

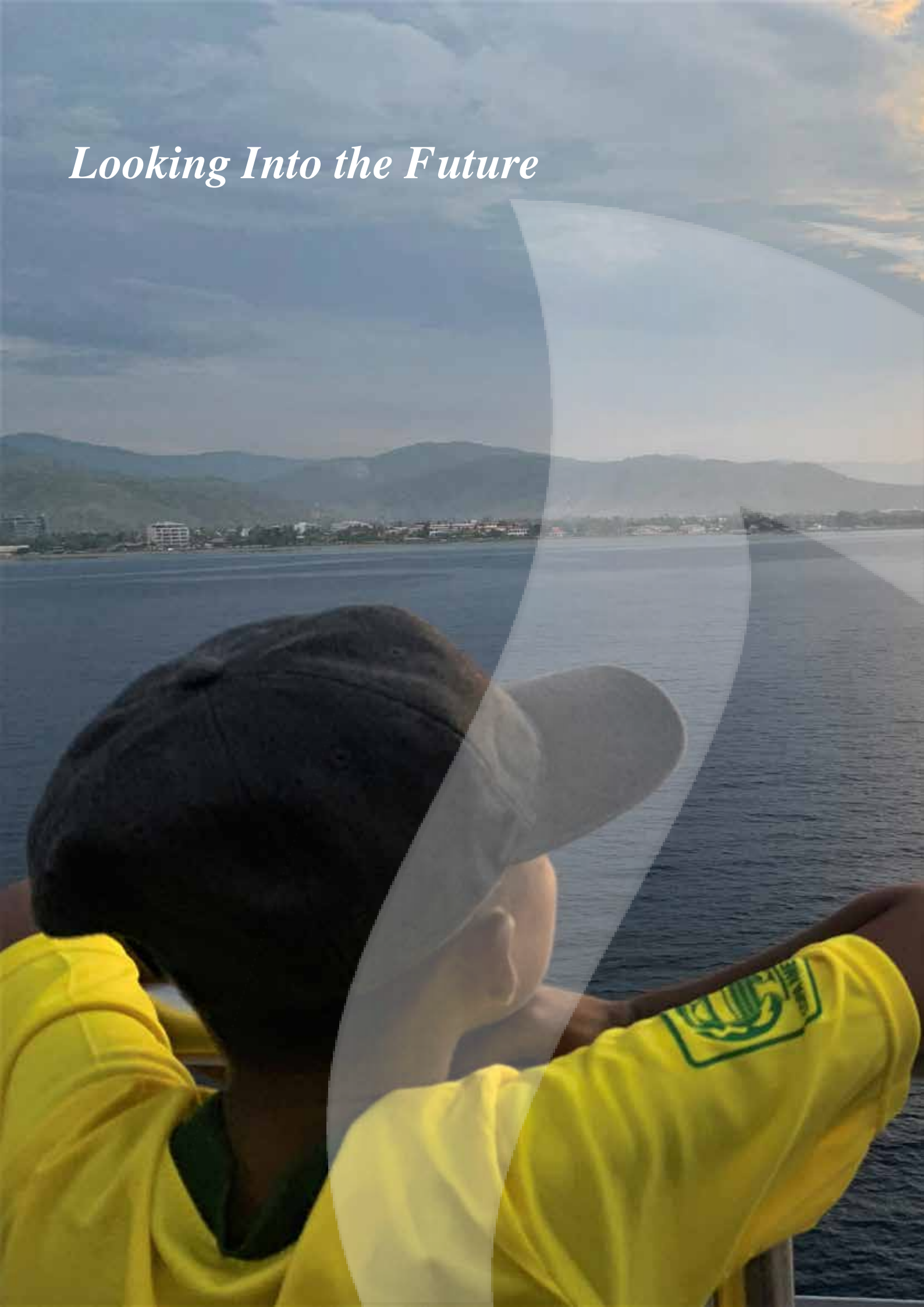


ANNUAL REPORT & ACCOUNTS 2022

TIMOR GAP



Looking Into the Future



REPORT DESCRIPTION

REPORTING SCOPE:

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

REPORTING PERIOD:

1st January to 31st December 2022.

DATA USED IN THE REPORT:

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

LANGUAGE:

This report is published in English and Portuguese.

ACCESSIBILITY:

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

CONTENTS

Message of President & Chief Executive Officer - 10

Executive Summary - 13

1 – About TIMOR GAP, E.P. - 17

- 1.1. Offices & Business Units
- 1.2. Subsidiary Companies
- 1.3. Financial Overview

2 – Upstream - 27

- 2.1. Overview
- 2.2. Greater Sunrise Fields
- 2.3. Bayu-Undan Post-PSC Field Life Extension
- 2.4. PSC TL-OT-17-08
- 2.5. PSC TL-OT-17-09
- 2.6. PSC TL-SO-15-01
- 2.7. PSC TL-SO-T 19-11
- 2.8. PSC TL-SO-19-16
- 2.9. PSC TL-OT-21-17
- 2.10. Business Development and Provision of Services for Upstream

3 – Downstream - 51

- 3.1. Overview
- 3.2. Wholesale Businesses
- 3.3. Retail Businesses
- 3.4. TNLG Project: Environmental Impact Assessment & Human Resources Development
- 3.5. Refinery and Petrochemical Complex
- 3.6. Downstream Subsidiary Companies

4 – Tasi Mane Project - 71

- 4.1. Tasi Mane Project Overview
- 4.2. Suai Cluster
- 4.3. Betano Cluster
- 4.4. Beaçó Cluster

5 – Institutional and Human Capital Development - 85

- 5.1. Overview
- 5.2. Human Resources Management
- 5.3. Corporate Social Responsibility (CSR) & Local Content Commitment
- 5.4. Quality, Health, Safety and Environment (QHSE)
- 5.5. Information & Communication Technology (ICT)

6 – Corporate Governance - 115

- 6.1. Legal Framework
- 6.2. Board of Directors
- 6.3. Executive Committee
- 6.4. Governance

7 – Commentary on the Financial Results - 126

8 – Financial Statements - 132

ANNEX 1 – ACRONYMS

LIST OF FIGURES

Figure 1:	Fuel vessel at Betano, during the fuel discharge operation to EDTL, E.P. Power Plant	12
Figure 1-1:	Team building activity at TIMOR GAP's corporate retreat	18
Figure 1-2:	A TIMOR GAP employee during the fuel supply operation to EDTL, E.P. in Betano	21
Figure 2-1:	Drilling rig in the onshore PSC TL-OT-17-08	28
Figure 2-2:	Location of TIMOR GAP current onshore and offshore PSCs	29
Figure 2-3:	Map of the Greater Sunrise fields (Source: Maritime Boundary Office)	30
Figure 2-4:	TLNG Development Concept	31
Figure 2-5:	Greater Sunrise Business Negotiation (Trilateral Meeting) between SJV partners and both States of Australia and Timor-Leste (left); Greater Sunrise Business Negotiation between SJV Partners (right)	32
Figure 2-6:	Structural frameworks comparison of D&M, ERCE, and Schlumberger	33
Figure 2-7:	Bayu-Undan Top MFS1 Depth Structure Map	34
Figure 2-8:	Summary of the formation evaluation of Kumbili-1 well	35
Figure 2-9:	Joint road inspection for rig mobilization to Rusa-1 wellsite location - option 1 Karau-Ulun/Aiasa River	36
Figure 2-10:	Location of the exploration wells planned to be drilled in the PSC TL-OT-17-09 contract area	37
Figure 2-11:	Location map of TIMOR GAP offshore PSC TL-SO-15-01	37
Figure 2-12:	TIMOR GAP OFFSHORE BLOCK promotion in the SEAPEX Conference & Exhibition (left): Presenting offshore block farm-out opportunity to the farm-out forum in London	38
Figure 2-13:	Initial Velocity Model (Tomography) of Pilot Project (IL 3280) (left); Velocity Model – FWI 12Hz (IL 3280) (right)	39
Figure 2-14:	Promoting the identified prospects in the PSC block	39
Figure 2-15:	Location of PSC TL-SO-T-19-11	40
Figure 2-16:	TIMOR GAP G&G Team review the data in ENI dataroom (left); Meeting with ENI representatives (right)	41
Figure 2-17:	Signing of Deed Amendment to PSC Work Program from SundaGas and TIMOR GAP Chuditch Unipessoal, Lda. witnessed by ANPM representatives	42
Figure 2-18:	SundaGas signed the MoU with Dili Institute of Technology (source image tatoli.tl)	43
Figure 2-19:	Provisional Formation Reservoir Depth Map (2D & 3D areas) by Operator (left); In-field development concept example, incorporating Chuditch and adjacent undrilled prospect areas (Operator) (right)	43
Figure 2-20:	Location of TIMOR GAP Pualaca Block	44
Figure 2-21:	Local authorities, veterans, local NGOs, and Lia Nian participated in the project launch and socialization of petroleum exploration activities in the PSC TL-OT-21-17	44
Figure 2-22:	ANPM-HSE team inspected the survey aircraft and equipment before the FTG survey commenced	45
Figure 2-23:	Briefing with TIMOR GAP team and BellGeospace technical team to mark the start of the FTG survey first flight	45
Figure 2-24:	Map of TIMOR GAP Pualaca Block petroleum basins, potential traps, and leads identified from FTG data interpretation and are to be confirmed with further 2D/3D seismic study	46
Figure 2-25:	PSC TL-OT-22-18 (Block A) contract area	47
Figure 2-26:	PSC signature ceremony in Lautém Municipality	47
Figure 2-27:	Meeting and discussion with potential investors	48
Figure 2-28:	Map of the geothermal resources' distribution across Timor-Leste territory (IPG 2021)	48
Figure 2-29:	Communication and discussion on potential seismic services	49
Figure 3-1:	TIMOR GAP employees boarding the vessel during a fuel supply operation to EDTL, E.P. Power Plant in Betano	54
Figure 3-2:	Fuel supply vessel	55
Figure 3-3:	TIMOR GAP team on board of the vessel supervising the fuel discharge	56
Figure 3-4:	(From top to bottom) Several activities performed during the fuel supply discharge operation on the vessel and with our client, EDTL, E.P.	60
Figure 3-5:	Map of the Petroleum Import Terminal in Metinaro	58
Figure 3-6:	Petroleum Import Terminal design	59
Figure 3-7:	Location of the Power Plants in Timor-Leste	60
Figure 3-8:	LNG Import Terminal concept	60
Figure 3-9:	LNG supply in the region	61

Figure 3-10:	TIMOR GAP Fuel Station in Suai	62	
Figure 3-11:	Suai fuel station monthly sales volume (top) and monthly sales revenue (bottom) in 2022		63
Figure 3-12:	New fuel station prototype design 3D	65	
Figure 3-13:	Graduation ceremony at CNEFP of Tibar	66	
Figure 3-14:	Trainees during the On-Job-Training (OJT) at PT Badak LNG facility in Bontang		67
Figure 3-15:	WESTSTAR AVIATION fleet	69	
Figure 4-1:	Beaço community visit to an abandoned wellhead in Suai, Covalima Municipality		74
Figure 4-2:	Map of Suai cluster designated area	75	
Figure 4-3:	Initial Suai jetty layout and future Suai Supply Base layouts		76
Figure 4-4:	Beaço community visit to the Suai Airport	77	
Figure 4-5:	3D design of the new resettlement neighborhood of Holbelis	78	
Figure 4-6:	Map of Betano Refinery and Petrochemical Complex designated area		80
Figure 4-7:	Map of the TLNG project designated area	81	
Figure 4-8:	Map of the TLNG project (top); TIMOR GAP and the interministerial team during land and property data survey in Beaço (bottom)	82	
Figure 4-9:	TIMOR GAP and representatives of the Beaço community visit to Suai Airport	83	
Figure 5-1:	Team-building activity performed during TIMOR GAP's corporate retreat in 2022		88
Figure 5-2:	TIMOR GAP's human resources core values	89	
Figure 5-3:	TIMOR GAP employees' educational background based on gender	90	
Figure 5-4:	TIMOR GAP employee during the fuel supply operation to EDTL, E.P. (background picture); (from top to bottom): TIMOR GAP employees overview, breakdown by gender and breakdown by national & international staff	91	
Figure 5-5:	Upstream Business Unit team with the UNTL intern upon the completion of the internship program and presentation of the certificate	92	
Figure 5-6:	Meeting with the company IRSHAD HR CONSULTING SDN BHD	93	
Figure 5-7:	Employees during the Oil and Gas Surface Production Operation	94	
Figure 5-8:	Employee during the Introduction to Seismic Interpretation Training	95	
Figure 5-9:	One of the exercises performed during the Maritime Training focused on Safety & Survival at Sea	95	
Figure 5-10:	Employees during Fuel Dispenser Installation & Maintenance training	95	
Figure 5-11:	Operational & Wellsite Geology training	95	
Figure 5-12:	Participants and trainers of the Well Test Design and Analysis training	96	
Figure 5-13:	TIMOR GAP employees during the Petrel Fundamental Training	96	
Figure 5-14:	Pressure Seals and Traps Training	97	
Figure 5-15:	FTG QC Training	97	
Figure 5-16:	Chuditch Core Workshop	98	
Figure 5-17:	TIMOR GAP President & CEO on the Offshore Technology Conference, Texas, USA (left); 4 th Timor-Leste Oil, Gas and Energy Summit, Dili, Timor-Leste (right)	98	
Figure 5-18:	TIMOR GAP employee showing the company's project to an exhibition visitant	99	
Figure 5-19:	H.E. Minister of Petroleum and Minerals and representatives of the MPM's supervisory institutions with the winners of the competitions organized during the exhibition in Manatuto	99	
Figure 5-20:	TIMOR GAP's corporate retreat	100	
Figure 5-21:	(From top to bottom, left to right): Team-building activities; Key note speakers in the seminar organized by TIMOR GAP to share experience and knowledge; Oecussi and TIMOR GAP female football teams; Visit to Carmelita Orphanage; Group photo of TIMOR GAP's employees	101	
Figure 5-22:	Local Content Team meeting with Municipality Leader in Lautém District	103	
Figure 5-23:	Map with the location of the Integrated Agriculture Center in SSB area in Suai (right corner); MILINIUM GREEN AGRO, Lda. tree nursery facility	104	
Figure 5-24:	RYLA- TL Camp 2021 held on January 2022	105	
Figure 5-25:	Drinking troughs to collect rainwater for deer, Jaco Island	105	
Figure 5-26:	Fuel discharge operation to EDTL, E.P. Power Plant in Betano	106	
Figure 5-27:	TIMOR GAP's IMS Logo	107	
Figure 5-28:	External audit opening meeting	107	
Figure 5-29:	IMS Management Review Meeting	108	
Figure 5-30:	COVID-19 vaccination at TIMOR GAP's office	110	
Figure 5-31:	Field survey for the new fuel stations	110	
Figure 5-32:	TIMOR GAP team during the land and title identification in Beaço, with the participation of the		

	QHSE subunit	111
Figure 6-1:	Executive Committee of TIMOR GAP	116
Figure 6-2:	Organization Structure of TIMOR GAP, E.P.	117
Figure 6-3:	Executive Committee structure and members	118
Figure 6-4:	TIMOR GAP participating in the TL-EITI 2019 Reconciliation Report dissemination to the public	123

LIST OF TABLES

Table 1-1:	TIMOR GAP's Offices and Business Units core activities	20
Table 1-2:	TIMOR GAP's subsidiary companies	22
Table 1-3:	Overview of expenditures for each Business Unit and Office	24
Table 5-1:	TIMOR GAP's QHSE routine activities	109



Message of President & Chief Executive Officer



António de Sousa
President & CEO

Dear Stakeholders,

As we navigate the transition into a post-pandemic economic era marked by geopolitical conflicts impacting global markets, we continue to face unprecedented challenges. At TIMOR GAP, we recognize the complexities of this environment, yet we remain confident in our ability to adapt, demonstrate resilience, and stay focused on our mission and stakeholders, particularly the people of Timor-Leste.

At TIMOR GAP, we continuously strive to develop and improve our existing projects and activities while exploring new upstream and downstream business opportunities. Our strategy revolves around seizing these opportunities to ensure the sustainable growth of our company. In the upstream front, we remain deeply committed to generating increased revenues from the country's natural resources, by pursuing new exploration and production opportunities while fulfilling our Produc-

tion Sharing Contracts work commitments. This year, we have expanded our portfolio by adding a new on-shore PSC, TL-OT-22-18, to our existing ventures. We are also fully invested in securing the development of the Greater Sunrise fields and nearing the conclusion of negotiations on the Legal and Fiscal Regime associated with these fields. TIMOR GAP, as the major shareholder of the Greater Sunrise, with a 56.56% participating interest, firmly stands with the Timor-Leste Government in bringing the pipeline to our country.

We recognize that success in the upstream sector relies on a combination of factors, including technology, innovation, and expertise. Therefore, we have made significant investments in these areas to keep pace with the rapidly evolving industry. Our commitment to innovation is reflected and exemplified in our collaboration with the Bureau of Economic Geology (BEG) of the University of Texas at Austin, USA. Together, we are conducting the Greater Sunrise Regional Geologic Study and Dynamic Reservoir Simulation Study, leveraging the latest technologies and expertise to enhance our knowledge and understanding of the field.

Our focus on downstream activities is equally crucial to achieving our strategic objectives. We are pleased to report that the lifting of COVID-19 restrictions has provided a significant boost to our downstream fuel trading business. Our Suai Fuel Station experienced a steep increase of 52.5% in volume sold and 80.7% in sales revenues compared to previous year. In addition, we have continued to supply fuel to EDTL, delivering a total of 27,230,553 liters of fuel to the Betano Power Plant. This achievement underlines our commitment to ensuring a reliable and consistent fuel supply to our customers.

TIMOR GAP's mission to ensure the energy security of the country is reflected in our significant progress in implementing the Petroleum and LNG Import Terminals. These projects aim to bridge the national energy supply-demand gap and provide LNG as an alternative and cleaner power source. Studies are currently underway for both projects, along with community liaison activities at the projects site.

We are also investing in our human capital by providing our staff with the necessary training and professional development opportunities. This year, we have partnered with reputable training providers and business partners to offer courses and training in various areas. We firmly believe that our people are our greatest asset, and we remain committed to equipping them with the resources they need to excel in their roles.

TIMOR GAP is proud to be a part and contribute to Timor-Leste's growth story, and we remain committed to country's socio-economic transformation and environmental sustainable development. As we move forward, we will continue to seize new opportunities, invest

in our upstream and downstream projects, and prioritize our human capital. We are confident that our efforts will yield significant results and position us as a leading player in the region.

“Our focus on downstream activities is equally crucial to achieving our strategic objectives. We are pleased to report that the lifting of COVID-19 restrictions has provided a significant boost to our downstream fuel trading business. Our Suai Fuel Station experienced a steep increase of 52.5% in volume sold and 80.7% in sales revenues compared to previous year. In addition, we have continued to supply fuel to EDTL, delivering a total of 27,230,553 liters of fuel to the Betano Power Plant. This achievement underlines our commitment to ensuring a reliable and consistent fuel supply to our customers.

TIMOR GAP's mission to ensure the energy security of the country is reflected in our significant progress in implementing the Petroleum and LNG Import Terminals. These projects aim to bridge the national energy supply-demand gap and provide LNG as an alternative and cleaner power source.”



2022/04/29 08:10

Figure 1: Fuel vessel at Betano, during the fuel discharge operation to EDTL, E.P. Power Plant

Executive Summary

The present Annual Report & Accounts contains TIMOR GAP's activities, programs and financial results for 2022, with 31 December as the financial year end. This Annual Report comprises eight chapters that provide an overview of the company's main business activities and projects executed during the reporting period, along with details of institutional and human resources development; and the results of a thorough external audit conducted by an independent third-party auditor, as presented in the financial results and statements included in Chapters 7 and 8.

As we move forward in a post-pandemic economy shaken by recent global geopolitical disruptions, in 2022, 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 on implementing a strong downstream business strategy and tapping further exploration & production opportunities, giving us the necessary confidence to continue to pursue our vision and mission. The main achievements and projects for this financial year are briefly presented below.

Upstream

TIMOR GAP, as the National Oil and Gas Company, holds several Production Sharing Contracts (PSCs) both onshore and offshore, at various exploration stages. During the year, we continued to track the progress of the onshore exploration wells Lafaek-1 and Kumbili-1, within the PSC TL-OT-17-08 (Block A) with our partner and Operator TIMOR RESOURCES. Also in partnership with TIMOR RESOURCES, TIMOR GAP is making preparations for the first exploration drill in PSC TL-OT-17-09 (Block C), the Rusa-1 well, scheduled to begin in 2023.

Our onshore exploration portfolio was expanded this year with the award of a 100% participating interest in the new PSC, TL-OT-22-18, to TIMOR GAP's wholly owned subsidiary, TIMOR GAP RARAHANA BLOCK, Unipessoal, Lda. Additionally in the onshore projects, the FTG survey acquisition comprising a total of 3149Lkms and 500-meter line spacings for the Pualaca Block was completed in 2022.

In the offshore, we are moving closer to the finalization of the Petroleum Sharing Contract (PSC) for the Greater Sunrise fields, in which TIMOR GAP, through its subsidiaries, holds a majority participating interest of 56.56%. Over 60 internal TIMOR GAP negotiation team meetings and Sunrise Joint Venture (SJV) meetings, and 4 trilateral meetings (SJV and States meetings) were conducted in 2022 to discuss and negotiate the various information and clauses proposed

for the Legal and Fiscal Regime, including the Petroleum Mining Code (PMC), PSC, a discussion paper on Local Content, and a Decommissioning Paper for the Greater Sunrise project. It is expected that the negotiations on the Legal and Fiscal Regime for the Greater Sunrise project will be concluded in the fiscal year of 2023.

Additionally, this year, a seismic interpretation and pet-

Downstream

TIMOR GAP continued to conduct its fuel trading businesses, despite the global surge in fuel costs due to a combination of factors, including post-pandemic supply chain issues, rising inflation, and global diplomatic crises with direct impact on fuel markets. In 2022, and in spite of the impacts caused by the above, TIMOR GAP continued to supply fuel to EDTL, E.P. Power Plant in Betano, delivering a total of 27,230,553 liters and generating a revenue of USD\$28,817,040.41 during the second year of the fuel supply contract signed with EDTL, E.P.

Revenue from fuel trading businesses was further improved by the TIMOR GAP Fuel Station in Suai, which registered sales revenue of \$185,721.33. Our Suai Fuel Station saw a sharp growth this year, recording a 52.5% increase in volume sold and an 80.7% increase in sales revenue compared to 2021. This noteworthy growth can be attributed to the lifting of the restrictions imposed during the COVID-19 pandemic, which enabled most sectors to regain their momentum and business operations to resume to normal. This also presents a favorable scenario for the development of new fuel stations across the country, an aim that TIMOR GAP is actively pursuing. Further discussions and meetings were held with the relevant stakeholders towards that end.

Tasi Mane Project

TIMOR GAP has been mandated by the Ministry of Petroleum and Minerals/Government to manage and administer the day-to-day activities for the implementation of the development project situated along 155 km of Timor-Leste's southern coast. This project encompasses three industrial clusters and additional support infrastructures designed for each cluster.

TIMOR GAP continued its commitment to driving forward this important project and this year, we installed 65 permanent benchmarks in the northern area of the SSB Compensated Perimeter and completed the Feasibility

study based on the data obtained from the Kanase-1 well is being carried out for the PSC TL-SO-T 19-11; TIMOR GAP is focusing on identifying potential partners for farm-out activities in the PSC TL-OT-15-01; and a 1,270 km² of 3D data were successfully reprocessed to PSDM by TGS Nopec S.A. and extensive geological studies were conducted for the PSC TL-SO-19-16.

TIMOR GAP has been actively engaged in projects designed to ensure the country's energy security. For the Petroleum Import Terminal, which is anticipated to raise the national storage capacity by 40% and hold a stockpile of 120 days, the land and properties for the project site in Metinaro have been identified, and the Feasibility Update and FEED Study have been awarded to PT Tripatra. Regarding the LNG Import Terminal, the Feasibility Study performed by Wood plc has been completed, and a Service Agreement for the Metinaro survey campaign has been awarded to PT Mahakarya Geosurvey Indonesia.

The Government aims to build an LNG Plant on the south coast and secure the feedstock via a pipeline from the Greater Sunrise fields to Beço. As a National Oil and Gas Company, TIMOR GAP supports this endeavor, and in 2022, 18 trainees successfully completed a six-month professional training on LNG plant maintenance at CNEFP Tibar and initiated their On-Job-Training (OJT) at PT Badak LNG facility in Bontang, Kalimantan. This corresponds to the first phase of the human resources development program, which consists of the training of young graduates from the affected villages of Beço. Additionally, works related to the Environment Impact Study (EIA) for the LNG Plant and Pipeline also progressed this year to attain the Environmental Licensing.

Study for the Suai Jetty design concept, executed by the consultancy company Advisian.

The Beço Cluster has seen significant progress in 2021 and 2022. In 2021, the community of Beço, where the TLNG Project is planned to be built, formally withdrew its land and property compensation proposal, enabling TIMOR GAP to progress with the project in line with the Government resolutions previously applied to other Tasi Mane projects. In 2022, the affected community of Beço signed an agreement, pursuant to which a new location for the new resettlement of Nova Klua, Makaliku

e Kailoibere was selected. The community handed over the land to the Government to proceed with detailed technical assessments and studies in order to allow the resettlement of the community in the chosen location. Additionally, a land and property data survey for Beço,

Suco Maluru, covering approximately 574 hectares, was completed. These developments represent a significant milestone in the Beço Cluster project and will pave the way for further progress to be made in the future.

Institutional and Human Capital Development

We have invested significantly in our people, both in terms of resources and development opportunities. This has enabled us to remain agile and responsive in a rapidly changing environment, while also allowing our employees to grow and improve their skillsets. Throughout the year, we have provided our employees with training and course opportunities in various fields, both through our business partners and with recognized training providers. Furthermore, our performance management system enables us to measure and assess our staff performance to ensure that our goals and objectives are being met. This year, we conducted an annual performance review and completed an Integrated Performance Assessment encompassing all employees.

Quality, Health, Safety and Environment (QHSE) values are deeply entrenched in our corporative culture, remaining at the center of our priorities. Our operations are conducted in compliance with the highest QHSE standards applicable to the oil and gas industry and, to guarantee that these standards are upheld and observed in all company's activities and processes, annual internal and external audits were conducted this year, along with regular activities performed by our QHSE team.

We have also invested in our Information & Communication Technology (ICT) assets and infrastructures, which have enabled us to carry out our business operations in a more efficient, secure and reliable manner. Within this scope, TIMOR GAP ICT team has successfully transitioned from IBM Notes to Microsoft 365, a modern cloud-based collaboration system, and in 2022, our ICT team managed to concentrate on upgrading the users'

computing systems within the company, ensuring that their systems meet the proper specifications for running high and detailed applications. They also initiated the first phase of going digital by implementing paper-based procedures into online digital applications. These implementations not only contribute to a greener environment, but also lead to further transformation into an e-computing system.

TIMOR GAP proudly supports Local Content and Corporate Social Responsibility programs. Local Content programs are developed with the communities affected by TIMOR GAP projects, particularly the Tasi Mane Project. With this in view, TIMOR GAP has partnered with MILINIUM GREEN AGRO, Lda. to create an Integrated Agriculture Center in the Suai Supply Base area. This initial investment seeks to create a space for training and mentorship for young people, equipping them with the skills and knowledge necessary to become independent and fully prepared to actively participate in the growth of the petroleum industry in the region.

As a major shareholder and a partner of the Sunrise Joint Venture, TIMOR GAP has remained actively engaged in the Sunrise Joint Venture Social Investment Program, a CSR initiative. A number of activities have been conducted under this program to support local non-profit organizations in areas such as maternal and child healthcare, nutrition, agriculture, and youth leadership. These activities are helping to improve the quality of life for many Timorese and local communities, and are a testament to TIMOR GAP's commitment to social responsibility.






1. ABOUT TIMOR GAP, E.P.

Offices and Business Units

Subsidiary Companies

Financial Overview

A group of people, mostly men, are wearing blue polo shirts with a white logo on the chest. They are all cheering with their mouths open and hands raised in the air. The background is slightly blurred, showing more people and some greenery. The overall atmosphere is one of high energy and team spirit.

TIMOR GAP is 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 GÁS & PETRÓLEO, E.P. (hereinafter referred to as “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.

Figure 1-1: Team building activity at TIMOR GAP's corporate retreat



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 VISION

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

OUR CORPORATE VALUES

INTEGRITY – We are committed to the highest standards of integrity, always behaving ethically and professionally

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 value 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

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 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. Evaluates and coordinates all activities related to new venture projects/opportunities, and provides 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, and evaluating and seizing business opportunities related with the sale and transport of petroleum refined products, 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, and liaises with the Government on issues concerning the Tasi Mane Project. The Unit is also responsible for capturing and seizing new projects related to renewable energies, collaborating with partners to conduct preliminary studies to implement the projects and ensure the sustainable supply of energy.

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



Figure 1-2: A TIMOR GAP employee during the fuel supply operation to EDTL, E.P. in Betano

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 2022, TIMOR GAP established a new wholly owned subsidiary, TIMOR GAP RARAHANA BLOCK, Unipessoal, Lda., to participated in exploration and production activities in the onshore PSC TL-OT-22-18 awarded this year to the company.

As of 31 December 2022, 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.
	TIMOR GAP RARAHANA BLOCK, Unipessoal, Lda.	A TIMOR GAP wholly owned subsidiary established in 2022, to conduct exploration and production activities of crude oil and natural gas in the onshore PSC TL-OT-22-18.
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.	A subsidiary company 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, Lda.	A subsidiary of TIMOR GAP Oil & Gas Marine and Logistics, 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 2022, 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 \$62,200,000.00 during the year ended 31 December 2022

(2021: \$65,739,701.43). The other main source of income was originated from fuel trading business, with recorded fuel sales of \$238,803 (2021: \$102,759.90), including a portion of sale towards avtur fuel of \$10,019. 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 2022 being the second year of fuel supply trading operation for TIMOR GAP. The revenue for the second financial year from this trading operation were recorded at \$29,055,843 (2021: \$20,665,059), 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. 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 namely, 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, 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; studies for the Petroleum Import Terminal and LNG Import Terminal; Suai Fuel Station operation; 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 overheads related to respective projects under Tasi Mane.

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

The main components of the 2022 financial year were related to the development and management of several projects, as detailed from Section 2 to 5.







2. UPSTREAM

Greater Sunrise Fields

Bayu-Undan Post-PSC Field Life Extension

PSC TL-OT-17-08

PSC TL-OT-17-09

PSC TL-SO-15-01

PSC TL-SO-T 19-11

PSC TL-SO-19-16

PSC TL-OT-21-17

Business Development and Provision of Services for Upstream

PSC TL-OT-22-18

HIGHLIGHTS OF 2022

- Over 60 internal TIMOR GAP negotiation team meetings and SJV meetings, and 4 trilateral meetings (SJV and States meetings) were conducted to discuss and negotiate the various information and clauses proposed to be considered in the Legal and Fiscal Regime, including the PMC and PSC;
- PSC TL-OT-17-08: the Contractor has fulfilled the 3rd Year (First Period) PSC commitments by drilling exploration wells: Liurai (Kumbili-1) and Lafaek-1;
- PSC TL-OT-17-09: petrophysical evaluation, seismic interpretation and prospect identification (including risk and ranking) are ongoing;
- PSC TL-SO-T 19-11: a seismic interpretation and petrophysical study based on the data obtained from the Kanase-1 well is ongoing. A detailed study of the contract area, including a Petroleum System Modeling, is also ongoing;
- PSC TL-SO-19-16: 1,270 km² of 3D data were successfully reprocessed to PSDM by TGS Nopec S.A; extensive geological studies have been conducted for this PSC; and ANPM granted a six-month extension to the current phase of the PSC;
- Completed the FTG survey acquisition for TIMOR GAP Pualaca Block;
- TIMOR GAP, through its subsidiary TIMOR GAP RARAHANA BLOCK, Unipessoal, Lda., signed a new PSC for the onshore block TL-OT-22-18.

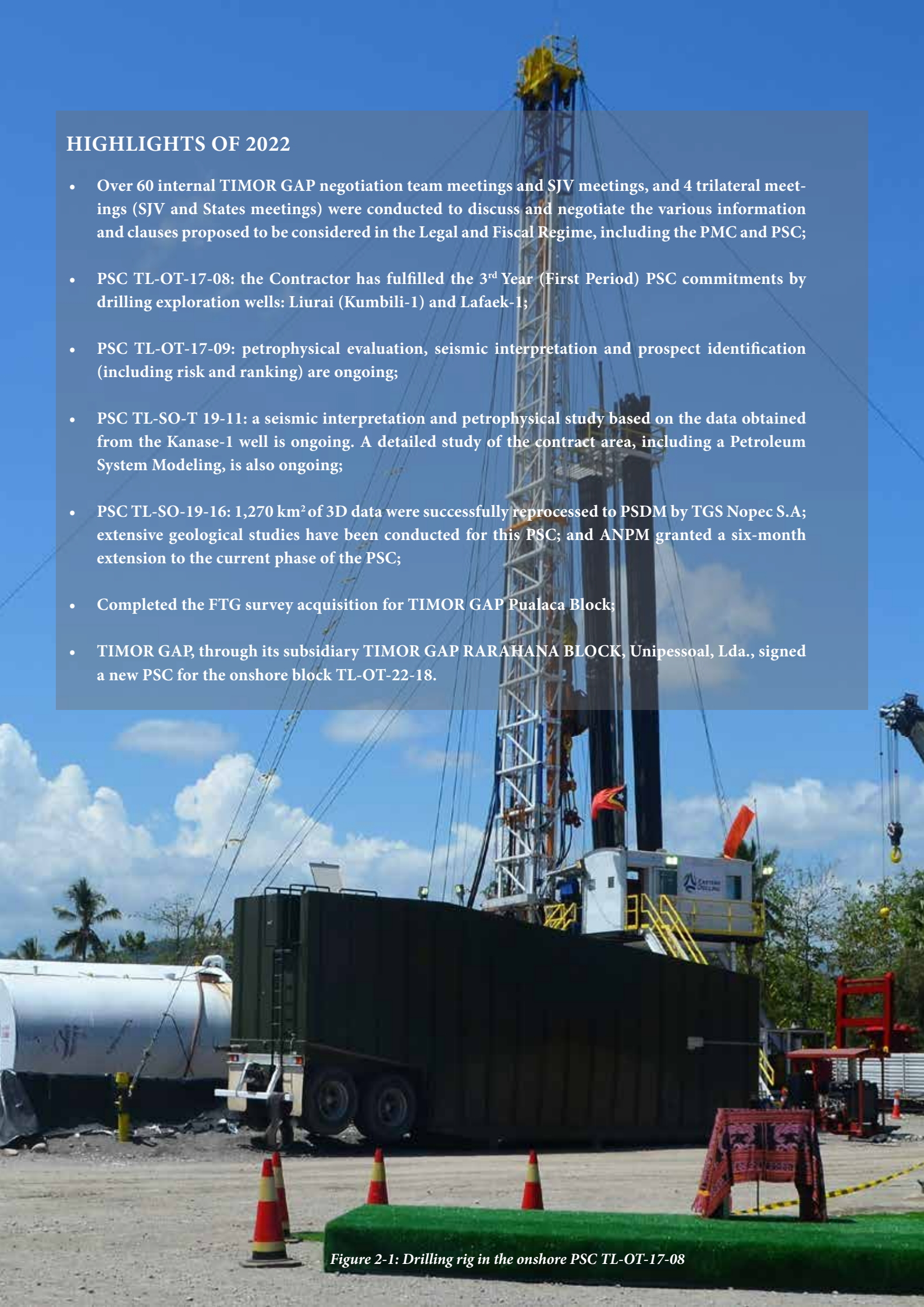


Figure 2-1: Drilling rig in the onshore PSC TL-OT-17-08

2.1. Overview

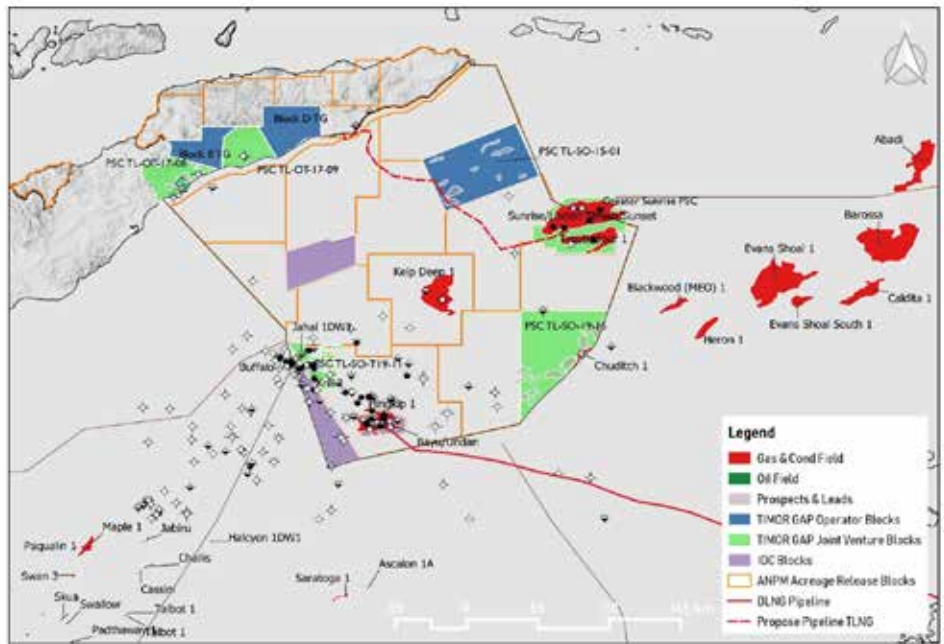


Figure 2-2: Location of TIMOR GAP current onshore and offshore PSCs

This Chapter contains all activities and projects related to the upstream sector conducted during the fiscal year of 2022, 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 on-shore and offshore of the national territory and carried out by the company and its subsidiaries, both as Operator and Joint Venture partner.

TIMOR GAP is engaged in various offshore and onshore projects and activities across different stages of exploration, with the bulk of such activities consisting of studies and surveys to evaluate potential prospects. Currently, TIMOR GAP holds three offshore Production Sharing Contracts (PSCs): PSC TL-SO-15-01, PSC TL-SO-T 19-11 and PSC TL-SO-19-16; and four onshore PSCs: PSC TL-OT-17-08, PSC TL-OT-17-09, PSC TL-OT-21-17, and our most recent onshore PSC, TL-OT-22-18, awarded to TIMOR GAP RARAHANA BLOCK, Unipesoal, Lda., a wholly owned subsidiary of TIMOR GAP, in December 2022, in which our subsidiary holds a 100% participating interest and assumes the role of Operator. This clearly demonstrates our unwavering commitment to pursuing further exploration and production opportunities, in order to unlock the vast prospectivity potential of Timor-Leste. We are confident that our efforts will lead to a positive and prosperous outcome for the country.

Additionally, we are actively working to secure the Greater Sunrise PSC through intensive negotiations and discussions with the Sunrise Joint Venture, and we continue to work towards the preparation of a possible re-development of the Bayu-Undan field post-PSC.

Upstream Business Unit has invested in industry standard software and hardware to carry out technical work 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 & Hampson Russell AVO;
- High-End HP Workstation with Petrel Geology and Geophysics;
- High-End HP Workstation with Petrel Reservoir Engineering and Eclipse Simulation;
- High-End HP Workstation with Pipesim for Engi-

- neering team;
- High-End Dell Laptop for all G&G and Engineering team;
- Interactive Petrophysics software;
- Petrosys Mapping software;
- TechLog Petrophysics;
- tNavigator software - a complete suite for geological modelling, simulation and network design.

2.2. Greater Sunrise Fields

2.2.1. Greater Sunrise Special Regime



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

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.

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 Beaçó, 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 stakeholders.

The TLNG development concept will be executed under two main projects: a) Upstream project, which will encompass the development of the subsea wells and associated production system, offshore production/processing facilities, and onshore facilities for processing and storage and offloading of condensate, liquids and MEG; and b) Downstream project, which will encompass the export pipeline to shore (across the Timor Trough), LNG plant facilities and marine/LNG export facilities. The TLNG development concept is shown schematically in Figure 2-4.

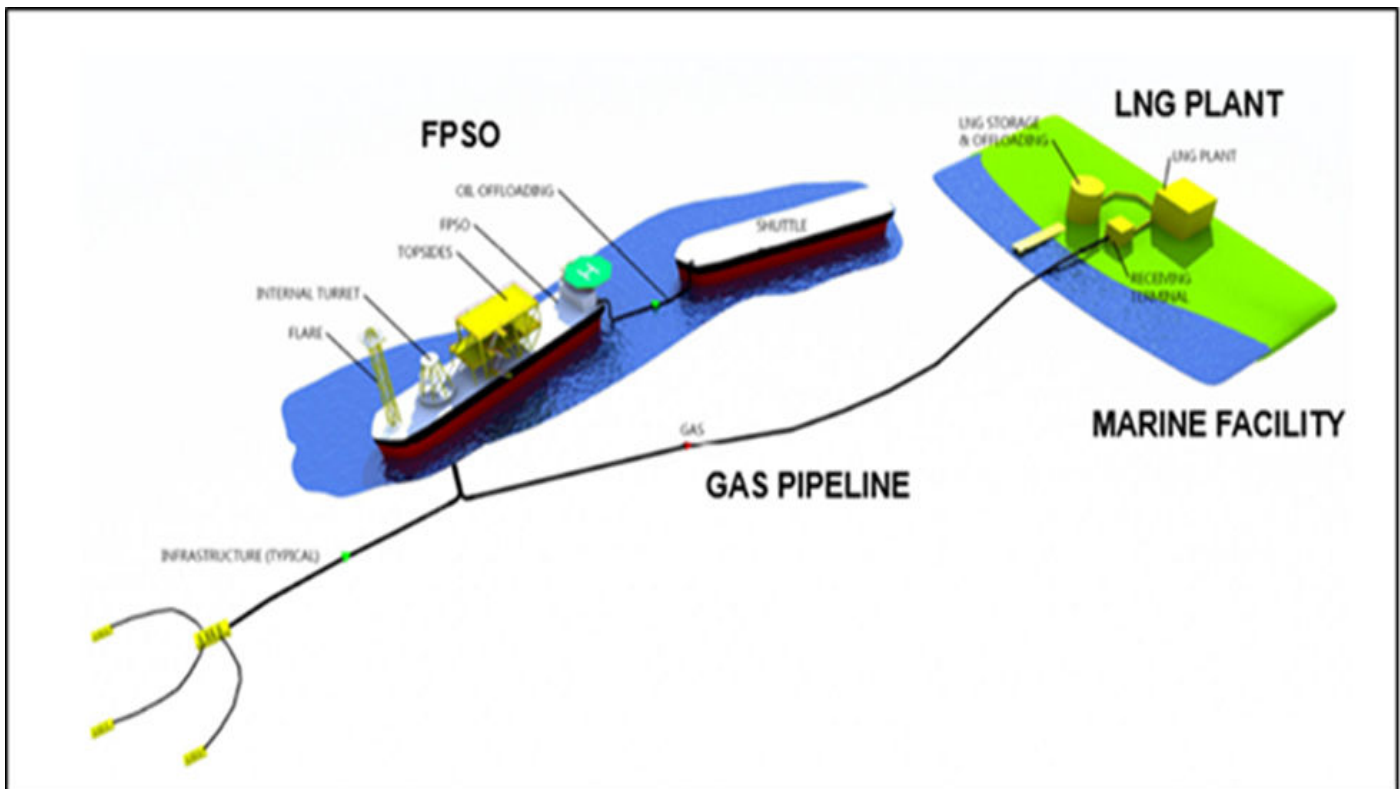


Figure 2-4: TLNG Development Concept

The Maritime Boundary 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 incorporat-

ed 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.

2.2.3. Greater Sunrise Project Progress for 2022

In 2022, TIMOR GAP GREATER SUNRISE subsidiaries focused on three main work programs: a) Business Negotiation on Legal and Fiscal Regime; b) Technical Work Programs (Greater Sunrise Asset Valuation or FMV studies for 2021 financial year, and G&G studies); and c) Capacity Building Program.

On Business Negotiation pertaining to Legal and Fiscal Regime, TIMOR GAP GREATER SUNRISE subsidiaries are actively engaged and working with JV partners (Woodside and Osaka Gas) to finalize the Petroleum Mining Code (PMC), Fiscal Regime, and Production Sharing Contract (PSC) of the Greater Sunrise Special Regime. The first draft of related Legal Regime, such as PMC and

PSC, was submitted to both Australia and Timor-Leste in 2021, and the discussion on the said documents is ongoing between SJV partners and both States. In 2022, over 60 internal TIMOR GAP negotiation team meetings and SJV meetings, and 4 trilateral meetings (SJV and States meetings) were conducted to discuss and negotiate the various information and clauses proposed to be considered in the Legal and Fiscal Regime, including the PMC, PSC, a discussion paper on Local Content, and a Decommissioning Paper for the Greater Sunrise project. It is expected that the negotiations on the Legal and Fiscal Regime for the Greater Sunrise project will be concluded in the fiscal year of 2023.



Figure 2-5: Greater Sunrise Business Negotiation (Trilateral Meeting) between SJV partners and both States of Australia and Timor-Leste (left); Greater Sunrise Business Negotiation between SJV Partners (right)

On the technical work program, a Fair Market Valuation (FMV) study was conducted for the Greater Sunrise assets to assess its value, particularly the value of TIMOR GAP's 56.56% participating interest in the Greater Sunrise, with an effective date of 31 December 2021. This FMV study includes updates to the costing for both the upstream and downstream projects, which are two critical elements for the Greater Sunrise project. The costing updates include updates to Development Capital Expenditure, Operating Expenditure, and Abandonment Expenditure required for the Greater Sunrise project.

In addition to the above technical work program, a review of the Greater Sunrise subsurface studies previously conducted by D&M, ERCE, and Schlumberger was completed by the internal technical team of TIMOR GAP GREATER SUNRISE subsidiaries.

The review output indicates the following:

1. There is a significant difference between the result of probabilistic Gas Initially-In-Place (GIIP) estimated by ERCE and SLB. This indicates that there is still a high degree of uncertainty in the input parameters for GIIP calculations;

2. GRV is the biggest contributor to GIIP calculations and the fact that there is a wide range of GRV values among three structural models indicates that structural uncertainties remain high. ERCE further applied additional +/- 10% to 20% of the GRV inputs and applied them as P90 and P10 scenarios;
3. D&M and SLB geostatistically populated petrophysical properties in their models while ERCE obtain them from average and sum from the wells;
4. ERCE also mentioned in the report that other parameters such as porosity, saturation, net to gross and GEF used by ERCE are higher than those used by SLB and D&M which certainly determine the value of GIIP;
5. Due to lack of interpretable seismic events at reservoir targets, the geologic structures of reservoir targets depend on the geologic structure of Laminaria. With limited numbers of well control, and lack of robust velocity model, even at Laminaria itself, structural uncertainty remains high. All these parameters must be reconciled to achieve reliable GIIP estimate.

The figures below show two structural cross-sections AB and CD that compare the top of Laminaria and base of the D&M, SLB and ERCE models.

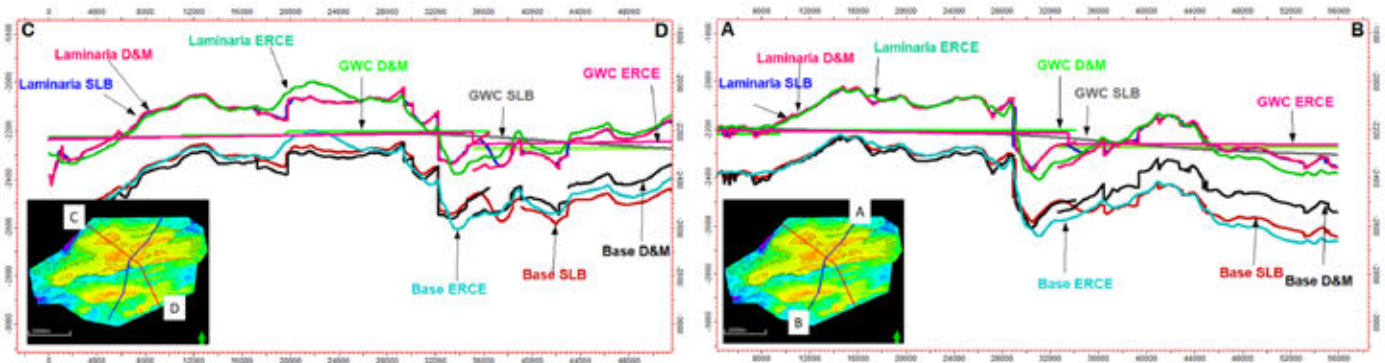


Figure 2-6: Structural frameworks comparison of D&M, ERCE, and Schlumberger

From the above structural comparison, we can observe that the top surfaces of the Laminaria for D&M and SLB models are practically the same, but they are different to that of ERCE. For the surface of the base of the models, all three models interpreted the base structure differently. The base of the model of D&M is the shallowest, especially at the Troubadour area. ERCE's base structure is lower at some areas and higher at others than SLB. At Sunrise area, the base structures for all three models are practically at similar levels. This is likely due to the fact that there is only one well at Troubadour area controlling the depth mapping.

In order to mitigate the uncertainty associated with the GRV, a new seismic interpretation using recently reprocessed seismic data is essential to replace the prior seismic interpretation of the old seismic volume. The Full Waveform Inversion (FWI) method has been employed to reprocess the Mezcal 3D seismic data. Consequently, Pre-Stack Depth Migration seismic volumes in the time and depth domain, among other products, are available for analysis. We anticipate that the new seismic volumes will provide us with more precise and accurate seismic data.

The following tasks are part of an effort to reduce uncertainty related to the reservoir structures of Greater Sunrise in the GIIP calculation:

1. Evaluate seismic volumes in time and depth domain from the reprocessed PSDM Mezcal 3D. Explore the possibility of finding continuous seismic event at level of interest (Plover Fm).
2. Reinterpret seismic horizons pertinent to the reservoir of interest and to the modeling process, such as Laminaria and the seabed, using the reprocessed Mezcal 3D seismic volume in both the time and depth domains. Comparing geologic horizons interpreted in the time and depth volumes may give an indication of any seismic velocity anomalies (if they exist). If an anomalous seismic velocity is detected,

new velocity modeling may be required; if not, the seismic horizons interpreted from the seismic volume in depth can be used directly.

3. Construct structural framework model based on the newly interpreted seismic horizons and tied to their corresponding well markers. Compare new structural framework with vintage models.
4. Run seismic attributes at reservoir levels and analyze if they have geologic significance.
5. Create a 3D grid, based on the new structural model, and populate the model with petrophysical property using geostatistics guided by attribute maps (if geologic significance could be drawn from seismic attributes). Petrophysics may be unchanged from previous models since there is no new data.
6. Run volumetrics and compare the results with volumetrics from the vintage models.

The above six recommendations are currently being worked on, and the final report of this work is expected to be completed by the third quarter of 2023.

Further to the above, TIMOR GAP GREATER SUNRISE subsidiaries are currently working with the Bureau of Economic Geology (BEG) of the University of Texas at Austin to carry out the Greater Sunrise Regional Geologic Study and Dynamic Reservoir Simulation Study. This project aims to deliver the following:

1. Updated regional to field-size stratigraphic interpretation and model;
2. Updated static model based on new approaches;
3. Updated dynamic and reservoir engineering model;
4. Updated field development scenario.

The work will include the following:

1. Integrated geologic studies covering basin analysis, stratigraphy, facies model based on well logs and core samples;
2. Fluid inclusion analysis on core samples;
3. Seismic reprocessing of almost 4000 km² using their

- novel approach and technology;
- 4. Petrophysical study;
- 5. Static modeling;
- 6. Dynamic modeling;
- 7. Reservoir engineering modeling;

8. Field development scenario.

This project is ongoing, and further reports on it will be provided in the 2023 fiscal year reporting period.

2.3. Bayu-Undan Post - PSC Field Life Extension

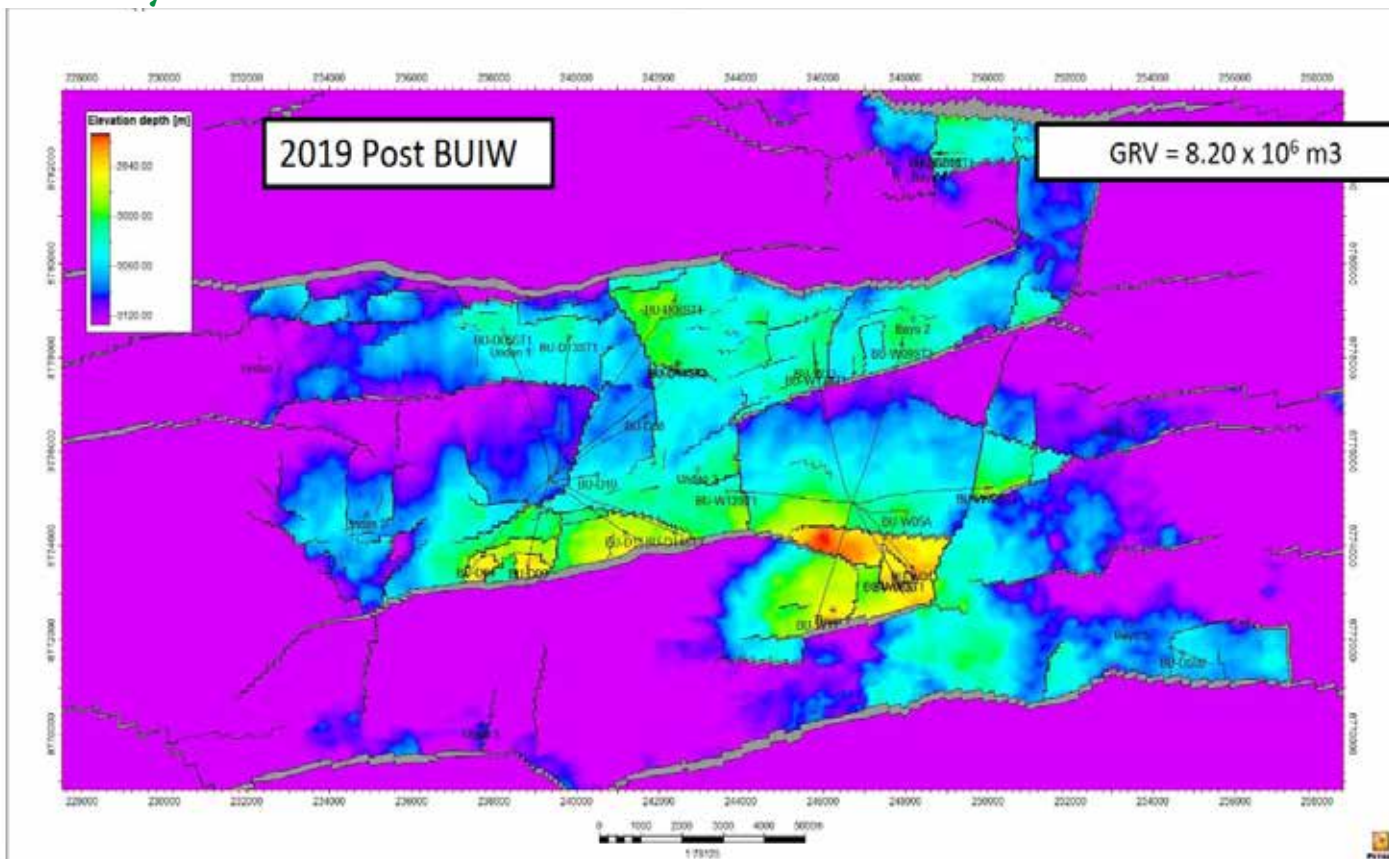


Figure 2-7: Bayu-Undan Top MFS1 Depth Structure Map

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-2023 and thus, TIMOR GAP, as the National Oil Company, is working towards the preparation of a possible re-development of the referred gas field or any related potential business opportunity, such as Carbon Capture and Storage (CCS). 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.

During the year of 2022, various activities were undertaken to respond to the extension of the PSC. These included a review of Consultant Enerproco’s Phase 1 report on full field reviews, remaining reserves and production forecast; discussions on PSC participation and commercial evaluation; and discussions on other potential business ventures such as CCS with the operator and its JV.

CCS is a trending topic that has been discussed in relation to the field and as a potential planned project for the field post PSC expiry between the current Bayu-Undan field operator and its JV with ANPM. This project would involve converting the Bayu-Undan facility beyond end of production field life into a carbon storage facility and its reservoir as geological carbon storage. In the last two quarters of 2022, TIMOR GAP Bayu-Undan team has been involved in a working group led by ANPM to analyse or assess various types of preparations required for Timor-Leste to accommodate such a project. TIMOR GAP has also initiated discussions with a potential consultant to perform an internal feasibility study on the CCS for Bayu-Undan field post PSC.

The aforementioned activities will continue into 2023, particularly regarding the potential CCS project. Discussions regarding TIMOR GAP participation in a joint venture partnership will also continue with the operator if such an opportunity presents itself and is deemed to add economic value to the company.

2.4. 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, which covers an area of approximately 1000km². This PSC establishes a 50:50 joint venture between TIMOR GAP subsidiary and its partner TIMOR RESOURCES, with the latter assuming the Operatorship.

During the year 2022, the Contractor has fulfilled the 3rd Year (First Period) PSC commitments by drilling exploration wells. There were two exploration wells drilled in

2022, namely, the second exploration well, Liurai (Kumbili-1), and the third exploration well, Lafaek-1.

The Liurai (Kumbili-1) was successfully drilled vertically to a total depth of 1671mRT. The well took 82 days from spud day (26 December 2021) until its release on the 17 March 2022.

The Lafaek-1 well was spudded on the 2 October 2022 with a Target Depth (TD) of 3500mRT Sub-decollement (Jurassic/Triassic). The drilling operation is planned to be completed in 2023.

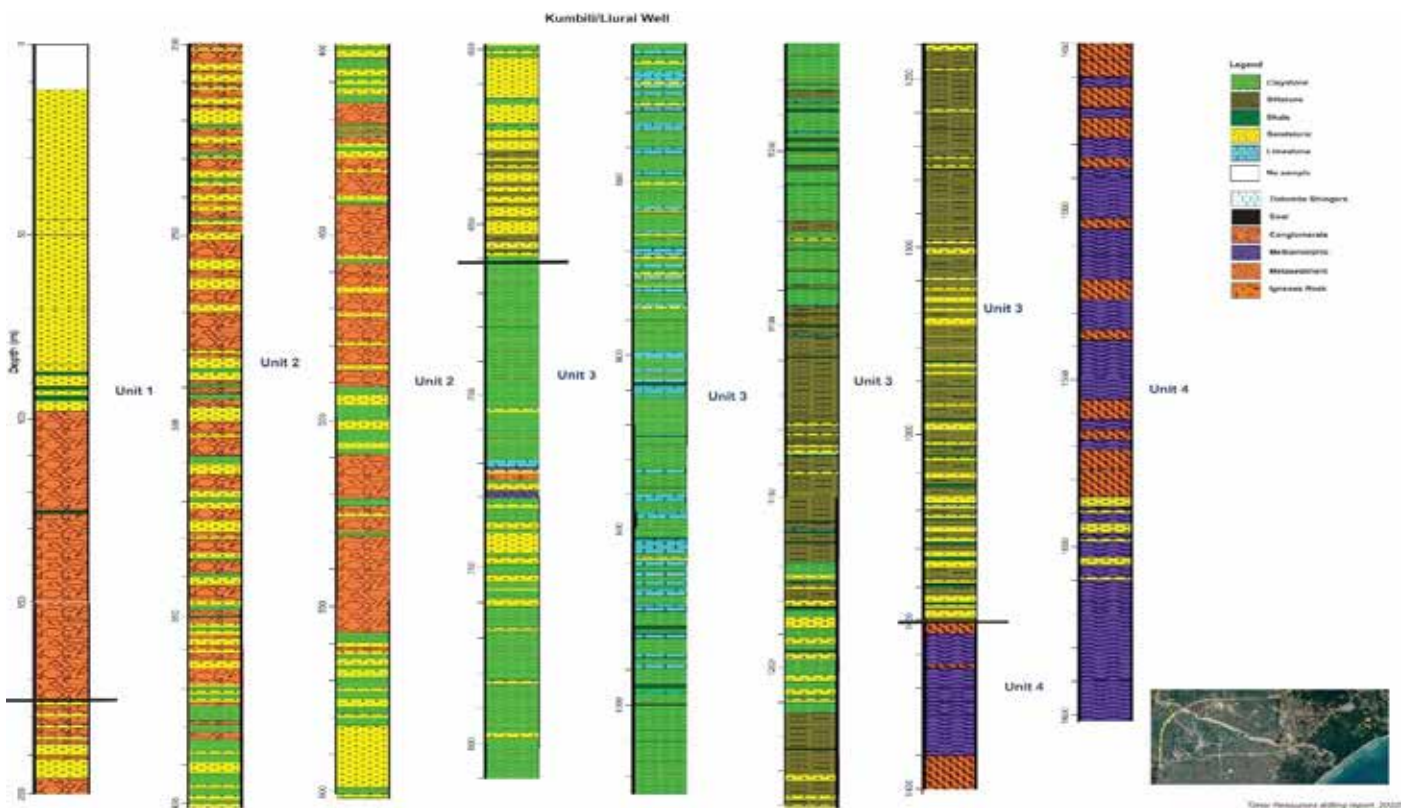


Figure 2-8: Summary of the formation evaluation of Kumbili-1 well

2.5. PSC TL-OT-17-09

TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda. is a wholly owned subsidiary of TIMOR GAP created with the sole purpose of acquiring and exercising rights arising from ownership of a participating interest in the PSC TL-OT-17-09 (onshore Block C), including exploration and production of crude oil and natural gas and the respective sales of these products.

TIMOR GAP, through its wholly owned subsidiary, TIMOR GAP ONSHORE BLOCK C Unipessoal, Lda., holds a 50% participating interest in the onshore PSC TL-OT-17-09, which covers an area of 1,291 km². TIMOR

GAP ONSHORE BLOCK C is currently assisting the operator, TIMOR RESOURCES, in preparing for the first exploration drill in Block C, namely the Rusa-1 well, slated to start in 2023. The main program in the minimum works requirement under the PSC is to drill an exploration well with depth accumulation of up to 2000m within the contract area of Block C.

The main activities carried out in 2022 include continuing engaging with the Ministry of Public Works, through the National Directorate for Roads, Bridges and Flood Control (Direção Nacional das Estradas, Pontes e Con-

trol de Cheias - DNEPCC), and GV-MOP regarding the maintenance of the public road from Zumalai (Suai) to Cassa (Ainaro); continue the desk-study technical review of previous technical data and reports, as well as new in-

formation from the two new wells drilled on the Block A; and also continue updating the ArcMAP database for all onshore information.



Figure 2-9: Joint road inspection for rig mobilization to Rusa-1 wellsite location - option 1 Karau-Ulun/Aiasa River

Regarding public road maintenance, the Ministry of Public Works launched a tender in October and the bid winner was announced in December 2022. The Rusa-1 wellsite civil works, as per the Operator updates, is ready to receive the rig. This rig is expected to be mobilized in early 2023 from Lafaek-1 (Block A) to Rusa-1 (Block C), subject to progress of the road repairs enroute Suai-Betano, as well as the operational drilling in Lafaek-1.

Regular meetings were conducted to monitor the progress of the Support Service Request (SSR) by the technical team of the Upstream Business Unit, which focus on petrophysical evaluation, seismic interpretation, prospect identification (including risk and ranking), and volumetric calculation.

The goal of this project is to assess the viability of drilling in Block C and identify any potential risks associated with the drilling process. Through the seismic interpretation

and prospect evaluation, the team hopes to identify the most promising areas for drilling and estimate the size and quality of the hydrocarbon reserves and the associated risks and uncertainties in these areas. The petrophysical evaluation will provide crucial information about the physical properties of the rock formations in the drilling area, which will aid in the planning and execution of the drilling operation.

Petrophysical analysis including the well correlation of Betano-1 and Betano-2 with Rusa-1, as well as correlation with other onshore wells, including the two new wells, has been completed. The petrophysical parameters for formation evaluation have not yet been finalized and the final draft report is in the process of being prepared. For seismic works, fault and horizon interpretation has been carried out, with two key horizons (Jurassic-Triassic Marker) picked for the 6 2D Fafulu (2019) seismic lines. Five leads have been identified, with two or three pros-

pects that are equivalent to the Operator’s Greater Rusa and Kameli prospects. The next step is to review the pet-

rophysical and other input parameters to finalize the volumetric calculation.

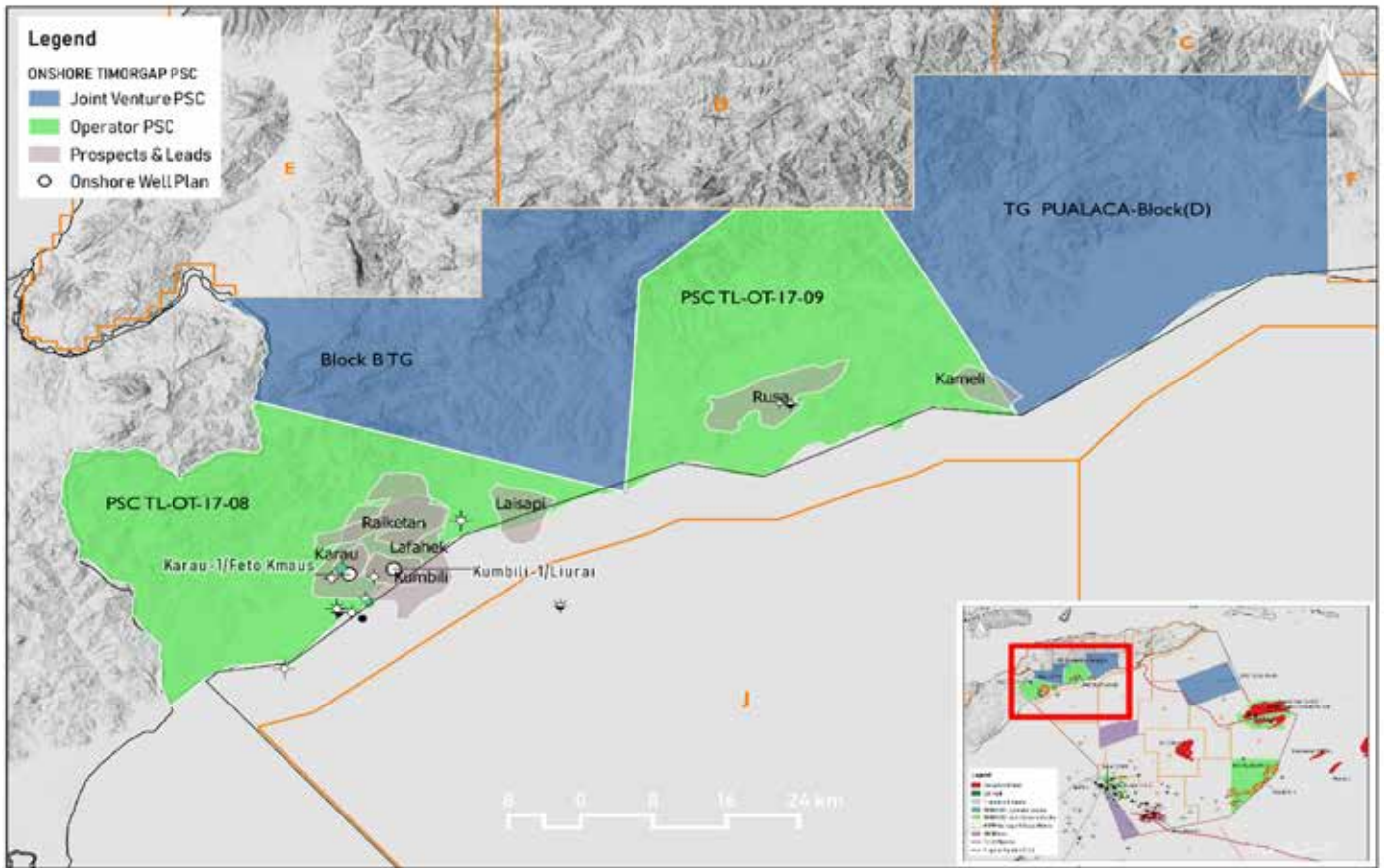


Figure 2-10: Location of the exploration wells planned to be drilled in the PSC TL-OT-17-09 contract area

2.6. PSC TL-SO-15-01

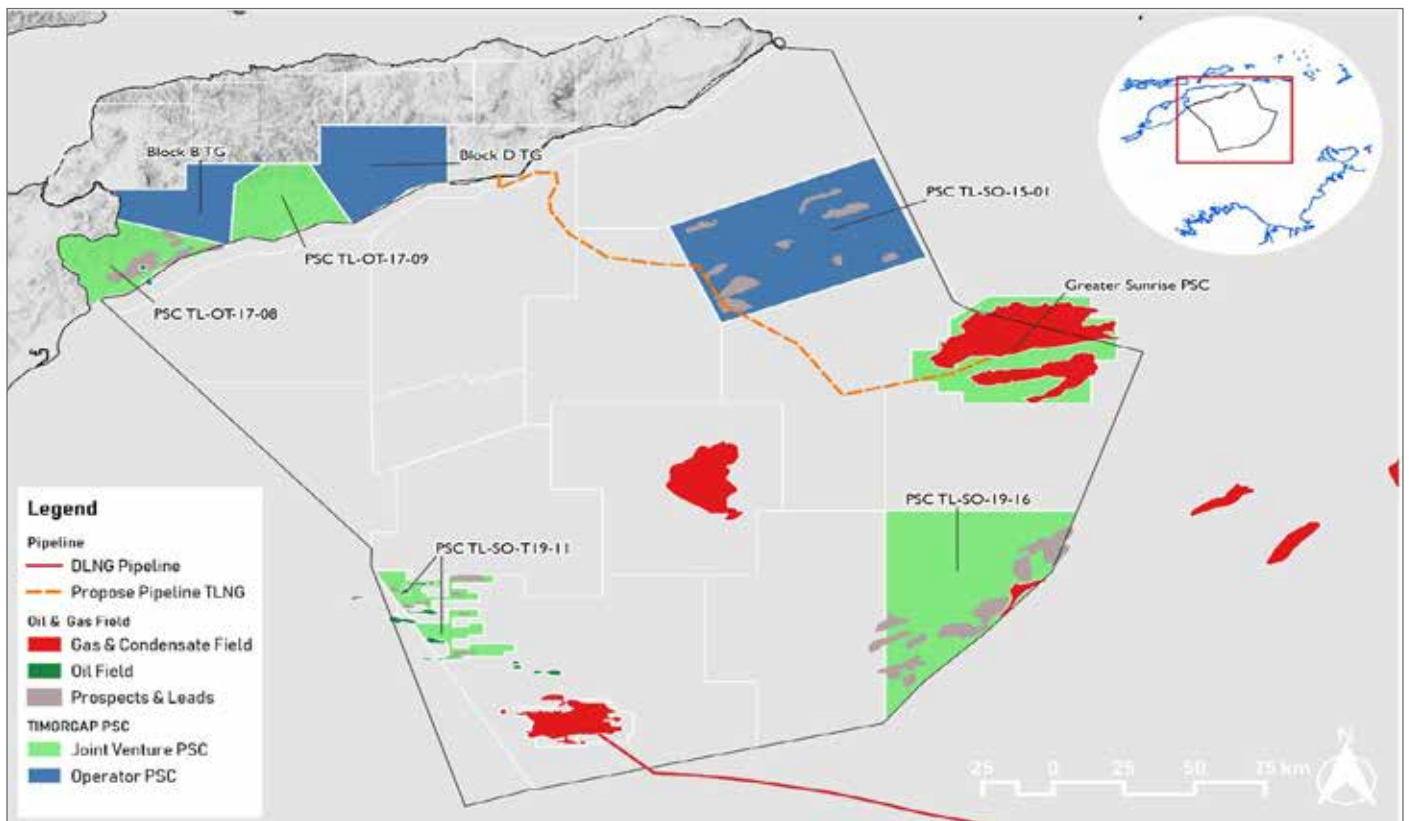


Figure 2-11: Location map of TIMOR GAP offshore PSC TL-SO-15-01

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 minimum work program for the initial period has been completed, and the second exploration period includes a firm commitment to drill an exploration well. The activities in 2022 have focused primarily on finalizing the block prospectivity and finding a suitable partner to fund the exploration well commitment.

To facilitate the farm-out process, the technical team carried out quality control of the existing database and projects, and negotiations were initiated with Ez-DataRoom Services for data room services. The main activities for the Data Room Services were to finalize the Service Agreement, prepare the Confidentiality Agreement, and

finalize the list of data to be uploaded in the online Data Room. Increased interest has been observed from companies in evaluating the farm-out opportunity, and the Ez-DataRoom® Web VDR will run for 6 months, commencing from March 2023.

In addition, TIMOR GAP OFFSHORE BLOCK management has planned and attended various conferences, Business Forum, exhibition, and presented technical key PSC aspects to promote the block. The company has also finalized the tender documents for the Full Wave Field Inversion (FWI)/Time Reverse Migration (RTM)/Inversion and Interpretation Project, which is an additional commitment under the extension that was provided to the second period of the PSC. The pre-qualified vendor list was approved by the ANPM, and the work is expected to be awarded to the successful bidder in early 2023 and completed by late 2023.

2.6.1. Farm-out Preparation

One of the main activities of TIMOR GAP OFFSHORE BLOCK work program for 2022 is farm-out, mainly aimed at finding a suitable partner to proceed with drilling of one exploration well. To facilitate the farm-out process, the technical team carried out quality control (QC) of the existing database and projects. The Geoscience Manager and Offshore Manager of the Upstream Business Unit assisted with the required technical work.

Negotiations for Data Room, with the option for Virtual Data Room (VDR), were initiated with Ez-Dataroom Services. Ez-DataRoom Services were selected based on their experience in Timor-Leste, as they had previously carried out similar services for the Timor-Leste second

Licensing Round. The main activities for the Data Room Services included finalizing the Service Agreement, preparing the Confidentiality Agreement, and finalizing the list of data to be uploaded in the online Data Room.

Increased interest has been observed from companies in evaluating the farm-out opportunity. The initial Block Promotion activities have been completed from September 2022 to December 2022. EzDataRoom® Web VDR will run for 6 months, commencing from March 2023, and is expected to generate sufficient interest for potential investors to require an assessment of the technical data related to the opportunity.

2.6.2. Promotion of the Block



Figure 2-12: TIMOR GAP OFFSHORE BLOCK promotion in the SEAPEX Conference & Exhibition (left); Presenting offshore block farm-out opportunity to the farm-out forum in London (right)

TIMOR GAP OFFSHORE BLOCK management has planned and attended various conferences, Business Forum, exhibition, and presented technical key PSC aspects

to promote the block. These activities are aimed at increasing the visibility of the block and attracting potential partners for farm-out.

2.6.3. FWI/RTM/Inversion and Interpretation Project

In addition to the farm-out activities, TIMOR GAP OFFSHORE BLOCK has also been working on fulfilling additional commitments under the PSC extension for the second exploration period. The FWI/RTM/Inversion and Interpretation Project has been identified as one of these commitments. The project aims to provide a detailed analysis of the block's prospectivity and help identify potential hydrocarbon resources. The FWI/RTM study that is being proposed is a direct result of the successful pilot

project undertaken by CGG. This project yielded significant improvements in imaging capabilities beneath the subthrust of the Baleia Prospect. The proposed study aims to further reduce the uncertainty surrounding the structure of the prospect by derisking it. The outcomes of this study will provide valuable insights into the geology of the region, enabling more accurate predictions of the prospects' potential and better-informed decision-making.

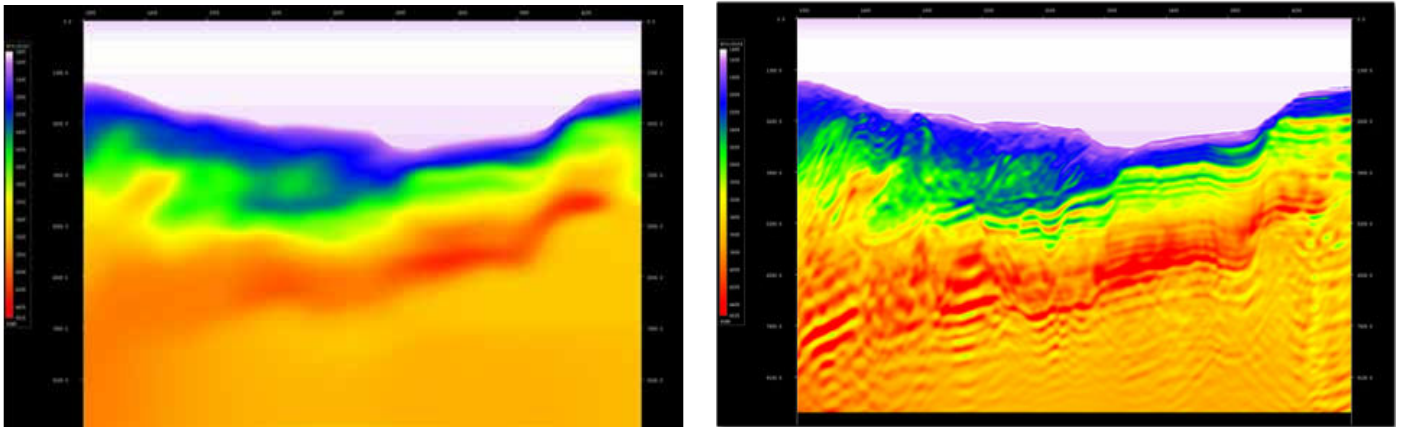


Figure 2-13: Initial Velocity Model (Tomography) of Pilot Project (IL 3280) (left); Velocity Model – FWI 12Hz (IL 3280) (right)

To achieve this, the project will involve acquiring and processing various geophysical data, including Full Waveform Inversion (FWI), Reverse Time Migration (RTM), and Inversion. The project also involves integrated interpretation of the data to generate a block prospectively report. The pre-qualified vendor list for this project has been approved by the Autoridade Nacional do Petróleo e Minerais (ANPM), based on the vendor's ability to pro-

vide the necessary technology and expertise to carry out the project.

The Request for Proposal (RFP) for the project has been sent out to the pre-qualified vendors, and a detailed Scope of Work has been included in the RFP. The project is expected to be awarded to a successful bidder in early 2023, and the work is expected to be completed by late 2023.

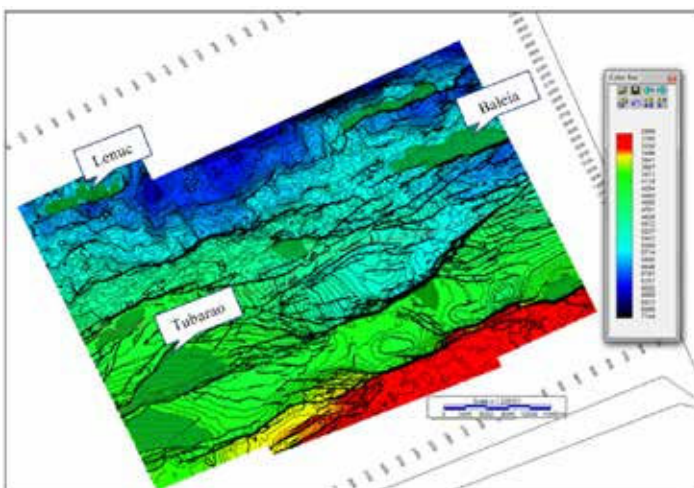


Figure 2-14: Promoting the identified prospects in the PSC block

In preparation for the farm-out data room project, the technical team has also carried out Quality Control (QC) of the existing database and projects. The Geoscience Manager and Offshore Manager of the Upstream Business Unit have provided technical support for the QC work. The existing Kingdom Project for Pre-Stack Depth Migration (PSDM) and the existing Petrel Project for Post-Stack Time Migration (PSTM) have been evaluated as part of the QC work.

TIMOR GAP OFFSHORE BLOCK management has also been actively promoting the PSC and presenting technical key PSC aspects at various conferences, Business Forums, and exhibitions. These events provide an opportunity to showcase the potential of the TIMOR GAP

OFFSHORE BLOCK and attract potential investors for the farm-out opportunity.

In conclusion, TIMOR GAP OFFSHORE BLOCK has made significant progress in fulfilling its commitments under the PSC TL-SO-15-01. Farm-Out activities, which aim to find a suitable partner to proceed with drilling one exploration well, have generated significant interest from potential investors. Additionally, the FWI/RTM/Inversion

and Interpretation Project, which is an additional commitment under the PSC extension, is expected to provide valuable insights into the block's prospectivity. The use of a Virtual Data Room for the farm-out project is expected to facilitate the process of attracting potential investors. TIMOR GAP OFFSHORE BLOCK management's active promotion of the PSC has also helped generate interest in the block and in the farm-out opportunity.

2.7. PSC TL-SO-T 19-11

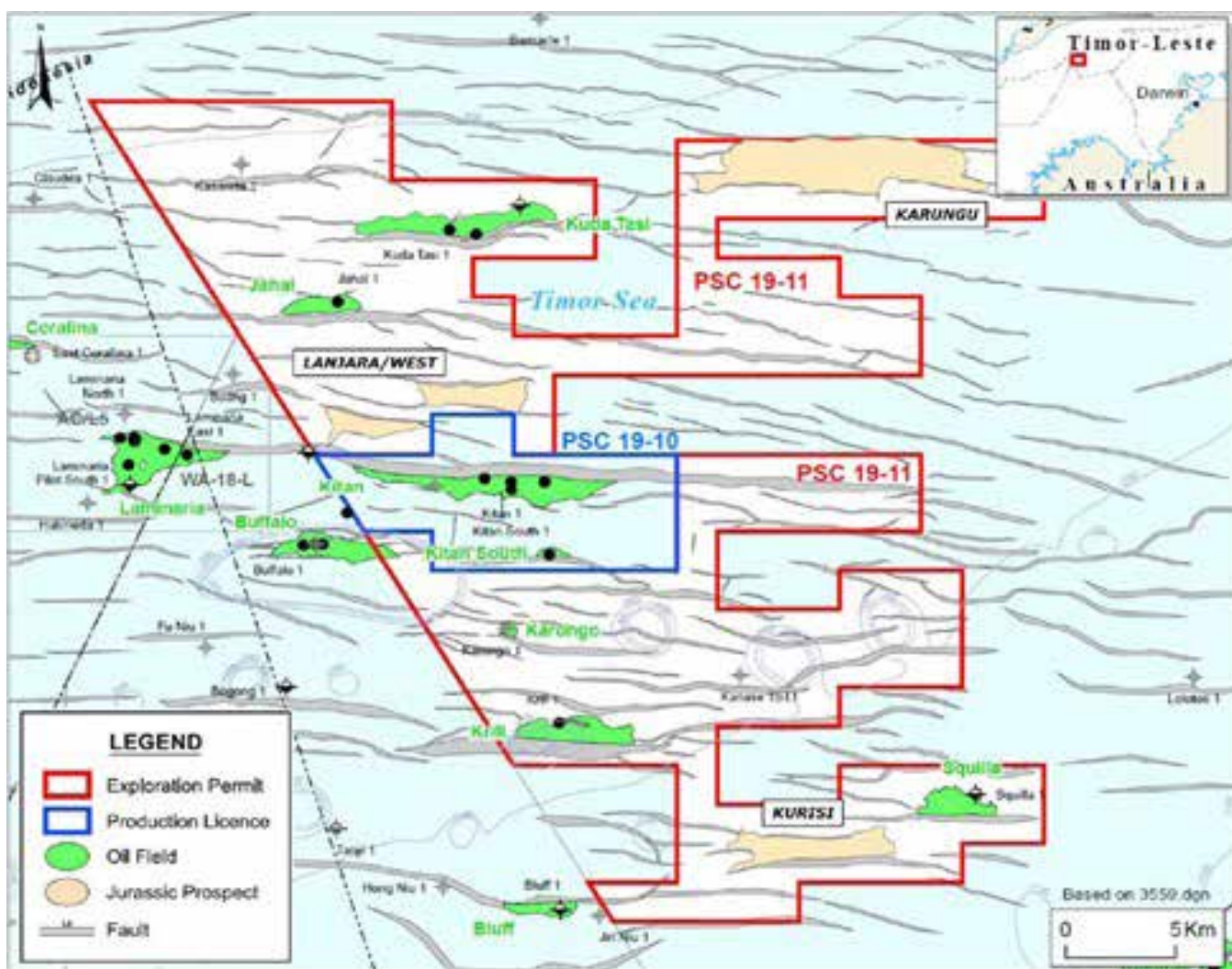


Figure 2-15: Location of PSC TL-SO-T-19-11

PSC TL-SO-T-19-11 (PSC 19-11) is located in the Northern Bonaparte Basin, Timor Sea, approximately 240 km south of Dili and 500 km northwest of Darwin. Formerly known as Block 11-106 in the Joint Petroleum Development Area (JPDA) established by the Timor Sea Treaty, PSC 19-11 covers an area of 662 km², adjacent to the Kitan oil field, and lies in an average water depth of 350m. The block contains a few discoveries, with proven but unproduced reserves at Jahal and Kuda Tasi (+/- 20 MMbbls), in addition to prospects such as Kanase, Karungu, Squilla, and Krill, with a total estimated cumulative of more than

500 MMbbls and other prospects yet to be explored.

TIMOR GAP PSC 11-106, Unipessoal, Lda. holds a 24% participating interest as one of the joint venture partners, alongside ENI, the operator of the Contract, with 40.53% and INPEX, with 35.47%. The PSC was signed in 2013. Since then, exploration activities have been conducted on the block, with particular focus on the Kanase prospect, which was drilled in 2019. However, the Kanase well was beset by technical issues, resulting in an unsuccessful conclusion.

Following the drilling of the Kanase-1 well, in 2022, TIMOR GAP's G&G team undertook a seismic interpretation and petrophysical study. This study aims to reevaluate the prospectivity in the Triassic level by conducting a seismic interpretation for the Triassic formation after calibration with petrophysical data obtained from the new well. The use of the data obtained from the new Kanase-1 well to calibrate the interpretation of the seismic data allows a more accurate and precise analysis. The petrophysical study will provide essential information on the rock properties, such as porosity and permeability, that will help the team better understand the geology of the area. This understanding will allow for more accurate predictions of the presence and location of hydrocarbons.

The study is a significant undertaking that could potentially have a significant impact on the future of the exploration block PSC TL-OT-19-11 targeting the deeper level prospects. The Triassic formation has potential to be the source of hydrocarbons in the basin and therefore, could uncover previously unknown reserves in the area.



In addition to the above internal assessments, the JV is focused on conducting a detailed study of the contract area, with this program and its details being incorporated into the 2022 Work Program. The detailed study, particularly the Petroleum System Modeling of the contract area, is ongoing. The non-operators were required to agree to this, and TIMOR GAP PSC 11-106 voted in favor of carrying out the work.

A Technical Committee Meeting (TCM) was held on June 2022 to address technical and management issues of its business strategy. During this meeting, a few technical issues were reported by the Operator and duly discussed, such as the 2022 Work Program & Budget, future technical studies update and results (H2-2022). A subsurface structural modelling study will be carried over into 2023, along with the Kuda Tasi-2 abandonment, Local Content status, Operating Committee Meeting (OCM), HI-2022 expenditure, proposed studies, and an indicative 2023 Budget.



Figure 2-16: TIMOR GAP G&G Team review the data in ENI dataroom (left); Meeting with ENI representatives (right)

The Operator has continued to deliver their work as per the 2022 Work Program. The evaluation of proactivity and geomodelling of Block 19-11 allowed a better understanding of the area. The Technical Team reached a mutual agreement with the Operator to share all related technical data not currently in the possession of TIMOR GAP.

A one-day technical workshop was also provided by the

2.8. PSC TL-SO-T 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. The PSC TL-SO-19-16 has a total contract area of approximately 3571.49 km². TIMOR GAP CHUDITCH, Unipessoal, Lda. is the joint venture partner (25

Operator to the TIMOR GAP PSC 11-106 technical team. This workshop covered all related Geology and Geophysics data, historical data, and business information of the block. To further enhance the knowledge and information of our technical team, a visit to the Operator office was conducted to reiterate and expose them to the physical data of the block. The physical data showroom was held in November 2022.

% carry interest) with SundaGas Banda, Unipessoal, Lda (75 %) as the PSC's Operator.

In 2022, the focus of the technical activities was the evaluation of the Chuditch discovery. 1,270 km² of 3D data were successfully reprocessed to PSDM during the third quarter of 2022 by TGS Nopec S.A. at their processing Centre in the United Kingdom. In light of the COVID-19

travel restrictions, TIMOR GAP was unable to directly partake in the processing; however, they attended weekly meetings via videoconference. The Chuditch field can now be evaluated in detail, and the new 3D data were being interpreted by SundaGas and also in parallel by TIMOR GAP. This interpretation and mapping exercise is expected to be completed early in 2023.

Extensive geological studies have been carried out in parallel with seismic activities. A detailed petroleum systems modelling exercise was conducted, utilizing more than 50,000 km of 2D seismic data and 31 wells, to address questions related to the source and timing of gas and condensates to Chuditch and other discoveries. The distribution of carbon dioxide and the reasons for failure for some earlier exploration wells were also addressed. This study was successfully completed and is currently being documented by SundaGas.

Further geological studies were conducted on the reservoir in the Chuditch Field, including detailed analysis of the core taken from the Plover Formation reservoirs in the Chuditch-1 well. TIMOR GAP participated in workshops in Perth, where the core was evaluated in detail and integrated with other geological data, such as petrophysical results and image logs.

On the engineering front, a preliminary development concept study was conducted in the second quarter to

address the feasibility and cost of several possible in-field development scenarios. This study was completed in April 2022, but a revision was underway at year-end, incorporating several updates, notably the initial mapping results from the reprocessed 3D seismic data.

Apart from collaborating with the Operator, the technical team in the Upstream Business Unit is also conducting an in-house technical study. This study includes seismic interpretation of fast-track reprocessed 3D Kyranis data and petrophysical analysis of Chuditch-1 well. The purpose of this study is to compare the results delivered by the Operator, SundaGas, to the team's own analysis. By conducting this comparison study, the team aims to ensure that the data and analysis provided by the Operator are accurate and to identify any discrepancies or potential issues that may need to be addressed. This in-house study is an important component of the Upstream Business Unit's quality control process and helps to ensure that all technical data and analysis is reliable and accurate.

The SundaGas and TIMOR GAP Joint Venture continued to collaborate closely with ANPM, and in September a Deed of Amendment to the PSC was agreed and signed. This amendment removed the requirement for 2D seismic reprocessing and granted a six-month extension to the current phase of the PSC, reflective of the pandemic-related delays and the unexpected complexity of certain aspects of the 3D reprocessing.



Figure 2-17: Signing of Deed Amendment to PSC Work Program from SundaGas and TIMOR GAP Chuditch Unipessoal, Lda. witnessed by ANPM representatives

In 2022, SundaGas established an operating office in Dili and recruit a technical team. SundaGas initiated a training program for its new personnel and was able to share some training opportunities with TIMOR GAP staff.

Looking ahead to 2023, completion of all the evaluation studies is anticipated early in the year. These studies will underpin a decision to progress to appraisal drilling on the Chuditch field, which is required by the end of the current phase, on 18 June 2023.

Assuming a positive appraisal drilling outcome and a decision to proceed with development, the joint venture partners will then enter into a Front-End Engineering and Design (FEED) phase, which will involve detailed

engineering and planning work for the selected development concept. This will be followed by a Final Investment Decision (FID) and ultimately the construction and commissioning of the development facilities.



Figure 2-18: SundaGas Signed the MoU with Dili Institute of Technology (source image tatoli.tl)

In addition to their technical activities, SundaGas engaged in academic outreach programs to build relationships with local universities and promote educational development in the country. These efforts included the implementation of a Memorandum of Understanding (MOU) with Dili Institute of Technology (DIT) and the delivery of short courses to students from technical experts. In the future, the same program will be delivered to other universities in the country.

benefits to Timor-Leste, including new job opportunities, increased revenue from taxes and royalties, and improved energy security.

The joint venture partners remain committed to operating in a safe, responsible, and sustainable manner, and to engaging positively with all stakeholders, including the Timorese government and local communities. The successful implementation of the Chuditch development has the potential to deliver significant economic and social

In summary, the joint venture partners, SundaGas and TIMOR GAP CHUDITCH, have made significant progress on the evaluation and planning of the Chuditch gas discovery in PSC TL-SO-19-16 during 2022. The completion of reprocessing to PSDM of 3D data, extensive geological studies, and a preliminary development concept study are important milestones achieved during the year. Looking ahead to 2023, the joint venture partners plan to complete all the evaluation studies and progress to appraisal drilling on the Chuditch field. The partners remain committed to operating safely, sustainably, and engaging positively with stakeholders in Timor-Leste.

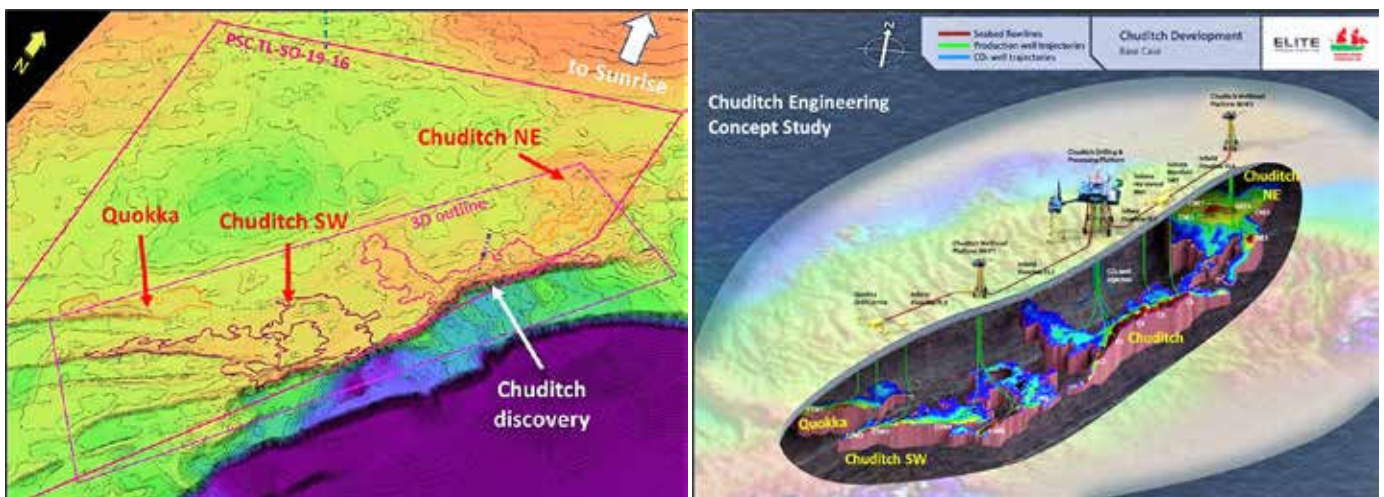


Figure 2-19: Provisional Formation Reservoir Depth Map (2D & 3D areas) by Operator (left); In-field development concept example, incorporating Chuditch and adjacent undrilled prospect areas (Operator) (right)

2.9. PSC TL-OT-21-17

TIMOR GAP Pualaca Block, Unipessoal Lda, is a wholly owned subsidiary of TIMOR GAP. The primary objective of the subsidiary is to represent its parent company, TIMOR GAP, and implement exploration activities within the onshore area of Timor-Leste. The company holds the sole contract of the Pualaca Block (100%), as per the requirements of the Production Sharing Contract (PSC) TL-OT-21-17. TIMOR GAP Pualaca Block has been incorporated in accordance with the Law of the Democratic Republic of Timor-Leste, under Law no.35/2012. The primary purpose of the company is to acquire and exercise the programs in the PSC TL-OT-21-17, including explo-

ration and production of crude oil and natural gas.

The establishment of TIMOR GAP Pualaca Block, Unipessoal Lda, represents a significant milestone in the development of the oil and gas sector in Timor-Leste. The company's activities in the Pualaca Block will play a crucial role in the country's efforts to explore and develop its energy resources, which will contribute significantly to the economy. Additionally, the establishment of a subsidiary in Timor-Leste demonstrates the commitment of TIMOR GAP to the country's sustainable development and economic growth.

2.9.1. Location and Scale of the Project

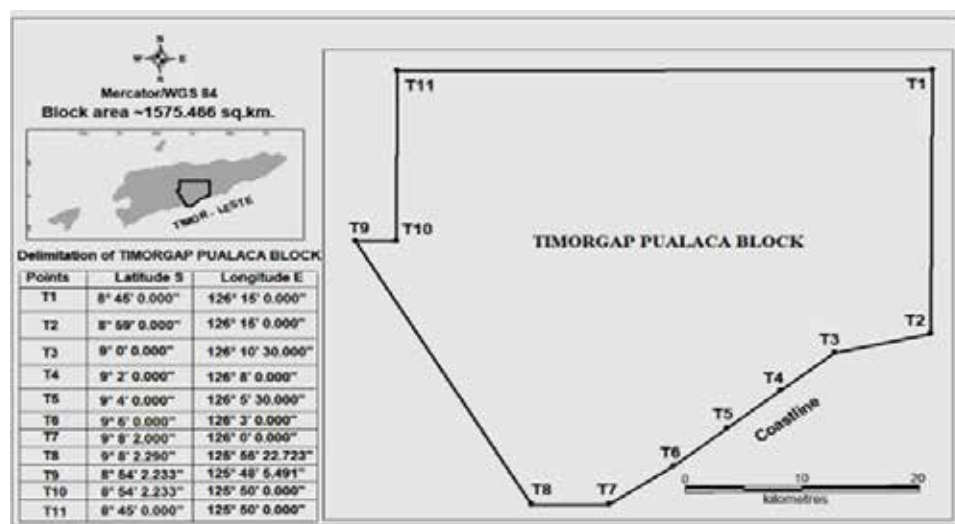


Figure 2-20: Location of TIMOR GAP Pualaca Block

TIMOR GAP's Pualaca Block is situated on the south coast of Timor-Leste and spans an area of 1575 km². It encompasses three municipalities: Manatuto, Viqueque, and Manufahi. The Production Sharing Contract (PSC) TL-OT-21-17 is associated with this block, and its subsidiary is responsible for the exploration and production of oil and gas in the area.

2.9.2. Project Activities



Figure 2-21: Local authorities, veterans, local NGOs, and Lia Nian participated in the project launch and socialization of petroleum exploration activities in the PSC TL-OT-21-17

The onshore Production Sharing Contract (PSC) TL-OT-21-17 was awarded to TIMOR GAP Pualaca Block, Unipessoal, Lda., a subsidiary of Timor-Leste's national oil company TIMOR GAP, as a sole operator (100%) on 7 December 2021. The PSC program includes desktop studies, non-seismic methods, seismic acquisition, and one exploration well in the first exploration period.

On 24 June 2022, a socialization of the PSC TL-OT-21-17 Work Program was carried out with the local authorities and community in the Municipality of Manatuto,

Viqueque, and Manufahi. This socialization work is important to ensure that everyone is aware of the activities that will be undertaken and to address any concerns that the local authorities and community may have.

Following the project launch and socialization, and with the Health, Safety and Environment (HSE) license, Full

Tensor Gravity Gradiometry (FTG) Survey and other relevant approvals granted by ANPM, the FTG survey implementation was initiated by TIMOR GAP Pualaca Block and its contractor BellGeospace on 27 August 2022 at the President Nicolau Lobato International Airport, in Dili, Timor-Leste.



Figure 2-22: ANPM-HSE team inspected the survey aircraft and equipment before the FTG survey commenced

Full Tensor Gradiometry (FTG) is a geophysical method used in the exploration of oil and gas reserves. It measures the gradient of the Earth's gravity field in all three directions, allowing for the detection of variations in the density of subsurface rock formations. FTG data provides valuable information about the location and shape of geological structures, helping to identify potential oil and gas reservoirs.

Acquiring FTG data requires specialized equipment and expertise. BellGeo, an aviation company based in Canada, offers FTG surveys using their state-of-the-art aircraft equipped with sensitive gradiometers. The aircraft flies over the survey area in a carefully planned pattern, collecting data that is then processed and interpreted by

geophysicists.

FTG surveys are particularly useful in areas with complex geology, such as salt domes, which can be difficult to image using traditional seismic methods. By providing a more detailed picture of the subsurface, FTG surveys can improve the success rate of oil and gas exploration and reduce the risk of costly dry wells.

The FTG survey, which covers a highly prospective area, where active petroleum systems elements, including light sweet oil and gas seeps can be observed within the contract area, was completed on 13 September 2022. The survey covered a total of 3149 Lkms with 500m line spacing for Pualaca Block.



Figure 2-23: Briefing with TIMOR GAP team and BellGeospace technical team to mark the start of the FTG survey first flight

The FTG data processing and interpretation were completed to move forward to 2D seismic survey design based on the FTG prospects. This survey is the first step in the exploration activity in the TIMOR GAP Pualaca Block area and is a crucial step to explore and identify FTG leads/prospects to design seismic lines efficiently to obtain undiscovered Total Petroleum Initially In-place (PIIP) prospects from a seismic survey within the PSC's boundary.

TIMOR GAP Pualaca block is determined to be a successful company in exploring petroleum in the contract area and hopes for efficient and safe delivery of commitment under the PSC. The minimum exploration work requirements in the initial period for the PSC include the acquisition of FTG survey, Amplified Geochemical Imaging Studies, and 100Lkm 2D seismic survey.

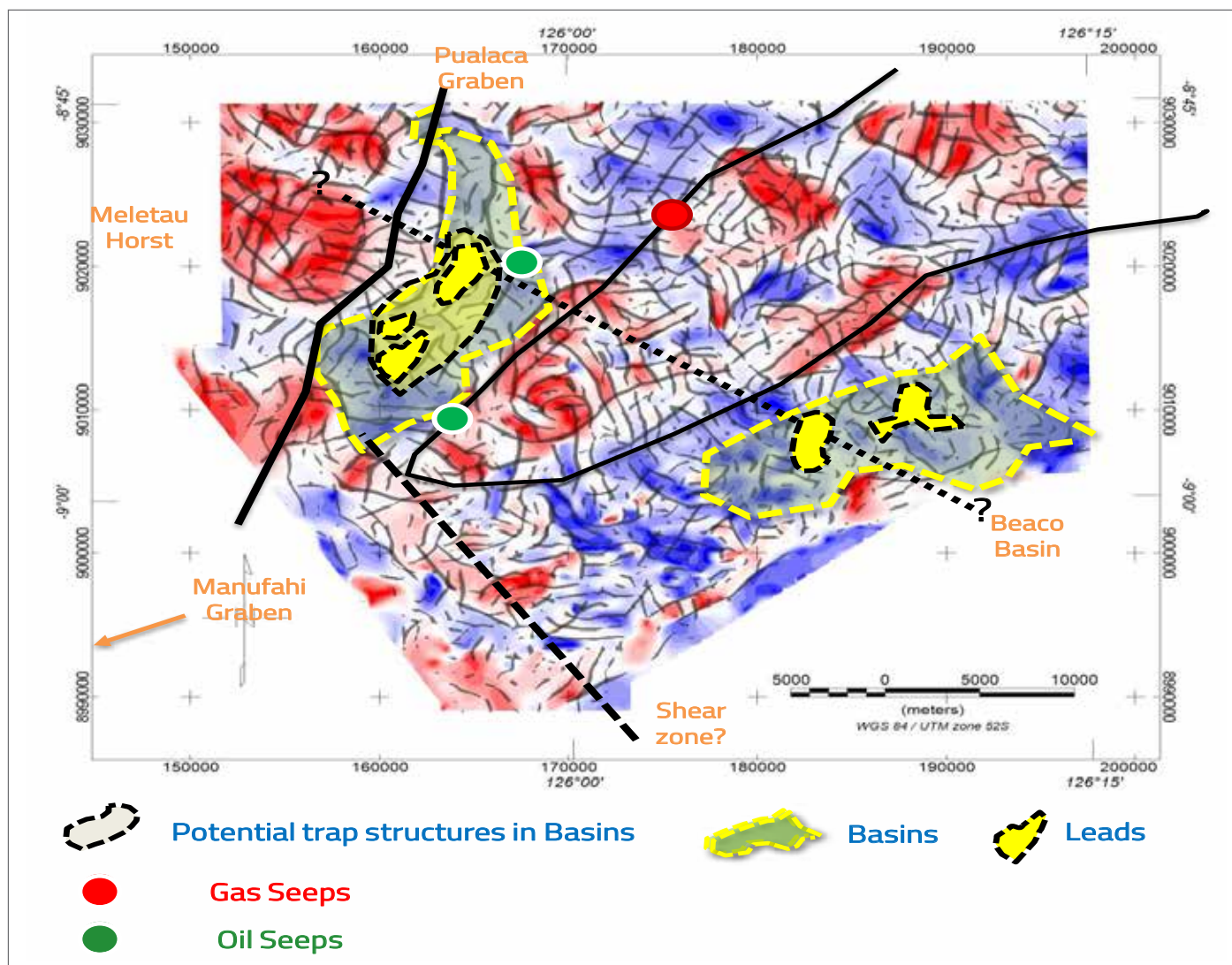


Figure 2-24: Map of TIMOR GAP Pualaca Block petroleum basins, potential traps, and leads identified from FTG data interpretation and are to be confirmed with further 2D/3D seismic study

2.10. Business Development and Provision of Services for Upstream

Business opportunities and services for the upstream sector are identified and managed by the Upstream Business Unit's Business Development and New Venture Service (BDNVS) subunit, which focuses on creating and tapping business opportunities, forming partnerships with other upstream oil & gas and service companies, and providing upstream services through its subsidiaries, TIMOR GAP Seismic Services and TIMOR GAP Drilling & Services.

These subsidiaries offer seismic and drilling-related services for both onshore and offshore upstream operations.

The activities of Business Development and New Venture in the year 2022 focused primarily on evaluating blocks under the ANPM licensing round, pursuing farm-in and farm-out opportunities, exploring geothermal potentials, and providing services related to the upstream sector.

2.10.1. PSC TL-OT-22-18

During 2022, BDNVS collaborated with the relevant departments of TIMOR GAP to assess potential blocks for the ANPM licensing round, through competitive international bidding. Following the internal assessment,

TIMOR GAP bid for an onshore blocks. As a result, TIMOR GAP RARAHANA BLOCK, Unipessoal, Lda., a wholly owned subsidiary of TIMOR GAP, was awarded with the PSC TL-OT-22-18 signed on 22 December 2022.

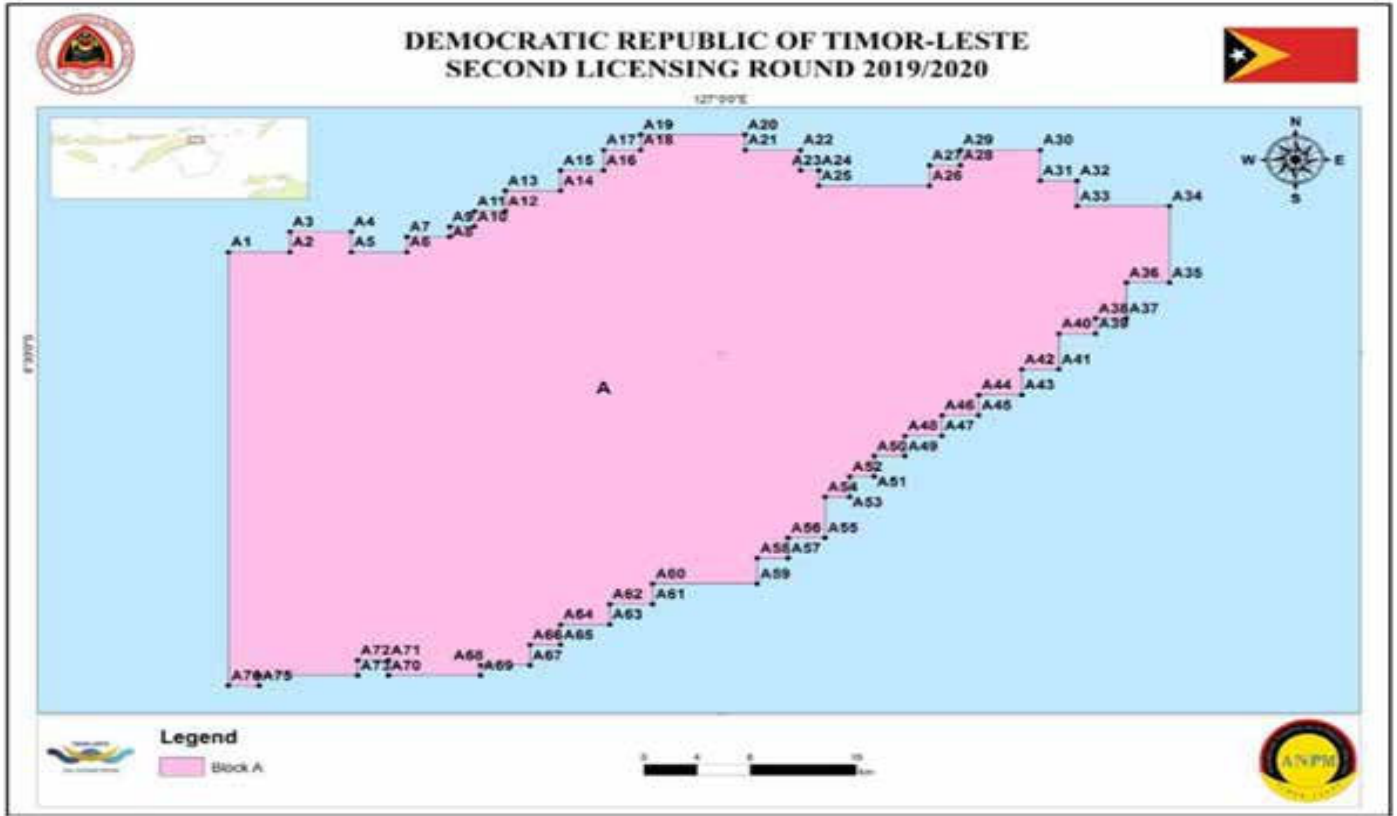


Figure 2-25: PSC TL-OT-22-18 (Block A) contract area

This block is located onshore in Timor-Leste, covering an area of 4862.59km² across Lospalos, Baucau, and Viqueque Municipalities. TIMOR GAP, through its sub-

siary, holds a 100% participating interest in this PSC, with TIMOR GAP also assuming the role of Operator--a noteworthy achievement for the company.



Figure 2-26: PSC signature ceremony in Lautém Municipality

2.10.2. Farm-in and Farm-out Opportunities



Figure 2-27: Meeting and discussion with potential investors

This year, BDNVS continued to search for potential investors to support TIMOR GAP’s exploration blocks through farm-in and farm-out activities. TIMOR GAP approached and held discussions with various investors interested in investing in oil and gas activities within Timor-Leste’s exclusive area.

2.10.3. Geothermal Potential Exploration

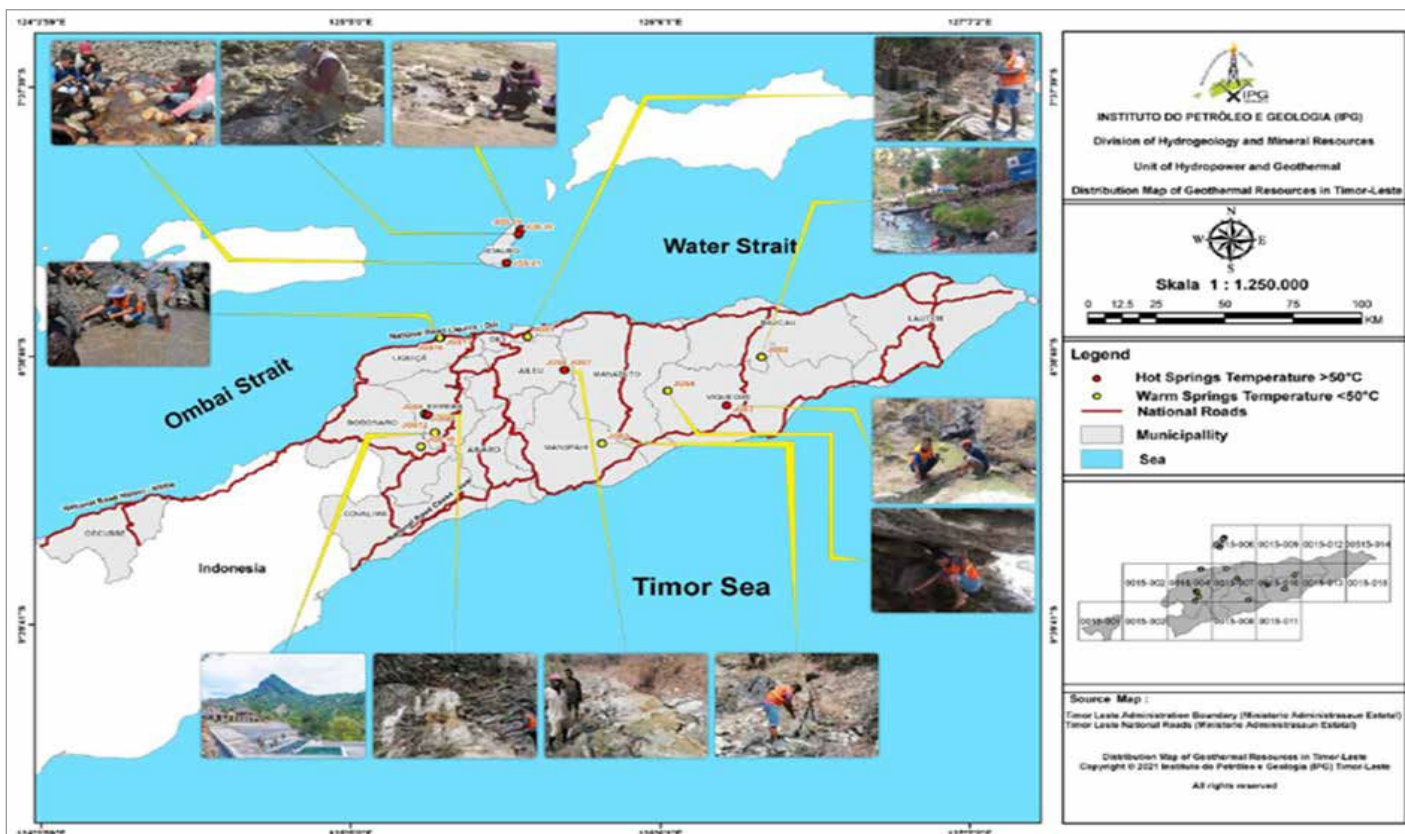


Figure 2-28: Map of the geothermal resources’ distribution across Timor-Leste territory (IPG 2021)

In 2022, BDNVS continued working on exploring geothermal manifestations by conducting a geothermal reconnaissance study within Timor-Leste’s territory. The objective of this endeavor was to identify the existing geothermal manifestations in all of Timor-Leste’s onshore area. The technical team for this survey included members of TIMOR GAP’s Upstream Business Unit upstream

and technical staff from the Institute of Petroleum and Geology (IPG). From the early planning stage, TIMOR GAP involved IPG as part of the technical support for the geothermal reconnaissance. This year, the study was focused on Atauro Island, where geothermal manifestations were observed and showed promising prospects for further studies.

2.10.4. TIMOR GAP Seismic Services, Unipessoal, Lda.

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

ing and, in the future, interpretation, whilst providing training opportunities and technology development to its local staff through its international partners.

In 2022, TIMOR GAP Seismic Services continued to search for potential seismic activities that could occur in onshore and offshore areas. Communication between TIMOR GAP Seismic Services and its partners was maintained throughout the year to plan for any seismic services that might arise.

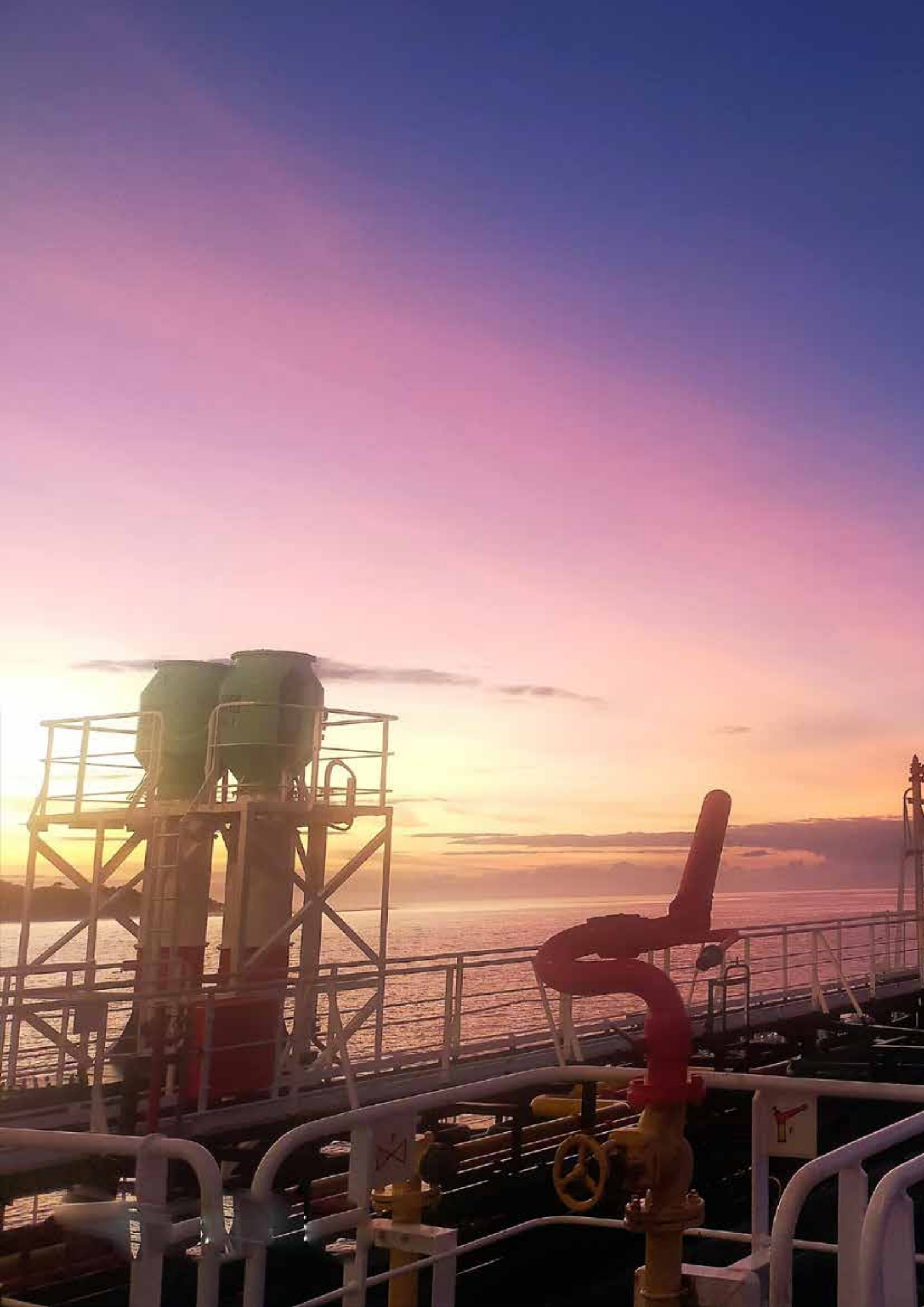


Figure 2-29: Communication and discussion on potential seismic services

2.10.5. 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 2022, TIMOR GAP Drilling & Services continued to participate in the Bayu-Undan decommissioning project. Together with capable international companies, TIMOR GAP Drilling & Services submitted Expressions of Interest for some of the services issued by Santos. Moreover, TIMOR GAP Drilling & Services conducted an internal study on potential investment services related to drilling activities.





3. DOWNSTREAM

Wholesale Businesses

Downstream Projects Engineering Studies

Retail Businesses

TLNG Beaçó: EIA & Human Resources Development

Refinery & Petrochemical Complex

Downstream Subsidiary Companies



HIGHLIGHTS OF 2022

- **TIMOR GAP** continued to supply fuel to EDTL, E.P. Power Plant in Betano, delivering a total of 27,230,553 liters of fuel in 2022;
- **Petroleum Import Terminal:** completed the land and propriety identification for the project site in Metinaro, and award an Engineering Study Contract to PT Tripatra for the Feasibility Update and FEED Study;
- **LNG Import Terminal:** completed the Feasibility Study performed by Wood plc, and the Service Agreement for Metinaro survey campaign was awarded to PT Mahakarya Geosurvey Indonesia;
- **Finalized the prototype design for the new fuel stations;**
- **TLNG Human Resources Program:** completed the first phase, with 18 trainees successfully finalizing the six-months professional training on LNG plant maintenance at CNEFP Tibar, and initiated the On-Job-Training (OJT) at PT Badak LNG facility in Bontang, Kalimantan;
- **Initiated the feedstock market and commercial study for the Betano Modular Refinery and Petrochemical Complex.**

3.1. Overview

The Downstream Business Unit of TIMOR GAP carried out a range of activities and projects in accordance with the endorsed Work Program and Budget for the financial year of 2022. These projects and activities pertained to the downstream sector, including fuel supply, petroleum and natural gas import, and marketing. The company's focus remained on generating short-term cash flows, despite the recent fluctuations in oil prices and their impact on the profitability of the company's fuel trading business, further exacerbated by the global pandemic in previous years.

In 2022, TIMOR GAP entered in the second-year contract of the fuel supply to EDTL, E.P. Power Plant in Betano, delivering a grand total of 27,230,553 liters of light fuel oil (LFO). Despite the high oil prices in 2022 and its impact on our fuel supply business, the company generated a revenue of \$28,817,040.41.

With a view to guaranteeing national energy security, the company made progress towards the development of the Petroleum and LNG Import Terminals. In 2022, TIMOR GAP completed the land and property identification process and concluded the procurement process for the Feasibility Study Update and FEED for the Petroleum Import Terminal. The Feasibility Study for the LNG Import Terminal was also completed, and the Metinaro site survey campaign was awarded to PT Mahakarya Geosurvey Indonesia. This project is expected to reduce both annual electricity production costs and carbon emissions by enabling the conversion of national power plants from light fuel oil to natural gas.

TIMOR GAP continued to manage its existing retail services and operations, namely Suai Fuel Station (SFS) and Suai Aviation Fuel Facility (SAFF), and working towards the expansion of its retail business network throughout the country to generate additional revenue and strengthen its brand in the national market. The prototype design for the new fuel stations was completed this year, displaying a concept that moves beyond fuel offerings by incorporating convenience as a core function of the customer experience and expanding to a wider suite of services.

Through the Downstream Business Unit, TIMOR GAP also continued to implement various engineering and environmental studies within the Tasi Mane Project scope, including the TLNG in Beaço and the Betano Refinery and Petrochemical Complex, which are subject to the company and Government decisions. The company also implemented a human resource development program for the TLNG project, as part of its commitment to enhancing the competencies of local youth and encouraging their participation in the operations of the planned LNG plant. In 2022, the first phase of this program was completed with the successful conclusion of training at CNEFP in Tibar, and the second phase, an On-Job-Training (OJT) at PT Badak LNG facility in Bon-tang, Kalimantan, began in the fourth quarter of the year.



Figure 3-1: TIMOR GAP employees boarding the vessel during a fuel supply operation to EDTL, E.P. Power Plant in Betano.

3.2. Wholesale Businesses

3.2.1. Fuel Supply to EDTL, E.P.



Figure 3-2: Fuel supply vessel

In 2022, TIMOR GAP entered the second year of the Purchase and Sale Contract signed with EDTL, E.P. The contract, which was endorsed by the Council of Ministers through Decree Law no. 61/2020, of 25 November, regulates fuel supply to EDTL, E.P. for a period of three years, from 2021 to 2023.

During the year, TIMOR GAP continued to fulfill its contractual obligations by supplying a total of 27,230,553 liters of light fuel oil (LFO) to the EDTL, E.P. Power Plant in Betano. The fuel was delivered in two shipments, with the first cargo discharged in April (13,751,780 liters) and the second cargo unloaded in August (13,478,773 liters). A third shipment of 4,530,654 liters was initially scheduled for the fourth quarter, but due to shipment quantity requirements, it was not possible to deliver. This remaining balance will be supplied in February 2023, thus fulfilling the 31,761,207 liters set forth for 2022.

The successful delivery of the above fuel cargos allowed TIMOR GAP to collect a revenue of USD\$28,817,040.41 for the financial year of 2022. Loss and profit analysis conducted internally by our technical team show that the rising global oil prices caused by the Russian invasion of

Ukraine and subsequent sanctions brought against Russia, impacted the company's earnings from the fuel supply to EDTL, E.P. as TIMOR GAP imports the LFO, partly caused by higher import taxes and duty.

TIMOR GAP continued to work closely with Singapore Petroleum Company Limited (SPC) as its third-party fuel supplier, engaged through a Purchase and Sale Contract signed in 2021. Discharge and transport of fuel from SPC vessels to the EDTL, E.P. Power Plant in Betano was carried out through unloading terminal facilities and its Conventional Buoy Mooring (CBM) system built and operated by SACOM. Despite previous concerns raised regarding the facilities' integrity and operability, SACOM's unloading terminal remains the only suitable option for fuel offloading operations in Betano.

TIMOR GAP will strive to identify alternative solutions for fuel supply operations to EDTL, E.P. Power Plant, with safety as the forefront of decision-making. This may include a multi-purpose jetty proposed to be constructed in Betano in the short-term. To support these efforts, TIMOR GAP is also setting up an operational base camp in Betano to accommodate employees during fuel dis-

charge operations. The civil construction work contract was awarded to the national company M2, Unipessoal, Lda. and, at year-end, the construction has reached a progress of 70%.

In 2022, TIMOR GAP engaged SGS and Bureau Veritas as Independent Surveyors for the fuel supply to Betano's Power Plant. SGS and Bureau Veritas were assigned to conduct fuel quality testing before and after loading to ensure that the quality complies with the specification provided by our end buyer EDTL, E.P.

To ensure compliance with best industry practices, TIMOR GAP concluded and adopted the Fuel Supply Standard Operating Procedure (SOP) in 2022, providing

guidelines for fuel supply operations and maintaining high safety standards and efficient operation. Furthermore, employees involved in fuel supply operations received necessary training, including Maritime Safety and Emergency Procedures, Safety and Survival at Sea, and others.

At the end of the year, TIMOR GAP had supplied a total of 58,856,706 liters of fuel (31,626,153 liters in 2021 and 27,230,553 liters in 2022) to the EDTL, E.P. Power Plant in Betano. As the company enters the third year of the contract, it continues to pursue its mandate of guaranteeing energy security for the development and smooth running of government public services.



Figure 3-3: TIMOR GAP team on board of the vessel supervising the fuel discharge



Figure 3-4: (From top to bottom) Several activities performed during the fuel supply discharge operation on the vessel and with our client, EDTL, E.P.

3.2.2. Petroleum Import Terminal (PIT)

The Government of Timor-Leste plans to build a key facility for importing and storing gasoline (petrol), automotive diesel, maritime diesel oil, Jet A-1, Liquefied Petroleum Gas (LPG), and lubricants. The facility, called the Petroleum Import Terminal (PIT), is expected to have a refined petroleum product stockpile of 90 days, increasing the national storage capacity by 40%. The PIT includes a 90-day national strategic petroleum stock and a 30-day fuel stock for multipurpose domestic trading. The PIT is planned to include a marine off-loading jetty (OLJ) and a tank farm (TF).

TIMOR GAP, as the National Oil & Gas Company, is responsible for planning and executing the Terminal

project. In collaboration with the National Directorate of Land and Properties (Direção Nacional de Terras e Propriedades, DNTP) and relevant parties, the land and properties identification process on the project site in Metinaro, Municipality of Dili, was completed in 2022. The project site covers a total area of approximately 86 hectares, including the land plot previously granted to TIMOR GAP through a Land Use Permit issued by the Ministry of Justice in 2013. The results were afterwards published by the Ministry of Justice for the benefit of the affected community and to address any claims that may arise from the aforesaid published data. Re-identification and re-publication of land and properties titles for compensation will be the next step in the process.

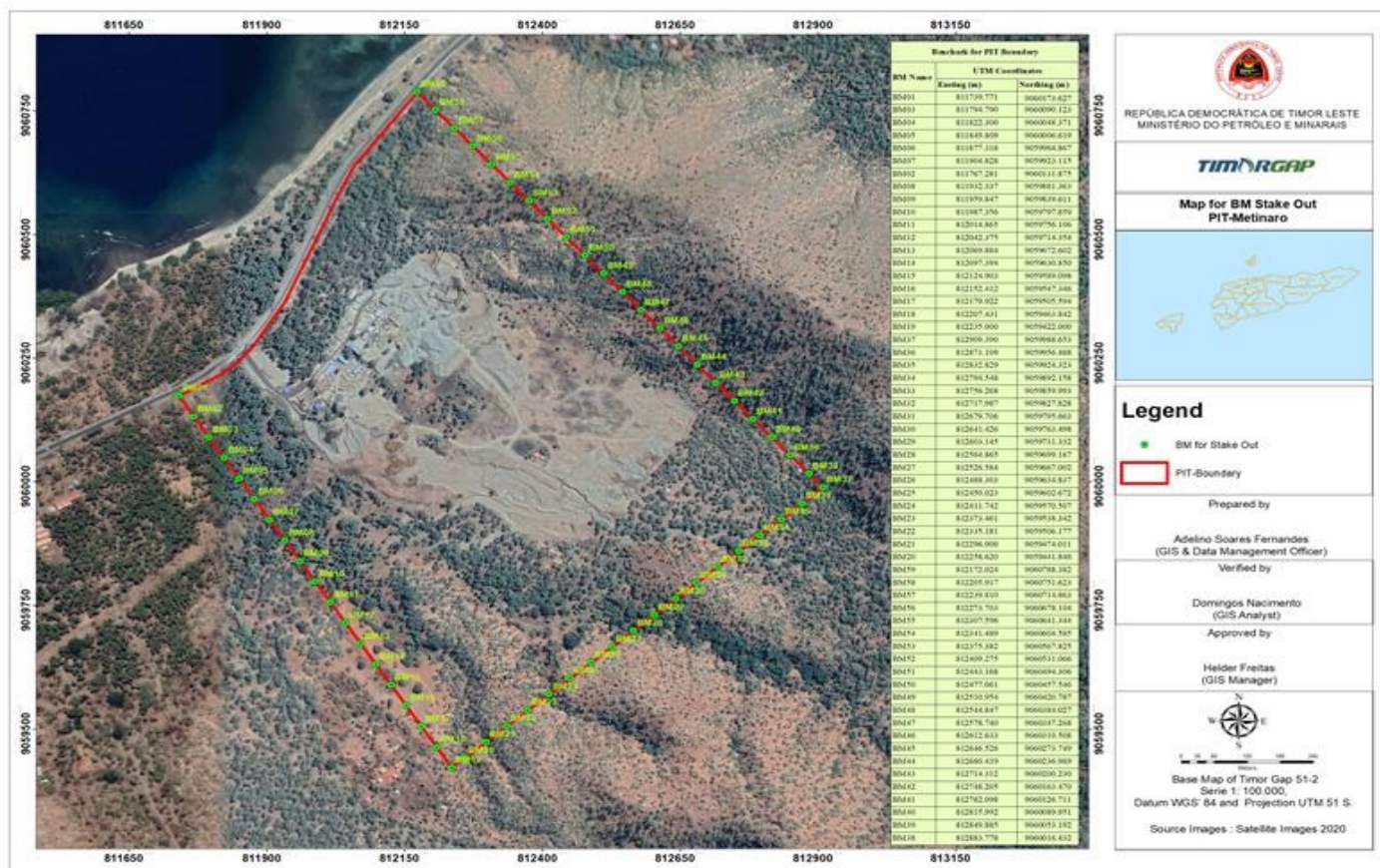


Figure 3-5: Map of the Petroleum Import Terminal in Metinaro

In the meantime, TIMOR GAP continued to prepare the necessary studies for the project. A tender for a Feasibility Update and FEED Study was launched in July 2021 and re-launched with a reduced scope in 2022, resulting in its award to PT Tripatra on 18 January 2023. The purpose of the feasibility study is to update a 2014 study by Worley Parsons. The Feasibility Update will lead directly to

the scope of work for the FEED study, which will assist TIMOR GAP in the investment decision-making.

Work related to the PIT project will continue in the coming year, with a focus on ensuring national energy security and wholesale storage to supply the domestic retail market.



Figure 3-6: Petroleum Import Terminal design

3.2.3. LNG Import Terminal

As the National Oil & Gas Company, 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 study to convert the Wärtsilä engines is currently in progress with the electricity supplier, EDTL, E.P. (Eletricidade de Timor-Leste, E.P.).

TIMOR GAP is working towards the development of an LNG Import Terminal to supply the power stations with natural gas fuel. The benefits of the LNG Import Terminal include:

- a). Reduction in national fuel budget: the potential future annual fuel supply cost saving is estimated to be up to USD\$117 million across the three power plants when operating at the aggregate maximum installed generating capacity of 272 MW. The estimate considers a conservative fuel pricing basis, i.e., Light Fuel Oil at \$0.7 USD/liter and natural gas supply at \$12 USD/MMBTU;
- b). Environmental impact improvement: the conversion of the Wärtsilä generators to fire on natural gas would reduce carbon dioxide emission by approximately 23% compared to firing on diesel. On an annual basis, conversion to natural gas can potentially reduce emission of carbon dioxide by up to 371,000 tons per year based on the aggregate installed power plant ca-

capacity. Moreover, operation of the power plants on natural gas has been found to result in a substantial reduction in other atmospheric pollutants, such as nitrous oxides, sulphur dioxide and particulates, with a reduction rate of 62-94%;

- c). Stimulate local industrial development through availability of a natural gas supply and reduced energy cost;
- d). Social economic development at Metinaro and the surrounding area: development of the LNG Import Facility will generate opportunity for both employment opportunity at the location and development of local support services within Timor-Leste, such as marine services, inspection services, maintenance services. The prime site locations being considered do not entail displacement of local communities and therefore no negative community impact is foreseen.

In light of the benefits of natural gas as a fuel for power generation, Timor-Leste has plans to invest in the necessary infrastructure. In 2022, TIMOR GAP continued its efforts to develop an LNG Import Terminal to supply Hera, Betano and Inur Sakato power stations with natural gas fuel. The installed aggregate capacity of 272 MW electrical load would require a supply of 53 MMSCFD natural gas following conversion the power plants. This gas flow-rate is equivalent to an LNG supply of 0.37 MTPA. This is a relatively low capacity, and the project would be classified as a small-scale LNG (SSLNG) facility development.



Figure 3-7: Location of the Power Plants in Timor-Leste

A Feasibility Study for a proposed LNG Import Terminal at Metinaro was completed by Wood plc in October 2022. The Study main findings indicated that the LNG Import Terminal project is technically and economically viable. Feasibility Study follow-on work included concept selection based on assessment of shortlisted offshore and onshore development alternatives. The selected concept depicted in Figure 3-8 comprises an onshore LNG regas-

ification and storage plant with jetty for berthing small scale LNG carrier (ssLNGC) and cryogenic pipeline trestle. Furthermore, a LNG supply and market assessment conducted as part of the Feasibility Study shown that there is adequate access to LNG supplies within the region, as ten (10) LNG producers are in proximity to Timor-Leste, with six (6) within 850 nautical miles from Timor-Leste (Dili).

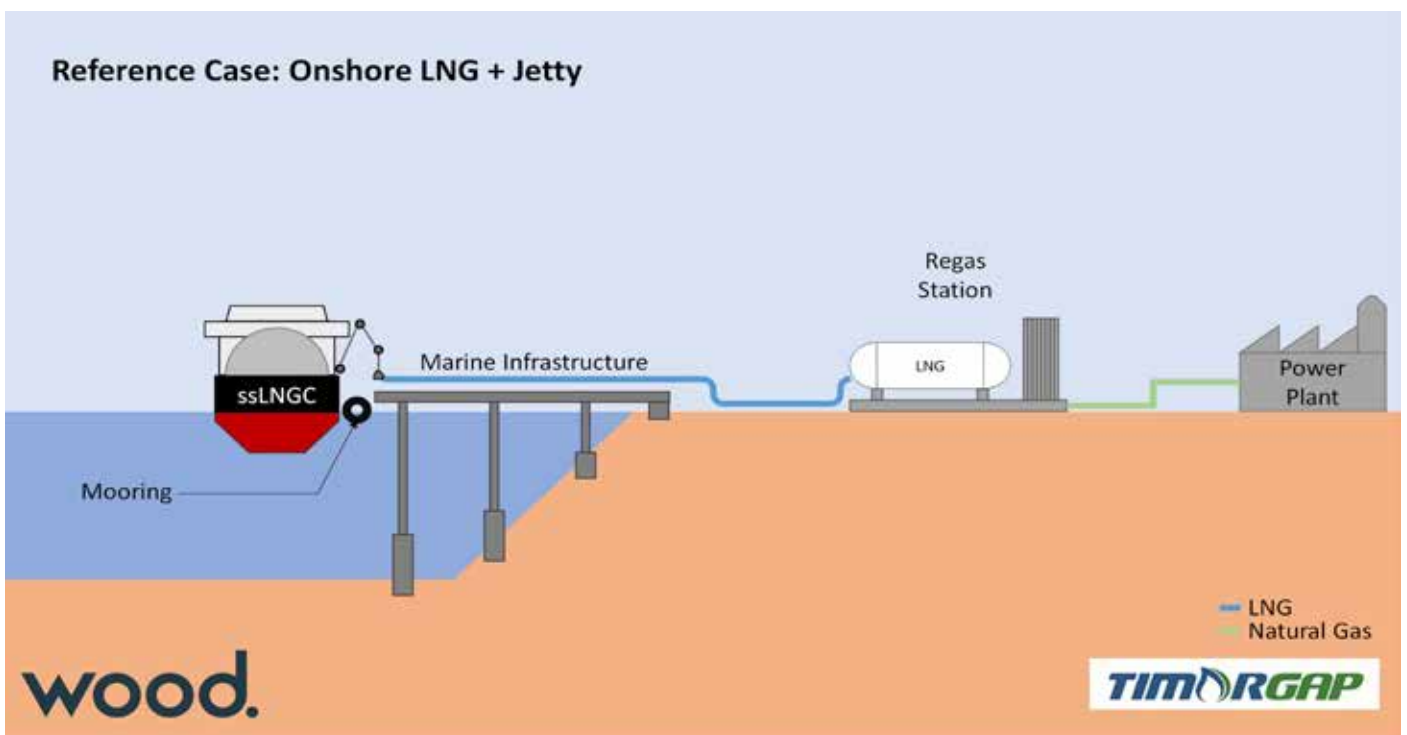


Figure 3-8: LNG Import Terminal concept

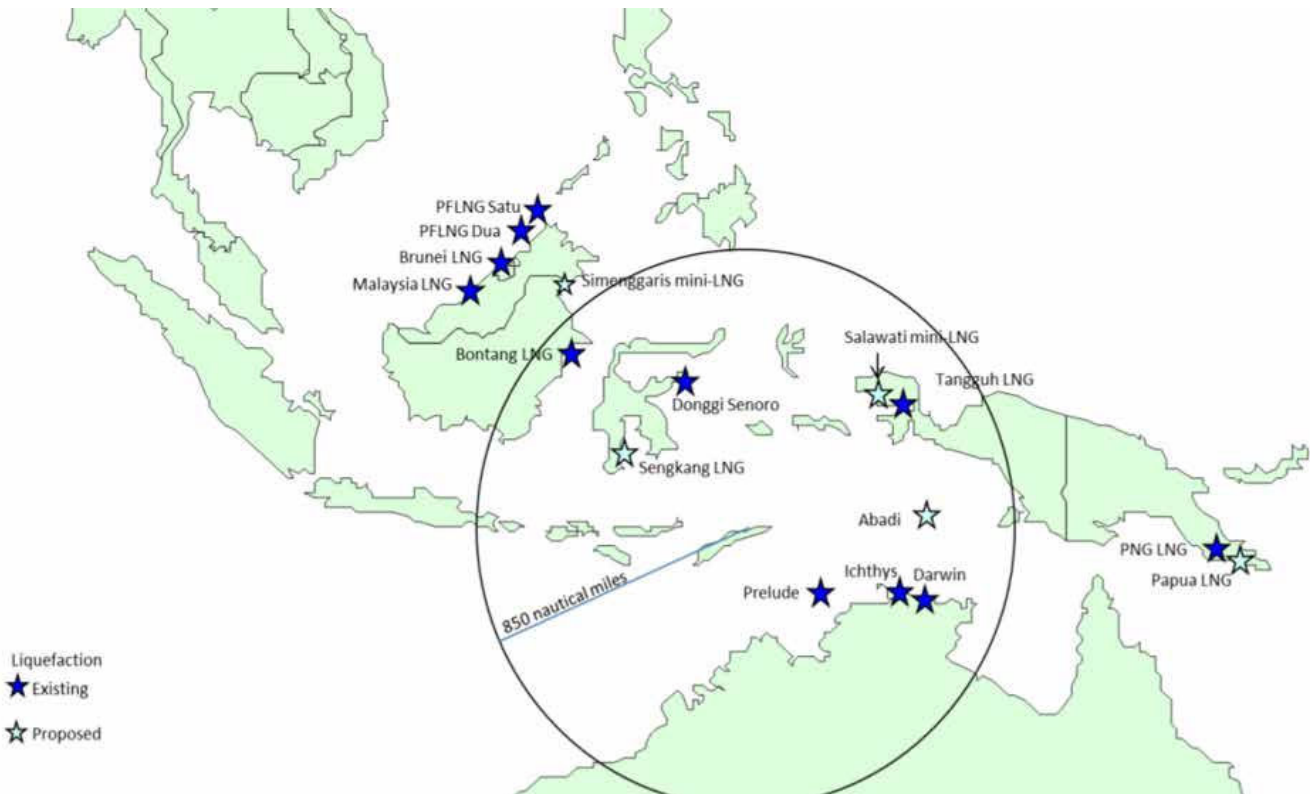


Figure 3-9: LNG supply in the region

TIMOR GAP has initiated plans to conduct a comprehensive survey campaign at the Metinaro site. The objective of this survey is to gather all necessary data for both the LNG Import Terminal and the Petroleum Import Terminal projects. The survey will include both onshore and offshore aspects of the projects and will ensure that sufficient data is collected for the projects' planning and design.

The LNG and Petroleum Import Terminals will be located adjacent to each other in Metinaro, and each terminal will have dedicated onshore process facilities and storage tanks. To support the efficient operation of both terminals, common marine facilities will be developed, including a twin-berth jetty, which will allow for simultaneous berthing of LNG and petroleum carriers.

The scope of work defined for the survey campaign includes offshore geophysical survey, offshore and onshore geotechnical surveys, metocean survey and onshore topographic/drone survey. An Invitation for Bid (IFB) was issued in September 2022, aiming at securing a qualified survey contractor to perform the described works,

resulting in the award of the Service Agreement to PT Mahakarya Geosurvey Indonesia in the fourth quarter of the year. The survey campaign is expected to commence soon and will provide crucial information for the development of these important projects.

TIMOR GAP has taken a proactive approach towards the LNG Import Terminal project by exploring potential collaboration opportunities with LNG suppliers, partners and investors. In 2022, the company conducted a visit to Avenir onshore small-scale LNG regasification facility in Milan, Italy, to discuss a possible Joint Venture Agreement with Avenir LNG for the development of an LNG Import Terminal in Timor-Leste. In addition, the company also visited 3 (three) Indonesia LNG facilities, namely Arun LNG facility, Badak LNG Plant and Bali Benoa small-scale Floating Storage Regasification Unit (FSRU), to gain further insight and explore potential partnerships. The meetings and visits aim to gather crucial information, understand industry best practices and identify potential partners to support the development of the LNG Import Terminal project in Timor-Leste.



Figure 3-10: TIMOR GAP Fuel Station in Suai

3.3. Retail Businesses

3.3.1. Suai Fuel Station (SFS)

TIMOR GAP operates a fuel station in Suai, Covalima Municipality, providing a reliable and quality source of fuel to meet its customers' needs.

The fuel retailing industry has undergone significant changes in recent years triggered by the global pandemic and a surge in fuel costs due to a combination of factors, including rising inflation and geopolitical crises with direct impact on fuel markets. Suai Fuel Station has since adjusted its operation to cope with the higher unit cost of purchasing fuel. As we move forward in a post-pandemic

landscape with restrictions being lifted, thus resulting in a private and public mobility rebound and an increase in demand post-pandemic, in 2022, Suai Fuel Station started to see a sharp increase both in volume sold and sales revenue about 52.5% and 80.7% respectively as compared to 2021. Overall, in 2022, Suai Fuel Station registered a total sales volume of 124,756.90, consisting of 61,659.88 liters of gasoline and 63,097.024 liters of diesel. At the same time, Suai Fuel Station also registered a total sales revenue of \$185,721.33, consisting of \$90,193.65 of gasoline and \$95,527.68 of diesel.

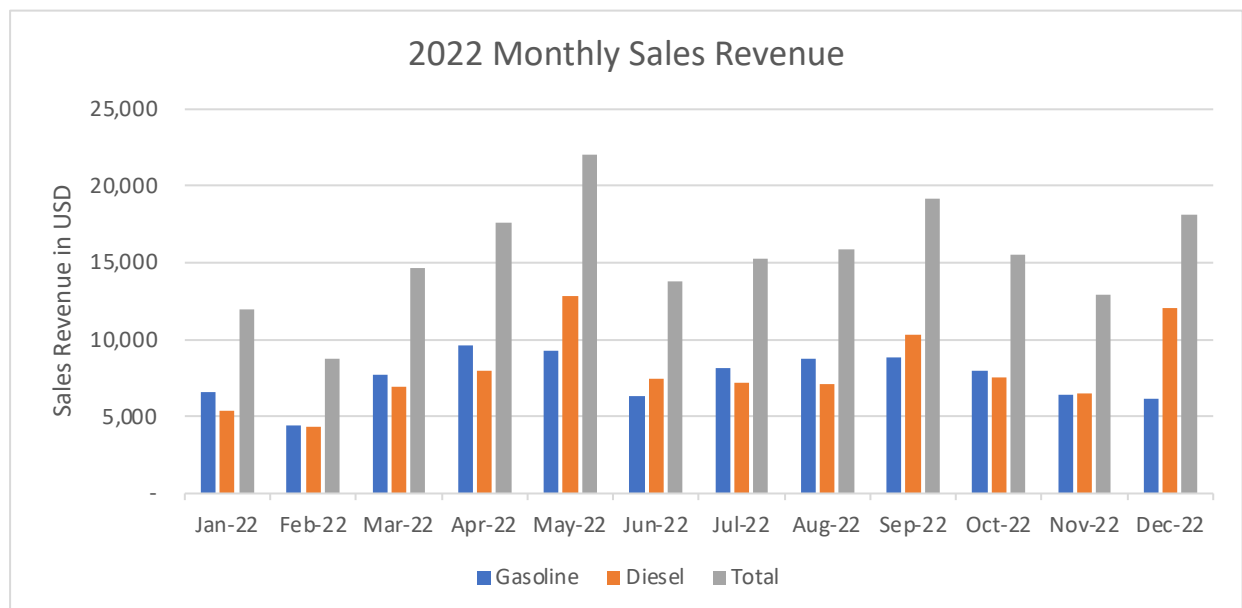
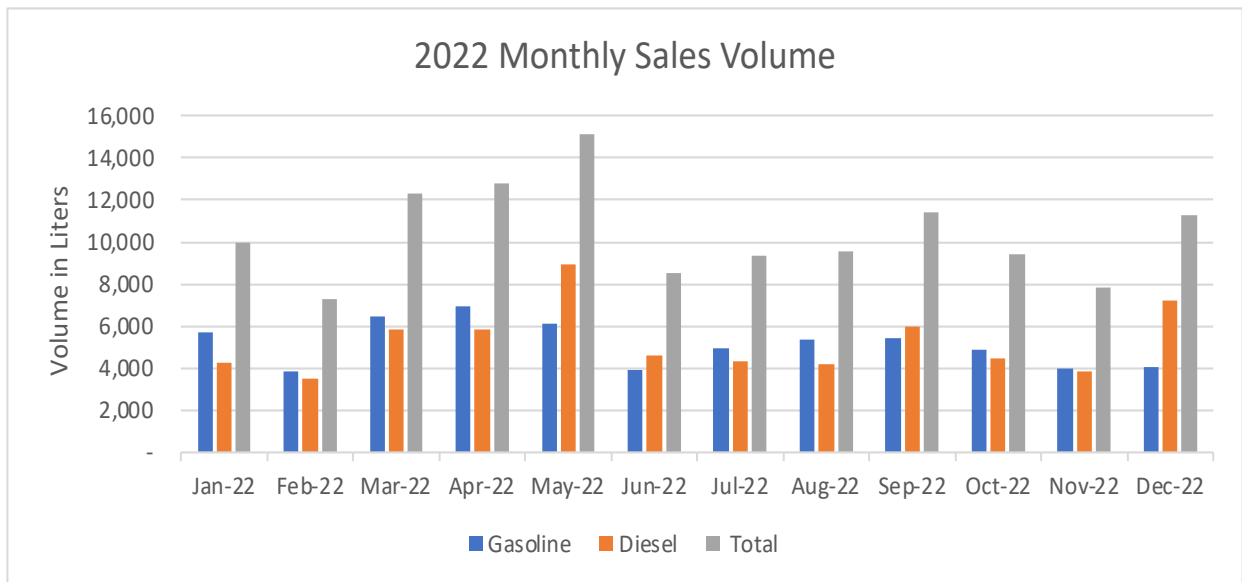


Figure 3-11: Suai fuel station monthly sales volume (top) and monthly sales revenue (bottom) in 2022

TIMOR GAP sales margins were further improved this year as the company expanded its non-cash customers portfolio by securing a new Sale and Purchase Agreement for the provision of fuel services with Banco Nacional de Comércio de Timor-Leste (BNCTL) branch in Suai to supply its vehicles for a one-year period, from 17 March 2022 to 16 March 2023; and with World Vision Timor-Leste for the provision of a one-year fuel service to World Vision's vehicles in Suai, effective from 16 August 2022 until 15 August 2023.

In addition to acquiring new non-cash customers, we remain dedicated to fostering brand loyalty and providing superior services and products to our existing customers. To this end, we extended our fuel supply to the vehicles of the Administration of Airports and Air Navigation of Timor-Leste (ANATL, E.P.), having signed a new contract for the provision of fuel between 1 January to 31 December 2022. Sales volume for the non-cash customers, ANATL, BNCTL and World Vision Timor-Leste, accounted for 17 percent of our total sales volumes in 2022.

In addition to prioritizing customer satisfaction, TIMOR

3.3.2. New Fuel Stations Development

TIMOR GAP is developing a retail strategy focused on establishing a strong presence in Timor-Leste by creating a comprehensive network of TIMOR GAP branded retail locations. Our goal is to provide exceptional services and products that meet the country's demand for petroleum products, positioning us as a leading player in the national retail market in the long-term.

TIMOR GAP's business plan foresees the initial establishment of four (4) new fuel stations in Dili, Baucau, Lospalos and RAEOA. These fuel stations will be built to international standards and feature a clear brand identity. This year, the company completed the prototype design for the new fuel stations, incorporating additional non-fuel retail offerings, such as a convenience store and car wash services. This will not only enhance revenue potential but also broaden TIMOR GAP's customer base.

In 2022, TIMOR GAP continued to liaise with the relevant parties, namely with the National Directorate of Land, Property and Cadastral Services (Direção Nacional de Terras, Propriedades, Serviços Cadastrais, DNT-PSC) and ANPM for the allocation of new locations and its approval, respectively. A reassessment and mapping of a new site for the future fuel station in Aldeia Asalaino, Suco Fuiloro, Lautém Municipality, was carried out in the fourth quarter, after the initial planned site in Aldeia Lospala was canceled due to its protected status.

GAP also places a high emphasis on safety and product quality. To ensure that these standards are met, we regularly collaborate with ANPM for inspections of our fuel station premises and equipment. The results of these inspections are closely monitored, and any necessary rectifications are promptly made. In 2022, we continued to support ANPM in the calibration process and QHSE inspections and are proud to report that no incidents were recorded at our Suai fuel station. Our commitment to safety and quality remains a top priority as we strive to provide the best possible service to our valued customers.

As of December 31, 2022, our fuel station had a workforce of 10 local employees. We are dedicated to providing ongoing professional development opportunities, which included regular training sessions. This year, our staff participated in Quality Control & Oil and Gas Surface Production Operation training at IPI Jakarta and Pertamina Cirebon. To enhance our fuel station operations, we also invested in new full set of fuel dispenser nozzles and provided installation and maintenance on Tokico Fuel Dispenser training to four of our employees at PT CM Engineering in Jakarta, Indonesia.

A Memorandum of Understanding (MOU) was signed between TIMOR GAP and Sociedade Comercial de Desenvolvimento (SCD) on 7 September 2022, laying down the foundation for a joint investment in a retail fuel station in RAEOA and other potential Municipalities. Within this scope, meetings with SCD and RAEOA authorities were held in the fourth quarter of 2022 to discuss the Joint Venture Agreement content, as well as land acquisition and permit for the new fuel station planned to be built in Oé-cussi. Site assessments were also conducted for this project, and three (3) proposed locations were identified for further decision and approval.

In regards to the future fuel station development in Dili Municipality, discussions and negotiations with other fuel retailers are in progress, as TIMOR GAP is looking into acquiring an existing fuel station in the capital and re-brand these newly acquired stations. To assist this acquisition project, TIMOR GAP engaged the company IHS Markit to perform a Business Consultancy Study, with the purpose to support the company in developing a business plan, develop trading policies and manuals, review and advise downstream retail business operations.

Ongoing due diligence and discussions on potential collaboration model for a new fuel station in the capital are subject to the results of the above Business Consultancy Study. The elevated number of end-consumers and ser-

vices present in Dili makes this a thriving market segment that TIMOR GAP is looking forward to tapping

and this way, further exposing the brand and generating profitable margins.



Figure 3-12: New fuel station prototype design 3D

3.3.3. Suai Aviation Fuel Facility (SAFF)

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 fully operational since 2021, when the installation of 50Kv low voltage line from EDTL line supply to the aviation facility was completed. SAFF operation was halted during 2022 due to suspension of McDermott Aviation operation as well as COVID-19 pandemic.

3.4. TNLG Project: Environmental Impact Assessment & Human Resources Development

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 an 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 physical construction of the project is contingent upon ongoing discussions between the Greater Sunrise Joint Venture companies and both countries (Timor-Leste and Australia) regarding the Petroleum Mining Code, Production Sharing Contract (PSC), Fiscal Regime, and upstream development concept, the TIMOR GAP team is preparing for the project's implementation and has continued to work within the scope of the Environmental Impact Assessment (EIA) and Human Resources Development.

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-

pendently for the TLNG project due to offshore location and distinct characteristics of the pipeline project: (i) an EIA for the Sunrise-Beaço pipeline, and (ii) an EIA for the Beaço LNG Plant and Marine Facility.

Following several revision rounds, the Terms of Reference (ToR) for LNG Plant and Marine Facility EIA study were approved by ANPM on 5 April 2022. TIMOR GAP is currently conducting internal consultation on the approved ToR prior to proceeding with the procurement process.

3.4.2 Human Resources Development

In preparation for the implementation of TLNG project, TIMOR GAP reactivated the human resources development program in 2021, a training program designed by TIMOR GAP to prepare and develop the required qualified and experienced human resources for the operation and maintenance of oil and gas facilities, 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 Beaço, 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.

The first phase was completed this year, with 18 trainees successfully finalizing the six-months professional training on LNG plant maintenance at CNEFP Tibar. Upon the signature of the contract for the training program with PT Badak LNG, the second phase corresponding to the On-Job-Training (OJT) at PT Badak LNG facility in Bontang, Kalimantan, commenced on 3 October 2022. This OJT has a duration of nine months.



Figure 3-13: Graduation ceremony at CNEFP of Tibar



Figure 3-14: Trainees during the On-Job-Training (OJT) at PT Badak LNG facility in Bontang

3.5. Refinery and Petrochemical Complex

An Optimization Design Study for the Refinery and Petrochemical Complex was conducted by Toyo Thai Company Limited (TTCL) in 2019, aiming at analyzing and investigating 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.

In line with the above, TIMOR GAP signed a Consultan-

cy Service Agreement with IHS Markit on 9 September 2022, pursuant to which the latter is engaged to support the development of the planned Refinery and Petrochemical Complex, being entrusted with the identification and assessment of the feedstock availability in the region and worldwide; provide an overall feedstock and product pricing basis for the proposed investment; prepare an economic model for the development plan; review existing studies; and assess the economic viability of the small-scale refinery project. The study outcome will assist TIMOR GAP's management and Government in the decision-making process. The project kick-off meeting was held on the third quarter of 2022 and the study is currently being executed.

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 eventually own and operate supply vessels, tugboats, and general marine services required in the petroleum industry. No business activities were conducted in 2022 for this subsidiary.

3.6.2. WESTSTAR-GAP Aviation, Lda.

WESTSTAR-GAP Aviation, Lda. is a subsidiary company established by TIMOR GAP in joint venture with WESTSTAR AVIATION TIMOR, Unipessoal, Lda, an affiliate of the Indonesian aviation company PT. WESTSTAR AVIATION INDONESIA (WAI), 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.

In 2022, WESTSTAR-GAP Aviation, Lda. participated in the tender launched by Santos for the provision of helicopter transport services to its offshore platform on the Timor Sea. The successful bidder announcement was postponed by Santos allegedly due to the need of further technical assessment to the bidders and therefore, as of 31 December 2022, an announcement on this regard is still to be made.

In the meantime, the subsidiary actively continues 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 3-15: WESTSTAR-GAP Aviation fleet



DILI

SUAI CLUSTER
SUPPLY BASE





BETANO CLUSTER
REFINERY & PETROCHEMICAL



BEAÇO CLUSTER
LNG PLANT



GAS PIPELINE

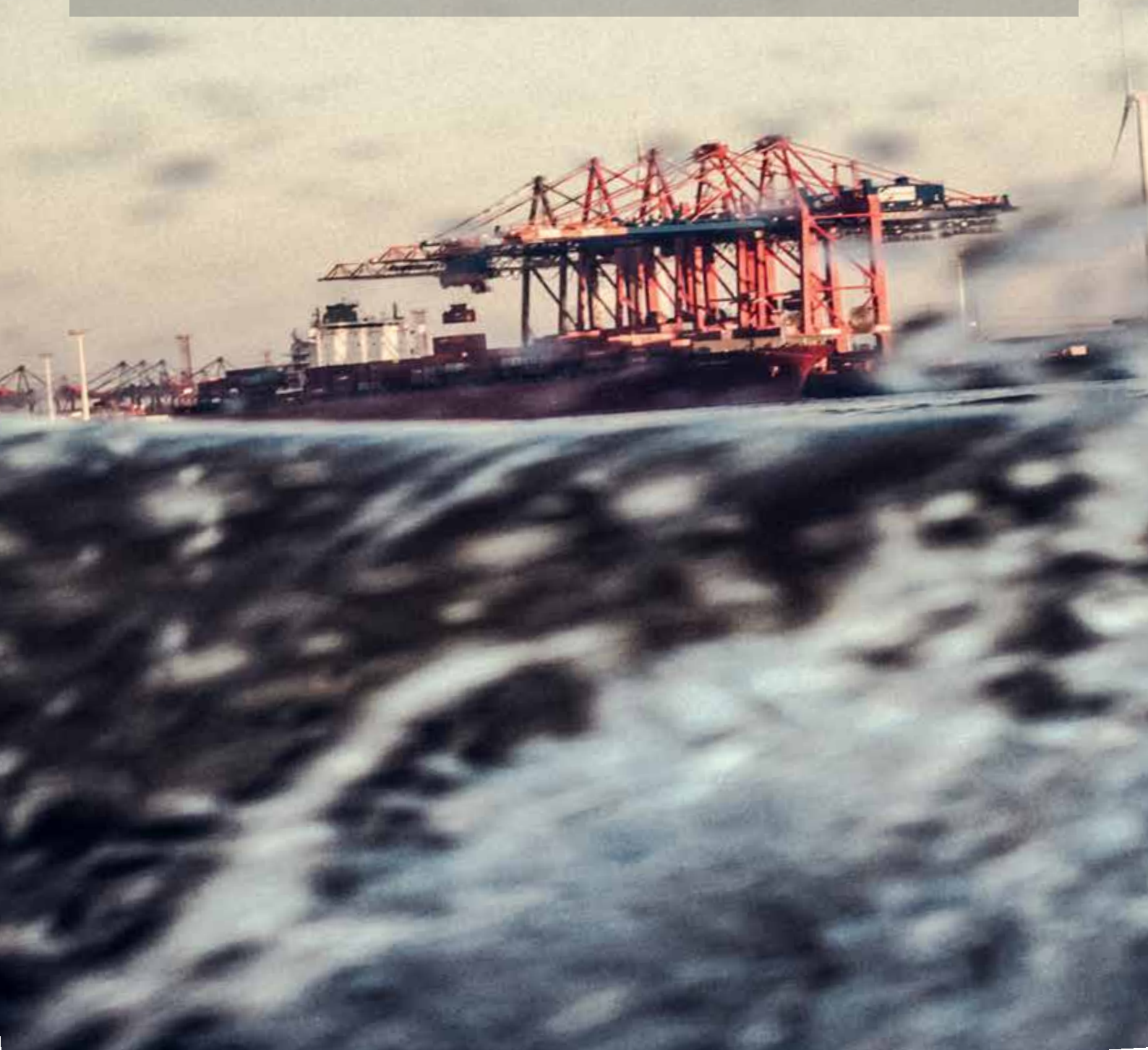
4. TASI MANE PROJECT

- Suai Cluster
- Betano Cluster
- Beça Cluster



HIGHLIGHTS OF 2022

- Completed the installation of the 65 permanent benchmarks in the northern area of the SSB compensated perimeter;
- Finalized the Feasibility Study for Suai jetty design concept by the consultancy company Advisian;
- The affected community of Beço signed an agreement, pursuant to which a new location for the new resettlement of Nova Knua, Makaliku e Kailoibere was selected, and the community handed over the land to the Government to proceed with detailed technical assessments and studies in order to allow the resettlement of the community in the referred location;
- Completed the land and property data survey for Beço, Suco Maluru, covering approximately 574 hectares.



4.1. Tasi Mane Project Overview

The Tasi Mane is a multi-phase integrated project infrastructure comprising three industrial clusters located between a corridor of a highway with 155km long in the south coast of Timor-Leste. The project encompasses three main industrial clusters: Suai Supply Base, Betano Refinery and Petrochemical Industry, and Timor-Leste LNG in Beço, beside additional business centers facilities for each cluster site, such as new town developments and airports upgrades. The proposed developments forms part of the Government's strategic vision for Timor-Leste (Strategic Development Plan 2011 – 2030).

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.

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

4.1.1. Tasi Mane Project Redefinition

The Government of Timor-Leste is revising the National Strategic Development Plan 2011-2030 with the intention to readjust and realign the plan with the current Government strategic plans across the Ministries. As a State-owned company under the tutelage and supervision of the Ministry of the Petroleum and Minerals, the Ministry requested TIMOR GAP to assess and evaluate the previous strategies and studies that have been completed towards the viability of establishing the Tasi Mane Project with the purpose to redefine the Project.

The redefinition of the Tasi Mane Project was prepared based on assessments and studies from the upstream sector as the main redefinition driver; realignment with other interministerial/government strategic plans; integration of the current political, technical, economic and commercial aspects; and realignment with the current regional and global carbon emission target. The process and methodology employed consists of the identification of activities and opportunities on the upstream and downstream sectors, which provided the basis for the redefinition of the Tasi Mane infrastructures and service opportunities.

The scope of the infrastructure and services development is redefined in short term (1 – 5 years), medium term (6 – 10 years), and long term (above 10 years). For the short-term period, the first opportunity is the Suai Supply Base (SSB). The use of Suai Supply Base is mandatory under the article 169.º of the Decree Law on Onshore Petroleum Operations in Timor-Leste, and article 159.º of the Decree Law on Offshore Petroleum Operations in Timor-Leste. The SSB includes Jetty/marine facility. This facility will require land development, warehousing, small scale of tank farm, and Suai jetty, community resettlement. The

short-term period also includes Beaçõ LNG plant physical infrastructure, which require community resettlement. For the medium-term period, the opportunity includes second phase development of SSB for Jetty/marine facility, which includes fabrication yard and SSB industrial park. The medium-term opportunity also includes wastewater treatment plant, Suai new town, TIMOR GAP green energy program, Viqueque new town, Betano new town, and Suai-Beaçõ highway, as well as a drilling mud plant. Opportunities identified for long-term period in-

clude third phase of SSB-Jetty/marine facility, which includes Suai commercial and industrial park.

The Tasi Mane Project Redefinition Report was completed this year and presented to the Petroleum Fund Consultative Council (Conselho Consultivo do Fundo Petrolífero, CCFP), and subsequently endorsed by the latter on the fourth quarter of the year.



Figure 4-1: Beaçõ community visit to an abandoned wellhead in Suai, Covalima Municipality

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.

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.

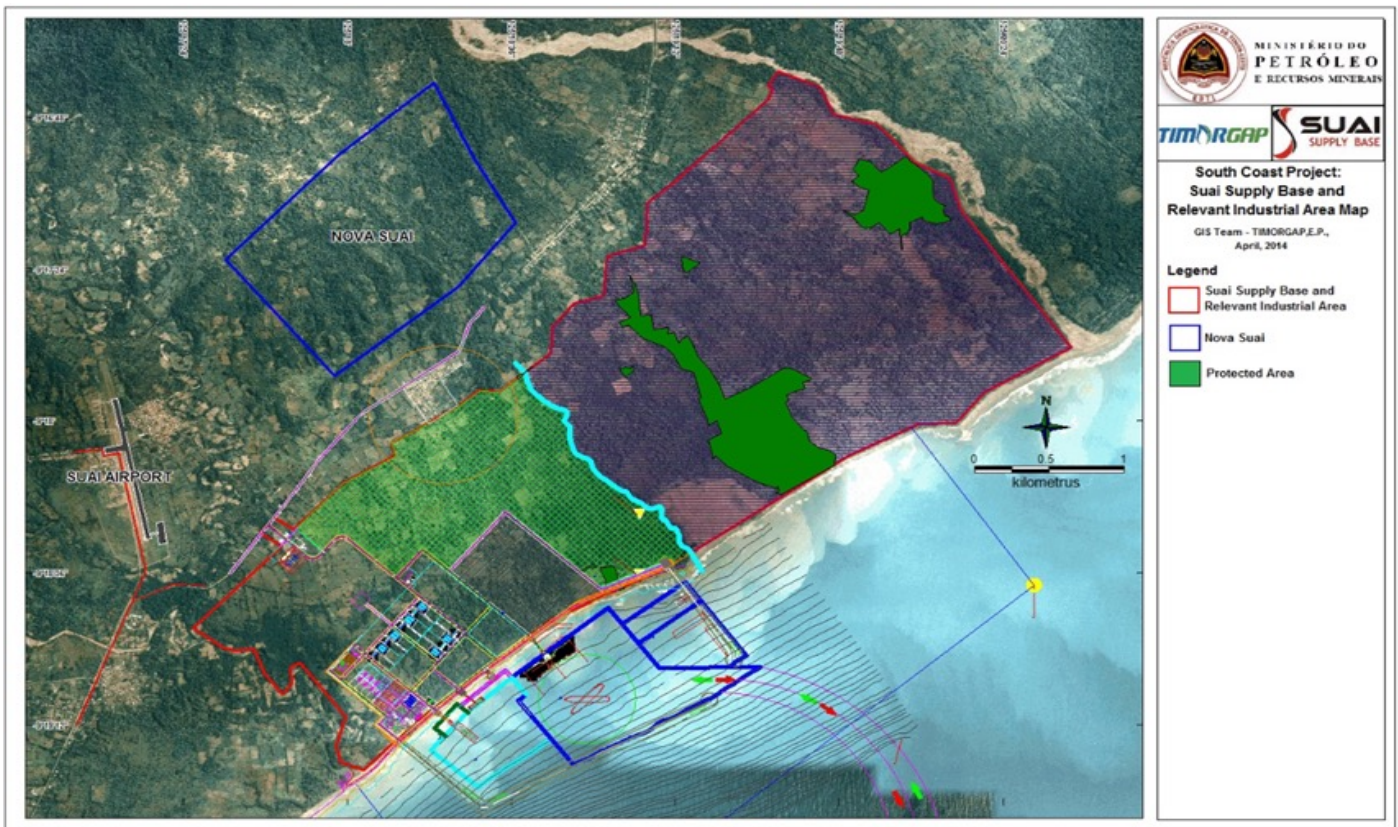


Figure 4-2: Map of Suai cluster designated area

4.2.1. Suai Supply Base

4.2.1.1. Project Description and Status

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 facilities, such as LNG (Beaço) and petroleum refining (Betano). 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 expected to be incorporated adjacent to the SSB facilities, especially in the eastern part of the port area of break-

water.

Notwithstanding the above, 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. SSB development and construction is subject to the Government's endorsement and decision, therefore TIMOR GAP is still waiting for further guidance and instructions from the Government regarding the project's next steps.

Meanwhile, TIMOR GAP continues paying the way for the project implementation and in regards to the land title identification and compensation process, 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. Currently, only 1 beneficiary remains in the "10% Option" group. TIMOR GAP will continue to support this group, monitoring and accompanying the af-

affected community welfare, an endeavor that the company will strive to continue during the forthcoming years, until the SSB project generates profit.

In 2022, TIMOR GAP completed the installation of the 65 permanent benchmarks in the northern area of the SSB compensated perimeter, delineating the area from the

River Aibessi/Hale to the River Maliloec. The permanent benchmarks were designed with the purpose to provide 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.

4.2.2. Suai Jetty

TIMOR GAP intends to build a jetty to service and support the development of oil and gas industry in the south coast and to run efficient, safe and cost-effective operations through its design life. The said jetty is planned to be located within the SSB project area.

In view of this, TIMOR GAP engaged the consultancy company Advisian to optimize the previous SSB jetty design, therefore, perform a Feasibility Study for Suai jetty design concept, aiming at selecting the preferred option for the configuration of the initial phase of Suai jetty of the SSB project. The Feasibility Study was concluded in January 2023 and observed the following key parameters: the Suai jetty is to be designed to allow future incorporation into the overall SSB; it is to provide a 94%+ berth availability for wave conditions; the jetty is to support off-

shore and onshore exploration and associated activities, the berthing of Timor-Leste naval vessels and the local fishing industry besides commercial activities.

Following a screening and selection it was determined that a dug-out port was the preferred option, assuming there is a business case for the overall development in the medium term (full development to proceed in under 10 years from completion of the initial stage).

The final study report is expected to be submitted in early 2023. Upon the duly completion of the Feasibility Study, supporting surveys (physical assessment) are expected to be conducted in phases in 2023, which include metocean, bathymetric, topographic and geotechnical (onshore and nearshore) surveys.

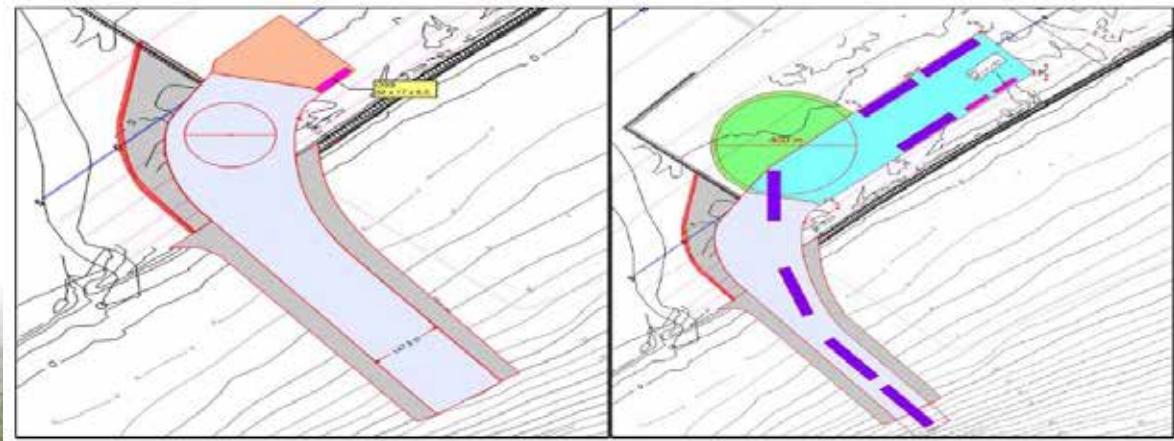


Figure 4-3: Initial Suai jetty layout and future Suai Supply Base layouts

4.2.3. Construction of Infrastructure Facilities to Support the Suai Airport Project

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 mat-

ters 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).

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

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.

Following the ceasing of the consultancy services provided by ALGIS, terminated by mutual agreement between TIMOR GAP and ALGIS due to the absence of an official contract signed by both Parties and non-inclusion of some technical and engineering requirements in the design and Bill of Quantities (BOQ) previously agreed between the community and the Government, a new national competitive bidding for Holbelis community houses resettlement design work was launched in 2022 and awarded to the national consultancy company DETILE. The design work is at its final stage, waiting for approval from Ministry of Public Works and National Development Agency (Agência de Desenvolvimento Nacional, ADN), prior to submission to National Procurement Commission for tendering and construction process.

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 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-bedroom (61 units) with external kitchen and bathroom, a Chapel, a kindergarten school, local market facilities, 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.

New resettlement neighborhoods, as the likes of Lohorai and Holbelis, offer a safe, healthy and quality housing infrastructure, while providing access to employment and training through the local content program implemented by TIMOR GAP.



Figure 4-4: Beço community visit to the Suai Airport



Figure 4-5: 3D design of the new resettlement neighborhood of Holbelis

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.

4.3.1. Betano Refinery and Petrochemical Complex

4.3.1.1. Project Description and Status

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.

Various studies have been carried out for Refinery & Petrochemical Complex project since 2010, the first being a Pre-Feasibility study conducted in 2010 and the latest work, an Optimization Study, completed in 2019. The Optimization Study was carried out by TTCL Public Company Limited, to explore an improvement of economic viability by examining alternative development concepts. The Optimization study was designed for both Refinery and petrochemical, including feedstock selection (crude for refinery and feedstock for petrochemical), settlement of each configuration with utility/offsite facilities, product market study, and economic evaluation.

In 2021, Downstream Business Unit conducted a peer review to assess the previous studies that have been completed toward the viability of establishing Refinery and Petrochemical Complex in Betano. The peer review aimed

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.

to understand the project phases process of the studies and to evaluate source of feedstock, products market, and project economics. It was concluded that previous studies up to Optimization Study are in line with the industry practice as explored improvement of economic viability by examining alternative development concepts. The peer review team recommended that the next step is to perform commercial assessment including Asian refined products space, feedstocks, and products market. For this purpose, IHS Markit was awarded with a Consultancy Agreement, pursuant to which the latter is engaged to perform a commercial assessment and feedstock market study for Refinery and Petrochemical Complex (see section 3.5. of this Report). The outcome of the commercial assessment will dictate the subsequent step of the project.

Although the land title acquisition and compensation program for the Refinery and Petrochemical Complex project have been fully completed in 2019, with a total of 253 hectares required for the refinery project construction area, including the weir area, being cleared, claims were raised by the affected community in regards to land considered State propriety. These claims, corresponding to 27 parcels of land, were properly addressed and submitted to the relevant governance body, the Ministry of Justice, to act upon the complaints. Currently, the involved Parties are under mediation process with the National Directorate of Land and Properties – Ministry of Justice, and the support of the Ministry of Petroleum and Minerals, through TIMOR GAP. Upon the conclusion of the mediation, the land and properties titles will be reverified and republished, and afterwards, compensated.

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.



Figure 4-6: Map of Betano Refinery and Petrochemical Complex designated area

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 compres-

sion 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.

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

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 em-

ployment 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.



Figure 4-7: Map of the TLNG project designated area

4.4.1.1. Land Title Clearance & Community Liaison

In 2022, TIMOR GAP continued paving the way for the implementation of the TLNG project in Beaco by carrying on with the land and property title acquisition process in the project designed area, while proceeding with 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.

The land and property titles acquisition process was initiated last year, when following a dialogue with the community of Beaco, an agreement was signed through which the community formally withdrawn its land and property compensation proposal previously submitted to the Government, agreeing also in applying to the future construction area of the LNG Plant, including livestock, crops and forestry, the laws and resolutions on land and properties compensation

used for similar compensation purposes on the other Tasi Mane projects.

Acting on the trust vested in the Government by the Beaco community, on 20 June 2022, the Ministry of Petroleum and Minerals, through TIMOR GAP, in close collaboration with an interministerial team, held an awareness-raising program on the land and property acquisition and compensation process. The underlying intention of this program was to disseminate information concerning the work mechanism associated with the identification of land and properties by the interministerial team, which includes the Beaco community affected by the LNG plant project. Additionally, the community of Beaco also signed a contract/agreement, pursuant to which a new location for the new resettlement of Nova Knuu, Makaliku e Kailoibere was selected. This new location proposed by the community was handed over to the Government to proceed with detailed technical assess-

ments and studies in order to allow the resettlement of the community in the referred location.

Following the awareness-raising program, TIMOR GAP and the Interministerial Team commenced the land and

property data survey in Suco Maluro, Beaço. This survey was completed in 2022 in two phases, covering the following data: 858 land parcels registered, 470 houses, 41 fishing activities, 31 fishponds, 209 livestock, and 34 cultural houses (*uma lisan*).

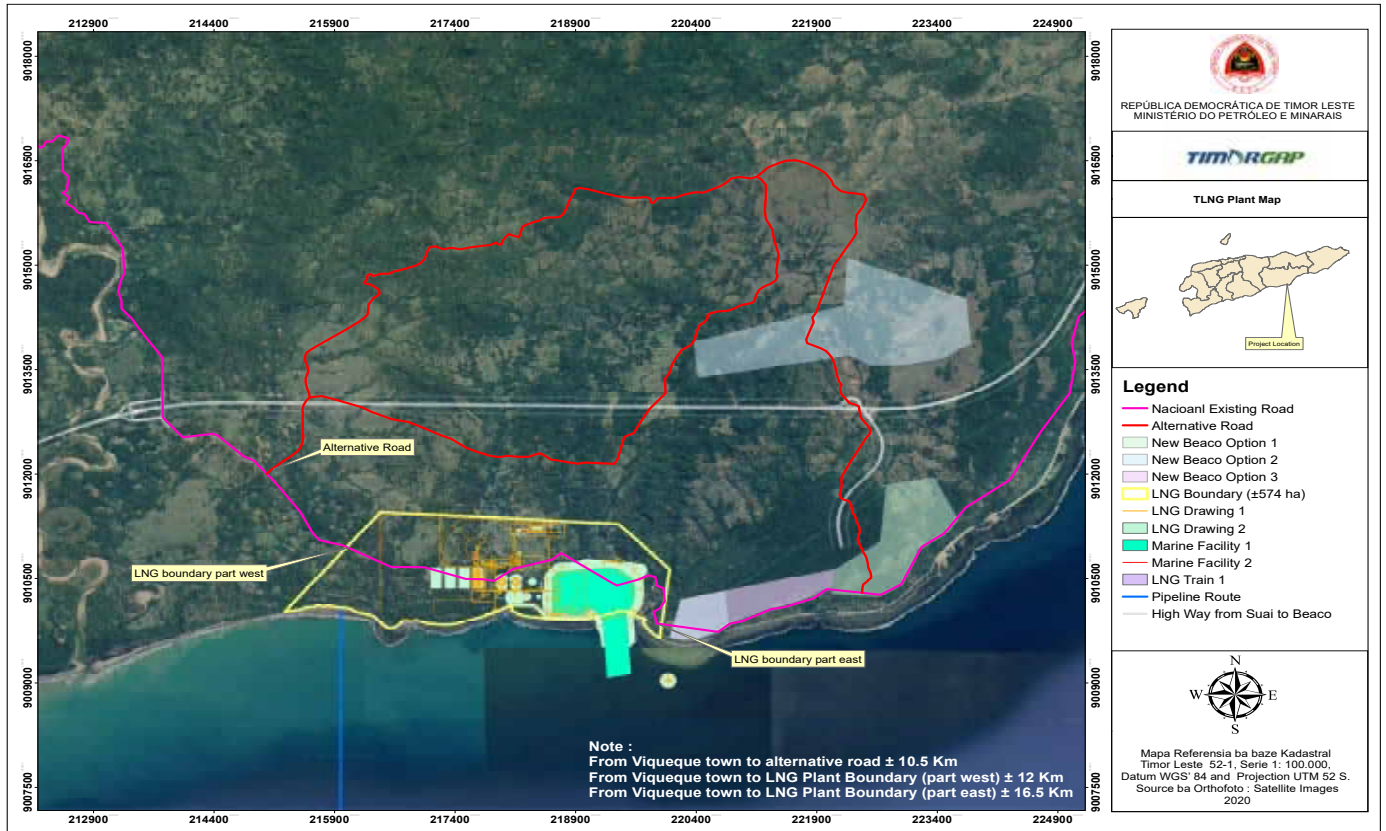


Figure 4-8: Map of the TLNG project (top); TIMOR GAP and the interministerial team during land and property data survey in Beaço (bottom)

Afterwards, a report with the data collected on the site was compiled and submitted to the Ministry of Justice, which endorsed it for subsequent publication. All of the data was published to the communities over a period of 90 days, beginning on 2 February and ending on 2 May 2023. The objective of the data publication is to cross-check for any technical mistakes, conduct data verification, receive any claims, and facilitate mediation for any disputes between communities and the government.

To fully engage and guarantee the maximum participation of the community through all the phases of the aforesaid land and propriety data survey, on February 2022, TIMOR GAP organized and conducted a comparative site visit to Suai, Covalima Municipality, with representatives of the community and Task Force LNG Beaço. The visit encom-

passed the new community resettlement area of Lohorai, Suai Airport and the permanent cemetery in the Airport area.

With this comparative site visit, TIMOR GAP aimed at creating an opportunity for the representatives of the community/LNG Task Force of Beaço to closely observe the physical progress and socio-economic impact of the Tasi Mane projects in the Covalima Municipality, and thus, also to obtain a deeper understanding about the cooperation between the community, local authority, traditional leaders, veterans and the Government regarding the process of land and properties clearance, reallocation of the community, cemetery and cultural sites, a process previously implemented in the Covalima Municipality under the Tasi Mane Project, namely the Suai Supply Base, Suai Airport and highway.



Figure 4-9: TIMOR GAP and representatives of the Beaço community visit to Suai Airport





5. INSTITUTIONAL AND HUMAN CAPITAL DEVELOPMENT

Human Resources Management

Corporate Social Responsibility & Local Content Commitment

Quality, Health, Safety and Environment (QHSE)

Information and Communication Technology (ICT)

HIGHLIGHTS OF 2022

- Several training and courses were delivered throughout 2022, both virtually and in-person, domestically and abroad, covering a wide range of technical and business areas;
- Completed the Integrated Performance Assessment by the company IRSHAD HR CONSULTING SDN BHD;
- A total of 3 employees are currently in Study Leave, undertaking their Master Studies in international accredited universities;
- Completed the annual internal and external QHSE audits;
- TIMOR GAP remains fully committed to the Local Content Program and the Sunrise Joint Venture Social Investment Program, with the goal of enhancing the quality of life for local communities.



**BUILDING A
STRONG FOUNDATION**

5.1. Overview

TIMOR GAP has consistently invested in its institutional capabilities and human capital over the years, creating a strong foundation that has enabled the company to weather the challenges of recent years, remain resilient and dedicated on pursuing its vision and mission.

Human capital is our most valuable asset and a key driver of our company's success in achieving its strategic goals. In 2022, we continued to invest in and strengthen our human resources through targeted recruitment and selection; prioritizing the development and training needs of our employees through in-person training and courses both domestically and internationally; providing study leave for employees interested in pursuing higher education studies; and conducting our annual performance review to ensure an open communication and constructive feedback between employees and the company.

The company has also made significant strides in promoting its core values of Quality, Safety, Health and Environment (QSHE). All employees are empowered to uphold these values through our comprehensive QHSE policies and procedures, which serve as the foundation for our commitment to excellence in all aspects of our operations. In 2022, our QHSE subunit continued to carry out its routine activities across the company operations and projects, including rigorous internal and external QHSE annual audits, ensuring that our operations and employees are held to the highest standards.

Post-pandemic, a robust business strategy will include digital investment in the core business as a priority. We have put in place new software, Microsoft 365, allowing our teams to work more efficiently and flexibly, and this year we continued to allocate resources to ensure that the new software runs smoothly and efficiently. In 2022, TIMOR GAP ICT & Data Management have managed to concentrate on the upgrade of the users' computing system within the company where specific users computing system must meet the proper specifications for running high and detailed applications especially in the engineering designs, seeking the best solutions of tools and technologies that could support the future of better data management through workshops or conferences.

As a major shareholder and partner in the Sunrise Joint Venture, TIMOR GAP proudly supports the Social Investment Program, a Corporate Social Responsibility (CSR) program that focuses on improving the lives of those in our local community by supporting local non-profit organizations. Through this program, we have been able to extend our reach and impact to areas such as maternal and child healthcare, nutrition, agriculture, and youth leadership. We are committed to creating a lasting bond with our community, one of TIMOR GAP's most important stakeholders, and continue to strive to make meaningful contributions to the benefit of our local community.



Figure 5-1: Team-building activity performed during TIMOR GAP's corporate retreat in 2022

5.2. Human Resource Management

Our human resources strategy is focused on four key areas: recruitment of the right talent, development and training, performance management, and career development. These areas are supported by strong and inclusive human resources policies and procedures that provide clear guidelines and orientations to ensure that our principles and values are fairly applied.

In 2022, TIMOR GAP continued to expand, adding new talent to our team to meet the increasing demands of our business. We strive to identify and hire individuals who are well-suited to our company culture, values, and objectives, ensuring that we have the necessary resources to sustain and grow our business.

At TIMOR GAP, we recognize that continual development and training of our people are essential to meeting our long-term objectives and delivering quality results. We have implemented a comprehensive human resources strategy that heavily focuses on the development of our employees' competencies and knowledge, by providing training, courses, and capacity building opportunities to all employees. This year, TIMOR GAP resumed the provision of in-person training and courses, both domestically and abroad, after the global pandemic and associated restrictions imposed their suspension in the previous

years. The resumption of in-person training and courses has enabled TIMOR GAP to offer wider skills-building programs, designed to equip participants with the skills and knowledge needed to succeed and thrive in their respective fields.

In addition to the extensive training programs provided by TIMOR GAP, we also recognize and highly encourage our employees to pursue higher education. We offer our employees the opportunity to take study leave for the duration of their studies, should they be awarded prestigious scholarships from foreign governments. The company is committed to providing its employees with job security during their studies, while they invest in their professional development and future contributions to the company.

In 2022, we resumed our annual performance review to evaluate employees' work performance, recognize their achievements, and plan for their development needs. Results of the performance assessment are also taken into account in order to manage the career development of our employees and plan their progression and promotion. An Integrated Performance Assessment was also conducted in the company this year. Through this assessment, we will be able to identify the best-suited career level for each employee.



Figure 5-2: TIMOR GAP's human resources core values

5.2.1. Employees

As of 31 December 2022, TIMOR GAP employed 156 employees, with a gender breakdown of 50 females and 106 males. This represents an 11% increase in the number of employees compared to the previous year. TIMOR GAP values its human capital and is committed to recruiting and retaining skilled and talented employees to meet the business’ growing needs. In 2022, as the company added more downstream and upstream projects to its business portfolio, a comprehensive recruitment process was conducted to fulfill several positions within the company and its subsidiaries.

TIMOR GAP is proud of its talented and highly qualified workforce, comprising both young and experienced professionals with a wide range of skills and technical knowledge, primarily recruited from the national talent pool.

Of the 156 employees currently working in the company, only 10 are expat staff providing specialized expertise to TIMOR GAP Business Units and Offices and performing specific tasks in projects.

TIMOR GAP is committed to improving the lives of local communities, and we prioritize hiring local staff to maximize the local content participation in our field projects. We employed a combined total of 15 local staff across our Jet Fuel Depot at the Suai Airport, Suai Fuel Station, and Tasi Mane Project Office in Covalima. Our projects personnel receive comprehensive training to ensure that all operations are conducted in accordance with industry best practices and to the highest standards. We will continue to prioritize local staff employment and create meaningful job opportunities, when appropriated.

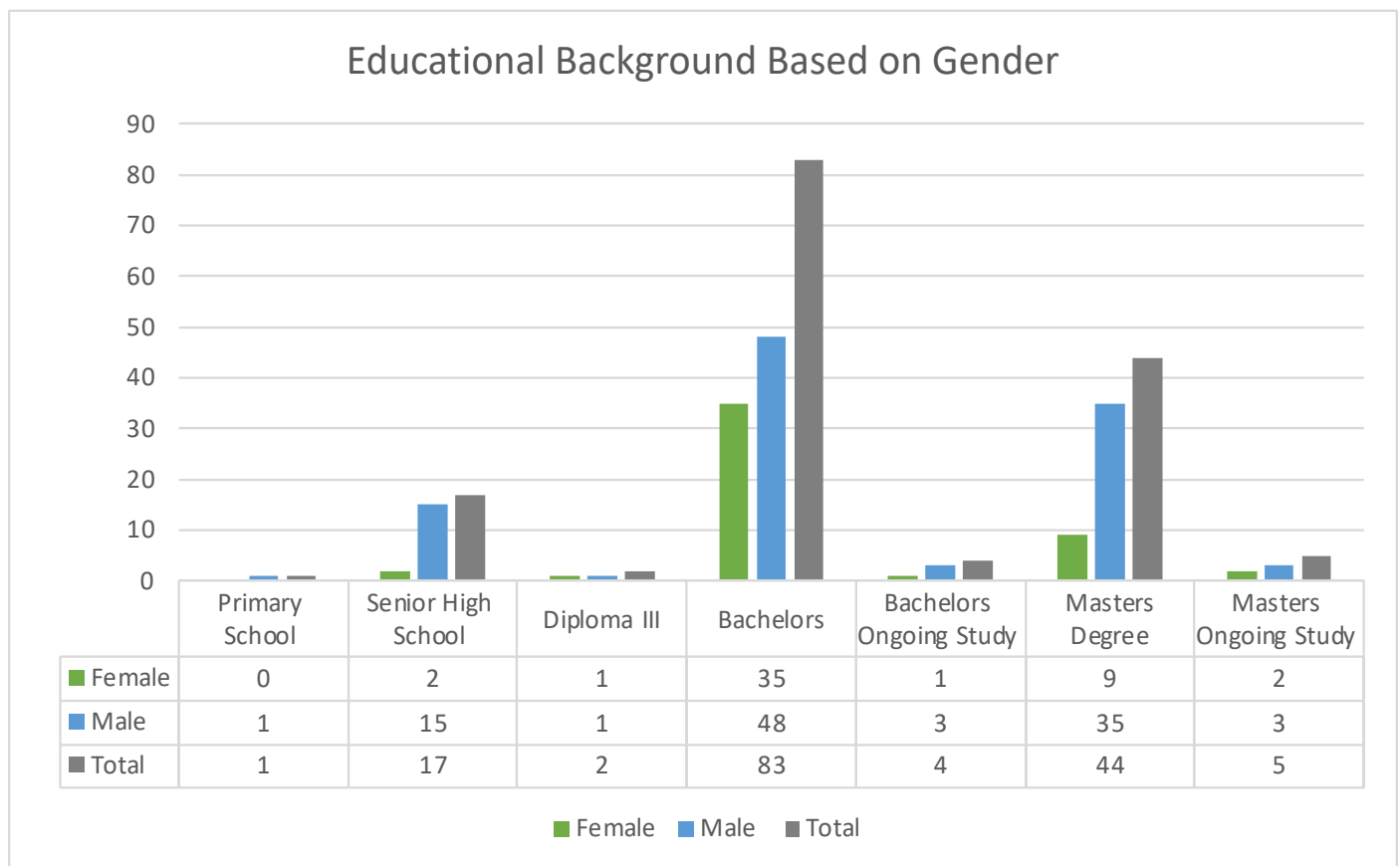


Figure 5-3: TIMOR GAP employees’ educational background based on gender

Employees Overview

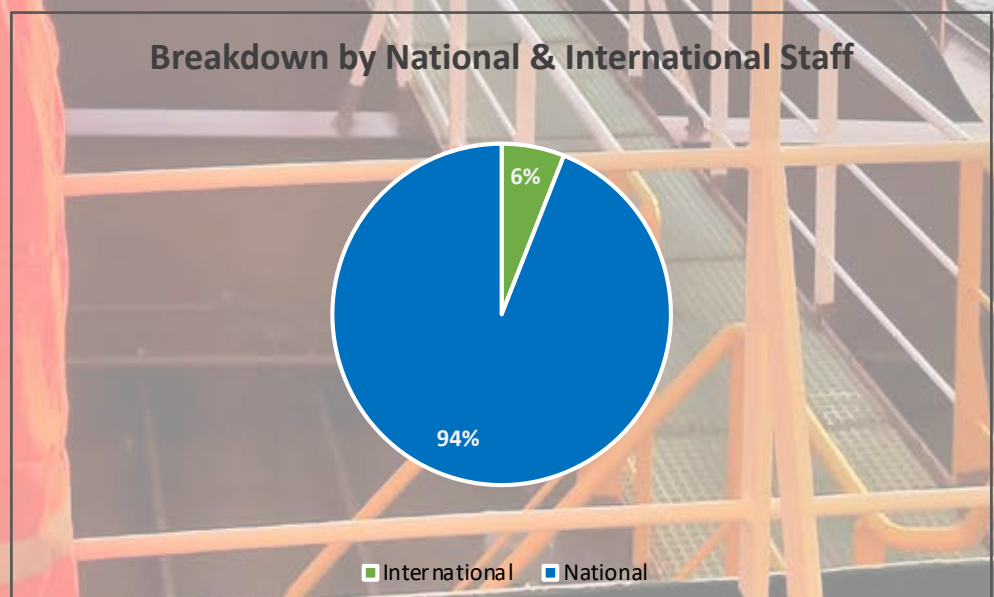
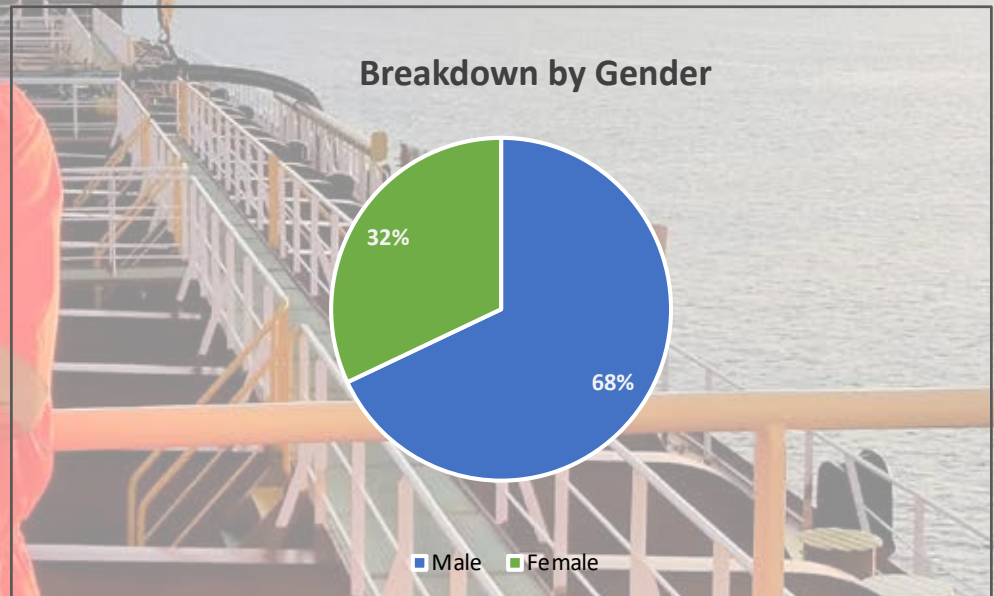
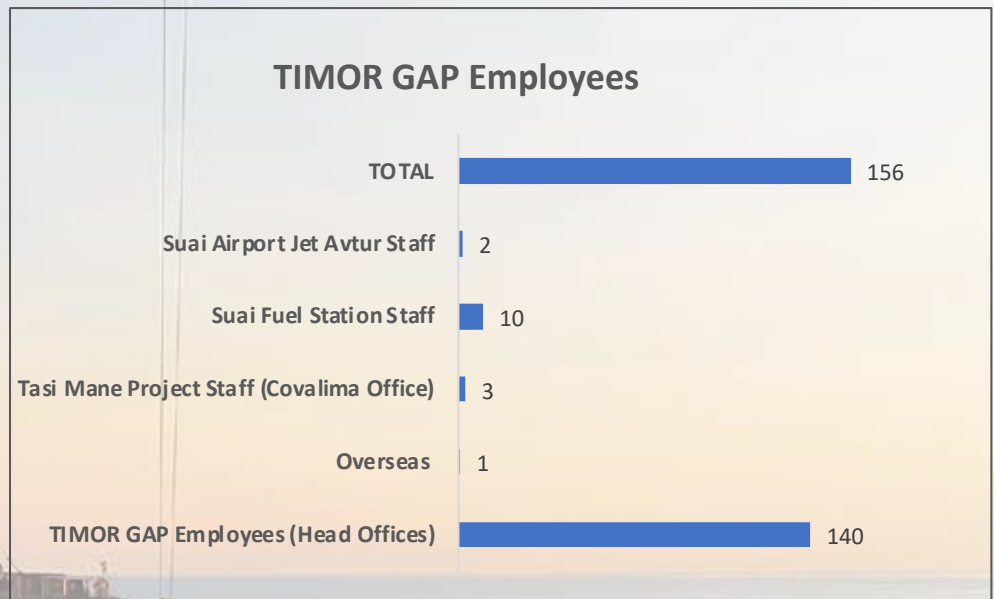


Figure 5-4: TIMOR GAP employee during the fuel supply operation to EDTL, E.P. (background picture); (from top to bottom): TIMOR GAP employees overview, breakdown by gender and breakdown by national & international staff

5.2.1.1. Graduate Internship Program (GIP)

TIMOR GAP, as a National Oil Company of Timor-Leste, recognizes the importance of knowledge transfer and experience enhancement for future professionals. In line with this commitment, TIMORGAP has established a Graduate Internship Program aimed at providing final year and new graduates with an opportunity to gain practical experience in the oil and gas exploration field,

- **UNTL Internship**

In 2022, TIMOR GAP received a final year student from Universidade Nasional Timor-Leste (UNTL) for a one-month internship with the Upstream Business Unit. This internship program was designed for the intern to learn seismic interpretation using Petrel Software Demo data and real data of Bicuda 2D seismic in the offshore Timor-Leste area. The internship program ranged from establishing a framework stratigraphy for the basin of the block area to data loading to Petrel software, data QC, well seismic tie, seismic interpretation, structural map generation, and volumetric calculation.

The above referred UNTL intern completed the internship program with the G&G team, supervised by experienced professionals. He benefitted from hands-on experience in seismic interpretation using Petrel software, and was able to apply this knowledge to interpret real data of Bicuda 2D seismic in the offshore Timor-Leste area. The necessary resources and guidance were provided, enabling him to successfully finish the program.

At the end of the internship program, a certificate from

- **Geology, Geophysics and Petrophysics Internship 2022**

TIMOR GAP's Upstream Business Unit organized a Graduate Internship Program (GIP) for Geology, Geophysics and Petrophysics in 2022. This program aimed to provide interns with the basic knowledge and skills required for oil and gas exploration, while also providing them with in-house and third-party training to acquire the necessary skills for oil and gas exploration.

The selection process for the GIP was highly competitive, leading to the selection of one Geology intern, one Geophysics intern, and one Petrophysics intern.

The internship program was designed for a six-month period, starting in May 2022. However, the interns were later granted a six-month extension until the end of April 2023. During the internship, the interns received training on the upstream organization and workflows of oil and gas exploration, software training, geological analysis,

specifically in the areas of geology and geophysics. This program is designed to equip graduates with the necessary skills and knowledge to succeed in the industry and contribute to the future growth of the company. Through this program, TIMOR GAP hopes to foster a new generation of skilled and experienced professionals who will drive innovation and growth in the industry.

TIMOR GAP was presented to recognize the successful completion of the program. This program is aligned with the company's goal of nurturing local talent, and provides an opportunity to the intern to apply his academic knowledge in a real-world context. It is hoped that this internship will have a positive effect on the intern's academic and professional growth and serve as a valuable learning experience.



Figure 5-5: Upstream Business Unit team with the UNTL intern upon the completion of the internship program and presentation of the certificate

seismic interpretation training, and petrophysics interpretation. The interns were also given hands-on training, in-house or with third-party service providers, to acquire the necessary skills for oil and gas exploration. Additionally, they were part of the team to support the onshore exploration project in the Pualaca Block for environmental and local content data collection.

The following software training sessions were conducted: Petrel Fundamental Training with Next Schlumberger, Petrosys Software for Mapping with Petrosys, IP software supervised by Upstream Petrophysicist, and seismic interpretation training (Dug Software) by Discover Geoscience.

The interns were required to apply their learning to undertake a final project on regional seismic interpretation and exploration block interpretation. Using the knowl-

edge and experience gained during the program, they were able to derive prospects, perform volumetric calculations, and analyze risks.

Based on their performance evaluation during the internship program, the interns would be promoted to the Upstream staff as the Junior geoscientist to support the exploration activities in both onshore and offshore exploration blocks.

5.2.2. Performance Review and Career Development

TIMOR GAP integrates performance assessment procedures on its human resources management and development strategy, as a useful tool to evaluate the employees' current performance against Key Performance Indicators (KPIs), identify and support any need for additional training, and boost employees' contribution by recognizing their talents and skills and providing career development opportunities.

In early 2022, an annual performance review was conducted for all employees at the company, pursuant to the Performance Management Review Policy and Procedures in place. This was the first performance assessment conducted after the COVID-19 pandemic, and it provided an opportunity for employees to be recognized for their achievements and for management to identify any areas for further training and development. The results of

The Upstream GIP 2022 was a highly competitive program that aimed to provide interns with necessary knowledge and skills for oil and gas exploration. The program was well-designed, and the interns were exposed to in-house and third-party training. The program provided the interns with hands-on experience and an opportunity to apply their knowledge in the final project. The program will prepare the interns for a successful career in the Upstream staff of TIMOR GAP.

this assessment will provide invaluable insights into the strengths and areas for improvement of each employee, allowing them to maximize their potential and continue to make meaningful contributions to the company's success.

In addition to the above, in 2022, TIMOR GAP engaged IRSHAD HR CONSULTING SDN BHD, a specialized human resources company, to conduct an Integrated Performance Assessment. This comprehensive assessment involves all employees, including top management, and evaluates their skills and competencies against the career levels and sublevels criteria. Upon completion of the assessment, employees will be placed in the level and sublevel that best matches their core competencies. The Integrated Performance Assessment was launched on 10 August 2022 and completed on 16 December 2022.



Figure 5-6: Meeting with the company IRSHAD HR CONSULTING SDN BHD

5.2.3. Development and Training

Our employees are the key to TIMOR GAP's success and it is essential that we provide them with the tools, skills and knowledge they need to meet the company's objectives. We recognize the importance of continued professional development and are committed to investing in our staff. From our establishment, we have offered training courses, workshops, conferences, and secondments to help our employees grow and stay up-to-date on the latest developments in the oil and gas industry. By providing these opportunities, we are committed to ensuring our staff are

well-equipped to handle the challenges that lay ahead.

As restrictions set in place to respond to the COVID-19 global pandemic were lifted, we were able to resume in-person training programs both domestically and abroad, in addition to continuing to offer virtual training as well, providing a wide range of programs in collaboration with our business partners and reputable training providers.

5.2.3.1. Courses and Training

In 2022, training opportunities identified both nationally and internationally which employees are encouraged to attend in-person and virtually are as follows:

- a. **Capacity Building Program for Corporate Social Responsibility and Cost Control & Budgeting Planning Profit in Oil & Gas Sector:** 3 employees attended this ten-day training held in Jakarta, Indonesia;
- b. **International Financial Reporting Standards (IFRS) Training:** 4 employees took part in this three-day IFRS training course in Darwin, Australia;
- c. **Effective Regulatory Compliance Management:** one employee participated in this five-day training course in Jakarta, Indonesia;
- d. **International Oil & Gas Business Management:** 2 employees took part in this five-day training course in London, UK;
- e. **Microsoft 365:** one employee attended this software training course for 10 days, in Jakarta, Indonesia;
- f. **Oil and Gas Surface Production Operation:** 4 employees attended this two-week training course in Jakarta, Indonesia;



Figure 5-7: Employees during the Oil and Gas Surface Production Operation

- g. **Logistic Management, Strategic and Best Practices:** one employee took part on this five-day training course in Jakarta, Indonesia;

- h. **Logistic Management, Strategic and Best Practices and Inventory Management & Warehouse:** 2 employees attended this five-day training course in Yogyakarta, Indonesia;
- i. **Budgeting Course:** one employee took part of this complete course on budgeting for 5 days in Malaysia;
- j. **Mastering Supervisory Skills:** one employee completed this five-day training course in Malaysia;
- k. **Administration and Office Management Professional:** one employee completed this five-day training course in Malaysia;
- l. **Bid & Tendering Management Leading to Contract:** one employee completed this five-day training course in Malaysia;
- m. **SAP Basis Fundamental:** one employee took part on this five-day training course in Jakarta, Indonesia;
- n. **Effective Regulatory Compliance Management:** 2 employees attended this training course for 10 days, in Jakarta, Indonesia;
- o. **Seismic Interpretation Training (DUG Software):** The SundaGas Banda Unipessoal, Lda. is the operator for the PSC TL-SO-19-16, with its Joint Venture partner, TIMOR GAP Chuditch Unipessoal, Lda. The operator organized a Seismic Interpretation Training to build up technical staffs' capacity and capability in seismic study that will be used in their future career development. Discover Geoscience provided the training, which was held in Perth, Australia, from 1 to 5 of August 2022. The Seismic Interpretation Training aims to introduce the TIMOR GAP G&G team to enhance knowledge regarding the seismic interpretation workflow by combining geology and geophysical data. The objective of the training was to help trainees understand how to interpret faults and horizons, grid maps, identify trap types, reservoir, seal, and charge of an investigation area, as well as evaluate the risk of each petroleum system element. The training was conducted using DUG software, using Fortunada/Elang surface and Block K project datasets;



Figure 5-8: Employee during the Introduction to Seismic Interpretation Training



p. **Maritime Training focused on safety & survival at sea:** 7 employees took part in this training course for 12 days, in Tibar, Timor-Leste;



Figure 5-9: One of the exercises performed during the Maritime Training focused on Safety & Survival at Sea

q. **Introduction to Trading & Oil and Price Risk Management:** 2 employees attended this five-days training course in London, UK;

r. **Fuel Dispenser Installation & Maintenance:** 4 employees attended this three-day training course in Jakarta, Indonesia;



Figure 5-10: Employees during Fuel Dispenser Installation & Maintenance training

s. **Project Management:** 5 employees took part in this training course for 8 days, in Melbourne, Australia;

t. **Conflict Management and Mediation Training:** 9 employees attended this training course for 6 days in Bandung, Indonesia;

u. **Project Management in Corporate Social Responsibility (CSR) Community Development:** 3 employees took part in this CSR Community Development training during 10 days in Jakarta, Indonesia;

v. **Operations & Wellsite Geology:** 8 employees completed this eight-day training course in Bali, Indonesia. The aim of this training was to develop technical staff skills to respond to the upcoming drilling exploration within onshore areas, namely Blocks A and C. Trainees who successfully completed this training received a recognized certification in Operations and Wellsite Geology;



Figure 5-11: Operational & Wellsite Geology training

w. **Petrosys Mapping Software Fundamental & Advance Training:** This Petrosys training course was conducted in-house over one week, from 21 to 25 November, at TIMOR GAP office. It was aimed at geologists and GIPs who had never taken Petrosys training, as well as an experienced G&G team;

x. **Well Test Design & Analysis:** 4 employees completed this eight-day training course in Bali, Indonesia. TIMOR GAP, through its subsidiary TIMORGAP Onshore Block A, Lda., has coordinated closely with the operator to maximize its technical staff's direct involvement in drilling and operations. Therefore,

on this occasion, TIMOR GAP, through its Upstream business Unit, collaborated with NEXT Schlumberger as one of the best training providers to capacitate its relevant technical staff to undertake Well Test Design & Analysis;



Figure 5-12: Participants and trainers of the Well Test Design and Analysis training

y. **OLGA Flow Assurance Training:** In order to enhance engineer's skills and knowledge in OLGA Flow Assurance, 8 of TIMOR GAP staffs (from Upstream and Downstream Business Unit) had the opportunity to undertake 5 days OLGA Flow Assurance training program in Bali, Indonesia. The training was provided by the NEXT a company of Schlumberger based in Indonesia;

engineering team. The training aimed to introduce the trainees to the Petrel software and its functionalities. The objective of the training was to aid the trainees in setting up a Petrel project, data import and visualization, creating simple surfaces and grids, performing basic quality checks, populating the model with geometrical properties, and developing workflows for mapping and plotting. In addition, the training included practical sessions where the trainees experienced using the Petrel software by using the Gullfaks field dataset;

z. **Petrel Fundamental Training:** The Petrel Fundamentals Training was delivered by Next Schlumberger for the TIMOR GAP Petrel users in G&G and En-



Figure 5-13: TIMOR GAP employees during the Petrel Fundamental Training

aa. Seismic Acquisitions, Processing and Reprocessing Training: SundaGas held a Seismic Acquisitions, Processing, and Reprocessing Training to supplement their ongoing Reprocessing 3D Kyranis seismic activity, to enhance Operator, JV, and Authority awareness. The training was attended by a team consisting of SundaGas, TIMOR GAP, and ANPM and was delivered by Rob Hardy of Tonta Energy over the course of six days, with three-hour-long webinar sessions. The course provided an overview of seismic data acquisition, processing, and reprocessing techniques, with an emphasis on fundamental principles rather than any particular software suite. Through web-based software modules, the participants experienced the various processing options available, and learned how to combine basic tools to build a flow that meets the desired objectives. The course was well-received

and provided invaluable insights into seismic data acquisition, processing, and reprocessing techniques;

bb. Pressure Seals and Traps Training: This training, part of the PSC TL-SO-19-16 Work Program, was a successful collaboration between Operator SundaGas Banda and TIMOR GAP Chuditch Block. The training provided advanced geological concepts linked to fluid pressures to interpret the hydrocarbon retention capacity of traps and the ranking of exploration targets, as well as operational and geomechanical concepts that would be useful for future drilling operations. The training was conducted by GEOCARBON and attended by SUNDAGAS's Dili-based team, TIMOR GAP's (G&G and Engineering Team), and Instituto de Geologia e Petróleo (IPG) over the course of one week, from 12 to 16 September 2022, in TIMOR GAP's office;



Figure 5-14: Pressure Seals and Traps Training

cc. FTG Quality Control (QC) Training: The Full Tensor Gradiometry QC one-day course was delivered by BelGEO Space for the G&G team of the Upstream Business Unit. This training aimed to equip the team with the necessary skills and knowledge required to perform QC on FTG data acquisition. The course

content was tailored to the specific needs of the Upstream Business Unit team, and the program included the following topics: Bell QC Workflow, Technical Specifications, QC Databases and Spreadsheet, and External QC.



Figure 5-15: FTG QC Training

5.2.3.2. Workshops and Conferences

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

In 2022, TIMOR GAP employees had the opportunity to partake in various workshops and conferences during the period:

- a) Good Oil & Gas Energy Conference, Perth, Australia;
- b) National Agroforestry Seminar, Dili, Timor-Leste;
- c) Gastech 2022 Conference & Avenir LNG Terminal, Milan, Italy;
- d) Refinery & Petrochemical Project Planning, Singapore;
- e) Asia Petroleum Geoscience Conference & Exhibition, Kuala Lumpur, Malaysia;
- f) Workshop & Core Storage Visit, Perth, Australia;
- g) 4th Workshop of Female Leaders in Energy, Manila, Philippines;
- h) Schlumberger Digital Forum, Switzerland;
- i) Offshore Technology Conference, Texas, USA;

- o) World Conference on Injury Prevention & Safety Promotion, Adelaide, Australia;
- p) 5th IPG Geological Conference, Dili, Timor-Leste;
- q) Chuditch Core Workshop – Perth Core Library & GSWA Field Ops;



Figure 5-16: Chuditch Core Workshop

- r) 4th Timor-Leste Oil, Gas and Energy Summit, Dili, Timor-Leste;



Figure 5-17: TIMOR GAP President & CEO on the Offshore Technology Conference, Texas, USA (left); 4th Timor-Leste Oil, Gas and Energy Summit, Dili, Timor-Leste (right)

- j) APPEC Conference, Singapore;
- k) International Conference on the 47th Anniversary of FALINTIL, Dili, Timor-Leste;
- l) Rystad Energy's 2022 Annual Summit, Singapore;
- m) Santos Technical Workshop, Perth, Australia;
- n) Asia Pacific E&P Conference – Archipelago of Opportunity, London, UK;

- s) Student Orientation Seminar at Technical and Vocational School of Becora, Dili, Timor-Leste;
- t) Seminar with students at Dili Institute & Technology (DIT), Dili, Timor-Leste;
- u) Schlumberger KL Innovation Factory Technology Day, Menara Petronas, Malaysia.

5.2.3.3. Exhibitions

TIMOR GAP participated in the 47th anniversary of the Timor-Leste Proclamation of Independence exhibition organized by the Government, held in Manatuto Municipality during November. As part of the Ministry of Petroleum and Minerals stand, TIMOR GAP presented its activities, projects, vision and mission to the public.



Figure 5-18: TIMOR GAP employee showing the company's project to an exhibition visitant

To commemorate the anniversary and connect with the visitors, TIMOR GAP organized a series of activities and competitions for children. This event was an important opportunity to enhance transparency, build better re-

lationships with the public and promote the company's brand. TIMOR GAP is proud to have been part of the celebration and looks forward to many more successful anniversaries in the future.



Figure 5-19: H.E. Minister of Petroleum and Minerals and representatives of the MPM's supervisory institutions with the winners of the competitions organized during the exhibition in Manatuto

5.2.3.4. Study Leave

In addition to the opportunities offered by the company, our internal training and development policies also facilitate a study leave for those employees interested in pursuing higher education studies, generally through prestigious scholarships awarded by foreign Governments. In such cases, we provide our employees with job security, while they invest in their own professional development and contribute to the company's future growth. We are proud to recognize the efforts of our employees in pursuing their academic ambitions, and believe that offering them the opportunity to take study leave for the period of their studies is an invaluable investment in their future.

In 2022, one employee returned to the company after successfully completing her Master's Degree in Business & Entrepreneurship at the International University of Japan, further demonstrating the success of our approach.

Furthermore, this year, three of our staff members were awarded academic scholarships from prestigious universities in countries such as Australia and Japan. These employees are now taking full advantage of the opportunities these scholarships offer, furthering their education and expanding their knowledge in the following higher degrees:

- Master's Degree in International Relations at the International University of Japan (IUJ), under Japanese Scholarships for SDGs Global Leader Program;
- Master's Degree in Business at Griffith University, Australia, under Australian Awards Scholarship Program; and
- Master of Business Administration in Energy Futures (Oil & Gas) at Curtin University, Perth, Australia, under Australian Awards Scholarship Program.

5.2.4. TIMOR GAP Corporate Retreat: CAN DO Spirit

TIMOR GAP organized a corporate retreat from 7th to 9th November 2022, in Oecussi. This retreat offered an excellent opportunity to increase engagement, enhance collaboration, and boost motivation by involving our staff in team-building activities and encouraging them to work together towards a shared purpose. In addition to the team-building activities, our employees also had the chance to attend a workshop and partake in reflective group activities, during which discussions and exchange of ideas were promoted in a constructive and open environment.

We enhanced team building, without forgetting endeavors that reflect corporate social responsibility and that included a visit to Carmelita Orphanage in Oecussi, where we donated books and other necessary materials. Additionally, friendly football and basketball matches

were organized between the Administration of Oecussi, local teams, and TIMOR GAP, creating a space of social interaction outside the office and strengthening relationships between employees, and the local community and authorities.

The TIMOR GAP corporate retreat was centered around encouraging employees to bond and build trust, strengthen relationships outside the office to increase engagement and improve communication at work, and foster a strong company culture. At this retreat, TIMOR GAP revived its "CAN DO corporate spirit" that represents the values of Competence and knowledge, Assessing and seizing opportunities for business, Non-discriminatory and responsible behavior, being a Doer and creative, and being an Optimist. This corporate spirit serves to guide us in how we aim to conduct our business.



Figure 5-20: TIMOR GAP's corporate retreat



Figure 5-21 (From top to bottom, left to right): Team-building activities; Key note speakers in the seminar organized by TIMOR GAP to share experience and knowledge; Oecussi and TIMOR GAP female football teams; Visit to Carmelita Orphanage; Group photo of TIMOR GAP's employees



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

In our pursuit of business performance with due regard for environmental, community, and social stewardship, new ideas are implemented to derive green innovation and transfer knowledge to the community. By bringing together ideas, knowledge, and virtue, we are driving growth and helping to provide the people of Timor-Leste with the sustainable strength they need to prosper.

TIMOR GAP is committed to promoting Corporate So-

cial Responsibility (CSR) and Local Content as a green roadmap, connecting ecological and process elements. TIMOR GAP has worked diligently to ensure that all projects give the deserved attention and integrity to the community, one of our main stakeholders. The company is dedicated to fulfilling its obligations to stakeholders, and is focused on responsible consumption of resources for the benefit of society in the years ahead.

5.3.1. Local Content Programs

5.3.1.1. Local Content Pre-Survey for Onshore Block A

Throughout 2022, TIMOR GAP continue to carry out its commitments in several blocks. Local content commitments are implemented in accordance with the annual budget for 2022, and approved by the National Petroleum and Minerals Authority (Autoridade Nacional do Petróleo e Minerais, ANPM) as the petroleum regulatory body of Timor-Leste.

TIMOR GAP is dedicated to upholding its annual Local Content program, managed under the Corporate Projects and Infrastructure Department. Before the program's

implementation, the department engages in a pre-survey of potential locations to assess the needs and interview community leaders, youth, farmers, and other stakeholders. This procedure ensures that the programs will have a positive and meaningful impact on the local community from both an economic and service-based perspective. Accordingly, TIMOR GAP visited and held a meeting with the Administration Leader of the Lautém Municipality, where TIMOR GAP's new onshore Block A is located, to assess the community's needs and design a program that addresses those needs.



Figure 5-22: Local Content Team meeting with Municipality Leader in Lautém District

5.3.1.2. Community Project Investment for Tasi Mane

Starting from 2021, TIMOR GAP has committed to establishing a Community Project as the main pillar of development and empowerment of the community around the Tasi Mane Project. In order to do this, TIMOR GAP has partnered with MILINIUM GREEN AGRO, Lda. to create an Integrated Agriculture Center in the Suai Supply Base area. This initial investment aims to provide a place of training and coaching to young people to help them become independent and prepared to participate in the development of the petroleum industry in the region.

The Integrated Agriculture Center will also serve to process and develop domestic products, primarily for agri-

culture and livestock, to be managed professionally and to supply a portion of these products to meet the needs of the petroleum industry of Timor-Leste. Additionally, it will be transformed into a hub for eco-tourism, with lodging and eating places, seminar venues, and other amenities. It will be jointly managed with MILINIUM GREEN AGRO, Lda. and the surrounding community. This Integrated Agriculture Center project is TIMOR GAP's first step towards empowering young people and the surrounding communities, and, as a result, creating a professional and skilled population that will benefit the local economy for years to come.



Figure 5-23: Map with the location of the Integrated Agriculture Center in SSB area in Suai (right corner); MILINIUM GREEN AGRO, Lda. tree nursery facility

5.3.2. Sunrise Joint Venture Social Investment Program

TIMOR GAP, as a majority shareholder of the Greater Sunrise, is dedicated to community involvement and long-term sustainable development. By actively participating in the social investment program, a health and social welfare initiative created by the Sunrise Joint Venture and implemented in close collaboration with local Non-Governmental Organizations (NGOs) and international organizations, the company is working to contribute to the aspirations of the Timor-Leste people in a

complementary way to the development of Greater Sunrise. Through this program, TIMOR GAP is providing training, education, and health/nutrition programs to the Timorese community, while also respecting the Government's priorities and efforts. This demonstrates the company's commitment to a long-term relationship with the local community and to building a positive reputation by bringing social and economic benefits.

5.3.2.1. RYLA-TL: Empowering Youth and Protecting Wildlife

In 2022, the Social Investment Program of the Sunrise Joint Venture prioritized empowering the younger generation. Since 2012, the RYLA-TL program has been successful in graduating many Timor-Leste young professionals. Despite the difficulties posed by the COVID-19

pandemic, RYLA-TL was able to conduct the RYLA-TL Conference 2021 on “Enabling Extraordinary Leadership” in January 2022. Moreover, RYLA-TL released their students to start internships at various companies in Dili.



Figure 5-24: RYLA- TL Camp 2021 held on January 2022



Figure 5-25: Drinking troughs to collect rainwater for deer, Jaco Island

At Sunrise Joint Venture, we remain dedicated to our partnership with RYLA-TL and we are commitment to continue to collaborate with other national NGOs in the coming year. Examples of these projects include the

In 2022, the Local Content Program of the Sunrise Joint Venture prioritized empowering the younger generation. Since 2012, the RYLA-TL program has been successful in graduating many Timor-Leste young professionals. Despite the difficulties posed by the COVID-19 pandemic, RYLA-TL was able to conduct the RYLA-TL Conference 2021 on “Enabling Extraordinary Leadership” in January 2022. Moreover, RYLA-TL released their students to start internships at various companies in Dili.

HIAM Health Agriculture Small Grant Project, as well as the ALOLA FOUNDATION’s nutrition and breastfeeding programs for pregnant women and toddlers.



2022/08/04 13:01

Figure 5-26: Fuel discharge operation to EDTL, E.P. Power Plant in Betano

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

At TIMOR GAP, we strive to proactively promote Quality, Health, Safety and Environment principles and values in all our operations and activities. During 2022, we have implemented a range of initiatives and procedures to ensure that these important values remain at the forefront of our operations.

As a support subunit, QHSE has been instrumental in assisting the company's business units with the success-

ful conduction of a number of activities and projects, including the fuel supply project to EDTL, E.P. Power Plant in Betano, Petroleum Import Terminal in Metinaro, and works related to the Tasi Mane Project, such as the TLNG project in Beaço. QHSE provides advice and prepares QHSE related requirements for each of these projects, ensuring that they met all safety, quality and environmental standards.

5.4.1. Integrated Management System (IMS)



Figure 5-27: TIMOR GAP's IMS Logo

5.4.1.1. Audits

TIMOR GAP upheld its commitment to the implementation of its Integrated Management System (IMS) through a comprehensive audit program. Internal and external audits are conducted annually to ensure TIMOR GAP remains compliant with IMS standards, and that progress is being made towards continuous improvement.

Within the scope of the above, an internal audit was conducted at all TIMOR GAP Units from 25 to 28 October 2022. This audit was part of the requirements from TIMOR GAP IMS to ensure compliance and suggest future improvements for the implementation of IMS. The Integrated Management Representatives (IMRs) from each unit assisted QHSE in the execution of the internal audit. The audit revealed 58 findings, mainly relating to incomplete IMS forms and checklists.

The external audit conducted from 15 to 18 November 2022 by the third-party auditor from DNV GL, TIMOR GAP's IMS certification body, yielded a positive overall result, successfully maintaining the ISO certifications for ISO 9001; ISO 14001; and ISO 45001. The audit findings

identified two positive findings (Noteworthy Effort), two observations, and two opportunities for improvement. The team is committed to addressing these opportunities and will continue to strive for the highest standards of quality and compliance.



Figure 5-28: External audit opening meeting

5.4.1.2. Management Review Meetings

Management Review Meetings are an essential part of our Integrated Management System (IMS) and serve as a feedback mechanism to promote continual improvement. As a mandatory requirement, they allow us to identify areas of improvement, evaluate current performance, and take proactive steps to ensure the IMS is up to date and effective.

On 2 December 2022, a Management Review Meeting was convened to review the performance and effectively

manage TIMOR GAP's QHSE programs and risks, with the participation of the QHSE team, IMRs, and Senior Management. During the meeting, topics such as external and internal issues, needs and expectations of interested parties, achievement of QHSE policies and objectives, customer satisfaction, feedback and communication, QHSE performance and the provision of adequate resources were discussed. Potential opportunities for continual improvement were identified and discussed to determine the best way to implement them.



Figure 5-29: IMS Management Review Meeting

5.4.1.3. ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 IMS e-Learning Course

QHSE views Integrated Management Representatives (IMRs) as highly important in supporting the successful implementation of IMS across the company. Therefore, QHSE is committed to providing appropriate training to the IMRs to fulfill their roles and responsibilities, primarily coordinating between all units and QHSE in relation to the IMS implementation. This year, QHSE provided an

e-course focusing on the fundamentals of ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, through SGS Academy Indonesia. This foundation course is the first step before proceeding to more specialized courses and training in the first quarter of 2023, which is part of QHSE's plan for 2023. The foundation course covers topics such as: ISO introduction, internal auditing, and implementation.

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. During this year, TIMOR GAP continued to identify, assess, control, and monitor health and safety issues arising from various TIMOR GAP activities, through the procedures and guidelines developed to provide the processes needed for the assessment and management of risk, incident, and accident, both in the office environment and in the field and during operations. This

conformed to health and safety related code of conduct, oil and gas industrial best practices, ISO 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 following table.

Activity	Objectives
Safety Briefing	Delivering information about safety prior to departure is essential to increase safety awareness during the journey. The Occupational Health and Safety (OHS) department, OHS representatives, and/or team leaders are responsible for conducting safety briefings to ensure that everyone involved has an equal understanding of OHS procedures in the event of an incident or accident. Additionally, during an emergency, this knowledge is essential for a successful outcome.
Safety Induction	Safety induction is given to temporary visitors to the TIMOR GAP office regarding the safety layout in the event of an emergency, as well as to employees, contractors, and consultants who will be with the company for an extended period. This is then followed by a comprehensive induction on the company’s Occupational Health and Safety policy and procedures.
Equipment Inspection	Conducting inspections of all vehicles used for field trips, fire extinguishers, IT equipment, and furniture at the TIMOR GAP office to ensure they remain in good condition for use. Inspections of the building, air conditioners, and electrical systems are also carried out by Timor Plaza, the facility owner.
First Aid Kit Provision	Providing First Aid Kits to employees travelling to the districts for minor injuries treatment during journey. First Aid Kits are also provided in the office premises.
Emergency Drill	Carrying out regular emergency drills at the company’s offices helps employees to be better prepared for any emergency. The drill familiarizes staff with the evacuation route and safety practices.

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

An emergency drill was conducted at TIMOR GAP’s Fuel Station in Suai from 28 to 31 May 2022, in compliance with the inspection requirements of ANPM for Health, Safety, and Environment (HSE), which must be undertaken at least twice a year.

QHSE provides the necessary safety uniform for the required number of staff. In 2022, QHSE visited the Shawl safety uniform factory warehouse in Sydney to ensure the pending payment process, as well as to assess and guarantee the quality of the uniforms delivered to TIMOR GAP.

QHSE played a critical role during the global pandemic of

COVID-19, ensuring that TIMOR GAP office remained a safe environment for its employees and visitors. This included the COVID-19 vaccination campaign. TIMOR GAP, as an employer, took proactive steps to encourage and support all employees to receive the full vaccine against COVID-19 and the booster vaccine. In February 2022, TIMOR GAP requested a medical team from the Ministry of Healthy to provide a vaccination session to all interested employees, to ensure that they received the COVID-19 booster vaccine. This further demonstrates TIMOR GAP’s commitment to its employees’ health and safety.



Figure 5-30: COVID-19 vaccination at TIMOR GAP's office

5.4.3. Quality and Environment

5.4.3.1. Environmental License

TIMOR GAP abides with the applicable law and fulfills its responsibility with 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 (EIAs) have been carried out by TIMOR GAP and its partners in accordance with Decree-Law No. 5/2011 on Environmental Licensing. In 2022, the company commenced the process for the Full Tensor Gradiometry (FTG) survey, for which

the EIA license is a mandatory requirement. Environmental assessment and its mitigation planning are necessary to evaluate potentially significant impacts on the environment and propose mitigation plans based on each of those potential impacts. The QHSE subunit, through the Q&E team, prepared the Supplemental Environmental Impact Statements (SEIS) and Environmental Management Plan (EMP) reports, which were subsequently submitted to ANPM for approval prior to the commencement of the survey. On 26 August 2022, the Environmental License was granted for the FTG survey.

5.4.3.2. Preliminary Field Surveys



Figure 5-31: Field survey for the new fuel stations

In addition to our Suai Fuel Station, TIMOR GAP, E.P. is looking for opportunities to build new fuel stations throughout the country. The expansion of our downstream business in the form of building and operating fuel stations will increase our company's business portfolio and branding in the country, ultimately generating income and profit for the company. The new proposed fuel station is set to be built at Lospalos-Asalaino. With this in view, in 2022, Quality & Environment and Downstream teams conducted a preliminary survey to assess the current condition of the proposed location, and are preparing a Project Document to be submitted to ANPM.

A preliminary assessment of the Pualaca Block was also conducted in August 2022 by the Q&E team and the

Pualaca team. The survey is planned to cover three municipalities: Manatuto, Viqueque, and Manufahi. During the survey, Viqueque and half of Manatuto were surveyed; the remaining half of Manatuto, as well as Manufahi, are

planned to be surveyed in the coming year. The survey results will be used to assess and gather information on the current state of the Pualaca Block.



Figure 5-32: TIMOR GAP team during the land titles identification in Beaçó, with the participation of the QHSE subunit



5.5. Information & Communication Technology (ICT)

Information and Communication Technology (ICT) is of outmost importance to almost all aspects of oil and gas operations, from upstream to downstream operations. In TIMOR GAP, ICT is greatly concerned with digital data storage, retrieval, transmission, and with all communication technologies involved in day-to-day operations which makes its business more efficient and promptly respond to client's needs. As technology keeps evolving, contemporary digital technology is essential to the day-to-day business activities of TIMOR GAP. Technology and software tools are necessary for innovation, improvement, and comparison studies for onshore and offshore blocks. In 2022, TIMOR GAP ICT & Data Management have managed to concentrate on the upgrade of the users' computing system within the company where specific users computing system must meet the proper specifications for running high and detailed applications especially in the engineering designs, seeking the best solutions of tools and technologies that could support the future of better data management through workshops or conferences.

In regard to physical access control system, ICT & Data Management have also been able to start a small fraction of physical security to ensure safety in the working environment such as door access and CCTV surveillance. Our department of information and communications technology and data management has also started talking with well-known solution providers who are well-known internationally in order to get more information about TIMOR GAP future preparation for any new system adoption, which is far from important and crucial. In addition, the ICT&DM department has also initiated the first phase of going digital by implementing paper-used

procedures into online digital applications. Having implemented these applications not only contribute to the greener environment but also leading up to more transformations into an e-computing systems.

In 2022, TIMOR GAP also succeeded in beginning a dialogue with TIC Timor-Leste, a national center for information, communication, and technology, in order to discuss the possibility of TIC Timor-Leste accepting some of TIMOR GAP's services. TIMOR GAP ICT & Data Management delivered exceptional annual software licensing maintenance for significant software vendors like Schlumberger, ESRI, IHS Global, and t-Navigator during 2022, continuously assisting TIMOR GAP business units in the focus of continual improvement to their software system. Our petroleum engineers collaborate with Rock Flow Dynamics' tNavigator, a high-performance tool for integrated static and dynamic modelling from reservoir to surface networks.

Apart from the plan to re-designing network infrastructure and topology to enhance network system and security, TIMOR GAP is moving the timorgap.com domain to timorgap.tl soon as mentioned in the TIMOR GAP Strategic Plan. As system testing has been done, it will probably go into effect earlier in the first quarter of next year subject to the executive management approval. The execution plan in 2022 reached around 80% for the entire ICT & Data Management project and developments. Most of the ICT expenses went toward major program maintenance and petroleum software license renewal. In addition to the purchase of new computer hardware, most of the old computers were replaced, particularly those that have been used for more than five years.







6. CORPORATE GOVERNANCE

Legal Framework
Board of Directors
Executive Committee
Governance



Figure 6-1: Executive Committee of TIMOR GAP

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 comprises the following main corporate bodies: a) Board of Directors; b) Executive Committee; and c) Audit Board.

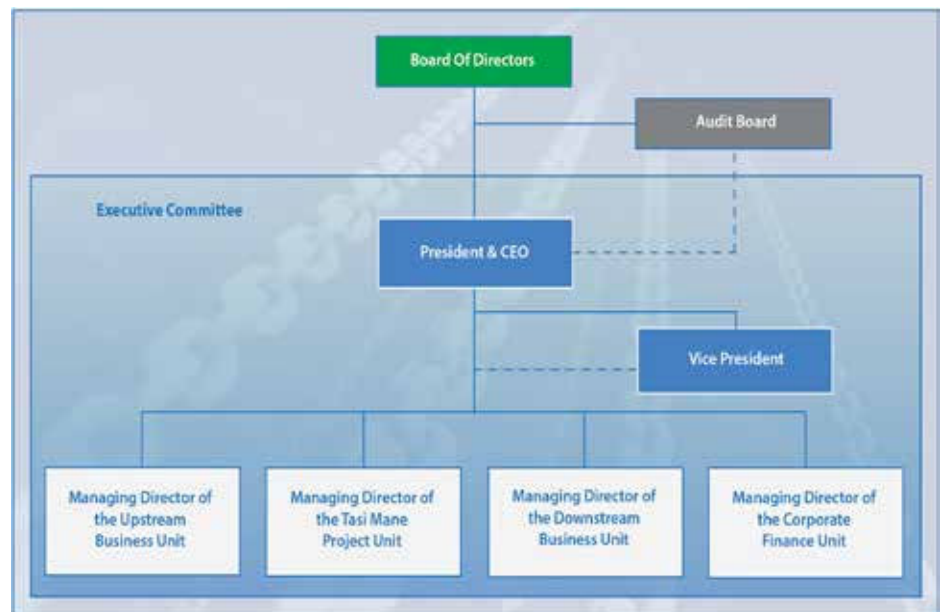


Figure 6-2: Organization Structure of TIMOR GAP, E.P.

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. 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, the 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.

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-

The Board members were also appointed in July 2020, namely: a) Mr. Gabriel Gaspar Aparício de Oliveira; b) Mr. Amandio Gusmão Soares; and c) Mr. Francelino Boavida. The Board members were duly appointed through 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.

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.

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 on Figure 6-3.

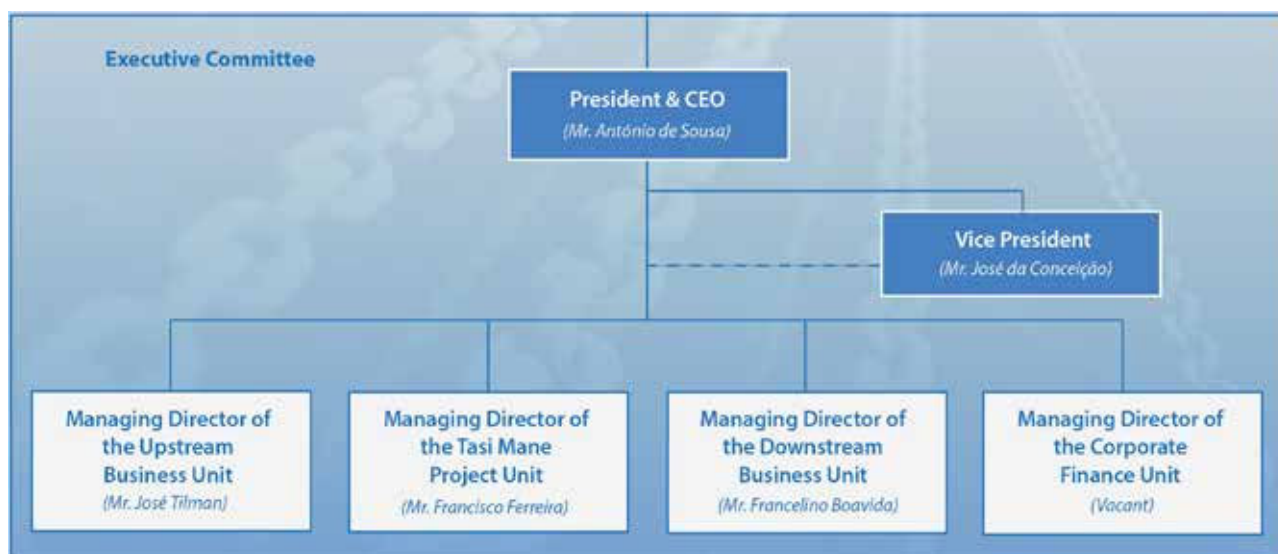


Figure 6-3: Executive Committee structure and members

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 Gaspar Aparício de Oliveira
Member of the Board

Mr. Gabriel Gaspar Aparício 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 Lorosaë 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 in 2021.



Mr. Amandio Gusmão Soares

Member of the Board

Mr. Amandio Gusmão 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. 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 and, in October, 2021, he was nominated Chairman of the Board of Directors for the Greater Sunrise subsidiaries.



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.

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.

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 company, participates in the MSWG's monthly meetings, which brings together relevant key stakeholders, such as representatives from the Government (MPM, 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).

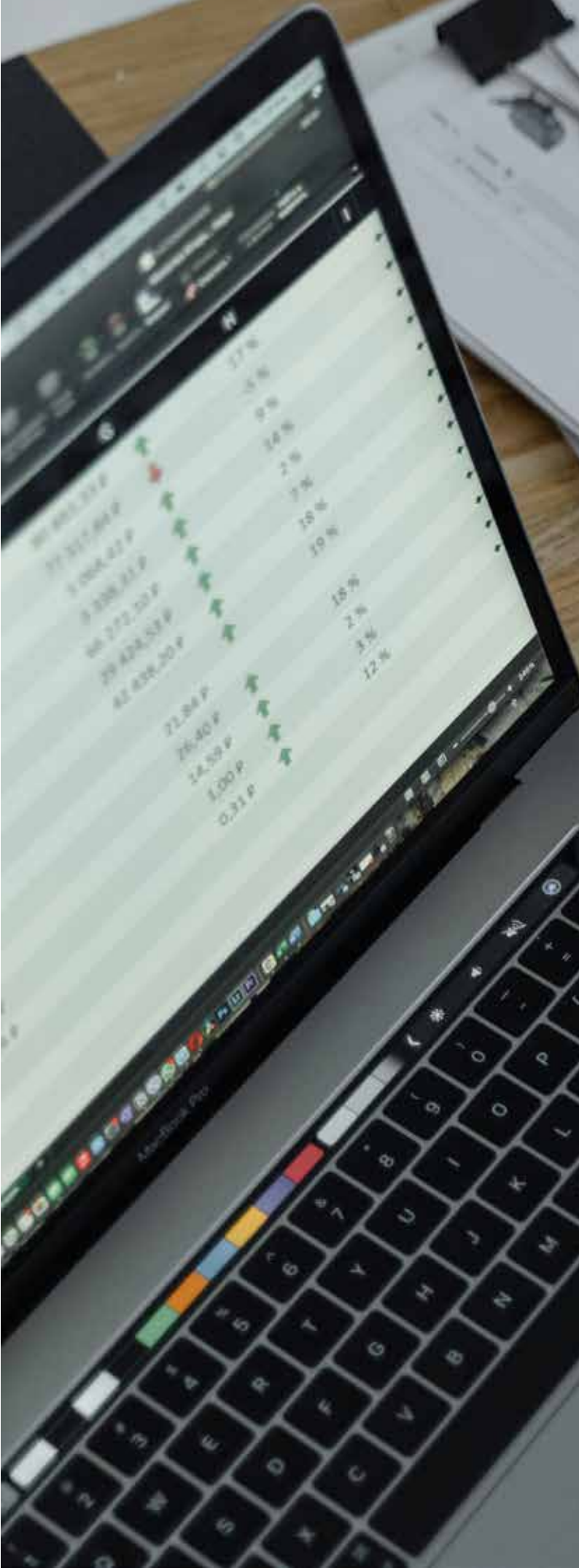
TIMOR GAP continued to take part in MSWG' meetings held throughout 2022, covering topics such as the approval and publication of Timor-Leste EITI Reconciliation Reports for the fiscal years 2019 and 2020. The reports that adhere to the requirements from 2019 EITI Standard, were produced by the Independent Administrator, Ernst & Young Audit & Associados – SROC, SA. In these reports, the MSWG has considerably addressed the challenges in implementing the EITI requirements which showcase its best practices through the disclosure of disaggregated information by reporting entities, revenue types and project level(s) reporting.

Following publication, TIMOR GAP participated in the TL-EITI 2019 Reconciliation Report dissemination to the public held from 28 to 29 September 2022 at NGO (FONGTIL), in Dili, presenting on the topic "TIMOR GAP as a Public Entity: Challenges and Contributions to Transparency".

Further information on the above socialization activities, including published reports, is available online on TL-EITI website www.tleiti.mpm.gov.tl



Figure 6-4: TIMOR GAP participating in the TL-EITI 2019 Reconciliation Report dissemination to the public





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 2022. This is the group's eleventh 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 \$62,200,000 (2021: \$65,739,700) was provided by the Government to fund the 2022 operations of the company including to carry out major project related studies like development of oth-

er Downstream Businesses and Services including fuel trading business, 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 in previous years, the government grant of \$62,200,000 (2021: \$65,739,700) forms the majority of TIMOR GAP's revenue for the year 2022. While the company depends on government grant

to carry out its operating and non-operating project expenses, the company has also internally generated income from fuel trading business and from fuel sales from Suai Petrol Station, which recorded total combined sales of \$29,055,843 (2021: \$20,665,059).

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

- 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
- Investment on two new 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 loss for the year ended 31 December 2022 amounted to -\$1,232,962 (2021: \$7,970,858) and total comprehensive loss of -\$962,607 (2021: \$7,817,315). On a group basis, TIMOR GAP has received a grant of \$62,200,000, out of which \$30,621,666 has been transferred to the subsidiaries to carry out their minimum exploration program as depicted in their work program and budget.

by the total of income tax and deferred tax expense of \$27,128 (2021: -\$257,686).

The company now has an equity of \$22,808,051 (2021: \$23,808,051) and the same at group level is -\$762,558,222 (2021: -\$728,374,304). The company's retained earnings as of 31 December 2022 are \$20,345,444 (2021: \$21,308,051).

On a group basis, the operating loss for the year ended 31 December 2022 stood at -\$34,454,255 (2021: -\$26,152,277). The loss on group basis is further reduced

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

7.4.1.1. Purchase of Stock of Fuel

The company has entered into a 3-years contract with EDTL, E.P for the supply of light fuel oil to EDTL. 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 \$29,678,125 (2021: \$20,034,982).

7.4.1.2. Depreciation and Amortization Expense

During the period, TIMOR GAP has additions to total tangible assets of \$1,094,619 (2021: \$32,844) 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 \$967,811 (2021: \$1,483,970) as on 31 December 2022.

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. At company level, during 2022, depreciation of property, plant and equipment amounted to \$197,727 (2021: \$165,389), for computer software the amortization for the year was \$147,106 (2021: \$187,627) and for Right to use asset \$539,361 (2021: \$541,544). The depreciation cost for tangible asset is increased due to purchase of office vehicles, IT hardware, office equipment.

7.4.1.3. Employee Costs/Expenses

On 31 December 2022, TIMOR GAP had a staff count of 156 employees (2020: 141 employees). Employee Cost recorded for the year is \$4,144,896 (2021: \$3,885,345). 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 \$831,610 (2021: \$1,087,291) as

non-current liability and \$25,470 (2021: \$22,612) as current liability in accordance with the principles outlined in IAS-19 employee benefits (amended 2011, effective from 1 January 2013) through conduct of Actuarial Valuation as of 31 December 2022. The standard establishes the principle that the cost of providing employee benefits should be recognized 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 (working 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, New Investment on two Onshore Blocks. Due to various internal and external factors, the project costs were not fully expensed in the year 2022 (i.e. 26.45%) and hence in accordance with the provisions of IAS 20 which de-

finer “accounting for government grants and disclosure of government assistance” that Government grants shall be recognized 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 the government to the extent of 82%, i.e., \$51,035,548 (2021: 73.56%, i.e., \$48,355,867). This has resulted in the income recognition of \$11,164,452 (2021:\$17,383,833) which is 18% of the total grant received in the year 2022 from government. Hence the total carryover budget for projects for the year 2022 is at \$68,769,750 (2021: \$48,355,867). The carryover

of 2022 project budget i.e., \$68,769,750 is being treated as Deferred Income (Grant) which is captured in the liability section of the audited financial position for the year 2022. The deferred grant income is further divided into current

and non-current liability as \$26,799,140 and \$66,896,105 (2021: \$22,355,867 and \$26,000,000 respectively) as presented in the audited financial position for the year 2022.

7.4.1.5. Other Expenses

The most significant “other expenses” for the year ended 31 December 2022 for the company include the following items:

Particulars	Group		Company	
	2022	2021	2022	2021
Staff Training & Development Expenses	862,187	95,293	748,189	95,293
Rates & Taxes	778	-	778	-
Rental Expenses	91,980	97,802	82,380	97,802
Telephone & Internet Expenses	89,526	81,331	89,526	81,331
Travel Expenses	1,204,301	193,555	999,838	185,256
BOD Related Cost	31,583	23,130	4,000	3,000
Bank Charges	131,502	104,836	117,014	102,200
Repairs & Maintenance	1,003,052	553,188	1,001,052	551,756
Meeting & Conferences	325,998	13,019	214,498	13,019
Subscription Charges	489,382	177,543	488,473	177,543
Provision for Onerous Contract	580,639	-	580,639	-
Office Maintenance	286,329	183,305	284,553	182,629
General Overhead Expenses	140,794	406,469	126,901	403,828
Consultant Expenses	5,657,886	3,546,825	1,907,398	3,413,539
Corporate Social Responsibility Expenses	346,564	-	346,564	-
Subsurface Rental Fee	157,634	110,370	-	-
Total	11,400,135	5,586,665	6,991,803	5,307,196

Staff training and development expenses included majorly for training and education for software training for Bayu-Undan redevelopment project for upstream department & 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 Lautém, fuel discharging in Same, fuel supply to ECTL power plant in Betano, site visit for geothermal survey, dialogues, and communication with local authorities in Beço, participation in 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 2022, the company has not estimated the income tax expenses on account of operational losses (2021: \$674,992).

During the year, the company has timely paid withholding taxes to the extent of \$949,000 (2021: \$880,413) 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 \$603,096 (2021: \$113,751), which is already paid after the year end closing of financial year 2022. The company has estimated its losses upfront on account of ECTL fuel trading business for the shipment in the year 2023 and created new provision for the onerous losses on account of fuel trading business to the extent of \$580,639.

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 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 2022, 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 recognized in statement of profit or loss in the current financial year amounts to \$956,374 (2021: \$1,690,632).

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 \$74,837,909 (2021: \$55,384,499) and include fuel inventories of \$113,931 (2021: \$78,303), trade receivables of \$2,599,410 (2021: \$9,509,092) on account of pending payments yet to be received from EDTL, money margin deposits of \$15,00,000 (2021: \$9,900,000), other receivables of \$8,301,673 (2021: \$4,063,200) and oth-

er refundable deposits of \$464,872 (2021: \$165,678). At year-end 2022, cash at the bank and on hand amounted to \$47,470,832 (2021: \$31,244,615).

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 9 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 2022. The borrowing cost for the

financial year 2022 was reported at \$765,957,836 (2021: \$732,974,005).

The Cash Outflows on account of repayment of loan from BCTL as per existing terms and conditions of the loan agreement between the Group and the lender. The loan has been taken specifically for the purpose of acquiring participating interest in the Greater Sunrise Oilfields and the loan repayment start date of 2028 was also agreed upon based on expected production commencement date of Greater Sunrise Oilfields. However, as the expected production commencement date of Greater Sunrise Oilfields has been delayed, the Group management may consider initiating a discussion with the lender and external stakeholders to restructure the loan in the near future.

7.6.4. Earnings and Equity

The company recorded a net loss of $-\$1,205,815$ (2021: $\$7,713,172$), (Group Loss of $-\$34,427,127$; 2021: $-\$26,409,963$) during the year ended December 31, 2022.

The company had recorded an equity of $\$20,345,444$ (2021: $\$23,808,051$) while the group equity stands at $-\$765,282,144$ (2021: $-\$728,374,304$). 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 the phase of its business growth, development expenditures can be less predictable as the company continues to pursue opportunities in line with TIMOR GAP's long-term vision for the development of oil and gas industry in Timor-Leste.







8. FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of TIMOR GAP, E.P.

Opinion

We have audited the consolidated financial statements of **TIMOR GAP, E.P.** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate which comprise the Consolidated statement of financial position as at December 31, 2022, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group and its associate as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 32 of the financial statements as on December 31, 2022, which states that the Group has incurred net losses amounting to USD 34,183,919 for the year ended December 31, 2022 and the Group's net worth is fully eroded. The said conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a Going Concern. However, for the reasons more fully described in the aforesaid note, the consolidated financial statements have been prepared on going concern basis.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

BDO India LLP

Place: Mumbai, India

Date: June 12, 2023



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO India LLP

Place: Mumbai, India

Date: June 12, 2023

BDO India LLP, an Indian limited liability partnership firm, with LLP Identity No. AAB 7880, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Head Office: The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai 400028, INDIA | Tel: +91 22 6228 0817

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of TIMOR GAP E.P.

Opinion

We have audited the standalone financial statements of **TIMOR GAP E.P.**, ('the Company') which comprise the Statement of financial position as at December 31, 2022, and the Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Standalone financial statements").

In our opinion, the accompanying standalone financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 32 to the Standalone financial statements, which states that the Company has incurred net losses amounting to USD 962,607 for the year ended December 31, 2022 which indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, for the reasons more fully described in the aforesaid note, the standalone financial statements have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of standalone financial statements.

BDO India LLP

Place: Mumbai, India

Date: June 12, 2023



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO India LLP

Place: Mumbai, India

Date: June 12, 2023

BDO India LLP, an Indian limited liability partnership firm, with LLP Identity No. AAB 7880, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Head Office: The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai 400028, INDIA | Tel: +91 22 6228 0817

TIMOR GAP, E.P

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2022

Amount in USD

Particulars	Notes	Group		Company	
		Year ended 31 Dec'22	Year ended 31 Dec'21	Year ended 31 Dec'22	Year ended 31 Dec'21
Revenue					
Revenue from contract with customers	4	29,055,843	20,665,059	29,055,843	20,665,059
Other income	5	16,921,616	17,411,308	11,431,942	17,566,179
Revenue (A)		45,977,459	38,076,367	40,487,785	38,231,238
Purchase of Stock of Fuel		29,678,125	20,034,982	29,678,125	20,034,982
(Increase)/decrease in inventory	6	(35,628)	57,099	(35,628)	57,099
Employee Costs	7	4,498,389	4,249,097	4,144,896	3,885,345
Finance Cost	8	33,041,188	31,705,202	57,357	81,198
Impairment Expense	11	956,374	1,690,632	-	-
Depreciation and amortization expense	10	893,131	904,967	884,194	894,560
Other expenses	9	11,400,135	5,586,665	6,991,803	5,307,196
Total Expense (B)		80,431,714	64,228,644	41,720,747	30,260,380
Profit/(Loss) before tax (C) = (A-B)		(34,454,255)	(26,152,277)	(1,232,962)	7,970,858
Tax expense					
Income tax expense	19	-	674,992	-	674,992
Income tax expense (earlier years)		-	(452,859)	-	(452,859)
Deferred tax charge/(Credit) (Refer Note 19)		(27,147)	35,553	(27,147)	35,553
Total Tax Expense (D)		(27,128)	257,686	(27,147)	257,686
Profit/(Loss) after tax (E)= (C-D)		(34,427,127)	(26,409,963)	(1,205,815)	7,713,172
Other Comprehensive Income					
<u>Items that will not be reclassified to profit or loss:</u>					
Remeasurement gain/(loss) on defined benefit plans (net)		270,231	115,715	270,231	115,715
Income tax effect on above		(27,023)	(11,572)	(27,023)	(11,572)
Total Other Comprehensive Income (F)		243,208	104,143	243,208	104,143
Total Comprehensive Profit/(Loss) (G)= (E+F)		(34,183,919)	(26,305,820)	(962,607)	7,817,315
Total Profit/(Loss) attributable to :					
TIMOR GAP, E.P		(34,427,147)	(26,417,049)	-	-
Non-Controlling Interest		20	7,086	-	-
Total Comprehensive Profit/(Loss) attributable to :					
TIMOR GAP, E.P		(34,183,939)	(26,312,906)	-	-
Non-Controlling Interest		20	7,086	-	-

See accompanying notes to the financial statements

1-40

TIMOR GAP, E.P
Statement of financial position as at 31st December 2022
Amount in USD

Particulars	Notes	Group		Company	
		As at 31 Dec'22	As at 31 Dec'21	As at 31 Dec'22	As at 31 Dec'21
ASSETS					
Non-current assets					
Property, plant and equipment	10	2,198,560	1,376,417	2,122,815	1,340,345
Right-of-use assets	10	967,811	1,483,970	967,811	1,483,970
Capital Work in progress		187,224	187,224	187,224	187,224
Intangible assets	10	261,783	408,889	261,783	408,889
Intangible assets under development	11	-	-	-	-
Financial assets					
Investments	12	2,250	-	1,177,446	1,170,196
Loans	13	-	-	17,297,798	17,091,248
Total non-current assets		3,617,628	3,456,500	22,014,877	21,681,872
Current assets					
Inventories	14	113,931	78,303	113,931	78,303
Financial assets					
Trade receivables	15	2,655,196	9,564,877	2,599,410	9,509,092
Cash and cash equivalents	16	79,377,491	34,503,510	47,470,832	31,244,615
Other financial assets	17	16,642,890	10,207,339	24,334,772	14,266,462
Other current assets	18	318,964	286,725	318,964	286,027
Total current assets		99,108,472	54,640,754	74,837,909	55,384,499
Total assets		102,726,100	58,097,254	96,852,786	77,066,371
LIABILITIES AND EQUITY					
Liabilities					
Non-current liabilities					
Deferred Tax Liability (Net)	19	81,861	81,985	81,861	81,985
Financial Liabilities					
Borrowings	20	765,957,836	732,974,005	-	-
Lease Liabilities		735,527	1,043,119	735,527	1,043,119
Provisions	21	831,610	1,087,291	831,610	1,087,291
Other non-current liabilities	22	66,896,105	26,000,000	54,702,540	26,000,000
Total non-current liabilities		834,502,939	761,186,400	56,351,538	28,212,395
Current liabilities					
Financial Liabilities					
Trade payables	23	1,428,794	503,174	1,303,945	486,729
Lease Liabilities		305,619	525,859	305,619	525,859
Other financial liabilities	24	103,247	15	94,770	10,000
Provisions	25	1,479,614	896,098	1,281,101	697,604
Other current liabilities	26	27,464,110	23,360,012	14,670,369	23,325,733
Total current liabilities		30,781,384	25,285,158	17,655,804	25,045,925
Total liabilities		865,284,323	786,471,558	74,007,342	53,258,320
Equity					
Contributed Capital	27	2,500,000	2,500,000	2,500,000	2,500,000
Retained Earnings	27	(765,282,144)	(731,098,205)	20,345,444	21,308,051
Non- Controlling Interest		223,921	223,901	-	-
Total equity		(762,558,222)	(728,374,304)	22,845,444	23,808,051
Total equity and liabilities		102,726,100	58,097,254	96,852,786	77,066,371

See accompanying notes to the financial statements

1-40

TIMOR GAP, E.P

Statement of cash flows for the year ended 31st December 2022

Amount in USD

Particulars	Group		Company	
	Year ended 31 Dec'22	Year ended 31 Dec'21	Year ended 31 Dec'22	Year ended 31 Dec'21
Cash flow from operating activities				
Profit/(Loss) before tax	(34,454,255)	(26,152,277)	(1,232,962)	7,970,858
Adjustments for:				
Depreciation expenses	893,131	904,967	884,194	894,560
Impairment expenses	956,374	1,690,632	-	-
Interest expenses	32,983,831	31,624,004	-	-
Finance Cost on right to use liabilities	57,357	81,198	57,357	81,198
Profit on sale of PPE	(29,600)	-	(29,600)	-
Interest income	(2,025)	(7,464)	(208,499)	(182,247)
Provision for Onerous Contracts	580,639	-	580,639	-
Increase / (Decrease) in trade payables	925,620	(1,699,949)	817,217	(1,082,580)
Increase / (Decrease) in other current financial liabilities	103,232	15	84,770	5,000
Increase / (Decrease) in other current liabilities	4,104,098	21,997,596	(8,655,364)	22,082,062
Increase / (Decrease) in provisions	17,408	(161,635)	17,408	(161,635)
Increase / (Decrease) in Other non-current liabilities	40,896,107	26,000,000	28,702,538	26,000,000
(Increase) / Decrease in Trade receivables	6,909,682	(9,354,682)	6,909,682	(9,509,092)
(Increase) / Decrease in loan	-	-	-	(1,475,368)
(Increase) / Decrease in other financial assets	(6,435,554)	(10,031,178)	(10,068,310)	(13,496,034)
(Increase) / Decrease in Inventory	(35,628)	57,099	(35,628)	57,099
(Increase) / Decrease in other current assets	(32,238)	(272,096)	(32,936)	(271,398)
Income tax paid	-	(936,419)	-	(939,180)
Net cash flows provided by (used in) operating activities (A)	47,438,180	33,739,811	17,790,507	29,973,243
Cash flow from Investing activities				
Payment for property, plant and equipment and intangible assets	(1,094,619)	(280,801)	(1,046,009)	(280,801)
Payment for Intangible under Developments	(956,374)	(1,690,632)	-	-
Investment in subsidiaries / Associates	(2,250)	-	(7,250)	(378,365)
Interest income	2,025	7,466	1,949	-
Proceed from sale of property, plant and equipment	95,413	-	95,413	-
Net cash flow provided by (used in) investing activities (B)	(1,955,806)	(1,963,967)	(955,898)	(659,166)
Cash flow from Financing activities				
Payment of lease liabilities	(608,392)	(605,365)	(608,392)	(605,365)
Payment to Non-Controlling Interest shareholders	-	(3,802)	-	-
Net cash flow provided by (used in) financing activities (C)	(608,392)	(609,167)	(608,392)	(605,365)
Net increase in cash and cash equivalents (A+B+C)	44,873,982	31,166,677	16,226,217	28,708,712
Cash and cash equivalents at the beginning of the year	34,503,510	3,336,833	31,244,615	2,535,903
Cash and cash equivalents at the end of the year	79,377,491	34,503,510	47,470,832	31,244,615

See accompanying notes to the financial statements

1-40

As per our report of even date

BDO India LLP

For and on behalf of the Board of Directors

Place: Mumbai, India

Date: June 12, 2023

President & CEO

Place: Dili, Timor-Leste

Date: June 12, 2023

Board Member

Place: Dili, Timor-Leste

Date: June 12, 2023

TIMOR GAP, E.P

Statement of changes in equity for the year ended 31st December 2022

Amount in USD

A Contributed Capital

Particulars	Group		Company	
	2022	2021	2022	2021
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	
	2022	2021	2022	2021
Balance at the beginning of the year	(731,098,205)	(704,785,299)	21,308,051	13,490,736
Profit/(Loss) for the year	(34,427,147)	(26,417,049)	(1,205,815)	7,713,172
Other comprehensive income	243,208	104,143	243,208	104,143
Total comprehensive income for the year	(34,183,939)	(26,312,906)	(962,607)	7,817,315
Balance as at the end of the year	(765,282,144)	(731,098,205)	20,345,444	21,308,051

C Non-Controlling Interest

Particulars	Group		Company	
	2022	2021	2022	2021
Balance at the beginning of the year	223,901	220,617	-	-
Total comprehensive income for the year	20	7,086	-	-
Payment to Non-Controlling Interests	-	(3,802)	-	-
Balance as at the end of the year	223,921	223,901	-	-

TIMOR GAP, E. P

Notes to Financial Statements as at and for the year ended 31 December 2022

(Amount in USD)

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

1 Corporate and Group Information**a) Corporate Information**

TIMOR GAP, E.P. ('the Company', 'the Parent') is a limited liability company by quotas ("Sociedade por Quotas") incorporated and domiciled in the Democratic Republic of Timor Leste whose registered office is located at Timor Plaza, Level 3, Rua Presidente, Nicolao Lobato, Comoro, Dili, Timor-Leste.

TIMOR GAP, E.P. is incorporated with the object to explore and develop hydrocarbon resources through subsidiaries and market the petroleum products.

The consolidated financial statements of TIMOR GAP, E.P and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on June 12, 2023.

b) Group Information

The Consolidated financial statements of the Group include:

Subsidiaries:

Name	Principal Activities	Place of incorporation	Ownership interest	
			2022	2021
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%	100%
TIMOR GAP Rarahana Block, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	-

* Referred as Greater Sunrise Group

Associate:

Name	Principal Activities	Place of incorporation	Ownership interest	
			2022	2021
Weststar-GAP Aviation, Unipessoal, Lda	Support Services	Democratic Republic of Timor Leste	45%	-

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 of 31 December 2022. 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.

(iii) Fixed contract service fees

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.

d) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

e) **Foreign Currencies**

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI, or profit or loss are also recognised in OCI or profit or loss, respectively).

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

f) **Property, plant, and equipment**

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment 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%
Furniture's & 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

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

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including 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) 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.

Oil and natural gas exploration, appraisal, and development expenditure

Oil and natural gas exploration, appraisal and development expenditure are accounted for using the principles of the successful effort's method of accounting.

License and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalized within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or planned or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations, and sufficient progress is being made on establishing development plans and timing. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off.

i) 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 company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to

receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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.

Lifetime 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 considering 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.

j) 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 assets 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, favourable 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.

k) 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.

l) 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.

m) 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.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

n) 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.

o) 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.

p) Changes in accounting principles and disclosures

New and amended standards and interpretations

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the Financial Statements.

q) 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 companies, 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 Impact of new International Financial Reporting Standards- Not yet Adopted

The amendments pronounced by the International Accounting Standard Board have not been adopted in these Financial Statements as they will only become effective for future financial reporting periods. There are no other standards, amendments or interpretations in issue but not yet adopted that the Directors anticipate will have a material effect on the reporting income or net assets.

TIMOR GAP, E. P

Notes to Financial Statements as at and for the year ended 31 December 2022

(Amount in USD)

4 Revenue from Contracts with Customers

Particulars	Group		Company	
	2022	2021	2022	2021
Income from fuel trading business	29,055,843	20,665,059	29,055,843	20,665,059
	29,055,843	20,665,059	29,055,843	20,665,059

5 Other Income

Particulars	Group		Company	
	2022	2021	2022	2021
Assistance received from Government	16,860,019	17,383,833	11,164,452	17,383,833
Profit on sale of PPE	29,600	-	29,600	-
Interest Income	2,025	7,464	208,499	182,247
Other Income	29,972	20,011	29,391	99
	16,921,616	17,411,308	11,431,942	17,566,179

6 (Increase)/decrease in inventory

Particulars	Group		Company	
	2022	2021	2022	2021
Opening stock of fuel	78,303	135,402	78,303	135,402
Closing stock of fuel	113,931	78,303	113,931	78,303
	(35,628)	57,099	(35,628)	57,099

7 Employee Costs

Particulars	Group		Company	
	2022	2021	2022	2021
Employee benefit expenses (including directors) comprise:				
Wages and salaries	4,198,401	4,117,005	3,854,875	3,764,965
Defined contribution pension cost	230,838	225,755	221,871	209,234
Other long-term employee benefits	28,440	(127,482)	28,440	(145,463)
Staff Welfare	40,710	33,819	39,710	56,609
	4,498,389	4,249,097	4,144,896	3,885,345

8 Finance Cost

Particulars	Group		Company	
	2022	2021	2022	2021
Interest Expense	32,983,831	31,624,004	-	-
Finance Cost on lease Liabilities	57,357	81,198	57,357	81,198
	33,041,188	31,705,202	57,357	81,198

9 Other Expenses

Particulars	Group		Company	
	2022	2021	2022	2021
Staff Training & Development Expenses	862,187	95,293	748,189	95,293
Rates & Taxes	778	-	778	-
Rental Expenses	91,980	97,802	82,380	97,802
Telephone & Internet Expenses	89,526	81,331	89,526	81,331
Travel Expenses	1,204,301	193,555	999,838	185,256
BOD Related Cost	31,583	23,130	4,000	3,000
Bank Charges	131,502	104,836	117,014	102,200
Repairs & Maintenance	1,003,052	553,188	1,001,052	551,756
Meeting & Conferences	325,998	13,019	214,498	13,019
Subscription Charges	489,382	177,543	488,473	177,543
Provision for Onerous Contract	580,639	-	580,639	-
Office Maintenance	286,329	183,305	284,553	182,629
General Overhead Expenses	140,794	406,469	126,901	403,828
Consultant Expenses	5,657,886	3,546,825	1,907,398	3,413,539
Corporate Social Responsibility Expenses	346,564	-	346,564	-
Subsurface Rental Fee	157,634	110,370	-	-
Total	11,400,135	5,586,665	6,991,803	5,307,196

TIMOR GAP, E.P.
Notes to Financial Statements as at and for the year ended 31 December 2022
(Amounts in USD)

10 Property, plant and equipment
Group

Particulars	Tangible							Intangible			
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Furniture & Fixings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use
Gross block											
Opening Balance as at 1st January 2022	539,463	810,632	667,990	547,503	248,367	469,052	923,292	4,205,998	2,232,435	2,232,435	3,094,530
Additions	-	674,400	674,400	-	40,669	9,211	370,339	1,094,619	-	-	23,202
Deductions/adjustments	-	-	328,745	-	-	-	-	328,745	-	-	-
Balance at 31st Dec 2022	539,463	810,632	1,013,145	947,503	289,036	478,263	1,293,631	4,971,873	2,232,435	2,232,435	3,117,732
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2022	497,146	160,524	510,414	124,260	222,363	429,847	865,025	2,829,581	1,823,546	1,823,546	1,610,560
Charge for the year	-	64,851	19,630	21,900	22,099	8,934	69,250	206,664	147,106	147,106	539,361
Deductions/adjustments	-	-	282,933	-	-	-	-	282,932	-	-	-
Balance at 31st Dec 2022	497,146	245,375	287,112	146,160	244,462	438,781	934,275	2,773,313	1,970,652	1,970,652	2,149,921
Net Book Value	42,315	565,257	746,233	401,343	44,574	39,482	359,356	2,198,560	261,783	261,783	967,811
31st December 2022	42,315	565,257	746,233	401,343	44,574	39,482	359,356	2,198,560	261,783	261,783	967,811

Particulars	Tangible							Intangible			
	Leasehold Improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Furniture & Fixings	IT Hardware	Total Tangibles	IT Software	Total Intangibles	Right to use
Gross block											
Opening Balance as at 1st January 2021	539,463	810,632	667,990	547,503	247,043	465,123	895,701	4,173,154	1,904,478	1,904,478	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	667,990	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	497,146	119,028	406,019	98,782	204,778	423,739	824,291	2,653,705	1,635,919	1,635,919	1,069,016
Charge for the year	-	61,496	24,395	25,478	17,585	6,168	40,734	175,796	187,627	187,627	541,544
Deductions/adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st Dec 2021	497,146	180,524	510,414	124,260	222,363	429,907	865,025	2,829,581	1,823,546	1,823,546	1,610,560
Net Book Value	42,315	630,108	157,276	423,243	26,004	39,205	58,267	1,376,417	408,889	408,889	1,483,970
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

* For the year ended 31 December 2022 and 2021, 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.

TIMOR GAP - E P
Notes to Financial Statements as at end for the year ended 31 December 2022
(Amount in USD)

10 Property, plant and equipment
Company

Particulars	Tangible							Intangibles		Right to use #	
	Leasehold improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software		Total Intangibles
Gross block											
Opening Balance as at 1st January 2022	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
Additions	-	-	629,200	-	40,669	9,211	364,929	1,046,009	-	-	23,202
Deductions/ adjustments	-	-	328,745	-	-	-	-	328,745	-	-	-
Balance at 31st Dec 2022	539,463	810,632	915,145	547,503	285,269	476,636	1,270,721	4,845,370	2,232,435	2,232,435	3,117,732
Accumulated depreciation/amortisation/impairment											
Opening Balance as at 1st January 2022	497,148	180,524	491,688	124,260	216,966	429,062	848,112	2,787,760	1,023,546	1,023,546	1,610,560
Charge for the year	-	64,851	12,198	21,900	22,099	8,731	67,747	197,727	147,106	147,106	539,861
Deductions/ adjustments	-	-	262,932	-	-	-	-	262,932	-	-	-
Balance at 31st Dec 2022	497,148	245,375	341,154	146,160	239,065	437,793	915,859	2,722,555	1,970,652	1,970,652	2,149,921
Net Book Value											
31st December 2022	42,315	565,257	673,991	401,343	46,204	38,843	354,862	2,122,815	261,783	261,783	967,811

Particulars	Tangible							Intangibles		Right to use	
	Leasehold improvements	Machinery & Equipment	Motor Vehicles	Buildings	Office Equipment	Fixtures & Fittings	IT Hardware	Total Tangibles	IT Software		Total Intangibles
Gross block											
Opening Balance as at 1st January 2021	539,463	810,632	614,690	547,503	243,274	463,496	676,201	4,095,261	1,984,476	1,984,476	3,073,423
Additions	-	-	-	-	1,324	1,929	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	474,160	98,742	199,381	423,157	510,516	2,622,171	1,635,919	1,635,919	1,069,016
Charge for the year	-	61,496	17,328	25,478	17,583	5,905	37,596	185,189	107,627	107,627	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

For the year ended 31 December 2022 and 2021, 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	
	2022	2021	2022	2021
Cost (Refer Note 34)				
Opening Balance	675,256,746	673,566,114	-	-
Expenditure during the year	-	1,690,632	-	-
Borrowing cost capitalised	-	-	-	-
Closing Balance	675,256,746	675,256,746	-	-
Accumulated Impairment				
Opening Balance	675,256,746	673,566,114	-	-
Provided during the year	-	1,690,632	-	-
Closing Balance	675,256,746	675,256,746	-	-
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 were triggered in earlier financial year 2020 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 and energy market demand and supply fundamentals. Impairment losses recognised in statement of profit or loss in financial year 2020 amounted 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 determine in absence of any comparable transaction in current economic scenario post COVID-19. 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 were 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 was 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 behaviour 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 2020 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 2022, 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 \$ 956,374.

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	
	2022	2021	2022	2021
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 ONSHORE BLOCK C	-	-	5,000	5,000
TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	5,000	5,000
TIMOR GAP Chuditch, Unipessoal, Lda	-	-	5,000	5,000
TIMOR GAP GREATER SUNRISE RL2	-	-	5,000	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	5,000
TIMOR GAP Rarahana Block, Unipessoal, Lda	-	-	5,000	-
Investment in Subsidiaries on Fair Value Accounting*				
TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	398,844	398,844
TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda (SPV)	-	-	703,352	703,352

Investment in associate, valued at cost				
Weststar-GAP Aviation, Unipessoal, Lda	2,250	-	2,250	-
TIMOR GAP Seismic Services, Unipessoal, Lda	-	-	-	-
South Horizon Offshore Services, Unipessoal, Lda	-	-	-	-
	2,250	-	1,177,446	1,170,196

* 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 latter starts generating revenue from respective block. Thus, the investment is on account of fair valuation accounting of loan given.

13 Loans

Particulars	Group		Company	
	2022	2021	2022	2021
Loans to subsidiaries	-	-	17,566,752	17,360,202
Less: Impairment on loan	-	-	(269,557)	(268,954)
	-	-	17,297,195	17,091,248

Movements in the impairment allowance on loan are as follows:

Particulars	Group		Company	
	2022	2021	2022	2021
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	
	2022	2021	2022	2021
Inventory - Fuel	113,931	78,303	113,931	78,303
	113,931	78,303	113,931	78,303

15 Trade receivables (at amortised cost)

Particulars	Group		Company	
	2022	2021	2022	2021
Trade receivables	2,655,799	9,565,480	2,600,013	9,509,695
Less: Provision for impairment of Trade Receivables	(603)	(603)	(603)	(603)
	2,655,196	9,564,877	2,599,410	9,509,092

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

Particulars	Group		Company	
	2022	2021	2022	2021
Opening provision for impairment of Trade Receivables	603	603	603	603
Add: Increase/(decrease) during the year	-	-	-	-
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	
	2022	2021	2022	2021
Cash in hand	5,803	8,289	2,505	6,291
Cash in Bank	79,371,688	34,495,221	47,468,327	31,238,324
	79,377,491	34,503,510	47,470,832	31,244,615

17 Other financial assets

Particulars	Group		Company	
	2022	2021	2022	2021
Margin Money Deposits	15,500,000	9,900,000	15,000,000	9,900,000
Staff Advances	678,018	141,661	568,227	137,584
Other receivables	-	-	8,301,673	4,063,200
Refundable Deposits - Others	464,872	165,678	464,872	165,678
	16,642,890	10,207,339	24,334,772	14,266,462

Refer related party disclosures.

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

18 Other Current Assets

Particulars	Group		Company	
	2022	2021	2022	2021
Prepaid Expenses	318,964	286,725	318,964	286,027
	318,964	286,725	318,964	286,027

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	
	2022	2021	2022	2021
Deferred tax Liabilities:				
- Net Block of Property, Plant & Equipment's	257,182	174,923	257,182	174,923
-Others	43,290	26,553	43,290	26,553
	300,472	201,476	300,472	201,476
Deferred tax Assets:				
- Carried forwards tax losses	-	-	-	-
- Provisions	(211,271)	(110,990)	(211,271)	(110,990)
-Others	(7,340)	(8,501)	(7,340)	(8,501)
	(218,612)	(119,491)	(218,612)	(119,491)
Deferred tax (Asset)/Liability	81,861	81,985	81,861	81,985

The Group has not recognised the deferred tax assets on the losses incurred in current year on prudent basis. These unused tax losses amounting to \$ 34,564,042 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	
	2022	2021	2022	2021
Profit Before Tax	(34,427,127)	(23,556,678)	(1,232,962)	7,970,858
Enacted Tax Rate in Timor Leste	10.00%	10.00%	10.00%	10.00%
Computed Expected Tax Payable	(3,442,713)	(2,355,668)	(123,296)	797,086
Add: Expenses disallowed under Income Tax Act	(7,630)	13,830	(7,630)	13,830
Add: Difference between tax depreciation and book depreciation	(74,085)	61,376	(16,181)	61,376
Excess allowance of Tax depreciation resulting in taxable loss	-	-	-	-
Add: Parent's/Subsidiary's Profit included in group loss Chargeable to Tax	-	-	-	-
Add: Others	3,524,447	2,955,454	147,108	(197,300)
Income Tax Expense	19	674,992	-	674,992

20 Borrowings (at amortized cost)

Particulars	Group		Company	
	2022	2021	2022	2021
Loan from Banco Central de Timor Leste (BCTL)*	765,957,836	732,974,005	-	-
	765,957,836	732,974,005	-	-

* 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	
	2022	2021	2022	2021
Provision for long term employee benefits	831,610	1,087,291	831,610	1,087,291
	831,610	1,087,291	831,610	1,087,291

22 Other Non-Current Liabilities

Particulars	Group		Company	
	2022	2021	2022	2021
Deferred Grant*	66,896,105	26,000,000	54,702,540	26,000,000
	66,896,105	26,000,000	54,702,540	26,000,000

* Refer Note 39

23 Trade payables

Particulars	Group		Company	
	2022	2021	2022	2021
Trade payables	1,428,794	503,174	1,303,945	486,729
	1,428,794	503,174	1,303,945	486,729

24 Other Financial Liabilities

Particulars	Group		Company	
	2022	2021	2022	2021
Other payables	100,997	15	82,520	-
Payable to Related Party	2,250	-	12,250	10,000
	103,247	15	94,770	10,000

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

25 Provisions

Particulars	Group		Company	
	2022	2021	2022	2021
Provision for long term employee benefits	25,470	22,612	25,470	22,612
Provision for Onerous Contract	580,639	-	580,639	-
Provision for Income Tax	873,505	873,486	674,992	674,992
	1,479,614	896,098	1,281,101	697,604

Movements in the Provision for Onerous Contract is follows:

Particulars	Group		Company	
	2022	2021	2022	2021
Opening provision for Onerous Contract	-	-	-	-
Add: Created during the year	580,639	-	580,639	-
Less: Utilized during the year	-	-	-	-
Closing provision	580,639	-	580,639	-

26 Other Current Liabilities

Particulars	Group		Company	
	2022	2021	2022	2021
Deferred Income (Prepaid Vouchers)	63	20,882	63	20,882
Dues payable to Government	664,307	148,030	603,096	113,751
Deferred Grant*	26,799,740	22,355,867	14,067,210	22,355,867
Advance received from Government for Project Work	-	835,233	-	835,233
	27,464,110	23,360,012	14,670,369	23,325,733

* Refer Note 39.

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 31st December 2022 and corresponding previous year ended 31st December 2021.

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 liabilities:

Period	Group		Company
	Lease liability	Borrowings	Lease liability
Within 1 Year	305,619	-	305,619
From 2nd to 5th Year	735,527	-	735,527
From 6th to 15th Year*	-	765,957,836	-

* The Cash Outflows on account of repayment of loan from BCTL as disclosed above is as per existing terms and conditions of the loan agreement between the Group and lenders. The loan has been taken specifically for the purpose of acquiring participating interest in the Greater Sunrise Oilfields and the loan repayment start date of 2028 was also agreed upon based on expected production commencement date of Greater Sunrise Oilfields. However, as the expected production commencement date of the Greater Sunrise Oilfields has been delayed, the Group management may consider initiating a discussion with the lender and external stakeholders to restructure the loan.

30 Leases where Group and Company are lessee

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

Particulars	Group		Company	
	2022	2021	2022	2021
Opening Balance	1,483,970	2,004,407	1,483,970	2,004,407
Add: Additions	23,202	21,107	23,202	21,107
Less: Deletion	-	-	-	-
Less: Depreciation	539,361	541,544	539,361	541,544
Closing Balance	967,811	1,483,970	967,811	1,483,970

(ib) Changes in the Lease liabilities

Particulars	Group		Company	
	2022	2021	2022	2021
Opening Balance	1,568,978	2,093,145	1,568,978	2,093,145
Add: Additions	23,202	-	23,202	-
Add: Interest Expense	57,357	81,198	57,357	81,198
Less: Lease Payments	608,391	605,365	608,391	605,365
Closing Balance	1,041,146	1,568,978	1,041,146	1,568,978

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

Particulars	Group		Company	
	2022	2021	2022	2021
Current Lease Liabilities	305,619	525,859	305,619	525,859
Non-current Lease Liabilities	735,527	1,043,119	735,527	1,043,119
Total	1,041,146	1,568,978	1,041,146	1,568,978

Particulars	Group		Company	
	2022	2021	2022	2021
Interest on Lease Liabilities	57,357	81,198	57,357	81,198
Low-value leases expensed	91,980	97,802	82,380	97,802

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:

Trade payables	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	2,655,196	2,655,196
Cash and cash equivalents	79,377,491	-	-	79,377,491
Loans	-	-	-	-
Investments in Associate Company	-	-	2,250	2,250
Other financial assets	-	-	16,642,890	16,642,890
	79,377,491	-	19,300,336	98,677,827
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	765,957,836	765,957,836
Lease Liabilities	-	-	1,041,146	1,041,146
Trade payables	-	-	1,428,794	1,428,794
Other financial liabilities	-	-	103,247	103,247
	-	-	768,531,023	768,531,023

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	-	-	15	15
	-	-	735,046,172	735,046,172

- 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 2022	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial Assets				
a) Measured at amortized cost				
Trade receivables	-	-	2,599,410	2,599,410
Cash and cash equivalents	47,470,832	-	-	47,470,832
Loans	-	-	17,297,798	17,297,798
Investment in Associate Company	-	-	2,250	2,250
Other financial assets	-	-	24,334,772	24,334,772
	47,470,832	-	44,234,230	91,705,062
Financial Liabilities				
a) Measured at amortized cost				
Borrowings	-	-	-	-
Lease Liabilities	-	-	1,041,146	1,041,146
Trade payables	-	-	1,303,945	1,303,945
Other financial liabilities	-	-	94,770	94,770
	-	-	2,439,861	2,439,861

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	-	-	14,266,462	14,266,462
	31,244,615	-	40,866,802	72,111,417
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	-	-	10,000	10,000
	-	-	2,065,707	2,065,707

Equity investment in subsidiaries included in note 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 extracting the hydrocarbon reserves, which has long gestation period. The Group has obtained exploration rights of various onshore and offshore oil fields and has entered into Joint Petroleum sharing contract with various oil and gas companies. Except Greater Sunrise field, the Group's share in all other fields is being carried by the respective operators. Hence, the Group's expenditure mainly constitutes its overheads and its share of expenditure on Greater Sunrise Oil fields. On account of these expenses along with impairment of entire acquisition value of participating interest in the Greater Sunrise Oil fields, the Group's Net-worth as on December 31, 2022, is fully eroded. The Group has incurred losses amounting to \$ 34,183,919.

The Management of the Group believe that the Group will be able make payment of its liabilities as and when due from the cash flows in next 12 months from the date of signing of this financial statement. Hence, Management is of the view that the Company will be able to continue as a going concern for at least a period of one year from the date of this financial statement. Accordingly, these standalone and consolidated financial statements have been prepared on a going concern basis.

33 Segment Reporting

The Group is organised 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, 2022	Year ended December 31, 2021
1. Segment Revenue (Gross)		
a) Hydrocarbon	-	-
b) Trading of Fuel	29,055,843	20,665,059
Total Segmental Revenue	29,055,843	20,665,059
Add : Un-Allocated Revenue	-	-
Less : Inter-Segmental Revenue	-	-
Total Revenue	29,055,843	20,665,059
2. Other Income		
a) Hydrocarbon	16,124,909	11,138,709
b) Trading of Fuel	-	-
Total Other Income	16,124,909	11,138,709
Add : Un-Allocated Income	796,707	6,272,600
Total Other Income	16,921,616	17,411,308
3. Segment Expenses		
a) Hydrocarbon	16,124,909	11,138,709
b) Trading of Fuel	30,372,486	20,479,766
Total Expenses	46,497,395	31,618,475
Add : Un-Allocated Expenses	33,934,319	32,610,169
Total Expenses	80,431,714	64,228,644
4. Segment profit / (loss) (before tax and finance cost)		
a) Hydrocarbon	-	-
b) Trading of Fuel	(1,316,642)	185,293
Total Segment profit / (loss) (before tax and finance cost)	(1,316,642)	185,293
Add : Un-allocated Profit & Loss	(33,137,612)	(26,337,570)
Profit/(Loss) before Tax	(34,454,255)	(26,152,277)
5. Segment Assets		
a) Hydrocarbon	-	-
b) Trading of Fuel	18,269,128	19,543,180
Total Segment Assets	18,269,128	19,543,180
Add : Un-allocated Assets	84,456,972	38,554,074
Total Assets	102,726,100	58,097,254
6. Segment Liabilities		
a) Hydrocarbon	-	-
b) Trading of Fuel	580,702	20,882
Total Segment Liabilities	580,702	20,882
Add : Un-allocated Liabilities	864,703,621	786,450,676
Total Liabilities	865,284,323	786,471,558

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, totalling 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 make 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 2022 and 2021.

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 2022	For the year ended 31st December 2021
Opening Balance	841,383	875,725
Current Service Cost	78,166	80,698
Interest Cost	14,714	12,689
Past Service Cost		
Actuarial (gains)/losses from financial assumptions	(316,234)	(292,034)
Actuarial (gains)/losses from demographic assumptions	-	178,180
Actuarial (gains)/losses from experience assumptions	46,003	(1,861)
Benefits paid	-	(12,014)
Closing Balance	664,032	841,383

(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 2022	For the year ended 31st December 2021
a. Current service cost	78,166	80,698
b. Interest cost	14,714	12,689
c. Past service cost	-	-
Benefit Cost (Expense Recognized in Statement of Profit/loss)	92,880	93,387

(iii) Expense Recognized in Other Comprehensive Income

Particulars	For the year ended 31st December 2022	For the year ended 31st December 2021
Re-Measurement (Gain)/Loss		
- Due to Financial Assumptions	(316,234)	(292,034)
- Due to Demographic Assumptions	-	178,180
- Due to Experience Variance	46,003	(1,861)
Benefit Cost (Expense Recognized in Other Comprehensive income)	(270,231)	(115,715)

(iv) Actuarial Assumptions

Particulars	For the year ended 31st December 2022	For the year ended 31st December 2021
a. Discount Rate (per annum) %	4.10%	1.75%
b. Expected Rate for salary increases %	2.00%	2.00%
c. Average expected future service (Remaining working Life) in years	26.22	26.25
d. Withdrawal Rate (Upto 40 years)	3.00%	3.00%
d. Withdrawal Rate (40 years and above)	NIL	NIL

(v) 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 2022	For the year ended 31st December 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 0.25 %	639,002	804,746
b) Impact due to decrease of 0.25 %	690,427	880,222
Impact of change in salary increase		
Present value of obligation at the end of the year		
a) Impact due to increase of 0.25 %	690,918	880,027
b) Impact due to decrease of 0.25 %	638,440	804,746
Impact of change in withdrawal rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 50%	654,473	789,181
b) Impact due to decrease of 50%	673,403	905,466
Impact of change in mortality rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	663,849	839,910
b) Impact due to decrease of 10%	664,216	842,867

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

Particulars	For the year ended 31st December 2022	For the year ended 31st December 2021
Less than a year	-	-
Between 1-2 years	16,670	14,004
Between 2-5 years	80,351	67,607
Between 6-10 years	166,286	140,267
More than 10 years	1,090,369	946,713

37 Related party disclosures

Information about Subsidiaries

Name	Principal Activities	Place of incorporation	Ownership interest	
			2022	2021
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%	100%
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%	100%
TIMOR GAP Rarahana Block, Unipessoal, Lda	Hydrocarbons Exploration	Democratic Republic of Timor Leste	100%	NA

Related parties under IAS 24 with whom transactions have taken place during the year:		
Name	Type	Place of incorporation
Weststar-GAP Aviation, Unipessoal, Lda	Associate	Democratic Republic of Timor Leste

Name	Designation
Antonio Jose Loyola de Sousa	President & Chief Executive Officer & Managing Director of Finance Unit
Jose M.M da Conceicao	Vice President
Jose da Costa Tilman	Managing Director of Upstream Business Unit
Francelino Marcos Tome 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 Aparicio de Oliveira	Board of Director
Rui Pereira Magno	Board of Director (appointed on 26.08.2021)
Carlito Gama, L.Ec M.AP	Board of Director (cessation on 25.08.2021)

Transactions with related parties

The following transactions occurred with related parties:

Particulars	Group		Company	
	2022	2021	2022	2021
Loans Given to Subsidiaries				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	-	1,500,000
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	-	356,169
Investment on Subsidiaries				
- TIMOR GAP Rarahana Block, Unipessoal, Lda	-	-	5,000	-
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	-	5,000
Investment in Associate Company				
- Weststar-GAP Aviation, Unipessoal, Lda	2,250	-	2,250	-
Payment made on behalf of Subsidiaries				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	174,781	342,415
- TIMOR GAP PSC 11-106, Unipessoal Lda	-	-	49,003	64,420
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	41,039	94,141
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	56,518	5,771
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	3,129,858	680,134
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	290,513	487,532
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	221,249	394,267
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	105,194	239,015
- TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	15,790	25,900

- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	93,228	18,902
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	74,787	-
Interest Income from Subsidiary				
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	69,819	62,657
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	136,732	112,155
Payment made to subsidiaries against Other Financial Liabilities				
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	5,000	-
Assistance provided to Subsidiaries:				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	2,548,259	-
- TIMOR GAP PSC 11-106, Unipessoal Lda	-	-	548,260	-
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	925,288	-
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	531,502	-
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	7,276,000	-
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	1,327,000	-
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	927,000	-
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	470,000	-
- TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	520,097	-
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	548,260	-
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	15,000,000	-
Payment to KMPs	611,382	482,071	611,382	482,071
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	
	2022	2021	2022	2021
Other Receivable				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	1,667,831	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	-	-	191,888	142,885
- TIMOR GAP Seismic Services, Unipessoal, Lda	-	-	410	410
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	209,890	168,851
- TIMOR GAP ONSHORE BLOCK C, Unipessoal, Lda	-	-	57,289	771
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	3,809,007	679,149
- TIMOR GAP GREATER SUNRISE RL2, Unipessoal, Lda.	-	-	808,566	518,053
- TIMOR GAP GREATER SUNRISE 03-19. Unipessoal, Lda.	-	-	812,072	590,823
- TIMOR GAP GREATER SUNRISE 03-20. Unipessoal, Lda.	-	-	476,838	371,644
- TIMOR GAP Drilling & Services, Unipessoal, Lda	-	-	39,190	23,400
- TIMOR GAP Chuditch, Unipessoal, Lda	-	-	116,536	23,308
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	74,787	-
Other Financial Liabilities				
- TIMOR GAP ONSHORE BLOCK B, Unipessoal, Lda	-	-	5,000	5,000
- TIMOR GAP Pualaca, Unipessoal, Lda.	-	-	-	5,000
- TIMOR GAP Rarahana Block, Unipessoal, Lda	-	-	5,000	-
-Weststar-GAP Aviation, Unipessoal, Lda	2,250	-	2,250	-
Loan Given				
- TIMOR GAP OFFSHORE BLOCK, Unipessoal, Lda	-	-	12,823,042	12,686,310
- TIMOR GAP PSC 11-106, Unipessoal Lda	-	-	800,116	800,116
- TIMOR GAP ONSHORE BLOCK, Unipessoal, Lda	-	-	1,612,739	1,542,920
- 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.	-	-	815,859	815,859
- TIMOR GAP GREATER SUNRISE RL, Unipessoal, Lda.	-	-	641,028	641,028
- 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.

TIMOR GAP, E.P

Notes to Financial Statements as at and for the year ended 31 December 2022

(Amount in USD)

38 Status of Greater Sunrise Project :

The Minimum Exploration Work for Greater Sunrise Fields has been completed and the Field Development Plan for the Project is under process. Woodside Energy Limited is the Operator of the PSC. TIMOR GAP, as the major shareholder in the Greater Sunrise Field, has been focusing on PSC finalization by working closely with the Sunrise Joint Venture (SJV) partners and reviewing the proposed PSC.

Subsequent to the year-end, The Greater Sunrise JV Partners comprising TIMOR GAP, operator Woodside Energy and Osaka Gas have agreed to engage a third-party consultant to undertake a Concept Select Study for the development of Greater Sunrise Fields.

Further, in parallel to Concept Select Study, the Greater Sunrise JV is progressing the negotiation of the new Production Sharing Contract, Petroleum Mining Code and associated agreements with the Timor-Leste and Australian Governments which upon finalization will provide the fiscal and regulatory certainty for the development.

In view of above progress on the project, the Management believes that production is expected to commence from 2030.

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.

As per our report of even date
BDO India LLP

For and on behalf of the Board of Directors

Place: Mumbai, India
Date: June 12, 2023

President & CEO
Place: Dili, Timor-Leste
Date: June 12, 2023

Board Member
Place: Dili, Timor-Leste
Date: June 12, 2023

ANNEX 1

ACRONYMS

ANPM	Autoridade Nacional do Petróleo e Minerais (National Petroleum and Minerals Authority)
Bpd	Barrels Per Day
CCS	Carbon Capture and Storage
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
FEED	Front End Engineering Design
FTG	Full Tensor Gravity Gradiometry Survey
GIIP	Gas-Initial-In-Place
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
MPM	Ministério do Petróleo e Minerais (Ministry of Petroleum and Mineral)
MSWG	Multi-Stakeholder Working Group
PIIP	Petroleum-Initial-In-Place
PMC	Petroleum Mining Code
Pre-FEED	Pre-Front End Engineering Design
PSC	Production Sharing Contract
QHSE	Quality, Health, Safety and Environment
SAP	System, Application and Product
SJV	Sunrise Joint Venture
SSB	Suai Supply Base
Tcf	Trillion Cubic Feet
TIMOR GAP	Timor Gás e Petróleo
TLNG	Timor LNG





Level 3, Timor Plaza, Suite 301 - 314
Rua Presidente Nicolao Lobato, Comoro
P.O.Box No. 553
Dili, Timor-Leste

Tel : +670 3310953
Fax: +670 3310952
E-mail : info@timorgap.com

www.timorgap.com