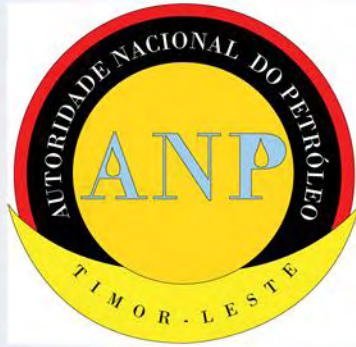




ANNUAL REPORT 2015



Message from the President



Distinguished Readers,

On behalf of the Board, the Executive Directors, and all Staff of the ANP, I welcome you to the 2015 Annual Report.

Like many countries in the world in 2015, petroleum industry in our part also contributed lower receipts from oil and gas activities in our jurisdictions primarily due to the most severe downturn in decades. Besides, noticeable reduction in our petroleum production has also been another contributing factor. The industry players found it challenging and to some they have to pass through painful times to swiftly restore their businesses to continuously pertinent in this drastically changing environment. The downturn also partially gave rise to the earlier, rather than later, cessation of oil Production in KITAN field by the year's end. Petroleum production from Bayu Undan field continued to occur on its own pace as forecasted, whilst efforts for further infill development drillings in the coming year are also well underway. In the areas of exploration, inevitable delayed in the delivery of contract commitments occurred across the exploration contracts, while maintaining minimum operations off fields.

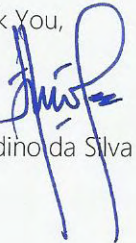
Meanwhile, our preparatory works for the next bid round continued to shape up encompassing technical, administrative, and legal areas both for offshore and onshore Timor-Leste. Technical Regulations for Offshore Petroleum Activities are in its final version to be submitted for the approval of the Government through the Council of Ministers in 2016. The second round of the acreage release for petroleum exploration in offshore and the first for the onshore areas scheduled to be kicked off in 2016 upon securing the final approvals for both the said regulations and the model contracts for both offshore and onshore areas.

In the areas of Downstream Petroleum, the ANP continued to strengthening its cooperation with all relevant stakeholders in the country to better managing and regulating the operations of the Fuel Filling Stations in accordance with the established legal framework. About half of the Fuel Filling Stations operated in Dili obtained proper operating licenses by the year's end, and the ANP confident that the remaining half can all be fully licensed in the coming year. The 2015 also marked the completion of a Technical Regulation for Fuel Storage Facilities, and half way through to the completion of two others; Fuel Trading and Public Registry regulations.

At corporate level, various works undertaken to continuously bringing up to date all policies and procedures utilized for the ANP's day-to-day operations to the applicable domestic legislations and the globally applicable good corporate practices. Additionally, various modes of human resources capacity building programs are continued to put in place for its staff in view of the continuous needs for competent professionals representing the ANP in interfacing the highly complex and sophisticated industry. To this effect, in exercising its regulatory roles and functions in its jurisdictions, the ANP also seeks to bringing value added to the businesses whilst ensuring compliances of the petroleum operations with the established legal framework and best practices.

I hope that this report could serve as a reference for the readers on the way the petroleum operations are managed and regulated in Timor-Leste and in the Join Petroleum Development Area in the Timor-Sea during the reporting year. As always, we remained open to constructive inputs for the improvement of our annual report in the future.

Thank You,

A handwritten signature in blue ink, appearing to be 'Gualdino da Silva', written over a horizontal line.

Gualdino da Silva

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1. AUTORIDADE NACIONAL DO PETRÓLEO IN BRIEF

Autoridade Nacional do Petróleo (ANP) is Timor-Leste's public institution established by the government of Timor-Leste in July 2008.

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

1.1 ANP REGULATORY JURISDICTION

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

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

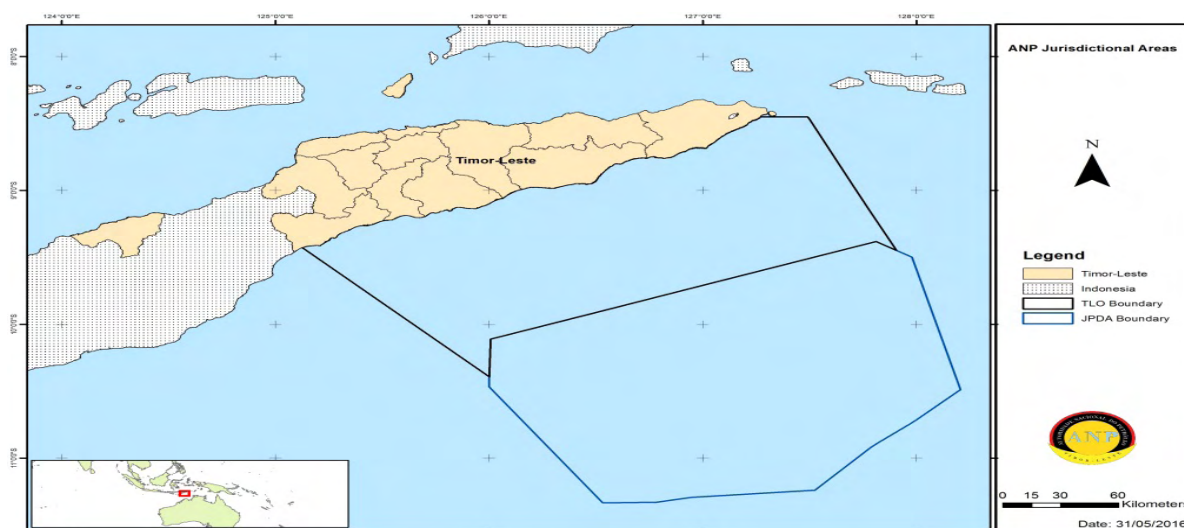


FIGURE 1: ANP JURISDICTIONAL AREAS (MAP NOT TO SCALE)

1.2 VALUES, VISION, MISSION AND GOALS



OUR VALUES

Collaboration

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

Openness

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

Unity

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

Responsibility

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

Accountability

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

Global view

Whilst operations for the ANP reside in Timor-Leste, its view is a global one. It works with and coordinates activities with operators that are multi-national in nature, size and scope.

Excellence

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



OUR VISION

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

OUR MISSION

To maximize revenue and multiply economic benefits;

To maximize the participation of Timor-Leste in the development of its petroleum sector;

To promote best Health, Safety and Environmental practices;

To develop the institutional capacity of the Timor-Leste petroleum sector

OUR GOALS

- Ensure that petroleum resources are effectively explored, developed, managed and regulated;
- Ensure that economic benefits are delivered to the contracting states;
- Maximize employment opportunities for Timor-Leste nationals;
- Develop organizational excellence;
- Promote and ensure best HSE practices;
- Regulate all downstream petroleum activities in Timor-Leste;
- Maximize economic activities of petroleum sector in Timor-Leste;

1.3 ORGANIZATIONAL STRUCTURE AND DEVELOPMENT

STRUCTURE

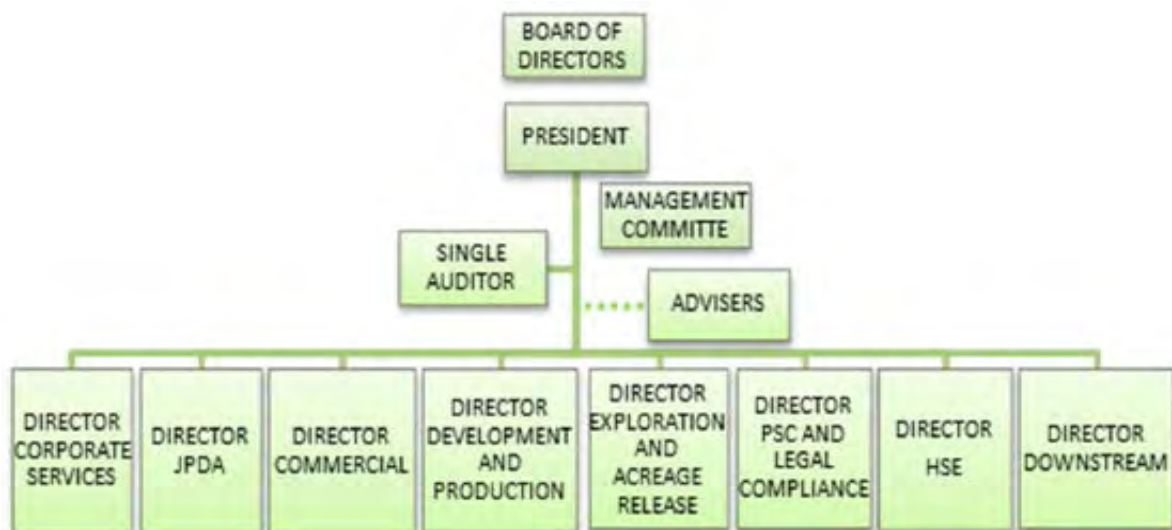


CHART 1: ANP ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS (BoD)

BoD is responsible for defining directions and policies for the ANP. In doing so, the board is responsible for approving corporate policies, strategic directions, technical regulations and directives under the Petroleum Act and approving ANP's consolidated work plan and budget as prescribed under Article 7 of the ANP decree law.

ANP Board of Directors in 2015

Gualdino da Silva ,BEng(GeoEng) Hons.	Chairman
Jorge Dasilaku Martins, Msc	Non executive member
Verawati Corte Real de Oliveira, BS	Executive member
Nelson de Jesus, SE	Executive member

SINGLE AUDITOR

The roles and functions of the Single Auditor (SA) are stipulated under Article 12 and 14 of the Decree Law on the establishment of the ANP. The Single Auditor is the organ responsible for monitoring legality, regularity, and proper financial and patrimonial management of the ANP.

MANAGEMENT COMMITTEE

Management committee is headed by the President of ANP and the members include all executive directors. Management committee holds meeting at least once in a month to address day to day management of ANP and to address projects in JPDA and TLEA.

Dionisio Martins	Corporate Services Director
José Manuel Gonçalves	JPDA Director
Emanuel Angelo Lay	Commercial Director
Rui Soares	Development and Production Director
Verawati Corte Real de Oliveira	Health Safety and Environment Director
Mateus da Costa	Exploration and Acreage Release Director
Amado Hei	PSC and Legal Compliance Director
Nelson de Jesus	Downstream Director

1.4 MAJOR ACHIEVEMENTS AND PROJECTS HIGHLIGHTS IN 2015

PRODUCTION SHARING CONTRACT SIGNING BETWEEN ANP AND TIMOR GAP, E.P.

In 2015 ANP signed contract with Timor GAP, E.P. on Production Sharing Contract for Offshore Petroleum Operations in Timor-Leste with the Contract Area is TL-SO-15-01. The Signing Contract held in ANP office Dili on 23 of December 2015.



FIGURE 2: SIGNING CEREMONY AT ANP OFFICE

LICENSING INSTALLATION AND OPERATION OF FUEL FILLING STATION (FFS)

In the process of granting a license, there are steps of approval processes namely location and project approval. During 2015, 8 (eight) Automotive Fuel Filling Stations (AFFS) were approved and licenses were issued. Among 8 (eight) AFFS, 3 (three) were newly constructed AFFS.



FIGURE 3: 3 NEWLY CONSTRUCTED AUTOMOTIVE FUEL FILLING STATIONS (AFFS) LOCATED IN DILI & MANATUTO

CERTIFICATION AND QUALIFICATION OF ANP INSPECTORS

Certification Achievement on ISO Auditor Course 9001 and 14001 obtained by 19 Inspectors

Certification Achievement on Risk Assessment Techniques obtained by 11 Inspectors

Certification Achievement on Root Cause Analysis obtained by 11 Inspectors

Certification Achievement on Helicopter Safety Inspection obtained by 7 Inspectors

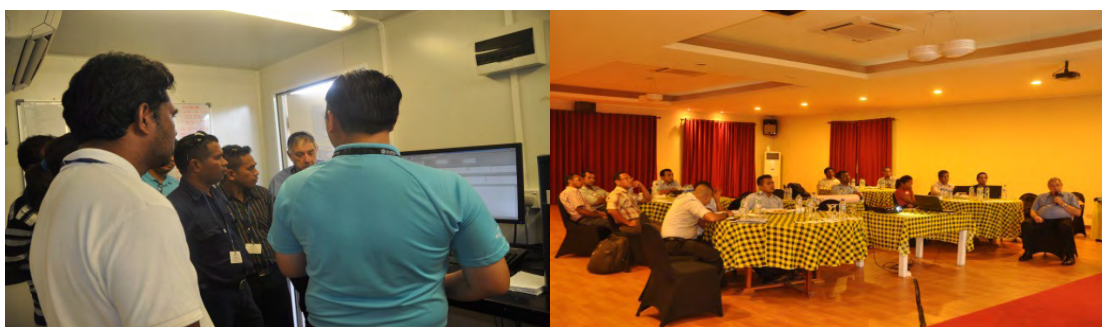


FIGURE 4: TRAINING FOR CERTIFICATION ACHIEVEMENT FOR ANP'S INSPECTORS

1.5 JOINT COMMISSION AND SUNRISE COMMISSION

MEMBERS OF THE TIMOR SEA TREATY JOINT COMMISSION IN 2015

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

Three Joint Commission Meetings were held in 2015

- 42nd JCM on 14th April 2015 in Dili
- 43rd JCM on 12th & 13th August 2015 in Australia
- 44th JCM on 2nd December 2015 in Dili

2015 Timor Sea Treaty JCM major resolutions, amongst others, were:

- Approval of the ANP 2016 WP&B

MEMBERS OF THE SUNRISE COMMISSION IN 2015

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

One Sunrise Commission Meeting were held in 2015

- 16th SCM on 13 August 2015 in Australia

1.6 ANP HUMAN RESOURCE DEVELOPMENT



ANP has invested significantly to its staffs in order to capacitate its staffs. The investments commitment is supported the staffs' trainings, workshop, secondment and conferences

STAFFING

During 2015, ANP conducted 7 recruitment for new and replacement positions in order to respond to the ANP's activities. By end of 2015, ANP has a total of 80 staff spread across different directorates, including President and Single Auditor's office.

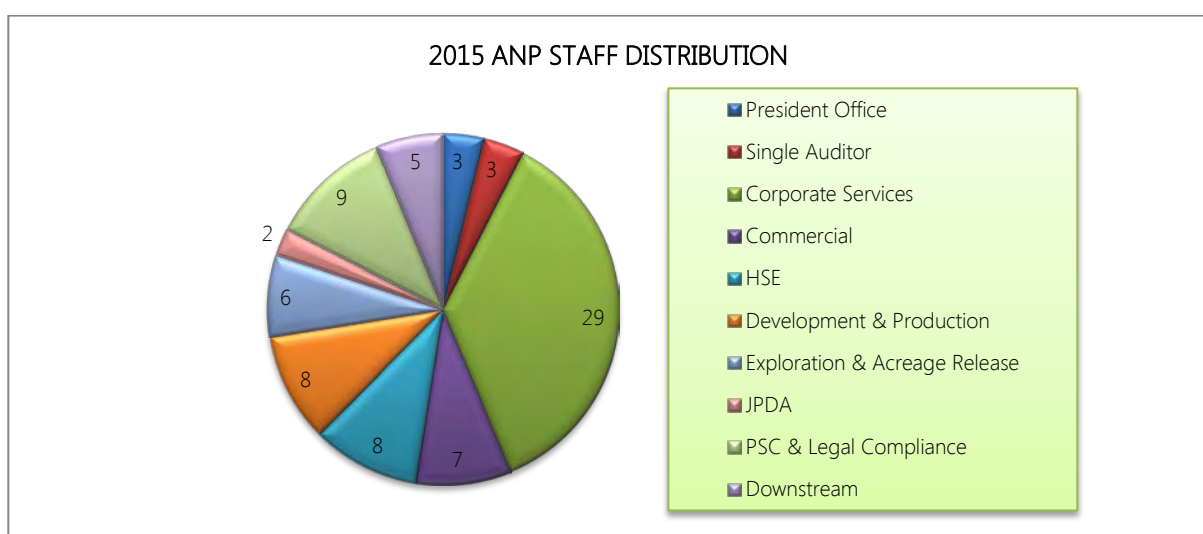


CHART 2: ANP STAFF DISTRIBUTION IN 2015

TEMPORARY STAFF

During the period of 2015, the ANP engaged the Seven (7) Temporary Employees, undertaking specific short term project in area Health, Safety and Environment 3 staff for Data Base Entry, President office 1 staff as Energy Policy Specialist, PSC and Legal 2 staff for compiling ANP Strategic Action Plan and Directorate Manual and Corporate Service 1 staff as receptionist.

TRAINING AND CAPABILITY DEVELOPMENT

A total of twenty eight individual training programs were attended by relevant ANP employees. Most of these training programs were in the area of Management and Technical. Twelve other collective training programs including Corporate Business Skills, Leadership Management, Risk Management, Dangerous Goods (AITA), Aboveground Storage tank & Terminal Management, Quality Management (ISO) 9001 & Environmental (ISO 14001), Root Cause Analysis, Incident Investigation Training & Risk Assessment Training, Aviation Auditors, Audit, IT and Recruitment and Selection were offered in 2015 for wider group of participants. ANP also facilitate participations of its senior staff to take part at international workshops and conferences either as participants or speakers to share our experiences whilst also learning from others in the industry. Further details can be found in annex 1 of this report.

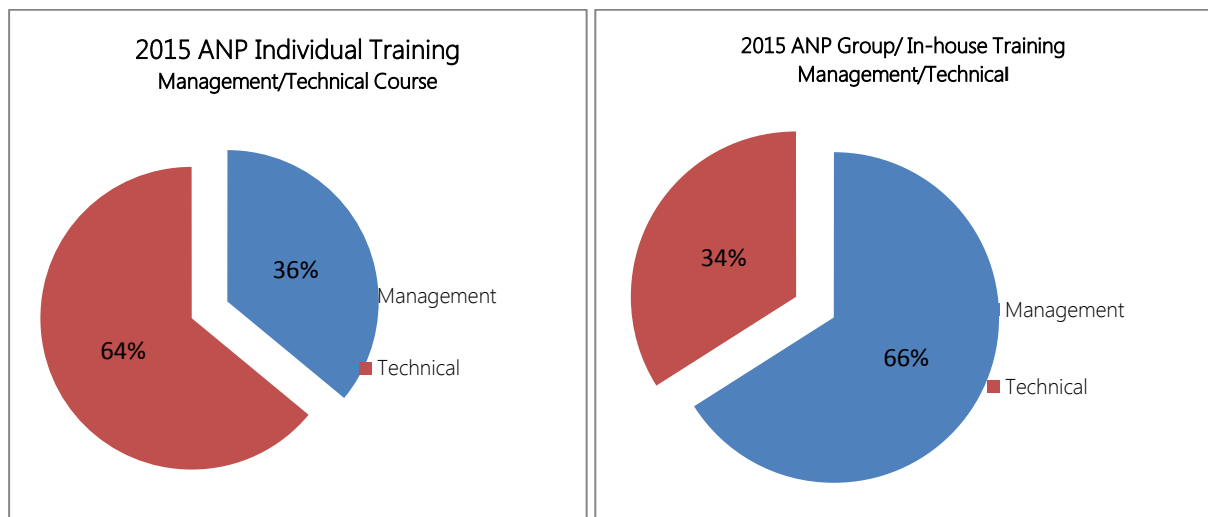


CHART 3: TRAINING AND CAPABILITY DEVELOPMENT IN 2015

1.7 CORPORATE PROCUREMENT

Corporate procurement is categorized into five major items; Consultancy, Audit, Constructions, Goods and Services. In 2015, Corporate procurement amounts to a total of USD \$ 2,777,719.54. In terms of value distribution, corporate procurement in 2015 mostly expend on Audit and Consultancy which account for 91 percent of the total corporate procurement and 9 percent respect to Construction, Goods and Services. Further details can be found in annex 2 of this report.

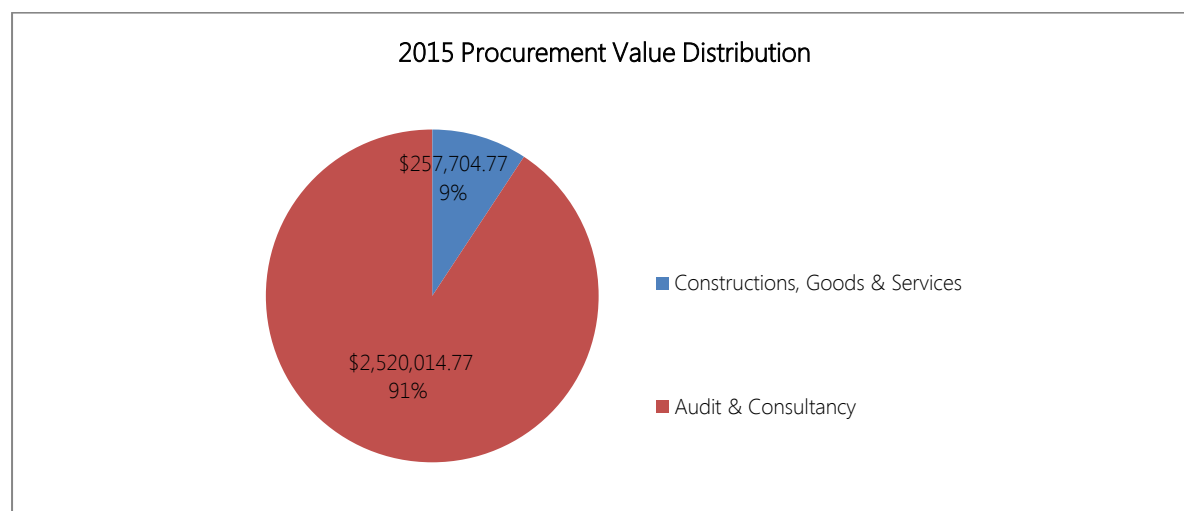


CHART 4: 2015 ANP PROCUREMENT BY CATEGORIES

1.8 SINGLE AUDITOR

In mid of 2015, a new SA was appointed as per the ANP Decree Law and effectively Joined the Single Auditor Unit (SAU) in the beginning of June 2015. The SA together with the internal audit team revisited previous audit reports and working papers, including files which gave a good guidance to develop sophisticated audit plans and programs that will extensively cover internal control and compliances.

Facilitating the team to carry out a proper internal audit exercise, audit plans and work programs have to be developed as such to address scope of audit. The programs covered ANP's corporate internal control compliance of human resources and training, travel, procurement, control environment as well as the finance. The final report with findings and recommendations were presented and issued to Board of Directors (BoD) to consider and to make decision. Other roles of the SA is to provide technical opinion on the annual budget so the team issued and presented the 2016 annual budget opinion to management and BoD. SA was also regularly providing advice and reviews on the systems of internal control, processes, procedures and policies.

1.9 FINANCIAL STATEMENT AND AUDITOR'S REPORT

ANP - CORPORATE EXPENSES REPORT

Below is the ANP's audited expenses report for 2015. All figures presented are in United States Dollar.

Expenses Report Per 31 December 2015 (Audited)		
	Actual	Budget
Development Fees	\$ 3,153,000.00	\$ 3,153,000.00
Contract Services Fees	\$ 897,884.00	\$ 880,000.00
Subsidy from Timor - Leste Government for ANP Operation	\$ 2,500,000.00	\$ 2,800,000.00
Timor-Leste Government Funding for petroleum audits *	\$ 470,000.00	
Downstream Fees	\$ 9,294.00	\$ -
Interest	\$ 32.00	
Profit and disposal of assests		\$ -
Other Income		\$ -
Total Income	\$ 7,030,210.00	\$ 6,833,000.00
EXPENSES		
Employee Cost	\$ 2,099,061.00	\$ 2,464,804.79
General and Administration	\$ 3,327,846.00	\$ 3,737,264.00
Depreciation and Amortisation	\$ 439,064.00	\$ 277,200.00
Purchase of Intangibles and Property, Plant & Equipment (assets)	\$ -	\$ 52,000.00
Government petroleum audit cost*	\$ 470,000.00	
Net Loss in Foreign Exchange	\$ 7,231.00	
Contingency		\$ 301,744.62
Total Expenditure/Budget	\$ 6,343,202.00	\$ 6,833,013.41
Surplus	\$ 687,008.00	\$ (13.41)

* non ANP asset fund (an income to execute specific Timor-Leste Government program)

The ANP actual total expenditure was USD \$6,343,202.00. This expenditure represents 92.83% of the 2015 approved budget of \$6,833,013.41.

ANP - CORPORATE FINANCIAL STATEMENT

AUTORIDADE NACIONAL DO PETRÓLEO

2015 Financial Report (audited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
INCOME			
Development fees		3,153,000	3,983,200
Contract service fees		897,884	969,616
Subsidy from Timor-Leste Government		2,500,000	2,000,000
Timor-Leste Government funding for petroleum audits		470,000	18,889
Downstream fees		9,294	15,825
Interest		32	127
Other income		-	42,286
TOTAL INCOME		7,030,210	7,029,943
EXPENSES			
Employee costs	12	2,099,061	2,108,753
General and administration	13	3,327,846	3,359,200
Depreciation and amortisation		439,064	353,966
Government petroleum audit costs		470,000	18,889
Net loss in foreign exchange		7,231	6,608
TOTAL EXPENSES		6,343,202	5,847,416
SURPLUS FOR THE YEAR		687,008	1,182,527
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		687,008	1,182,527

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,953,910	7,059,360
Cash and cash equivalents - Joint Petroleum Development Area	4, 11	22,212,204	23,485,758
Trade and other receivables	5	907,488	973,096
Other current assets	6	17,690	6,663
Total Current Assets		31,091,292	31,524,877
NON-CURRENT ASSETS			
Property, plant and equipment	8	424,955	524,294
Intangibles	7	327,007	349,955
Total Non-Current Assets		751,962	874,249
TOTAL ASSETS		31,843,254	32,399,126
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables*	9	1,370,358	1,374,905
Payable in respect of Joint Petroleum Development Area Funds	9, 11	22,212,204	23,485,758
Contract service fees, development fees & downstream fees received in advance	10	581,851	546,630
Total Current Liabilities		24,164,413	25,407,293
TOTAL LIABILITIES		24,164,413	25,407,293
EQUITY			
Initial contribution		2,153,168	2,153,168
Accumulated funds		5,249,973	4,838,665
Capital asset reserve		275,700	-
Total Equity		7,678,481	6,991,833
TOTAL EQUITY AND LIABILITIES		31,843,254	32,399,126

* consists of Timor-Leste Government fund for petroleum operators audit and assistance of Sao Tome e Principe and Guinea Bissau.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Initial Contribution	Capital Reserve	Accumulated Funds	Total Equity
	\$	\$	\$	\$
At 1 January 2014	2,153,168	-	3,656,138	5,809,306
Total surplus for the year	-	-	1,182,527	1,182,527
At 31 December 2014	2,153,168	-	4,838,665	6,991,833
Capital transfers in/(out)		275,700	(275,700)	-
Total surplus for the year	-	-	687,008	671,950
At 31 December 2015	2,153,168	275,700	5,249,973	7,678,841

ALLOCATION OF SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Joint Petroleum Development Area	Timor-Leste Exclusive Area	Total for the year
	\$	\$	\$
Development fees	3,153,000	-	3,153,000
Contract service fees	897,884	-	897,884
Subsidy from Timor-Leste Government	-	2,500,000	2,500,000
Timor-Leste Government funding for petroleum audits	-	470,000	470,000
Downstream fees	-	9,294	9,294
Interest	32	-	32
Total Income	4,050,916	2,979,294	7,030,210
Expenses split per JPDA Joint Commission approved budget	3,844,761	2,498,441	(6,343,202)
Surplus for the year	206,155	480,853	687,008

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Operating activities			
Operating surplus before tax		687,008	1,182,527
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	8	236,280	216,237
Amortisation of intangible assets	7	202,784	137,729
Interest income		(32)	(127)
Operating surplus before working capital changes		1,126,040	1,536,366
Working capital adjustments:			
Decrease (Increase) in trade and other receivables		65,608	(838,824)
Decrease (increase) in other current assets		(11,027)	70,058
Decrease in trade and other payables		(1,278,101)	(41,634,693)
Increase (Decrease) in unearned income		35,221	(931,427)
Cash generated from operations		(62,259)	(41,798,520)
Interest received		32	127
Net cash flow provided by (used in) operating activities		62,227	(41,798,393)
Investing activities			
Purchase of intangibles	7	(179,836)	(223,785)
Purchase of property, plant and equipment	8	(136,941)	(144,413)
Net cash flow used in investing activities		(316,777)	(368,198)
Net decrease in cash and cash equivalents		(379,004)	(42,166,591)
Cash and cash equivalents at beginning of year		30,545,118	72,711,708
Cash and cash equivalents at end of year	4	30,166,114	30,545,118

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

ANP - REVENUE AUDIT REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue receipts by field			
Bayu-Undan	3	591,341,441	1,119,205,857
Kitan	4	4,161,828	14,404,238
Total revenue receipts received		595,503,269	1,133,610,095
Interest earned from:			
• term deposits		1,231	15,103
• from contractors for profit oil/gas delayed payment	6	4,476	12,684
Total receipts received		595,508,977	1,133,637,881
Bank charges		(5,856)	(1,834)
Receipts less bank charges for the year		595,503,121	1,133,636,047
Cash at beginning of year		23,485,758	64,891,494
		618,988,878	1,198,527,541
Less: cash at end of year	5	(22,212,204)	(23,485,758)
Amount available for distribution		596,776,674	1,175,041,783
Distributed as follows:			
Distribution to Petroleum Fund of Timor-Leste		537,099,007	1,057,537,605
Distribution to Department of Industry, Innovation and Science, Australia		59,677,667	117,504,178
		596,776,674	1,175,041,783

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

2. CONTRACT OPERATOR'S ACTIVITY



FIGURE 5: TRAINING ACTIVITIES ORGANIZED BY OPERATORS

ANP uses information from reports, investigations, inspections and audits to analyze trends for better improvement and decision making.

Overall, the quantity and scope of reports in 2015 reflecting the amount of contract operators' activities associated with development drillings, 3D Seismic survey, processing and interpretation as well as ANP's increasing proactive involvement to enforce regulatory requirements when dealing with oil and gas operators' performances in the JPDA and the TLEA.

2.1 CONTRACTS IN JPDA AND TLEA

In 2015, there were nine (9) Production Sharing Contracts existed in both the TLEA and JPDA.

Contract Operator	PSC	Locality	Status
ConocoPhillips JPDA 03-12 & 02-13 Pty Ltd	PSC JPDA 03-12 PSC JPDA 03-13	JPDA	Production
Eni JPDA 06-105 Pty Ltd	PSC JPDA 06-105	JPDA	Production
Woodside Energy Limited 03-29 Pty Ltd	PSC JPDA 03-19 PSC JPDA 03-20	JPDA	Exploration-Development Concept studies
Minza Limited	PSC JPDA 06-101A	JPDA	Exploration
Eni JPDA 11-106 BV	PSC JPDA 11-106	JPDA	Exploration
Oilex JPDA 06-103	PSC JPDA 06-103	JPDA	Exploration
Eni Timor-Leste SpA	PSC S-06-04	TLEA	Exploration
TIMOR GAP Offshore Unipessoal Limitada	TL-S-15-01	TLEA	Exploration

TABLE 1: PSCS IN JPDA AND TLEA

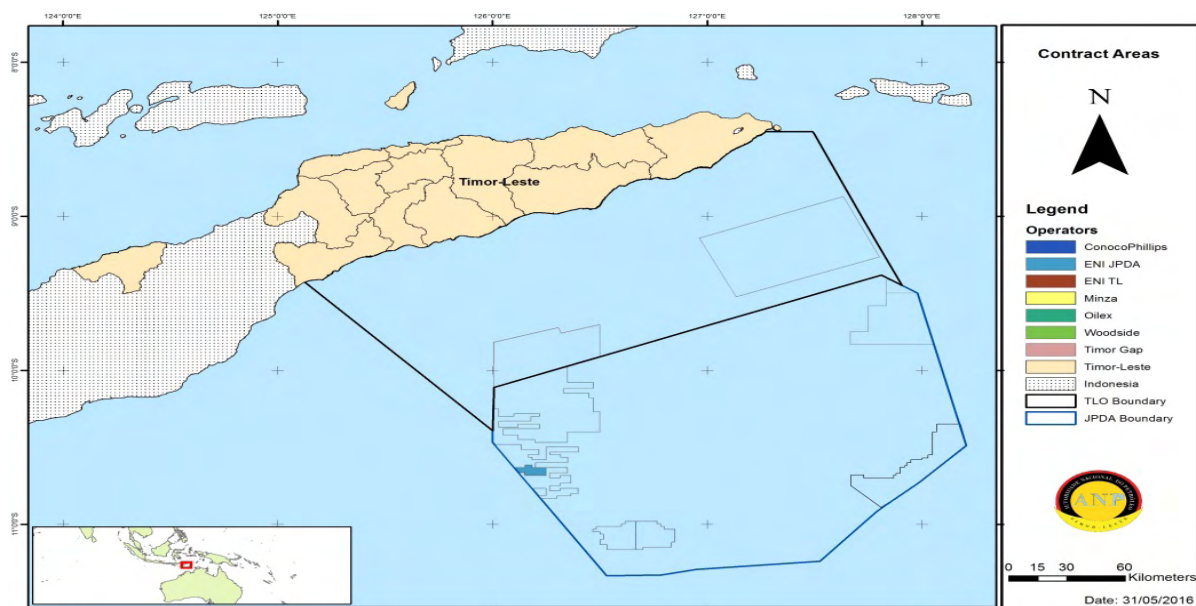
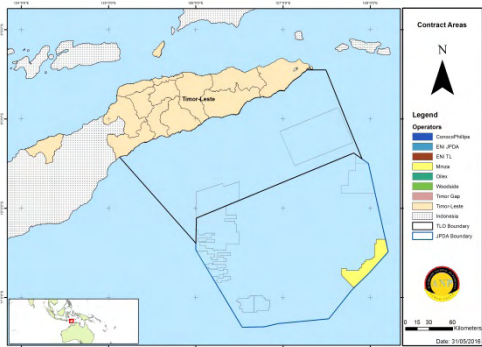
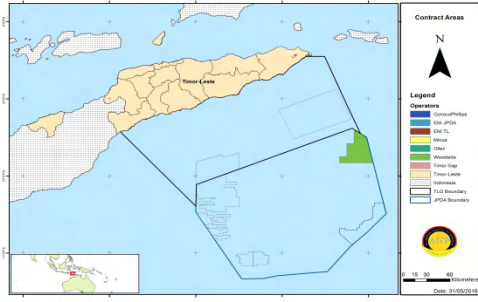
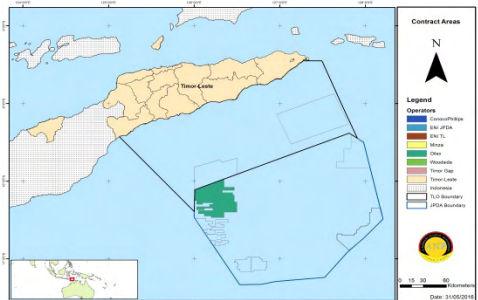
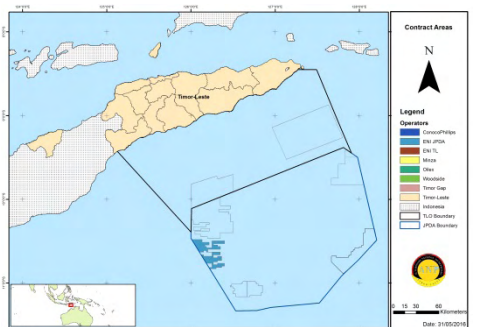
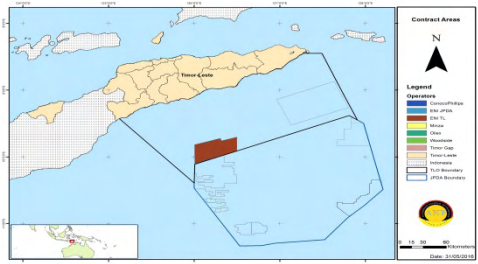


FIGURE 6:MAP OF ACTIVE PSCs IN JPDA AND TLEA

2.2 EXPLORATION PERFORMANCE

During the period of 2015, there were two exploration PSCs within the Timor-Leste Offshore Area and seven (7) PSCs within the JPDA. Three (3) of the seven (7) PSCs within the JPDA are production fields, one PSC area is still under the development concept studies and the remaining other three (3) PSCs are exploration PSCs.

PSC	Activities
JPDA PSC 06-101 A 	- During the period of 2015 there was no technical works undertaken by the operator - The efforts on this PSC was to focus on how to settle the legal commercial issues, after Minza Limited as the sole operator of the PSC declare bankruptcy and requested to be lifted from all its obligations from its minimum work commitment, - Minza Limited appointed a liquidator to discuss with ANP on how to settle legal commercial issues, After several communications with the appointed liquidator, the ANP terminated the said PSC without penalty as the Minza Limited declared insolvency by the end of 2015
JPDA PSC 03-19 and 03-20	- A geological and geophysical related studies to further asses the current reserve estimates and development options - Assessing appropriate methods for developing the field

	The ANP is still waiting for further directions from government of Timor-Leste and Australia on any future works.
JPDA PSC 06-103 	- There were no geological and geophysical as well as other technical studies performed within the PSC during the period of 2015 - An ongoing discussion on the focus for Oilex PSC during the period of 2015 was to negotiate the legal and commercial settlement.
JPDA PSC 11-106 	- This PSC was awarded on 13th April 2013. - Result of the 2014 technical studies and early 2015 indicated that there is an upside potential Triassic play which require in depth investigation whether the Play can become a secondary target for exploration/drilling. - An in depth structural, geochemical and petroleum systems studies is currently on the way to further investigate the previously identified Triassic play potential. Due to the technical studies, operator and the regulator after several communications agreed to defer the two commitments well drilling to the last period of the PSC terms.
PSC S-06-04 	- Geological and geophysical studies and technical studies, - Given the current market price conditions, the operator to extend for another two year period of extension to the expiry date of the PSC in order to perform further technical works to investigate the potential of Triassic as secondary drillable targets while waiting for the market price to slowly recover by 2017-2018.

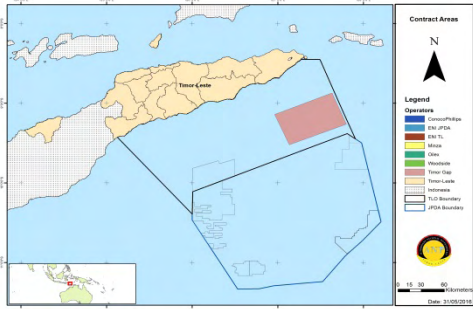
PSC TL-S-15-01 	• This PSC was awarded to TIMOR GAP E.P based on the Council of Ministers Resolution in accordance with Article 22 of the Petroleum Activities Law regarding state participation and the decision of the Minister and provided under PA. • The PSC was awarded in December 2015. • The PSC is 100 per cent fully operated by TIMOR GAP Offshore Unip. Lda, a subsidiary of the TIMOR GAP, EP • Within the month of December 2015, the operator carried out 3-D Broadband Seismic Survey over the all contract area as part their first commitment. The 3D Broadband Seismic data acquisition was expected to be completed by February 2016.
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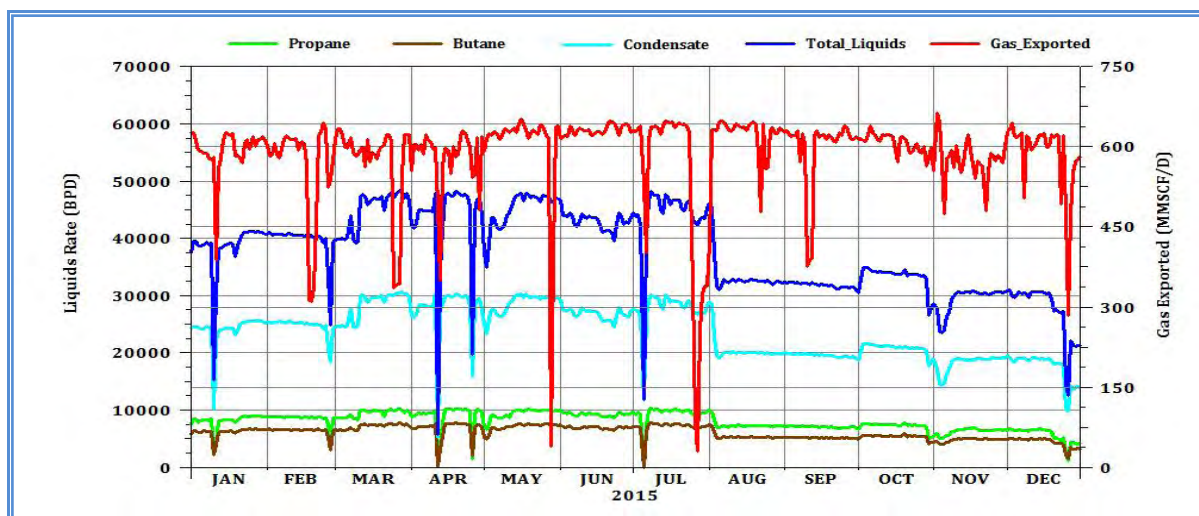
TABLE 2: SUMMARY OF EXPLORATION PSCs ACTIVITIES

2.3 PRODUCTION PERFORMANCE

PRODUCTION IN BAYU UNDAN FIELD

BU is a gas condensate field located 250 km from Timor-Leste South coast and 480 km north-west of Darwin, Australia. The field is operated by ConocoPhillips PSC 03-12 and 03-13 Pty Ltd. The field facilities include a Central Production and Processing Complex (DPP and CUQ), FSO, WP1, subsea in-field pipelines and gas export pipeline to Darwin. The field has 14 producing wells, 3 gas injection wells and 2 water injection wells. In 2015 the field produced from 12 wells.

The average liquid production (condensate and LPG) in 2015 was 37.8 kbpd and the exported gas to Darwin LNG remains steady at an average of 588 MMscf/day.



GRAPH 1: TOTAL LIQUID PRODUCTION AND GAS EXPORTED IN 2015 FROM BAYU UNDAN PROJECT

Two additional wells were drilled in 2014 as part of phase III development program to increase production however only one well (DS01) was put in production in 2015 and another well (DS02) was unable to flow due to poor reservoir quality and the well was suspended.

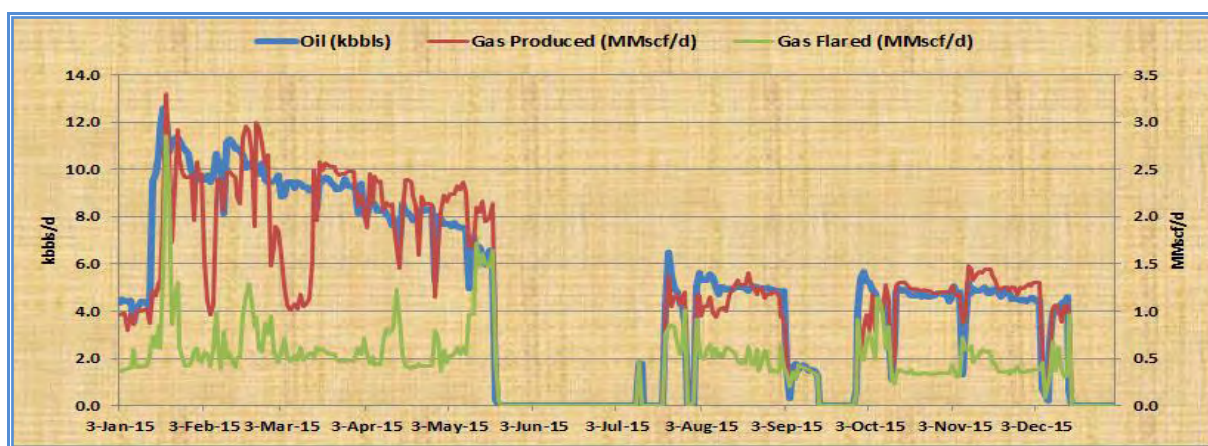
PRODUCTION IN KITAN FIELD



Bluewater FPSO Glas Dour will sail away in Q1 2016 and the Kitan Field was shut-in mid December 2015.

Kitan is an oil field located approximately 170 km from Timor-Leste South coast and over 500 km north-west of Darwin, Australia. The field is operated by Eni JPDA 05-105 Pty Ltd and produced from 3 production wells, hydrocarbon produced is processed and stored for offloading on FPSO facility.

The average oil production in the Kitan field in 2015 is 6.2 kbpd. The Kitan Field was shut-in on 16th of December 2015 and the FPSO will sail away in Q1 2016.



GRAPH 2: KITAN OIL, GAS PRODUCED AND GAS FLARED

The oil production has declined due to natural reservoir pressure depletion and high water-cut of about 81%. Kitan 3 well was successfully side tracked and put in production in January 2015.

2.4 HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

ANP works closely with contract operators in accordance with the applicable laws, and the best practices of the oil and gas industry managing petroleum activities in the TLEA and JPDA to avoid loss of life, property, processes and environment.

ANP has the duty to hold contract operators account for any infringement of their legal and contractual obligations. ANP also works closely with contract operators to uphold the best possible Health, Safety and Environmental outcomes in accordance with the regulatory requirements and best industry practices.

HSE PERFORMANCE IN JPDA

INCIDENTS IN JPDA

Contract operators are required to report on regular and periodic basis matters related to HSE especially on HSE performance. This includes non-work related incident and work related incident that occurred in the production facilities, supporting vessels, seismic survey vessels and MODU. The statistics below covers all incidents occurred during duty shift.

Overall in 2015 there were 190 incidents reported from the two facilities (Bayu Undan and Kitan) operating in the JPDA. Graphs below represent percentage of each incident by category and the spread of each incident category across the months during the reporting year.

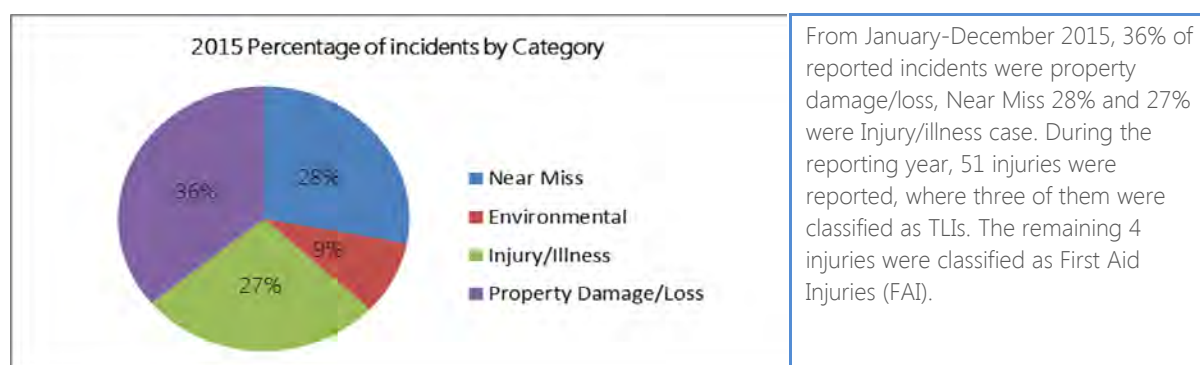
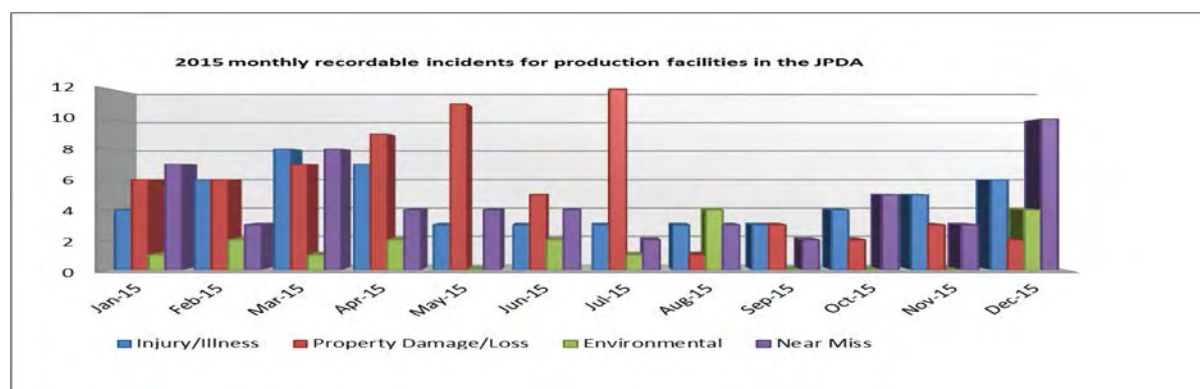


CHART 5: 2015 JPDA ANNUAL HEALTH AND SAFETY STATISTICS



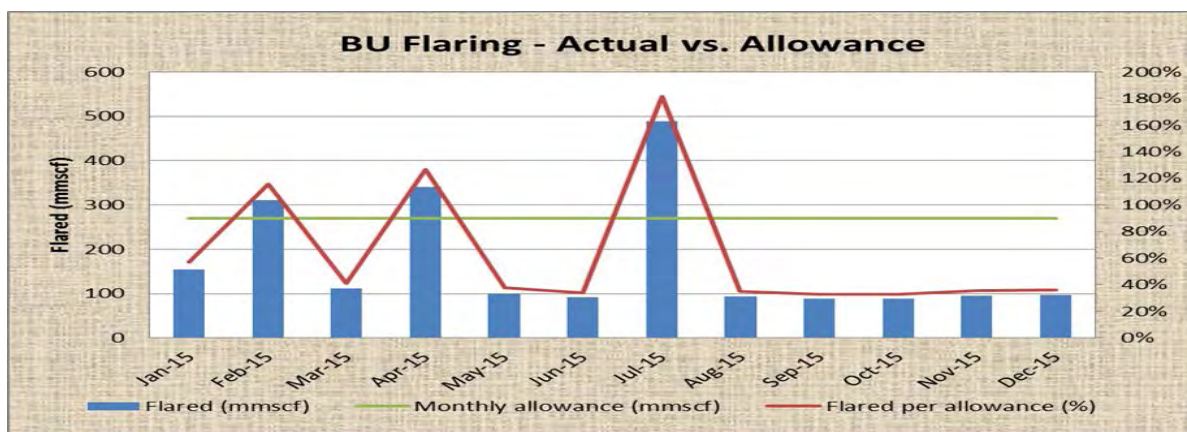
GRAPH 3: 2015 JPDA MONTHLY SAFETY STATISTICS

The highest number of incidents was recorded in March (24 cases) and the lowest number of incidents was recorded in February and September (8 cases). During the reporting year no lost time injury was recorded. Meanwhile two restricted duty and one medical treatment incident were reported.

GAS DISPOSAL IN PRODUCTION FACILITIES IN THE JPDA

BAYU UNDAN FLARING

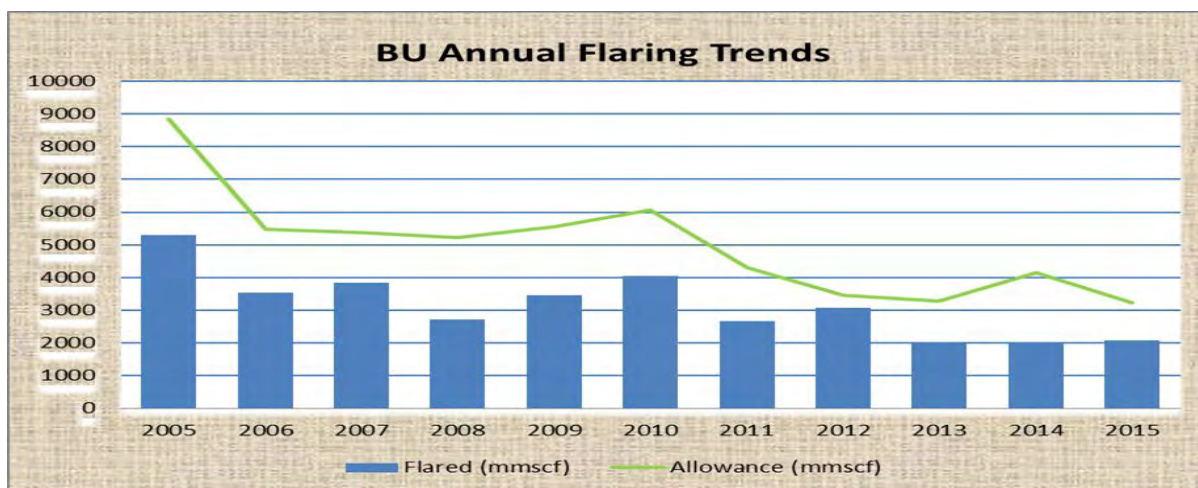
Flaring allowance is approved annually taking into account activities to be carried out each year. In 2015, a total of 3230 MMSCF was requested and subsequently approved to flare. The approval was granted taken into consideration the 2015 rate reduction campaign, well interventions and asset integrity maintenance campaign programs. The graph below shows flaring allowance and the actual volume of flared gas during 2015



GRAPH 4: BAYU UNDAN FLARING IN 2015, ACTUAL VS ALLOWANCE

The total volume flared during 2015 was 2063 mmscf or about 36 % less than the 2015 allowance. The high flare in certain months indicated in the graph above (graph 4) was due to Emergency Shutdown, process shutdown and 2015 maintenances.

Nevertheless, as indicated in the graph below, the volume of the flared gas since 2005 is within the approved allowance. The request allowances showed dramatic reduction from inception in 2005 to 2006, then it tabled for a while and in the last three years, i.e. 2013, 2015, the request allowance decreased by one third of the 2012 allowance. There was further discussion and initiative undertaken in 2010 to look at options to further reduce the request allowance. It is to be noted that there was about 35% reduction compared to 2012 and about 62% compared to 2005.



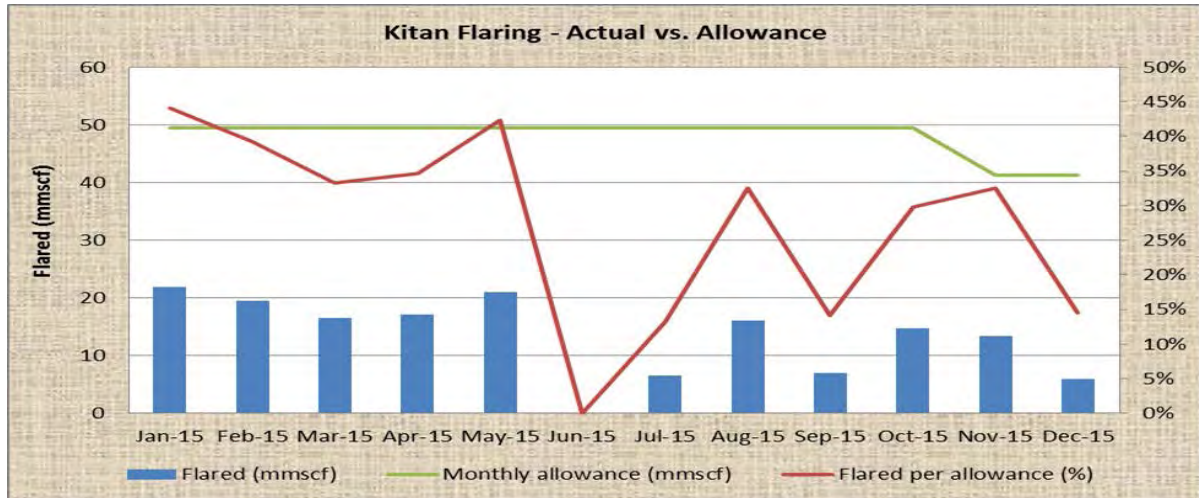
GRAPH 5: BAYU UNDAN FLARING FROM 2005 TO 2015

KITAN FLARING

Gas disposal arrangement for Kitan was approved, for the period of 1 November 2013 to 31 October 2015, following the Study of Gas Disposal Alternatives. Based on this study, the recommendation to flare excess gas from Kitan was viewed as the preferred gas disposal option for Kitan as a standalone development.

From 1 January – 31 October 2015, the total approved volume to be flared in the Kitan Field was 495 mmscf. Actual flaring was much less than the allowance principally due to process and facilities optimizations, poorer production performance of Kitan-3 and also facility shut in periods in June and July.

Following the flare approval up to 31 October 2015, another flare approval with a total allowance of 47 mmscf was granted from the period of 1 November 2015 to 31 March 2016. In November and December 2015, the total flared amount was less than the approved allowance. The graph below shows that Kitan 2015 flaring was within the approved volume.



GRAPH 6: 2015 KITAN FLARING, ACTUAL VS. ALLOWANCE

The Kitan Facility was shut-down from 21 May to 11 July 2015 due to production Swivel Leak, Gas Lift Compressors and facility reliability issues. This resulted in zero flaring for the whole month of June 2015 and low flaring number in July. Low flaring figure was also recorded in December 2015 as facility shut in due to end of Field Production on 14 December 2015.

HSE PERFORMANCE IN TLEA

At this current reporting year, the activity in the TLEA was limited to seismic survey. A 3D Crocodile seismic survey has been carried out in TLEA area since 26th December 2015, and planned to be conducted in 3 month time. The survey is conducted by Timor GAP, E. P.

2.5 MARKETING PERFORMANCE

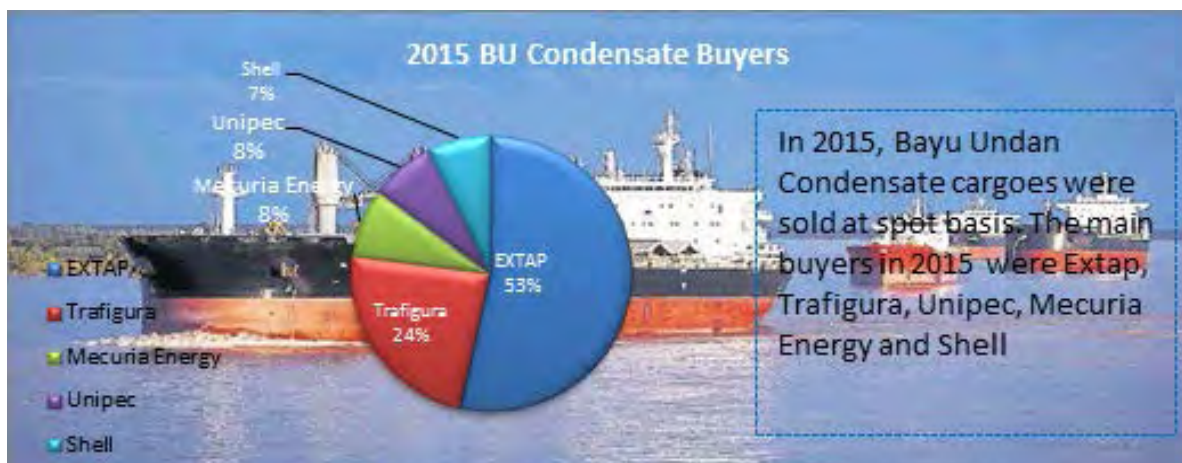
Marketing of liquids produced from BU in the JPDA has been affected by global oil market that remains in a supply surplus condition since the previous year. Dated Brent price was recorded to have gone down during 2015, the world's oil price started to decline gradually, Dated Brent price went down below US\$60/barrel to below US\$48/barrel, this change resulted from weak demand from many countries because of the insipid economic growth and strong US production and OPEC countries.

There was also a reduction in total volume sold for BU condensate in 2015; total condensate sold was recorded at 8.51 mmbbls compared to 2014 that was at 9.21 mmbbls.

BAYU UNDAN CONDENSATE MARKETING



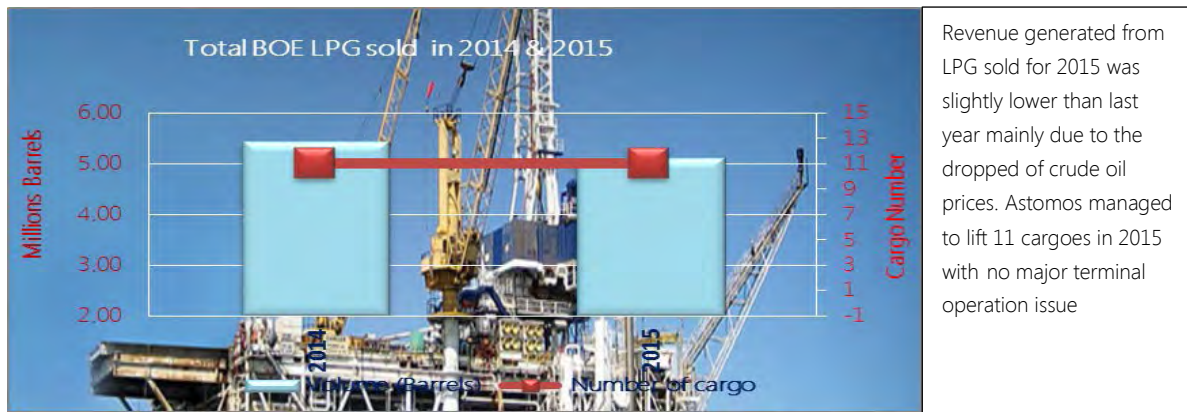
GRAPH 7: 2015 BAYU UNDAN CONDENSATE VOLUME SOLD



GRAPH 8: PERCENTAGE OF THE BU CONDENSATE BUYERS

BAYU UNDAN LPG MARKETING

With the weaker winter heating demand as well as uncertain global crude oil prices affecting LPG prices and become less attractive. LPG prices dropped sharply from \$ 500/MT to 360/MT across the year. Although Japan is expected to be a key importer of LPG globally but China and India should drive import growth due to household and chemical consumption. Butane sold premium over to propene in response to sharply higher demand from China and India. Strong butane demand from China for Petrochemical forced Chinese importers to buy more butane to supplement a sudden shortfall in domestic supply, while butane demand in India has been high for household as part of substitution of traditional fuels and competition with LNG.



GRAPH 9: BAYU UNDAN LPG SOLD IN 2015

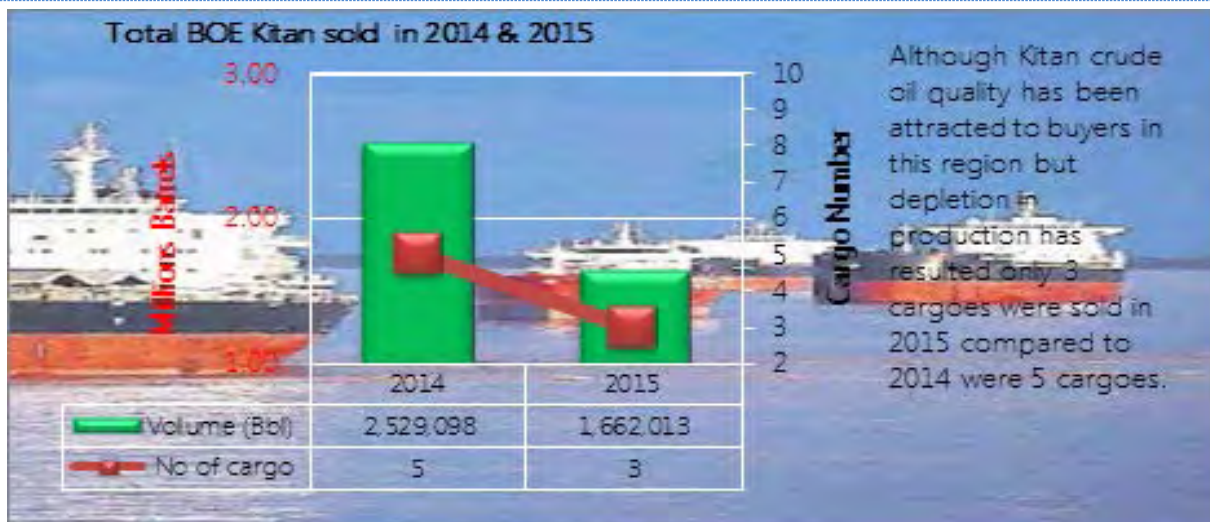
BAYU UNDAN LNG MARKETING

DNLG has been experiencing strong production and efficiency levels, as a result, an additional of 8 cargoes were lifted compared to the previous year, which were 50 cargoes only. Total 55 cargoes were purchased by Term Buyers (Tokyo Electric & Tokyo Gas) and 3 additional cargoes were sold to the sport market. The additional sport cargoes were not lifted by the Term Buyers due to slowing demand as Japan began restarting its reactors in August and Japan also has been burning more coal for power generation because it has become economic in the face of higher LNG prices. In spite of strong production of LNG in 2015, the revenue earned was much lower than a year earlier due to falling global crude oil with sharp losses to oil linked contract LNG price. In additional, total 20 TJ of feed gas being nominated to PWC in April for the purpose of periodic maintenance event.



GRAPH 10: BAYU UNDAN LNG VOLUME SOLD IN 2015

KITAN CRUDE MARKETING



GRAPH 11: KITAN CRUDE OIL VOLUME SOLD IN 2015

2.6 EXPLORATION EXPENDITURE PERFORMANCE

EXPLORATION EXPENDITURE IN JPDA AND TLEA

- PSC 06-103

In 2015, whilst Oilex was seeking termination of its PSC despite the fact that the tenure has been suspended subject to ANP legal review.

- PSC TLS-SO-15-01, this PSC was sign in the late December 2015 and operated by Timor Gas e Petroleo, EP (Timor GAP, EP)

- PSC 11-106

This exploration PSC is operated by ENI

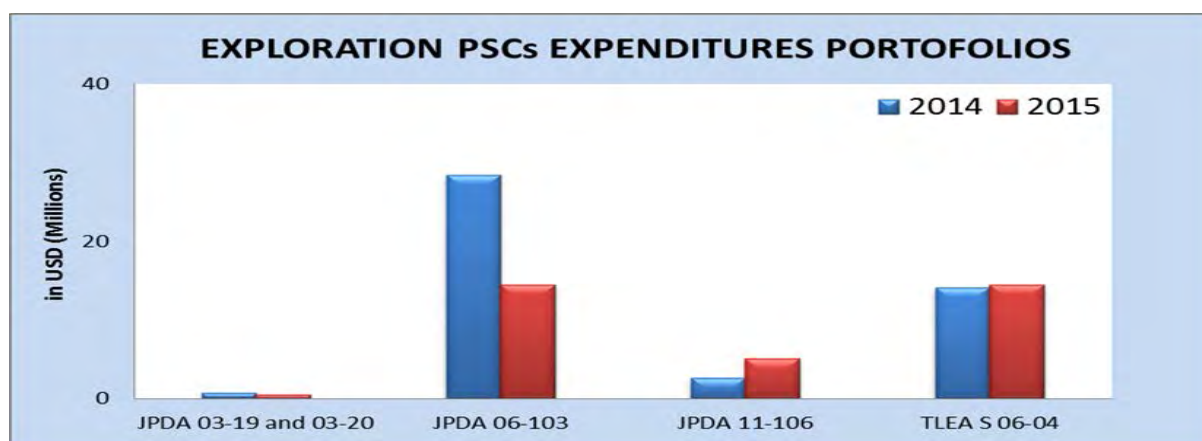
- PSC 03-19 and 03-20

This exploration PSC is operated by WOODSIDE

- PSC TLEA S06-04 block E

This Exploration PSC is operated by ENI

For the period of year ended 31, December 2015 the expenditure incurred from all Exploration PSC are mostly for Geology & Geophysics (G&G) studies including associated permit fees, local content and General and Administration (G&A) costs. Those exploration PSCs expenditures are shown in the following graph.

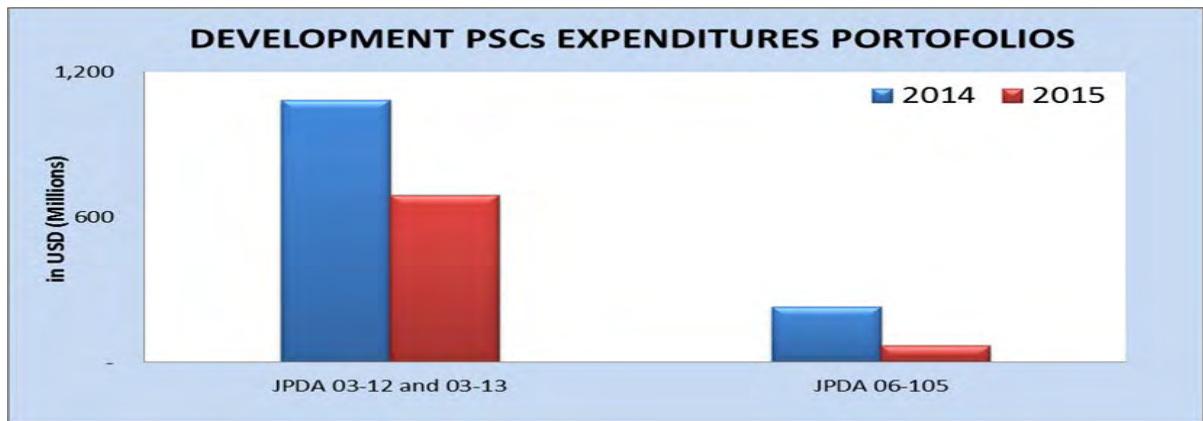


GRAPH 12: JPDA AND TLEA EXPLORATION EXPENDITURE

2.7 DEVELOPMENT EXPENDITURE PERFORMANCE

- PSC JPDA 03-12 & PSC JPDA 03-13 (Bayu Undan field) & PSC 06-105 (Kitan field)

Expenditures during the period of year ended 31, December 2015 from both PSCs are related to operating and capital expenditure. The operating expenditure was based on the expenses of minor and major maintenance, supply and logistic, lease fees, reimbursement fees, and other general and administrative cost in order to support the field production. For capital expenditures are related to capital development costs including costs of manufacturing, engineering, and installation of productions wells, subsea facilities and production facilities. Those development PSCs expenditures are presented in the below graph.



GRAPH 13: JPDA PSCs DEVELOPMENT EXPENDITURE

2.8 LOCAL CONTENT PERFORMANCE

Oil and Gas companies operating in both TLEA and JPDA jurisdictions are required by law to procure goods and services that are produced or supplied by providers in Timor-Leste for TLEA and in Timor-Leste and Australia for JPDA. In both jurisdictions, oil and gas companies are required to give preference in training and employment to Timor-Leste nationals and permanent resident, with due regard to occupational health and safety requirements.

ANP works closely with oil and gas companies in JPDA and TLEA to measure Local Content performance in terms of local participation in procurement of goods and services as well as in training and employment for petroleum activities in both jurisdictions.

In 2015, the local content expenditures was affected by the downfall of global oil pricing and the decommissioning of Kitan project in the JPDA. The national economic downturn of the petroleum operation in the JPDA has led to the redundancy of manpower and operation cost cutting due to global oil pricing and relevant Kitan field commercial viability.

PROCUREMENT OF LOCAL GOODS AND SERVICES

Below graph shows local goods and services procured in Timor-Leste to support two existing producing fields in the JPDA; BU and Kitan



GRAPH 14: EXPENDITURES IN TIMOR-LESTE

In 2015, the procurement of local goods and services designated for Bayu Undan and Kitan projects were downsized due to plummeting of global oil pricing and specific economic downturn of both Bayu Undan and Kitan fields comparing to the year 2014 of operations. The Kitan – 2015 local content performance was drastically decreased due to Kitan Decommissioning activities. The Kitan field is no longer commercially economic to continue in operation and having cost reduction for the Kitan operation activities has also led the reduction of procurement of goods and services, including training and employment. Therefore, the consequence of the decommissioning and less cost operation for the Kitan Project have created risk of redundancy facing the Timor-Leste national and permanent resident on board the Kitan FPSO.

TRAINING AND EMPLOYMENT

Below graph shows the percentages of Timor-Leste national employment who support the petroleum operations in JPDA across difference services both in Bayu Undan and Kitan field recorded for 2015.

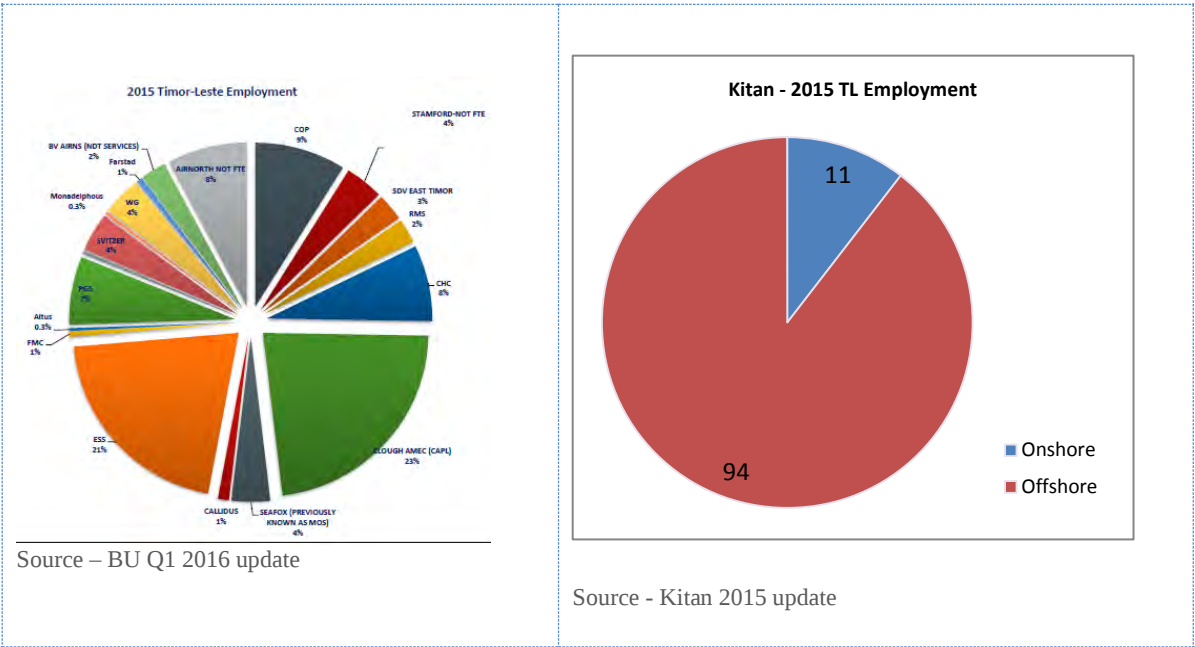


CHART 6: TIMOR-LESTE NATIONALS AND PERMANENT RESIDENTS EMPLOYMENT IN JPDA

The employment of Timor-Leste nationals and permanent residents in the Bayu Undan project are decreased toward the end of 2015 in the absence of other key petroleum activities (e.g. Shutdown, BUP3 and AIMS) in the JPDA.

Kitan employment was decreased towards the end of 2015 due to shut down.

3. REGULATORY PERFORMANCE

3.1 UPSTREAM

LEGAL FRAMEWORK REVISION

Within the period of 2015, the ANP continued to revise the latest draft of the upstream legal framework aiming for better governance of the Petroleum resources exploration and exploitation in both JPDA and the TLEA regimes. Through legal frameworks group established by the Joint Commission of Timor-Leste and Australia where group consisted of the delegation from Australia, Timor-Leste and the ANP who chair the group, the ANP coordinate the continuation of the review of JPDA technical regulation and PSC model.

The ANP also by the last quarter of the 2015, completed the PSC model of the Timor-Leste Offshore regimes. The final draft of the Decree Law for the Timor-Leste Offshore Petroleum technical regulation was planned to be presented to the Council of Minister in the earliest of first quarter 2016.

PETROLEUM DATA AND REPORTS

As part of the ANP's efforts in managing Petroleum data and information to support petroleum resources management; ANP had established an integrated fiscal data room and an interactive online information display called the LAFAEK database system with its function to manage data and reports from all the Petroleum activities in both TLEA and JPDA.

The ANP continues to improve the data inventories system by collecting all the relevant Seismic data acquired and processed during the period of 2014 and 2015. The processing of both the 2D Broadband Seismic Multi Clients and the 2D WestralianSPAN Basin wide Seismic Multi Client acquired during the period of 2014 were completed within the first and second quarter 2015. The copy of processed data both seismic survey were submitted to the ANP during the last quarter of 2015. Both the 2D Broadband Seismic data acquired by CCG and the 2D WestralianSPAN Basin wide Seismic data acquired by ION are now ready for Multi Clients: licensing.

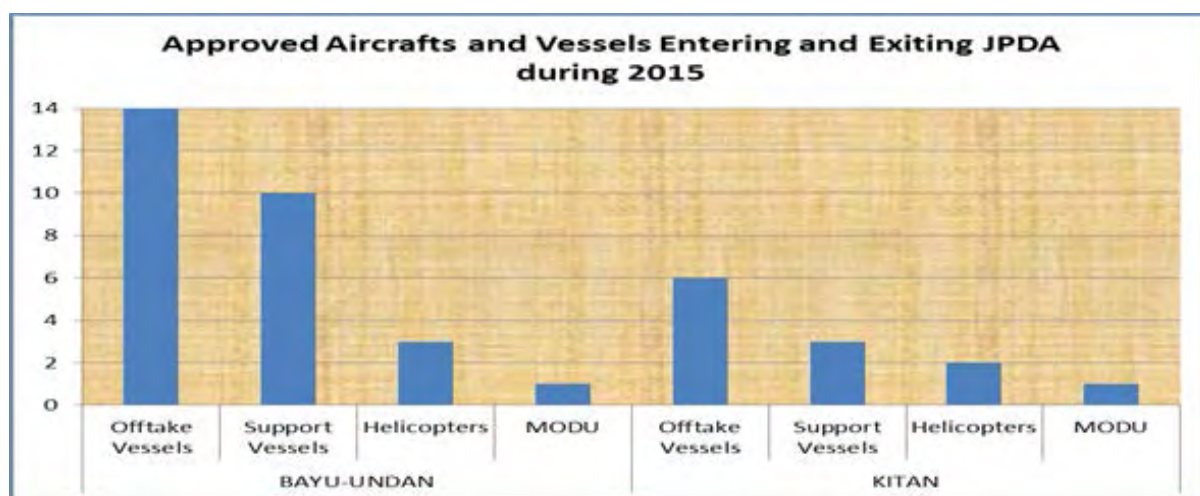


FIGURA 7: INSPECTION ACTIVITIES IN JPDA AND TLEA

APPROVAL AND ACCEPTANCE

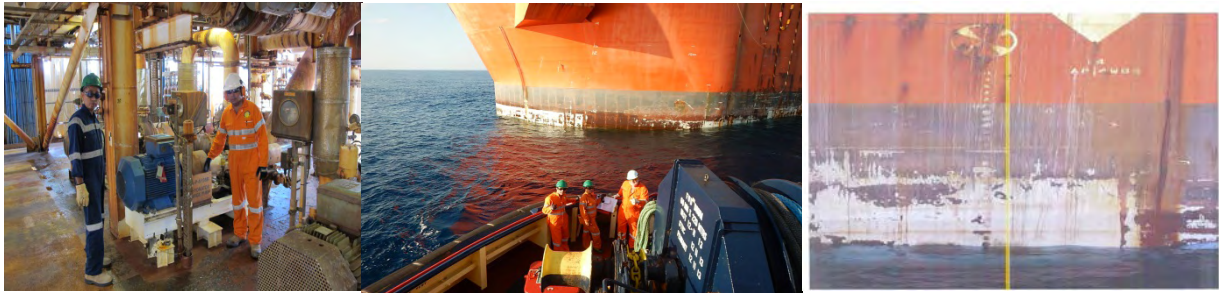
Submission type		Assessment Outcome	
1. Health, Safety and Environment	JAB Drilling Rig Safety for Kitan 3 –ST1 Drilling Campaign	Approval	granted
	OSCP for Kitan Operations	Approval	granted
	EMP for Kitan 6 and Kitan South – 1 Drilling Campaign	Approval	granted
	Application for Flowline Wet Store for BUP3	Approval	granted
	Flaring application for Bayu Undan Phase (BUP3)	Approval	granted
	Flaring application for Kitan	Approval	granted
	BU Operations Safety Case	Provisional Acceptance	
	Dispensation for Adding and Discharging MEG for Flowline Hydrotesting DS01	Approval	granted
	Revised Scope of Validation	Approval	granted
	BU EMP Operations	Approval	granted
	Consent to Construct & Install Topside and Subsea Flowlines	Consent	granted
	BU Safety Case Revision	Acceptance	granted
	Consent to Use for BUP3 Facility	Consent	granted
2. Development and Production	BUDS02 well suspension program	Approval	granted
	Kitan -3ST1 well clean-up program	Approval	granted
	BU & Kitan Wells abandonment study result		

TABLE 3: 2015 ENTRY AUTHORIZATION GRANTED FOR VESSELS AND HELICOPTERS INTO JPDA



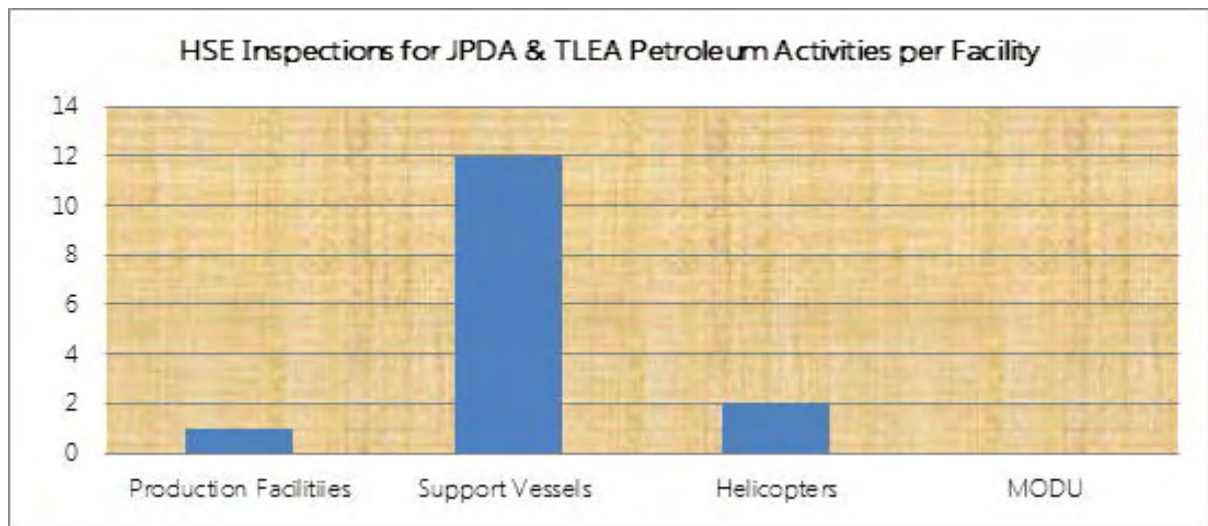
GRAPH 15: 2015 ENTRY AUTHORIZATION GRANTED FOR VESSELS AND HELICOPTERS INTO JPDA

INSPECTIONS, AUDIT ,OBSERVATIONS AND WORKSHOPS



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

This framework provides avenues to the ANP to ensure operators carry out petroleum activities in prudent manner.



GRAPH 16: 2015 INSPECTIONS

INSPECTIONS			
DIRECTORATE	TITLE	LOCATION	SCHEDULE
DEVELOPMENT AND PRODUCTION	Fiscal Metering	BU FSO	12-19 October 2015
	Maintenance Inspection	Kitan	21-27 October 2015

TABLE 4: 2015 D&P INSPECTION

OBSERVATION			
DIRECTORATE	TITLE	LOCATION	SCHEDULE
DEVELOPMENT & PRODUCTION	Re-verification of Export gas meters	Offshore	13-20 April 2015
			30 Nov-2 Dec 2015
	Kitan Master Meter revalidation	Offshore	25 Feb-4 Mar 2015
			6 – 8 May 2015

TABLE 5 : 2015 OBSERVATION ACTIVITIES IN JPDA

AUDIT				
DIR.	TITLE	PERFORMED BY	AUDIT YEAR	REPORT STATUS
Commercial	PSC JPDA 03-12 Agreed Upon Procedure (AUP)	Ernst & Young	2014	Issued
	PSC JPDA 03-13 Agreed Upon Procedure (AUP)	Ernst & Young	2014	Issued
	PSC JPDA 06 -105 Integrated Audit program	Selected Firm	2014	Ongoing
	PSC JPDA 03-19 Review	ANP	2014	Issued
	PSC JPDA 03-20 Review	ANP	2014	Issued
	PSC JPDA 06-101(A) Review	ANP	2014	Ongoing
	PSC JPDA 06-103 Review	ANP	2014	Issued
	PSC TLEA S-06-04 Review	ANP	2014	Ongoing

TABLE 6 : 2015 AUDIT ACTIVITIES IN JPDA

WORKSHOPS			
DIRECTORATE	TITLE	LOCATION	SCHEDULE
DEVELOPMENT & PRODUCTION	Workshop preparation in order to review the BU maintenance regime, develop maintenance inspections checklist and maintenance analysis	Dili	22-25 June 2015
	Workshop to review BU updated reservoir model	CoP office (Perth)	October 2015

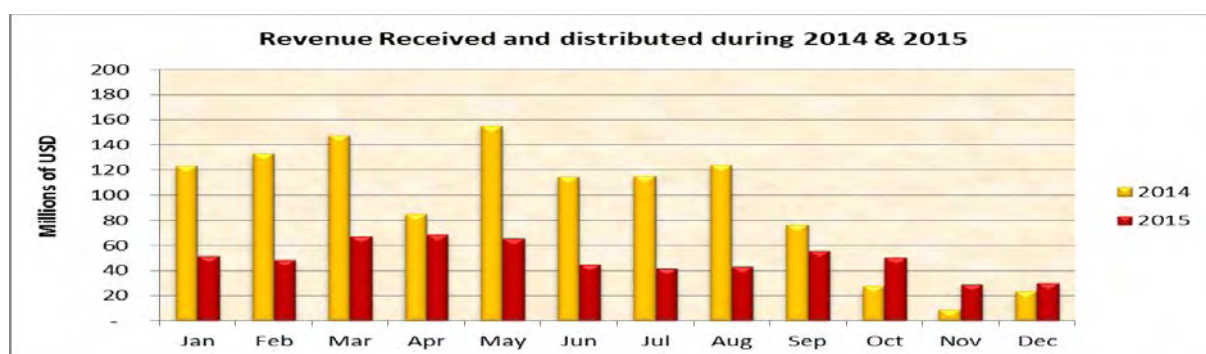
TABLE 7 : WORKSHOP REVIEWING PROGRESS OF WORK AND IN PREPARATION FOR INSPECTION

NOTICES AND NON COMPLIANCE

In 2015, there was none of the legal enforcement such as Improvement Notice, Prohibition Notice and Penalty Provision issued. No other notices were issued to the operators throughout 2015.

REVENUE DISTRIBUTION

The ANP is responsible to revenue management and distribution on behalf of both the contracting states. Proceeds from the petroleum products sales is collected and disbursed by ANP on monthly basis.



GRAPH 17: REVENUE RECEIVED DURING 2014 – 2015

The above graph summarizes total revenue received and distributed during 2015. As can be seen from the graph overall, total revenue collected by ANP slightly lower than last year. The decline in production rate and fall of oil prices from last year to the end of 2015 contributed to the reduction of revenue collection. Total revenue received in 2015 was USD 595M, while in 2014, revenue was recorded about USD 1,133M.

Petroleum Revenue Receipts and Distribution from Bayu-Undan and Kitan in 2014 & 2015			
	2014	2015	increase/decrease
Opening Balance	\$ 64,891,493.63	\$ 23,485,757.67	-\$ 41,405,735.96
Revenue Received YTD	\$ 1,133,610,094.31	\$ 595,503,269.34	-\$ 538,106,824.97
Other Income	\$ 27,786.33	\$ 5,707	-\$ 22,079.16
Related expenses			
Bank Charges	-\$ 1,834.09	-\$ 5,855.16	-\$ 4,021.07
Net Revenue YTD	\$ 1,198,527,540.18	\$ 618,988,879.02	-\$ 579,538,661.16
Revenue Distribution YTD			
Timor-Leste	\$ 1,057,537,604.26	\$ 537,099,007.53	-\$ 520,438,596.73
Australia	\$ 117,504,178.25	\$ 59,677,667.50	-\$ 57,826,510.75
Closing Balance	\$ 23,485,757.67	\$ 22,212,203.99	-\$ 1,273,553.68
* Note: Other Income refers to Term Deposit Interest and Interest on late payments			

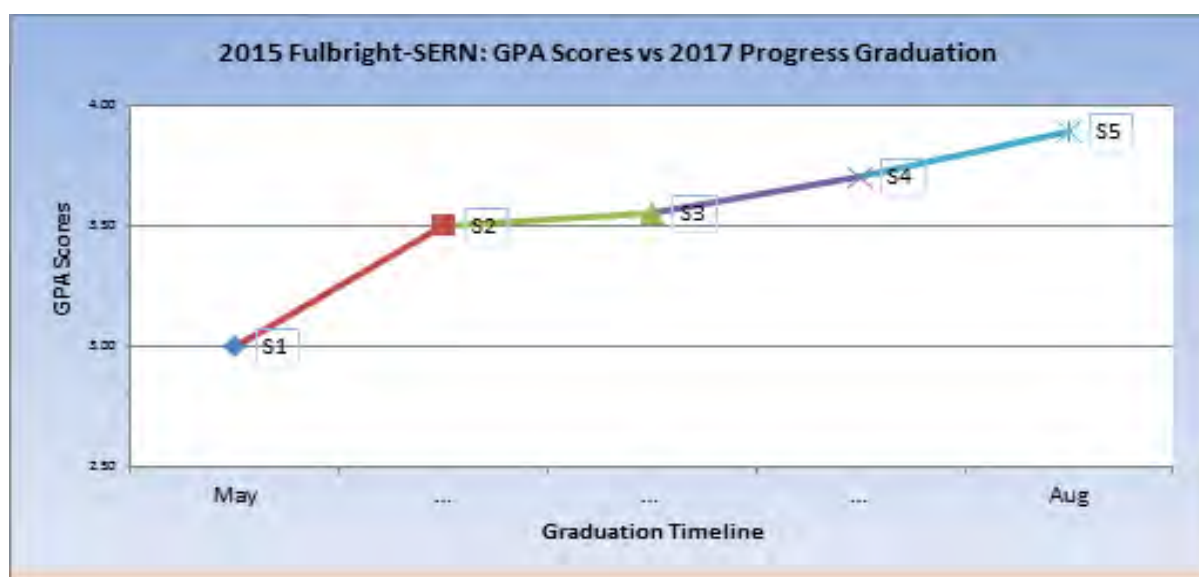
TABLE 8: PETROLEUM REVENUE RECEIPTS AND DISTRIBUTION FROM BAYU-UNDAN AND KITAN IN 2014 & 2015

AGREED LOCAL CONTENT PROJECTS SERN-FULBRIGHT

The Minister of Petroleum and Natural Resources (MPRM) through ANP has been working collaboratively with the United States Embassy in Timor-Leste, United States Institute of International Education (IEE) and ConocoPhillips Pty Ltd

through the Bayu Undan cost recoverable program were sending the potential SERN-Fulbright scholars to read Masters and PhDs in the energy and environmental studies across various universities in the United States. Overall success rate of those scholars have performed well academically after underwent a longer term English language training at the United States' Universities since the inception of the program. The 2014 student cohort, all five scholars have well performed in their academic performance and successfully achieving above the Grade Point Average (GPA-US academic grading System) with 75% of success rate in 2015 and they were progressing towards the graduation in May and August 2016.

Another five students were competitively selected for the 2015 cohort and those students are prepared for a departure in mid-2016, however, one of five shall undergo a longer term English language training through a selected university in the United States in the beginning of 2016. The main areas of studies are energy and environment sciences.



GRAPH 18: TIMOR-LESTE 2015 SERN-FULBRIGHT SCHOLARS GRADUATION VS GPA PROGRESS PERFORMANCE

TIMOR-LESTE BAYU UNDAN-GRADUATE INTERNSHIP PROGRAM

Timor-Leste really needs skilled work force required for the in-country relevant economic development mainly in the extractive industry sector. Combination of theoretical and practical skills and relevant industrial skills are a must have-key skill elements which will enable the Timor-Leste national and permanent residents to participate in the industry world and labour market both national and regional.

Currently, five Graduates were continuing to undertake a twelfth (12) month Internship Program under Bayu-Undan Project with and under the direct supervision of ConocoPhillips since the commencement May 2015 until this present time. These graduate interns are allocated according to their areas of disciplines consisted of two (2) petroleum engineers, two (2) chemical engineers and one (1) environmental technician. The interns are given opportunity to learn and experience real industry and work related experience in which they have been exposed to different core areas of businesses and industrial disciplines throughout the On-the-job training and work integrated learning process in the areas of exploration, engineering (process and asset integrity management), Health, Safety and Environment during the period of internship program.

The interns have been successfully attended and delivered the on-the-job training sessions and work integrated learning, their successes have received positive feedback from each of their assigned supervisors under ConocoPhillips – Bayu

Undan project. And further expose to asset Development simulation including taking part in a professional and technical training courses.

The program brings direct benefit to enhance the knowledge and skills of the interns aligning with industrial skill-sets requirements. The completion of the program will be in May 30th, 2016 with graduation ceremony to be held in Dili.

TIMOR-LESTE SKILL VOCATIONAL AND EDUCATION TRAINING CENTER

Timor-Leste recognizes the pressing needs to focus on enhancing Timorese skilled work force to correspond to the need of industry requirements. And yet, currently, Timor-Leste is lacking of skilled workforce to meet the requirement both at national and regional labour market which has been seriously reflected in the real industry world.

In that view, and in cooperation with SEPFOPE aimed to establish a national qualification framework and curriculum development for the existing Training Centres in Timor-Leste. Therefore, enhancing local content investment in people required further cooperation and collaboration between relevant industry sector, government and state institutions aimed to increase skill development and competency training based on industry standards in response to the national strategic development plan of Timor-Leste.

Ongoing negotiations initiated by ANP, SEPFOPE, Bayu Undan ConocoPhillips and relevant training providers are aimed to establish adequate training purposes and Bayu Undan cost recoverable funding for electrical and material instrumentation. All parties shall align their strategic training plan to meet the government strategic preference and expect to finalise the agreement (MOU) between the stakeholders for the pilot project commencing in 2016.

NATIONAL LIBRARY

The commitment under the PSC 06-105, the State Secretary of Arts and Culture (SETAC) has facilitated the Project Site clearance and compensated the 11 household residing within the project site.

Progress on National Library Project Construction is in its Project Conceptual Design Development for tender process. Major detail works is carried out by Eni and its contractor P.T. Bitu including following stages of Project development Program, Construction Estimates, and Conceptual design Report and Preparation of tender Documentation for tender in 2017.

In parallel P. T. Bitu also provided support in finalizing the project site work design which is expected to hand-over to SETAC for next step process which is procurement process which will take around 3-6 months.

Furthermore, a total budget of US\$ 1 Million as contribution from government for site works has been allocated under the Ministry of Finance, through Fundo Contrapartida, the execution will follow normal procurement process which is aimed to start mid of 2016. The first part of work on site works require to be completed in order to facilitate major mobilization heavy equipment to start construction and second part will be executed after the construction.

CORE STORAGE DATA TAPE FACILITIES (PSC S-06-04)

The Local Content commitment under the PSC S-06-04; Eni remained committed to continue the construction of core storage facilities in Timor-Leste within the University of Timor-Leste grounds of Hera.

In 2015, there were no major activities carried out in relation with project identification and securing of land, reviewing the functionality of the facilities including further review on the existing scope of work.

Plan for the implementation of the project starting 2016 to 2019; the Working Group to resume discussion to define the scope of work and seek endorsement from steering committee, engineering works for basic and detailed design, with endorsement of final engineering by steering committee, Tendering process and start of construction phase and the completion of construction and final installation of fixed equipment.

3.2 DOWNSTREAM PETROLEUM

MANAGEMENT OF DOWNSTREAM PETROLEUM SECTOR

Decree-Law no. 20/2008, of 19 June 2008 created the National Petroleum Authority (ANP), entrusting it, amongst other duties with the responsibility for regulating and supervising downstream activities in the country, including the use of petroleum infrastructure such as pipelines, terminals and transport infrastructure, as well as refining and processing activities. To achieve these goals, the ANP may approve regulations on technical aspects related to downstream activities, on the granting of authorizations to private entities and individuals and legal entities to carry out same activities, administrative procedures and duties, and sanctions applicable in case of non-compliance with same regulations.

ESTABLISHMENT OF ANCILLARY DOWNSTREAM REGULATIONS

In 2015, ANP established one of the technical regulations called Installation and Operation of Storage facility and planned to publish in the Government Gazette (Journal da Republica) by early 2016. Regulation for trading and transportation will be finalized in 2016. In 2015, ANP also prepared four ancillary regulations for Establishing a downstream public registry and central registry of downstream infrastructures and concerning the submission of the annual statement of downstream activities; Marketing-Bunkering Activity; Processing Activity and Supply Activity.

AMENDMENT OF REGULATIONS

After one year of the enactment of Regulation No. 1/2014 on Fuel, Biofuel and Lubricant Quality Standard and Specification, and taking into account the experience gathered by ANP in its implementation the time has come for the ANP to make slight amendments and adjustments to the rules set forth therein.

These changes are a result, on the one hand, of reasonable concerns raised by fuel importers and on the other hand, of a better knowledge of the existing specifications that have been achieved through increased interaction with fuel importers. The ANP is certain that the changes now approved will allow for a more streamlined implementation of the new rules applicable to Fuel, Biofuel and Lubricant trading activities in Timor-Leste.

ESTABLISHMENT DIRECTIVE OF STORAGE AND RETAIL KEROSENE

Several accidents have occurred recently involving kerosene products which were caused by the improper storage and handling of such products. In light of these events, in 2015, the ANP prepared a set of basic rules to be enacted immediately to cover the storage and retailing of kerosene specifically. The said directive will be implemented by 2016.

ESTABLISHMENT OF DOWNSTREAM PROCEDURE

In 2015, the directorate established a procedure on Collecting Downstream License and Offence Fee. This procedure sets out the Downstream Directorate approaches in the collection of fees for licensing and offences. The objective is to ensure the uniform approach towards preparing and reporting of the license and offence fee.

INTER-MINISTERIAL COOPERATION

A successful implementation of downstream regulations will require continuous cooperation with relevant ministries in Timor-Leste. In 2015, various meetings were held with other relevant institutions in Timor-Leste including Ministry of Finance, DNTPSC, SERVE, APORTIL, DNE, DNPU and PNTL as well as DNCPIA.. Cooperation with these institutions has resulted in some major deliveries in 2015, including;

- Issuance of recommendation of Land clearance by DNTPSC,
- Clarification for types of activity under Business License Certificate issued by SERVE and MCIA,
- PNTL assistance to ANP Downstream Inspectors when undertaking downstream inspection and investigations,
- Establishment of Mutual Aid between ANP, DNCPIA and DNE & DNPU-Ministry of Public Works in the process of granting the location approval for installation downstream infrastructure, and
- Exchange essential information between ANP and APORTIL in regards to vessel carrying Fuels entry permit, and the utilization of Tibar and Dili Port.

DISSEMINATION OF INFORMATION

In compliance with applicable technical requirements and rules, and administrative procedures and reporting duties, in earlier 2015, the Downstream Directorate conducted a workshop to disseminate minimum requirements of Decree-Law No. 1/2012 on Downstream Sector and its ancillary regulations on Installation and Operation of Fuel Filling Station.

The workshop was aimed at raising awareness by informing the Fuel Filling Station owners on the substance of general principles on Installation and Operation of Fuel Filling and the importance of regulating this activity. As result 5 existing Automotive Fuel Filling Stations (AFFS) were filed their application requesting for the license of its operations.

SUPERVISING AND MONITORING DOWNSTREAM ACTIVITIES

LICENSING INSTALLATION AND OPERATION OF FUEL FILLING STATION (FFS)

Existing Installations and Operation of Fuel Filling Stations refers to Fuel Filling Station facilities that had been in place before the Downstream Regulations came into force. Prior to granting a license to operate, the operator of these facilities needs to secure location and project approvals.

The downstream inspectors carried out 10 inspections for project application of Automotive Fuel Filling Stations (AFFS) and only 8 (eight) were approved and issued license. Among 8 (eight) AFFS, 3 (three) are new constructed AFFS. The issuance of the license was subject to the payment of a fee. The details of companies and fees are highlighted in table 1.

To the end of 2015, there was 2 (two) new AFFS that have fulfilled all the requirements for granting the approval of project. Thus, the Directorate will issue a certificate of approval of Project by first quarter of 2016.

In view of the importance of the staff training as part of requirement, prior to the issuance of the license, the Directorate imposed the operator of the existing AFFS to equip their staff with First Aid and firefighting knowledge including First Aid Kit and firefighting equipment as one packet. This supervision has resulted with 10 AFFS's employees being trained.



FIGURE 8: LICENSING INSTALLATION AND OPERATION OF FFS IN 2015

DOWNSTREAM LICENSE ISSUED IN 2015

License	Location	Type of Activity
Esperança Timor Oan (ETO) Lda	Sau, Manatuto	Marketing-Installation & Operation of Fuel Filling
East Gas Cooperation	Bidau-Dili	Marketing-Installation & Operation of Fuel Filling
Vida Diak Petroleum	Lauhata-Liquica	Marketing-Installation & Operation of Fuel Filling
Borala	Comoro-Dili	Marketing-Installation & Operation of Fuel Filling
Mãe Da Graça	Bebonuk-Dili	Marketing-Installation & Operation of Fuel Filling
Specialized Vehicle Services (Tiger Fuel)	Palapaco-Dili	Marketing-Installation & Operation of Fuel Filling
Mega Petroleum	Fatuhada-Dili	Marketing-Installation & Operation of Fuel Filling
Xalila Fuel	Manleuana-Dili	Marketing-Installation & Operation of Fuel Filling

TABLE 9: DOWNSTREAM LICENSE ISSUED IN 2015

AUTOMOTIVE FUEL FILLING STATIONS FEES COLLECTED IN 2015

No.	Licensee	Location	Year of License	License Fee Receive in 2015 (USD)
1	Esperança Timor Oan (ETO)	Sau, Manatuto	2015	\$3,450.00
2	East Gas orporation	Bidau-Akadiruhun, Dili	2015	\$2,350.00

3	Vida Diak Petroleum	Rua Lauhata, Liquiça	2015	\$1,200.00
4	Borala	Rua Presidente Nicolau Lobato, Comoro	2015	\$2,250.00
5	Mae Da Graca	Rua Praia Dos Coqueiros,	2015	\$2,200.00
6	Specialized Vehicle Services (Tiger Fuel)	Rua Martires da Patria, Palapaço	2015	\$5,650.00
7	Mega Petroleum	Rua Martires da Patria, Fatuhada	2015	\$9,250.00
8	Xalila Fuel	Delta Manleuana, Dili	2015	\$3,875.00
9	Aitula Fuel, Lda	Rua Matires da Partria, Aimutin - Dili	2014	\$3,850.00
10	Esperança Timor Oan (ETO)	Taibesi Hali-laran, Dili	2014	\$8,350.00
11	Mekar Fuel, Lda	Rua Matires da Partria, Dili	2014	\$1,225.00
12	Ruvic Fuel	Fatumeta, Dili	2014	\$1,200.00
13	E Silva Motor Services – Home Base	Rua Matires da Partria, Dili	2014	\$1,200.00
Total				\$46,050.00

TABLE 10: AUTOMOTIVE FFS FEES COLLECTED IN 2015

SUPERVISING AND MONITORING FUEL TRADING ACTIVITY

In 2015, there was 20 (twenty) interested persons undertaking trading activity. This activity is consisting of importation of refined products including gasoline, diesel, Jet A1/kerosene and liquefied petroleum product (LPG). ANP exercised its supervisory and monitoring by ensuring that they have adequate resources, equipments to safely store, transport and handle fuel as well as fuel quality specification was met with approved regulation on Fuel quality. In addition, an ANP inspector executed their random fuel quality control at the stage where the application request for authorisation was submitted. Monitoring and supervising trading activity has resulted in the cancelation of four traders namely Zefra, Ofalary, Sertimor, and Sanderson. The main reason for these cancellations was because the traders/companies did not have proven documents of fuel trade to Timor-Leste and have used improper transportation.

MONITORING AND SUPERVISING FUEL QUALITY

The downstream has performed random inspection to ensure the quality of fuel available for sale in Timor-Leste. The activity was conducted on Four (4) AFFS and One (1) Storage Facility. The samples taken were limited to Gasoline and Automotive Diesel to confirm their specification established in the Amendment Regulation No.1/2015 on Fuel, Biofuel and Lubricant Quality Standards and Specifications.

The collected samples were sent to a laboratory for analysis and the results of testing have been received by ANP – Downstream Directorate. The result shows that the parameter of Gasoline were in alignment with the specifications set under Fuel, Biofuel and Lubricant Quality Standards and Specifications. However, the parameter for Diesel shows that one of four samples was off specification.

ANP inspectors have identified the issue and formed an investigation team to investigate the premises that provided the off spec fuels sample.



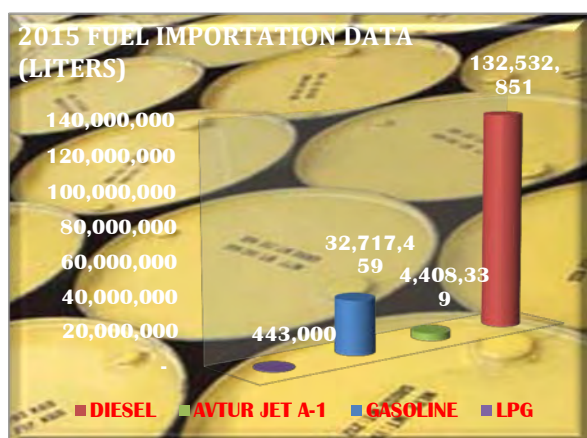
FIGURE 9: FUEL SAMPLING AT PERTAMINA STORAGE FACILITY

INVESTIGATION ACTIVITY

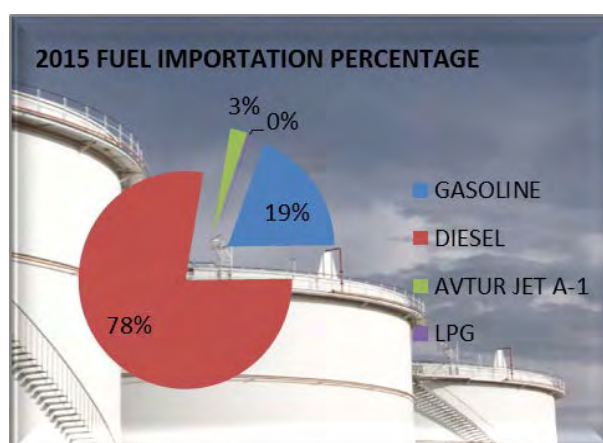
There were at least two investigation took place in 2015. On July 16, a fire occurred at PT. Pertamina Fuel Storage Facility. The Investigation started from 27th July to 7th August 2015. The report now is under review by the ANP Board of Directors for finalization. On 2nd November 2015, fire incident that occurred in Kerosene Retail Facility at Delta Comoro. The investigation was started in November 10 and planned to be concluded in 2016.

FUEL CONSUMPTION IN 2015

In 2015, ANP continues to monitor Fuel Importation Data where data itself is derived from different forms of fuel products such as Diesel, Gasoline, Avtur/Jet A1 fuel, LPG and Kerosene. Below figure indicates types of fuel products and their corresponding volume and percentage based on the data recorded.



GRAPH 19: FUEL IMPORT DISTRIBUTION BY TYPES



GRAPH 20: 2015 FUEL IMPORT STATISTICS

4. CORPORATE INITIATIVES

As a Timorese Autonomous organization, ANP assumes obligation to share knowledge and experience on its core business with relevant stakeholders and academic graduates within the country and those from overseas. In 2015, our initiatives in sharing of knowledge and experience have been stepped up by not only increasing the number but also expanding the areas of disciplines. This is primarily contributed by opportunities and lessons learnt from previous years.

4.1 GRADUATE INTERNSHIP PROGRAM

Graduates are attached to the ANP by means of a Graduate Internship Program. The successful candidates are offered with the opportunity to learn firsthand from the knowledge and experience of our experienced staffs in different disciplines and have the opportunity to get exposed to some field activities to gain knowledge and experience on real projects.

Graduate Internship Program (GIP)			
	2	Petroleum Engineering	Dili Institute of Technology
	2	Geology and Geophysics	Universitas Gajah Mada Yogyakarta & Institut Teknologi Adhi Tama Suraba
	1	Environmental Engineering	Mapua Institute of Technology Philipine
	1	Health & Safety	Universitas Islam Bandung
	1	Oil and Gas Commercial	Dili Institute of Technology
	1	Oil and Gas Legislation	Dili Institute of Technology
	1	Downstream Administration	Dili Institute of Technology
	1	Procurement and Logistic	STIMI Handayani Denpasar
	1	Corporate Finance	Universitas Nasional Timor Lorosa'e
	1	Information and Technology	Universitas Narotoma Surabaya

TABLE 11: GRADUATION INTERNSHIP PROGRAM 2015

4.2 UNIVERSITY FINAL YEAR PROGRAM

ANP offers mentoring opportunity for selected final year students at university level to complete their thesis to obtain their degree either through provision of information or direct mentoring. A total of 18 students were assisted in completing their university final year program in 2015.

Program Type	Number of Student	Area of Interest	University
Final Year Project (FYP)			
Data Information Collection	1	Exploration & Acreage Release	Universitas Proklamasi 45, Yogyakarta

	9	Commercial	Dili Institute of Technology
Field Study Program	8	Development and Production	Universidade Dili

TABLE 12: 2015 FINAL YEAR PROGRAM

4.3 PUBLIC EVENTS

NATIONAL EXHIBITION AND SEPFOPE JOB FAIR

In 2015 ANP has been invited to participate two National Exhibition for commemorating 40th Anniversary of Falintil and Independence Day and three Job Fair organized by Secretariat of State for Employment Policy and Vocational Training (SEPFOPE).



FIGURE 10: ANP ON NATIONAL EXHIBITION AND SEPFOPE JOB FAIR 2015

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LIST OF ABBREVIATIONS

2D: Two Dimension, 28	km: kilo meter, 24, 25
ANP: Autoridade Nacional do Petróleo, 6, 7, 8, 9, 10, 12, 13, 14, 15, 20; Autoridade Nacional doPetróleo, 22, 25, 31, 45	LNG: Liquified Natural Gas, 24
AORTIL: Port Authority of Timor-Leste, 42, 43	LPG: Liquified Petroleum Gas, 24
BoD: Board of Directors, 8	MMscf: Million Standard Cubic Feet, 24
BU: Bayu Undan, 28	MODU: Mobile Offshore Drilling Unit, 26, 36
CUQ: Compression, Utilities and Quarters, 24	NZ: New Zealand, 45
DIT: Dili Institute of Technology, 45, 46	OPEC: Organization of Petroleum Exporting Countries, 28
DNTPSC: Direcção Nacional de Terras, Propriedades e Serviços Cadastrais, 42	PNTL: Polícia Nacional de Timor-Leste, 42
DPP: Drilling Procesing and Production Platform, 24	PSC: Production Sharing Contract, 22, 23, 31
ERP: Emergency Response Plan, 46	SCM: Cunrise Commission Meeting, 11
FPSO: Floating Production, Storage and Offloading, 25	SEMA: Secretario do Estado E Meio Ambiente, 42
FSO: Floating Storage and Offloading, 24	SERVE: Serviço de Registo e Verificação Empresarial, 42
IOB: Institute of Bussiness, 45, 46	TLEA: Timor Leste Exclusive Area, 6, 9, 22, 25, 28, 31
JCM: Joint Commission Meeting, 11	UGM: Universitas Gadjah Madah, 45
JPDA: Joint Petroleum Development Area, 6, 7, 9, 22, 24, 25, 26, 28, 31	UNPAZ: Universidade da Paz, 45
kbpd: Thousand barrels per day, 24	UNPROK: Universitas Proklamasi, 45
	US: United States, 28
	USD: United States Dollar, 13
	WP1: Well Head Platform 1, 24

ANNEX 1 – LIST OF INDIVIDUAL AND COLLECTIVE TRAINING IN 2015

Type of training	Individual and Collective Training						
	Management	Participants		Technical	Participants		
		Male	Female		Male	Female	
Individual Training							
	HR Conference - Grow the Competitiveness of your Organization with People	1	0	Tropical-Basic Offshore Safety Induction & Emergency Training (T-BOSIET)	1	0	
	Windows Server 2008 Admin certification training	1	0	Tropical-Basic Offshore Safety Induction & Emergency Training	2	0	
	ACCPAC Upgrading training	0	2	World Fiscal System in Oil and Gas	1	0	
	Management and Relationship Skill	1	0	PSC and International Fiscal System	2	0	
	Recruitment and Retention Strategies	6	0	Oil and Gas Prospects and Limitations Workshop	1	1	
	Combating Procurement Fraud	2	0	LNG Mini MBA in Project Development	1	0	
	Integrating Budgeting, Forecasting and Business Planning	1	1	Air and Sea Dangerous Goods Training	1	1	
	Logistic management training	1	0	Advanced Data Management for Oil and Gas	3	0	
	Training and Assessment	1	0	HUET Training	3	0	
	Cisco certified network associate (CCNA)	0	1	LNG Operation Stream	2	0	
				LNG Metering Stream	1	1	
				Auditor in Charge Tools and Technique	0	1	
				Above Ground Storage Tanks, Tank Farms & terminal Management	1	0	
				Engineering, Procurement and Construction (EPC) Contracts Energy Industry	1	0	
				ISO27001 Training Lead Implementing and Auditor	2	0	
				Human Competency & Capability Development in oil and gas	2	2	
				Internal Control for Accountant and Auditor's	1	0	
				Contract Management for Oil and Gas	1	0	
		Total	18		Total	32	

Collective / In-house Training						
	CBS – 04: Set Goals and Plan works	2	5	General Audit Training	15	4
	CBS – 05: Organize and Complete Daily Activities	3	6	Aviation Auditors – Phase 1	12	1
	CBS – 06: Resolve Problem in the Workplace	4	3	Aviation Auditors - Phase 2	11	2
	CBS – 07: Communicate in the workplace	4	5	Risk Management	7	4
	CBS – 08: Process and Maintain Workplace Information	4	6	Incident Investigation and Root Cause Analysis	7	4
	CBS – 09: Participate in Meetings	1	2	Avocet Training for D&P team	4	2
	CBS – 10: Write a Workplace Procedure	2	3			
	CBS – 11: Present to a small group	2	3			
	ANP BS 12: Negotiate Effectively with Others	1	3			
	Certified Ethical Hacker (CEH)	4	1			
	IT – Network Segregation and Network Firewall Fundamental	0	1			
	IT Security Awareness	26	14			
	Recruitment and Selection Training 2015	16	6			
	Leadership and Management	9	3			
	Total	139		Total	73	

Final Year Project (FYP)				
Data Information Collection	E&AR	Universitas Proklamasi 45, Yogyakarta	0	1
	Commercial	Dili Institute of Business (DIT)	4	5
Total students			4	6
Field Study Program	D&P	Universidade Dili	6	2
Total students			6	2
Graduate Internship Program (GIP)				
	Petroleum Engineering		0	2
	Geology and Geophysics		0	2
	Environmental Engineering		0	1
	Health and Safety		0	1
	Oil and Gas Legislation		1	0
	Downstream Administration		0	1
	Procurement and Logistic		0	1
	Corporate Finance		0	1
	Information and Technology		1	0
Total students			3	9

ANNEX 2- CORPORATE PROCUREMENT IN 2015

Item No	Description	Contract Fee	Successful Vendors
I	Audit and Consultancy		
1	Review Reserve Report Guidelines	\$ 53,777.78	Next - Schlumberger
2	Remote Consultancy in fixing leave workflow process for Mr. Paulo Guterres	\$ 1,092.00	ISW Development
3	An Integrated Audit of Bayu Undan PSC 03-12&03-13	\$ 798,850.00	Deloitte Australia
4	An Integrated Audit of Kitan PSC 06-105	\$ 179,450.00	Deloitte Australia
5	2014 ANP Financial Statement External Audit and Petroleum Revenue Receipt	\$ 23,000.00	Merit & Partners
6	OFM and Avocet Maintenance	\$ 16,369.87	Schlumberger Company
7	Online Consultancy Services for provision of additional space in hosted server for storage and computer	\$ 10,266.56	ISW Development Pty Ltd
8	Online Consultancy Services ANP Lotus Note Renewal for 150 Users	\$ 15,833.33	ISW Development Pty Ltd
9	Online Consultancy of Investigation on ANP Internal Firewall configuration settings	\$ 1,690.00	Area9, Northern Territory, Darwin
10	Ongoing Training Phase Two of the Establishment Competency Development for D&P and Downstream Technical Staff	\$ 35,333.30	Cegelec Oil and Gas
11	Online Consultancy for ANP Lotus Note renewal for 150 users	\$ 15,833.33	ISW Development Pty Ltd
12	Training on continuation of Hydrocarbon flow and quality determination online training	\$ 1,250.00	Gas Measurement & Auditing Pty Ltd
13	Online Consultant to create an applications submission form	\$ 6,066.67	ISW Development Pty Ltd
14	Aircraft (Rotor Craft) Inspection Audit	\$ 26,000.00	NIW Aviation Consultant Pty Ltd Australia
15	For Review and Provide Revision to Draft Regulation on Installation and Operation of Storage Facility to ANP Timor-Leste	\$ 55,010.00	Delta Consultant Pty Lda
16	Bayu Undan Maintenance Inspection Workshop for D&P Staff	\$ 48,840.00	Kinabalu Lda
17	Software Licensed for Petrel New Version 2014.4 for 12 Months	\$ 49,947.87	Schlumberger Australia Pty Ltd
18	IT Online Consulting Services - Creation of GIP Application Form	\$ 6,066.66	ISW Development Pty Ltd

19	IT In House Training - IT Security	\$ 27,622.00	PT. Trikarsa Jakarta
20	Metering Inspection at Bayu Undan FSO Metering System (ref: ANP/CRM/RFP/15/004)	\$ 23,236.16	North Blaze (Malaysia) Sdn Bhd
21	Continuously of LNG Process and Metering Training for D&P staffs in Bontang, East Kalimantan, Indonesia	\$ 62,900.00	Cegelec Oil and Gas, Subsidiary with PT. Badak LNG Training
22	For Review and Provide Revision to Draft Regulation on Installation and Operation of Storage Facility to ANP Timor-Leste	\$ 38,888.89	Delta Consultant Pty Lda
23	Audit for ISO/IEC 27001 Certification for ANP IT Security and Infrastructure	\$ 24,183.00	PT. BSI Group Indonesia
24	Online Consulting services performed by Ali Qureshi for Investigating training and movement forms database for the possibility of having both forms approved simultaneously	\$ 910.00	ISW Development Pty Ltd
25	Online Consulting services performed by Ali Qureshi for implementing withdraw ability on training form and in cooperate movement request on the training form	\$ 4,004.00	ISW Development Pty Ltd
26	Online Consulting services performed by Ali Qureshi for additional fields to be put on the online GIP applications submission form	\$ 814.88	ISW Development Pty Ltd
27	Online Consulting services performed by Ali Qureshi for updating hide/when code for the withdraw request button to fix the issue users name in domino directory and on the request form does not have same case	\$ 303.00	ISW Development Pty Ltd
28	Consultancy for metering inspection at Bayu Undan FSO metering system	\$ 22,544.44	North Blaze (M) SDN BHD
29	Kitan Field Abandonment Review Ref: ANP 1501 with document number ANP-1501-RPT-001	\$ 57,112.00	Subsea Engineering Associates Pty. Ltd
30	Kingdom Software License Activation for Seismic Data	\$ 37,950.00	HIS Global Pte. Ltd
31	Review Draft Decree Law for Employment in Extractive Industry	\$ 60,000.00	K&L Gates, Australia
32	Cost Analysis on an Integrated Geophysical Survey over Designated Area in the Timor-Leste Territory	\$ 18,000.00	Total Earth Solution Pty Ltd
33	Purchase new GFILanguard of 100 Address subscription for 3 years	\$ 3,800.00	Globalnet Unipesssoal Lda
34	Purchase new GFI Web Monitor Unified Protection for 85 Users subscription for 3 years	\$ 6,250.00	Globalnet Unipesssoal Lda

35	Purchase new Wyse 5010 Trade Mark DELL include an additional components	\$ 1,620.00	Globalnet Unipessoal Lda
36	Purchase new Monitor Trade Mark HP Model D7P92A4 - HP Z22i27	\$ 6,000.00	Globalnet Unipessoal Lda
37	Purchase Net ENFORCER AC-1440-8 complete with its components	\$ 30,472.00	Globalnet Unipessoal Lda
38	Purchase New memory DDR3 Kingston 8GB for Notebook Lenovo X250	\$ 1,054.00	Zeon International
39	Printing New Calendar for 2016 in Full Color	\$ 1,250.00	Sylvia Dili
40	Purchase new Sound System for Mr. David Hugo for Public consultation i.e Mixer Behringer, Speaker Titan, cable Speaker, Jack and Power wharfe dale	\$ 1,756.00	Hard Rock Dili
41	To Deliver In-House Training Program for Leadership and Management	\$ 20,397.00	Brainpower Training Pty Ltd
42	Recruitment and Selection Training Program	\$ 14,488.00	Key Project Management - Australia
43	Legal Consulting Services (ref number ANP/CRM/EOI/15/005)	\$ 20,365.00	Viera de Almeida & Associados sociedade de Advogados, RL
44	Avocet Upgrading and Data Model Expansion	\$ 20,790.00	Schlumberger Oil Field Australia Pty Ltd
45	OFM Customized Training Course for D&P staff	\$ 23,100.00	Schlumberger Oil Field Australia Pty Ltd
46	Provision of ANP Farol Office	\$ 28,764.00	Sylvia Dili. Yearly Contract (US\$ 2,397 x 12 months = US\$ 28,764.00)
47	ANP Office Cleaning Services	\$ 28,128.00	Sylvia Dili. Yearly Contract (US\$ 2,344 x 12 months = US\$ 28,128.00)
48	Photo copy Machine for Palacio Office	\$ 2,400.00	Sylvia Dili. Yearly Contract (US\$ 200 x 12 months = US\$ 2,400.00 - US\$ 0.03 Meter Record)
49	Photo copy Machine for Downstream Office	\$ 2,400.00	Sylvia Dili. Yearly Contract (US\$ 200 x 12 months = US\$ 2,400.00 - US\$ 0.03 Meter Record)
50	Renting new Color Pinter Machine HP LaserJet CM 3530 MFP	\$ 3,000.00	Sylvia Dili. Yearly Contract (US\$ 250 x 12 months = US\$ 3,000.00 - US\$ 0.35 Meter Record)

51	Supply Stationary for ANP Office	\$ 15,688.50	Sylvia Dili. Yearly Contract. Budget approved for stationary is US\$ 3,000.00/month
52	Supply Drinking Water Supply	\$ 26,232.50	Indo Dili. Yearly Contract.
53	Ticketing Services	\$ 226,364.00	Fatubesi Travel Agency. Yearly Contract
56	Accommodation Services	\$ 173,750.03	PT. Ratna Artha Wisata. Yearly Contract
57	ANP Disaster Recovery and Business Continuity Management System	\$ 70,000.00	Business Contingency Group (BCG). The project is on going
58	ANP Risk Management and Internal Control	\$ 39,000.00	Ernst Young Portugal
59	Providing Training on Fundamental Compliance Audit Principles and Techniques in Oil/Gas Industry	\$ 29,800.00	MDT International Limited. Service Agreement has Signed by Both Parties. The training will be conducted on 29 - 31 March 2016
	Sub Total	\$ 2,520,014.77	
II	Construction, Goods and Services	Contract Fee	Successful Vendors
1	ANP calendar for fiscal year 0f 2015	\$ 750.00	Sylvia Dili
2	New Projector trade mark Sonny DX-122 to deployed at Palacio Office	\$ 600.00	Loja Lidwi Lda
3	New AC with capacity 2.5hp split system R22 to deployed at data room kobe House (Acreage Release data center) with Installation cost	\$ 810.00	New Town Enterprise
4	New AC with capacity 2.0hp split system R22 to deployed at IT Server room Palacio Office with Installation cost	\$ 792.01	New Town Enterprise
5	Shipping ANP Goods from Jakarta to Dili (door to door services)	\$ 9,875.00	D&N Movers Unipessoal Lda
6	New Printer HP LaserJet 500 Color MFP M575 and Digital Camera Sony DSC -W830 for HSE directorate	\$ 3,175.00	Dadurus General Supplier
7	New Projector Sony DX-122 for Downstream directorate	\$ 570.00	Zeon International
8	Australasian Oil and Gas Expo at Perth to hire the spaces	\$ 11,337.70	Diversified Exhibitions Australia Pty Ltd

9	Australasian Oil and Gas Expo at Perth to hire the materials support	\$ 4,462.65	Perth Expo
10	Investigation of data file extension encrypted by CBT virus	\$ 1,400.00	Area9
11	Online Consultancy of an additional work of insert child care leave, hide compassionate leave, replace Raul Bernardino with Dionisio Martins for hierarchy approval, etc	\$ 1,911.00	ISW Development Pty Ltd
12	Online Consultancy for Fixing ANP Same Time Lotus Note Server	\$ 1,256.00	ISW Development Pty Ltd
13	Office Maintenance for Supplying and Installing Wool Carpet at Mineral Directorate Office at Downstream back office	\$ 1,569.20	Timau Unipessoal Lda
14	Shipping of ANP goods (Server) from Jakarta to Dili Timor-Leste by shipping Air freight	\$ 9,262.30	D&N Movers Unipessoal Lda
15	New QANP NAS backup and storage system	\$ 18,200.53	Area9, Northern Territory, Darwin
16	Renting Venue for 42nd JCM, 16th SCM and Working Group meeting	\$ 3,339.00	Hotel Timor
17	Renting Venue for Audit Training of D&P, HSE and Downstream Technical Staff	\$ 5,360.00	Hotel Timor
18	Purchase new QNAP NAS with its Support Accessories	\$ 18,384.38	Area9, Northern Territory, Darwin
19	Purchase new Containers to stored E&AR team Onshore Logistic Support Materials	\$ 2,150.00	Nollya Supply Center Unipessoal Lda
20	Office Maintenance for purchasing supplying and installing new Air conditioner at Commercial directorate line with capacity 2.5hp Mark AUX	\$ 845.00	New Town Enterprise
21	Renting Cars for Ilimanu field trips used by E&AR Directorate and the TEAM	\$ 1,147.00	Esilva Motors Rentlo
22	Renting Venue for Bayu Undan Maintenance Workshop of D&P Staff	\$ 2,472.00	Hotel Timor
23	Rack and Server Installation project	\$ 2,737.78	Area9, Northern Territory, Darwin
24	Shipping of ANP goods (UPS) from Darwin to Dili Timor-Leste by Shipping Sea Freight	\$ 3,390.14	D&N Movers Unipessoal Lda
25	Purchase new UPS back up for IT department daily operational service	\$ 9,557.77	Area9, Northern Territory, Darwin
26	Telephone Lines installation for Palacio and new Mineral directorate office at Downstream back office	\$ 2,520.00	Loro Sae Computer Services

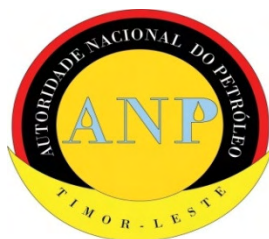
27	New Furniture for Mineral Directorate installment (executive chair, Executive desk, Normal office chair, filling cabinet big + small etc)	\$ 5,610.00	Aristocrat Office Furniture
28	New Furniture for Mineral Directorate installment executive office table size 1600x800x760	\$ 890.00	Masterlink Unipessoal Lda
29	NAS/ Rack Installation project (initial set up of NAS)	\$ 1,112.22	Area 9
30	Supply and Install Zinc Roof for Six 20feet Storage Container at Farol Back Office	\$ 2,985.75	Timau Construction Unipessoal, Lda
31	New Office Smoke Alarm with trade mark PDL; Model # 3000SSA	\$ 2,600.00	New Town Enterprise
32	Logistic Preparation for 15th Bayu Undan Condensate Lifting Working Group Meeting and 9th JPDA Legal Framework Group Meeting at Sydney Australia	\$ 4,444.44	Park Hyatt Hotel Sydney Australia
33	Renting Meeting Room for HSE in house training of Helicopter Safety and Audit first phase (including Meals, projector, WIFI connection, sound system, screen, stationeries and microphones)	\$ 5,900.00	Tower Conference - Tower café and Bar
34	New Projector Purchase with trade mark Sony DX 122 4 units include spare lamps 4 units	\$ 4,000.00	Boaventura
35	Door to Door Services of Shipment ANP goods from Darwin to Dili Timor-Leste the 5 Packages of UPS	\$ 2,613.58	D&N Movers Unipessoal Lda
36	In House Training of Academic English Course for D&P staff within 60 hours	\$ 3,120.00	Precision English Unipessoal Lda
37	Renting Meeting Room for D&P in house training of Bayu Undan Maintenance Workshop (including Meals, projector, WIFI connection, sound system, screen, stationeries and microphones)	\$ 2,840.00	Tower Conference - Tower café and Bar
38	Minor IT Equipment's for LED Inverter for Lenovo X201	\$ 1,200.00	Mr. Bram Unipessoal Lda
39	Printing ANP Annual Report 2014 in 100 copies	\$ 5,155.00	Sylvia Dili
40	Additional Printing of ANP Annual Report 100 copies	\$ 5,155.00	Sylvia Dili

41	Renting Room at JYL International Building D, Palm Business and Trade Center for 2nd phase of Helicopter Maintenance Services of HSE directorate staff	\$ 2,950.00	JYL International
42	Advertisement of Termination contract of PSC 06-103 with Oilex on 15 July 2015.	\$ 9,555.50	Upstream the International Oil and Gas Newspaper
43	Minor IT civil work on Rack Installation by the Area9 Technician at ANP premises including travel cost, accommodation, travel Insurance, travel Allowance, visa cost and travel expenses as well as Timor-Leste WHT 10%	\$ 6,494.76	Area9 NT. Australia
44	On Line Training services for D&P staff on Continuation of hydrocarbon fluids measurements and quality determination with reference to mass balance. This training particularly for Joanhia and Digorio.	\$ 1,388.89	Gas Measurement & Auditing Pty Ltd
45	Rental vehicles for team building exercise at mount Ramelau by celebrating the 7th ANP anniversary	\$ 3,748.70	Rentlo Hire Car
46	Purchase new Minor IT Equipments of New Managed switches HP POE Switches	\$ 8,012.42	Area9 NT. Australia
47	Minor Civil Work on Programming and installing the ANALOG at Palacio and Downstream offices (Mineral Directorate room)	\$ 2,015.00	Loro Sae Computer Services
48	Purchase new Laptops Lenovo ThinkPad X250 within 17 Units	\$ 28,534.50	GlobalNet Unipessoal Lda
49	Door to Door services of Air shipment from Darwin NT, Area9 Company premises to Dili ANP Office HP POE switch 5 packages	\$ 850.00	D&N Movers Unipessoal Lda
50	Purchase Satellite Phones 2 units mark Inmarsat IsatPhonePro2 complete with prepaid cards for 180 days activation and Handy Talkie mark Motorola CP 1660 20 units	\$ 13,380.00	Telkomcel Timor-Leste (Telekomunikasi Indonesia International (TL) SA
51	Renting Room for HSE Directorate in House Training	\$ 2,300.00	Tower Restaurant
52	Renting Room for HSE Directorate in House Training	\$ 1,232.00	Hotel Timor
53	Purchase new micro software office professional 2013	\$ 2,500.00	Zeon International
54	Purchase new RAM for Lenovo 4 GB	\$ 3,145.00	Mr. Bram Unipessoal Lda
55	Symantec Protection Renewal for one year	\$ 3,229.05	ISW Development Pty Ltd

56	Renting Venue for 44th Joint Commission Meeting (JCM) in Dili	\$ 2,868.50	Hotel Dili
	Sub Total	\$ 257,704.77	
	Total	\$ 2,777,719.54	

ANNEX 3-ANP 2015 ANP FINANCIAL AND REVENUE AUDITED REPORTS

AUTORIDADE NACIONAL DO PETRÓLEO



AUTORIDADE NACIONAL DO – TIMOR-LESTE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

AUTORIDADE NACIONAL DO PETRÓLEO

GENERAL INFORMATION

Board of Directors:	Mr. Gualdino do Carmo da Silva (President and Chairman) Mr. Jorge Martins Dasilaku Mr. Jose Manuel Goncalves Mr Verawati Corte Real de Oliveira Mr. Nelson de Jesus
Date of formation:	In terms of Decree-Law No 20/2008 on 1 July 2008
Principal Activities:	The Autoridade Nacional do Petróleo e Minerais of Timor-Leste ('ANP') was established on the 1 st of July 2008 after the Decree Law No. 20/2008 was passed on the 19 th of June 2008. The ANP is Timor-Leste's body responsible for managing and regulating petroleum activities in Timor-Leste's exclusive jurisdictional areas and in the Joint Petroleum Development Area ('JPDA') in accordance with the Decree Law on the establishment of the ANP, the Timor-Leste Petroleum Activities Law, and the Timor Sea Treaty ('Treaty').
Place of business:	Ground Floor East Wing of Pálacio do Governo
Single auditor:	Mr Oscar Faria
Director of Corporate Services:	Mr Dionisio Martins
External Auditor:	Merit Partners Pty Ltd
Bankers:	Australia and New Zealand (ANZ) Banking Group Limited.
Currency:	United States Dollars

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Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies and Explanatory Notes to the Financial Statements	9 - 23

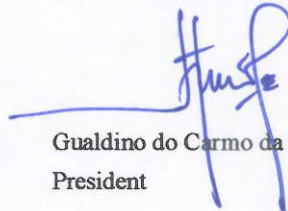
AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS

DIRECTOR'S DECLARATION

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

- (a) The financial statements of ANP are drawn up so as to present a true and fair view of the financial performance and cash flows of ANP for the year ended 31 December 2015, and the financial position of ANP as at 31 December 2015.
- (b) The financial statements have been prepared in accordance with International Financial Reporting Standards.

For and behalf of the ANPM Board of Directors:



Gualdino do Carmo da Silva
President



Dionísio Martins
Director Corporate Services

Dili, Timor Leste

19 May, 2016

Independent Auditor's Report to the Board of Directors of the Autoridade Nacional do Petróleo

We have audited the accompanying financial report of Autoridade Nacional do Petróleo ("the Authority"), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes, and the director's declaration.

The Board of Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Authority's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report present fairly, in all material respects, the financial position of Autoridade Nacional do Petróleo as of 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Merit Partners



Matthew Kennon
Director

Darwin
Date 19 May 2016

AUTORIDADE NACIONAL DO PETRÓLEO

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
INCOME			
Development fees		3,153,000	3,983,200
Contract service fees		897,884	969,616
Subsidy from Timor-Leste Government		2,500,000	2,000,000
Timor-Leste Government funding for petroleum audits		470,000	18,889
Downstream fees		9,294	15,825
Interest		32	127
Other income		-	42,286
TOTAL INCOME		7,030,210	7,029,943
EXPENSES			
Employee costs	12	2,099,061	2,108,753
General and administration	13	3,327,846	3,359,200
Depreciation and amortisation		439,064	353,966
Government petroleum audit costs		470,000	18,889
Net loss in foreign exchange		7,231	6,608
TOTAL EXPENSES		6,343,202	5,847,416
SURPLUS FOR THE YEAR		687,008	1,182,527
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		687,008	1,182,527

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

AUTORIDADE NACIONAL DO PETRÓLEO

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,953,910	7,059,360
Cash and cash equivalents - Joint Petroleum Development Area	4, 11	22,212,204	23,485,758
Trade and other receivables	5	907,488	973,096
Other current assets	6	17,690	6,663
Total Current Assets		31,091,292	31,524,877
NON-CURRENT ASSETS			
Property, plant and equipment	8	424,955	524,294
Intangibles	7	327,007	349,955
Total Non-Current Assets		751,962	874,249
TOTAL ASSETS		31,843,254	32,399,126
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	1,370,358	1,374,905
Payable in respect of Joint Petroleum Development Area Funds	9, 11	22,212,204	23,485,758
Contract service fees, development fees & downstream fees received in advance	10	581,851	546,630
Total Current Liabilities		24,164,413	25,407,293
TOTAL LIABILITIES		24,164,413	25,407,293
EQUITY			
Initial contribution		2,153,168	2,153,168
Accumulated funds		5,249,973	4,838,665
Capital asset reserve		275,700	-
Total Equity		7,678,481	6,991,833
TOTAL EQUITY AND LIABILITIES		31,843,254	32,399,126

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

AUTORIDADE NACIONAL DO PETRÓLEO

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Initial Contribution	Capital Reserve	Accumulated Funds	Total Equity
	\$	\$	\$	\$
At 1 January 2014	2,153,168	-	3,656,138	5,809,306
Total surplus for the year	-	-	1,182,527	1,182,527
At 31 December 2014	2,153,168	-	4,838,665	6,991,833
Capital transfers in/(out)		275,700	(275,700)	-
Total surplus for the year	-	-	687,008	671,950
At 31 December 2015	2,153,168	275,700	5,249,973	7,678,841

ALLOCATION OF SURPLUS FOR THE YEAR ENDED 31 DECEMBER 2015

	Joint Petroleum Development Area \$	Timor-Leste Exclusive Area \$	Total for the year \$
Development fees	3,153,000	-	3,153,000
Contract service fees	897,884	-	897,884
Subsidy from Timor-Leste Government	-	2,500,000	2,500,000
Timor-Leste Government funding for petroleum audits	-	470,000	470,000
Downstream fees	-	9,294	9,294
Interest	32	-	32
Total Income	4,050,916	2,979,294	7,030,210
Expenses split per JPDA Joint Commission approved budget	3,844,761	2,498,441	(6,343,202)
Surplus for the year	206,155	480,853	687,008

AUTORIDADE NACIONAL DO PETRÓLEO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Operating activities			
Operating surplus before tax		687,008	1,182,527
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	8	236,280	216,237
Amortisation of intangible assets	7	202,784	137,729
Interest income		(32)	(127)
Operating surplus before working capital changes		1,126,040	1,536,366
Working capital adjustments:			
Decrease (Increase) in trade and other receivables		65,608	(838,824)
Decrease (increase) in other current assets		(11,027)	70,058
Decrease in trade and other payables		(1,278,101)	(41,634,693)
Increase (Decrease) in unearned income		35,221	(931,427)
Cash generated from operations		(62,259)	(41,798,520)
Interest received		32	127
Net cash flow provided by (used in) operating activities		62,227	(41,798,393)
Investing activities			
Purchase of intangibles	7	(179,836)	(223,785)
Purchase of property, plant and equipment	8	(136,941)	(144,413)
Net cash flow used in investing activities		(316,777)	(368,198)
Net decrease in cash and cash equivalents		(379,004)	(42,166,591)
Cash and cash equivalents at beginning of year		30,545,118	72,711,708
Cash and cash equivalents at end of year	4	30,166,114	30,545,118

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

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. NATURE OF OPERATIONS

The Autoridade Nacional do Petróleo E Minerais ('ANP') was established on the 1st of July 2008 after the Decree Law No. 20/2008 was passed on the 19th of June 2008.

The ANP is Timor-Leste's body responsible for managing and regulating petroleum activities in Timor-Leste's exclusive jurisdictional areas and in the Joint Petroleum Development Area (JPDA) in accordance with the Decree Law on the establishment of the ANP, the Timor-Leste Petroleum Activities Law, and the Timor Sea Treaty.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial statements for ANP have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, and amounts are presented in United States Dollars except when otherwise indicated.

b. Current versus non-current classification

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

All other assets are classified as non-current.

A liability is current when:

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

The ANP classifies all other liabilities as non-current.

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the ANP and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Development fees

The fees are recorded on an accrual basis when the ANP becomes entitled to the revenue.

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Contract services fees

The fees are recorded on an accrual basis on the anniversary of the commencement of the Production Sharing Contract. Contract service fees received in advance are deferred and brought to account as income in the years to which they relate. Contract service fees received on termination of a Production Sharing Contract are brought to account as income in the year in which they are received.

Subsidy from Timor-Leste Government

The subsidy received from the Timor-Leste Ministry of Petroleum and Mineral Resources is intended for use in the Timor-Leste Exclusive Area (TLEA) and any downstream activities and is recognised on receipt.

Timor-Leste Government Funding for Petroleum Audits

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

d. Taxes

Income and deferred tax

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

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

Withholding tax

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

e. Foreign currencies

The ANP's financial statements are presented in United States Dollars, which is also its functional currency.

Transactions and balances

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

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.

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

f. Property, plant and equipment

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

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the ANP recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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.

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

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

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

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

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

g. Intangible assets

Acquired intangible assets

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

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful lives of the intangible assets range from 2 to 4 years. Amortisation has been included within depreciation and amortisation.

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

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

h. 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.

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as cash and receivables. All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Cash and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.

For more information on receivables, refer to Note 5.

Derecognition

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

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

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

Impairment of Financial Assets

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

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

j. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. The ANP's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of ANP's financial liabilities is described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss, and only if the criteria in IAS 39 are satisfied. Subsequent fair value adjustments are recognised in statement of profit or loss and other comprehensive income. The ANP has not designated any financial liability as at fair value through profit or loss.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method.

Supplies and other payables are recognised at amortised costs. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Derecognition

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

k. Impairment of non-financial assets

The ANP 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 ANP estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

l. Cash and cash equivalents

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

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Joint Petroleum Development Area receipts and payments

The Timor Sea Treaty formed the Joint Petroleum Development Area (JPDA) within the Timor Sea, which is jointly controlled and managed for the benefit of the peoples of Timor-Leste and Australia. Article 4 of the Timor Sea Treaty sets out the sharing of petroleum production between the Governments of Timor-Leste and Australia as follows:

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

The Autoridade Nacional Do Petroleo (ANP) has been appointed the Designated Authority for administrative purposes under Article 6 (b)(ii) of the Timor Sea Treaty. Acting as the Designated Authority the ANP is responsible for the day-to-day regulation and management of petroleum activities under Article 6 (b)(iv). Thus ANP is responsible for the receipt of funds from the operations within the JPDA and distribution of the funds to the governments of Timor-Leste and Australia as set out above.

Petroleum monies received and paid are held in a separate bank account for this purpose in the name of ANP. These monies together with any interest received and net of any bank charges incurred is distributed to the respective governments.

m. Employee benefits

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

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

Employees are entitled to medical assistance from pre-approved healthcare providers of \$50 per employee.

n. Provisions, contingent liabilities and contingent assets

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

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

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

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

o. Economic dependence

ANP is dependent upon the ongoing receipt of Timor-Leste Government support and contract service fee and development fees from contract operations to ensure the ongoing continuance of its operations. At the date of this report, the Directors have no reason to believe that this financial support will not continue.

p. Significant accounting judgements and estimates

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

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

q. Allocation of costs

The ANP carries out functions on behalf of the Joint Petroleum Development Area (JPDA) under the Timor Sea Treaty as the Designated Authority, and also carries out functions in the Timor-Leste Exclusive Area (TLEA). Article 6 (b)(vi) of the Timor Sea Treaty states that the Designated Authority of the JPDA, being the ANP, shall be financed from fees collected under the Petroleum Mining Code. Each year the Joint Commission of the JPDA authorises a budget of the ANP based on their work plan for the year. The budget includes the percentages expenditure should be split between the JPDA and TLEA for each internal directorate. For 2015 the expenses were split as follows based on the approval of the Joint Commission on 15 January 2015:

Directorate	JPDA %	TLEA %
President's Office	61	39
Single Auditor	61	39
Corporate Services	61	39
Joint Petroleum Development Area	100	-
Commercial	85	15
Health Safety and Environment	85	15
Development and Production	93	7
AR and Exploration	60	40
PSC & Local Content	50	50
Downstream	-	100
BOD	61	39
Overheads	61	39
Contingencies	61	39

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

A number of new, amended and revised Standards are effective for annual periods beginning on or after 1 January 2015. However, these standards did not materially impact ANP's financial statements. New, amended and revised standards which are effective for future financial periods have not been early adopted and the Board have not yet assessed their impact on ANP.

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
4. CASH AND CASH EQUIVALENTS	\$	\$
ANZ Dili ANPTL – JPDA	4,706,069	-
ANZ Dili USD account	3,020,551	1,690,839
Corporate Credit Card Security Placement	180,000	180,000
HSBC Singapore USD account	47,290	55,536
HSBC Perth USD account	-	5,060,466
HSBC AUD account	-	72,519
Cash and cash equivalents held for the operations of ANP	7,953,910	7,059,360
<i>Other cash and cash equivalents</i> <i>under the administration of ANP - see note below</i>		
ANZ Dili JPDA funds	22,212,204	23,485,758
	30,166,114	30,545,118

The ANZ Dili Joint Petroleum Development Area ('JPDA') funds are held in name of ANP as the Designated Authority of the Joint Petroleum Development Area in terms of article 6 (b) (iv) of the Timor Sea Treaty. The money is held on behalf of the Governments of Timor-Leste and Australia in respect of revenues received from the petroleum operations in the Joint Petroleum Development Area - see notes 9 and note 11.

	2015	2014
5. TRADE AND OTHER RECEIVABLES	\$	\$
Refundable deposits	10,900	10,900
Development fee	707,000	914,550
Contract service fee	195,124	20,000
Other receivables	14,464	17,835
Cash advance	-	9,811
Allowance for doubtful debt	(20,000)	-
	907,488	973,096

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

	2015	2014
6. OTHER CURRENT ASSETS	\$	\$
Prepayments	17,690	6,663

	2015	2014
7. INTANGIBLES	\$	\$
Cost		
Balance at beginning of year	818,631	594,846
Additions	179,836	223,785
Balance at end of year	998,467	818,631
Accumulated Amortisation		
Balance at beginning of year	468,676	330,947
Amortisation expense	202,784	137,729
Balance at end of year	671,460	468,676
Net book value	327,007	349,955

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8. PROPERTY, PLANT AND EQUIPMENT

	2015						
	Computer Equipment	Vehicles	Leasehold Improvements	Office Equipment	Office Furniture	Other Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 January 2015	630,611	286,125	228,956	367,276	90,860	88,742	1,692,570
Additions	31,535	-	1,030	96,986	7,390	-	136,941
	662,146	286,125	229,986	464,262	98,250	88,742	1,829,511
Accumulated Depreciation							
Balance at 1 January 2015	559,092	184,475	135,065	160,386	57,294	71,964	1,168,276
Depreciation and amortisation	50,515	42,500	23,506	99,056	14,614	6,089	236,280
	609,607	226,975	158,571	259,442	71,908	78,053	1,404,556
Net book value	52,539	59,150	71,415	204,820	26,342	10,689	424,955

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	2014						
	Computer Equipment	Vehicles	Leasehold Improvements	Office Equipment	Office Furniture	Other Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 January 2014	621,001	286,125	228,956	236,273	87,060	88,742	1,548,157
Additions	9,610	-	-	131,003	3,800	-	144,413
	630,611	286,125	228,956	367,276	90,860	88,742	1,692,570
Accumulated Depreciation							
Balance at 1 January 2014	488,357	141,058	102,690	110,779	43,628	65,527	952,039
Depreciation and amortisation	70,735	43,417	32,375	49,607	13,666	6,437	216,237
	559,092	184,475	135,065	160,386	57,294	71,964	1,168,276
Net book value	71,519	101,650	93,891	206,890	33,566	16,778	524,294

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
9. TRADE AND OTHER PAYABLES		
Trade payables	503,320	263,632
Unspent Government funding for petroleum audits	511,111	981,111
Monies held in connection with assistance to Sao Tome & Principe	153,404	77,609
Monies held in connection with assistance to Guinea Bissau	150,000	-
Withholding tax for non-resident	31,195	33,101
PAYG Clearing	21,328	18,613
Super Clearing	-	839
Total	1,370,358	1,374,905
To be distributed to the Government of Timor-Leste	19,990,984	21,137,182
To be distributed to the Government of Australia	2,221,220	2,348,576
Payables due by ANP as the JPDA Designated Authority (see note 4 and note 11)	22,212,204	23,485,758
	23,582,562	24,860,663

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

- a. A Memorandum of Agreement was signed on 21 March 2014 between the Ministry of Petroleum and Mineral Resources – Timor-Leste (the Ministry) and ANP wherein the Ministry is bound to transfer \$3.0 million for ANP's operational costs in 2014. In a letter signed by the Ministry's Director of Administration and Finance, it was stipulated that out of the \$3.0 million funding for 2014, \$1.0 million should be set aside for the audit of the petroleum contracts whilst the remaining \$2.0 million shall be used for operations.

	2015	2014
	\$	\$
Grant petroleum audit funding:		
Opening balance	981,111	-
Monies received from the Ministry of Petroleum and Natural Resources	-	1,000,000
Amount disbursed during the year	(470,000)	(18,889)
Monies remaining	511,111	981,111

- b. A Memorandum of Understanding was signed 18 May 2011 between the government of Timor-Leste and Sao Tome and Principe. The ANP has been entrusted to administer the funds received from the Ministry of Petroleum and Natural Resources.

	2015	2014
	\$	\$
Opening balance	77,609	135,473
Monies received from the Ministry of Petroleum and Natural Resources during the year	150,000	-
Amount disbursed during the year	(74,205)	(57,864)
Monies remaining	153,404	77,609

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

c. On 28 May 2015 as per the 2015 budget, the Ministry of Petroleum and Mineral Resources (MPRM) entrusted funds to ANP to administer the Guinea Bissau assistance.

	2015	2014
	\$	\$
Opening balance	-	-
Monies received from the Ministry of Petroleum and Natural Resources during the year	150,000	-
Amount disbursed during the year	-	-
Monies remaining	150,000	-

	2015	2014
	\$	\$
10. UNEARNED INCOME		
Contract service fees	543,869	546,630
Downstream fees	37,982	
	581,851	546,630

	2015	2014
	\$	\$
11. JOINT PETROLEUM DEVELOPMENT AREA BANK ACCOUNT MOVEMENTS SUMMARY		
Opening balance ANZ Dili JPDA funds	23,485,758	64,891,494
Cash received from the operators	595,503,269	1,133,610,094
Interest received	5,707	27,786
Bank charges	(5,856)	(1,834)
Net funds available for distribution	618,988,878	1,198,527,540
Funds distributed to Timor-Leste	(537,099,007)	(1,057,537,604)
Funds distributed to Australia	(59,677,667)	(117,504,178)
Closing balance ANZ Dili JPDA funds	22,212,204	23,485,758
Payable in respect of JPDA funds:		
To be distributed to the Government of Timor-Leste	19,990,984	21,137,182
To be distributed to the Government of Australia	2,221,220	2,348,576
	22,212,204	23,485,758

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
12. EMPLOYEE COSTS		
Salaries and wages	1,721,877	1,670,186
Superannuation and retirement investment funding	216,898	224,081
Annual leave travel	-	126,189
Staff amenities	36,726	43,631
Insurance	51,892	23,897
Employee benefits	2,962	10,151
Overtime	56,833	-
Other	11,873	10,618
	2,099,061	2,108,753
	2015	2014
	\$	\$
13. GENERAL AND ADMINISTRATIVE		
Consultancy	1,477,436	1,346,494
Travel	365,694	548,188
Training	630,387	374,193
Motor vehicle and equipment related costs	169,041	322,432
Advertising and promotion	168,056	251,880
Utilities	236,039	245,477
Printing and office supplies	83,463	102,978
Professional fees	28,160	56,938
Cleaning	35,618	38,393
Security	32,695	32,031
Subscription and membership	24,974	17,384
Bank charges	13,848	16,446
Bad debt	20,000	-
Other expenses	42,435	6,366
	3,327,846	3,359,200

During the year, ANP provided an allowance for bad debt amounting to \$20,000 in relation to a contract service fee which has been credited to the Timor-Leste petroleum fund account.

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14. FINANCIAL INSTRUMENTS

a) Financial risk management objectives and policies

The ANP's principal financial instruments comprise receivables, payables, cash and Corporate Credit Card Security placement.

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

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

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

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

b) Net fair value of financial assets and liabilities

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

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

c) Foreign Exchange Risk

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

d) Interest Rate Risk

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

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

AUTORIDADE NACIONAL DO PETRÓLEO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

a) Credit Risk

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

The ANP has a significant concentration to credit risk through its cash and deposits with banks. The main concentration is with two international banks.

b) Liquidity Risk

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

The ANP has a system of reducing its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables.

15. CONTINGENT LIABILITIES & ASSETS

There are no contingent liabilities or contingent assets as at 31 December 2015 and 2014.

16. EVENTS AFTER THE REPORTING PERIOD

Under Decree Law No. 1/2016 of 9th February, 1st amendment of Decree-Law No.20/2008 of 19th June, the Timor-Leste government has granted to ANP the powers and responsibilities to act as Timor-Leste's mining regulatory authority hence changing its name from Autoridade Nacional do Petróleo to Autoridade Nacional do Petróleo e Minerais ('ANPM'). ANP is responsible for establishing and supervising compliance with the enacted rules and regulations covering the exploration, development, production, transportation and distribution of petroleum, natural gas resources and minerals. It is also tasked to develop a strong petroleum and mineral management institution in Timor-Leste.

**AUTORIDADE NACIONAL DO PETRÓLEO –
TIMOR-LESTE**

**STATEMENT OF PETROLEUM REVENUE
RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015**

AUTORIDADE NACIONAL DO PETRÓLEO – TIMOR-LESTE
STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue receipts by field			
Bayu-Undan	3	591,341,441	1,119,205,857
Kitan	4	4,161,828	14,404,238
Total revenue receipts received		595,503,269	1,133,610,095
Interest earned from:			
• term deposits		1,231	15,103
• from contractors for profit oil/gas delayed payment	6	4,476	12,684
Total receipts received		595,508,977	1,133,637,881
Bank charges		(5,856)	(1,834)
Receipts less bank charges for the year		595,503,121	1,133,636,047
Cash at beginning of year		23,485,758	64,891,494
		618,988,878	1,198,527,541
Less: cash at end of year	5	(22,212,204)	(23,485,758)
Amount available for distribution		596,776,674	1,175,041,783
Distributed as follows:			
Distribution to Petroleum Fund of Timor-Leste		537,099,007	1,057,537,605
Distribution to Department of Industry, Innovation and Science, Australia		59,677,667	117,504,178
		596,776,674	1,175,041,783

AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS – TIMOR-LESTE
STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

GENERAL INFORMATION

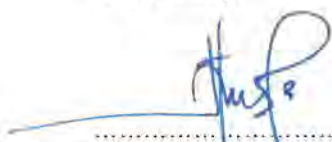
Board of Directors:	Mr Gualdino da Silva (President and Chairman) Mr Jorge Martins Dasilaku Mr. Jose Manuel Goncalves Mr Verawati Corte Real de Oliveira Mr Nelson de Jesus
Commercial Director:	Mr Angelo Lay
Place of business:	Ground Floor East Wing of Pálacio do Governo Dili, Timor-Leste
Bankers:	Australia and New Zealand (ANZ) Banking Group Limited.
Single auditor:	Mr Oscar Faria
External Auditor:	Merit Partners Pty Ltd
Country of Incorporation:	Timor-Leste
Currency:	United States Dollars

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APPROVAL OF THE STATEMENTS

The Statement of Petroleum Revenue Receipts and Payments for the year ended 31 December 2015 set out on pages 4 to 7 was authorised for issue in accordance with a resolution of the Board of Directors and is signed on their behalf by:


.....
Gualdino da Silva
President
Date: 17/5/16


.....
Angelo Lay
Director of Commercial
Date: 19 May 2016

Independent Auditor's Report to the Board of Directors of the Autoridade Nacional do Petróleo

We have audited the accompanying Statement of Petroleum Revenue Receipts and Payments ("the Statement") of Autoridade Nacional do Petróleo ("the Authority"), which comprises the statement of cash receipts and payments for the year ended 31 December 2015, notes comprising a summary of significant accounting policies and other explanatory notes.

The Board of Directors' Responsibility for the Statement

The Board of Directors ("the Board") is responsible for the preparation and fair presentation of the Statement in accordance with the significant accounting policies disclosed in Note 2 of the Statement and for such internal control as the Board determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Authority's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the Statement.

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

Opinion

In our opinion, the Statement of Petroleum Revenue Receipts and Payments present fairly, in all material respects, the cash balances of Autoridade Nacional do Petróleo as at 31 December 2015 and its cash receipts and payments for the year then ended in accordance with the significant accounting policies disclosed in Note 2 of the Statement.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the Statement which describes the basis of accounting. The Statement has been prepared to assist the Authority to meet its financial reporting requirements. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Authority and should not be distributed to parties other than the Authority.



Merit Partners



Matthew Kennon
Director

Darwin
Date 19 May 2016

AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS – TIMOR-LESTE
NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Nature of operations

The Autoridade Nacional do Petróleo (ANP) was established on the 1st of July 2008 after the Decree Law No. 20/2008 was passed on the 19th of June 2008.

The ANP is Timor-Leste's body responsible for managing and regulating petroleum activities in Timor-Leste's exclusive jurisdictional areas and in the Joint Petroleum Development Area (JPDA) in accordance with the Decree Law on the establishment of the ANP, the Timor-Leste Petroleum Activities Law, and the Timor Sea Treaty ('Treaty').

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

ANP, pursuant to Article 6 of the Treaty is responsible for the management of the activities relating to exploration for the exploitation of the petroleum resources in the JPDA. This includes the collection and distribution of proceeds generated from the sale of petroleum products produced from Bayu-Undan and the Kitan fields.

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

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

The Contracting companies operate in both the Bayu-Undan and Kitan fields.

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

The Kitan oilfield is in the JPDA 06-105 PSC area. Discovered in 2008 it lies approximately 170 kilometres offshore the Timor-Leste coast and 500 kilometres from the Australian coast. The Kitan field produces oil. Eni Corporation is the operator with a 40% interest, while its joint venture partners Inpex Corporation has 35% and Talisman Energy Resources has 25% interest.

2. Significant accounting policies

a. Basis of preparation

The statement of petroleum revenue receipts and payments is prepared on a cash basis. The statement is prepared for monies received by the ANP as a Designated Authority under the Treaty. These petroleum proceeds are held on behalf of the Timor-Leste and Australia Governments in a ANZ bank account in the name of the ANP and are distributed to the two governments on a regular basis. Revenue distribution consist of First Tranche Profits (FTP)/Royalties, profit oil/gas and interest earned, net of bank charges incurred. The accounting policies have been applied consistently throughout the period.

b. Petroleum revenue receipts

Petroleum revenue receipts are recognised on receipt in the ANZ bank account.

c. Payments

Payments are the distributions to the Timor-Leste and Australia governments in terms of the Treaty and the Decree Law 20/2008.

AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS – TIMOR-LESTE
NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

d. Foreign currency

The ANP's statement of petroleum revenue receipts and payments is presented in United States Dollars.

e. Cash and Cash Equivalents

Cash and cash equivalents includes amounts held in current and short term deposits at ANZ bank account. Amounts held represent petroleum proceeds (royalty and profit oil/gas) received, interest and net of bank charges.

These proceeds together with any interest received and net of any bank charges incurred is distributed to the respective governments. Distribution is made to the Petroleum Fund account of the Central Bank of Timor-Leste and the Department of Industry, Innovation and Science account, Australia. Distributions are made on a monthly basis for royalties and profit oil from Kitan. Profit generated from Bayu-Undan is distributed within the month on the following day of the contracting companies depositing funds into the ANP ANZ bank account.

f. Interest

Short term deposit interest is derived from short term deposits made at the ANZ bank in any given month prior to the funds being distributed to the respective governments in the following month.

Profit oil interest is received as compensation for the delay of profit oil payment on ANP's share of profit oil.

AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS – TIMOR-LESTE
NOTES TO THE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. BAYU-UNDAN FIELD RECEIPTS

	2015 \$			2014 \$		
	First Tranche Profits	Profit oil and gas	Total	First Tranche Profits	Profit oil and gas	Total
ConocoPhillips 03-12 Pty Ltd	92,342,306	278,634,435	370,976,741	147,385,597	556,551,761	703,937,358
Tokyo Timor Sea Resources	-	44,556,570	44,556,570	-	93,999,064	93,999,064
Santos Petroleum Pty Ltd	-	55,643,015	55,643,015	-	117,450,402	117,450,402
Inpex Sahul	-	66,947,500	66,947,500	6,001,818	95,970,571	101,972,389
ENI JPDA 03-13	-	53,217,615	53,217,615	-	101,846,644	101,846,644
	92,342,306	498,999,135	591,341,441	153,387,415	965,818,442	1,119,205,857

ConocoPhillips is the lifting party on behalf of all Joint Venture partners. The FTPs for Tokyo Timor Sea Resources, Santos Petroleum Pty Ltd, ENI JPDA 03-13 and Inpex Sahul is included in the ConocoPhillips FTP amount.

4. KITAN FIELD RECEIPTS

	2015 \$			2014 \$		
	Royalty	Profit oil	Total	Royalty	Profit oil	Total
ENI 06-105	2,399,724	(521,766)	1,877,958	3,338,599	(501,887)	2,836,712
Talisman Resources	1,499,836	(326,094)	1,173,742	2,086,637	(313,679)	1,772,958
Inpex Timor Sea	1,742,984	(632,856)	1,110,128	5,394,600	4,399,968	9,794,568
	5,642,544	(1,480,716)	4,161,828	10,819,836	3,584,402	14,404,238

5. CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
ANZ held in the name of ANP at end of year	22,212,204	23,485,758
To be distributed as follows:		
- to Petroleum Fund of Timor-Leste	19,990,984	21,137,182
- to Department of the Industry, Innovation and Science, Australia	2,221,220	2,348,576
	22,212,204	23,485,758

6. FIELD INTEREST FROM PROFIT DELAYED PAYMENT

	2015 \$	2014 \$
Profit Oil:		
Bayu-Undan:		
Inpex Sahul	3,386	9,033
Tokyo Timor Sea Resources	1,090	3,449
ENI JPDA 03-13	-	202
	4,476	12,684