

COMMERCIAL AGREEMENT

BETWEEN TIMOR GAP AND [...] IN RELATIONS TO ONSHORE BLOCK [...]

This Commercial Agreement (herein referred to as "Agreement") is entered into on ____ July, 2015
by and between:

TIMOR GAP – TIMOR GÁS & PETRÓLEO, E.P., a State-owned company incorporated, organized and existing under the laws of the Democratic Republic of Timor-Leste, created by means of Decree-Law no. 31/2011, of 27 July 2011, having its registered office at Level 3, Timor Plaza, Rua Presidente Nicolau Lobato, Comoro, Dili, Timor-Leste (hereinafter referred to as "**TIMOR GAP**") of the one part

And

[Insert company's full name], a company incorporated in *[insert place of incorporation]*, with registered number *[insert registration number]* and having its registered office at *[insert registered address]*, (hereinafter referred to as "[...]") of the other part.

TIMOR GAP and [...] are herein referred to individually as "Party" and collectively as "Parties".

Whereas

- A. TIMOR GAP has requested proposals from companies to form an unincorporated joint venture through a Joint Operating Agreement for the purposes of entering into a Production Sharing Contract with the Government of Timor-Leste in the Onshore Block, after all required approvals being finalized;

- B. [...] has provided the best offer to TIMOR GAP and hence, has been selected to form an unincorporated joint venture subject to the Request for Proposal requirements, payment of all amounts stated in the proposal and the terms of this Agreement;
- C. TIMOR GAP and [...] have since engaged in more detailed technical discussions with respect to entering into the Joint Operating Agreement and the Parties entering into a Production Sharing Contract with the Government of Timor-Leste.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants, agreements and conditions herein contained, it is hereby covenanted, agreed and declared by and among the Parties as follows:

1. DEFINITIONS

In this Agreement (as defined herein), unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings ascribed below:

- 1.1. **"Final Agreements"** means the final and binding, fully negotiated, mutually accepted agreements in respect to the acquisition of the participating interests in the Onshore Block to be signed between TIMOR GAP and [...] ("Joint Operating Agreement") and to be signed between both Parties and the Government ("Production Sharing Contract"), which will:
 - a) include, amongst other terms and conditions, appropriate representations, warranties, indemnities and liabilities substantially in the form of the drafts included in the Request for Proposal; and
 - b) be subject to certain conditions, including, but not limited to, receipt of all necessary

approvals, including regulatory and governmental approvals.

- 1.2. **“Request for Proposal”** means the document containing the request for proposal submitted by TIMOR GAP to [...] on _____.
- 1.3. **“Onshore Block”** means the onshore block _____ as described in Appendix A.
- 1.4. **“Transaction”** means the acquisition by [...] of a participating interest in the Onshore Block through signing of a Production Sharing Contract with TIMOR GAP and the Government of Timor-Leste.
- 1.5. **“Effective Date”** means the date this Agreement is signed by both Parties.

2. WORKING TEAM

- 2.1 The Parties agree to set up two working teams that will lead the necessary diligences to conclude the Transaction:
 - (a) TIMOR GAP designates [...], to lead on behalf of TIMOR GAP, and;
 - (b) [...] designates [...], to lead on behalf of [...].
- 2.2 Either Party may nominate alternative team leaders or a single point of contact for the discussions by providing written notice to the other Party. Either Party is free to appoint whatever staff or consultants it deems necessary to participate in the working teams, and neither Party may oppose to the appointment by the other Party of any working team members.

3. PARTIES OBLIGATIONS

- 3.1 The Parties agree to discuss in good faith and sign the Final Agreements after all required governmental and regulatory approvals being provided and subject to the terms and conditions of this Agreement and the Request for Proposal.
- 3.2 [...] agrees to meet and maintain all the requirements stated in part C no. 2 of the Request for Proposal.
- 3.3 Within five (5) business days after the signature of the Production Sharing Contract, [...] shall transfer the amount of _____ USD to TIMOR GAP.
- 3.4 TIMOR GAP shall be responsible for reporting and paying its own tax measured by the profit or income of TIMOR GAP under this Agreement to the relevant Timor-Leste's tax authority.

4. NOTICES

Except as otherwise specifically provided, all notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English), shall be deemed to have been properly given when addressed to the appropriate Parties at the addresses as set out below, and delivered in person or by a recognized international courier service maintaining records of delivery; or transmitted by facsimile; provided that the sender can and does provide evidence of successful and complete transmission; or transmitted by e-mail; provided that the recipient transmits a manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt.

(a) TIMORGAP: **TIMOR GAP, E.P.**

For the Attention of:

Position:

Address: Level 3, Timor Plaza, Rua Presidente Nicolau Lobato,
Comoro, Timor Plaza, Dili

Phone number: + 670 3310953

Fax Number: +670 3310952

(b) [...]: [...]

For the Attention Of:

Position:

Address:

Phone number:

Fax Number:

5. GENERAL PROVISIONS

- 5.1 This Agreement may be amended, altered or terminated in any provision and such changes shall become effective when reduced to writing and signed by both Parties hereto.
- 5.2 This Agreement shall be binding on and inure for the benefit of the successors of each of the Parties. None of the Parties may assign or transfer all or part of its rights or obligations under this Agreement without the prior consent in writing of the other Party.
- 5.3 Each Party shall bear its own costs and expenses (including any travel expenses, consultancy or advisor costs or fees) in respect of any and all activities relating to or contemplated by this Agreement, and documentation or completion of the Transaction.

- 5.4 This Agreement shall be governed by and construed in all aspects in accordance with the laws of Timor-Leste and the Parties submit to the exclusive jurisdiction of the Courts of the Democratic Republic of Timor-Leste.
- 5.5 Except if required by any statutory provision, or national or international duty or obligation, neither Party shall disclose the terms of this Agreement without the prior consent in writing of the other Party.
- 5.6 The Parties agree that this Agreement shall be valid, binding and effective as of the Effective date and remain in force until all obligations under this Agreement have been extinguished.
- 5.7 The rights, duties, obligations, and liabilities of the Parties under this Agreement shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create, a partnership, joint venture or association or (except as explicitly provided in this Agreement and the Final Agreements) a trust. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement and the Final Agreements. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement and the Final Agreements.
- 5.8 This Agreement may be executed in any number of counterparts, which may be exchanged by facsimile or emailed PDF files, and all of the counterparts together shall constitute one agreement. This Agreement shall not take effect until all of the Parties have executed and exchanged a counterpart.

IN WITNESS of their agreement each Party has caused its duly authorized representative to sign this instrument on the date indicated below such representative's signature.

(Company Name)

By:

(Print or type name)

Title: _____

Date: _____

(Company Name)

By:

(Print or type name)

Title: _____

Date: _____



APPENDIX A

DESCRIPTION OF THE ONSHORE BLOCK

4