To: H.E Minister of Petroleum and Mineral Resources, Mr. Alfredo Pires

Cc: 1. H.E. Minister of Commerce, Industry and Environment, Mr. Antonio da Conceição
    2. H.E. Vice Minister of Commerce, Industry and Environment, Mr. Abel da Costa Freitas Ximenes
    3. H.E President of Timor Gap, Mr. Francisco Monteiro

No. Ref: 60 / SSE / VI / 2013
Date: 12 June 2013
Subject: Approval the EIA, EMP documents and Issued Environmental License

Excellency,

Refer to the Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) document that submitted to the Secretariat of State for Environment (SSE) dated 18 September 2012. The EIA evaluation committee has reviewed the EIA and EMP document for Suai Supply Base project, which the Ministry of Petroleum and Mineral Resources will occupy land area with scale 1105 ha for Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves.

Hence herewith pursuant to Chapter IV of Decree Law on Environmental Licensing No. 05/2011, the SSE Approval the EIA, EMP documents and issued Environmental License for Suai Supply Base Project. For your information please see attached the Environmental License contents on the next pages.

Yours faithfully,

Numinando Soares Martins-Buras
Secretary of State for Environment
ENVIRONMENTAL LICENSE

Issued under Decree Law on Environmental Licensing No. 05/2011

In accordance with decision dated on 12 June, 2013 by the State Secretariat for Environment Mr. Numinando S. Martins “BURAS”, after consulting with the EIA Evaluation Committee, pursuant to Chapter IV of Decree Law on Environmental Licensing No. 05/2011 (Decree Law 05/2011), an Environmental License for the activity referred to in the Schedule below is APPROVED (EIA) Main Report, subject to the conditions contained in the Annex.

Schedule

Proponent of Project: Ministry of Petroleum and Mineral Resources

Date Submit Application: 18 September 2012

Application Number: 029 / AIA-DNMA / IX / 2012

Environmental License Number: 02 / C:A-1 / SSE-MCIE / VI / 2013

Land Areas: 1105 ha in Suai, Sub-district

District and Sub-district: Suai and Suai Vila

Category of Development: Category A

Project: Suai Supply Base, Suai Sub-district, consisting of five major components: Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves

Date of Notification: 12 June 2013
Notes:

1. This project not only important from sovereignty view point and the opportunity for economic development, but in other site also potentially risk for economic, environment, social and cultural.

2. This Environmental License is non-transferable in accordance with Articles 22 (4) of Decree Law 05/2011.

3. Proposed changes to the project affecting environmental impacts or the project area/size, or relocation, are subject to technical review and approval in accordance with Chapter VIII of Decree Law 05/2011.

4. Appeal rights are governed by Decree Law 32/2008 on Administrative Procedure.

5. The Proponent is solely responsible for ensuring all other necessary licenses, permits, authorizations or recommendations are obtained from relevant government authorities.

6. The Proponent is responsible for ensuring that all subcontractors or others carrying out works associated with this Environmental License comply with the EIA, EMP and terms of this Environmental License.

7. All future communications, documents and reports prepared by or on behalf of the Proponent in relation to the Project and submitted to the National Directorate for Environment (‘DNMA’) shall be in Tetum, Portuguese and English, and in both electronic and hard copy (pdf).
Annex - Conditions of Environmental License

The conditions contained in this Annex are to protect the environment and to mitigate the environmental impacts of the Project.

General Conditions

1) Project in accordance with environmental impact assessment documents and environmental licenses:

1.1. The Project must be carried out in accordance with the Environmental Impact Assessment for the Suai Supply Base project for Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves, prepared by Worley Parsons Environmental Consultants, dated May 2012 (hereafter, ‘EIA’) and the incorporated environmental management plan;

1.2. All development and construction activities associated with the Project must be carried out strictly within the Project Site Boundary, as set out in the Project depicted in Figure 4.2. of the EIA;

1.3. This Environmental License gives approval for the construction of Suai Supply Base Project, consisting of five major components: Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves as described in the EIA;

1.4. Any proposed changes, alterations and the changing of technology and equipment used or additional changes to the Project that the Proponent wishes to undertake that are not consistent with the EIA and EMP, and this Environmental License will require an additional Environmental License or amendment of this Environmental License, in accordance with relevant provisions of Decree Law 05/2011;

1.5. Excavation and collection of raw material out site from project sites for the construction propose in a significant proportion and potential cause damage to any natural habitat need an special requirement and authorization.

2) Renewal, Lapsing, Amendment and Cancelation of Environmental License:

2.1. This Environmental License is granted for an initial period of two (2) years from the Date of Notification set out in the Schedule. At the time of renewal, NDE shall determine the time granted for the second License period (enforced by Decree Law-Environmental License article 24);

2.2. This Environmental License shall lapse two (2) years from the Date of Notification in the Schedule;

2.3. NDE may review and alter any conditions in this Environmental License, including by requiring alterations to the Environmental Management Plan, to respond to any proposed
changes to any component of the Project through any application made by the Proponent to NDE relating to the Project, if NDE deems it necessary to do so protect the environment;

2.4. Due to serious violation to the EIA, EMP and Environmental License procedures, the authority of environmental of The Republic Democratic of Timor-Leste, will suspend or cancel environmental license as described in article 35, section c - Decree Law: Environmental License, No 5/2011.

Additional Requirements and Modifications

3) Construction and Operational phase:

3.1. Possibility of erosion and sedimentation should be regularly checked by the proponent through inspecting Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves works that involve borrow pits, quarry and stockpiles. Rehabilitation of exposed areas should be done as soon as possible to prevent severe erosion;

3.2. For air quality related to dust, inspection should be done to ensure that residents living and public facilities surrounding the construction site are not affected. Hence spreading water will help minimize dust emission close to the residential areas;

3.3. The proponent must assure that sea water nearby are safe from contamination that includes fuel and lubricants used in the Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves works;

3.4. The proponent must guarantee that community water supply facilities are not damaged during the construction and operation stage of supply base;

3.5. The proponent must enforce the disposal of surplus materials at environmentally safe disposal/ fill sites and that spoil stockpiles are managed properly;

3.6. Soils from the excavation must not be disposed of near the water bodies, river, sea, lake, paddy field, farmland and community’s residential area surrounding the construction site or in other sensitive ecological sites;

3.7. Sites where rocks and sands are excavated should be 20 meters away from the river side;

3.8. When the project is complete, excavated areas must be rehabilitated;

3.9. Actively monitor the water bodies that are close to the construction site during the construction process;

3.10. The community from the residential areas, paddy fields, industry plantation, farmlands and agricultural plantation whom are affected must be given compensation as set out in the Project depicted in Figure 4.1.5 of the EIA;

3.11. Vegetation removal or clearing shall be minimized and shall be carried out on land that must be cleared for areas designated for construction only. The total removed area shall be
compensated with the same area in or out of the project site. Vegetation that must be removed for the purposes of construction activities shall be cleared in the dry season only, and in an incremental manner over the course of construction phase, with re-vegetation and landscaping done at the earliest possible time for each component of the Project, to minimize soil erosion and sedimentation, in accordance with the Vegetation Management Plan referred to in Condition 12 of this Environmental License and based on carbon footprint mechanism;

3.12. The clearing of any coastal vegetation and mangroves in the Project site is prohibited, including those in the vicinity of the project site. In addition, major alteration of the beach for the port with affecting the environmental marine is also prohibited;

3.13. The location of any wastewater should be located away from the We Dare and We Matan Bua Oan (two crocodile reserve areas);

3.14. No fuels residues from the ships and solid waste construction disposed into port waters;

3.15. Do not store chemicals, fuels and fuel pump near the watercourses;

3.16. Any threatened to any valuable plant located during the construction phase should be transplanted as part of the reforestation and landscaping program;

3.17. When the activity commence, community near the area of the project must be included to offer them jobs in which could help minimize the social impacts;

3.18. The proponent should be responsibility for all employee which sick or get accident during construction and operation phase;

3.19. Conflict which happened within construction site the proponent as soon as possible to resolve;

3.20. Do not damage ritual and the cultural site which existing within and surrounding the site of project;

3.21. During the construction activity, noise from the excavator must be controlled. The uses of dynamic and other explosion material due to technical requirement shall be primary inform to local community surrounding the construction sites;

3.22. Trucks carrying construction materials (sand, stones, cement etc) must be covered by tarpaulin to prevent materials from falling of the trucks;

3.23. Rehabilitate eroded areas caused by the operation of the construction project;

3.24. During daytime construction site should be sprayed with water every three hours each day surrounding the construction site;

3.25. Soil erosion and sediment control measures shall be maintained for as long as necessary after the completion of the works to ensure that there is nil or minimal harm to the lakes wetland ecosystem, rivers, and the marine environment;

3.26. The Proponent shall comply with the WHO’s *Air Quality Guidelines for particulate matter, ozone, nitrogen dioxide and sulfur dioxide*, and in particular shall implement appropriate dust
suppression measures, including wet suppression and the control of speed limits for vehicles, in particular during the dry season;

3.27. Work hours for construction activities shall be restrict between 07.00 and 19.00 hours during the construction phase; the needs for complying with National and International Labor Regulation on working hour in order to avoid disaster and violation to labors;

3.28. No open burning shall be permitted on the Project site during the construction and operation phase;

3.29. The Proponent shall comply with the World Health Organization (WHO) Guidelines for Community Noise;

3.30. The We Dare and We Matan Bua Oan shall not be used as sediment ponds during the construction or operational phases of the Project;

3.31. The ground water which existing within project site is not extracted for use during construction;

3.32. Prepare an appropriate disposal site for solid and liquid waste from the construction activity, excavators and vehicles;

3.33. The proponent must ensure that the waste is disposed of at disposal area which the Government determine;

3.34. The Proponent shall take all reasonable measures to ensure the continuing access to and amenity of publicly important areas during the construction phase of the Project, in particular the beach at port area and related fishing sites, and ritual the culture site within site project;

3.35. The Proponent, through its monitoring program, shall ensure there is regular monitoring of marine water quality and impacts of the Project on the marine environment, in particular the health of coral reefs, and shall conduct regular reef checks;

3.36. During the construction and operation of the port, noise from the machine and vibration must be controlled;

3.37. Collected all materials construction which spill into the marine environmental along the site of Port during construction phase;

3.38. All equipment, chemicals and materials construction entering Timor-Leste from overseas should be inspected to ensure quarantine standards are met;

3.39. The Proponent must ensure that waste collection mechanisms are adequate and that all waste is disposed of appropriately and on a regular basis;

3.40. All damage of environmental caused by the activity construction of Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves the proponent shall take responsibility to clean up, rehabilitate as well as conducting environmental restoration to the damage sites;
3.41. After the project is finally done, the proponent is responsible to clean up all the waste from the construction activity surrounding the construction site;

3.42. Proponent must comply all the Notes and condition of Environmental License which mentioned on above and Environmental Management Plan of the Proponent;

3.43. Proponent must ensure to fulfill its commitment for compensation and other benefit for community as part of Impact and Benefit Agreement (AIB), as it described in article 15, section 1 Decree Law: Environmental License No 5/2011.

National Directorate for environment will supervise and orient the proponent referred to the Environmental License and EMP.