance about post-employment benefits.

7.4.1.4. Project Expenses

The company’s project expense was primarily for covering project expenses such as negotiation of the Greater Sunrise Project, Bayu-Undan re-development project post-PSC 2022, development of other downstream businesses and services (initial capital for EDTL, E.P. fuel supply), Investment on Greater Sunrise PSC, TIMOR GAP’s investment on offshore exploration, TIMOR GAP’s investment on onshore exploration, investment on exploration (drilling) for PSC block TL-SO-T 19-11, new investment on two onshore blocks. Due to various internal and external factors, the project costs were not fully expensed in the year 2021 (i.e. 26.45%) and hence, in accordance with the provisions of IAS 20-“Accounting for Government grants and disclosure

of Government assistance”, which defines that Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Accordingly, the group has carried forward the project grants received from government to the extent of 73.56%, i.e. \$48,355,867. This has resulted in the income recognition of \$17,383,833 which is 26.45% of the total grant received in the year 2021 from Government. Hence, the total carryover budget for projects for the year 2021 is at \$48,355,867. The carryover of 2021 project budget i.e., \$48,355,867 is being treated as Deferred Income (Grant) which is captured in the liability section of the audited

financial position for the year 2021. The deferred grant income is further divided into current and non-current liability as \$22,355,867 and \$26,000,000 respectively as presented in the audited financial position for the year 2021.

7.4.1.5. Other Expenses

The most significant “other expenses” for the year ended 31 December 2021 for the company include the following items:

Particulars	Group		Company	
	2021	2020	2021	2020
Staff Training & Development Expenses	95,293	73,708	95,293	73,708
Rental Expenses	97,802	96,974	97,802	96,974
Telephone & Internet Expenses	81,331	101,686	81,331	101,586
Travel & Expenses	193,555	233,575	185,256	219,024
BOD Related Cost	23,130	24,000	3,000	2,500
Bank Charges	90,328	-	90,328	-
Repairs & Maintenance	553,188	350,555	551,756	347,547
Office Maintenance	183,305	57,103	182,629	55,629
General Overhead Expenses	611,538	200,195	606,262	175,050
Consultant Expenses	3,546,825	3,107,942	3,413,539	2,662,460
Total	5,476,295	4,245,738	5,307,196	3,734,478

Staff training and development expenses included majorly for training and education for software training for Bayu-Undan re-development project for upstream department and a part was expensed for recruitment charges for new incumbents.

Travel & expenses include the costs to attend field trips for new onshore block A in Lautem, fuel discharging in Same, fuel supply to EDTL, E.P. power plant in Betano, cemetery inauguration ceremony in Suai, site visit for geothermal survey, dialogues and communication with local authorities in Beaço, participation in the first onshore drilling in

Suai, etc.

The General Overhead Expenses are the expenditure for electricity, outsourced services like cleaning and security, minor equipment, organization promotion and other miscellaneous expenses.

Consultant costs include external third-party company consultants for Greater Sunrise technical studies, audit costs, legal consultancies and internal company functional support and service consultants.

7.5. Taxation

TIMOR GAP is subject to the Taxes and Duties Act of 2008. In the financial year 2021, the company has estimated the income tax expenses of \$674,992 (2020: \$755,917).

During the year, the company has timely paid withholding taxes to the extent of \$880,413 (2020: \$723,660) to Timor-Leste Tax Authority which is primarily deducted on wages and salaries paid to local employees, payments of rental fees and payments on non-resident suppliers and consultants at the prescribed rate as mentioned in the decree law of Timor-Leste. The company has recognized a liability towards company contribution of 6% on local employees' salaries and withholding tax

payable of \$113,751 (2020: \$372,552) which is already paid after the year end closing of financial year 2021.

The company has now assessed and paid all pending annual income taxes from the financial year 2017 until financial year 2020 of \$936,180 which is presented as “income taxes paid” in the cash flow from operating activities in the statement of cash flows for the year ended 31st December 2021. The company has assessed and provisioned for annual income tax payment for the year 2021 of \$674,992 as mentioned in the Note 25 “Provisions” in the notes to the audited financial statements for the financial year of 2021.

7.6. Statement of Financial Position

7.6.1. 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 Carrying amount of the intangible assets under development of Subsidiary Companies' (Greater Sunrise Group) are assessed by the management through a third-party valuer to determine whether there is any indication of impairment. As per IAS 36 - Impairment of Assets, Recoverable amount of an asset is higher of its "Fair Value Less Cost of Disposal" and its "Value in Use". If the Carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognized in the Statement of Profit and Loss. Pursuant to that, Impairment losses in financial

year 2020 and in 2021 were triggered by uncertainty of fiscal and regulatory regime of the Greater Sunrise Special Regime, uncertainty on the Joint Venture Partners (JVs) agreed development concept necessary for commercial development of the Greater Sunrise field, revision of the mid and long-term oil/gases prices, refining margin outlook reflecting the expected effects of the macroeconomic environment, COVID-19 pandemic and energy market demand and supply fundamentals. For the financial year of 2021, the management has re-evaluated the fair value & NPV workings and has observed no significant change in it. Hence, impairment is done in current year as well. Impairment losses recognised in statement of profit or loss in the current financial year amounts to \$ 1,690,632 (2020: \$673,566,114).

7.6.2. 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 \$55,379,499 (2020: \$3,472,469) and include fuel inventories of \$78,303 (2020: \$135,402), trade receivables of \$9,509,092 on account of pending payments yet to be received from EDTL, money margin deposits of \$9,900,000, other receivables of \$4,195,784 (2020:

\$606,822) and other refundable deposits of \$165,678 (2020: \$158,606). At year-end 2021, cash at the bank and on hand amounted to \$31,244,615 (2020: \$2,535,903).

As set out in Note 32 the financial statements have been prepared on the going concern basis, which assumes the realization of assets and the discharge.

7.6.3. Borrowing Costs

To mitigate the liquidity risk, the Group has borrowed the fund to the extent of \$650,000,000 in financial year 2019 from the Petroleum fund of Timor-Leste with longer moratorium period and expects to generate revenue by then to meet its obligation. 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 9th April 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 capitalized in the Balance Sheet as non-current financial liability for the financial year 2021. The borrowing cost for financial year 2021 was reported at \$732,974,005 (2020: \$701,350,000).

7.6.4. Earnings and Equity

The company recorded a net profit of \$7,713,172 (2020: \$5,457,910), (Group Loss of -\$26,409,963; 2020: -\$698,980,722) during the year ended December 31, 2021. The increase in net loss in the financial year 2021, is primarily due to impairment losses recognized as per the provisions of IAS-36 of International Accounting Standard.

The company had recorded an equity of \$23,808,051 (2020: \$15,990,736) while the group equity stands at -\$728,374,304 (2020: -\$702,064,682). The decrease in the equity is majorly due to recognition of impairment losses on Greater Sunrise intangible assets, and annual compound interest charges on loan from petroleum fund.

TIMOR GAP is heavily reliant on Government grants to sustain its operations and to carry out project expenditures until the company grows its business and starts its main oil extraction to become sufficiently self-funding. In this

phase of its business growth, development expenditures can be less predictable as the company pursues opportunities in line with TIMOR GAP's vision for the oil and gas industry in Timor-Leste.



8. Financial Statements



TIMOR GAP, E.P.**Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2021****Amount in USD**

Particulars	Notes	Group		Company	
		Year ended 31 Dec'21	Year ended 31 Dec'20	Year ended 31 Dec'21	Year ended 31 Dec'20
Revenue					
Revenue from contract with customers	4	20,665,059	178,111	20,665,059	147,914
Other income	5	17,411,308	15,291,544	17,566,179	15,494,724
Revenue (A)		38,076,367	15,469,655	38,231,238	15,642,638
Purchase of Stock of Fuel		20,034,982	116,663	20,034,982	116,663
(Increase)/decrease in inventory	6	57,099	(41,318)	57,099	(41,318)
Employee Costs	7	4,249,097	4,745,081	3,885,345	4,422,850
Finance Cost	8	31,705,202	29,841,722	81,198	104,221
Impairment Expense	11	1,690,632	673,566,114	-	-
Depreciation and amortization expense	10	904,967	1,027,368	894,560	1,015,206
Other expenses	9	5,586,665	4,356,108	5,307,196	3,734,478
Total Expense (B)		64,228,644	713,611,738	30,260,380	9,352,100
Operating Profit/(Loss) (C)=(A-B)		(26,152,277)	(698,142,082)	7,970,858	6,290,538
Profit/(Loss) on Sale/Dissolution of Joint Venture (D)		-	(6,012)	-	-
Profit/(Loss) before tax (E) = (C+D)		(26,152,277)	(698,148,094)	7,970,858	6,290,538
Tax expense					
Income tax expense		674,992	755,917	674,992	755,917
Income tax expense (earlier years)		(452,859)	76,133	(452,859)	76,133
Deferred tax charge/(Credit) (Refer Note 19)		35,553	578	35,553	578
Total Tax Expense (F)		257,686	832,628	257,686	832,628
Profit/(Loss) after tax (G)= (E-F)		(26,409,963)	(698,980,722)	7,713,172	5,457,910
Other Comprehensive Income (H)		-	-	-	-
<u>Items that will not be reclassified to profit or loss:</u>					
Remeasurement gain/(loss) on defined benefit plans (net)		115,715	-	115,715	-
Income tax effect on above		(11,572)	-	(11,572)	-
Total Other Comprehensive Income (H)		104,143	-	104,143	-
Total Comprehensive Profit/(Loss) (I)= (G+H)		(26,305,820)	(698,980,722)	7,817,315	5,457,910
Total Profit/(Loss) attributable to :					
Timor GAP, E.P		(26,417,049)	(698,983,047)	-	-
Non-Controlling Interest		7,086	2,325	-	-
Total Comprehensive Profit/(Loss) attributable to :					
TIMOR GAP, E.P		(26,312,906)	(698,983,047)	-	-
Non-Controlling Interest		7,086	2,325	-	-

See accompanying notes to the financial statements 1-40

TIMOR GAP, E.P.**Statement of financial position as at 31st December 2021****Amount in USD**

Particulars	Notes	Group		Company	
		As at 31 Dec'21	As at 31 Dec'20	As at 31 Dec'21	As at 31 Dec'20
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,376,417	1,519,369	1,340,345	1,472,890
Right-of-use assets	10	1,483,970	2,004,407	1,483,970	2,004,407
Capital Work in progress		187,224	187,224	187,224	187,224
Intangible assets	10	408,889	348,559	408,889	348,559
Intangible assets under development	11	-	-	-	-
Financial assets					
Investments	12	-	-	1,170,196	791,831
Loans	13	-	-	17,091,248	15,433,632
Total non-current assets		3,456,500	4,059,559	21,681,872	20,238,543
Current assets					
Inventories	14	78,303	135,402	78,303	135,402
Financial assets					
Trade receivables	15	9,564,877	210,197	9,509,092	-
Cash and cash equivalents	16	34,503,510	3,336,833	31,244,615	2,535,903
Other financial assets	17	10,207,339	176,161	14,261,462	765,428
Other current assets	18	286,725	35,736	286,027	35,736
Total current assets		54,640,754	3,894,329	55,379,499	3,472,469
Total assets		58,097,254	7,953,888	77,061,371	23,711,012
LIABILITIES AND EQUITY					
Liabilities					
Non-current liabilities					
Deferred Tax Liability (Net)	19	81,985	34,860	81,985	34,860
Financial Liabilities					
Borrowings	20	732,974,005	701,350,000	-	-
Lease Liabilities		1,043,119	1,568,978	1,043,119	1,568,978
Provisions	21	1,087,291	1,379,127	1,087,291	1,379,127
Other non-current liabilities	22	26,000,000	-	26,000,000	-
Total non-current liabilities		761,186,400	704,332,965	28,212,395	2,982,965
Current liabilities					
Financial Liabilities					
Borrowings		-	-	-	-
Trade payables	23	503,174	2,203,123	486,729	1,569,308
Lease Liabilities		525,859	524,167	525,859	524,167
Other financial liabilities	24	15	-	5,000	-
Provisions	25	896,098	1,595,899	697,604	1,400,165
Other current liabilities	26	23,360,012	1,362,416	23,325,733	1,243,671
Total current liabilities		25,285,158	5,685,605	25,040,925	4,737,311
Total liabilities		786,471,558	710,018,570	53,253,320	7,720,276
Equity					
Contributed Capital	27	2,500,000	2,500,000	2,500,000	2,500,000
Retained Earnings	27	(731,098,205)	(704,785,299)	21,308,051	13,490,736
Non- Controlling Interest		223,901	220,617	-	-
Total equity		(728,374,304)	(702,064,682)	23,808,051	15,990,736
Total equity and liabilities		58,097,254	7,953,888	77,061,371	23,711,012

See accompanying notes to the financial statements 1-40

TIMOR GAP, E.P.
Statement of changes in equity for the year ended 31st December 2021
Amount in USD

A. Contributed Capital

Particulars	Group		Company	
	2021	2020	2021	2020
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

B. Retained Earnings

Particulars	Group		Company	
	2021	2020	2021	2020
Balance at the beginning of the year	(704,785,299)	(5,802,252)	13,490,736	8,032,826
Profit/(Loss) for the year	(26,417,049)	(698,983,047)	7,713,172	5,457,910
Other comprehensive income	104,143	-	104,143	-
Total comprehensive income for the year	(26,312,906)	(698,983,047)	7,817,315	5,457,910
Balance as at the end of the year	(731,098,205)	(704,785,299)	21,308,051	13,490,736

C. Non-Controlling Interest

Particulars	Group		Company	
	2021	2020	2021	2020
Balance at the beginning of the year	220,617	218,292	-	-
On Reclassification of associates to subsidiaries #	-	-	-	-
Dividend Paid	-	-	-	-
Total comprehensive income for the year	7,086	2,325	-	-
Payment to Non-Controlling Interests	(3,802)	-	-	-
Balance as at the end of the year	223,901	220,617	-	-

See accompanying notes to the financial statements 1-40

TIMOR GAP, E.P.
Statement of cash flows for the year ended 31st December 2021
Amount in USD

Particulars	Group		Company	
	Year ended 31 Dec'21	Year ended 31 Dec'20	Year ended 31 Dec'21	Year ended 31 Dec'20
Cash flow from operating activities				
Operating Profit / (Loss)	(26,152,277)	(698,148,094)	7,970,858	6,290,538
Adjustments for:				
Depreciation expenses	904,967	1,027,368	894,560	1,015,206
Impairment expenses	1,690,632	673,566,114	-	-
Interest expense adjustment	31,624,004	29,737,500	-	-
Finance Cost on right to use liabilities	81,198	104,221	81,198	104,221
Bad Debts / Provision for baddebts	-	603	-	603
Profit on sale of PPE	-	-	-	-
Interest income	(7,464)	(6,768)	(182,247)	(88,889)
Loss from investment in associate	-	6,012	-	-
Increase / (Decrease in trade payables	(1,699,949)	(3,890,072)	(1,082,580)	(2,353,473)
Increase / (Decrease) in other current financial liabilities	15	-	5,000	-
Increase / (Decrease) in other current liabilities	21,997,596	(22,544)	22,082,062	(78,565)
Increase / (Decrease) in provisions	(161,635)	829,955	(161,635)	829,955
Increase / (Decrease) in Other non-current liabilities	26,000,000	-	26,000,000	-
(Increase) / Decrease in Trade receivables	(9,354,682)	(210,197)	(9,509,092)	(603)
(Increase) / Decrease in loan	-	-	(1,657,615)	(1,826,607)
(Increase) / Decrease in other financial assets	(10,031,178)	302,245	(13,496,034)	(281,203)
(Increase) / Decrease in Inventory	57,099	(41,318)	57,099	(41,318)
(Increase) / Decrease in other current assets	(272,096)	43,419	(271,398)	41,072
Income tax paid	(936,419)	-	(939,180)	-
Net cash flows provided by (used in) operating activities (A)	33,739,811	3,298,444	29,790,996	3,610,937
Cash flow from Investing activities				
Payment for property, plant and equipment and intangible assets	(1,971,431)	(386,180)	(280,801)	(417,000)
Investment in subsidiaries	-	-	(378,365)	(426,461)
Interest income	7,464	6,768	182,247	88,889
Proceed from dissolution of Investment	-	121,059	-	-
Proceed from sale of property, plant and equipment	-	-	-	-
Net cash flow provided by (used in) investing activities (B)	(1,963,967)	(258,353)	(476,919)	(754,572)
Cash flow from Financing activities				
Proceeds from long-term borrowings	-	-	-	-
Expenditure on borrowings	-	(276,014)	-	-
Payment of lease liabilities	(605,365)	(605,364)	(605,365)	(605,364)
Payment to Non-Controlling Interest	(3,802)	-	-	-
Net cash flow provided by (used in) financing activities (C)	(609,167)	(881,378)	(605,365)	(605,364)
Net increase in cash and cash equivalents (A+B+C)	31,166,677	2,158,714	28,708,712	2,251,000
Cash and cash equivalents at the beginning of the year	3,336,833	1,178,119	2,535,903	284,903
Cash and cash equivalents at the beginning of the year of associates classified as subsidiaries	-	-	-	-
Cash and cash equivalents at the end of the year	34,503,510	3,336,833	31,244,615	2,535,903

See accompanying notes to the financial statements 1-40

Notes to Financial Statements

Amount in USD

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 2021 were authorised for issue in accordance with a resolution of the directors on June 23, 2022.

b. Group Information

The Consolidated financial statements of the Group include:

Subsidiaries:

Name	Principal Activities	Place of incorporation	Ownership interest	
			2021	2020
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	100%	51%
TIMOR GAP Seismic Services, Unipessoal, Lda.	Seismic Survey Services	Democratic Republic of Timor-Leste	60%	60%
TIMOR GAP Pualaca, Unipessoal Lda.	Hydrocarbons Exploration	Democratic Republic of Timor-Leste	100%	-

* Referred as Greater Sunrise Group

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 2021. 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 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. (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. Unrecognized 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 recognizes 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 are 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 the financial year 2019, the useful life is determined based on technical estimate and align with the public ruling issued by Ministry of Finance, Republic of Timor-Leste, which are as follows:

Asset Class	Useful Life (Years)	Residual Value
Building	20	20%
Leasehold Improvements	7	20%
Machinery & Equipment	10	20%
Furnitures & Fittings	8	NIL
Vehicles	6	20%
Computer Hardware	3	NIL
Computer Software	3	NIL
Office Equipment	4	NIL
Other Intangible Assets	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 recognizes 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 in substance 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, IAS 16 is applied only to contracts that were previously identified as leases under IAS 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 is 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 whenever 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 equipment's) 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 companies 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.

The company assesses at each reporting date, whether any previously recognized impairment loss may be reversed either wholly or partially, if there exists any indication of reversals such as certainty of fiscal & regulatory framework of Greater Sunrise Special Regime, certainty of the agreed development concept approved by Greater Sunrise Special Regime Governance Board, favorable macro-economic factors, rising commodity prices etc. In such a case, the Company formally estimates the asset's recoverable amount and recognizes the assets at recoverable value / reverses the past impairment. There are constraints on the amount of a reversal of an impairment loss that can be recognised.

A reversal is limited to the lower of the:

- recoverable amount;
- carrying amount of the asset, net of amortisation or depreciation, had no impairment been recognised.

A reversal of an impairment loss for an asset measured at cost is recognised in P/L. In contrast, the reversal of an impairment loss for an asset measured at a revalued amount (such as property, plant and equipment measured at fair value) is recognised as a reversal of a revaluation decrement.

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**ii(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.

ii(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.

Long Term Remuneration Service:

The company has a defined benefit obligation plan. Every employee who has completed five years or more of service is entitled to Long Term Service Remuneration. This is an unfunded plan.

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

New standards that have been adopted in the annual financial statements for the year ended 31 December 2021, but did not have a significant effect on the Company are:

1. Definition of a Business (Amendments to IFRS 3);
2. COVID-19-Related Rent Concessions (Amendments to IFRS 16);
3. Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
4. Definition of Material (Amendments to IAS 1 & IAS 8).

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. The following amendments are effective for the period **beginning 1 January 2022**:

1. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
2. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
3. Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
4. References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period **beginning 1 January 2023**:

1. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
2. Definition of Accounting Estimates (Amendments to IAS 8);
3. Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
4. IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

Further, in January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023. The Company presently does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

The management is currently assessing the impact of these new accounting standards and amendments.

4. Revenue from Contracts with Customers

Particulars	Group		Company	
	2021	2020	2021	2020
Income from fuel trading business	20,665,059	147,914	20,665,059	147,914
Income from Seismic Service	-	30,197	-	-
	20,665,059	178,111	20,665,059	147,914

5. Other Income

Particulars	Group		Company	
	2021	2020	2021	2020
Assistance received from Government	17,383,833	15,227,966	17,383,833	15,227,966
Dividend Income	-	-	-	121,059
Interest Income	7,464	6,768	182,247	88,889
Other Income	20,011	56,810	99	56,810
	17,411,308	15,291,544	17,566,179	15,494,724

6. (Increase)/decrease in inventory

Particulars	Group		Company	
	2021	2020	2021	2020
Opening stock of fuel	135,402	94,084	135,402	94,084
Closing stock of fuel	78,303	135,402	78,303	135,402
	57,099	(41,318)	57,099	(41,318)

7. Employee Costs

Particulars	Group		Company	
	2021	2020	2021	2020
Employee benefit expenses (including directors) comprise:	-	-	-	-
Wages and salaries	4,117,005	3,799,553	3,788,585	3,495,356
Defined contribution pension cost	225,755	210,788	209,234	192,754
Other long-term employee benefits	(127,482)	690,136	(145,463)	690,136
Staff Welfare	33,819	44,604	32,989	44,604
	4,249,097	4,745,081	3,885,345	4,422,850

8. Finance Cost

Particulars	Group		Company	
	2021	2020	2021	2020
Interest Expense	31,624,004	29,737,501	-	-
Finance Cost on lease Liabilities	81,198	104,221	81,198	104,221
	31,705,202	29,841,722	81,198	104,221

9. Other Expenses

Particulars	Group		Company	
	2021	2020	2021	2020
Staff Training & Development Expenses	95,293	73,708	95,293	73,708
Rental Expenses	97,802	96,974	97,802	96,974
Telephone & Internet Expenses	81,331	101,686	81,331	101,586
Travel & Expenses	193,555	233,575	185,256	219,024
BOD Related Cost	23,130	24,000	3,000	2,500
Bank Charges	90,328	-	90,328	-
Repairs & Maintenance	553,188	350,555	551,756	347,547
Office Maintenance	183,305	57,103	182,629	55,629
General Overhead Expenses	611,538	200,195	606,262	175,050
Consultant Expenses	3,546,825	3,107,942	3,413,539	2,662,460
Subsurface Rental Fee	110,370	110,370	-	-
Total	5,586,665	4,356,108	5,307,196	3,734,478

10. Property, plant and equipment**Group**

Particulars	Tangible							Intangible			
	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 2021	539,463	810,632	667,690	547,503	247,043	465,123	895,701	4,173,154	1,984,478	1,984,478	3,073,423
Additions	-	-	-	-	1,324	3,929	27,591	32,844	247,957	247,957	21,107
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2021	539,463	810,632	667,690	547,503	248,367	469,052	923,292	4,205,998	2,232,435	2,232,435	3,094,530
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2021	497,148	119,028	486,019	98,782	204,778	423,739	824,291	2,653,785	1,635,919	1,635,919	1,069,016
Charge for the year	-	61,496	24,395	25,478	17,585	6,108	40,734	175,796	187,627	187,627	541,544
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2021	497,148	180,524	510,414	124,260	222,363	429,847	865,025	2,829,581	1,823,546	1,823,546	1,610,560
Net Book Value:											
31st December 2021	42,315	630,108	157,276	423,243	26,004	39,205	58,267	1,376,417	408,889	408,889	1,483,970
Particulars	Tangible							Intangible			
	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 2020	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
Additions	47,060	-	-	-	13,866	25,135	25,907	111,968	280,545	280,545	-
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2020	539,463	810,632	667,690	547,503	247,043	465,123	895,701	4,173,154	1,984,478	1,984,478	3,073,423
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2020	492,403	81,422	466,363	87,407	183,542	418,805	754,455	2,484,397	1,350,329	1,350,329	496,626
Charge for the year	4,745	37,606	19,656	11,375	21,236	4,934	69,836	169,388	285,590	285,590	572,390
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2020	497,148	119,028	486,019	98,782	204,778	423,739	824,291	2,653,785	1,635,919	1,635,919	1,069,016
Net Book Value											
31st December 2020	42,315	691,604	181,671	448,721	42,265	41,384	71,410	1,519,369	348,559	348,559	2,004,407

For the period ended 31 December 2021 and 2020, 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.

10. Property, plant and equipment

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 2021	539,463	810,632	614,690	547,503	243,276	463,496	876,201	4,095,261	1,984,478	1,984,478	3,073,423		
Additions	-	-	-	-	1,324	3,929	27,591	32,844	247,957	247,957	21,107		
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance at 31st Dec 2021	539,463	810,632	614,690	547,503	244,600	467,425	903,792	4,128,105	2,232,435	2,232,435	3,094,530		
Accumulated depreciation/amortisation/impairment													
Opening Balance as at 1st January 2021	497,148	119,028	474,360	98,782	199,381	423,157	810,516	2,622,371	1,635,919	1,635,919	1,069,016		
Charge for the year	-	61,496	17,328	25,478	17,585	5,905	37,596	165,389	187,627	187,627	541,544		
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance at 31st Dec 2021	497,148	180,524	491,688	124,260	216,966	429,062	848,112	2,787,760	1,823,546	1,823,546	1,610,560		
Net Book Value:													
31st December 2021	42,315	630,108	123,002	423,242	27,634	38,363	55,680	1,340,345	408,889	408,889	1,483,970		
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 2020	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		
Additions	47,060	-	-	-	10,999	25,135	25,907	109,101	280,545	280,545	-		
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance at 31st Dec 2020	539,463	810,632	614,690	547,503	243,276	463,496	876,201	4,095,261	1,984,478	1,984,478	3,073,423		
Accumulated depreciation/amortisation/impairment													
Opening Balance as at 1st January 2020	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		
Charge for the year	4,745	37,606	12,590	11,375	16,344	4,731	69,836	157,226	285,590	285,590	572,390		
Deductions/ adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance at 31st Dec 2020	497,148	119,028	474,360	98,782	199,381	423,157	810,516	2,622,371	1,635,919	1,635,919	1,069,016		
Net Book Value:													
31st December 2020	42,315	691,604	140,330	448,721	43,895	40,339	65,685	1,472,890	348,559	348,559	2,004,407		

For the period ended 31 December 2021 and 2020, 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.

11. Intangible Assets Under Development

Particulars	Group		Company	
	2021	2020	2021	2020
Cost (Refer Note 34)				
Opening Balance	673,566,114	673,290,100	-	-
Expenditure during the year	1,690,632	276,014	-	-
Closing Balance	675,256,746	673,566,114	-	-
Accumulated Impairment				
Opening Balance	673,566,114	-	-	-
Provided during the year	1,690,632	673,566,114	-	-
Closing Balance	675,256,746	673,566,114	-	-
Carrying Amount	-	-	-	-

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.

Impairment Testing and Calculation

The Carrying amount of the intangible assets under development of Subsidiary Companies' (Greater Sunrise Group) are assessed by the management through a third-party valuer to determine whether there is any indication of Impairment. As per IAS 36 - Impairment of Assets, Recoverable amount of an asset is higher of its Fair Value Less Cost of Disposal and its Value in Use. If the Carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the Statement of Profit and Loss.

Impairment losses in financial year 2020 were triggered by uncertainty of fiscal and regulatory regime of the Greater Sunrise Special Regime, uncertainty on the Joint Venture Partners (JVs) agreed development concept necessary for commercial development of the Greater Sunrise field, revision of the mid and long-term oil/gases prices, refining margin outlook reflecting the expected effects of the macroeconomic environment, COVID-19 pandemic and energy market demand and supply fundamentals. Impairment losses recognised in statement of profit or loss during the year amounts to \$673,566,114.

For impairment testing purposes, the respective carrying amounts of intangible assets were compared with their value in use, as Fair Value Less cost of disposal could not be determined in absence of any comparable transaction. Cash flow projections used in the determination of value in use were made using management's forecasts of commodity prices, contingent resources, production, market supply and demand, potential costs associated with operational product margins including forecast refining margins and expected production volumes. Net Present Values are discounted at the estimated WACC of 13.55% p.a. at the various levels of uncertainty as of 31 December 2020. This resulted in negative NPV and hence the entire amount of intangible asset is impaired.

Oil and gas price assumptions applied for impairment testing are reviewed and, where necessary, adjusted on a periodic basis. Reviews include comparison with available market data and forecasts that reflect developments in demand such as global economic growth, technology efficiency, policy measures and, in supply, consideration of investment and resource potential, cost of development of new supply, and behavior of major resource holders. Prices are adjusted for premiums and discounts based on the nature and quality of the product. The near-term commodity price assumptions applied in impairment testing in 2021 were as follows:

Table 11.1 - Assumed Brent crude oil price deck

Brent Assumptions (\$/bbl)	2021	2022	2023	2024	2025
Real (Constant \$, 2021)	50	53	55	56	56
Nominal (\$ of the day)	50	54	58	60	61

Table 11.2 - Assumed LNG Price

LNG Price Assumptions (US\$/MMBtu)	2021	2022	2023	2024	2025
Real (Constant, 2021)	7.00	7.36	7.60	7.72	7.72
Nominal (\$ of the day)	7.36	7.75	8.03	8.19	8.36

For periods after fiscal year 2024, the real-term long term price assumptions applied were \$56 per barrel (\$/bbl) for Brent Crude Oil and \$7.72 per million British thermal units (US\$/MMBtu) for LNG, both at real-terms 2021.

For the Financial Year 2021, the management has re-evaluated the fair value & NPV workings and has observed no significant change in it. Hence, impairment is done in current year as well. Impairment losses recognised in statement of profit or loss in the current financial year amounts to \$1,690,632.

Sensitivity Analysis

Since the Value in Use is negative, the sensitivities do not have any impact on the Impairment for the current year.

12. Investments

Particulars	Group		Company	
	2021	2020	2021	2020
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	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 Chuditch, Unipessoal, Lda.	-	-	5,000	5,000
TIMOR GAP GREATER SUNRISE RL2	-	-	5,000	5,000
TIMOR GAP GREATER SUNRISE RL	-	-	5,000	5,000
TIMOR GAP GREATER SUNRISE 03-19	-	-	5,000	5,000
TIMOR GAP GREATER SUNRISE 03-20	-	-	5,000	5,000
TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	5,000	-
Investment in Subsidiaries on Fair Value Accounting*				
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda.	-	-	398,844	327,201
TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda. (SPV)	-	-	703,352	401,630
	-	-	1,170,196	791,831

* The parent company has given loan to TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda. and TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda. (SPV). The loan is interest free and repayable when the subsidiaries starts generating revenue from onshore and offshore blocks, respectively. Thus, the investment is on account of fair valuation accounting of loan given.

13. Loans

Particulars	Group		Company	
	2021	2020	2021	2020
Loans to subsidiaries	-	-	17,360,202	15,702,586
Less: Impairment on loan	-	-	(268,954)	(268,954)
	-	-	17,091,248	15,433,632

Movements in the impairment allowance on loan are as follows:

Particulars	Group		Company	
	2021	2020	2021	2020
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)

14. Inventory

Particulars	Group		Company	
	2021	2020	2021	2020
Inventory – Fuel	78,303	135,402	78,303	135,402
	78,303	135,402	78,303	135,402

15. Trade receivables (at amortised cost)

Particulars	Group		Company	
	2021	2020	2021	2020
Trade receivables**	9,565,480	210,800	9,509,695	603
Less: Provision for impairment of Trade Receivables	(603)	(603)	(603)	(603)
	9,564,877	210,197	9,509,092	-

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

Particulars	Group		Company	
	2021	2020	2021	2020
Opening provision for impairment of Trade Receivables	603	4,615	603	4,615
Add: Increase/(decrease) during the year	-	(4,012)	-	(4,012)
Less: Receivables written off during the year as uncollectible	-	-	-	-
Closing provision for impairment of Trade Receivables	603	603	603	603

16. Cash and cash equivalents

Particulars	Group		Company	
	2021	2020	2021	2020
Cash in hand	8,289	4,768	6,291	3,028
Cash in Bank	34,495,221	3,332,065	31,238,324	2,532,875
	34,503,510	3,336,833	31,244,615	2,535,903

17. Other financial assets

Particulars	Group		Company	
	2021	2020	2021	2020
Margin Money Deposits	9,900,000	-	9,900,000	-
Other receivables	141,661	17,555	4,195,784	606,822
Refundable Deposits - Others	165,678	158,606	165,678	158,606
	10,207,339	176,161	14,261,462	765,428

Refer related party disclosures.

Other receivables are generally receivable on demand and are non-interest bearing.

18. Other Current Assets

Particulars	Group		Company	
	2021	2020	2021	2020
Prepaid Expenses	286,725	35,736	286,027	35,736
	286,725	35,736	286,027	35,736

19. 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	
	2021	2020	2021	2020
Deferred tax Liabilities:				
- Net Block of Property, Plant & Equipments	174,923	182,145	174,923	182,145
- Others	26,553	13,540	26,553	13,540
	201,476	195,685	201,476	195,685
Deferred tax Assets:				
- Carried forwards tax losses	-	-	-	-
- Provisions	(110,990)	(138,725)	(110,990)	(138,725)
- Others	(8,501)	(22,100)	(8,501)	(22,100)
	(119,491)	(160,825)	(119,491)	(160,825)
Deferred tax (Asset)/Liability	81,985	34,860	81,985	34,860

The Group has not recognised the deferred tax assets amounting to \$9,210,966 on the losses incurred in current year on prudent basis. These unused tax losses amounting to \$34,140,769 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	
	2021	2020	2021	2020
Profit Before Tax	(26,152,277)	(698,148,094)	7,970,858	6,290,538
Enacted Tax Rate in Timor-Leste	10%	10%	10%	10%
Computed Expected Tax Payable	-	-	797,086	629,054
Add: Expenses disallowed under Income Tax Act	-	-	13,830	96,969
Add: Difference between tax depreciation and book depreciation	-	-	61,376	62,556
Excess allowance of Tax depreciation resulting in taxable loss	-	-	-	-
Add: Parent's/Subsidiary's Profit included in group loss Chargeable to Tax	674,992	755,917	-	-
Add: Others	-	-	(197,300)	(32,662)
Income Tax Expense	674,992	755,917	674,992	755,917

20. Borrowings (at amortized cost)

Particulars	Group		Company	
	2021	2020	2021	2020
Loan from Related Party	-	-	-	-
Loan from Banco Central de Timor-Leste (BCTL)*	732,974,005	701,350,000	-	-
	732,974,005	701,350,000	-	-

* Loan is taken from Banco Central de Timor-Leste (BCTL) on behalf of 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-34. 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 9th April 2028.

21. Provisions

Particulars	Group		Company	
	2021	2020	2021	2020
Provision for long term employee benefits	1,087,291	1,379,127	1,087,291	1,379,127
	1,087,291	1,379,127	1,087,291	1,379,127

22. Other Non-Current Liabilities

Particulars	Group		Company	
	2021	2020	2021	2020
Deferred Grant*	26,000,000	-	26,000,000	-
	26,000,000	-	26,000,000	-

* Refer Note 39 for the details.

23. Trade payables

Particulars	Group		Company	
	2021	2020	2021	2020
Trade payables	503,174	2,203,123	486,729	1,569,308
	503,174	2,203,123	486,729	1,569,308

24. Other Financial Liabilities

Particulars	Group		Company	
	2021	2020	2021	2020
Other payables	15	-	-	-
Payable to Related Party	-	-	5,000	-
	15	-	5,000	-

Refer related party disclosures.

Other payable is generally payable on demand and are non-interest bearing.

25. Provisions

Particulars	Group		Company	
	2021	2020	2021	2020
Provision for long term employee benefits	22,612	8,126	22,612	8,126
Provision for Income Tax	873,486	1,587,773	674,992	1,392,039
	896,098	1,595,899	697,604	1,400,165

26. Other Current Liabilities

Particulars	Group		Company	
	2021	2020	2021	2020
Deferred Income (Prepaid Vouchers)	20,882	35,886	20,882	35,886
Dues payable to Government	148,030	491,297	113,751	372,552
Deferred Grant*	22,355,867	-	22,355,867	-
Advance received from Government for Project Work	835,233	835,233	835,233	835,233
	23,360,012	1,362,416	23,325,733	1,243,671

* Refer Note 39 for the details.

27. Contributed Capital and Retained Earning

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

28. Contingent Liability

There is no contingent liability as on 31 December 2021 and corresponding previous year ended 31 December 2020.

29. 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 be able to meet its obligations. To mitigate the risk the Group has borrowed the fund from the Petroleum fund of Timor-Leste with longer moratorium 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 include 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 be 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:

Period	Group		Company
	Lease liability	Borrowings	Lease liability
Within 1 Year	525,859	-	525,859
From 2nd to 5th Year	1,043,119	-	1,043,119
From 9th to 18th Year	-	732,974,005	-

30. Leases where Group and Company are lessee

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

Particulars	Group		Company	
	2021	2020	2021	2020
Opening Balance	2,004,407	2,576,797	2,004,407	2,576,797
Add: Additions	21,107	-	21,107	-
Less: Deletion	-	-	-	-
Less: Depreciation	(541,544)	(572,390)	(541,544)	(572,390)
Closing Balance	1,483,970	2,004,407	1,483,970	2,004,407

(ib) Changes in the Lease liabilities

Particulars	Group		Company	
	2021	2020	2021	2020
Opening Balance	2,093,144	2,594,288	2,093,143	2,594,288
Add: Interest Expense	81,199	104,221	81,199	104,221
Less: Lease Payments	(605,365)	(605,365)	(605,365)	(605,365)
Closing Balance	1,568,978	2,093,144	1,568,978	2,093,144

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

Particulars	Group		Company	
	2021	2020	2021	2020
Current Lease Liabilities	525,859	524,167	525,859	524,167
Non-current Lease Liabilities	1,043,119	1,568,978	1,043,119	1,568,978
Total	1,568,978	2,093,145	1,568,978	2,093,145

(iii) Amounts recognised in Statement of Profit and Loss Account

Particulars	Group		Company	
	2021	2020	2021	2020
Interest on Lease Liabilities	81,199	104,221	81,199	104,221
Low-value leases expensed	97,802	96,974	97,802	96,974

31. Fair Value Hierarchy

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

31st December 2021	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	9,564,877	9,564,877
Cash and cash equivalents	34,503,510	-	-	34,503,510
Loans	-	-	-	-
Other financial assets	-	-	10,207,339	10,207,339
	34,503,510	-	19,772,216	54,275,726
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	732,974,005	732,974,005
Lease Liabilities	-	-	1,568,978	1,568,978
Trade payables	-	-	503,174	503,174
Other financial liabilities	-	-	-	-
	-	-	735,046,157	735,046,157

31st December 2020	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	210,197	210,197
Cash and cash equivalents	3,336,833	-	-	3,336,833
Loans	-	-	-	-
Other financial assets	-	-	176,161	176,161
	3,336,833	-	386,358	3,723,191
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	701,350,000	701,350,000
Lease Liabilities	-	-	2,093,145	2,093,145
Trade payables	-	-	2,203,123	2,203,123
Other financial liabilities	-	-	-	-
	-	-	705,646,268	705,646,268

- 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 2021	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	9,509,092	9,509,092
Cash and cash equivalents	31,244,615	-	-	31,244,615
Loans	-	-	17,091,248	17,091,248
Other financial assets	-	-	14,261,462	14,261,462
	31,244,615	-	40,861,802	72,106,417
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	-	-
Lease Liabilities	-	-	1,568,978	1,568,978
Trade payables	-	-	486,729	486,729
Other financial liabilities	-	-	5,000	5,000
	-	-	2,060,707	2,060,707

31st December 2020	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	-	-
Cash and cash equivalents	2,535,903	-	-	2,535,903
Loans	-	-	15,433,632	15,433,632
Other financial assets	-	-	765,428	765,428
	2,535,903	-	16,199,060	18,734,963
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	-	-
Lease Liabilities	-	-	2,093,145	2,093,145
Trade payables	-	-	1,569,308	1,569,308
Other financial liabilities	-	-	-	-
	-	-	3,662,453	3,662,453

Equity investment in subsidiaries included in note no 12 are carried at cost as per IAS 27 "Separate Financial Statement" and hence are not required to be disclosed as per IFRS 7 "Financial Instruments Disclosure". Hence the same has not been disclosed in the above table.

32. 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 statement has been prepared on a going concern basis.

33. 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.

Particulars	Year ended December 31, 2021	Year ended December 31, 2020
1. Segment Revenue (Gross)		
a) Hydrocarbon	-	30,197
b) Trading of Fuel	20,665,059	147,914
Total Segmental Revenue	20,665,059	178,111
Add: Un-Allocated Revenue	-	-
Less: Inter-Segmental Revenue	-	-
Total Revenue	20,665,059	178,111
2. Other Income		
a) Hydrocarbon	-	-
b) Trading of Fuel	-	-
Total Other Income	-	-
Add: Un-Allocated Income	17,411,308	15,291,544
Total Other Income	17,411,308	15,291,544
3. Segment Expenses		
a) Hydrocarbon	11,138,709	682,667,303
b) Trading of Fuel	20,479,766	75,345
Total Expenses	31,618,475	682,742,648
Add: Un-Allocated Expenses	32,610,169	30,869,090
Total Expenses	64,228,644	713,611,738
4. Segment profit / (loss) (before tax and finance cost)		
a) Hydrocarbon	(11,138,709)	(682,637,106)
b) Trading of Fuel	185,293	72,569
Total Segment profit / (loss) (before tax and finance cost)	(10,953,416)	(682,564,537)
Add: Un-allocated Profit & Loss	(15,198,861)	(15,577,546)
Profit/(Loss) before Tax	(26,152,277)	(698,142,082)
5. Segment Assets		
a) Hydrocarbon	-	-
b) Trading of Fuel	19,543,180	345,599
Total Segment Assets	19,543,180	345,599
Add: Un-allocated Assets	38,554,074	7,608,289
Total Assets	58,097,254	7,953,888
6. Segment Liabilities		
a) Hydrocarbon	-	-
b) Trading of Fuel	20,882	35,886
Total Segment Liabilities	20,882	35,886
Add: Un-allocated Liabilities	786,450,676	709,982,684
Total Liabilities	786,471,558	710,018,570

34. 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 \$651,677,600. The transaction was completed during the financial year 2019 with effective date of April 16, 2019.

Refer Note 11 for details with respect to impairment.

35. 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 2021 and 2020.

36. Employee Benefits

The company has a defined benefit obligation plan. Every employee who has completed five years or more of service is entitled to Long Term Service Remuneration. This is an unfunded plan.

Details of the Gratuity Benefit are as follows:

(i) Changes in the present value of Defined Benefit Obligations are as follows:

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
Opening Balance	875,725	-
Current Service Cost	80,698	123,289
Interest Cost	12,689	-
Past Service Cost	-	762,436
Actuarial (gains)/losses from financial assumptions	(292,034)	-
Actuarial (gains)/losses from demographic assumptions	178,180	-
Actuarial (gains)/losses from experience assumptions	(1,861)	-
Benefits paid	(12,014)	(10,000)
Closing Balance	841,383	875,725

(ii) Changes in the fair value of plan assets

As the company's Gratuity obligation is unfunded, disclosures related to plan assets and its reconciliation to present value of defined benefit obligation are not applicable.

(iii) Expense Recognized in Statement of Profit and Loss

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
a. Current service cost	80,698	123,289
b. Interest cost	12,689	
c. Past service cost	-	762,436
Benefit Cost (Expense Recognized in Statement of Profit/loss)	93,387	885,725

(iv) Expense Recognized in Other Comprehensive Income

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
Re-Measurement (Gain)/Loss		
- Due to Financial Assumptions	(292,034)	-
- Due to Demographic Assumptions	178,180	-
- Due to Experience Variance	(1,861)	-
Benefit Cost (Expense Recognized in Other Comprehensive income)	(115,715)	-

(v) Actuarial Assumptions

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
a. Discount Rate (per annum) %	1.75%	1.45%
b. Expected Rate for salary increases %	2.00%	5.00%
c. Average expected future service (Remaining working Life) in years	-	-
d. Withdrawal Rate (Upto 40 years)	2.00%	10.00%
e. Withdrawal Rate (40 years and above)	NIL	Nil

(vi) The basis of various assumptions used in actuarial valuations and their quantitative sensitivity analysis is as shown below:

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
Impact of change in discount rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 0.25 %	804,746	828,961
b) Impact due to decrease of 0.25 %	880,222	925,666
Impact of change in salary increase		
Present value of obligation at the end of the year		
a) Impact due to increase of 0.25 %	880,027	923,805
b) Impact due to decrease of 0.25 %	804,746	830,388
Impact of change in withdrawal rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 50%	789,181	844,216
b) Impact due to decrease of 50 %	905,466	910,297
Impact of change in mortality rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	839,910	873,127
b) Impact due to decrease of 10 %	842,867	878,347

(vii) Estimated cash flows (undiscounted) in subsequent years

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
Less than a year	-	5,274
Between 1-2 years	14,004	5,622
Between 2-5 years	67,607	19,506
Between 6-10 years	140,267	67,853
More than 10 years	946,713	1,117,649

37. Information about Subsidiaries

Name	Principal Activities	Place of incorporation	Ownership interest	
			2021	2020
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	100%	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%
TIMOR GAP Pualaca Block, Unipessoal, Lda.	Hydrocarbons Exploration	Democratic Republic of Timor-Leste	100%	0%

Key Management Personnel (KMP):

Name	Designation
António José Loiola de Sousa	President & Chief Executive Officer & Managing Director of Finance Unit
José M. M. da Conceição	Vice President
José da Costa Tilman	Managing Director of Upstream Business Unit
Francelino Marcos Tomé Boavida	Board of Director & Managing Director of Downstream Business Unit
Francisco Ferreira	Managing Director of Tasi Mane Unit
Amandio Gusmao Soares	Board of Director
Gabriel Gaspar Aparício de Oliveira	Board of Director
Carlito Gama, L.Ec M.AP	Board of Director (cessation on 25.08.2021)
Rui Ferreira Magno	Board of Director (appointed on 26.08.2021)

Transactions with related parties

The following transactions occurred with related parties:

Particulars	Group		Company	
	2021	2020	2021	2020
Loans Given to Subsidiaries				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	1,310,433	1,665,877
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda	-	-	347,183	160,730
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	-	-	-	-
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	-	-
- Timor Gap PSC 11-106, Unipessoal Lda	-	-	-	-
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	-	-
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	-	-
Investment on Subsidiaries				
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	-	-
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	-	-
- Timor GAP Pualaca, Unipessoal, Lda.	-	-	5,000	-
Payment made on behalf of Subsidiaries				
- TIMOR GAP Seismic Services, Unipessoal, Lda	-	-	-	-
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	-	-
- Timor Gap PSC 11-106, Unipessoal Lda	-	-	-	14,069
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda	-	-	94,141	-
-TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	5,771	-
-TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	-	36,626
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	-	30,521
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	-	196,556
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	-	132,629
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	-	4,406
Interest Income from Subsidiary				
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	62,657	47,678
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	112,155	34,443
Payment Received from subsidiaries against Other Receivable				
- Timor Gap PSC 11-106, Unipessoal Lda	-	-	-	-
Payment made to subsidiaries against Other Payable				
- TIMOR GAP Seismic Services, Unipessoal, Lda	-	-	-	-
Expenses Incurred by Subsidiary on behalf of Company				
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	-	-
Payment to KMPs	482,071	355,809	482,071	355,809
Post-employment benefits	-	-	-	-

Outstanding balances arising from sales/purchases of goods and services

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

Particulars	Group		Company	
	2021	2020	2021	2020
Other Receivable				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	1,493,050	-
-TIMOR GAP Oil & Gas Marine and Logistics, Unipessoal, Lda	-	-	5,500	5,500
- South Horizon Offshore Services, Lda	-	-	31,869	31,869
- Timor Gap PSC 11-106, Unipessoal Lda	-	-	142,885	78,465
- TIMOR GAP Seismic Services, Unipessoal, Lda	-	-	410	410
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda	-	-	168,851	74,710
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	771	
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	679,149	36,626
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	518,053	30,521
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	590,823	196,556
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	371,644	132,629
- TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	23,400	
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	23,308	4,406
Other Payables				
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	-	-	5,000	5,000
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	-	5,000
- TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	-	2,500
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	-	986
- Timor GAP Pualaca, Unipessoal, Lda.	-	-	5,000	-
Loan Given				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	12,686,310	11,375,877
- Timor Gap PSC 11-106, Unipessoal Lda	-	-	800,116	800,116
- TIMOR GAP ONSHORE BLOCK , Unipessoal, Lda	-	-	1,542,920	1,195,737
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	-	-	361,201	361,201
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	117,265	117,265
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	50,000	50,000
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	641,028	641,028
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	815,859	815,859
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	333,196	333,196
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	12,307	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.

38. Note on Global Pandemic of COVID-19

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 fully 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.

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, 2021 and has concluded that there is no further impact which is required to be recognised in the financial statements except already considered such as Impairment of Intangible assets under development as fully explained in Note 11. 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 Company’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 Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

39. The company has received these grants from the Government of Republic of Timor-Leste during the year. However, as the same has not been spent during the year on expenses towards which the grants have been received, the company has deferred it as per provisions of IAS 20.

40. 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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