

**MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE  
DEMOCRATIC REPUBLIC OF TIMOR-LESTE AND THE GOVERNMENT OF AUSTRALIA  
RELATING TO THE EXPLOITATION OF THE SUNRISE AND TROUBADOUR  
PETROLEUM FIELDS IN THE TIMOR SEA**

The Government of the Democratic Republic of Timor-Leste and the Government of Australia:

Having signed in Dili on this day the Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of Australia relating to the Unitisation of the Sunrise and Troubadour Fields (the Agreement) and in consideration of the respective undertakings made therein;

**HAVE REACHED THE FOLLOWING UNDERSTANDING:**

1. The Government of Australia will transfer to the Government of the Democratic Republic of Timor-Leste the sum of one million United States dollars (\$US1,000,000) *per annum* in freely disposable United States currency free of exchange and service charges.
2. The transfer of this sum will commence in the later of the calendar year in which installation of facilities in the Unit Area for the purposes of production begins and the calendar year five years before that in which production from the Unit Area is scheduled under the Development Plan to begin, and continue each calendar year thereafter, up to and including the calendar year in which production from the Unit Area begins.
3. The Government of Australia will transfer to the Government of the Democratic Republic of Timor-Leste the sum of ten million United States dollars (\$US10,000,000) *per annum* in freely disposable United States currency free of exchange and service charges.
4. The transfer of this sum will commence in the calendar year in which production from the Unit Area begins, and continue each year thereafter up to but not including the calendar year in which production from the Unit Area ceases.
5. The transfer of sums in this Memorandum of Understanding will only occur if the fields are developed using downstream processing facilities located inside the Unit Area.
6. Subject to paragraph 5, the transfer of sums in this Memorandum of Understanding will occur irrespective of any redetermination of the Apportionment Ratio on technical grounds.

7. The commitments of the Government of Timor-Leste and the Government of Australia arising under this Memorandum of Understanding will be read together with the terms of the Agreement.

For the Government of  
the Democratic Republic of Timor-Leste  
6 March 2003

For the Government of Australia  
6 March 2003