

Timor-Leste to kick-start mining industry with landmark exploration tenements

Wednesday, November 29, 2023 6:00 AM AWT

By Anthony Barich
Commodity Insights



Local wildlife in Baucau, Timor-Leste. Environmental management was a key focus of the mining regulator for companies to apply for exploration permits.

Source: Riviere Minerals Pty. Ltd.

Timor-Leste is announcing the recipients of the first mineral exploration tenements for the fledgling nation on Nov. 30, kicking off a new geological province.

The Timor-Leste government approved a revised mining code in 2021 after spending years trying to rebuild public infrastructure and diversify from dependence on oil and gas.

Nine of 14 companies that applied succeeded in prequalifying for mineral tenements, regulator Autoridade Nacional dos Minerais announced during an October ceremony to open bidding documents. The companies are from Australia, Singapore, Timor-Leste, China and Indonesia, according to one of the companies' senior representatives who viewed a livestream of the event.

Six of the nine companies are understood to have applied for mineral tenements. The Ministry of Petroleum and Mines will announce the recipients of about 22 exploration licenses in a ceremony in Dili, the nation's capital.

"This is the start of their minerals sector in Timor-Leste. We plan on being there for a very long time," Mary Thompson, director and founder of Iron Fortune Pty. Ltd. — one of the companies invited to the Nov. 30 ceremony — told S&P Global Commodity Insights.

Thompson, whose company is targeting manganese and phosphate in Timor-Leste, successfully advocated for the development of an explosives regulatory framework needed for a future hard-rock mining industry and a modernized quarrying industry to meet the country's significant infrastructure needs.

"This regulatory framework and issuing of tenements means this will be the first focused minerals exploration to have taken place in Timor-Leste in modern times," Thompson said. "How often do you ever get a chance to go to a place where there has been no modern minerals exploration? It's an opportunity of a lifetime to have a crack at a new geological province."

Long-awaited moment

The new mining code allows for a four-year "exploration and evaluation" period that can be extended with three more two-year periods. Mining permits are set at 25 years and can be extended for another 25 years. The code allows the National Mining Company to take up to 30% in any mining permit.

The creation of the National Mining Company in June 2022 represented "a strong sign from the government that the mining sector is ready to start operating at full capacity within a short period of time," global law firm Chambers and Partners said in January 2023.

Timor-Leste's new mining code is "similar in many respects to Western Australia Mining Act," according to a June 2022 presentation at the Timor-Leste Energy and Mining Summit in Dili from West Australian gold producer Beacon Minerals Ltd., which was also invited to the Nov. 30 ceremony.

The key criteria for tendering for the exploration permits was sufficient technical, environmental and safety management experience as well as the cash to carry out work, according to Graham McGarry, chairman and managing director of Beacon.

"We've had positive relationships with all members of the government, including senior members," McGarry told Commodity Insights.

Beacon entered Timor-Leste in 2016 targeting copper, gold and cobalt and has done reconnaissance mapping and sampling work led by a local geologist appointed in August 2022. The area Beacon is interested in exploring has 80 inches of annual rainfall, which mainly falls from December through to March, limiting most operations during that period, McGarry said.

Meanwhile Iron Fortune's local country manager for nine years, geophysicist Francisca Joe Magno, has led fieldwork including hand sampling and reconnaissance mapping in conjunction with the University of Melbourne and the local geological survey under a scientific research license.

Geological potential

The UN reports an array of known minerals occurrences in Timor-Leste from chromite to clays, with gold, silver and



Iron Fortune Pty. Ltd.'s in-country geophysicist Francisca Joe Magno with mineralized rock in Timor-Leste.

Source: Iron Fortune Pty. Ltd.

copper believed related to ultramafic rocks, said Ross Brown, founder of exploration consultancy Riviere Minerals Pty. Ltd. based in Perth, Australia.

"I consider Timor-Leste vastly under-explored," Brown told Commodity Insights. "No modern exploration has occurred. Whilst many dozens of mineral occurrences are known, these have been generated in historic investigations and studies."

While the companies that will be granted tenements will be "'first movers' in the true sense," Brown said the unexplored nature of Timor-Leste provides both challenges and opportunities for miners.

"It's a double-edged sword. There are no geology maps, or very few. There's no exploration archive, no geochemical database. Yet we stepped off the road three months ago to do some mapping and discovered manganese mineralization extending over 600 meters," Brown said.

Timor-Leste's regulator did not respond to a request for comment.

S&P Global Commodity Insights produces content for distribution on S&P Capital IQ Pro.

This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.