



**LAW N.º 12/2021,
of 30 June 2021**

MINING CODE

Pursuant to Article 139 of the Constitution of the Democratic Republic of Timor-Leste, natural resources must be regulated by a separate act, as the regulation of the activities pertaining to the carrying out of Mining Activities, including Reconnaissance, Exploration and Evaluation, appraisal, Development, Mining, Processing, transportation and Marketing of Minerals and Mine Closure Activities, is of the utmost importance to the country, particularly considering the impact those activities have on the supply of key raw materials needed for the development, economic growth and prosperity of the country.

The existing rudimentary legal framework needs to be urgently recast, especially as regards the regulation of the carrying out and supervision of Mining Activities, the development of the local mining industry, and the optimization and organization of the process for marketing Minerals on both the domestic and international markets.

Therefore, with the approval of this act, the Democratic Republic of Timor-Leste moves forward in the setting up of a modern regulatory legal framework, providing an integrated framework for the regulation of the grant of Mineral Rights, including the administrative procedural rules for the granting of licenses and permits to natural and legal persons wishing to carry on Mining Activities in the country, the definition of Concession Areas, the rights and obligations of Mineral Rights Holders, as well as the rules on inspection and supervision of Mining Activities, the sanctions and penalties applicable in case of failure to perform the obligations set forth in the Mining Code, as well as the specific rules on environmental protection, safety and health in Concession Areas.

As such, the purpose of this act is to promote and facilitate the discovery and the harnessing of Mineral Resources in Timor-Leste, having regard to the need of encouraging ecologically sustainable development, and in particular, to recognize and foster the significant social and economic benefits to the country that may result from the efficient development of Mineral Resources and to ensure the collection of revenue for the State arising from such exploitation.

Pursuant to Article 95.1 of the Constitution of the Republic, the National Parliament decrees the following, that shall have force of law:

Article 1
Approval of the Mining Code

The Mining Code attached to and an integral part of this act is hereby approved.

Article 2
Mining Policy

1. It is within the Government's remit to approve both the mining policy and its implementation strategy, and establish the resources, the milestones, and the deadlines for its application.
2. When preparing the mining policy, the Government shall abide by the Constitution's principles and fundamental rules, the specific remit of the National Parliament, the existing economic regime, the rules of this code, as well as the mining activity's legal principles and strategic goals set out in the following Articles.

Article 3
Mining sector's strategic goals

The mining sector has the following strategic goals:

- (a) Ensure the country's sustainable economic and social development, including through the scientific-based knowledge of the national territory and the characteristics of its soil and subsoil. Such knowledge must draw on public or private entities' research in close cooperation with the Timorese State;
- (b) Create jobs and improve the living conditions of populations living in the mining areas;
- (c) Protect the environment by minimizing any negative impacts that geological and mining operations might have on the environment and also through environmental rehabilitation;
- (d) Ensure the development of national human capital, particularly through human resources training and development programs in cooperation with the public, notably the education system, and private sectors;

- (e) Ensure tax revenue for the State;
- (f) Even while acknowledging the specificity of the mining activity, ensure gender inclusion and combat discriminatory practices in the industry;
- (g) Combat unlawful mining practices;
- (h) Establish an effective, streamlined, and transparent mineral rights' grant framework, based on the general principle of free access, in strict abidance with the law and framed within the Government-approved mining policy and strategy;
- (i) Foster the use of national mineral resources, by increasing their added value to the maximum extent possible in the national territory;
- (j) Encourage reinvestment in the country of mineral resources' mining proceeds.

Article 4

Sustainable mining of the mineral resources

Mineral resources shall be mined in a sustainable manner to the benefit of the national economy, in strict abidance with safety rules, economic use of the soil, the rights of local communities, and environmental protection.

Article 5

Repeal

All legislation or regulations in force as at the effective date hereof that contradict the rules contained in the Mining Code, including but not limited to Ministerial Statute 64/2016, of 16 November 2016, are hereby repealed.

Article 6

Entry into force

This act shall come into force 180 days following its publication.

Approved on 24 May 2021.

The President of the National Parliament.

Aniceto Longuinhos Guterres Lopes

Enacted on 25 June 2021.

Be it published.

The President of the Republic

Francisco Guterres Lú Olo

APPENDIX
(as set out in Article 1)

MINING CODE

CHAPTER I
GENERAL PROVISIONS

Article 1
Purpose and Scope of Application

1. This Code establishes the legal regime governing Mining Activities in the Democratic Republic of Timor-Leste.
2. The Regulatory Authority is tasked with the administration of the Mining Activities, pursuant to this Code.
3. Notwithstanding Article 1.2, the administration of Mining Activities relating to Minerals that are not classified as Strategic Minerals under article 6 of this Code in the Special Administrative Region of Oe-Cusse Ambeno is entrusted to the relevant bodies in the Region, pursuant to applicable law.

Article 2
Definitions

For the purposes of this Code and its ancillary regulations, the following terms shall have the meaning set out below:

- (a) “Applicable Law”: means any regulations, by-laws, codes, enactments, including authorisations, decisions and directives in force in Timor-Leste from time to time relevant to the implementation of the provisions provided in this Code;
- (b) “Artisanal Mining Activities”: means Mining Activities that meet the following cumulative requirements:
 - i) Rudimentary nature of the operations and use of non-mechanical means and simple extraction and processing equipment;

- ii) Small volume and scale Mining Activities; and
 - iii) Use of manual processing and transportation methods, except where the Mining Activities are exclusively carried out for own use or any integrated community project, in which case mechanical processing and transportation means shall be allowed.
- (c) “Community Relations Officer”: means the representative of the Mineral Rights Holder appointed under Article 65 to liaise with the local communities in the Concession Area together with the State’s representative appointed by the Regulatory Authority;
- (d) “Concession Area”: means the geographical area over which Mineral Rights are granted to carry out Mining Activities pursuant to this Code;
- (e) “Construction Materials”: means any minerals and or rocks, including in unconsolidated formations, of low unit value even with a minimal processing before use in the construction industry, as classified under article 5.1.d.(i);
- (f) “Controlling Interest”: means holding fifty percent or more of the voting rights in the general meeting or equivalent body, or having the power to appoint the majority of the directors of a company which is a Mineral Rights Holder or otherwise having the power to manage and control such company;
- (g) “Development”: means all the preliminary operations and activities of the Mining Period, during which the means required to extract Minerals are mobilized and installed;
- (h) “Economic Feasibility Study”: means a comprehensive technical and economic study on the option selected to develop a mining project, and includes duly detailed assessments, notably a technical, commercial and financial assessment, required to demonstrate that mining a certain Mineral Deposit is economically and financially feasible;
- (i) “Economic Feasibility Study Report”: means the report prepared by the holder of the Exploration and Evaluation License, pursuant to Article 24;

- (j) “Environmental Licensing Procedure”: means the procedure established by the Regulatory Authority or the relevant member of the Government in whom the law vests powers for such purpose, to assess the environmental impact of the Mining Activities in the Concession Area, to be conducted in accordance with this Code and the applicable law prior to the commencement of the Mining Activities;
- (k) “Environmental Protection Order”: means an order issued under Article 74.3 to mitigate an environmental risk derived from Mining Activities;
- (l) “Excluded Area”: means an area classified under Article 4 of this Code, in which Mining Activities may not take place;
- (m) “Exploration and Evaluation”: means a set of operations and study undertaken in order to discover and to evaluate Mineral Deposits using geological, geochemical, geophysical and any other relevant methods;
- (n) “Exploration and Evaluation License”: means a licence allowing its holder to carry on Exploration and Evaluation Mining Activities, pursuant to Article 14 *et seq.* of this Code;
- (o) “Exploration and Evaluation Period”: means the period during which Exploration and Evaluation activities are carried out pursuant to an Exploration and Evaluation License;
- (p) “Fee”: means a pecuniary obligation payable to public administration entities, whose value corresponds economically to the service provided;
- (q) “Force Majeure”: means any event beyond the control of whosoever claims to have been affected by it, such as a state of war whether declared or not, rebellions, riots, natural disasters, fire, earthquakes, cuts in communications and accidents or other reasonably unforeseeable or unavoidable circumstances;
- (r) “Good Mining Industry Practices”: means those practices and standards which are generally accepted in the international mining industry;
- (s) “Health and Safety Management Plan”: means a document prepared by the Mineral Rights Holder to address risks to health and safety of its Mining Activities and its employees;

- (t) “Industrial Minerals”: means any minerals or rocks with special characteristics that allow them to be used as raw materials in specific manufacturing industries, as classified under Article 5.1. (d);
- (u) “Local Content”: means the added value generated in Timor-Leste through the activities of the mining industry undertaken through amongst others: workforce development, employment of local workforce, investments in supplier development, transfer of knowledge and technology, and procurement of local goods and services;
- (v) “Marketing License”: means a license allowing the respective holder to perform Marketing activities, pursuant to Article 97;
- (w) “Marketing of Minerals”: means the activity aimed at importing, exporting and selling minerals and rocks;
- (x) “Mine Closure Activities”: means those Activities related to the decommissioning of facilities, remediation, reclamation, restoration, rehabilitation and monitoring of Mining Activities in order to mitigate environmental impact and to ensure that the Concession Area will not pose a present or future threat to public health and the environment;
- (y) “Mine Closure Reserve”: means the fund established to fund the closure of mines, pursuant to Article 76;
- (z) “Mineral”: means any naturally occurring substance that has been formed as a result of geological processes and which is stable in its solid state at room temperature, including coal and solid oil shale (kerogen), but not coal seam gas or tar sands, which are subject to Law 13/2005, of 2 September 2005 (the Petroleum Activities Act);
- (aa) “Mineral Deposit”: means a natural accumulation of mineral resources of undetermined usefulness and economic value;
- (bb) “Mineral Pass”: means an authorization to conduct Artisanal Mining Activities;
- (cc) “Mineral Permits”: means the authorizations that allow the respective holder to carry out Mining Activities in respect of Industrial Minerals as set out in article

5.1.(d) for use in integrated industrial projects or for sale on the domestic and international markets;

- (dd) “Mineral Registry”: means the registry organized and managed by the Regulatory Authority, and in which certain information related to Mining Activities must be recorded for public consultation;
- (ee) “Mineral Reserves”: means the economically mineable part of Mineral Resources;
- (ff) “Mineral Resources”: means a concentration of naturally occurring minerals in or on the Earth’s crust in such form and quantity that are reasonably justified by a certain degree of confidence of geological knowledge;
- (gg) “Mineral Rights”: means the right to conduct Mining Activities pursuant to this Code;
- (hh) “Mineral Rights Holder”: means a natural or legal person authorized to conduct Mining Activities pursuant to this Code;
- (ii) “Mining”: means the operations and works carried out to extract minerals and rocks from the Mineral Deposit;
- (jj) “Mining Activities”: means the activities and operations aimed at Reconnaissance, Exploration, Evaluation, Appraisal, Development, Mining, Processing, transport and Marketing of Minerals, as well as Mine Closure Activities;
- (kk) “Mining Contract”: means a contract governing the grant of Mineral Rights to Mine, Process and Market Minerals extracted from the Concession Area;
- (ll) “Mining License”: means a licence allowing its holder to carry on development, mining, processing, marketing of minerals, and mine closure Mining Activities, pursuant to Article 31 *et seq.* of this Code;
- (mm) “Mining Period”: means the period during which Development, Mining, Processing and Marketing activities are carried out pursuant to a Mining License;

- (nn) “Mining Plan”: means a document to be prepared by the Mineral Rights Holder in accordance with Article 23, setting out the Mining Activities to be carried out during the Mining Period;
- (oo) “Municipalities”: means administrative districts for the organization of the State’s local government in the Democratic Republic of Timor-Leste;
- (pp) “National Interest”, means a common and strategic interest to protect the welfare of Timorese citizens, as defined by the Government from time to time;
- (qq) “National Mining Company”: means a company incorporated under the laws of Timor-Leste and directly or indirectly controlled by the State;
- (rr) “Offshore Mining Activities”: means any Mining Activities carried out in the Territory’s seabeds;
- (ss) “Ornamental Stones”: means stones occurring naturally and or rock-forming minerals with distinctive characteristics, such as colours, textures, patterns and its resistance against weathering which make them commercially valuable to be mined as blocks or slabs to meet certain size (width, length and thickness) and shape specifications for the purpose of building construction and raw materials for ornaments, as classified under article 5.1.d.(iii).
- (tt) “Other Mineral Ores”: means any accessory minerals not initially contemplated in the Mining Contract or the Mineral Permit, discovered in the Concession Area in the course of the Mining Activities;
- (uu) “Other Mineral Resources”: means any minerals not initially contemplated in a Mining License or a Mineral Permit and included in different Mineral classification groups pursuant to Article 5, discovered in the Concession Area in the course of the Mining Activities;
- (vv) “Pre-Feasibility Study”: means a general study on a range of options for the technical and economic feasibility of a mining project, a preferred mining method and an effective method of mineral processing;
- (ww) “Process Materials”: means any non-metallic minerals and or rock-forming minerals which possess special characteristics that allow them to be used as

raw materials in specific manufacturing industries, as classified under article 5.1.d.(ii);

- (xx) “Processing”: means the operations and works performed in connection with Minerals and rocks extracted from mines to obtain an enriched product regarding the Mineral or Minerals of concentrated economic interest, and a depleted product regarding the Mineral or Minerals of barren economic interest;
- (yy) “Reconnaissance”: means a set of reconnaissance operations and studies to be conducted pursuant to Article 13;
- (zz) “Reconnaissance Permit”: means an authorisation issued by the Regulatory Authority to a natural or legal person to perform reconnaissance activities pursuant to Article 13;
- (aaa) “Regulatory Authority”: means the governmental body, under the supervision of the member of Government responsible for the Mineral Resources sector, with the responsibility and powers to supervise Mining Activities;
- (bbb) “State”: means the Democratic Republic of Timor-Leste;
- (ccc) “Strategic Minerals”: means any minerals classified as such under Article 6;
- (ddd) “Technical Director”, means a technically qualified person appointed by the Mineral Rights Holder to supervise mine works, including work, health and safety conditions in the Concession Area;
- (eee) “Territory”: means the areas subject to the jurisdiction of the Democratic Republic of Timor-Leste, as defined in Article 4 of the Constitution of the Democratic Republic of Timor-Leste;
- (fff) “Timor-Leste Goods”: means materials, equipment, machinery and consumer goods, grown or produced in Timor-Leste satisfying one of the following conditions;
 - i) One hundred percent designed, engineered, and manufactured in Timor-Leste;

- ii) Partially designed, engineered and manufactured in Timor-Leste if the total cost of the local materials, labour and services used to produce the good constitutes not less than fifty percent of the cost of the finished product;
 - iii) Assembly of goods, whose spare parts originate from imported goods already subject to customs duties, where the assembly proper is undertaken in Timor-Leste involving local labour and costs, with high skill and knowledge.
- (ggg) “Timor-Leste Services”: means services supplied by a Timor-Leste Supplier;
- (hhh) “Timor-Leste Supplier”: means a natural or legal person:
- i) Duly incorporated and organized under the laws of Timor-Leste;
 - ii) Whose principal place of business is in Timor-Leste;
 - iii) Is at least fifty percent owned and controlled by Timorese citizens; and
 - iv) Supplies goods and/or services to a mineral rights holder carrying out mining activities;
- (iii) “Value of Raw Minerals”: means the value of minerals immediately after they are extracted or after being subject to limited processing, which generally includes fragmentation and classification operations;
- (jjj) “Value of Processed Minerals”: means the value of Minerals concentrated obtained after processing, which generally includes fragmentation, classification and concentration operations;
- (kkk) “Work Programme and Budget”: means the technical and financial document prepared by the Mineral Rights Holder detailing the work plans and budgeted expenditures to carry on Mining Activities in the Concession Area.

ARTICLE 3

Ownership of Mineral Resources

1. All Mineral Resources located within the Territory are part of the public domain of the State.

2. Minerals extracted and mined under the terms of this Code are the property of the Mineral Rights Holder to whom the relevant Mineral Rights have been awarded.
3. Minerals unlawfully extracted shall remain the property of the State.
4. In cases where Mineral Resources occur or are discovered in private land, the State may acquire the land by means of negotiation, pursuant to this Code and the Applicable Law, in order to facilitate extraction.
5. If the State and the private person should fail to come to a mutual agreement within the context of the acquisition procedure set out in the preceding paragraph, the State may use the public interest expropriation mechanisms provided for by law.

ARTICLE 4

Excluded Areas

1. If National Interest, national security, the safety and welfare of populations, or if environmental, cultural or religious reasons so require, or in the event of manifest incompatibility between the performance of Mining Activities and any other ongoing or planned soil or sub-soil activities, the Council of Ministers may, on proposal of the member of the Government responsible for the Mineral Resources sector, declare an area to be an Excluded Area for Mining Activities.
2. The classification of an area as an Excluded Area shall be made through Government Resolution.
3. Mineral Rights awarded before the classification of an area as an Excluded Area shall remain in full force and effect until they expire or are otherwise terminated pursuant to the provisions of this Code.

CHAPTER II

CLASSIFICATION OF MINERALS

Article 5

Classification of Minerals

1. For the purpose of royalty, granting of Mineral Rights, and considering the health, safety and environmental risks arising from Mining Activities, Minerals shall be classified into the following groups:
 - (a) Minerals of metallic ores which shall be sub-classified into:
 - i. Precious Metals or Precious Minerals;
 - ii. Base Metals.
 - (b) Gemstones;
 - (c) Radioactive Minerals;
 - (d) Industrial Minerals which shall be sub-classified into:
 - i. Construction Materials;
 - ii. Process Materials;
 - iii. Ornamental Stones.
 - (e) Rare Earth Elements;
 - (f) Coal.
2. The Minerals classified under Article 5.1 are described in detail on the table attached as Appendix I to, and an integral part of this Code.
3. The Council of Ministers shall be tasked with updating the table set out in Article 5.2 above, on proposal of the member of Government responsible for the Mineral Resources sector, in accordance with any related scientific and technological advances. The body of this Code is not required to be re-enacted as a result.

Article 6

Strategic Minerals

1. The Council of Ministers may, on proposal from the member of the Government responsible for the Mineral Resources sector, classify certain Minerals as Strategic Minerals by means of a decree-law.
2. Strategic Minerals are defined based on one or more of the following criteria:
 - (a) Economy, energy security, and improvement of the Nation's balance of trade;
 - (b) Hazardous Minerals entailing specific technical or processing aspects;
 - (c) Rarity;
 - (d) National defence and security; and
 - (e) Foster the growth of domestic manufacturing industries, more specifically in the agriculture, housing, and infrastructure industries.
3. The decree-law set out in Article 6.1 shall also list the special rules applicable to the State's participation in the exercise of the relevant Mineral Rights and the Marketing of the Strategic Minerals.
4. The decree-law set out in Article 6.1 shall not apply to Mineral Rights granted prior to a mineral being classified as a Strategic Mineral.
5. Notwithstanding Article 6.1, minerals classified under article 5.1.(d) (i) and (iii) cannot not be classified as Strategic Minerals in the Special Administrative Region of Oe-Cusse Ambeno.

CHAPTER III

GRANT OF MINERAL RIGHTS AND MINING ACTIVITIES' PHASES

Section I

Management of areas for Mining Activities

Article 7

Graticulation and Geodetic System

1. Concession Area boundaries shall always be rectilinear and oriented in accordance with the geographical coordinates grid, unless other boundaries are agreed with the interested company(ies) for a specific area delimited by natural features and or geographical coordinates.
2. The opening and redefinition of new areas for the performance of Mining Activities shall be defined in accordance with Article 7.1.
3. The geographical coordinates graticulation system and the geodetic system shall be governed by regulations issued by the Regulatory Authority.

Article 8

Opening and redefinition of areas for Mining Activities

1. Prior to recommending the opening of a new area for Mining Activities to the Council of Ministers for approval, the member of the Government responsible for the Mineral Resources sector through the Regulatory Authority shall consult relevant Government entities and any interested municipalities.
2. After undertaking the consultation under Article 8.1, and upon the opinion of the Regulatory Authority, the member of the Government responsible for the Mineral Resources sector shall propose the opening of the relevant area to the Council of Ministers.
3. The opinion of the Regulatory Authority set out in Article 8.2 shall include the content of the hearings of the Government entities interested in the area, notably those entities that are responsible for the registration of land and properties, agriculture and the environment, and any relevant local government entities.
4. The member of Government responsible for the Mineral Resources sector may redefine any areas allocated to Mining Activities upon notice to the Council of Ministers.
5. Prior to opening or redefining the areas set out in Articles 8.1 through 8.4 for the performance of Mining Activities, the Council of Ministers, through the member of Government responsible for the area and the Regulatory Authority, shall inform the relevant Government and local government entities.

6. The Council of Ministers may, as part of the implementation of any mining policy upon a proposal from the member of the Government responsible for the Mineral Resources sector, reserve certain areas allocated to Mining Activities for the National Mining Company.
7. The decision referred to in Article 8.6 shall be implemented by means of direct award, for reasons of Public Interest.
8. Any decision taken under Articles 8.2, 8.3 and 8.4 shall not include or affect any area for which Mineral Rights have been granted.
9. The areas set out in this Article shall be published in the Official Gazette and in any other manner determined by the Regulatory Authority, including publication on its website.

Section II

Granting of Mineral Rights

Article 9

General Provision

1. The granting of Mineral Rights following a public tender or direct award shall be conducted in a transparent manner and in accordance with the rules set forth in this Code.
2. A decision to reject an application for the grant of Mineral Rights must be duly justified by the entity with powers to make such decision, pursuant to this Code.
3. Prior to the granting of Mineral Rights, the relevant entity shall ensure that the Mineral Rights are granted based on their economic value and in accordance with the next Articles.
4. A decision to grant a Mining License and Mineral Permit to any natural or legal person shall take into consideration the investment previously made during the Exploration and Evaluation Period.
5. Mineral Rights for Mining shall not be granted to the Mineral Rights Holder that led the Exploration and Evaluation works in the Concession Area only in the event

of manifest lack of technical and financial resources or upon a decision of the Holder of the Exploration and Evaluation License or the Holder of the Mineral Authorization, as applicable.

6. In the instances set out in Article 9.5, the Holder of the Exploration and Evaluation License or the Holder of the Mineral Authorization, as applicable, shall retain ownership rights over the results of their exploration and shall consequently be entitled to the Marketing of Minerals pursuant to Article 97 *et seq.* of this Code, without prejudice to the State's entitlement to learn of the Exploration and Evaluation results.

Article 10

Public Tender

1. Mineral Rights shall be awarded by public tender to be launched by the Regulatory Authority, who shall consider the competing bids and, through an open and transparent method, select the bid which best promotes the development of Mining Activities in the area contemplated in the tender, having regard to:
 - (a) The work programme which the applicant proposes to carry out and the commitments as regards expenditure the applicant undertakes to make;
 - (b) The financial and technical resources of the applicant;
 - (c) The previous experience of the applicant in the conduct of Mining Activities for the type of Minerals applied for; and
 - (d) The extent to which the applicant proposes to contribute to the development of sustainable Mining Activities in Timor-Leste.
2. The rules applicable to each specific public tender procedure, including the respective evaluation and selection criteria, shall be established in the terms of reference of the tender.
3. The terms of reference of the tender referred to in Article 10.2 shall be approved by the Council of Ministers, on proposal of the member of Government responsible for the Mineral Resources sector.

4. The terms of reference of the tender shall include the right of the State of Timor-Leste, through the National Mining Company, to participate in the Mining Activities, pursuant to Article 22.
5. The contents of the terms of reference of the tender shall at least include the following information:
 - (a) The areas contemplated in the tender;
 - (b) The documents required for access to the bidding;
 - (c) The technical, financial, legal and Local Content assessment criteria;
 - (d) Deadlines, venue, timetable for supplying to interested parties, the data, studies and other information necessary for the preparation of the proposals, as well as the cost of their acquisition;
 - (e) Contact details to obtain information;
 - (f) Detailed information on the evaluation commissions, including timeline for evaluation and recommendation regarding the winning bid to the member of the Government responsible for the Mineral Resources sector.
6. The model of the Mining Contract to be entered into between the State of Timor-Leste and the winning bidder, as well as the model Mineral Authorization to be granted, shall be attached as drafts to the terms of reference of the tender.
7. The Regulatory Authority shall promote the publication of notices on either its own official website or that of the Government, and at least in a widely read national newspaper, and if it deems adequate in an international trade publication, informing on the opening of the tender and inviting all interested parties to enter bids.

Article 11

Direct Award

1. On recommendation of the Regulatory Authority, the member of Government responsible for the Mineral Resources sector may decide not to launch a

competitive tender procedure and directly award the Mineral rights in the following cases:

- (a) In case the area is considered as a new area delimitation with insufficient information and data;
 - (b) In case no bids were received in the public tender;
 - (c) Health, safety and environmental risks associated with the mining area;
 - (d) In regard to Strategic Minerals classified under Article 6;
 - (e) In case of direct award to the National Mining Company as stipulated under Articles 8.4 and 8.5.
2. Mineral Passes shall always be granted by direct award.
 3. Notwithstanding Articles 8.2 and 10.1, areas predefined for Mining Activities to be awarded through direct award shall be granted to the first applicant (*first come first served basis*), provided that such applicant has the technical and financial resources required to develop the mining activity being applied for and all the requirements for direct awards are met.

Article 12

Applications

1. Without prejudice to the special rules set forth below for the granting of Mineral Permits and Mineral Passes, the application for Mineral Rights shall follow the provisions of this Article.
2. Any natural or legal person with a demonstrated technical and financial capacity to perform Mining Activities may apply for Mineral Rights.
3. The application for Mineral Rights shall be addressed to the Regulatory Authority.
4. Applications may be filed by the persons listed in paragraph 2 above, whether incorporated or unincorporated, provided that all associates comply with the requirements set forth in this Code and the Applicable Law and declare to remain

jointly and severally liable towards the State and any third parties for compliance with all applicable duties and obligations arising from the exercise of the Mineral Rights, as well as for any damages caused during the performance of the Mining Activities.

Section III

Reconnaissance

Article 13

Reconnaissance Permit

1. Any natural or legal person may apply for a Reconnaissance Permit for specific areas of interest, and the application for the permit shall be addressed to the Regulatory Authority.
2. The application for a Reconnaissance Permit for the Regulatory Authority's approval shall at least contain the following required information:
 - (a) The identification of the applicant;
 - (b) The map of the area intended for Reconnaissance Permit;
 - (c) Detailed Plan and Work Program, including the schedule and timeline of the activities; and
 - (d) Proof of payment of any Fees payable pursuant to Article 152 of this Code.
3. The Regulatory Authority may grant a Reconnaissance Permit for a period of one year, extendable for a maximum of six months.
4. The Reconnaissance Permit holder shall not be entitled to:
 - (a) Extract Minerals for the Marketing of Minerals;
 - (b) Dig any trench or pit.
5. The holder of the Reconnaissance Permit shall be entitled to the following:
 - (a) Sample outcrops up to twenty kilograms per authorized site;

- (b) Conduct technical studies including geological, geophysical, and geochemical studies, and superficial manual drilling, as approved by the Regulatory Authority, in the Concession Area for the purpose of Mineral prospective studies prior to an application for an Exploration and Evaluation License, a Mining License, a Mineral Permit and or a Mineral Pass;
 - (c) Carry out Reconnaissance activities in an area which cannot exceed 50 square kilometres, and which may be divided into a maximum of four distinct areas; and
 - (d) Locate the extent of the site intended for an application for an Exploration and Evaluation License, a Mining License or a Mineral Permit;
6. For the purpose of Article 13.5, the Regulatory Authority may authorize the holder of the Reconnaissance Permit to conduct sample analysis outside of Timor-Leste.
7. The Reconnaissance Permit is subject to the Environmental Licensing Procedure set forth in this Code.
8. The holder of the Reconnaissance Permit shall have a pre-emptive right in the grant of an Exploration and Evaluation License up to the expiry of the Reconnaissance Permit.
9. Notwithstanding the pre-emptive right set out in Article 13.8, the Exploration and Evaluation License shall only be granted to the applicant holder of the Reconnaissance Permit after completion of the works set out in Article 13.5(b) has been confirmed and the requirements set out in Articles 14.2 and 14.3 are met.

Section IV

Exploration and Evaluation

Article 14

Exploration and Evaluation Licence

1. Prior to obtaining a Mineral Permit or a Mining License, any natural or legal person shall apply to the Regulatory Authority for an Exploration and Evaluation License for specific areas of interest, unless there are sufficient data and information available to allow the interested party to prepare an Economic Feasibility Study report on those areas as provided for in this Code.
2. The application for the Exploration and Evaluation License shall be addressed to the Regulatory Authority and contain at least the following information:
 - (a) The identification of the applicant;
 - (b) The map of the area intended for the Exploration and Evaluation License;
 - (c) A summary of technical and geological studies outlining the mineral substances intended for exploration;
 - (d) The Work Programme and Budget; and
 - (e) Proof of payment of any Fees payable pursuant to Article 152.
3. The decision to grant the Exploration and Evaluation License is within the remit of the Council of Ministers and can be delegated to the member of Government responsible for the Mineral resources sector, and is subject to the Environmental Licensing Procedure set forth in this Code.
4. The Holder of the Exploration and Evaluation License shall have a pre-emptive right in the grant of a Mining License pursuant to this Code.

Article 15

Term and Extension

1. The Exploration and Evaluation Period has a maximum initial term of four years, which may be extended by three additional 2 years' periods.
2. The holder of the Exploration and Evaluation License shall apply for the extension of the Exploration and Evaluation License at least 120 days prior to the expiry of the initial Exploration and Evaluation Period or the extended Exploration and Evaluation Period then in force, by submitting an application to the Regulatory

Authority, accompanied by the following documents and containing the following information:

- (a) The period of extension sought;
 - (b) The area which the holder of the Exploration and Evaluation License intends to retain, with a topographical map of the region outlining the configuration and dimension of the area;
 - (c) A technical progress report on the execution of the approved annual Work Programme and Budget; and
 - (d) The proposed overall Work Programme and Budget and minimum expenditure commitments for the Mining Activities to be carried out during the period of the extension, as well as a detailed Work Programme and Budget to be implemented during the first year of the extension period.
3. Subject to the review and approval of the technical progress report as referred to in Article 15.2.(c), the Regulatory Authority shall approve the extension request provided that:
- (a) The holder of the Exploration and Evaluation License is not in default of any of its obligations as foreseen under this Code;
 - (b) The Work Programme and Budget for the extension period are in accordance with Good Mining Industry Practices, the applicable environmental standards and other Applicable Law;
 - (c) The holder of the Exploration and Evaluation License has fulfilled the approved Work Programme and Budget for the then ongoing Exploration and Evaluation Period.
4. If the extension application is denied, the holder of the Exploration and Evaluation License may file an appeal within fifteen working days with the member of Government responsible for the Mineral Resources sector, pursuant to this Code.

Article 16

Exploration and Evaluation Operations

During the Exploration and Evaluation Period, the holder of the Exploration and Evaluation License shall, in accordance with the Work Programme and Budget submitted pursuant to Article 51, carry out Exploration and Evaluation operations aimed at:

- (a) Delineating Minerals Deposits, including the determination of their physical characteristics, chemical composition, distribution within the Concession Area, and appraisal of the Mineral Resources;
- (b) Prepare Pre-Feasibility Studies in the event that the activities set out in the preceding subparagraph yield promising results; and
- (c) If the Pre-Feasibility Study is positive, conduct an Economic Feasibility Study and prepare the Mining Plan.

Article 17

Pre-Feasibility Study Report

- 1. The holder of the Exploration and Evaluation License shall submit a Pre-Feasibility study report to the Regulatory Authority in the course of the Exploration and Evaluation Period.
- 2. The Pre-Feasibility Study report shall contain:
 - (a) A copy or a summary of the technical report of the Exploration and Evaluation operations carried out in the Concession Area and the results and conclusions thereof;
 - (b) Mineral Resources report pursuant to Article 21;
 - (c) Preliminary scope for project design and proposed mineral ore Mining and Processing methods;
 - (d) Plan for obtaining an environmental license and description of any potential social impacts;

- (e) Preliminary assessment of the projected mining product characteristics, projected production and capacity of the mine and processing chart in accordance with subparagraph (b); and
 - (f) The holder of the Exploration and Evaluation License's appraisal and conclusions regarding the pre-feasibility of the project, including a preliminary forecast of capital investment, operating costs, costs of Mine Closure Activities, mining product marketing strategy, preliminary projected revenues and financial analysis in accordance with subparagraph (c).
3. The Regulatory Authority may request clarifications or additional details.

Article 18

Enlargement of the Exploration and Evaluation area

1. Where any Mineral Deposit discovered in the course of Mining Activities extends beyond the boundaries of the Concession Area, the holder of the Exploration and Evaluation License may request from the Regulatory Authority an enlargement of the Concession Area to include the entire area of such Mineral Deposit.
2. The application for enlargement of the Concession Area may be rejected, notably, in the following cases:
 - (a) The area applied for is subject to another Concession Area and/or areas as defined under Articles 4 and 58;
 - (b) The holder of the Exploration and Evaluation License is in default of any of its obligations stipulated in this Code; or
 - (c) For reasons of National Interest.
3. The holder of the Exploration and Evaluation License may file an appeal with the member of Government responsible for the Mineral Resources sector against the rejection set out in paragraph 2 above within fifteen working days, accompanied by any new facts or arguments.

Article 19

Relinquishment

1. The holder of the Exploration and Evaluation License may, at any time during the Exploration and Evaluation Period and on 60 days' prior notice, relinquish its rights in respect of the whole or any part of the Concession Area.
2. Any partially relinquished area shall cease to be part of the Concession Area and the holder of the Exploration and Evaluation License shall, to the relevant extent, be relieved of its obligations arising from the Exploration and Evaluation License regarding the relinquished area.
3. If the holder of the Exploration and Evaluation License proposes to relinquish the entire Concession Area, it shall deliver to the Regulatory Authority all geological data and work reports produced until such date.
4. The relinquishment of the entire Concession Area pursuant to paragraph 3 above shall not release the holder of the Exploration and Evaluation License from its obligations arising from the performance of Mining Activities in the Concession Area during the Exploration and Evaluation Period.

Article 20

Duties of the holder of the Exploration and Evaluation License

1. During the Exploration and Evaluation Period, the holder of the Exploration and Evaluation License shall have the following obligations:
 - (a) Demarcate the Concession Area with easily identifiable concrete markers, no later than 60 days as from the date of issuance of the Exploration and Evaluation License or of any change to the area;
 - (b) Carry out the Exploration and Evaluation works within the Concession Area in accordance with approved Work Programmes and Budgets, which shall include, amongst others, the proposed use of explosives in the Exploration and Evaluation activities;
 - (c) Handle explosives in accordance with the transport, storage, safety and risk mitigation rules and procedures, pursuant to Applicable Law;
 - (d) Prepare and submit to the Regulatory Authority work reports, pursuant to this Code;

- (e) Carry out the Exploration and Evaluation activities in accordance with Applicable Law, Good Mining Industry Practices and the applicable health, safety and environmental standards;
 - (f) Recognize, observe and respect the rights, customs and traditions of local communities;
 - (g) Immediately notify the Regulatory Authority pursuant to Articles 70.2 (d) and 70.2 (e) and temporarily suspend the Exploration and Evaluation activities in the relevant discovery area to conduct further investigation works;
 - (h) Promote and contribute to the development of the host and neighbouring communities of the Concession Area;
 - (i) Timely pay all royalties, surface fees and Fees required under this Code and perform any other obligations foreseen in the Applicable Law in connection with its activity;
 - (j) Take out the insurance required by law, and any other insurance that the holder of the Exploration and Evaluation License may deem necessary to ensure adequate coverage for the risks of the Exploration and Evaluation activities; and
 - (k) Structure the management of the operations, including workforce and procurement strategy, which shall be aimed at using Timorese workers, Timor-Leste Goods and Timor-Leste Services, pursuant to this Code.
2. For the purpose of Article 20.1(j), the holder of the Exploration and Evaluation License shall take out insurance policies with insurance companies incorporated in Timor-Leste; provided that, however, upon the approval of the Regulatory Authority, holder of the Exploration and Evaluation License may also resort to self-insurance when taking out commercial insurance proves impossible or too costly.
3. Insurance policies shall be maintained in force at all times, and the coverage limits shall be adjusted to any variations in the risk of Mining Activities in accordance with Good Mining Industry Practices.

4. The Regulatory Authority may require the holder of the Exploration and Evaluation License to provide a security in the form of a bank guarantee or otherwise as permitted by law, in order to guarantee the performance of its obligations, in the amount of 20% of the global investment foreseen in the Work Programme and Budget for the Exploration and Evaluation Period.
5. The security shall be provided to either the Regulatory Authority or the Authority of the Special Administrative Region of Oe-Cusse Ambeno, as applicable.
6. If required, the security must be provided before the grant of the Exploration and Evaluation License, proof must be delivered that this prior condition for the issue of the license was satisfied, and the security shall be returned upon the end of the Exploration and Evaluation Period, after the holder of the Exploration and Evaluation License has fully discharged its obligations.

Article 21

Mineral Resources and Mineral Reserves Report

1. The holder of the Exploration and Evaluation License shall prepare and submit to the Regulatory Authority the Mineral Resources and Mineral Reserves report.
2. The Mineral Resources and Mineral Reserves report shall be submitted in accordance with the industrial reporting standard format adopted under this Code.
3. The industrial reporting standards formats referred in Article 21.2 are those approved by the following entities:
 - (a) International Council on Mining and Metal (ICMM); and
 - (b) Committee for Mineral Reserves International Reporting Standards (CRIRSCO).
4. Notwithstanding Article 21.3, the member of Government responsible for the Mineral Resources sector, on proposal of the Regulatory Authority, may establish a separate structure to define the standard format of the Mineral Resources and Mineral Reserves report.

Article 22

Participation by the State of Timor-Leste in Mining Activities

1. The decision by the State of Timor-Leste to participate in Mining Activities shall be made by the Council of Ministers, on proposal of the member of Government responsible for the Mineral Resources sector.
2. The decision foreseen in Article 22.1 shall expressly provide for a participating interest of the State of Timor-Leste, through the National Mining Company, in the Mining License or Mineral Permit granted to the holder of a Mining License or Mineral Permit, in a percentage of up to 30%.
3. By means of negotiation with the holder of a Mining License or Mineral Permit, the percentage of the State's participating interest referred to in Article 22.2 may be reduced in accordance with terms and conditions provided in the Mining Contract or Mineral Permit.
4. The State's participating interest referred in Articles 22.2 and 22.3 is not applicable in the event that the National Mining Company has been awarded Mineral Rights pursuant to Article 11.1 (d) and (e).
5. For the purpose of the Article 22.2, the State participation decision shall be made by the Council of Ministers within 120 days from submission of the proposal of the member of Government responsible for the Mineral Resources sector, and must be publicly justified within the context of the country's economic policy and mining policy.
6. The conditions for participation of the National Mining Company in Mining Activities shall be established in the respective Mineral Permits or Mining Contracts.

Article 23

Mining Plan

1. The applicant of Mining mineral rights under this Code shall submit the Mining Plan to the Regulatory Authority, within 24 months from the completion of the Pre-Feasibility Study report set forth in Article 17, which shall take into consideration

the fulfilment of the environmental requirements under this Code, the Applicable Law and any ancillary regulation thereto.

2. Notwithstanding Article 23.1, the applicant may apply for an extension of the deadline to submit the Mining Plan at least 60 days prior to its expiry. The Regulatory Authority may extend the deadline for submitting the Mining Plan for another 180 days.
3. The Mining Plan shall be consistent with the Pre-Feasibility Study report, include and at least the following information and documentation:
 - (a) The delineation of the proposed Concession Area where the Mining activities shall be performed and any other areas, including any easements and rights-of way, on a topographical and geological map of the area;
 - (b) Mineral resources and Mineral Reserves estimate pursuant to Article 21, including capacity and production schedule specifying the intended date to begin production, the first sale or disposal, mineral product marketing strategy, and the overall recovery of Minerals;
 - (c) Project's Economic Feasibility Study Report;
 - (d) Details of Mining conditions and methods, including Processing and any alternatives that might be adopted should circumstances so warrant;
 - (e) Specifications for equipment, plant and machinery to be used in Mining, Processing and other Mining Activities;
 - (f) Map of facilities and other infrastructure to be installed in the Concession Area;
 - (g) Summary of health and safety risks and preventive measures as set forth in Article 86 and other Applicable Law;
 - (h) Summary of the environmental management plan and monitoring programme, pursuant to this Code and other Applicable Law;
 - (i) Details of the Development work to be carried out and the estimated duration thereof;

- (j) The management and operations structure including workforce and procurement strategy aimed at using Timor-Leste Goods and Timor-Leste Services, according to this Code;
- (k) Mine closure plan; and
- (l) Other requirements provided for the development of the Mineral Deposits in accordance with Good Mining Industry Practice.

Article 24

Economic Feasibility Study Report

Upon the completion of the Economic Feasibility Study, the applicant for Mining mineral rights shall prepare the Economic Feasibility Study Report set out in Article 23.3 (c), which shall contain:

- (a) The annual production rate including raw materials, concentrate, burden and sludge;
- (b) Mineral Mining and Processing Revenue;
- (c) Summary of capital investments and Work Programme and Budget;
- (d) Market research;
- (e) A proposal relating to the financing requirements and available resources for the continued Exploration, Evaluation and Development of the project; and
- (f) Technical and Economics studies deemed necessary for the development of the Economic Feasibility Study.

Article 25

Mining Contract

1. Following a preliminary analysis of the Mining Plan, the Regulatory Authority shall immediately notify the applicant of the Mining mineral rights for the purposes of negotiating and executing the Mining Contract.

2. Within 30 days after receiving the notification referred in Article 25.1, the applicant shall provide confirmation to the Regulatory Authority of its acceptance to enter into negotiations for the execution of the Mining Contract.
3. The Mining Contract is approved by the Council of Ministers, on proposal of the Regulatory Authority, through the member of Government responsible for the Mineral Resources sector.
4. The Council of Ministers may delegate the powers to approve and sign Mining Contracts to the member of Government responsible for the Mineral Resources sector.
5. The recommendation referred under Article 25.3, can only be made following the approval of the Mining Plan.
6. The Mining Contract applies to the Minerals classified under Article 5.1 (a), (b), (c), (e) and (f).
7. The Mining Contract shall include, namely but not limited to the following information:
 - (a) The identity of the Mineral Rights Holder;
 - (b) The delimitation of the Concession Area granted;
 - (c) The indication of the Minerals covered;
 - (d) The term of the Mineral Rights granted and the conditions required for possible extensions, specifying the initial term of the Mining Period;
 - (e) The conditions and procedures for changes to the Concession Area;
 - (f) The terms and conditions for the direct or indirect assignment of the Mineral Rights granted;
 - (g) The indication of the rights and obligations of the parties, including:
 - i) The conditions for reversion of the concession to the State;
 - ii) The payments to be made by the Mineral Rights Holder to the State;

- iii) The obligations in connection with the Mining and Processing of Minerals and the Marketing of Minerals, or any other obligations which may constitute benefits for the technological and economic development of the country;
 - iv) Plans for the resettlement of local communities affected by Mining Activities, for which purpose it shall rely on the cooperation of national and local authorities;
 - v) Social and community development programmes to be implemented by the Mineral Rights Holder;
 - vi) The conditions for revision of the Mining Contract;
 - vii) The frequency for the submission of plans, budgets and activity reports;
 - viii) The grounds for termination of the Mining Contract; and
 - ix) Estimated amount of the Mine Closure Reserve.
- (h) The special conditions to which the Mineral Rights Holder may be subject to, notably the time period for commencement of the Mining works; and
 - (i) The State's right to participate in Mining Activities pursuant to Article 22.
8. Contractual clauses on mineral royalty, surface fees and Fees must observe the provisions in this Code.
 9. An extract of any Mining Contracts executed shall be published in Series II of the Official Gazette, and the full version of any such contracts shall be published on the official webpage of the Government or of the Regulatory Authority, in either case within 45 days of their execution.
 10. The extract set out in the preceding paragraph shall include, amongst other details deemed relevant by the Regulatory Authority, the identification of the Mineral Rights Holder, the delimitation of the Concession Area, the indication of the relevant Minerals and the relevant term.

Article 26
Mine Closure Plan

1. The member of Government responsible for the Mineral Resources sector shall be tasked with authorizing and approving the mine closure plan.
2. The applicant for the grant of Mining mineral rights shall submit the mine closure plan at the same time of the submission of Mining Plan to the Regulatory Authority.
3. The mine closure plan shall contain, at least, the following:
 - (a) Identification of mine closure commitments and obligations;
 - (b) Stakeholder consultation;
 - (c) Post mine closure land uses;
 - (d) Mine closure liability estimate;
 - (e) Implementation of the mine closure plan; and
 - (f) Mine closure monitoring and maintenance.
4. The approved mine closure plan shall be reviewed under one of the following conditions:
 - (a) every four (4) years as from approval; or
 - (b) in the event of amendments to the environmental license; or
 - (c) in the event of amendments to the Mining Plan pursuant to Article 27.6; or
 - (d) on proposal made by the Mineral Rights Holder.
5. The approval of the mine closure plan reviewed as set out in paragraph 4 shall comply with the provisions in paragraphs 1 and 2.
6. The Mining Mineral Rights Holders shall establish a Mine Closure Reserve in accordance with Article 76.

7. Mine Closure Activities shall be carried out according to the approved mine closure plan and in compliance with the Applicable Law.

Article 27

Review, approval of, and amendment to the Mining Plan

1. The Regulatory Authority shall review the Mining Plan, within 180 days from the date of receipt.
2. If the Regulatory Authority requires any additional information, the applicant shall be notified to submit the information requested within 20 working days.
3. Within 90 days, upon recommendation from the Regulatory Authority, the member of Government responsible for the Mineral Resources sector shall approve the Mining Plan, except if it concludes that it does not meet the requirements set forth in Article 23.
4. The Regulatory Authority shall within the period provided in Article 27.1 notify the applicant in writing of the approval of the Mining Plan or of any objections, modifications, or amendments thereof.
5. Amendments to the approved Mining Plan shall require prior approval of the Regulatory Authority.
6. The following shall constitute an amendment to the Mining Plan;
 - (a) Alterations to the surface disturbance footprint of the mine;
 - (b) Change to the mining method, mine path or processing facilities;
 - (c) Premature or unplanned mine closure.

7. In the case of the circumstances foreseen under Article 28 and Article 29, the Mineral Rights Holder shall submit a new Mining Plan for the approval of the member of Government responsible for the Mineral Resources sector.

Section V

Other Ore Minerals and Other Mineral Resources

Article 28

Other Ore Minerals

1. If, in the course of carrying out mining operations, Other Ore Minerals are discovered in the Concession Area, the Mineral Rights Holder shall immediately notify the Regulatory Authority.
2. Within a period of 6 months after the notification referred in Article 28.1, the Mineral Rights Holder shall submit to the Regulatory Authority a summary report outlining the technical and commercial evaluation of the Other Ore Minerals set out in the preceding paragraph and indicating possible mining methods.
3. The Mineral Rights Holder may also submit a proposal to the Regulatory Authority for development of the Other Ore Minerals along with the report mentioned in Article 28.2, which may include:
 - (a) Sale, at market price, of all or part of the shares of the Mineral Rights Holder to another company with the technical know-how and financial structure to carry out the Mining Activities in respect of the Other Ore Minerals;
 - (b) Formation of an incorporated or unincorporated joint venture with another company to Mine, Process and Market Other Ore Minerals; or
 - (c) A proposal for carrying out of activities aimed at Mining, Processing and Marketing the Other Ore Minerals under the existing Mining Contract or Mineral Permit, and any suggested amendments to the same.
4. The Regulatory Authority within 150 days from receiving the Mineral Rights Holder's proposal set out in Article 28.3 shall assess the proposal in accordance

with the legal requirements set out in this Code and considering the technical and financial capability of the Mineral Rights Holder to mine the Other Ore Minerals, and then recommend its approval to the member of the Government responsible for the Mineral Resources sector.

5. The approval of the member of the Government responsible for the Mineral Resources sector referred in Article 28.4 shall be made within 30 days of the recommendation from the Regulatory Authority.
6. The assessment mentioned in Article 28.4 shall also include an adjustment to the royalty rate, should the Mineral Rights Holder decide to sell the concentrate.
7. Should the Mineral Rights Holder decide not to sell the concentrate, it is required to preserve the Other Ore Minerals pursuant to Article 30.

Article 29

Other Mineral Resources

1. If, in the course of carrying out mining operations, the Mineral Rights Holder should discover Other Mineral Resources within the Concession Area, it shall immediately notify the Regulatory Authority of the discovery, including the part of the Concession Area where the Other Mineral Resources were discovered.
2. If the Mineral Rights Holder has the resources required to Mine, Process and Market the Other Mineral Resources, it shall submit a summary report to the Regulatory Authority within a period of 6 months after the notification referred in Article 29.1, outlining the technical and commercial evaluation of the Other Mineral Resources discovered and indicating whether it intends to mine them.
3. Should the Mineral Rights Holder so wish, it may submit a proposal to the Regulatory Authority for the development of the such Other Mineral Resources in the Concession Area along with the report mentioned in Article 29.2, which may include:
 - (a) Sale, at market price, of all or part of the shares of the Mineral Rights Holder to another company with the technical know-how and financial structure to carry out the Mining Activities in respect of such Other Mineral Resources;

- (b) Formation of an incorporated or unincorporated joint venture with another company to Mine, Process and Market such Other Mineral Resources; or
 - (c) A proposal for carrying out activities aimed at Mining, Processing and Marketing such Other Mineral Resources under the existing Mining Contract or Mineral Permit, and any suggested amendments to the same.
4. The Regulatory Authority within 150 days from receiving the proposal set out in Article 29.3 shall assess the proposal in accordance with the legal requirements set out in this Code and considering the technical and financial capability of the Mineral Rights Holder to mine the Other Mineral Resources, and then recommend its approval to the member of the Government responsible for the Mineral Resources sector.
 5. The approval of the member of the Government responsible for the Mineral Resources sector referred in Article 29.4 shall be made within 30 days of the recommendation from the Regulatory Authority.
 6. If the proposal is rejected, such adverse decision must be justified.

Article 30

Preservation

1. The Mineral Rights Holder is required to preserve the Other Ore Minerals and Other Mineral Resources discovered, mined and processed, if they cannot be marketed at the time of their discovery.
2. Storage or preservation as provided for in paragraph 1. must be technically and economically feasible.

Section VI

Mining Period

Sub-section I

Development Phase

Article 31

Issuance of Mining Licence

Upon the execution of the Mining Contract, in accordance with the provisions of Article 25, the Regulatory Authority with prior consent of the member of Government responsible for the Mineral Resources sector shall issue a Mining Licence for the Mineral Resources existing in the Concession Area.

Article 32

Term of Development phase

1. The Development Phase shall commence on the date of issuance of the Mining Licence and shall terminate on the date established in the Mining Plan, but in no event more than 36 months after the issuance of the Mining License.
2. The Mineral Rights Holder may, at least 120 days prior to the expiry date of the Development phase, apply to the Regulatory Authority for an extension of the Development phase.
3. The application referred in Article 32.2 shall contain:
 - (a) a statement of the reason(s) for the extension;
 - (b) the period for which the extension is sought;
 - (c) a report on the works already carried out;
 - (d) a programme and schedule of the works to be carried out during the period of extension;
 - (e) any amendments or addenda to the Mining Plan required by virtue of the extension.
4. The Regulatory Authority shall, after reviewing and approving the extension application and provided that the Mineral Rights Holder is not in default of any of its obligations arising from this Code, the Mineral Permit or the Mining Contract, grant an extension of the Development phase for the period of time it may deem reasonably appropriate.

Article 33
Development Operations

During the Development Phase, the Mineral Rights Holder shall:

- (a) Demarcate the Concession Area with easily identifiable concrete markers, no later than 30 days as from the date of issuance of the Mining License; and
- (b) Undertake the construction, assembly and commissioning of the infrastructure including access roads as deemed needed, water, electricity and other utilities, equipment and mining machinery for the Processing, storage, and transport of the minerals.

Sub-section II
Mining Phase

Article 34
Term and Extension

- 1. The Mining phase shall begin on the date foreseen in the Mining Plan.
- 2. Without prejudice to the provisions in paragraph 1, the Mineral Rights Holder shall begin the Mining phase within 48 months after the issuance of the Mining License.
- 3. The Mining phase shall have a maximum term of 25 years, which may be extended for additional five years' periods each, up to a total of 25 years.

Article 35
Mining Phase

During the Mining phase, the Mineral Rights Holder shall mine the minerals authorised under the Mining Contract or the Mineral Permit and carry out all Mining-related activities.

Article 36
Obligations of the Mineral Rights Holder

During the Mining phase, the Mineral Rights Holder shall:

- (a) Begin the extraction of minerals under the terms of the Mining Contract or the Mineral Permit, and in accordance with the approved Work Programmes and Budgets, but in no event after 48 months have elapsed from the issuance of the Mining License;
- (b) Prepare and submit to the Regulatory Authority annual work reports, pursuant to this Code;
- (c) Carry out the mining operations in accordance with this Code, the Applicable Law, Good Mining Industry Practices, and the applicable health, safety and environmental standards;
- (d) Recognize, observe and respect the rights, customs and traditions of local communities;
- (e) Promote and contribute to the development of the host and neighbouring communities of the Concession Area;
- (f) Immediately notify the Regulatory Authority pursuant to Articles 70.2 (d) and 70.2 (e) and temporarily suspend mining activities in the respective area of the discovery for further investigation;
- (g) Timely pay all royalties, surface fees and Fees payable, and comply with the other obligations arising from its activity, notably tax and social security obligations;
- (h) Take out the insurance required by law, and any other insurance that the Mineral Rights Holder may deem necessary to ensure adequate cover for the risks of the Mining Activities; and
- (i) Structure the management and operations, including workforce and procurement strategy, which shall be aimed at using Timorese workers, Timor-Leste Goods and Timor-Leste Services, in compliance with the requirements foreseen in this Code.

Section VII
Rights of the holder of the Mining License

Article 37
Rights of the holder of the Mining License

The holder of the Mining License has the following rights, which shall be exercised in accordance with the Applicable Law, all approved Work Programmes and Budgets and Mining Plans:

- (a) The exclusive right to enter and occupy the Concession Area;
- (b) The exclusive right to conduct mining operations within the Concession Area and to remove, treat and dispose of any overburden;
- (c) Subject to the rights of any third party, to enter, use and occupy areas outside the Concession Area, as may be necessary and appropriate for the conduct of mining operations;
- (d) Subject to the rights of any third party, to lay or pass on, over or under land or water, such roads, railways, pipes, aqueducts, gas or oil pipelines, sewers, drains, wires, lines and similar facilities as may be necessary and appropriate;
- (e) To construct the necessary facilities and infrastructure in the Concession Area;
- (f) Subject to all applicable licensing and registration requirements with relevant State bodies, to acquire, use and operate radio and other communication facilities, helicopters, or any other type of aircraft, and other transportation facilities, together with auxiliary equipment and facilities;
- (g) To clear away and remove from the Concession Area such timber, overburden and other obstruction as may be necessary;
- (h) To use water resources in accordance with the Applicable Law;
- (i) To Market Minerals in accordance with Articles 97 through 99 of this Code.

Article 38
Third Parties

1. When exercising its rights under Article 37, the holder of the Mining License shall take into account other rights granted to third parties, such as grazing, fishing, timber cutting and cultivation rights, and rights-of-way, by conducting the Mining Activities so as to minimise interference, to the extent possible, with the exercise of such other third parties' rights.
2. Upon the approval from the Regulatory Authority, the holder of the Mining License shall give access right to the relevant Government institutions, educational institutions and research institutes for conducting studies, field trips and other research related activities during mining operations.

Article 39
Exclusivity

The member of the Government responsible for the Mineral Resources sector shall not grant any other conflicting Mineral Rights in the Concession Area to third parties.

Article 40
Infrastructure

In the planning, construction, establishment, use and maintenance of all facilities and infrastructure required for mining operations, the holder of the Mining License shall:

- (a) Consult and coordinate its actions with any regional or national studies and plans undertaken by or for the State or approved by the State at a municipal or national level;
- (b) Comply with Applicable Law and Good Mining Industry Practice; and
- (c) Comply with any directives of the State authorities responsible for territorial planning and administration.

Section VIII

Industrial Minerals

Article 41

Mineral Permits

1. Mineral Permits entitle their holders to carry out Mining Activities regarding minerals classified under Article 5.1(d).
2. Any natural or legal person with a demonstrated technical and financial capacity may apply for a Mineral Permit.
3. Notwithstanding the provisions in the preceding paragraph, Mineral Permits granted for minerals classified under Article 5.1 (d) (i) are reserved for companies incorporated under Timor-Leste law, in which the Controlling Interest is held by Timor-Leste nationals.
4. Upon the preliminary assessment of the Pre-Feasibility Study report set out in Article 17, the Regulatory Authority shall immediately notify the concerned party for the purposes of negotiating and granting the Mineral Permit.
5. Within 30 days after receiving the notification referred in Article 41.4, the concerned party shall provide confirmation of its acceptance to enter into negotiation of the Mineral Permit with the Regulatory Authority.
6. The Mineral Permit shall at least contain the following:
 - (a) Date of issuance and number of the Mineral Permit;
 - (b) Identity of the holder;
 - (c) Industrial Minerals covered;
 - (d) Term;
 - (e) Description of the Concession Area;

- (f) Topographic map of the area covered by the Mineral Permit with the indication of the geographic coordinates;
- (g) Mine closure plan; and
- (h) The management and operations structure, including workforce and procurement strategy, which shall be aimed at using Timor-Leste Goods and Timor-Leste Services, pursuant to this Code.

Article 42

Granting of Mineral Permits

1. The application for the Mineral Permits shall be addressed to the Regulatory Authority and follow the requirements and procedures set forth in Articles 10 through 12.
2. Mineral Permits for Construction Materials and Ornamental Stones are granted by the member of Government responsible for the Mineral Resources sector, on proposal of the Regulatory Authority following the approval of the Mining Plan pursuant to Article 27, except for Mineral Permits for the Export of Construction Materials, which are granted by the member of Government responsible for the Mineral Resources sector after consulting the Council of Ministers.
3. Mineral Permits for Process Materials shall be granted by the member of Government responsible for the Mineral Resources sector after consulting the Council of Ministers, on proposal of the Regulatory Authority following the approval of the Mining Plan pursuant to Article 27.
4. The Council of Ministers and the member of Government responsible for the Mineral Resources sector may delegate to the Regulatory Authority the power to grant the Mineral Permits set out in paragraphs 2 and 3 above.

Article 43

Term and Extension

The Mineral Permits are granted for the following maximum terms:

- (a) For Construction Materials, pursuant to Article 5.1(d)(i), for a maximum of 5 years, extendable for a maximum additional period of 5 years; and
- (b) For Process Materials and Ornamental Stones, pursuant to Article 5.1(d)(ii) and (iii), for a maximum of 25 years, extendable for a maximum additional period of 25 years.

Article 44

Rights of the holder of Mineral Permits

Holders of Mineral Permits shall have the right to:

- (a) Access the Concession Area;
- (b) Conduct Exploration and Evaluation, Mining and Processing operations in the Concession Area, on an exclusive basis, regarding the Minerals covered by the Mineral Permit and carry out all related works and activities;
- (c) Occupy and use the land required for the carrying out of the Mining Activities and for the installation of the relevant equipment and facilities; and
- (d) Market, in accordance with Articles 97 through 99 of this Code or otherwise dispose of the Minerals mined in the Concession Area.

Article 45

Obligations of the holder of a Mineral Permit

The holders of Mineral Permits shall have the following obligations:

- (a) Carry out the Mining Activities within the Concession Area in accordance with approved Work Programmes and Budgets;
- (b) Carry out the Mining Activities in accordance with the Applicable Law, Good Mining Industry Practices, and the applicable health, safety and environmental standards;
- (c) Timely pay all royalties, surface fees and Fees payable under this Code, and comply with other obligations relating to their activity;

- (d) Comply with mandatory contractual rules for the hiring and training of national human resources.

Section IX

Artisanal Mining Activities

Article 46

Mineral Passes

1. The holder of a Mineral Pass is granted the right to carry out Artisanal Mining Activities as set out in Article 5.1(d)(i).
2. The Regulatory Authority is responsible for determining the appropriateness of locations and areas for a Mineral Pass with due consideration to health, safety and environment.
3. Holders of Mineral Passes shall carry out their operations in accordance with environmental standards, in compliance with the rules of this Code, any regulations that may be issued by the Regulatory Authority, and in compliance with the Applicable Law.
4. Any national natural person may apply for a Mineral Pass. The applicant shall not be employed by any natural or legal person to whom the minerals extracted under the Mineral Pass are sold.
5. The Mineral Pass shall at least contain the following:
 - (a) Date of issuance and number of the Mineral Pass;
 - (b) Identity of the holder of the Mineral Pass;
 - (c) Minerals covered;
 - (d) Term; and
 - (e) Identification of the Concession Area.
6. Mineral Passes cannot be assigned or transferred.

Article 47

Application for a Mineral Pass

1. The application for a Mineral Pass shall be addressed to the Regulatory Authority.
2. The application for a Mineral Pass shall subject to specific instructions issued by the Regulatory Authority from time to time.
3. Mineral Passes shall be granted by means of direct award, pursuant to Article 11.
4. The member of the Government responsible for the Mineral Resources sector may delegate to the Regulatory Authority or the municipalities the powers to issue Mineral Passes.

Article 48

Term and extension

Mineral Passes are granted for maximum period of 2 years, extendable for additional periods of up to 2 years each.

Article 49

Rights of the holder of a Mineral Pass

Holders of Mineral Passes shall have the right to carry out Artisanal Mining Activities within the area covered by the Mineral Pass, including transport and Marketing of Minerals.

Article 50

Obligations of the holder of a Mineral Pass

1. Holders of Mineral Passes shall carry out the Artisanal Mining Activities in a safe manner, in accordance with the environmental standards established in this Code, with any instructions issued by the Regulatory Authority, and with the Applicable Law.
2. Holders of Mineral Passes shall promptly notify the Regulatory Authority and suspend their activities in the event of a discovery of:
 - (a) minerals not covered by the Mineral Pass;

- (b) any archaeological and cultural sites or evidence of human remains, pursuant to Articles 70.2 (d) and 70.2 (e).

CHAPTER IV
WORK PROGRAMMES AND BUDGETS,
DATA, INFORMATION, RECORDS AND REPORTS

Article 51

Work Programmes and Budgets

1. The Mineral Rights Holder shall prepare and submit, for the approval of the Regulatory Authority and pursuant to this Code, a detailed Work Programme and Budget consistent with the minimum work programme and budget agreed for the performance of the Mining Activities that such holder proposes to perform in the Concession Area.
2. The Mineral Rights Holder shall prepare and submit, for the approval of the Regulatory Authority and no later than 90 days before the end of each calendar year, a detailed Work Programme and Budget setting forth the Mining Activities that the Mineral Rights Holder proposes to carry out over the following year.
3. Work Programmes and Budgets shall be prepared in the form and with the contents defined by the Regulatory Authority from time to time.
4. This Article does not apply to holders of Mineral Passes.

Article 52

Variations to Work Programmes and Budgets

1. The Mineral Rights Holder may vary or amend the Work Programme and Budget, provided that the amendments are consistent with the obligations of the Mineral Rights Holder arising from this Code, the Mining Contract, the Mineral Permit or the Exploration and Evaluation License.
2. Without prejudice to the provisions in Article 52.1, if the amendments substantially or materially alter or vary the budget or the general form or objective of the Work Programme and Budget or, the Mineral Rights Holder shall submit its amendment

proposals to the Regulatory Authority for review and approval before their implementation.

3. For the purpose of Article 52.2, a substantial or material alteration or variance of a Work Programme and Budget shall include:
 - (a) A substantial reduction in any Work Programme or Budget or in the Mining and Processing projected in the approved Mining Plan;
 - (b) A change in the date on which Mining and Processing is due to begin; or
 - (c) A change in the mining method.

Article 53

Data and Information

1. The Mineral Rights Holder and the State, through the Regulatory Authority, shall have title to all data and information concerning the Mining Activities, whether raw, derived, processed, interpreted or analysed, including any data and information acquired under geological, geophysical, geochemical, geotechnical and engineering surveys and any other studies performed over the course of the Mining Activities.
2. If the data and information stated in Article 53.1 are insufficient or incomplete, the Regulatory Authority may from time to time by notice in writing, order the Mineral Rights Holder to submit or complete those data and information.
3. The Regulatory Authority may, by notice in writing, order the Mineral Rights Holder to supply to Regulatory Authority or other designated third parties within ten days from the notice a representative sample of any samples obtained in the course of Mining Activities.

Article 54

Release of Data and Information

1. Use of data and information shall observe the following rules:
 - (a) The Regulatory Authority and the member of Government responsible for the Mineral Resources sector are free to make use of the data and

information under Article 53 for the purpose of internal studies conducted either in house or through any independent third party, and every one of them shall use those data in a way that does not jeopardize the lawful rights of the Mineral Rights Holder;

- (b) Except with the authorization of the Regulatory Authority and in accordance with Applicable Law, the Mineral Rights Holder may only use the data and information provided under Article 53 of this Code for the performance of Mining Activities or for any application for Mineral Rights;
 - (c) The Regulatory Authority may make use of the information under Article 53:
 - i. for the purpose of reporting to other public entities provided they agree to be bound by the conditions stipulated under Article 54.2(b);
 - ii. for the purpose of complying with judicial decisions from national courts;
 - iii. to the extent required by the Applicable Law; or
 - iv. for the purpose of complying with the rules of the Extractive Industries Transparency Initiatives (EITI).
2. The Regulatory Authority shall not publicly disclose the information acquired over the course of the Mining Activities to any natural or legal person:
- (a) Until 10 years have elapsed since the Mineral Rights Holder acquired the data or the information;
 - (b) Until the expiry of the Mineral Rights under which the data or information was acquired.
3. The Mineral Rights Holder shall only disclose the data and information mentioned in Article 53 after securing the consent of the Regulatory Authority and in accordance with conditions of the consent:
- (a) To its employees, agents, contractors and affiliates to the extent necessary for the proper and efficient carrying out of the Mining Activities;

- (b) As required by the Applicable Law,
 - (c) For the purpose of the resolution of disputes under its Mineral Rights; or
 - (d) As required by a recognised stock exchange and on the terms of the Applicable Law.
4. The Mineral Rights Holder shall procure that the persons mentioned in Article 54.3
- (a) maintain the confidentiality of the data and information disclosed on the terms of this Article.
5. Article 54.2 shall not apply to data and information acquired under a Reconnaissance Permit for the purpose of any multi-client surveys. In that case, the Regulatory Authority reserves the right to enter into an agreement with the holder of the Reconnaissance Permit to:
- (a) Allow the holder of the Reconnaissance Permit to have the right to market the data over a certain period;
 - (b) Hold the data under terms and conditions agreed under the Reconnaissance Permit and a subsequent agreement.
6. Notwithstanding Articles 54.1 and 54.5, the Regulatory Authority shall not publicly disclose or make available to any person, other than for the purpose of the administration of the Mining Activities under terms of this Code, or as otherwise required by the Applicable Law, any data or information submitted to it by the Mineral Rights Holder which:
- (a) Is a trade secret of, or the disclosure of such data and information would, or could reasonably be expected to, adversely affect, the Mineral Rights Holder in respect of its lawful business, commercial or financial affairs; and
 - (b) Was clearly marked by the Mineral Rights Holder as a trade secret when the information and data were submitted to the Regulatory Authority.
7. The provisions in Article 54.6 shall not apply where the titles underpinning the Mineral Rights provide otherwise or the Mineral Rights Holder has given its consent.

8. Without prejudice to Article 54.6(b), the Regulatory Authority may, at any time and from time to time, serve notice on the Mineral Rights Holder requiring it to show cause, within the time specified for the purpose in the notice, why the data and information were marked as a trade secret and if such data and information should still be considered a trade secret.
9. If the Mineral Rights Holder does not show cause, within that time, that the data and information should still be treated as a trade secret, such data and information shall no longer be treated as trade secret for the purposes of paragraphs 6, 7 and 8 above.

Article 55

Records and reports

1. The Mineral Rights Holder shall be subject to the following registration and reporting obligations:
 - (a) Keep financial, commercial, legal, operational, technical and other data and information records relating to the Mining Activities and/or Minerals extracted as well as the data and information set out in Article 53;
 - (b) Store all samples collected over the course of the Mining Activities in a manner that, as far as possible, prevents their contamination, deterioration, or loss;
 - (c) Prepare and maintain comprehensive, accurate and current records of the Mining Activities and keep the original records in Timor-Leste; and
 - (d) Give notice to the Regulatory Authority of all major developments taking place during the course of the Mining Activities and provide to the Regulatory Authority all available information, data, reports, assessments and interpretations relating to these developments.
2. The Mineral Rights Holders, except the holders of Mineral Passes, shall submit reports on the progress of Mining Activities to the Regulatory Authority, as provided for in this Code.
3. During the Exploration and Evaluation Period and the Mining Period, the Mineral Rights Holder shall prepare and submit to the Regulatory Authority, within 30 days

after the end of each quarter, a progress report on the Mining Activities carried out during that preceding quarter, which shall at least cover details of any sampling or drilling programme, which must include the following information:

- (a) Location;
 - (b) Amount of drilling and trenching performed;
 - (c) The results and interpretation of aerial photographs and satellite imagery;
 - (d) Any field or laboratory tests and analysis;
 - (e) Costs and expenses incurred;
 - (f) Workforce data and the assessment and conclusions of the operations being carried out;
 - (g) Local Content; and
 - (h) Other information as indicated by the Regulatory Authority.
4. During the Mining Period, the Mineral Rights Holder shall prepare and submit to the Regulatory Authority, within 60 days after the end of each year, an annual summary of the Mining Activities carried out in the preceding year presenting technical, economic and financial and Local Content information relating to the Mining Activities carried out.
5. The reports set out in paragraphs 3 and 4 above containing the quarterly and annual summary of the Mining Activities shall be prepared in the form and with the contents defined by the Regulatory Authority from time to time.

Article 56

Public information

The Regulatory Authority shall make available to the public under Articles 25.9 and 25.10:

- (a) Any authorizations for Mining Activities and any amendments thereto, whether or not terminated; and

- (b) Details of exemptions from, or variations or suspensions of, the conditions granted under Article 52.

CHAPTER V
OCCUPATION OF THE LAND, COMPENSATION FOR LOSSES AND
RESETTLEMENT OF LOCAL COMMUNITIES

Section I
Occupation of the land

Article 57
Right to access and occupy the land

1. Mineral Rights Holders have a right to access and occupy State land within the areas identified as Concession Areas.
2. The document conveying title over land belonging to the State or the right to use the same for Mining Activities shall be included as an annex to the Mining Contract, the Mineral Permit, or the Mineral Pass.
3. The State may, pursuant to the Applicable Law, expropriate land or land rights to be included in the Concession Area.

Article 58
Restriction to land occupation

1. The following land may not be occupied in connection with the conduct of Mining Activities:
 - (a) Reserved for cemeteries;
 - (b) Containing archaeological and cultural heritage sites or national monuments;
 - (c) Containing religious landmarks;
 - (d) Situated less than 250 meters from a dam or reservoir;
 - (e) Situated less than 100 meters from a State building;

- (f) Used for national defence or occupied by the national defence institutions, including a buffer zone of 100 meters surrounding the same;
 - (g) Located within 100 meters or less from an airport;
 - (h) Reserved for railway or pipeline (aqueducts, gas or oil pipelines) construction projects;
 - (i) Reserved for the planting of saplings or forestry;
 - (j) Situated in, or less than 250 meters from the boundary of a village, town, Municipality or a city;
 - (k) On which streets, roads, bridges and other public infrastructure are located and a buffer zone of 100 meters on either side;
 - (l) Within a national park; and
 - (m) Classified as an Excluded Area pursuant to Article 4.
2. The land referred to in the preceding paragraph may be occupied in connection with Mining Activities following an authorization by means of a Resolution of the Council of Ministers if distances lower than those set out in the preceding paragraph are established in the titles underpinning the grant of the relevant Mineral Rights.
3. When the economic value or other benefits associated with Mining Activities clearly exceed the value and importance of the archaeological and cultural heritage sites or, national monuments or religious landmarks, or any other restricted use areas imposed by general law, the Council of Ministers may authorize, pursuant to the Applicable Law and on proposal of the member of Government responsible for the Mineral Resources sector, the performance of Mining Activities within such sites, after consulting with the local authorities and other relevant government entities.

Article 59

Protection Measures

The Regulatory Authority may, for reasons of National Interest, order the construction of structures or zones for the protection of buildings and built-up areas, water sources,

roads, civil engineering and public utility works within the perimeter of the Concession Area.

Section II

Compensation for losses

Article 60

Obligation to compensate

Mineral Rights Holders shall be liable to pay compensation for losses caused by the Mining Activities either to third parties or the State.

Article 61

Compensable damages

For the purposes of this Code, compensable damages include, but are not limited to, damages caused by Mining Activities to:

- (a) Human life and health;
- (b) Real property, including land, buildings, and crops;
- (c) Personal property, including livestock and forest products;
- (d) Cemeteries, cultural and religious sites; and
- (e) Infrastructure.

Article 62

Entitlement to compensation

Any natural or legal person affected by the Mining Activities may apply for compensation for damages as set out in Article 61, pursuant to this Code and the Applicable Law.

Article 63

Procedure to apply for the recognition of the right to compensation

1. Without prejudice to referring the matter to the proper court pursuant to the Applicable Law, the concerned party may submit an application to the Regulatory Authority requesting the recognition of its right within 180 days from the occurrence of the damage.
2. Applications should be supported by the following documents:
 - (a) Documentation and other proof of the damage claimed by the applicant, including photographs;
 - (b) Proof of ownership of the damaged property; and
 - (c) Any other information that may be required by the Regulatory Authority.
3. Upon the receipt of the compensation application as referred to in Articles 63.1 and 63.2, the Regulatory Authority shall forward the application to the relevant authority, and the subsequent procedures shall be governed by the Applicable Law.

Section III

Resettlement, protection of, and consultation with local communities

Article 64

General Principle

In planning and carrying out the Mining Activities, the State and the Mineral Rights Holders, as well as any third parties responsible for the performance of Mining Activities in the Concession Area, shall take adequate steps to consult with the local communities and to address their legitimate concerns, insofar as same does not excessively hinder the Mining Activities or make them excessively onerous, rendering their performance unfeasible.

Article 65

Liaison with local communities

1. For the purposes of Article 64, the holder of the Exploration and Evaluation License, the holder of the Mineral Permit and or the holder of the Mining License shall appoint a duly qualified Community Relations Officer, of Timor-Leste nationality and speaking at least one the official languages of the Territory, who shall be

responsible for, together with a representative of the State appointed by the Regulatory Authority, liaising with the local communities in the Concession Area and surrounding areas.

2. During the planning of any Exploration and Evaluation, and Mining and Processing activities, the Community Relations Officer and the representative of the State shall consult with the local community leadership to discuss all relevant aspects of the performance of Mining Activities in the Concession Area that may impact the local community, including but not limited to the following:
 - (a) Creation of jobs and training for Timor-Leste nationals and local residents;
 - (b) Development of local infrastructure;
 - (c) Resettlement, if necessary;
 - (d) Protection of the environment;
 - (e) Protection and/or relocation of cultural and/or religious sites; and
 - (f) Rights of way or easements for movement of populations and animals, as well as for the grazing of the latter or access to water or cultural and religious sites.

Article 66

Resettlement

1. If the continued presence of local communities in the Concession Area is incompatible with the Mining Activities, the Mineral Rights Holder shall, with the help of the local and national authorities, prepare and implement a resettlement plan for the regrouping of such communities in an area located as close as possible to the area from which they have been displaced.
2. The resettlement plan shall be approved and monitored by the relevant Government institutions in accordance with the Applicable Law.

3. All costs associated with the resettlement of local communities, including the cost of building housing facilities and other social infrastructure shall be established in accordance with the Applicable Law, and as agreed between the State and the Mineral Rights Holder.
4. Any natural persons that have occupied land in the Concession Area without formal title prior to the application for an Exploration and Evaluation and/or Mining License shall be entitled to compensation and resettlement, provided they are acknowledged and legitimate occupants as determined by consultation between the Community Relations Officer, the representative of the relevant Government institutions and the local community leadership.

Article 67

Compensation to displaced communities

1. Local communities displaced as a result of the Mining Activities shall also be entitled to be compensated for the loss of crops, livestock, forestry products or any other loss of land use profits.
2. The Mineral Rights Holder shall take reasonable steps to provide employment opportunities to the members of displaced communities.

CHAPTER VI

ENVIRONMENTAL REGIME

Section I

General provisions

Article 68

Environmental licensing of Mining Activities

Mining Activities shall only be carried out after the appropriate Environmental Licensing Procedure has been duly completed by the Mineral Rights Holder.

Article 69

Environmental Licensing Procedure

1. The Environmental Licensing Procedure concerning Mining Activities shall be conducted in accordance with the rules and procedures set forth in this Code, the Applicable Law and any relevant ancillary regulations.
2. For the purpose of environmental licensing, the Government may approve a specific environmental assessment and licensing regulation for Mining Activities by means of Decree-Law.
3. The objectives of the Environmental Licensing Procedure are to check compliance with the Mining Activities' legal standards and technical requirements and their environmental impact and ensure that environmental management during the operations shall be as least impactful as possible.
4. The environmental authority for the Mining Activities shall be the body or entity appointed by the Government to exercise environmental licensing powers and responsibilities in connection with the Mining Activities under this Code, the Applicable Law and any ancillary regulations, in coordination with any other relevant authorities under and pursuant to the Applicable Law.
5. The environmental license must be requested by means of an application submitted to the environmental authority for Mining Activities.
6. The decision to issue an environmental license shall be made by the member of Government responsible for the environmental licensing of the Mining Activities, after consulting the other members of Government if and when warranted by the organizational structure of the Government or the specific characteristics of the Mining Activities to be performed, on joint proposal of the environmental authority and Regulatory Authority, prepared in accordance with the Applicable Law.
7. The decisions set out in paragraph 6 above shall be published in the Official Gazette.

Article 70

Environmental management of the Mining Activities

1. All Mining Activities shall be planned and performed in accordance with:
 - (a) The laws and regulations in force aimed at protecting and preserving the environment, with the view of using and exploiting Minerals in a sustainable way and mitigating environmental damage; and
 - (b) The Good Mining Industry Practices used internationally, in order to prevent and minimize damages to persons, property and the environment, and protect them against unnecessary damage, waste and loss of natural resources.
2. The Mineral Rights Holder must adopt at least the following environmental protection measures:
 - (a) Use of drilling equipment fitted with automatic dust capture devices, or as an alternative water injection device, with a view to preventing the propagation or avoiding the formation of dust resulting from the Mining Activities;
 - (b) Fight against the formation of dust within the Concession Area and in the access ways thereto, by means of the use of appropriate systems, including water sprinkling;
 - (c) In the cases where the Mining Activities jeopardize the normal supply of water to the populations, guarantee that the normal supply will be restored in quality and quantity, by resorting to alternative means, including the prior water treatment and the reconstitution of their sources;
 - (d) Notification to the environmental authority for Mining Activities of possible archaeological and cultural finds;
 - (e) Notification to the environmental authority for Mining Activities and the proper police authorities of any discovery of evidence of human remains;
 - (f) In surface Mining Activities, storage as much as possible of the cover soil, with a view to the subsequent recovery of the land and flora;
 - (g) Preparation and implementation of a water management and conservation plan.

3. In the situations set out in Article 70.2(d), the environmental authority for Mining Activities shall notify any findings to the member of Government responsible for archaeological and cultural affairs.
4. In the situations referred in Article 70.2(e) the Mineral Rights Holder shall immediately suspend its activities in the area where the remains have been found and notify the relevant authorities within 24 hours.

Article 71

Environmental licensing of existing Mining Activities

1. Environmental licenses for existing Mining Activities shall continue to be valid until their expiry date.
2. The holder of the environmental license referred to Article 71.1, is required to submit an application for renewal in accordance with this Code, at least 6 months prior to its expiry.

Article 72

Alterations of mining facilities

The upgrading, renovation, extension and/or alteration to the mining facilities are also subject to prior Environmental Licensing Procedure.

Section II

Environmental protection

Article 73

Environmental Audits

1. The environmental authority for Mining Activities, in coordination with the Regulatory Authority, shall supervise the Mining Activities, pursuant to the Applicable Law, to ensure that they are being carried out in compliance with the applicable environmental standards, in particular pollution prevention and environmental protection standards.

2. For the purposes of the preceding paragraph, Mineral Rights Holders shall provide all necessary assistance to the supervision activities conducted at the Concession Area, including, without limitation, allow access to and collection of samples and provide any requested information. Any obstruction by the Mineral Rights Holder or its staff is punishable as an offence under Article 132.3.

Article 74

Review of operating conditions

1. Mineral Rights must be reviewed from an environmental protection standpoint whenever the Mining Activities:
 - (a) Have caused harm to the environment;
 - (b) Have caused a situation of non-compliance with the existing environmental licenses; or
 - (c) Constitute a breach of the environment legal regime or regulations.
2. If one of the situations provided for in the preceding paragraph occurs or is expected to occur, the environmental authority for Mining Operations may issue an Environmental Protection Order, pursuant to the Applicable Law, aimed at:
 - (a) Preventing the violation;
 - (b) Ceasing the continuity of the activity; or
 - (c) Ensuring the compliance with the applicable environmental standards.
3. The Environmental Protection Order shall be issued in writing, detailing the factual and legal grounds for the same.
4. The Environmental Protection Order may include the following aspects to be observed by the Mineral Rights Holder or its contractors:
 - (a) Recommendation on actions and/or omissions to be adopted; and
 - (b) Suspension of all or part of the Mining Activities for a certain period or until further notice is issued by the environmental authority for Mining Operations.

Article 75

Damages caused by mining activities

1. The Mineral Rights Holder and its associates or contractors are under the obligation to adopt environmental protection and conservation measures and shall be held responsible for any environmental damages they may cause as a result of the Mining Activities.
2. Environmental damages caused by actions or omissions in breach of the applicable environmental legal provisions over the course of Mining Activities may lead to the revocation of the title underpinning the grant of Mineral Rights, pursuant to Article 133(e).

CHAPTER VII

MINE CLOSURE RESERVE, LIABILITY AND INSURANCE REQUIREMENTS

Section I

Mine Closure Reserve

Article 76

Mine Closure Reserve

1. Mineral Rights Holders, holders of Mineral Passes excepted, shall carry out the Mining Closure Activities in accordance with the approved mine closure plan.
2. Mineral Rights Holders, holders of Mineral Passes excepted, shall make a mine closure liability estimate study, and submit the same to the Regulatory Authority for approval.
3. The mine closure liability estimate shall be reviewed during the review of the relevant mine closure plan and shall be approved by the Regulatory Authority.
4. The mine closure liability estimate shall be revised and resubmitted to the Regulatory Authority for its approval at such times it is reasonably necessary to revise the mine closure plan.

5. The amount of the Mine Closure Reserve shall be calculated based on an estimate of the mine closure liability regarding the Concession Area, taking into consideration the specific nature and respective environmental risks, as stated in the approved mine closure plan, as amended from time to time.
6. Mineral Rights Holders, holders of Mineral Passes excepted, shall open an interest bearing escrow account inuring to the benefit of the Regulatory Authority, to accumulate the contributions to the Mine Closure Reserve to be used as a contingency fund for closure of the mine, including environmental remediation if required.
7. Regarding all Minerals, save for any Strategic Minerals being mined in the Special Administrative Region of Oe-cusse Ambeno, Mineral Rights Holders, holders of Mineral Passes excepted, shall open an interest bearing escrow account for the benefit of the Authority of the Special Administrative Region of Oe-cusse Ambeno pursuant to Article 1.3.
8. The Regulatory Authority shall inspect any Concession Area between 6 months and 1 year prior to the total or partial relinquishment of the Concession Area, to assess the extent of the operations and determine the adequacy of the respective mine closure plan.
9. The annual provision of the Mine Closure Reserve for each year shall be calculated as follows;

$$AREM = RREM \times A / (A+B).$$

Where;

AREM is the Annual Mine Closure Reserve Provision.

RREM is the Remaining Mine Closure Reserve to be recovered at the start of the year and multiplied by 2.5%.

Where the Remaining Mine Closure Reserve in any given year is determined based on the total mine closure liability estimate minus the annual total Mine Closure Reserve previously recovered,

A is the forecast of Minerals to be produced in any given year.

B is the forecast of Minerals still to be produced as described in the approved Mining Plan.

10. If the initial Mining Period is extended, the Regulatory Authority shall be tasked with establishing the criteria to calculate the annual Mine Closure Reserve forecast applicable over the extension period.
11. Government shall approve the rules for management and use of the Mine Closure Reserve.
12. If the amount of Mine Closure Reserve falls short of the amount required to complete the Mine Closure Activities e remedy any environmental damages, the Mineral Rights Holder and its partners, on a subsidiary basis, shall always be responsible for fully funding and completing any works required to strictly perform their obligations arising from this Code and the Applicable Law. The State is in no way responsible for this matter.

Section II

Liability and insurance requirements

Article 77

Liability in Mining Activities

Mineral Rights Holders shall be solely liable for any damages and losses arising from the performance of Mining Activities.

Article 78

Insurance requirements and type of insurance

Mineral Rights Holders, holders of Mineral Passes excepted, shall:

- (a) Ensure that insurance cover is maintained at all times for all Mining Activities which, unless decided otherwise by the Regulatory Authority, shall be taken out with reputable insurers. Self-insurance, insurance through affiliates, captives or use of global insurance programs' policies shall only be permitted upon prior written approval by the Regulatory Authority;

- (b) Ensure that the limits, deductibles and other terms and conditions of such insurance shall be commensurate with those customary for the industry and the nature of the operations to be undertaken, name the Regulatory Authority as beneficiary, and obtain from their insurers waivers of all rights of subrogation and rights of recourse against the Regulatory Authority and its insurers;
- (c) Provide the Regulatory Authority with certificates clearly identifying the coverage limits, deductibles, and other insurance contract information, and the insurer names, reflecting such insurance as required by this Code. Copies of full policies shall be made available on request; and
- (d) Ensure that all sub-contractors performing Mining Activities on behalf of the Rights Holder shall:
 - i. Name the Regulatory Authority as beneficiary on the insurance policies, other than employer's liability and worker's compensation, and obtain from their insurers waivers of all rights of subrogation and rights of recourse against the Regulatory Authority and its insurers;
 - ii. Ensure that each insurance policy shall survive the default or bankruptcy of the insured for claims arising out of an event predating such default or bankruptcy; and
 - iii. Provide the Regulatory Authority with certificates reflecting such insurance prior to the commencement of their services.

Article 79

Type of insurance required

1. Mineral Rights Holders shall procure and maintain, with respect to and for the duration of Mining Activities, any and all insurance in the types and amounts commensurate with those customary in the industry taking into account the mining operations to be undertaken by the Mineral Rights Holders, including employer's liability, workers compensation, and other insurance as required by the Applicable Law, and also including, but not limited to:

- (a) All losses or damages to facilities and other assets used in connection with Mining Activities for no less than full replacement value;
 - (b) All customary insurance in relation to construction and development projects, such as, but not limited to, construction all risk insurance and cargo insurance.
 - (c) All loss of property or damage, death or injury of any kind suffered by any third party, including but not limited to employees of the Regulatory Authority, in course of or, directly or indirectly, as a result of Mining Activities;
 - (d) The cost of removing wrecks and cleaning up operations following any accident in the course of, or directly or indirectly, as a result of Mining Activities; and
 - (e) Provision of a guarantee for payment of salaries, benefits and indemnities and other employment liabilities which may arise from court orders derived from claims made by employees employed by Mineral Rights Holders as their sole and true employer. The validity of the policy will be not less than three calendar years from the date of termination of the Mining Contract or the Mineral Permit, and the sum insured shall be not less than the equivalent of 1% of the Mineral Rights Holder's payroll for employees assigned to the performance of the Mining Activities during the calendar year prior to termination.
2. Mineral Rights Holders shall promptly inform the Regulatory Authority when such insurance is obtained and provide certificates of insurance or copies of the relevant policies.
3. When deemed necessary, the Regulatory Authority may require Mineral Rights Holders to procure and maintain additional insurance coverage in accordance with the Good Mining Industry Practices.

Article 80

Indemnity

Mineral Rights Holders shall defend, indemnify and hold harmless the Government and pay the required indemnities regarding any third-party compensation claims, civil

liability issues, claims, demands or any other requests, directly or indirectly arising from Mining Activities.

Article 81

Use of insurance proceeds

1. In the event that insurance proceeds are received by Mineral Rights Holders, the Regulatory Authority may direct by written notice that these shall be applied to the restitution of the status quo *ante*.
2. In the event that any Mineral Rights Holder declines to apply the insurance proceeds in accordance to the directions issued by the Regulatory Authority, the relevant pecuniary obligation shall fall immediately due and payable, and the amount of the proceeds shall constitute a debt of such Mineral Rights Holder to the Regulatory Authority.
3. The application or non-application of insurance proceeds at the direction of the Regulatory Authority shall not relieve the Mineral Rights Holder of any other obligations it may have under the Applicable Law.

Article 82

Insurance coverage assessment and periodic reporting

1. Mineral Rights Holders shall undertake an assessment of the adequacy of coverage for insurance obtained for the Mining Activities in light of conditions encountered, or expected to be encountered, during Mining Activities and any risks identified. Such assessment shall be undertaken as and when needed, and, in any event, no less frequently than once every 24 months.
2. In the event the Mineral Rights Holder determines that any insurance coverage is inadequate in any respect, it shall cause such insurance coverage to be modified or replaced so as to assure the appropriate level of coverage.

CHAPTER VIII

HEALTH AND SAFETY

Section I

General rules

Article 83

Management of health and safety

1. Mining Activities are subject to health and safety requirements as foreseen under this Code, the Applicable Law, and any ancillary regulations.
2. Specific health and safety related issues within Mining Activities shall be regulated by the Government.
3. The member of Government responsible for the Mineral Resources sector in coordination with the member of Government responsible for Labor Affairs, may establish specific health and safety regulations for Artisanal Mining Activities.

Article 84

Health and Safety Obligations

1. Mineral Rights Holders or any of their sub-contractors working at the Concession Area shall carry out Mining Activities in compliance with health and safety requirements, standards, and the Applicable Law.
2. Mineral Rights Holders shall ensure that any individuals working at the Concession Area are qualified and skilled to exercise their profession, as required under the Applicable Law.

3. For the purposes of Article 84.2, the nature and magnitude of the risks to the health and safety of the persons arising from their relevant work shall be taken into account.

Article 85

Accident investigation committee

1. Without prejudice to the legal procedures set forth in the Applicable Law, the Regulatory Authority and the members of Government responsible for labor and the environment, as applicable, shall investigate any accidents in the Concession Area that cause serious injury to persons, damage to property or the environment, serious accidents, dangerous occurrences and mine disaster.
2. An accident investigation committee composed at least of two members, appointed by the Regulatory Authority and member of Government responsible for Labor Affairs, and, where warranted by the nature of the accident, the member of Government responsible for the environment, shall be set up within 15 days of the date of the accident.
3. The purposes of the investigation committee are:
 - (a) To investigate and establish the root causes of the accident;
 - (b) To propose corrective actions as necessary to prevent the reoccurrence of similar accident in the future; and
 - (c) To publish the investigation results after legal proceedings are completed.
4. The investigation committee should be composed of persons with appropriate technical capacity and investigation experience.

Section II

Health and safety requirements

Article 86

Health and Safety Management Plan

1. Mineral Rights Holders, with exception to holders of Mineral Passes, shall have an approved Health and Safety Management Plan prior to carrying out Mining Activities.
2. The Health and Safety Management Plan shall, among other requirements:
 - (a) Demonstrate the proper identification of workplace-related risks;
 - (b) Demonstrate that the risks to which persons working in the mine may be exposed have been assessed in accordance with this Code, the Applicable Law and Good Mining Industry Practices as agreed by the Regulatory Authority and the Government entity responsible for Labor Affairs;
 - (c) Demonstrate that adequate measures, including measures concerning the design, use and maintenance of the mine and its equipment, have been and will continue to be taken to safeguard the health and safety of the persons at the workplace;
 - (d) Include a statement of how the measures referred to in sub-paragraph (b) will be implemented and coordinated;
 - (e) Demonstrate adequate measures to deal with the Mine Closure Activities;
 - (f) Include a mine evacuation plan.
3. In addition to the matters referred to in Article 86.2, the Health and Safety Management Plan shall, where appropriate, also include:
 - (a) A plan detailing the equipment and measures required to protect persons at work from the risk of explosion;
 - (b) A plan to maintain the stability of the mined ground where such a plan is warranted;
 - (c) A fire protection plan detailing the likely sources of fire, and the precautions to be taken to protect against, to detect and combat the outbreak and spread of fire;

- (d) Where toxic gases are or may be present in the atmosphere at the mine, in such concentration that the atmosphere may be harmful to the health of persons at work, a plan detailing the protective equipment and protection measures required; and
 - (e) In any zone below ground where rock bursts or gas outbursts may occur, an operating plan setting out as far as possible the susceptible zones and the measures necessary for the protection of persons at work in, approaching or traversing such zones.
- 4. Mineral Rights Holders shall ensure that the Health and Safety Management Plan is kept up to date and made available, explained to, and consulted by each employee at the site.
- 5. Mineral Rights Holders shall ensure that the measures identified in the Health and Safety Management Plan are observed and that the plans set out in that document are implemented.
- 6. Approval of Health and Safety Management Plan shall be made by the Regulatory Authority in coordination with the member of Government responsible for Labor Affairs.
- 7. The decision to approve the Health and Safety Management Plan pursuant to paragraph 6 above shall be issued within 120 days from the date of receipt.
- 8. The approved Health and Safety Management Plan shall be reviewed every four years.
- 9. Notwithstanding Article 86.8, the Health and Safety Management Plan shall be reviewed under the following circumstances:
 - (a) In the event of major changes to the Health and Safety Management Plan, even if they do not amend the Mining Plan; or
 - (b) In the event of amendments to the Mining Plan; and
 - (c) In the event of any serious accident occurred during the Mining Activities that falls within the scope of the second part of Article 87.4 below.

Article 87
Accident reporting

1. Any accidents occurred in the Concession Area that cause serious injury to persons, damage to property or the environment, shall be promptly notified to the Regulatory Authority, the member of Government responsible for Labor Affairs and any other relevant authorities.
2. Accidents that result in property damage, injury or illness requiring first aid, medical treatment, lost time injury, and restricted duty shall be reported to the Regulatory Authority daily or monthly as deemed appropriate.
3. Accident investigations conducted by Mineral Rights Holders shall be communicated to the Regulatory Authority.
4. If any accident set out in paragraph 1 should occur, an investigation committee shall be set up pursuant to Article 85. Any accident or incident that endangers persons, property or the environment while not causing damage, shall be reported to the Regulatory Authority pursuant to paragraph 2 above. Mineral Rights Holders must then take any measures necessary to prevent such accident or incident reoccurring in the future.

Article 88
Appointment of the Technical Director

1. No Mining Activities shall be conducted before a competent and qualified Technical Director is duly appointed.
2. The technical director's duties can only be performed by persons with a university degree in the appropriate field. The Regulatory Authority may require a university degree in Mining Engineering.
3. The Technical Director shall ensure, including in his/her absence that the rules and regulations applicable to the Mining Activities as regards health and safety are complied with at all times.
4. This Article shall not apply to Artisanal Mining Activities.

Article 89
Written instructions

Written instructions on health and safety at the mine shall be drawn up in at least one of the official languages, which shall set out exhaustively:

- (a) safety rules and instructions to be observed to ensure the health and safety of persons at work and the safe use of equipment; and
- (b) Information on the use of emergency equipment and action to be taken in the event of an emergency at the Concession Area.

CHAPTER IX
LABOUR REGIME, TRAINING AND
PROCUREMENT OF GOODS AND SERVICES
FOR MINING ACTIVITIES

Article 90
Special labour regime for Mining Activities

- 1. The existing Labour Law and Good Mining Industry Practices shall apply to the Mining Activities, and such rules shall prevail as afford a more favourable treatment to workers.
- 2. The Government shall approve the specific labour rules applicable to the Mining Activities in separate legislation.

Article 91
Employment in Mining Activities

- 1. Employment in Mining Activities is preferentially reserved for Timorese citizens and shall be based on the qualifications and competence of applicants through competitive process. The lists of persons enrolled in Timor-Leste's official employment services may also be used.
- 2. In the event that Timorese citizens apply for specialized positions who do not

meet the required level of competence as per Good Mining Industry Practice to conduct Mining Activities, Mineral Rights Holders are temporarily allowed to employ foreign citizens until such time that Timorese citizens are deemed as qualified.

3. During the employment of foreign citizens as referred to in Article 91.2 Mineral Rights Holders shall submit a succession plan regarding Timorese citizens to the Regulatory Authority and the member of Government responsible for Labor Affairs, for their approval.
4. The Regulatory Authority may, on a case-by-case basis and in accordance with Good Mining Industry Practice, waive the succession plan set out in the preceding paragraph for the works requiring a qualification background and time of experience outstripping the life of the project.
5. Notwithstanding Articles 91.1 and 91.2, the Regulatory Authority may, considering the feasibility of the Mining Activities, authorize Mineral Rights Holders to employ persons of other nationalities under the following conditions:
 - (a) Works requiring specific skills and experience for a length of service of less than 1 year or works related to mine development and Mine Closure Activities; or
 - (b) Protection of intellectual property;
6. All employment opportunities for Mining Activities shall be communicated to the official employment services and are advised to be advertised publicly.
7. Subject to this Article 91, Mineral Rights Holders shall not engage in discriminatory practices on grounds of colour, race, marital status, gender, ethnical origin, language, social or economic status, political or ideological convictions, or religion.
8. All matters related to employment conditions for Mining Activities under this Code shall comply with Applicable Law.
9. The rules in this Article shall be without prejudice to any rules resulting from bilateral or multilateral agreements with other countries or regional organizations

to promote free movement of skilled workers.

Article 92

Training of Timorese citizens and technology and knowledge transfer

1. Mineral Rights Holders, with exception to holders of Mineral Passes, shall prepare a document outlining the positions and the training required during the Mining Activities, in accordance with Good Mining Industry Practice.
2. In carrying out Mining Activities, Mineral Rights Holders shall permanently endeavour to ensure optimal transfer of technology and knowledge to Timor-Leste entities or individuals.
3. Transfer of technology and knowledge may include one or more of the following:
 - (a) Provide technical support to Timor-Leste entities and or individuals to enhance the country's capacity to supply goods and services to the Mining Activities; and
 - (b) Enhance Timorese citizens' knowledge and skills regarding the mining industry through internships, scholarships, or overseas employment.
4. The transfer of technology and knowledge set out in Article 92.2 shall be incorporated into the Local Content proposal and optimally coordinated with Timor-Leste's professional or vocational education system.
5. In order to achieve the goals of Article 92.3, State services acting in the involved areas may cooperate with Mineral Rights Holders to provide technical or financial assistance, creating qualified labour for the mining sector.

Article 93

Procurement of goods and services

Procurement of goods and services for Mining Activities shall be governed by the following principles:

- (a) Goods and services procured for Mining Activities shall be acquired on an open and competitive basis from national and foreign suppliers. If the necessary goods and services cannot be procured through a public tender, Mineral Rights Holders shall notify the Regulatory Authority offering a reasonable justification;
- (b) Mineral Rights Holders shall give preference to Timor-Leste Suppliers, without prejudice to any rules arising from any bilateral or multilateral agreements executed with other countries;
- (c) The provisions in subparagraph (b) above shall not apply if the goods and services provided by Timor-Leste Suppliers are of the same quality as the imported items and their price outstrips that of the imported items by 10%, in which case the goods and services shall be procured on an open and competitive basis, as set out in subparagraph (a) above;
- (d) In the event there are no suppliers available in Timor-Leste, Mineral Rights Holders may engage foreign suppliers to provide goods and services to the Mining Activities;
- (e) In order to increase the national added value, Mineral Rights Holders shall endeavour to procure Timor-Leste Goods and Timor-Leste Services from Timor-Leste Suppliers in a minimum amount equivalent to 20% of their annual expenditure;
- (f) The provisions in the preceding subparagraph shall not apply if the quality of the local goods and services is not the same as that of foreign goods and services.

CHAPTER X

TRANSFER AND ENCUMBRANCE OF RIGHTS

Article 94

Assignment or transfer of Mineral Rights

1. Mineral Rights may not be transferred, assigned, sold, or otherwise disposed of, either for free or for consideration, to any third party without the prior written consent of the member of Government responsible for the Mineral Resources sector and or the Regulatory Authority, as applicable.

2. Mineral Rights Holders wishing to transfer or otherwise dispose of their rights shall notify their intention by means of a letter addressed to the Regulatory Authority, which shall contain the full identity and documentation proving the standing and the technical and financial capacity of the prospective assignee or transferee.

Article 95

Change of Control

1. A Controlling Interest in a company holding Mineral Rights may not be transferred, assigned, sold, or otherwise disposed of or encumbered without the prior written consent of the member of Government responsible for the Mineral resources sector or the Regulatory Authority, as applicable.
2. Any members or shareholders wishing to transfer or otherwise dispose of or encumber a Controlling Interest shall notify the Regulatory Authority in writing of the full identity of the prospective assignee or transferee, as well as of the economic and other terms of the proposed transaction.

Article 96

Pledge of Mineral Rights and mineral assets

1. Mineral Rights may not be pledged without the prior written consent of the Regulatory Authority.
2. Mineral Rights Holders shall notify the Regulatory Authority of their intention to charge or encumber the rights, by means of a letter, which shall contain the full identity of the entity in favour of which the charge or encumbrance is created and details of the underlying transaction pursuant to which the Mineral Rights or assets used in Mining Activities are to be pledged.
3. The consent of the Regulatory Authority shall not be required in respect of any charge or encumbrance created as security for the funding or financing of the Mining Activities, if the entity in favour of which the charge or encumbrance is created undertakes in writing that any sale in execution or any other disposal pursuant to the foreclosure of the security shall be subject to the consent of the member of the Government responsible for the Mineral Resources sector.

CHAPTER XI MARKETING

Article 97 Marketing of Minerals

1. The Marketing of Minerals may be carried out by Mineral Rights Holders when the Minerals result from Mining Activities carried out in accordance with the Mining Contract and the Mineral Permit.
2. Mineral Rights Holders shall only export raw minerals in following circumstances:
 - (a) When the domestic industry potential does not allow to absorb the raw minerals produced;
 - (b) If technically and economically justified that the raw minerals cannot be processed within the Territory; and
 - (c) With the prior approval of the Council of Ministers, or subject to the Applicable Law, in the case of Strategic Minerals.
3. The Marketing of Minerals by third parties is subject to prior licensing by the Regulatory Authority pursuant to the provisions of Article 98 below.
4. The Regulatory Authority may authorize holders of an Exploration and Evaluation License to take certain amounts of commercial samples of Minerals for market appraisal purposes.

Article 98 Marketing License

1. Any entity wishing to market Minerals under Article 97.3 shall apply for the respective Marketing License with the Regulatory Authority.
2. Marketing Licenses entitle their holders to market the Minerals specified in the license during the latter's validity period.

3. Applications for Marketing Licenses shall be addressed to the Regulatory Authority and accompanied by the following documents:
 - (a) Identification documents of the applicant and indication of the legal representative in the case of legal persons;
 - (b) Indication of the Minerals for which the Marketing Licence is being applied;
 - (c) Demonstration of technical capacity; and
 - (d) Demonstration of financial capacity, including proof of non-existence of debts to the tax authorities and social security.

Article 99

Transfer of Marketing Licenses

1. Marketing Licenses may not be transferred, assigned, sold, or otherwise disposed of without the prior written consent of the Regulatory Authority.
2. Holders of a Marketing License wishing to transfer or otherwise dispose of their Marketing License shall notify the Regulatory Authority by means of a letter, which shall contain, amongst other relevant details, the full identity of the prospective assignee or transferee, and the form and conditions of the proposed transaction.

CHAPTER XII

TERMINATION

Article 100

Grounds for Termination

Notwithstanding any other situations contemplated herein, Mineral Rights may be terminated, with or without compensation to the relevant Mineral Rights Holder, on any of the following grounds:

- (a) Mutual agreement between the State, represented by the Regulatory Authority, and the Mineral Rights Holder;
- (b) Expiry;

- (c) Unilateral termination; and
- (d) Relinquishment of the entire Area in respect of which Mineral Rights have been granted.

Article 101

Mutual Agreement

Mineral Rights shall be extinguished by agreement between the State, represented by the Regulatory Authority, and the Mineral Rights Holder, on application of the latter stating the duly substantiated grounds which demonstrate that continuing the Mining Activities in the Concession Area is not technically or economically feasible.

Article 102

Expiry of the Exploration and Evaluation License and of the Mining License

The Exploration and Evaluation License and the Mining License shall expire upon:

- (a) Expiry of the Exploration and Evaluation License, without the holder of the Exploration and Evaluation License having applied for a Mining Licence pursuant to Article 31, except for areas where Mining Activities are still being carried out under the contractually agreed or duly authorized terms; or
- (b) Expiry of the Mining Period.

Article 103

Expiry of other Mineral Rights

Mineral Permits and Mineral Passes shall expire upon the elapsing of the term for which they have been granted.

Article 104

Unilateral termination

Mineral Rights may be unilaterally terminated:

- (a) On the grounds of a serious breach by the Mineral Rights Holder of any of the provisions of the Mining Contract, Mineral Permit or Mineral Pass, this Code or the Applicable Law;

- (b) If, after the Mineral Rights have been granted, their holder ceases to meet the requirements for their grant;
- (c) Whenever serious environmental damages occur as a result of Mining Activities and such damages are attributable to the wilful misconduct or gross negligence of the Mineral Rights Holder;
- (d) Whenever the Mineral Rights Holder fails to comply with the obligation of restoring the land in accordance with the applicable environmental quality standards, in case of any damage resulting from Mining Activities;
- (e) Proof of existence of debts to the tax authorities for two consecutive fiscal years over the Mining Period;
- (f) Whenever the Mineral Rights Holder intentionally submits false information to the member of the Government responsible for the Mineral Resources sector, the Regulatory Authority, or any other Governmental entity;
- (g) For failure to comply with the general obligations to resettle local communities or compensate them for damages caused to them or their property as a result of Mining Activities;
- (h) If Mineral Rights are transferred or assigned in breach of the provisions of Article 94;
- (i) If a Controlling Interest is transferred in breach of the provisions of Article 95; and
- (j) If Mining Activities are suspended for 120 consecutive days, except when such suspension:
 - i. has been approved by the Regulatory Authority
 - ii. is due to an act or omission on the part of the State or of any person representing the State;
 - iii. is a result of a Force Majeure event.

CHAPTER XIII

MINERAL ROYALTY AND SURFACE FEES

Article 105

Mineral Royalty

1. A mineral royalty, levied on the value of the Minerals extracted or processed within the Territory, is hereby created.
2. The mineral royalty is payable by Mineral Rights Holders carrying out Mining and Processing operations and activities.
3. The mineral royalty rates shall be established based on the level of Mineral processing and subject to an *ad valorem* principle, so that as the value of the product increases based on its processing, the royalty fee decreases *pro rata* to the price and processing costs.

Article 106

Mineral royalty for Mineral Passes

Minerals extracted under Mineral Passes shall be exempt from mineral royalty when their extracted volume does not exceed four thousand (4,000) m³ per annum, provided that the Minerals are for exclusive use of the Holder of the Mineral Pass or of the local community.

Article 107

Value of the Minerals

1. Pursuant to Article 105, the Minerals shall be valued based on an arm's length transaction, where the value of sales shall be based on reputable price lists accepted by the Regulatory Authority.
2. If the Minerals are extracted for further processing in the Territory, the mineral royalty payable to the State shall be calculated based on the value of sale of the processed Mineral at an arm's length transaction with price benchmark(s) approved by the Regulatory Authority.

3. When no sales have been made in a given month, the Minerals extracted or processed during that month shall be valued on the basis of the price of the last sale made by the Mineral Rights Holder.
4. The Regulatory Authority may adjust or otherwise correct the value of the sales of Minerals when such sales have not been made on an arm's length basis, based on a reputable and independent pricing platform.
5. If the Mineral Rights Holder has made no sale during the preceding six months, the Minerals shall be valued on the basis of their fair market price with reference to Article 107.1, as assessed by the Regulatory Authority.

Article 108

Assessment and payment of the mineral royalty

1. The mineral royalty rates are set forth in Annex II to this Code, of which it is an integral part and may be adjusted by the Government by means of a decree-law.
2. The payable mineral royalty shall be determined in accordance with Annex II to this Code and calculated on the basis of the monthly return filed by the Mineral Rights Holder, indicating the Minerals extracted and processed in the Territory in the relevant month.
3. The Mineral Rights Holder shall assess and pay the mineral royalty within thirty days after the end of the relevant month, to the Central Bank of Timor-Leste or another bank account approved by the Ministry of Finance.

Article 109

Mineral royalty returns

1. Mineral Rights Holders shall provide information relating to the sale of Minerals, mineral royalty calculation, and the mineral royalty paid for the immediately preceding month to the Regulatory Authority, within 30 days after the end of every month.
2. Mineral Rights Holders shall also submit on a quarterly basis information relating to expenses and proceeds from Minerals' sales after the end of the relevant

quarter. The returns must be submitted in an approved form, showing where relevant:

- (a) The quantity of the Mineral extracted, mined, or produced;
- (b) Details of any sale, transfer, shipment or disposal of the Minerals;
- (c) The mineral royalty value of the Minerals; and
- (d) The gross invoice value of the Minerals, date of payment, and any allowance deductions for the relevant reporting period.

Article 110

Record keeping of Minerals

1. For audit purposes, Mineral Rights Holders shall keep all records including records relating to mineral royalty calculations, in their Timor-Leste offices, for at least five years.
2. The records set out in Article 110.1 shall give a true and complete indication of:
 - (a) The quantity of Minerals extracted, mined, or produced; and
 - (b) Any sale, transfer, shipment, or disposal of the Minerals, including date, destination, value and quantity of each sale, transfer, shipment, or other disposal of the Minerals.
3. Mineral Rights Holders shall provide the information and records set out in Article 110.2 to the Regulatory Authority (or as it shall direct), and deliver the information and records promptly to the Regulatory Authority (or as it directs) as and when, and in such manner as, the Regulatory Authority specifies.

Article 111

Surface fees

1. With the exception of holders of Mineral Passes, natural and legal persons carrying out Mining Activities shall pay an annual surface fees on the mining site, assessed on the basis of the number of square kilometres of the Concession Area.

2. The annual surface fee amounts are set out in Annex III to this Code, which is an integral part hereof.
3. The surface fees shall be paid to the Central Bank of Timor-Leste or another official bank account approved by the Ministry of Finance.
4. Subject to Article 1.3 of this Code on Strategic Minerals, paragraph 3 shall not apply to the Special Administrative Region of Oe-Cusse Ambeno. Any surface fees payable in connection with Mining Activities carried out in the latter region shall be paid into the official account of the Authority for the Special Administrative Region of Oe-Cusse Ambeno.

Article 112

Calculation and payment of the mineral royalty and the surface fees

Mineral royalties and surface fees shall be calculated and payable separately for each Exploration and Evaluation License, Mining Contract, or Mineral permit, based on a ring-fencing principle.

Article 113

Other administration powers

The Regulatory Authority is responsible for reviewing and ensuring that the amounts paid to State by Mineral Rights Holders by way of mineral royalties, surface fees, and other Fees, are accurate and in accordance with this Code.

Article 114

Tax and customs regime applicable to mining activities

The general tax and customs regime shall apply to Mineral Rights Holders and their subcontractors, except where otherwise expressly provided for in this Code.

Article 115

Late Payment of royalties and surface fees

Any royalty or surface fees not paid in full when due shall bear interest, accruing on a monthly basis, at a rate per annum equal to one month term London Interbank Offered Rate (LIBOR) for United States Dollars deposits, as published in London by

Intercontinental Exchange for Benchmark Administration (IBA) from time to time, from day to day plus five percentage (5%) points, on and from the due date for payment until the date the due amount together with interest thereon, is paid in full.

CHAPTER XIV
MINERAL RIGHTS HOLDERS' GUARANTEES AND INDEMNITY FOR
EXPROPRIATION

Article 116
Mineral Rights Holders' Guarantees

The State guarantees to Mineral Rights Holders:

- (a) The right to organize their assets and their businesses subject to any required approvals and the Applicable Law;
- (b) Subject to the provisions of this Code and other Applicable Law and any ancillary regulations thereto, the right to hire sub-contractors and to recruit personnel needed to carry out Mining Activities;
- (c) Right to free movement of Mineral Rights Holders' personnel and their sub-contractors within the Territory; and
- (d) Right to import goods for Mining Activities, subject to the provisions of this Code and the Applicable Law.

Article 117
Compensation for expropriation

- 1. Save where expressly provided for by the Applicable Law and always subject to compensation, if any, the State shall not expropriate or nationalize the rights of Mineral Rights Holders, either directly or by means of equivalent steps.
- 2. If it proves necessary to requisition or expropriate part or all the property of any Mineral Rights Holder, the State undertakes that it shall only do so for duly justified reasons of public interest, in a non-discriminatory manner, and subject to payment of the proper and fair compensation to the Mineral Rights Holder pursuant to the Applicable Law.

3. The compensation set out in Article 117.2 shall be paid immediately after completion of all required legal and administrative procedures.

CHAPTER XV

MONITORING AND SUPERVISION

Article 118

Monitoring and supervision

The Regulatory Authority shall regularly monitor the Concession Area to ensure that the activities performed in such areas comply with the applicable legal and contractual obligations in all phases of Mining Activities, and supervise the conduct of Mining Activities in accordance with this Code.

Article 119

Inspection and audit

1. The inspections and audits conducted by the Regulatory Authority within the scope of its supervision authority and powers to sites, buildings, and facilities where or through which Mining Activities are conducted to ensure compliance with the Applicable Law and to confirm that they meet the necessary technical and safety conditions.
2. The Regulatory Authority is entitled to audit the books and records of Mineral Rights Holders, to all intents and purposes provided for in this Code.
3. The Regulatory Authority shall notify Mineral Rights Holders no less than 30 days prior in writing of its intention to perform any audits or inspections pursuant to the above paragraphs.
4. Notwithstanding Article 119.3, the Regulatory Authority may carry out random inspections or audits (without prior notice) as deemed necessary.
5. The inspections and audits mentioned in the above paragraphs shall be performed by inspectors and auditors appointed by the Regulatory Authority and duly identified pursuant to Article 122.

6. The Regulatory Authority may approve internal regulations to regulate the conduct of inspections and audits under this Code.
7. The Regulatory Authority shall conduct inspections and audits in coordination with other relevant governmental authorities and in strict compliance with the Applicable Law.
8. If, during any inspection or audit, the Regulatory Authority finds any evidence of the commission of a criminal offense, it shall immediately notify the proper bodies to take any necessary and urgent protection measures to preserve the evidence and launch the required proceedings pursuant to the Applicable Law.

Article 120

Scope of intervention

Inspectors and auditors appointed by the Regulatory Authority pursuant to Article 119, shall have the following (among other) powers in connection with any inspections, audits, and supervision of Mining Activities they conduct:

- (a) Inspectors' power to supervise Mineral Rights Holders and any other natural or legal persons involved in Mining Activities;
- (b) Inspectors' power to inspect the Concession Area, including facilities where Mining Activities are conducted;
- (c) Inspectors' power to inspect and test machinery and equipment;
- (d) Inspectors' power to collect specimens and samples of Minerals or other goods produced as a result of Mining Activities, and carry out or order the carrying out of any required analysis thereon;
- (e) Inspectors' and auditors' power to perform or order the performance of technical actions to coordinate, articulate and assess the reliability of internal control systems, proposing measures aimed at improving the structure, organization, and operation of those systems, monitoring their implementation and evolution;
- (f) Inspectors' and auditors' power to verify compliance with the legal and contractual obligations undertaken by Mineral Rights Holders;

- (g) Inspectors' power to promote and/or undertake investigations, inquiries and inquests, as well as to propose administrative sanctions for breach of this Code or the Applicable Law;
- (h) Inspectors' power to take photographs, film, record or otherwise collect evidence of any administrative offences set forth in this Code;
- (i) Inspectors' power to draw up notices of offence and administrative offence reports;
- (j) Inspectors' power to prepare and undertake all actions required for the investigation of administrative offences set forth in this Code, pursuant to the Applicable Law;
- (k) Auditors' power to audit the performance of any Local Content obligations; and
- (l) Inspectors' and auditors' power to perform any other functions and exercising other powers vested in them by law or regulations, as well as other functions and powers deriving from or in furtherance of the above powers and responsibilities, pursuant to the rules and procedures set forth in the Applicable Law.

Article 121

General powers of inspectors and auditors

1. For the purposes of ensuring compliance with this Code and the Applicable Law, inspectors may:
 - (a) Conduct and/or promote searches in any part of the Concession Area, pursuant to the Applicable Law;
 - (b) Inspect, measure, test, photograph or film any part of the Concession Area or any object found therein over the course of any inspection or audit;
 - (c) Take an object or a sample found in the Concession Area for analysis or testing purposes;
 - (d) Review and copy documents;
 - (e) Demand the access of persons or the introduction of materials and equipment in the Concession Area that the inspector reasonably requires for exercising any power under this Code or the Applicable Law;

- (f) Require that any person found in the Concession Area provide the inspector reasonable assistance to exercise his/her powers;
 - (g) Interview any person found in the Concession Area and collect the respective statements necessary to assist the inspector in ascertaining whether an administrative offence was, is being or has been committed;
 - (h) Take any necessary measures to prevent the disappearance or destruction of evidence; and
 - (i) Notify any other relevant authorities of any offence or potential offense identified.
2. To ensure compliance with this Code and the Applicable Law, the auditors may:
- (a) Conduct or promote, pursuant to the Applicable Law, the collection of documentary evidence, such as contracts, invoices, and receipts;
 - (b) Retain or make copies of relevant documents;
 - (c) Access books and accounts including the accounting software used;
 - (d) Access to warehouse for inventory audit of capital spares or stockpile verification; and
 - (e) Interview relevant responsible persons.

Article 122

Professional identification

1. Inspectors and auditors shall bear a professional identification card or badge, which shall grant them free access to all businesses, locations, infrastructure and mining equipment in Concession Areas, in the performance of their duties.
2. The professional identification card or badge must be shown prior and during any inspections and audits.
3. The identification card or badge shall be issued according to regulations to be approved by the Regulatory Authority.

Article 123
Proportionality

Inspectors and auditors shall use and implement procedures that are balanced and proportional considering the aim of the actions undertaken.

CHAPTER XVI
OFFENCES AND PENALTIES

Section I
General rules

Article 124
Principle of Legality

Only acts typified as such in this Code or any decree-law issued under it shall be punishable as an administrative offence.

Article 125
Liability for Administrative Offences

1. Administrative fines may be applied to natural persons and public or private legal persons, regardless of the regularity of their incorporation and to *de facto* companies or associations.
2. The legal persons set out in the preceding paragraph shall be deemed responsible for the administrative offences set forth in this Code, provided the acts have been committed in carrying out their respective activity, in their name or on their behalf, by the respective officers, attorneys-in-fact, representatives or employees.
3. Members of the management of the legal persons stated above, as well as individuals responsible for the direction or supervision of areas of activity in which an administrative offence was committed, shall be liable for the penalty applicable to the perpetrator, specially attenuated, if they knew or should have known that

the administrative offence would be committed and they failed to take appropriate measures to immediately prevent it, unless a more severe penalty is provided for in another statutory provision.

4. The liability under paragraph 2 above shall apply even if the legal person proves that although it complied with all the duties it was bound by, it nevertheless was unable to prevent the employees or attorneys-in-fact without authority committing the offence. In this case the legal person may request compensation for the damages caused from the employee or attorney-in-fact, under the terms of the law.

Article 126

Accomplices

1. The natural or legal person who wilfully and in any way materially or morally assists another in the performance of a wilful act, is punishable as an accomplice.
2. The penalty applicable to the accomplice is the same set forth for the perpetrator, specially attenuated.

Article 127

Participation

1. If several perpetrators participate in the unlawful act, any of them shall be liable for the offence, even if the unlawfulness or the degree of unlawfulness of the act is predicated on certain qualities or special relationships of the perpetrator that only exists in one of the participants.
2. Each participant is punished according to their culpability, regardless of the punishment or degree of culpability of the other participants.

Article 128

Repeat Offenders

1. Natural and legal persons that commit an administrative offence shall be punished as a repeat offender if it has previously been punished for any other offence, provided that at least one of the offenses was committed with wilful misconduct.

2. The administrative offence for which the perpetrator has been previously punished is not relevant for purposes of determining a repeat offence if the first administrative offence was already time-barred at the time of the second offence.
3. In case of repeat offence, the lower and upper thresholds of the fine shall be increased by one third.

Article 129

Concurrent administrative offences

1. Any natural or legal person who has committed several administrative offences shall be punished, in addition to any ancillary penalties, with a fine in a maximum amount corresponding to the sum of the fines effectively applied to the various offences in concurrence.
2. The lower threshold of the fine shall be the amount of the highest fine actually applied to the various administrative offences.

Article 130

Concurrent offenses

1. If the same act constitutes both a crime and an administrative offence, the offender shall be liable for both offenses. In such case, different proceedings shall be initiated, and each case shall be decided by the competent authority, subject to the following provisions of this Article 130.
2. The administrative decision that imposes a fine shall expire if the offender is convicted in criminal proceedings for the same act.
3. If the offender is punished for a crime, it may still be subject to any additional penalties applicable as a consequence of the respective administrative offence.

Section II

Administrative offences and penalties

Article 131

Applicable penalties

1. The exact amount of the fines and the applicability and extent of additional sanctions shall be determined considering the seriousness of the administrative offence and the culpability of the offender.
2. The offender's past and subsequent behaviour as well as the prevention needs shall also be taken into account in determining the fines.
3. Coercion, counterfeiting, false statements, simulation, or other fraudulent means used by the offender, as well as the existence of acts of concealment or disguise designed to impede the discovery of the offence shall also be taken into consideration.

Article 132

Administrative offenses

1. Failure to perform the obligation to prepare and submit any reports, studies, records, budgets, plans or any other documents within the statutory deadlines, pursuant to this Code, any ancillary regulations or a Mining Contract, shall be a light offense
2. The following constitute a serious offence:
 - (a) Failure to timely submit royalties and surface fees returns, without prejudice to any other penalties that may be provided for in any Applicable Law;
 - (b) Assignment or transfer of rights or changes in control by Mineral Rights Holders, without the Regulatory Authority's approval;
 - (c) Transfer of the Marketing License to a third party without the Regulatory Authority's prior approval;
 - (d) Breach of the rules on training and employment of national citizens;
 - (e) Breach of procurement rules;
 - (f) Failure to maintain insurance for the duration of all Mining Activities' phases.
3. The following constitute a very serious offence:
 - (a) Conduct of Mining Activities without holding a valid Mineral Right;

- (b) Breach of the suspension and/or notification obligations foreseen in Articles 28, 29, 50.2 and 70.2 (d) and (e); and
 - (c) Violation of any applicable health and safety requirements, including without limitation:
 - i. Performing any activity that endangers persons and property;
 - ii. Failure to implement appropriate measures pursuant to the law to prevent any actions that endanger persons and property;
 - iii. Conducting Mining Activities without a duly approved Health and Safety Management Plan;
 - iv. Performing any action contrary to the approved Health and Safety Management Plan;
 - v. Breaching accident reporting requirements;
 - vi. Violating approved health and safety conditions; and
 - vii. In any way preventing inspection and investigation actions with respect to health and safety.
4. The application of a fine for a light offence may be preceded by a compliance notification issued by the Regulatory Authority, establishing a deadline no greater than 30 days for the offender to correct the breach, and clarifying that failure to do so within the given deadline implies the automatic application of the penalty.
5. The Government by means of decree-law shall regulate the specific conditions and thresholds of the penalties mentioned above, namely the lower and upper thresholds applicable to the perpetrator, as well as any other administrative offences required to guarantee their enforcement.
6. The revenue resulting from the application of fines shall be collected and deposited in a bank account indicated by the Ministry of Finance.
7. The serious offenses set out in subparagraphs 2(b) and 2(c) above shall further entail the voidness of any underlying legal transactions.

Article 133
Ancillary penalties

Notwithstanding the preceding Article, the offender who commits an offence foreseen in this Code and ancillary regulations may also be sanctioned with the following ancillary penalties:

- (a) Seizure and forfeiture of the Minerals, property and equipment belonging to the offender used to commit the offence or produced as a result of the same;
- (b) Sealing of production equipment;
- (c) Temporary suspension, for up to three years, of any Mineral Permits, Reconnaissance Licenses, Exploration and Evaluation Licenses, Mining Licenses and Mineral Passes in connection with the performance of the respective activity, in case of serious or very serious offences;
- (d) Imposition of any measures deemed adequate to prevent environmental damage, or to recover the situation that existed prior to the offence or minimize the effects resulting thereof;
- (e) Revocation of any Mineral Permits, Reconnaissance Licenses, Exploration and Evaluation Licenses, Mining Licenses and Mineral Passes.

Article 134
Ancillary penalties procedure

1. Ancillary penalties shall always apply to offenders committing two very serious offences, or a combination four light, serious or very serious offences over a two-year period.
2. Notwithstanding Article 134.1, whenever the seriousness of the offense or of the offender's culpability so justify, the offender may be subject to one or more ancillary penalties as listed in Article 133, which may be applied in conjunction with the fines set forth in Article 132.

3. The Regulatory Authority shall keep a registry of offences committed by the various offenders for purposes of application of ancillary penalties.

Article 135

Suspension of ancillary penalties

1. The Regulatory Authority may totally or partially suspend the enforcement of any ancillary penalty.
2. The suspension referred in Article 135.1 may be made conditional on the performance of certain obligations, notably those deemed necessary to correct the unlawful situation, repair the damages caused, or prevent risk to the health or safety of persons and property, or to the environment.
3. The duration of the suspension shall be between one and three years, counted as of the date of expiration of the deadline for judicial challenge of conviction for an administrative offence.
4. Upon expiration of the suspension period, the conviction shall be deemed of no effect, provided the offender has not committed another administrative offence or breached any duty incumbent upon it during the suspension period.
5. If another administrative offence has been committed or the said duties breached, the suspended ancillary penalty shall be applied to the offender.

Article 136

Forfeiture of property

Any property used in or intended for the commission of an offence, or produced as a result of the offence, may be forfeited to the State.

Article 137

Third-party property

Third-party property can only be forfeited if:

- (a) Their owners have contributed, with fault, to their use or production or have benefited from the offence; or

- (b) The property was acquired, by any means, after the commission of the offence, and the purchasers were aware of its origin.

Section III

Process

Article 138

Regulations on investigation procedures and ancillary penalties

1. Notwithstanding the rules and procedures set forth in this Code, the Government may approve regulations on the investigation procedures and specific requirements for the determination of the exact amount of the fines and the applicability and extent of any ancillary penalties.
2. The Criminal Code, the Criminal Procedure Code, and ancillary legislation shall apply on a subsidiary basis and *mutatis mutandis*, in respect of the establishment and determination of administrative offences, investigation procedures, application of fines and/or ancillary penalties and any appeals against them.

Article 139

Notice of offence and offence report

1. Inspectors shall draw up a notice of offence when, in the exercise of their powers and attributions, they personally verify or confirm, even if indirectly, any breach of any rules contained in this Code or ancillary regulations. The notice of offence shall be deemed as evidence of the events verified.
2. If the administrative offence is not personally verified by the inspectors, the latter shall prepare an offence report with the evidence in their possession for the purposes of performing an inspection.

Article 140

Requirements of notice of offence and offence report

1. The notice of offence or the offence report mentioned in Article 139 shall, whenever possible, contain the following details:

- (a) Facts which constitute the administrative offence and the legal provisions that were breached;
 - (b) Date, time, place and the circumstances in which the administrative offence was committed or detected;
 - (c) If the administrative offence is committed by a natural person, the necessary details to identify the offender and his/her residency;
 - (d) If the administrative offence is committed by a legal person or similar entity, its identification details, including headquarters, identification and residency of its directors and other officers;
 - (e) Identification and address of witnesses, if any; and
 - (f) Name, job position and signature of the inspector or administrative officer who witnessed or reported the offence.
2. Entities that do not have powers to investigate the offence shall submit the notice of offence or the offence report to the Regulatory Authority within five working days.

Article 141

Conviction

1. The decision that imposes an administrative fine and ancillary penalties shall be taken by the Regulatory Authority, and include:
- (a) The identification of the offenders;
 - (b) Description of the facts and indication of the corresponding evidence; and
 - (c) Indication of the law or regulation which sets forth the penalty and the grounds of the decision.
2. The decision shall also contain the following information:
- (a) The conviction shall become final and enforceable unless challenged under Article 143 or Article 144; and

- (b) In case of judicial challenge, the court may decide through a public hearing or, if the offender and the Public Prosecutor do not object, by means of a simple judicial order.
3. The decision shall also contain:
- (a) The order to pay the fine within 30 days of the decision becoming final or *res judicata*;
 - (b) The indication that the same constitutes an extrajudicial writ of execution for the purposes of coercive collection under general law in the event the offender fails to pay the fine within the established deadlines; and
 - (c) The indication that if the offender is unable to timely pay the fine, it must advise the Regulatory Authority of such fact, in writing.

Article 142

Notices

1. Notices served under this Code shall be carried out by:
- (a) Personal contact of the person to be notified and at the place where he/she may be found;
 - (b) Registered letter with proof of receipt, or absent such service, delivery protocol and receipt of correspondence book, or any other means enabling to demonstrate delivery; or
 - (c) Public summons if the whereabouts of the person being served are unknown, by posting public summons and publishing notices pursuant to the applicable procedural law, *mutatis mutandis*.
2. The offender shall be served with a notice of offence, an offence report, a conviction, a decision which applies an ancillary penalty, and of the occurrence of any other act, in which its presence is mandatory, through registered letter with proof of receipt or personal contact.
3. Notices shall be addressed to the headquarters of a legal person or to the residence of a natural person.

4. In case the registered letter with proof of receipt is returned to the sender authority, the notice shall be resent to the person to be notified and deemed made on the fifth working day from the mailing of the letter.
5. In case the person to be notified refuses to receive or sign the notice, the notifying officer shall certify the refusal in the letter, and the notice is deemed to have been served.
6. Notices may also be served by fax or electronic mail. In these cases, the notice is deemed to have been served the day it is sent. Copy of the receipt stating that the message was successfully sent shall be sufficient evidence of service of notice.
7. Any situation respecting notices not foreseen in this Article shall be governed by the rules on notices and notifications contained in the Criminal Procedure Code and ancillary regulations, *mutatis mutandis*.

Article 143

Hierarchical Appeal

1. Within 15 days as of the date of service of notice that imposes an administrative fine for an administrative offense, the convicted offender may submit a hierarchical appeal to the member of Government responsible for the Mineral Resources sector, pursuant to the law.
2. The hierarchical appeal will be submitted by means of an application in which the appellant must set out all the grounds of the appeal and any supporting evidence deemed necessary, if any.
3. The request to submit an appeal may be filed with the Regulatory Authority or the member of Government responsible for the Mineral Resources sector.
4. The hierarchical appeal suspends the effectiveness of the act appealed against, except where otherwise specified in the law, or when the person performing the act considers that failure to execute it immediately would cause serious harm to the National Interest.

5. The hierarchical appeal must be decided within 30 days counting from the date the process is sent to the member of the Government responsible for the Mineral Resources sector to assess it. Absent a decision within that deadline, the appeal shall be deemed tacitly rejected.

Article 144

Judicial challenge, procedure, and deadline

The decision to impose a penalty may be directly challenged before the courts of Timor-Leste under the terms set forth in the Criminal Procedure Code, *mutatis mutandis*.

Article 145

Statute of Limitations

Notwithstanding the general rules on interruption and suspension of statutes of limitations contained in other Applicable Law which shall be duly adapted, the proceedings aimed at sanctioning administrative offences and applying fines and/or ancillary penalties are subject to a statute of limitations of five years as of the date on which the offense is committed.

Article 146

Civil Liability

The application of the penalties provided for in this Code shall be without prejudice to civil or criminal liability for damages arising from the commission of any offense or the breach of this Code or the Applicable Law.

CHAPTER XVII

MINERAL REGISTRY

Article 147

Mineral Registry

1. The Regulatory Authority shall create and implement a Mineral Registry, by means of a specific regulation.
2. The Mineral Registry shall be used for:

- (a) Registering applications for the granting of Mineral Rights;
 - (b) Registering Mineral Rights granted, as well as refusals to grant them;
 - (c) Registering the termination of Mineral Rights;
 - (d) Registering the enlargement and relinquishment of areas over which Mineral Rights have been granted;
 - (e) Registering the extension of Mineral Rights to Other Ore Minerals and to Other Mineral Resources;
 - (f) Registering the transfer or assignment of Mineral Rights; and
 - (g) Registering the creation of charges or encumbrances over Mineral Rights, as well as any modification thereto or the extinction thereof.
3. The procedural rules applicable to the registration of facts listed above, maintenance of the registry, consultation, issuance of certificates and other relevant operational matters related thereto shall be approved by means of regulation issued by the member of the Government responsible for the Mineral Resources sector, upon proposal of the Regulatory Authority.

Article 148

Cadastral Survey Maps

1. The Regulatory Authority, in coordination with other relevant Ministries, shall develop, for each Municipality, cadastral survey maps regarding Mineral Rights, containing the specific topographical references indicating the limits of each perimeter of the areas in which Mineral Rights have been granted or whose application is being processed, to be included in the Mineral Registry.
2. The cadastral survey maps shall be open to the public for consultation.

CHAPTER XVIII

TRANSPARENCY AND GOOD PRACTICES

Article 149

Prohibition of offers or gratuities

1. No natural or legal person shall, directly or indirectly, during the exercise of Mineral Rights, the process to grant Mineral Rights or as part of related activities, provide any gratuity, gift or any other favour to any official of the Regulatory Authority or to any member of their families up to the third degree, irrespective of the reason.
2. The prohibition referred to in Article 149.1 shall not apply to gifts received by officials of the Regulatory Authority in the following situations:
 - (a) Goods that by their very nature may be immediately integrated into the patrimony of the State and other public legal persons, or re-directed by the official of the Regulatory Authority for the benefit of the community;
 - (b) Gifts that are a part of protocol, notably those that include the logo of the person or entity making the offer and/or an express and visible reference to the event which gave rise to the offer, and do not damage the good image of the State and/or other public legal persons, provided they are kept as property of the Regulatory Authority; or
 - (c) Gifts provided upon reaching certain mining project milestones, or to commemorate discoveries, first production, or other relevant project steps, notably those that include the logo of the natural or legal person making the offer and/or an express and visible reference to the event which gave rise to the offer, provided their value and nature are deemed appropriate to the relevant celebration, and the same are kept as property of the Regulatory Authority.
3. Notwithstanding the foregoing, gifts or offers which, by their very nature and value, are susceptible of compromising the performance or impartiality of the Regulatory Authority, or that may be deemed harmful to the good image of the State, shall always be prohibited.

4. In no event shall personnel involved in the performance of inspection activities be allowed to receive gifts or offers, nor shall any gifts or offers be allowed when decisions respecting to the carrying out of Mining Activities are pending.
5. Any gifts or offers received under Article 149.2:
 - (a) Shall be integrated into the patrimony of the Regulatory Authority, to be used in its activities;
 - (b) May be donated to third party entities to be used in social projects, educational activities, or other National Interest activities of a similar nature.
6. The Regulatory Authority shall keep a separate gift registry book in which all gifts and offers mentioned in this Article 149 shall be recorded, as well as the ultimate destination given to the same.
7. Failure to comply with the provisions of Article 149 by any official of representative of the Regulatory Authority may, if the elements of the relevant offense (actus reus) are fulfilled, entail criminal liability pursuant to the Criminal Code and other applicable criminal legislation, and also constitutes a disciplinary offense.

Article 150

Disclosure of Revenue

The member of Government responsible for the Mineral Resources sector, with the support of the Regulatory Authority, shall prepare and publish, at least every year, reports concerning State revenues and other direct or indirect economic benefits received by the State from Mining Activities in accordance with international best practices based on the extractive industries transparency initiative.

Article 151

Disclosure of Information on Mineral Rights Holders

For the purposes of preparing the reports referred to in Article 150, the member of Government responsible for the Mineral Resources sector and the Regulatory Authority may require Mineral Rights Holder to submit data, at least every year, including production, financial data, and other direct or indirect economic benefits received by them and all amounts paid by them in connection with Mining Activities.

CHAPTER XIX
FINAL AND TRANSITIONAL PROVISIONS

Article 152

Fees

1. The submission and processing of applications for the granting of Mineral Rights, enlargement of Concession Areas, extension of rights and other administrative acts under this Code are subject to the payment of Fees, whose amount shall be approved from time to time by the member of the Government responsible for the Mineral Resources sector by means of a ministerial statute.
2. Notwithstanding any provisions to the contrary in the Applicable Law, the Fees set out in Article 152.1 shall be paid to the Central Bank of Timor-Leste or any bank indicated by the Ministry of Finance.

Article 153

Offshore Mining Activities

Until the approval of specific rules for such purpose, the provisions of this Code shall apply *mutatis mutandis* to Offshore Mining Activities.

Article 154

Mineral Fund

1. The Mineral Fund shall be created pursuant to Article 139.2 of the Constitution of the Democratic Republic of Timor-Leste to hold and manage all revenue derived from the performance of Mining Activities in accordance with the principles of transparency and allocation of revenue for the use of future generations.
2. Between the effective date of this Code and the establishment of the Mineral Fund account, all revenue derived from ongoing Mining Activities shall be kept in an account with the Central Bank of Timor-Leste.
3. After the Mineral Fund account is established, all revenue set out in the preceding paragraph shall be transferred to the Mineral Fund account.

Article 155

Scientific Research

1. The Government of Timor-Leste may conduct scientific research including surveys related to Mineral Resources in Timor-Leste.
2. The member of Government responsible for the Mineral Resources sector shall approve ancillary regulations on the administration of the research set out in Article 155.1.
3. The ancillary regulations set out in Article 155.2 shall be aimed at:
 - (a) Ensuring minimum impact to the health, safety and environment; and
 - (b) Administering scientific researches related to the mining sector conducted by parties other than the member of Government responsible for the Mineral Resources sector.

Article 156

Stakeholder Engagement

1. In the pursuit of its remit and duties under this Code, the Regulatory Authority may engage relevant stakeholders, including other governmental entities, industry representatives, civil society members, local authorities and local communities
2. The purpose of stakeholder engagement is to:
 - (a) Review future amendments to the Mining Code which must take into consideration different perspectives of the relevant stakeholders as referred to in article 156.1; and
 - (b) Address issues related to activities foreseen in this Code in the event of an overlapping area of interest.
3. The terms and conditions for stakeholder engagement as referred to in Article 156.1 shall be established in regulations approved by the member of Government responsible for the Mineral Resources sector.

Article 157

Ancillary Regulations

1. The Government shall regulate the Mining Activities as foreseen in this Code.
2. The member of Government responsible for the Mineral Resources sector may, upon the Government's prior approval, delegate powers to the Regulatory Authority to approve regulations aimed at furthering and complementing the rules set forth in this Code, which shall be binding on all natural and public and private legal persons.

Article 158

Decentralized regulation and supervision

1. Notwithstanding Article 47 of this Code, the Government by means of decree-law, taking into consideration technical capabilities, may decentralise regulatory and supervision functions, which shall be restricted to Article 5.1.(d) (i) of this Code.
2. The decentralisation as referred to in Article 158.1 shall not apply to Mining Activities for export purposes.

Article 159

Restrictions

1. Extraction of beach sand is strictly prohibited for reasons of environmental, maritime, and coastal protection and preservation.
2. Notwithstanding Article 159.1, the Regulatory Authority may grant a Mineral Permit for the Mining and Processing of beach sand for the following purposes:
 - (a) Beach engineering for tourism industry;
 - (b) Beach environmental rehabilitation purposes;
 - (c) Educational playground; and
 - (d) Restricted sport activities.

CHAPTER XX

DISPUTE RESOLUTION

Article 160
Dispute Resolution

Disputes arising in connection with Mining Activities and other matters hereunder shall be resolved by the judicial courts of Timor-Leste or by means of arbitration, as established in the titles underpinning the grant of Mineral Rights.

Article 161
Transitional Provision

1. Subject to Articles 161.2 and 161.3, mining contracts executed after the effective date of this Code but negotiated or approved by the Council of Ministers or by the Minister responsible for the mining sector, as applicable, prior to such date, may be negotiated and/or executed as already approved, in accordance with the legislation in force at the time of the approval, and shall be and remain in full force and effect.
2. Holders of Mineral Rights granted prior to the effective date of this Code shall within 24 months as from that date bring their operations into compliance with the rules and specifications set forth herein.
3. If at the effective date of this Code the validity of any environmental license granted under Article 71 is less than six months, the holder of the license may request its renewal within six months pursuant to this Code.

Annex I – Classification of Minerals

(as set out in Article 5 of the Mining Code)

(a) Ores Metallic Minerals

(i) Precious Metals:	(ii) Base Metals:		
1. Iridium (Ir)	1. Aluminum (Al)	15. Hafnium (Hf)	29. Silicon (Si)
2. Gold (Au)	2. Antimony (Sb)	16. Indium (In)	30. Sodium (Na)
3. Osmium (Os)	3. Arsenic (As)	17. Iron (Fe)	31. Strontium (Sr)
4. Palladium (Pd)	4. Barium (Ba)	18. Lead (Pb)	32. Tantalum (Ta)
5. Platinum (Pt)	5. Beryllium (Be)	19. Lithium (Li)	33. Tellurium (Te)
6. Rhodium (Rh)	6. Bismuth (Bi)	20. Magnesium (Mg)	34. Thallium (Tl)
7. Ruthenium (Ru)	7. Cadmium (Cd)	21. Manganese (Mn)	35. Tin (Sn)
8. Silver (Ag)	8. Caesium (Cs)	22. Mercury (Hg)	36. Titanium (Ti)
	9. Calcium (Ca)	23. Molybdenum (Mo)	37. Tungsten (W)
	10. Chromium (Cr)	24. Nickel (Ni)	38. Vanadium (V)
	11. Cobalt (Co)	25. Niobium (Nb)	39. Zinc (Zn)
	12. Copper (Cu)	26. Potassium (K)	40. Zirconium (Zr)
	13. Gallium (Ga)	27. Rhenium (Re)	
	14. Germanium (Ge)	28. Rubidium (Rb)	

(b) Gemstones Minerals			
1. Amber	10. Erionite	19. Opal	28. Spinel
2. Amethyst	11. Garnet	20. Pearl	29. Sunstone
3. Aquamarine	12. Jadeite	21. Peridot	30. Tanzanite
4. Azurite	13. Jasper	22. Rhodonite	31. Topaz
5. Black Onyx	14. Labradorite	23. Rose Quartz	32. Tourmaline
6. Citrine	15. Lapis Lazuli	24. Rubi	33. Turquoise
7. Chrysoberyl	16. Mahogany	25. Sapphire	34. Unakite
8. Crystal Quartz	17. Malachite	26. Smoky Quartz	35. Zircon
9. Emerald	18. Moonstone	27. Sodalite	

(c) Radioactive Ore			
(i) Natural	(ii) Synthetic		
1. Actinium (Ac)	1. Americium (Am)	10. Fermium (Fm)	19. Neptunium (Np)
2. Polonium (Po)	2. Berkelium (Bk)	11. Flerovium (Fl)	20. Nihonium (Nh)

3. Protactinium (Pa)	3. Bohrium (Bh)	12. Francium (Fr)	21. Nobelium (No)
4. Radium (Ra)	4. Californium (Cf)	13. Hassium (Hs)	22. Plutonium (Pu)
5. Uranium (U)	8. Dubnium (Db)	17. Mendelevium (Md)	
6. Thorium (Th)			

(d) Stones and Industrial Minerals

(i) Construction Materials

1. Andesite	8. Dolomite	15. Limestone	22. Sand
2. Basalt	9. Gabbro	16. Marble	23. Sandstone
3. Breccia	10. Gneiss	17. Obsidian	24. Serpentine
4. Conglomerate	11. Granite	18. Peridotite	25. Schists
5. Dacite	12. Granodiorite	19. Pumice	26. Slate
6. Diabase	13. Gravel	20. Quartzite	27. Syenite
7. Dolerite	14. Graywacke	21. Rhyolite	

(ii) Process Minerals

1. Barite	7. Dolomite	13. Magnesite	19. Quartz
2. Bentonite	8. Feldspar	14. Mica	20. Rock Salt
3. Calcite	9. Fluorite	15. Ochre	21. Sulphur
4. Celestite	10. Graphite	16. Perlite	22. Talc
5. Clay	11. Gypsum	17. Phosphates	
6. Diatomaceous Earth or Diatomite	12. Limestone	18. Pumice	

(iii) Ornamental Stones

1. Barite	7. Dolomite	13. Magnesite	19. Quartz
2. Bentonite	8. Feldspar	14. Mica	20. Rock Salt
3. Calcite	9. Fluorite	15. Ochre	21. Sulphur
4. Celestite	10. Graphite	16. Perlite	22. Talc
5. Clay	11. Gypsum	17. Phosphates	
6. Diatomite	12. Limestone	18. Pumice	
Serpentine	Marble	Granite	

(e) Rare earth elements (REE)

1. Cerium (Ce)	6. Holmium (Ho)	11. Promethium (Pm)	16. Ytterbium (Yb)
2. Dysprosium (Dy)	7. Lanthanum (La)	12. Samarium (Sm)	17. Yttrium (Y)
3. Erbium (Er)	8. Lutetium (Lu)	13. Scandium (Sc)	
4. Europium (Eu)	9. Neodymium (Nd)	14. Terbium (Tb)	

5. Gadolinium (Gd)	10. Praseodymium (Pr)	15. Thulium (Tm)	
(f) Coal			
1. Anthracite			
2. Bituminous coal			
3. Lignite			
4. Peat			

Annex II - Mineral Royalty Rates

(as set out in Article 108 of the Mining Code)

(a)

NO	Mineral Classification	Unit	Mineral Royalty rate	
			Value of Raw Minerals	Value of Processed Minerals
1	Precious Metals or Precious Minerals	%	8.00%	3.50%
2	Base Metals	%	7.00%	2.50%
3	Gemstones	%	8.00%	3.50%
4	Radioactive Minerals	%		8.00%
5	Coal	%	5.00%	n/a
6	Rare Earth Elements	%		15.00%
7	Industrial Minerals			
(i)	Process Materials			
	a. Process Materials other than Stones	%	8.00%	2.50%
	b. Process Materials in the Form of Stones	USD/t	7.00	1.00
(ii)	Ornamental Stones	USD/t	10.00	1.00
(iii)	Construction Materials			
	a. For domestic use	USD/m ³	3.00-10.00	n/a
	b. For exports	USD/ m ³	10.00-15.00	n/a

Annex – III Surface Fees

(as set out in Article 111 of the Mining Code)

Surface fees for the purpose of Article 111 are:

1. Durante the Exploration and Evaluation Period and the Development Period			Mineral Classification (as set out in Annex I)	
			(a), (c) & (f)	(b), (d) & (e)
Bracket 1	1-3 years	USD/Km2	50	25
Bracket 2	4-5 years	USD/Km2	100	50
Bracket 3	6-7 years	USD/Km2	200	100
2. During the Mining Period			Mineral Classification	
			(a), (c) & (f)	(b), (d) & (e)
Bracket 1	1-5 years	USD/Km2	50	50
Bracket 2	6-15 years	USD/Km2	150	100
Bracket 3	16-25 years	USD/Km2	250	150
Bracket 4	Over 25 years	USD/Km2	400	200

Payment of the surface fee during the Mining Period shall be calculated as follows:

$$\text{Surface Fee} = \text{Value of Bracket/km}^2 * (1+r)^{(Y_n-Y)}$$

Where:

Surface Fee = Annual Base Rate in accordance with the amount in Bracket 1 in USD per kilometers square

r	=	Estimated average Consumer Price Index (CPI) of Timor-Leste: 2.5%
yn	=	Year in question
Y	=	Year when the Mining Contract comes into force