

Minutes of Meeting

Petroleum Fund of Timor-Leste Investment Advisory Board

Held on 11th May 2007

At the Office of the Banking and Payments Authority

Present:

Abraão de Vasconcelos, General Manager of BPA (Chairman)
Cristino Gusmão, Director of Macroeconomic Unit of MoPF
Sigurd Klakeg, Fiscal and Petroleum Advisor

In attendance:

Venancio Alves, Executive Director of the Department of PF Management, BPA
Terje Iversen, Petroleum Fund Advisor, BPA
Vidar Ovesen, Fiscal and Petroleum Advisor
Shuboth Kumar Mathur, Treasury Advisor
Gastão de Sousa, Chief Economist, BPA (Secretary)

The Chairman declared the meeting open at 14.45 p.m.

Agenda of the meeting was approved without amendment.

Apologies

The Chairman informed the meeting that Mr. Manuel Monteiro is unable to attend the meeting. He is in hospital for health treatment. He has appointed Mr. Shuboth Kumar Mathur, Treasury Advisor, as alternate.

Mr. Tørres Trovik will participate in the meeting through telephone conference from Norway.

The Chairman also welcomed Mr. Vidar Ovesen, successor of Mr. Sigurd Klakeg, the new Fiscal and Petroleum Advisor at the MoPF.

Minutes of Previous Meeting

The minutes of previous meeting held on 19th January 2007 was approved without amendment.

Business arising from the minutes not otherwise include in the agenda

The Chairman informed the meeting that the issue on the assessment of the non commercial external manager as discussed in the previous Board meeting is not brought for discussion in this meeting as the process is still on going.

He also stated that taking into account the importance of the issue, proper study need to be conducted before retable for Boar discussions.

He further said while the study on the non-commercial external manager is in progress, the BPA is also conducting a study on the investment strategy. The matter will be brought to the Board once it concluded.

Correspondence (including requests and advice to/from Minister)

The Chairman informed the meeting that following the recommendation of the Board in its previous meeting regarding the recommendation to the Minister of Planning and Finance to authorize the BPA to initiate a contract negotiation with the BIS and WB on the non commercial external managers. The BPA has communicated such recommendation to the Minister for appreciation and decision and no reply has been received.

Rebalancing Issues

The issue was tabled for discussion on October 2006 meeting and the Board requested the BPA to analyze the issue further to include the possibility of amending the mandate in the management agreement instead of creating a separate cash account.

After discussed the issue the Board resolved to request the BPA conduct further analysis to include specific guidelines on the short term cash management.

Other Business

Mr. Torres proposed that the BPA should prepare a brief update to be presented in each Board meeting on the PF performance under management. The meeting resolved to request the BPA to present update information on the performance of the petroleum fund in every Board meeting.

There were no other businesses the Chairman declared the meeting adjourned at 16.20 p.m.

Chairman

Minute Secretary