



MAATSCHAPPIJ SURINAME N.V.

STATE OIL COMPANY SURINAME N.V.

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PRESS RELEASE

Staatsolie closes challenging 2016 fiscal year positively

Staatsolie considers the 2016 fiscal year as one of the most challenging in the past 36 years. Plummeting oil prices have affected the company's financial position and performance greatly. Austerity measures, paired with recovering oil prices in the latter half of 2016, have resulted in closing the fiscal year with a gross profit of US\$ 13 million.

In 2016 Staatsolie's consolidated turnover amounted to US\$ 368 million, 38 percent less compared to 2015 (US\$ 591 million). The average price of US\$ 41.44 per barrel for the USGC HSFO Waterborne, the reference name of the Saramacca Crude, was 8 percent below the 2015 average. The consolidated gross profit of US\$ 13 million (US\$ 29 million in 2015) is the result of combined efforts of Staatsolie and its subsidiaries Staatsolie Power Company Suriname, GOw2 Energy Company and Ventrin Petroleum Company. The contribution to the treasury in the form of dividend and taxes was US\$ 39.6 million.

The General Assembly of Shareholders (AVA) today approved of the 2016 financial report. The shareholder was represented by Vice President A. Adhin, who was accompanied by the director for Planning and Development Financing, a Ministry of Finance directorate, I. Sandel.

Production and marketing

In 2016 an average 16,327 barrels a day of Saramacca Crude have been produced, amounting to a year production of almost six million barrels. Oil production plummeted by four percent compared to 2015, mainly because fewer new wells have been drilled, a result of the austerity measures. For 2017, 117 wells are scheduled to be drilled and a year production of 5.98 million barrels has been projected.

In 2016 the refinery produced approximately 1.8 million barrels of premium diesel and gasoline, which is 71 percent of the target. In addition, the refinery produced almost two million barrels of fuel oil and 35,000 barrels of bitumen. Measures have been taken to solve the various technical and organizational bottlenecks and there is confidence that the 2017 production targets will be realized.

A total of 5.98 million barrels of petroleum products have been sold, including premium diesel. The marketing comprised of sales of own products and sales from commercial activities (purchase and resale of diesel, gasoline and fuel oil). Supply to the fishery sector resumed after it had been halted for almost two years due to the construction and startup of the refinery.

Refinancing

In 2016 Staatsolie managed to refinance a current loan of US\$ 600 million at a group of foreign banks. The loan has to be paid in full by the end of 2019. With a long-term loan with the government, almost half of the foreign loan has been redeemed, while the remainder has been cut into small installments. With the refinancing strategy, the company has freed finances to invest in production and exploration in the period ahead.

Offshore

Exploration activities in the offshore have been continued in 2016. The area with depths up 30 meters (the nearshore) was redivided into four blocks based on the results of the 2015 exploration drilling program. In 2016, Staatsolie started looking for partners for further exploration of two of the blocks.

Staatsolie's offshore partners have continued their respective exploration programs, resulting in the drilling of the Roselle-1 exploration well. Apache drilled the Kolibrie-1 exploration well in Block 53 in the period March-April 2017, but no commercial find has been made in either location.

Both wells yielded a wealth of geological data about the Guiana Basin. This information will contribute to a more focused search for commercial reserves. Tullow Oil scheduled the drilling of the Araku-1 exploration well in Block 54 for the final quarter of 2017.

Large oil finds in neighboring Guyana's offshore have led to more interest for Suriname. On 13 July 2017, a production sharing contract for Block 59 will be signed with a consortium formed by ExxonMobil, Hess and Statoil. Also, a production sharing contract will be signed for Block 60 on the same day.

Prospects

Developments in the international oil industry indicate continuation of fluctuating oil prices. The current reality is that oil is a commodity whose price is determined by supply and demand. Staatsolie is aware of this and continues to work to keep production costs low, in order to deal with future plummeting of oil prices.

The prospects for 2017 are positive, mainly due to:

- Recovery of international oil prices, which set off in the second half of the 2016 fiscal year;
- Stepping up refinery output, with a higher production of premium diesel and gasoline;
- Revenues from the Merian goldmine in which Staatsolie has a 25 percent stake. The mine became operational in October 2016;
- Interest in offshore Suriname by international oil companies;
- Results of the organizational changes initiated late 2015, which have already led to more cost conscious and more efficient performance.

The positive results at the end of the 2016 fiscal year have inspired Staatsolie to face the challenges in 2017 and the years beyond full of confidence in its own abilities. Mainly with the efforts made by its staff, supported by the Supervisory Board, the shareholder and other stakeholders, the company has managed to stay financially healthy and has proven to be a robust organization that can keep itself afloat during hard times. Staatsolie is therefore convinced it will continue to be of great value to the shareholder and continue making a substantial contribution to the development of Suriname.

Paramaribo, 30 June 2017

Staatsolie Corporate Communication