

Press Release – TIMOR GAP, E.P.

Response of TIMOR GAP to the statements made by the former President & CEO of TIMOR GAP, Mr. Francisco Monteiro, to LUSA on the 1st September, 2020

Date: 2nd September, 2020

Today the Management of TIMOR GAP expressed that, it has been forced to join the debate between the former President and CEO, Francisco Monteiro and the Minister of Petroleum to correct misleading comments directed to LUSA yesterday.

In the first instance, Francisco Monteiro is still an employee of TIMOR GAP, even though no longer the President and CEO. He has no role making representations on behalf of the company without authorization of the management of the company.

The Management of TIMOR GAP said, “It is quite outrageous that he is divulging companies’ secrets, and worse still, an inaccurate and misleading set of numbers. To involve himself in a political debate with the Minister goes against all the internal policies and procedures that he himself implemented at TIMOR GAP.”

There was never a proper feasibility study in the years leading up to the implementation of the Tasi Mane project as a whole, as the government at the time, with Monteiro at the helm of TIMOR GAP, came up with a project, and then tried to justify it with flawed economic data and predictions, said the TIMOR GAP Management.

The economic numbers that he cites are wrong, at the best wildly speculative.

Mr. Monteiro should remember the embarrassment caused to TIMOR GAP when he presented an incorrect economic analysis of the Tasi Mane project during the Maritime Boundary talks, that was smashed by independent assessors jointly appointed by the governments of Timor-Leste and Australia. The independent report is online (<https://pcacases.com/web/sendAttach/2355>) for anyone to see that 15 errors were made in economic assumptions based on the figures given by TIMOR GAP. An example of Mr. Monteiro's erroneous figures on Greater Sunrise, he says to LUSA that there could be an income of \$32 Billion based on the figure of \$70 per barrel. This is wrong, the revenue of \$32 Billion is based on \$62.50 per barrel. Mr. Monteiro is making claims that there are 15% returns when the real figures are half this, and only if everything works properly. These are at best only estimates that are far from true.

It is very premature and uncertain to conclude, due to fluid composition, that has a huge implication to surface facility costs (capex and opex) which is until today TG's study has not even been able to come to the details of cost per barrel of oil. While on the downstream part, TG's has not been able to carry out any downstream market intelligence analysis to map out the LNG buyers. The offtake market is crucial to determine the development concept of the Upstream Project.

The point is that our people can be misled to thinking of a dream of all this money, that turns into a nightmare before they wake up.

Instead of destabilizing the population with dream numbers, it is better that he attends to what is needed, clearing the name of TIMOR GAP from various different investigations, and explaining to the Audit Court what was going on during the last years at TIMOR GAP. Most of all he should remember that

divulging secrets about the oil and gas sector (even false secrets) is a criminal offence under the Petroleum Activities Law.

In the end, the proof that he uses false data is demonstrated by the banks, and even the Chinese government who refused to fund this project because they cannot see the real economic numbers.

Therefore, we would like to advise Francisco being from the new younger generation and the founding CEO of TIMOR GAP that he is supposed to be a role model for the younger generation, ethically and morally and obedient to the institutional hierarchy.

Changing the leadership of the company is a normal process, as recently undertaken, to ensure the continued sustainability and prosperity into the future.

We all need to work together for a brighter future for the people of Timor-Leste.

Further information: Francisco Alegria, TIMOR GAP's Press Officer, tel.: +670 77458414, E-mail: francisco.alegria@timorgap.com