



Vertrouwen in eigen kunnen

PRESS RELEASE

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Staatsolie records US\$ 149 million gross profit in 2018

Staatsolie Maatschappij Suriname N.V. recorded a consolidated gross turnover of US\$ 506 million in fiscal 2018. Profit before tax amounted to US\$ 149 million. Both revenue and profit increased compared to 2017. The General Meeting of Shareholders approved the 2018 annual report on 14 August.

Staatsolie achieved good financial results in 2018. The consolidated gross profit of US\$ 149 million is the joint result of Staatsolie and its subsidiaries Staatsolie Power Company Suriname, GOW2 Energy Company and Ventrin Petroleum Company (Trinidad and Tobago). Staatsolie's financial performance improved in several respects in 2018 compared to the previous year, as the overview below shows.

- The average posting price of our crude was US\$ 61 per barrel in 2018, compared to US\$ 47 per barrel in 2017.
- In 2018, the realized consolidated gross revenues amounted US\$ 506 million, up sixteen percent from the prior year.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) reached a of US\$ 355 million, compared to US\$ 285 million in 2017.
- Profit before tax in 2018 was US\$ 149 million, compared to US\$ 94 million in 2017.
- The 25 percent share of the Merian gold mine yielded 131,000 oz., contributing US\$ 92 million to the EBITDA at an average gold price of US\$ 1,264 per ounce. This compares to Staatsolie's share of 127,000 ounce of production, EBITDA contribution of US\$ 92 million and average gold price of US\$ 1,265 per ounce in 2017.
- Staatsolie's contribution to Suriname's government, consisting of taxes, dividend and royalties, amounted to US\$ 150 million in 2018 from which US\$ 10 million relates to royalties of the 25% interest of Staatsolie in the gold mine of Newmont Suriname, compared to US\$ 139 million (US\$ 10 million royalties) in the previous year.

Production and sales

In 2018, the average daily oil production amounted to 16,383 barrels, which is about 6 million barrels on an annual basis, almost one hundred percent of the target. The aim for the coming years is to keep annual production at 6 million barrels. To achieve this goal, wells are drilled every year. 135 wells were added in 2018. Testing and deploying new technologies, such as Enhanced/Improved Oil Recovery (EOR / IOR) methods, will ultimately contribute to a stable crude production.

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The refinery has produced 2.74 million barrels of gasoline and diesel (2.66 million in 2017). With continuous improvements at the refinery, a stable production of 10,050 barrels of high-quality products per day will be achieved by 2020. The focus remains on guaranteeing constant production and at the same time further reducing costs.

Staatsolie's subsidiary Staatsolie Power Company Suriname (SPCS) generated 438,000 MWh energy, which is three percent more than in 2017. More than 350,000 MWh was supplied to the public electricity grid and more than 88,000 MWh to the refinery. SPCS supplied more than 70,000 tons of process steam to the refinery (2017: 26,042 tons). SPCS was certified in accordance with the ISO 9001: 2015 quality management standard in 2018.

The subsidiary GOw2 retained its share in the Surinamese retail market. Sales of lubricants and diesel increased considerably, both in the consumer and industrial segment. The ultra-low Sulphur diesel and gasoline produced by Staatsolie are sold domestically by GOw2. GOw2 was also certified in 2018 according to the ISO 9001: 2015 standard.

Ventrin, a subsidiary in Trinidad and Tobago, suffered a US\$ 1.8 million loss (2017: US\$ 3 million). The turnover was more than 24,000 tons (2017: more than 98,000). The company supplies bunker fuel to local and international ships and resumed its shore activities in 2018. Ventrin is now preparing, together with Staatsolie, to respond to new regulations set by of the International Maritime Organization (IMO). According to these guidelines, from 1 January 2020 the sulfur percentage in bunker fuels must not exceed 0.5.

Offshore activities

Preparations for the Nearshore Drilling Project reached a peak in 2018 with the signing of the contracts with the three main contractors. A maximum of nine exploration wells will be drilled in the nearshore, the sea area to a depth of 30 meters. The drilling program started on 1 April 2019.

Staatsolie's international partners have continued their exploration activities in the deep offshore. Kosmos has drilled two exploration wells, with no result. The partners remain optimistic, considering the plans to drill more wells in 2019 and 2020. The signing of two new production sharing contracts in 2018, one with Cairn Energy and one with Tullow Oil, illustrates the optimism of the industry. The recent discoveries in Guyana near the border with Suriname strengthen the confidence in an impending offshore commercial discovery in Suriname.

Corporate citizenship

Staatsolie also demonstrated its Corporate citizenship in 2018, also through the Staatsolie Foundation for Community Development Foundation. In total more than US\$ 433,000 has been spent supporting a series of initiatives that improve the health, education and development of the population of Suriname. Since 2017, Staatsolie has been emphasizing close cooperation with the communities in areas where business activities take place. To this end there is regular contact with the communities and representatives of the local government.

Outlook

The implementation of Staatsolie's 'Strategy for Success 2016-2020' is key for 2019 and the coming years. This strategy is aimed at transforming Staatsolie into a world-class company. With promising prospects in the nearshore and offshore and a clear strategy for success, both in the short and long term, Staatsolie is facing exciting times. The company therefore counts on the continued support of the shareholder, employees and society. Staatsolie is assured that it can remain of great value for the shareholder and will continue to make an important contribution to the development of Suriname.