

DECREE-LAW No 43/2022
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COMPANHIA MINEIRA DE TIMOR-LESTE, S.A.

Although revenues from petroleum activities constitute the main source of income for the Country, the economic potential of mineral resources in Timor-Leste is perfectly identified. Indeed, the number of private investors interested in investing in the exploration of mineral resources available in the national territory has increased exponentially, which has resulted in a significant increase in the number of licenses granted for the execution of activities related to some minerals.

After the approval of the Mining Code, the VIII Constitutional Government, following the example of previous governments, is concerned with the establishment of the necessary institutions to guarantee the bases for the development of a sector which will predictably become one of the main sources of national income and an important vehicle for the employability of national citizens.

The establishment of a national mining company, named *Companhia Mineira de Timor-Leste, S.A.*, aims precisely to meet this concern and the option for the commercial nature of the company will allow the State to operate in the mining sector, internally and externally, in equal circumstances with other companies of the sector. On the other hand, the circumstance of being a public company whose initial capital is integrally subscribed by the State leads the Government to endow the statutes with rules that allow a balanced sharing of powers between the corporate bodies and between these and the Council of Ministers.

Thus, pursuant to Article 115 (1)(i) and Article 116(d) of the Constitution of the Republic, the Government hereby decrees the following to be valid as law:

Article 1
Constitution

Companhia Mineira de Timor-Leste, S.A., hereinafter referred to as CMTL, S.A., is hereby established, the statutes of which are published in the annex to the present decree-law and form an integral part thereof.

Article 2
Nature and Legal Framework

CMTL, S.A. shall be established as a public limited liability company and shall be governed by this decree-law, by its by-laws, by the legislation applicable to commercial companies and by any special rules whose application results from the object of the company.

Article 3
Object

1. The object of CMTL, S.A. shall be to conduct mining activities as defined by law, including reconnaissance, prospecting and exploration, evaluation, development,

exploitation, processing, transportation and marketing of minerals, as well as mine closure activities.

2. In pursuing its object, CMTL, S.A. may also undertake complementary or accessory activities to mining activities and the provision of services related to mining activities, including, in particular, technical, commercial and management consultancy services in the mining sector.

Article 4

Share capital

1. The initial capital stock of the Company, fully subscribed and paid up by the State, is US\$ 600,000.
2. Any transfer of shares of CMTL, S.A., to an entity that is not, directly or indirectly, controlled by the State must be authorised by the Council of Ministers, upon reasoned proposal by the General Assembly.
3. The listing of CMTL, S.A. shares on any stock exchange or any similar mechanism for the public offering of its capital, as well as its merger with any company or other form of concentration, shall also be subject to the authorization of the Council of Ministers upon the proposal of the General Assembly.

Section 5

Representation of the State

1. The rights of the State as a shareholder shall be exercised through the person appointed by decision of the Council of Ministers, following a proposal by the member of the Government responsible for the area of mineral resources.
2. The appointment of the representative of the State referred to in the foregoing subsection shall meet criteria of recognized good standing and technical and operational knowledge related to the management of companies.

Article 6

Authorisation from the Council of Ministers

1. Without prejudice to matters the decisions on which are reserved to the corporate bodies under the bylaws and legislation applicable to CMTL, S.A., the following decisions shall be subject to authorisation by the Council of Ministers:
 - a) Amendments to the Articles of Association, by amending this decree-law, except those concerning the registered office, which may be decided by the Board of Directors;
 - b) Gratuitous or onerous transfer of company shares to entities that are not, directly or indirectly, controlled by the State;
 - c) Increase and reduction of the company's share capital;

- d) Split, merger and transformation of the company;
 - e) Dissolution of the company;
 - f) Admission to listing on any stock exchange;
 - g) Alienation and encumbrance of company assets, including real estate, the value of which exceeds US\$ 1,000,000, provided this does not result in the granting of personal or real guarantees for third party obligations;
 - h) Contracting of financings in favour of the company of a value superior to US\$ 1.000.000;
 - i) To issue any negotiable debt securities with a value greater than US\$ 1,000,000.
2. It is also incumbent upon the Council of Ministers to approve the appointment of the Chairman of the Board of Directors to be elected by the General Assembly, upon proposal by the member of the Government responsible for the area of mineral resources.

Article 7 **Strategic plan of CMTL, S.A.**

1. The Board of Directors shall prepare and update a strategic plan for the company every two years and send it to the shareholders at least 30 days prior to the general meeting of shareholders.
2. The strategic plan shall cover a period of at least three years and include details on:
 - a) The objectives of CMTL, S.A.;
 - b) CMTL, S.A.'s business strategies
 - c) The investment and financing programmes and financial projections of CMTL, S.A.;
 - d) The analysis of factors that might affect the achievement of goals and create significant financial risks for CMTL, S.A.;
 - e) The relationships with stakeholders and strategies to manage those relationships.
3. The strategic plan shall also cover any other matters requested by the shareholders.
4. The Board of Directors shall, within a reasonable time, inform the shareholders regarding:
 - a) any significant changes to the plan; and
 - b) Circumstances that are likely to significantly affect the achievement of the plan's objectives.

Article 8 **Workers**

1. Except as provided for in this Decree-Law, the contracts of CMTL, S.A. employees shall be governed by the private-law rules in force for the respective sector of activity and, on a subsidiary basis, by Law No 4/2012 of 21 February, the Labour Law.

2. The process of personnel recruitment shall be preceded by a public announcement and shall be carried out according to objective selection criteria, to be established in the internal regulations.

Article 9

Audit and transparency

1. CMTL, S.A.'s annual financial statements shall be audited by an external audit firm of national or international repute and by the Chamber of Auditors of the High Administrative, Tax and Audit Court.
2. CMTL, S.A. must set up a website where its annual financial statements, corporate governance model, list of members of the corporate bodies, information on holdings held in other companies and all relevant mining contracts entered into by the company are published, as well as updated information on all revenues generated as a result of mining activities.
3. In carrying out its activities, CMTL, S.A., the members of its corporate bodies and its employees shall observe the principles, guidelines, standards and rules of the Extractive Industries Transparency Initiative.

Article 10

Financial control

1. Without prejudice to the provisions of the law and of commercial law regarding the provision of information to shareholders, the Board of Directors shall send to the members of the Government responsible for the areas of mineral resources, finance and economy, at least 30 days prior to the date on which the annual general meeting is held:
 - a) The management report and accounts for the financial year;
 - b) Any additional information deemed necessary to fully understand the economic and financial situation of the company and its prospects.
2. The Supervisory Board shall send a brief report every six months to the members of the Government referred to in the preceding number on the activities carried out and the main constraints detected.

Article 11

Declaration of assets

Before taking office, all members of the corporate bodies shall submit a statement of their assets to the Anti-Corruption Commission, under the terms and for the purposes set out in Law No. 7/2020 of 26 August on Preventing and Combating Corruption.

Section 12
Statutes

The statutes of CMTL, S.A. are published in an annex to this diploma and are an integral part thereof.

Article 13
Registration and publication

1. The present diploma constitutes sufficient title for all legal effects, including those of commercial registration.
2. Amendments to the statutes shall be registered and published in accordance with the commercial legislation in force.

Article 14
Entry into Force

The present statute shall enter into force on the day following its publication.
Approved by the Council of Ministers on 4 May 2022.

The Prime Minister,

Taur Matan Ruak

The Minister of Petroleum and Minerals,

Victor da Conceição Soares

Promulgated on 1 June 2022.

To be published.

The President of the Republic,

José Ramos-Horta