



2015 Minerals Yearbook

TIMOR-LESTE [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF TIMOR-LESTE

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The Democratic Republic of Timor-Leste (Timor-Leste, or East Timor) is situated on the eastern side of the Island of Timor, which is located 550 kilometers (km) north of Australia; the western side of the island belongs to Indonesia. Timor-Leste officially became an independent country in 2002. The gross domestic product (GDP) in 2015 increased by an estimated 4.3% compared with an increase of 5.9% in 2014. Since the country's independence, the petroleum sector had accounted for almost 80% of the GDP of the country and was the source of more than 90% of Government revenues (Asian Development Bank, 2014, p. xii; World Bank, The, 2016, p. 154–155).

Preliminary studies in Timor-Leste have shown the presence of metallic minerals, such as copper, gold, manganese, and silver, and of nonmetallic minerals, such as gypsum, limestone, marble, and sand and gravel. Timor-Leste's Institute of Petroleum and Geology continued to conduct research that might lead to future development of resources of gemstones, industrial minerals, metallic minerals, radioactive ores, and rare-earth minerals. As of 2015, the Government was planning to initiate the development of the mineral industry through the approval of a draft Mining Code. The draft Mining Code would regulate all mining activities, such as recognition (identification), prospecting, research, evaluation, development, mining, processing, refining, and trading. The draft code was expected to be approved in 2016 (Government of Timor-Leste, 2016).

The National Petroleum and Minerals Authority (ANPM) is a Government institution in Timor-Leste responsible for managing and regulating petroleum and mining activities. The Timor Sea Treaty (TST) is a joint commission of Australia and Timor-Leste formed to create policies and regulations for petroleum activities in the Joint Petroleum Development Area (JPDA). The JPDA and the Greater Sunrise—two adjacent but separate gas-condensate fields—are areas in which Australia and Timor-Leste work together to facilitate development of shared petroleum resources. The Greater Sunrise field has 218 billion cubic meters of gas reserves and 299 million barrels of condensate reserves. The ANPM regulates operations in the JPDA field on behalf of both countries. The TST has stated that revenues from the JPDA field will be split between Timor-Leste and Australia on a 90:10 basis (Timor GAP, 2015a, p. 51).

ConocoPhillips Australia, which was a subsidiary of ConocoPhillips Co. of the United States (56.9%), operated the Bayu-Undan field in joint venture with Santos Ltd. of Australia (11.5%), INPEX Co. of Australia (11.4%), Eni S.p.A. of Italy (11%), and Tokyo Timor Sea Resources Pty of Japan (9.2%). The Kitan field, which was operated by Eni (40%) and joint-venture partners INPEX Timor Sea Ltd. (35%) and Talisman Resources Pty Ltd. of Australia (25%), ceased production in December 2015 because it had reached the end of its normal life (Autoridade Nacional do Petróleo e Minerais, 2009; 2016, p. 26; 2017; Timor GAP, 2015a, p. 21; Government of Australia, 2017).

Timor GAP, which started operations in 2012, is Timor-Leste's national oil company. It was created to facilitate the development of the oil and gas resources of the country and to optimize the economic benefits resulting from the oil and gas sector. Timor GAP was the manager of the Tasi Mane development project. The Tasi Mane project was expected to have three industrial clusters on the south coast of Timor-Leste from Suai in the district of Covalima to Beaço in the district of Viqueque. The Tasi Mane project was planned to include a supply base, a refinery, a petrochemical complex, a pipeline, and a liquefied natural gas plant. The refinery was expected to have an initial capacity of 30,000 barrels per day (bbl/d) that would be increased progressively to 100,000 bbl/d. The Government planned to build a seaport and a shipbuilding and repair facility and to rehabilitate the Suai airport. The project was expected to be completed by 2018. In 2015, Timor GAP signed a production-sharing contract (PSC) through its wholly owned subsidiary company Timor GAP Offshore Block to begin offshore exploration in Block TL-SO-15-01. The block is located 100 km south of Dili and covers an area of 3,000 square kilometers. The PSC commitments included the acquisition of three-dimensional seismic survey data and processing and interpretation of the data (Government of Timor-Leste, 2015; Timor GAP, 2015a, p. 7, 22, 35, 43; 2015b).

With the decline in petroleum prices and production, the Government's budget had moved from a surplus of 40% in 2013 to a deficit of 10% in 2015. Nevertheless, oil revenues have been saved in the country's Petroleum Fund—a \$16 billion repository for all petroleum revenues. In 2015, in an effort to promote private investment, encourage economic diversification, and support sustainable employment, the Government published the “Guide for the Economic Reform and Growth of Timor-Leste 2015–2017,” or the GRFE. The GRFE proposes prioritizing the following five economic sectors: oil and gas, agriculture, fisheries, tourism, and manufacturing. This proposal was an outcome of Timor-Leste's Strategic Development Plan, which envisions that, by 2030, the country will be part of the group of middle-upper income countries. The plan aims to eradicate extreme poverty and establish a non-oil-based, sustainable, and diversified economy (World Bank, The, 2016, p. 154–155; Government of Timor-Leste, 2015, 2017).

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