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JOINT NEWS RELEASE

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Timor-Leste and ConocoPhillips Australia settle tax disputes

Perth/Dili – The Government of Timor-Leste and ConocoPhillips Australia today announced the settlement of several significant tax disputes. In particular, the parties resolved the tax assessments related to the Bayu-Undan decommissioning plan, the drilling of Phoenix-Firebird, and the Capacity Reserve Charge. The Parties were unable to reach an agreement regarding the pipeline withholding tax and have agreed to leave the matter with the Singapore International Arbitration Centre constituted Tribunal.

The disputes related to laws and agreements supporting the Bayu-Undan field, located in the Joint Petroleum Development Area (JPDA) in the Timor-Sea and, operated by ConocoPhillips. The Government of Timor-Leste and ConocoPhillips said that the past differences on the tax issues have been resolved and they are pleased to have agreed to a path that respects Timor-Leste's right to tax and the rights of ConocoPhillips as a taxpayer.

In order to minimize potential future disputes, Timor-Leste and ConocoPhillips have also agreed to a shared understanding of the relevant dispute resolution framework and application of penalties, and an agreement to work together toward consolidating the tax laws applicable to the Bayu-Undan operations into a uniform tax code in order to minimize future disputes.

“ConocoPhillips holds in high esteem its relationship with Timor-Leste and the many Timorese who benefit from its Bayu-Undan operations,” said Mr. Chris Wilson, president, ConocoPhillips Australia-West. “We thank the Timor-Leste Government for its commitment to dialogue, which allowed the parties to reach this settlement.”

The settlement sends a positive signal to developing countries and the international business community and potential investors alike. The Timor-Leste Minister of Finance, H.E. Santana Viegas Cardoso, said: “The Timorese Government is committed to continuously working with international companies to ensure that the people of Timor-Leste benefit from business activities in the region, and is pleased that ConocoPhillips recognizes the needs and challenges of an emerging state”

The terms of the settlement are confidential and cannot be disclosed.

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