ANNUAL REPORT 2016

STAATSOLIE

Confidence in Our Own Abilities

ANNUAL REPORT
2016

Vision

- Leading the sustainable development of Suriname's energy industry.
- Making a strong contribution to the advancement of our society.
- Becoming a regional player with a global identity in the energy.

Mission

To develop Suriname's hydrocarbon potential over the full value chain, to generate electricity and to develop renewable sustainable energy resources.

To secure the energy supply of Suriname and to establish a solid position in the regional market.

To expand our reputation based on our growth performance, flexibility and corporate social responsibility.

Values

HSEC Focused:

We put health and safety first, strive for zero harm to our people and the communities around us, and minimize negative impacts upon the environment.

Integrity:

We are honest and do what we say we will do.

People Focused:

We create a supportive and collaborative environment, respect each other, are open to other's ideas and facilitate personal and professional growth.

Excellence:

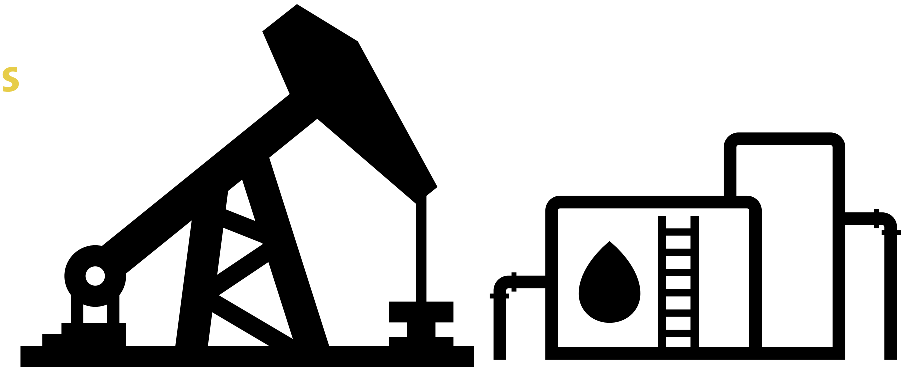
We set high standards for quality, strive to exceed expectations and do our work with a sense of urgency.

Accountability:

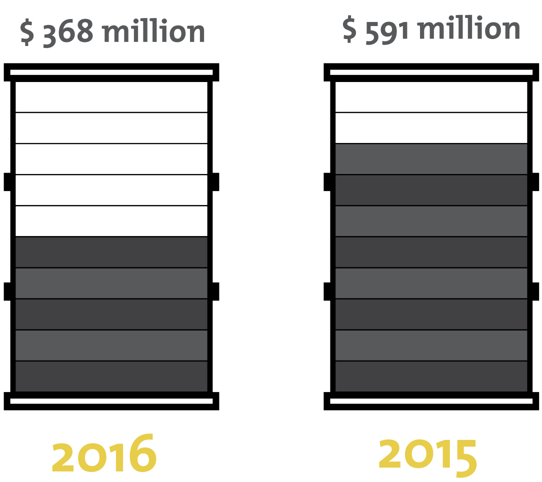
We accept responsibility for our job and actions, are co-operative, and create a non-blaming environment.

Overview 2016

5.98 million barrels
Crude Production

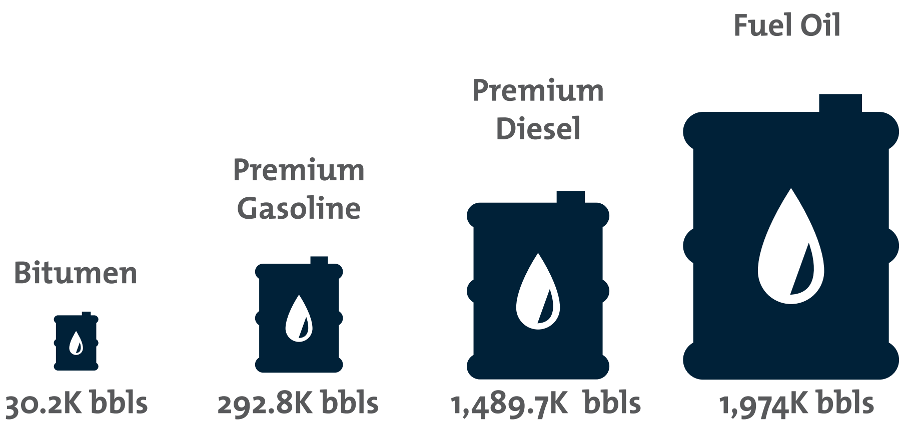


Gross Revenues
(2016 vs 2015)



700.000
man-hours
without a LTI

Refinery Production



Supervisory Board (from the left):

A. Immanuel, Member
E. Poetisi, Member
E. Boerenveen, Chairman
I. Tholen, Secretary
G. Asadang, Member
M. Rommy, Member

Shareholder, Supervisory Board, Board of Executive Directors and Management

As at December 31, 2016

Sole Shareholder

The Republic of Suriname represented by:

- the President, His Excellency D.D. Bouterse, on his behalf:
- the Vice President, A. M. Adhin

Supervisory Board

E. Boerenveen	Chairman
G. Asadang	Member
A. Immanuel	Member
E. Poetisi	Member
M. Rommy	Member

Board of Executive Director

R. Elias	Managing Director
B. Dwarkasing	Upstream Director
A. Moensi-Sokowikromo	Finance Director

Deputy Directors

A. Jagesar	Downstream Deputy Director

Division Managers

I. Ambrose	Manager Corporate Audit
R. Bissumbhar	Manager Production Unit Tambaredjo
D. Brunings	Manager Corporate Communication
P. Brunings	Production Asset Manager
M. Daal-Vogelland	Manager Petroleum Contracts
J. Gajadin-Joella	Manager Corporate Legal Affairs
W. Gajapersad	Manager Refining Operations
P. Goerdajal	Manager Drilling Operations
T. Haarloo	Manager Corporate HRM
C. Hughes	Refinery Asset Manager
V. Jadnanansing	Manager Marketing
D. Kertotiko	Manager Technical Support Services
J. Kalpoe	Manager Maintenance & Turnaround Refinery
K. Lie A Kwie	Manager Health, Safety & Environment TLF
S. Mannes	Manager Health, Safety, Environment & Quality Corporate
B. Nandlal	Manager Functional Support Services
A. Nelson	Manager Exploration
D. Pello	Manager Technical Services
R. Ramautar	Manager Renewable Energy Sources
A. Ramsaransingh-Karg	Manager Corporate Procurement
A. Schuitemaker-Nghollo	Manager Production Unit TNW/Calcutta
A. Sleman	Manager Information & Communication Technology
R. Soekhlal	Manager Health, Safety & Environment Upstream
A. Vermeer	Manager Finance & Treasury
M. Woelkens	Manager Business Economics

Managers assigned

T. Ketele	Project Director Refinery Expansion

Subsidiaries

L. Brunings	Chief Financial Officer Ventrin
E. Fränkel	Managing Director Staatsolie Power Company Suriname N.V.
A. Ghent	Chief Executive Officer Ventrin
C. Heuvel	Finance Director GOw2 Energy Suriname N.V.
A. Kleiboer	Operations Manager Staatsolie Power Company Suriname N.V.
A. Nai Chung Tong	Managing Director GOw2 Energy Suriname N.V.

Board of Executive Directors (from the left):

B. Dwarkasing, Upstream Director
R. Elias, Managing Director
A. Moensi-Sokowikromo, Finance Director
A. Jagesar, Downstream Deputy Director

II Letter of the Managing Director

With an average oil price that fell below the cash cost in the first quarter of 2016, and the resultant negative impact this had on our cash flow and debt servicing capacity, 2016 was one of the most difficult years Staatsolie has ever confronted.

These factors thoroughly tested our business, people and resolve. Together, we successfully navigated through these challenges to emerge as an excelling organization. It also highlighted the importance of adhering to our core values and strategy.

Navigating a Challenging Year
The price of Saramacca Crude is linked to USGC HSFO Waterborne. In January 2016, this price fell to US$ 16 per barrel. Because of this extremely low oil price, in early 2016 we were challenged by the inherent time and cost it took to bring on-stream our substantial, value-enhancing investments in our refinery and the Merian gold mine. Because significant debt repayments were due prior to realizing these investments' value and positive cash-flow affects, we had to take immediate steps to protect our company. These included cutting all investments that were not necessary to sustain production, and initially even halted drilling new production wells.

We further took company-wide cost reduction measures to cut our operational expenditures, including a complete freeze on hiring personnel.

As we began to reap the rewards of our cash-saving efforts, by the middle of the year we had reached a positive cash position. We succeeded to refinance our debt position and met our debt obligations of our US$ 600 million syndicated loan in the last quarter of 2016. We also freed up cash to invest in our upstream operations, restarting our production drilling program. This program in turn arrested the production decline which had resulted from cutting all investments in the first half of 2016.

The Upstream achieved only a 4% drop in production over the year despite a 20% reduction in producing wells. A testament to the team working closely together to achieve great results in difficult circumstance.

Overall, in 2016 we achieved an average crude production of 16,327 bopd, equating to a total production of 5.98 MMbbls.

The challenging oil price environment, lower than planned production as a consequence of our austerity drive and teething problems at the newly commissioned refinery negatively impacted revenue and profits for the year. In 2016, Staatsolie's consolidated total gross revenues amounted to US$ 368 million, 38% less compared to the US$ 591 million in 2015. The average net sales price per barrel for 2016 was US$ 41.44, a decrease of 8% in comparison with 2015. Profit before tax was US$ 12.7 million compared to US$ 28.9 million in 2015.

It is important to note that our 2016 results were achieved in the context of our company wide commitment to zero harm to our people and the communities around us, our strong commitment across all our operations. We had no fatalities in 2016 but we did experience a small increase in our Lost Time Injury frequency. We will work hard to ensure we reverse this in 2017 by helping our people to reduce risks onsite, and continuing to foster a culture of mutual responsibility.

A Strategy for Success
With oil prices now becoming ever more unshackled from OPEC, we can expect ongoing volatility. We cannot control this; however, we can control how we run our business and ensure that it is tuned to the likely ongoing price volatility that lies ahead. Fundamentally, we must strive to stay in the lowest cost quartile of oil producers. By doing this, Staatsolie will be a robust business, able to provide valuable returns to its shareholder and the people of Suriname for many decades to come.

It is this goal which has driven our program of reorganization into asset based management. In practice, this means all members of an asset team understand their role in that asset's success, and their responsibility to run that asset safely, cost effectively and efficiently. To support this, we will hold the people within our organization accountable for their results. Our incentives programs will, as of 2017, be based on Key Performance Indicators linked to each asset, with our corporate team's targets partly linked to the success of the assets. Indeed, the asset reorganization was a substantial factor that helped us secure our future in one of the most challenging years in Staatsolie's history.

A Culture of Ownership
It is through an embedded culture of ownership and pride that we will secure our future. That is why we will be rolling out a culture change program in 2017 based on our Core Values (Health Safety Environment Community Focused, Integrity, People Focused, Excellence and Accountability). This includes everyone throughout the organization, from our workforce in the operations to our most senior leaders. In particular, I want Staatsolie to harness the promise embodied in our bright, young team members and encourage them to voice their opinions – it is after all, this group who will shape the future of our business.

It is my firm belief, that through all of us at Staatsolie taking ownership of our role in the business, we will make each of our assets efficient and well run businesses in their own right.

With our expanded drilling program and embedded asset based management, we will regain our desired average crude production of 17,000 bopd in 2017. By achieving this target and continuing to raise the output of our refinery we will be able to show steady operations and refinance our outstanding US$ 300 million syndicated loan on more favorable terms. This in turn will free up the necessary funds to support exploration in the nearshore, opening new reserves towards our journey to 24,000 bopd over the next decade, creating substantially more value for our shareholder and the people of Suriname.

«

We must strive to stay in the lowest cost quartile of oil producers. By doing this, Staatsolie will be a robust business.

The Offshore Promise

When we make a big discovery in the offshore, as I believe we will do in the coming years, a whole new era for Staatsolie and Suriname will commence.

My confidence in us making a big offshore discovery is not only my own - a number of international oil companies also share my optimism. We are currently negotiating Production Sharing Contracts (PSC's) for blocks 59 and 60, and our current PSC partners are actively exploring across other offshore blocks. Like myself, these international oil companies recognize that geology knows no national borders and with the giant Liza discovery in offshore Guyana, one of the largest recent finds only 80 kilometers from our border, Suriname's geology also holds real and exciting promise. And if that promise is fulfilled, we can then take the next step in our business by accessing even greater capital to invest in our business through an Initial Private Offering (IPO).

A Positive Future

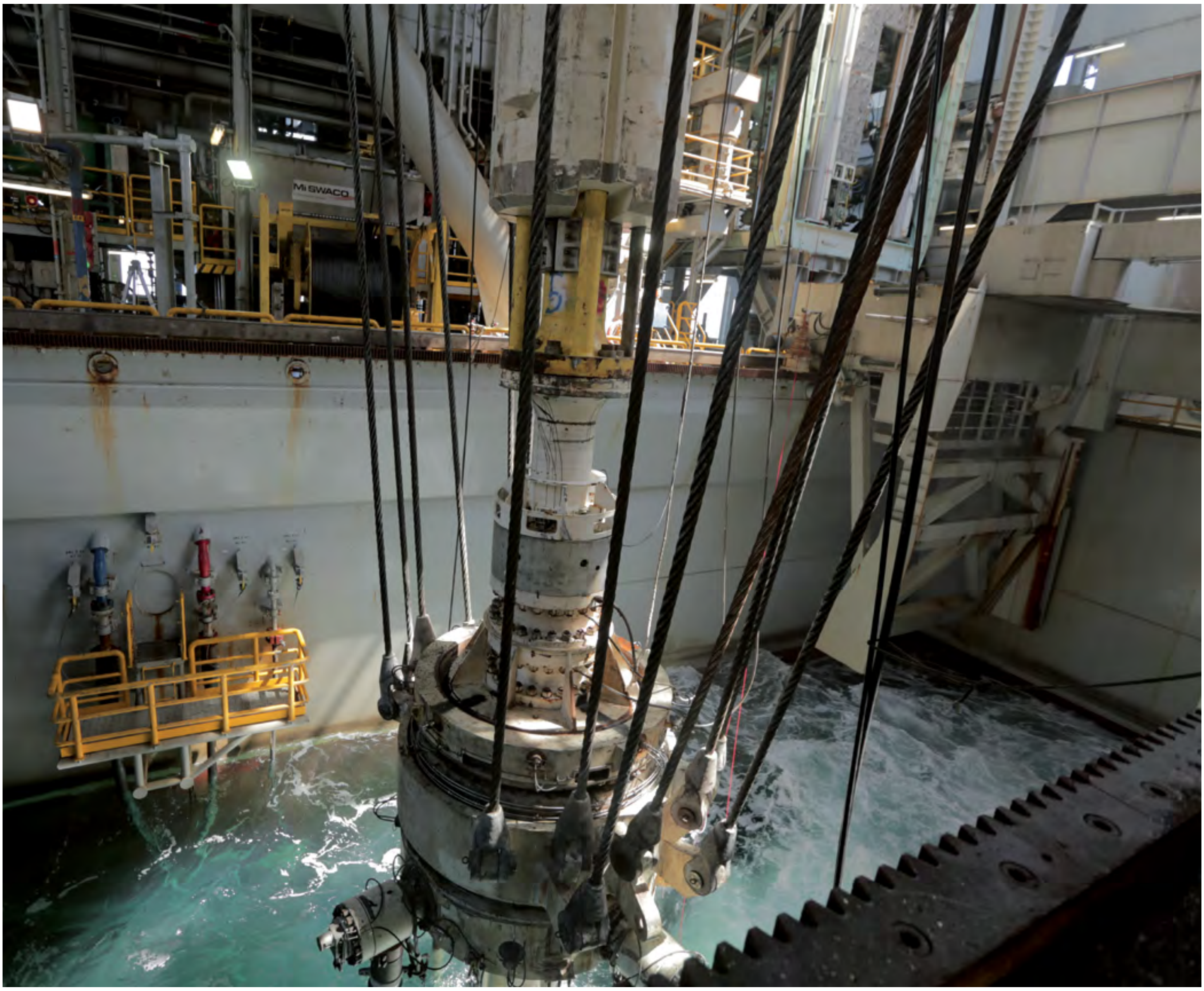
Reflecting on 2016, I thank and acknowledge all our employees for their tireless efforts to secure a sustainable future for our business, our Shareholder for the support we have been given, our Supervisory Board for the guidance provided and our customers for the continuing business.

With investments now delivering positive cash flow, including the Merian gold mine which has come into production on time and below budget and the refinery increasing its output, we have excellent momentum into this year. With our clear plans and a focused team, the future is truly an exciting place for Staatsolie and our country.

Thank you!

Rudolf Elias
Managing Director
Staatsolie Maatschappij Suriname NV

« When we make a big discovery in the offshore, as I believe we will do in the coming years, a whole new era for Staatsolie and Suriname will commence.



Drill head of the Noble Bob Douglas drill ship.

III Operational performance 2016

Crude treatment plant TA58 in Saramacca.

Financial Performance
The price of Saramacca Crude is linked to the USGC HSFO Waterborne. In early 2013, this particular product would sell at US$ 100 per barrel. In January 2016, the price plunged to US$ 16. This dramatically impacted our revenues and profit in 2016. In 2016, Staatsolie's consolidated total gross revenues amounted to US$ 368 million. The average net sales price per barrel for 2016 was US$ 41.44, a decrease of 8% in comparison with 2015. Profit before tax including an income of US$ 8 million related to our participation in the Merian Gold Mine amounted to US$ 12.7 million, compared to US$ 28.9 million in 2015. This decrease was primarily caused by the substantial decrease in the price of oil per barrel and reduced production as part of our austerity drive in the first half of 2016. Consequently, contributions to the Government budget amounted to US$ 39.6 million.

Refinancing
We were able to refinance our outstanding US$ 600 million syndicated loan - US$ 261 million is now structured across 10 years with the Government of Suriname and the remaining US$ 300 million syndicated loan remains structured over 3 years. This restructure has freed up additional capital to invest in production. And should we show steady crude production and reach refinery targets in 2017, we anticipate refinancing the outstanding US$ 300 million syndicated loan on better terms.

Reserves
As of 31 December 2016, proven reserves remained at 84 millions of stock tank barrels (MMSTB) compared to year-end 2015. With 6 million MMSTB produced in 2016, the 1:1 replacement ratio was achieved due to parameter changes because of field decline in the Tambaredjo and Tambaredjo North West field, and a stable watercut in the Tambaredjo North West field.

UPSTREAM

Exploration
With the focus on production, combined with the challenging cash position of the company, no new exploration data acquisition projects were executed in 2016. Our focus in 2016 was exploration of the Nearshore blocks, with additional in-house evaluation of data gathered up to 2015.
A complete Block 4 geological and geophysical evaluation was carried out in 2016 which included the results of the 2015 drilling program. Additional drilling is required before economic volumes can be established. In addition, as part of the complete nearshore evaluation, all available nearshore seismic, well and other data were included in several studies. These studies delivered an

Operators at work in the control room of the SPCS power plant.

expanded portfolio of risked and ranked leads in the nearshore area – with additional prospects defined within the area outside of Block 4. In total, we identified a portfolio of 43 leads at various stratigraphic intervals with propective petroleum resources estimated between 450 MMbbls and 1.8 Billion bbls. Based on the results of the nearshore evaluation, the nearshore block boundaries were re-defined into 4 blocks, Block A, B, C and D (previously Blocks 1 – 7). The combined set of leads and prospects will serve as a basis for our nearshore strategy during 2017-2021, for which Staatsolie is seeking joint venture partners to share the exploration risks, thereby accelerating the exploration and development of the nearshore. To this end, a process of attracting potential partners for the most prolific blocks (B and C) was initiated and a Virtual Data Room (VDR) was set up to allow potential parties to view data online. We are optimistic that farm-in agreements will be entered with at least one partner in 2017.
Staatsolie's 2017 program supports our strategic goal of securing new reserves to sustain production, supporting VISION 2030, with plans structured to identify drill locations for 2018 in order to make a discovery, with research projects planned to further de-risk the areas of interest to identify drillable prospects. An Environmental and Social Impact Assessment will be performed in light of the coming exploration acquisitions in the nearshore area, to enable execution of a drilling program should partnerships be formalized in 2017.

Crude Production

At the start of 2016, the production drilling program was drastically reduced to ensure cash-conservation, necessitated by the persistent low oil price and Staatsolie's challenging financial position at the time. This resulted in a later start of the drilling program, initially with only one rig and two more added in the third quarter, average daily production declined significantly. In addition, due to a long rainy season, large sections of the Tambaredjo field were flooded, which caused a further drop in production due to a temporary halt in daily inspections and well maintenance in these flooded areas.
After an initial halt, the drilling program was restarted with an initial target of 30 wells. With Staatsolie successfully achieving its refinancing and with a higher oil price in the second half of the year, 64 wells were eventually completed across the year, with 43 producing wells drilled in Tambaredjo North West and 21 in Tambaredjo. And despite the challenges, Staatsolie's Upstream team managed to achieve a high success ratio of close to 90% through a close focus on the geology. This success was a testament to the skills of our sub-surface teams and also was evidence of the success of co-locating teams under the new asset based business structure, enabling closer co-operation and greater efficiency. We will build on this in 2017 and beyond. We started 2016 at 17,012 BOPD and ended 31 December 2016 at 16,361 BOPD, with an average across all fields over the year of 16,327 BOPD, equating to a total production of 5.98 MMbbls. This was only a 4% reduction in production from our target, despite shifting our maintenance programs to year end. In addition, we enhanced our efficiency and compared to 2015 reduced our cash cost per barrel with 46% to US$ 14 per barrel, an excellent achievement and in line with our goal to be a lowest cost quartile producer.

Production in 2017

In 2017, we aim to return to a 17,000 bpd average through an aggressive drilling program. With 141 new producing wells planned from a schedule of 183 drills, this will be Staatsolie's largest ever program.
To achieve our 17,000 bpd production target, we will draw on the increased skills of our co-located teams and use five rigs, while also ensuring we remain

absolutely focused on our number one priority – the safety of everyone who works with us. We will also take steps to introduce more 'smart field' technology to enhance efficiency and even further reduce per barrel cost, including a greater use of on- site sensors and monitoring equipment, which also means less employee activity onsite, further reducing health and safety risks.

Enhancing Recovery and Production
In addition to our aggressive drilling program planned for 2017, we will continue to explore new ways to enhance oil recovery and increase production. This includes piloting two horizontal wells. These two wells aim to test the producibility of reservoirs with oil/water contacts within Tambaredjo. They will investigate the ability to increase production and reduce costs by drilling horizontally for greater reservoir access from the one well. We anticipate the results of our pilot tests in 2018, after 6 months of production from each pilot. We plan to drill a second well to assess the feasibility of the downhole watersink Enhanced Oil Recovery method. The first pilot well revealed technical feasibility; however, commercial feasibility still has to be assessed, which the second well should determine. Finally, the results of our Polymer Flooding pilot to increase production of nearby wells will be reviewed. Currently for commercial application, costs exceed per barrel prices; however, we will investigate whether cost reductions can be achieved to make the technique commercially viable.

Uitkijk Joint Venture
Due to the significant drop in the oil price, the development of the finds in the Uitkijk Block was not feasible. Accordingly, POC and partner Portsea relinquished the Uitkijk Block in 2016.

Institutional activities
Growth can only be sustained by an increase in production coupled with sufficient reserves replacement. In addition to our onshore and nearshore operations and outlook, we are very excited by the prospectivity of the Guiana Basin where the Liza commercial discovery was made in offshore Guyana in 2015. Combined with the previous discovery in Zaedyus in offshore French Guiana, it has boosted interest in the basin, even at a time when the oil business has taken a downturn. According to the United States Geological Survey, the Guiana's Basin is one of the least surveyed geological areas in the world. Potential petroleum and gas reserves are estimated at 15 billion barrels and 42 billion cubic feet respectively.

Open Door Invitation
In 2016, Staatsolie, as regulator, continued to promote offshore Suriname via the "Open Door Invitation". Closed on 7 September 2016, this process encouraged several international oil companies to bid on Suriname's open offshore blocks. As a result we are progressing in the PSC negotiations regarding offshore blocks 59 and 60. In line with our Vision 2030 strategy, we aim to have at least 50% of Suriname's offshore acreage under PSC's by 2020.

Offshore Operations
Currently 8 international oil companies are active in the offshore. In 2016, Malaysian Petronas and its German partner Deutsche Erdoel AG (DEA) drilled the Roselle-I exploration well in Block 52. Drilling took place up to a depth of 5,000m. In Block 58, Apache executed a 3D seismic survey of 6,245km^2 - across the entire block. In Block 42, a 6,185 km^2 3D seismic survey was acquired by Kosmos Energy, Chevron and Hess. It is anticipated that exploration drilling in these blocks will commence in 2018. Drop-core studies on blocks 47 and 54 were also undertaken by Tullow, the operator of these blocks. Following seismic data processing, it is anticipated that contractor parties in Block 54 will also drill a well in the fourth quarter of 2017. Block 31 was relinquished by Teikoku.

DOWNSTREAM

Refining Operations
The expanded refinery was commissioned at the end of 2015. Our focus in 2016 was ramping up output and ensuring our team is equipped with the skills and support required to operate a plant of this scale and complexity.
In the first half of 2016, our team overcame a number of challenges, including inconsistent power supply, resulting in power dips causing refinery trips as well as various equipment failures.

To achieve stable power supply the following actions were taken:

- Implementation of dual source delivery from Staatsolie Power Company Suriname N.V.

(SPCS) and the national power company (EBS);
- Adjustments to control settings at the refinery;
- Full review of the SPCS operational activities;
- Replacement of critical equipment in the refinery that was too sensitive to power fluctuations.

Regarding equipment failure among others, additional guidelines were implemented to prioritize maintenance jobs based on risks.
With respect to shortening the learning curve, after a midyear evaluation, significant adjustments were made to the subject matter experts pool, aligning them with identified areas of challenges.
All of these adjustments enabled us to end 2016 in a vastly improved position compared to the year's start as we achieved our highest ever monthly production in December 2016. The realization of high end products (diesel and gasoline) was 1.8 MMbbls, 71% of the 2.5 MMbbls target set for 2016. We are confident that, as a result of the actions we took in 2016 at the refinery as mentioned above, we are in a position to achieve our 2017 targets. Our 2017 target is an average utilization of 79% of the installed capacity for high end products. To further support 2017 targets, we will have a gap analysis conducted and implement the recommendations. We will also have a technical review of the design carried out by a dedicated engineering group. In addition, we will have an instrumentation manufacturer provide hands-on and classroom training for our workforce to effectively transfer knowledge in order to effectively correct equipment issues.

Marketing
Total sales of petroleum products including trading and after elimination of intra-company sales amounted to 5.9 MMbbls, a decrease of 21% compared to 2015. This was mainly the result of a 44% decrease in trading revenues, largely due to the discontinuation of imports of petroleum products from Petróleos de Venezuela S.A. as of October 2015. The latter was planned when the refinery would come on stream.

Staatsolie Power Company Suriname N.V. (SPCS)
SPCS supplies electrical energy to both the adjacent Staatsolie refinery and the Government of Suriname, the latter through the national power company (EBS) grid. To maintain production the refinery requires a stable, reliable electricity supply with no tolerance for power interruptions. An islanding system isolating the refinery supply from the EBS grid at the onset of any disturbances in the grid, was commissioned in April 2016. Up to that time the refinery was fed in island mode in permanent isolation from the EBS grid. To address power outages related to equipment failures and/or human error, a Reliability Improvement Program was started at SPCS focusing on Plant, People and Procedures. This program will aid in improving the reliability of supply for the refinery to help it meet its 2017 production targets.
In 2016, the powerplant delivered 82,000 MWh of electrical energy and 37,165 ton process steam to the refinery. A new boiler was successfully commissioned in November, replacing the initially installed boiler that had been destroyed by a fire in 2014. This substantially increased our steam output. Largely due to power supply issues, total revenues from electrical energy fell by 7.1% from US$ 53.9 million in 2015 to US$ 50.1 million in 2016. Due to a steam production increase of about 12,000 tons compared to 2015, total revenues from steam sales increased by 41.6% to US$ 510,000.

Ventrin Petroleum Company Limited, Trinidad
The year 2016 was challenging for Ventrin. The company recorded a loss of US$ 1.2 million, mainly attributable to claims from off-spec delivered products at the end of 2015. Based on expected increased demand, due to a large competitor moving out of the market, Ventrin hired a second barge. Expected increased demand eventually did not materialize and the barge was released in September 2016. Sales in 2016 were 194,500 Metric Tonnes (MT) which was 44,000 MT higher than in 2015. We estimate sales volumes in 2017 to be 168,000 MT, this is 26,500 MT less than 2016, due to the re-entry of a large competitor to the bunkering market. We expect similar sales volumes going forward annually. For 2017 the target is to realize a positive net result.

GOw2 Energy Suriname N.V. (GOw2)-Retail
Since the acquisition by Staatsolie in 2011, GOw2 has expanded its services from selling fuel, to marketing a retail shop concept. GOw2 supplies aviation fuel, sells lubricants and operates a car service shop. In 2016, GOw2 experienced a reduction in its market share compared to 2015. This was largely attributable to Staatsolie's refinery production challenges in 2016.

Pipelines in the wetlands to transport the crude from well to treatment plant.

Despite the challenges, successes in 2016 included a two-year extension to our aviation supply contract with Air France-KLM and the re-building of our GOw2 Tourtonne service station and pit stop. In addition, our total lubricants market share increased in 2016. Although GOw2's overall total market share decreased in 2016, the branded service stations had an increase in both diesel and gasoline sales compared to the previous year, evidence of the success of the earlier rebranding exercise.

In 2017, we plan to increase our fuel market share depending on refinery supply and increase our lubricants division market share by reorganizing the lubricants department.

Merian Gold Mine

On 1 October 2016, we celebrated the commencement of commercial gold production at the Merian gold mine. The Merian gold mine is a very exciting project for Staatsolie: following an investment of US$ 306 million, Staatsolie is entitled to almost 1.4 million troy ounces, approximately 44,000 kilograms of the proven reserves at 5.7 million troy ounces (an increase on the initial reserves estimate of 4.2 million). At an average price of US$ 1,300 per troy ounce, our entitlement is translated to the equivalent of over US$ 1.8 billion of revenues for the 13 years the mine will be in production. It is anticipated that in the first five years, Merian will produce between 400 and 500 thousand troy ounces of gold annually. Participation in the project boosts the long-term US dollar earning capacity of Staatsolie, with earned income to be allocated to debt reduction and Upstream investment.

OUR PEOPLE

Resource Planning and Culture

In 2016, our focus was to continue to embed our asset based management business structure. We are working hard to ensure all Staatsolie employees take ownership of their role and understand how they contribute to our success as a business. This starts with everyone understanding that we expect consistent ways of working across the business, in accordance with our values.

In accordance with our asset based strategy, each of our four assets are being empowered to create a reward and benefits structure that best motivates employees in the context of that asset, to further embed a culture of responsibility and efficiency. In 2017, structuring these reward and incentive schemes and appropriately linking them to each asset's KPI's will be the business focus – with safety remaining our number one priority.

To support our people goals, in 2017 we will also roll out a culture change program for our management team and their direct reports, which will afterwards be cascaded down to our employees. Through this program, we are seeking to ensure that the goals of our asset management strategy are lived in all our day-to-day and strategic activities, with accountability at the core.

Health, Safety, Environment & Quality

The health and safety of our employees and contractors is at the core of all our activities – no one should suffer from an injury when working with us. To ensure rigor, Staatsolie's business processes are carried out in accordance with the ISO 9001:2008 quality management system. Likewise, prudent national and international industry standards and practices are implemented to maintain a safe and healthy work environment. Projects are carried out in accordance with Health, Safety & Environmental guidelines, rules and regulations In 2016, our focus on HSE continued to be zero harm to people, environment and the community, and the development of structures that will enable our workforce to achieve this.

To achieve zero harm, we believe culture is at the heart of this, supported with appropriate processes that are understood and followed. Fundamentally, we seek a workforce that deeply cares for each other and takes responsibility for their own and others wellbeing. To embed this culture, in 2016 we continued with our health, safety, environment & community (HSEC) days. This year the theme was "Let HSEC be part of our culture". Care for our workforce's safety includes our contractors as well as our employees. Our Contractor Management Guidelines are being incorporated into our key contracts, with an overall Contractor Management Program to be established in 2017.

OUR COMMUNITY

Contributing

We take our corporate social responsibility seriously. We demonstrated this over the past years by contributing to a wide range of community projects in education, culture, sports, health, safety, environment, and projects for the underprivileged.

« Our people will enable Staatsolie to not only get through a challenging time in our market, but emerge a stronger, more efficient and resilient company.

A refinery operator at work.

Beyond providing employment and generating business in our industry, we are committed to helping bring important community services to the citizens of Suriname. In 2016, we were particularly pleased to officially open the new Neonatal and Pediatric Intensive Care Units at the Academic Hospital, which was supported by a US$ 500,000 Staatsolie donation, and US$ 700,000 from the Staatsolie Foundation for Community Development. In the past, due to limited facilities, the hospital was unable to treat all preterm or seriously ill babies. With the new units, none since opening have been turned away due to lack of facilities – saving the lives of dozens of children to date, and this will continue in the decades ahead. In addition to this important facility, and despite the financial challenges of 2016, we also supported the opening of a youth dental care clinic at Domburg.

Community Engagement

In 2016, we continued to facilitate meetings with community members and surrounding companies to gather information, to communicate, and to enable the airing of concerns about Staatsolie's operations. In 2016, these meetings included addressing issues related to the start-up activities of our refinery, meetings with landowners in the light of our Development Drilling Program for 2016 at Saramacca, and meetings held with the District Commissioner of Saramacca and representatives of the communities and farmers of the surrounding areas to discuss flooding and possible solutions, which we hope to enact together in 2017.

To add additional consistency to our approach across our operations, we intend to implement stakeholder engagement guidelines in 2017. We plan to bring these guidelines to life through developing amongst others Neighborhood Councils to act as organized, structured forums for more consistent community engagement and communication, in the spirit of true collaboration.

Corporate Social Responsibility

In 2017, we intend to add additional rigor to our Corporate Social Responsibility (CSR) program by developing a CSR policy. The policy should be in place by the end of 2017.

Our social license to operate depends upon the ongoing support of the communities which host our operations. For this reason, in 2016 we continued to enhance how we listen to, engage with, and reflect the views of these communities.

We will continue to advance our approach in 2017 and focus our activities on supporting the communities that are most affected by our operations, since these communities host us.

We will work together with the communities in 2017 and beyond to address their needs in the manner most effective to them, if needed together with the local Government.

In addition to these specific concerns, our goal is to ensure that we help these communities on their own journey of sustainability, providing them with the guidance and tools to create economic opportunities that can sustain them beyond the life of our operations.

Our Environment

Staatsolie is committed to minimize its environmental footprint as much as possible. Staatsolie has adopted nationally and internationally accepted guidelines and standards demonstrating the company's commitment to prevent or to minimize any adverse impact on the environment that may be caused by our operations, supported by practical steps in the field. For example, when dykes are constructed, the necessary culverts are placed to prevent impacts on the hydrology. We also include ample crossings or openings in dams within the wetland areas where we operate. Regular monitoring of environmental parameters such as water and air quality is also undertaken. Our commitment towards environmentally responsible operations is practiced by the execution of an Environmental and Social Impact Assessment (ESIA) for any new or expansion project or operations, followed by implementing the required measures as stated in the Environmental Management Plans to minimize the identified impacts. Regular monitoring is being done to detect early warnings which are used to provide our management team with guidance to prevent deterioration of the quality of the environment.

In 2016, we:

- Submitted an addendum to our EISA study of Tambaredjo North West Production Development to NIMOS to obtain an advice for expanding the oilfield with additional wells between 2016 and 2018.
- Submitted an Environmental Evaluation of the impacts on hydrology in the Tambaredjo North Area to NIMOS to obtain an advice for Production Development.

- Submitted 5 Environmental Compliance Reports of the Tambaredjo North West Oilfield to NIMOS.

In 2017, we plan to undertake inventory of CO_2 emissions of our Upstream operations. In addition, we plan to implement an air quality monitoring program at our Jossie Treatment Plant; a waste management plan will also be developed and implemented.

Managing Director Rudolf Elias and Finance Minister Gillmore Hoefdraad visited the Noble Bob Douglas.

Production drilling in the Tambaredjo-Northwest oilfield.

IV Management's Analysis of Operations and Financial Condition

Nearshore exploration drilling activities.

1 RISKS AND UNCERTAINTIES

Staatsolie is exposed to several risks that could affect our operational and financial performance. The Staatsolie Enterprise Risk Management system is implemented in order to ensure safe operations and to realize our corporate goals. In this paragraph the key risks are discussed.

Risks related to our Business

1 Market Risk

- A prolonged decline in oil prices will adversely affect our business, the results of our operations, our financial condition, our liquidity and our ability to finance planned capital expenditure. The effects of fluctuations in oil prices are monitored and where necessary decisions are taken to assure business continuity.

2 Operational Risks

- Failure to find and develop additional oil reserves: unless we conduct successful exploration and development activities, our proved reserves and crude production will decline. The reserves data are estimates. Every two years the reserves are validated by a reputable independent third party.
- Risks in the production operations, refining operations and sales and distribution may lead to financial losses. For example pipeline rupture and no power supply to the refinery. A set of controls is in place. The effectiveness of these controls is systematically reviewed and where necessary improved.
- Health, Safety and Environmental (HSE) risks could disrupt operations: HSE risk assessments are conducted, resulting in environmental management plans and health & safety plans.
- Failure to attract and retain key employees can affect the successful implementation of our strategy. Our human resource management system includes the determination of key positions, succession planning, workforce planning and development of competencies.

3 Financial Risks

- Risks related to the execution of the investment program: key performance indicators are defined and monitored via the Staatsolie Performance Scorecard.
- In case of a property damage or claim: Staatsolie maintains insurance with proper coverage in case of physical damage to its properties, claims from third parties and accidents to its employees. Regular valuation and risk surveys are performed by an independent surveyor. Also regular evaluation of the content of the insurance coverage is done by Staatsolie and its insurance brokers.
- Credit, interest and liquidity risks: Credit

terms and credit limits are determined and monitored. A financial model, which is reviewed periodically, is used to continuously monitor our financial position. Currency translation and transaction risk: Staatsolie minimizes SRD cash exposure by managing the SRD revenues versus SRD expenses, whereby local suppliers are paid in SRD.

4 Political and Economic Risks

- Political and economic policies of the Surinamese government may have an impact on our business through e.g. tax and environmental laws and regulations.
- The Surinamese government is the sole shareholder of Staatsolie and may cause us to pursue certain macroeconomic and social objectives which may affect our results and financial position. Access to international capital markets is influenced by the country risk grade which may impact our ability to finance our operations.

5 Reputational Risk

- Failure to meet our ethical standards and non-compliance with applicable laws and regulations could harm our reputation and our business: With our Code of Conduct, which applies to all employees and others who act on our behalf, we wish to firmly establish the specific values of integrity and community spirit.

2 CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (US GAAP) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The following summary provides further information about the critical accounting policies and the judgments that are made by the Company in the application of those policies.

Oil Reserves

Evaluation of oil reserves is important to the effective management of upstream assets. It is integral to making investment decisions about oil properties such as whether development should proceed. Oil reserve quantities are also used as the basis for calculating unit of production depreciation rates. Oil reserves include both proved and unproved reserves.

Proved oil reserves are those quantities of oil, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions and operating methods. Unproved reserves are those with less than reasonable certainty of recoverability and include probable and possible reserves. Probable reserves are reserves that are more likely to be recovered than not. Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves.

The estimation of proved reserves, which is based on the requirement of reasonable certainty, is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analysis of well information such as flow rates and reservoir pressure declines.

Reserve changes (revisions) are made within a well-established, disciplined process driven by geoscience and engineering professionals.

Revisions can include upward or downward changes in previously estimated volumes of proved reserves for existing fields due to:

1. Change in reservoir performance;
2. Change in production technology;
3. New geologic, reservoir or production data;
4. Changes in prices and costs that are used in the estimation of reserves;
5. Revised reservoir model.

Although Staatsolie is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance and significant changes in long-term oil price levels.

Proved reserves can be further subdivided into developed and undeveloped reserves. The proved developed reserves have been over 50 percent for more than five (5) years. This indicates that proved reserves are consistently moved from undeveloped to developed status, as new wells are drilled and facilities to collect and deliver the production from those wells are installed.

Development projects typically take two (2) to five (5) years from the time of recording proved reserves to the start of production from these reserves. However, a longer time frame is applied where reserves are only developed until actually required to meet the Company's production target.

Staatsolie uses the "successful efforts" method to account for its exploration and production activities. Under this method, costs are accumulated on a field by field basis with certain exploratory expenditures and exploratory dry holes being expensed as incurred. Costs of economic productive wells, development dry holes, other wells drilled to support development of the field (e.g. observation wells, injection wells, delineation wells etc.) and production equipment are capitalized and amortized based on the Unit of Production Method (UPM).

Impairment
Oil reserves are used in assessing oil producing properties for impairment. A significant reduction in the estimated reserves of a property would trigger an impairment review. Proved reserves are used to estimate future production volume in the cash flow model.

Impact of Oil Reserves on Depreciation
The calculation of Unit of Production depreciation is a critical accounting estimate that measures the depreciation of upstream assets. It is the ratio of actual year volumes of crude produced to total proved developed oil reserves.

Suspended Exploratory Well Costs
In accordance with US GAAP, costs for exploratory wells are initially recorded as tangible assets under projects in progress, pending the determination of whether the well has found proved reserves. If proved reserves are found, the recorded costs of drilling the well are reclassified to evaluated properties and amortized on a Unit of Production method. If proved reserves are not found, the capitalized costs of drilling the well are charged to expense. However, successful exploratory efforts are, in many cases, not declared to be proved until after an extensive and lengthy evaluation period has been completed. Staatsolie continues to record the costs of exploratory well when (a) the well has found a sufficient oil column for completion of the well to justify its completion as a producing well; and (b) Staatsolie is making sufficient progress in assessing the reserves and the economic and operating viability of the project. Exploratory well costs not meeting these criteria are charged to expense. Determination of whether an exploratory well should remain recorded under projects in progress requires a high degree of judgment on the part of management and requires careful consideration of the relevant facts and circumstances. Management reviews suspended exploratory well cost balances semi-annually, continuously monitors the results of the additional appraisal drilling and seismic work, and charges to expense the suspended well costs as dry holes when it judges the potential field does not warrant further investment in the near term.

Dismantlement and Abandonment Obligation
Provisions are recognized for the future dismantlement and abandonment of the production field, the related facilities, pipelines, the refinery and the power plant. The calculation is based on the cash value of the estimated full cost, taking into account assumptions regarding the rate of inflation. Furthermore, the calculation of the estimated full cost is based on the fact that the dismantlement and abandonment will be performed by Staatsolie.

Pensions and Other Postretirement Benefits
The provision for pensions and other postretirement benefits is based on assumptions which are used in an actuarial evaluation. Pension accounting requires explicit assumptions regarding, among others, the expected return on plan assets, the discount rate for benefit obligations and the rate for inflation and salary developments. The assumptions are reviewed annually by management and adjusted as appropriate. The actuarial evaluation is performed by an independent actuarial firm.

Litigation Contingencies
As at December 31, 2016 there are pending lawsuits against Staatsolie and its consolidated subsidiary GOw2 Energy Suriname N.V. Management has regular litigation reviews, including updates from its Corporate Legal Affairs and their external lawyers to assess the need for accounting recognition or disclosure of these contingencies. In accordance with US GAAP criteria for contingencies, it is required that liabilities for contingencies are recorded only if it is probable that a liability has been incurred at the date of the balance sheet and if the liability incurrence can be reasonably estimated. These estimated amounts for the

Fuel trucks at te GOw2 terminal in Paramaribo.

liability incurrence are not reduced by amounts that may be recovered under insurance or claims against third parties. Undiscounted receivables from insurers or other third parties may be accrued separately. Staatsolie revises such accruals in light of new information or developments, if any. Based on a consideration of all relevant facts and circumstances, Staatsolie does not believe that the ultimate outcome of any currently pending lawsuit against Staatsolie and its subsidiary GOw2 Energy Suriname N.V. will have a material adverse effect upon Staatsolie's operations, financial condition, or financial statements taken as a whole.

Tax Contingencies
Staatsolie and its subsidiaries are subject to income taxation. Significant management judgment is required in the accounting for income tax contingencies and tax disputes because the outcomes are often difficult to predict.

US GAAP requires recognition and measurement of uncertain tax positions that the company has taken or expects to take in its income tax returns. The benefit of an uncertain tax position can only be recognized in the financial statements if management concludes that it is more likely than not that the position will be sustained with the tax authorities.

Casing storage on board of the Noble Bob Douglas.

V Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Executive Directors and Management of Staatsolie Maatschappij Suriname N.V., Paramaribo

Report on the Financial Statements
We have audited the accompanying financial statements 2016 of Staatsolie Maatschappij Suriname N.V., Paramaribo, which comprise the consolidated and company balance sheet as at December 31, 2016, the consolidated and company income statement, the consolidated statement of changes in shareholder's equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's Responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Staatsolie Maatschappij Suriname N.V. as at December 31, 2016 and of its result and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Paramaribo, June 30, 2017
Lutchman & Co. Accountants

Drs. M.R.A. Lutchman RA (Chartered Accountant)

VI Consolidated Financial Statements 2016

1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2016 (BEFORE DISTRIBUTION OF EARNINGS)

ASSETS (X US$ 1,000)	NOTES	2016	2015
Current assets			
Cash and cash equivalents	3	39,166	54,064
Short-term investments	4	3,754	6,910
Trade receivables	5	108,606	118,679
Inventories	6	67,142	71,504
Prepaid expenses and other current assets	7	68,387	52,277
Loan receivable	11	8,368	1,796
		295,423	305,230
Investments	8		
Participation in Joint Ventures		3,063	3,063
Participation in Suriname Gold Project LLC		305,656	224,901
		308,719	227,964
Intangible assets	9	13,881	17,494
Deferred tax asset	10	16,062	10,119
Loan receivable long term	11	14,677	-
Property, plant and equipment	12		
Upstream		336,530	313,174
Refining		999,152	1,023,451
Marketing & trading		10,101	10,973
Power plant		101,172	106,963
Corporate & other		37,181	40,440
		1,484,136	1,495,001
Projects in progress		132,140	205,166
		1,616,276	1,700,167
Total assets		**2,265,038**	2,260,974

See accompanying notes to consolidated financial statements

Paramaribo, June 30, 2017

The Board of Executive Directors:

R. Elias	Managing Director
B. Dwarkasing	Upstream Director
A. Jagesar	Downstream Deputy Director
A. Moensi-Sokowikromo	Finance Director

LIABILITIES (X US$ 1,000)	Notes	2016	2015
Current liabilities			
Trade payables		91,994	110,350
Bank overdraft		3,713	2,560
Accrued liabilities	13	87,042	55,349
Income and other taxes payable	14	16,014	13,119
Short-term portion of loans	16	69,031	64,801
		267,794	246,179
Long term liabilities			
Bond	15	98,475	98,281
Term Loans	16	591,646	623,191
Other long term liabilities		6,544	6,365
		696,665	727,837
Provisions			
Dismantlement and abandonment	17	132,933	122,606
Pensions & other postretirement benefits	18	16,037	10,742
Pension plan	19	34,234	31,803
Environmental risk	20	3,016	3,052
		186,220	168,203
Shareholder's equity		1,114,359	1,118,755
Total Liabilities & Shareholder's equity		**2,265,038**	2,260,974

See accompanying notes to consolidated financial statements

Paramaribo, June 30, 2017

The Supervisory Board:

E. Boerenveen	Chairman
G. Asadang	Member
A. Imanuel	Member
E. Poetisi	Member
M. Rommy	Member

2 CONSOLIDATED INCOME STATEMENT 2016

(X US$1,000)	Notes	2016	2015
Revenues from			
Production & Refining		156,336	230,454
Trading activities		169,953	301,181
Electric energy		39,035	50,897
Inventory variation		(868)	8,562
Other revenues		3,836	208
Gross revenues	24	368,292	591,302
Exploration expenses including dry holes		(1,465)	(14,157)
Production expenses		(44,783)	(53,615)
Refinery expenses		(54,553)	(54,986)
Depreciation/Amortization	25	(100,066)	(66,668)
Accretion expenses		(7,277)	(6,568)
Export-, transport- and sales costs		(21,768)	(22,188)
Trading & Other operational costs	26	(81,132)	(272,311)
Operating income		57,248	100,809
General and administrative expenses		(23,509)	(33,533)
Expensed projects		(1,411)	(8,637)
Financial income (expenses)	27	(34,253)	(22,364)
Other income (expenses)		6,534	(3,923)
Share in net result of investment Suriname Gold Project CV		8,121	(3,473)
Earnings before tax		12,730	28,879
Income tax charge	28	(7,508)	(5,865)
Net profit		**5,222**	23,014

See accompanying notes to consolidated financial statements

Paramaribo, June 30, 2017

The Board of Executive Directors:

R. Elias	Managing Director
B. Dwarkasing	Upstream Director
A. Jagesar	Downstream Deputy Director
A. Moensi-Sokowikromo	Finance Director

The Supervisory Board:

E. Boerenveen	Chairman
G. Asadang	Member
A. Imanuel	Member
E. Poetisi	Member
M. Rommy	Member

3 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

In 2016, the shareholder's equity consists of the following:

	Common stock	General reserve	Appropriated reserve for environmental risk	Appropriated reserve Committee Rehabilitation and Expansion of Sports facilities	Accumulated net other comprehensive income	Total
(X US$ 1,000)						
Balance as at January 1, 2015	12,104	1,094,661	7,500	6,009	(17,185)	**1,103,089**
Equity movements:						
Transfer from earnings	-	23,091	-	-	-	23,091
Prepaid pension benefits	-	(77)	-	-	-	(77)
Allocation / (Withdrawal) [1)]	-		500	(2,649)	(5,199)	(7,348)
Balance as at January 1, 2016	12,104	1,117,675	8,000	3,360	(22,384)	**1,118,755**
Equity movements:						
Transfer from earnings	-	5,294	-	-	-	5,294
Prepaid pension benefits	-	(72)	-	-	-	(72)
Currency translation adjustment	-	-	-	-	(3,158)	(3,158)
Allocation/(Withdrawal) [1)]	-	-	500	(744)	(6,217)	(6,461)
Balance as at December 31, 2016	12,104	1,122,897	8,500	2,616	(31,759)	**1,114,359**

See accompanying notes to consolidated financial statements

1) Allocation/ (Withdrawal) consists of the following items:
Allocation to appropriated reserve for environmental risks: US$ 500,000.
Annually, an amount of US$ 500,000 is allocated for environmental risks. As at December 31, 2016, the appropriated reserve for environmental risks amounted to US$ 8.5 million.
Withdrawal from appropriated reserve Committee Rehabilitation and Expansion of Sports facilities: (US$ (744,112)).
Withdrawal from accumulated net other Comprehensive Income: US$ (6,217,000). See note 4 for the breakdown of this amount.

4 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(x US$ 1,000)	2016	2015
Balance as at January 1	22,384	17,185
Pensions and other postretirement benefits plans	6,556	6,281
Unrealized (gains) and losses short-term investments	3,156	1,842
Currency Translation adjustment	3,158	-
Tax effects of items included in other comprehensive income	(3,496)	(2,924)
Balance as at December 31	31,759	22,384

(x US$ 1,000) Tax effects related to other comprehensive income 2016	Before Tax amount	Tax Expense/ Benefit	Net of Tax amount
Pensions and other postretirement benefits plans	6,556	(2,360)	4,196
Unrealized (gains) and losses short-term investments	3,156	(1,136)	2,020
Other comprehensive income	9,712	(3,496)	6,216

See accompanying notes to consolidated financial statements

(x US$ 1,000) Difference between 2016 company – and consolidated shareholder's equity		
Consolidated shareholder's equity	1,114,359	
Company shareholder's equity	1,125,120	
Difference		**(10,761)**
Due to the following:		
Negative net capital value Ventrin	(6,784)	
Negative net capital value POC	(3,977)	
Total		**(10,761)**

5 CONSOLIDATED CASH FLOW STATEMENT 2016

(X US$ 1,000)	2016	2015
Cash flow from operating activities		
Net profit	**5,222**	23,014
Depreciation	96,452	66,668
Accretion expenses	7,277	6,568
Amortization of debt arrangement fees	3,936	3,373
Amortization of intangible assets	3,615	-
Exploration expenses wells	185	-
Provisions	(7,129)	(6,449)
Accrued interest	(639)	4,988
Deferred taxes	-	(44)
Foreign exchange (gain)/loss	(2,082)	(1,433)
Provison for doubtful accounts	(162)	(2,479)
Other long term liabilities	179	1,283
Operating profit before working capital changes	**106,854**	**95,489**
Working capital changes (Operating assets)		
Trade receivables and prepaid expenses	(5,875)	5,812
Inventories	3,340	(13,035)
Trade payables	(20,295)	77,505
Bank overdraft	1,153	(339)
Accrued liabilities	31,265	(59,308)
Income and other taxes	2,895	(19,396)
Pension plan	6,456	4,885
Provision for pensions and other postretirement benefits	6,533	2,858
Net cash flow from operating activities	**132,326**	**94,471**
Cash generated from investing activities		
Proceeds from sale of property, plant and equipment	(124)	34
Loan receivables	(21,249)	-
Investment in property, plant and equipment	(13,047)	(248,061)
Investment in intangible assets	3,613	(12,047)
Investment in Suriname Gold Project C.V.	(80,755)	(96,667)
Net cash flow from investing activities	**(111,562)**	**(356,741)**
Cash generated from financing activities:		
Increase/(Decrease) in loan	(26,324)	173,959
Increase/(Decrrease) in bond	(266)	47,286
Payment of debt arrangement fees	(4,468)	(4,768)
Increase of provision for environmental risk	(36)	-
Deferred tax asset	(8,417)	-
Changes in general reserve	572	1,409
Dividends paid	-	(15,735)
Committee Rehabilitation and Expansion of Sports facilities	(744)	(2,649)
Net cash flow from financing activities	**(39,683)**	**199,502**
Effects of exchange rate changes on foreign cash balances	4,021	1,659
Net increase (decrease) in cash and cash equivalents	**(14,898)**	**(61,109)**
Cash and cash equivalents at the beginning of the year	**54,064**	**115,173**
Cash and cash equivalents at the end of the year	**39,166**	**54,064**
Interest paid	41,158	29,787
Income tax paid	-	21,244

See accompanying notes to consolidated financial statements

Pipeline in the oilfield.

VII Notes to the Consolidated Financial Statements

General Information
Staatsolie Maatschappij Suriname N.V. (Staatsolie) is an integrated oil company incorporated in the Republic of Suriname. The integrated activities include exploration, production, refining, marketing and distribution of petroleum products. Through its subsidiary (SPCS), Staatsolie is engaged in electric power generation.

Staatsolie has four (4) subsidiaries of which three (3) wholly owned: Paradise Oil Company N.V. (POC) and GOw2 Energy Suriname N.V. incorporated in the Republic of Suriname and Ventrin Petroleum Company Limited, a bunkering company incorporated in the Republic of Trinidad and Tobago.
Staatsolie holds 102,999 out of 103,000 shares of the Staatsolie Power Company Suriname N.V. (SPCS), incorporated in the Republic of Suriname, and the local electricity company N.V. EBS holds one share. Furthermore, as of November 2014 Staatsolie has a interest of 25% in the Suriname Gold Project CV ('Surgold'), a limited partnership created between Suriname Gold Project Company LLC and Staatsolie. POC is, at the moment, a dormant company. In June 2015, the operations of Paradise Oil Company N.V. (POC) were put on hold and the company did not have any activity during the year ending 31 December 2016 or subsequent to the year end. In the future Paradise Oil Company N.V. (POC) will participate in Joint Venture opportunities with third parties.

1 SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation
These consolidated financial statements include the accounts of subsidiaries for which Staatsolie has control. The consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (US GAAP) for the oil and gas industries in particular.
The financial data of Staatsolie and its subsidiaries are consolidated under elimination of intercompany balances, sales and purchases.

Foreign Currency Transactions and Translation
Until December 31, 2015, the US dollar is the functional currency and also the reporting currency of all of the company's consolidated operations and its equity investment. Gains and losses arising from foreign currency denominated transactions are generally recognized in the current period income. Gains and losses from currency remeasurement are included in the current period income with reference to the applicable buying rates as published by the Centrale Bank van Suriname. The cumulative translation effect of a consolidated subsidiary using functional currency other than the US dollar are included in 'Currency translation adjustment' on the Consolidated Statement of Changes in Equity.

Cash and Cash Equivalents
Cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash equivalents are short-term, highly liquid investments with maturities of three months or less when acquired, which have an insignificant risk of changes in value.

Short-term Investments
Short-term investments are stated at market value and are classified as available-for-sale.
The market value of shares is derived from the value quoted by the 'Effectenbeurs van Suriname' (Stock Exchange of Suriname). The unrealized gains and losses on short-term investments, after deduction of deferred income taxes, are recorded under the shareholder's equity. US GAAP allows that the net unrealized gains and losses on short-term investments are recorded in the shareholder's equity as part of the accumulated net other comprehensive income. The sale proceeds of these securities available-for-sale, shall be recorded by a debit to cash, and a credit to remove the security at its market value. The other comprehensive income, representing the unrealized gain or loss at the date of sale is reversed into earnings, and the deferred tax accounts are adjusted.

Accounts Receivable
Receivables are recorded at their nominal value and, if necessary, an allowance is made for doubtful accounts.

Inventories
Crude oil and refined products' inventories at period end are valued at the lower of either cost or market value. Cost comprises all direct purchase costs, attributable operating expenses including depreciation and allocated overhead. Drilling supplies and other materials are recorded at the weighted average cost price or lower market value. The cost price consists of the purchase price plus an allowance for import and transportation costs.
If necessary, a provision for obsolete inventory is taken into consideration and deducted from the

inventory. Ordered goods have been recorded at purchase value and only the goods that are in transit at balance sheet date are recorded on the balance sheet.

Participation in Joint Ventures
The participation in Joint Ventures is recorded at cost.

Equity Investments
Equity investments are accounted for using the equity method.

Intangible Assets

Goodwill
To the extent that the cost of acquiring an equity investment exceeds the fair value of the net assets acquired, the excess is recorded as goodwill. In general goodwill is evaluated for impairment on at least an annual basis.

Other Intangible Assets
This relates to capitalized computer software with a finite life which is valued at cost and amortized on a straightline basis over the estimated useful life. Capitalized software includes internal and external costs incurred directly related to the implementation of the software.
We make judgments about the recoverability of purchased finite lived intangible assets whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of finite lived intangible assets is measured by comparing the carrying amount of the asset to the future discounted cash flows that the asset is expected to generate. In general other intangible assets are evaluated for impairment on at least an annual basis.

Property, Plant and Equipment

Exploration and Production Development
Staatsolie utilizes the successful efforts method to account for expenditures incurred on exploration and production activities. Exploration costs incurred (drilling costs and material fixed assets) are initially recorded under Projects in progress, pending determination of whether the wells found proved reserves.

If proved reserves are found, the recorded costs of drilling the well are reclassified to Evaluated properties and amortized on a UPM basis.

Costs are also recorded under Projects in progress for exploratory wells that have found crude oil reserves even if the reserves cannot be classified as proved when the drilling is completed, provided that the exploratory wells have found a sufficient quantity of reserves to justify its completion as a producing well and the company is making sufficient progress assessing the reserves and the economic and operating viability of the project.The evaluation of the exploratory wells is made twice a year. Exploratory well costs not meeting these criteria or if the company obtains information that raises substantial doubt about the economic of operational viability of the project, the exploratory well would be assumed to be impaired, and its costs, net of any residual value, would be charged to expense

Oil Properties
The costs of production development such as drilling, testing and completion of development wells are capitalized, notwithstanding if these wells are successful or not. Capitalized costs consist of the purchase price of materials and services, including the company's internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the Unit of Production Method.

All costs for development wells, related plant and equipment, and related asset retirement obligation (ARO) are capitalized. Capitalized costs relating to investments in the oil field, including productive land properties, are depreciated based on the Unit of Production Method (UPM), generally by individual field, as the proved developed reserves are produced. The UPM factor is derived from the year oil production and the related proved developed oil reserves.

Refinery, Power Plant and Other Fixed Assets
The refinery, power plant and other fixed assets are valued at cost. The capitalized costs of these assets are depreciated on a straightline basis, taking into account the estimated useful lifetime of the assets.

Projects in Progress
Projects in progress relates to work in progress, for which at the date of completion the cost is capitalized to the appropriate category of property plant and equipment. Project in progress is not depreciated.

Capitalized Borrowing Cost
Interest costs incurred to finance expenditures

during the construction phase of multiyear projects are capitalized as part of the historical cost of acquiring the constructed assets. The project construction phase commences with the development of the detailed engineering design and ends when the constructed assets are ready for their intended use. Capitalized interest costs are included in property, plant and equipment and are depreciated over the service life of the related assets. Capitalized interest costs can also be included in equity investments.

Impairment of Property, Plant and Equipment
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets of cashgenerating units are written down to their recoverable amount.

Current Liabilities
This relates to short-term obligations which are payable within one year, and are recorded at their nominal values.

Loan and Debt Arrangement Fees
The term loan and the bonds are recorded at historical cost. US GAAP requires that debt arrangement fees which consist of the upfront fees and consultancy costs should be capitalized and amortized as expense over the duration of the loan. The loans are presented net of unamortized debt arrangement fees. The outstanding balance of loan which is payable within one (1) year from the balance sheet date is presented as short-term liabilities, and the remaining balance is presented as long-term liabilities.

Deferred Income Taxes
Income tax expense comprises both current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are calculated using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is provided if it is more likely than not that deferred tax assets may not be realized in full.
In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Provision for Dismantlement and Abandonment / Asset Retirement Obligations
This provision regards the expected costs of the dismantlement of the production field, the related production facilities, the pipelines (SaramaccaTout Lui Faut), the refinery and the power plant. The calculation of this provision is based on the cash value of the estimated full cost, taking into account an adjustment for inflation.
US GAAP requires that the accretion expense resulting from the change in the passage of time in the asset retirement obligation (ARO) should be recorded as period cost in the income statement under the operating expenses.
The allocation of the cost for related production facilities, for example production fields, is based on the Unit of Production Method.
The allocation of the costs for the other tangible fixed assets is based on the straightline method. The period for allocation is based on the expected moment of dismantling.

Provision for Pensions and Other Postretirement Benefits (OPEB)
This provision includes the unfunded accrued pension benefit related to the health care plan and the insured pension plan. The determination of this provision is based on an independent actuarial evaluation.

Provision for Environmental Risk
Liabilities related to future remediation costs are recorded when environmental assessments or cleanups or both are probable and the costs can be reasonably estimated.
According to Staatsolie's policy, which is based on international accepted Environmental, Health

and Safety (EHS) standards for petrol stations and national regulations (NIMOS), an environmental provision is recorded for GOw2 Energy Suriname N.V.. The environmental provision is measured at the expected value of future cash flows. The expected value is not discounted to their present value, because the discounted present value does not significantly deviate from the expected value.

Earnings per Share
Since Staatsolie has a simple capital structure with no potential common shares, only the basic earnings per share (EPS) applies. The calculation is based on income available to common stockholders divided by the weighted –average number of common shares outstanding during the period.

Revenues
Revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products. Petroleum products are generally being sold under short-term agreements at prevailing market prices. In some cases, products may be sold under long-term agreement with periodic price adjustments. Revenues are recognized when products are delivered, which occurs when the customer has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectibility is reasonably assured.

The difference between the opening and closing inventory balance of finished products for sale as well as for internal use is recorded as 'Inventory variation'.

Expenditures
Expenditures are recognized in the year incurred.

All costs relating to production, including maintenance and repair of production equipment, are accounted for as production costs ('lifting costs'), and are expensed as incurred.
The costs of the trading activities and electric energy are recorded as 'other operational costs'.

Income Tax
Income tax expense comprises both corporation tax and deferred tax. Income taxes are computed on the financial results as shown in the income statement.

2 ACCOUNTING STANDARDS AND INTERPRETATIONS

The consolidated financial statements are prepared in accordance with US GAAP for oil and gas industries in particular. With regard to the accounting policy of Staatsolie the new standards/amendments of 2015 have been evaluated. As a result the new standards/amendments of 2015 are not applicable, or where applicable the adoption of the standards did not have a material impact on the company's financial statements.

3 CASH AND CASH EQUIVALENTS (X US$ 1,000 UNLESS INDICATED OTHERWISE)

	2016	2015
Cash at foreign banks	31,963	29,439
Cash at local banks	6,809	23,308
Total bank balance	38,772	52,747
Petty cash	394	1,317
	39,166	54,064

Cash and cash equivalents include restricted cash for a total of US$ 19.4 million. The nature of these restricted funds relates to:

- Collateral with reference to Staatsolie's long term loans and funding for interest and loan (re)payment US$ 9.4 million
- Collateral with reference to the SPCS loan and funding of interest and loan (re)payment of US$ 4.4 million
- Interest payable for local bondholders US$ 0.05 million
- Corporate parent guarantees of Staatsolie to secure Ventrin's operational activities US$ 5.5 million.

4 SHORT-TERM INVESTMENTS

Shortterm investments pertain to investments in shares of local companies. Valuation of short-term investments is based on level 1 inputs. These are quoted prices in active markets for identical assets or liabilities.

5 TRADE RECEIVABLES

The trade receivables amounting to US$ 108.6 million (2015: US$ 118.7 million) include a provision for doubtful accounts of US$ 6,199,858 of which US$ 5,702,774 for Staatsolie and US$ 497,085 for the subsidiaries (2015: US$ 5,847,151 for Staatsolie and US$ 329,313 for the subsidiaries)

6 INVENTORIES

	2016	**2015**
Petroleum products	22,785	19,944
Materials and supplies (net)	41,187	43,700
Ordered goods	3,170	7,860
	67,142	71,504

Materials and supplies include a provision for obsolete items of US$ 273,829. (2016:US$ 467,726)

7 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2016	**2015**
Receivable from personnel	192	440
Prepaid to Purchase agents	750	750
Prepaid insurance costs	917	832
Asset to be transfer	3,900	-
Receivable from Surgold	8,660	-
Amount due from Joint Ventures and Associates	9,719	11,040
Prepaid purchased goods, services and other prepaid expenses	11,010	3,961
Downpayment vendors	12,526	16,630
Net sales tax receivable	20,713	18,624
	68,387	52,277

8 INVESTMENTS

Investments to the amount of US$ 308,718,618 (2015: US$ 227,963,754) consist of the following:

PARTICIPATION IN JOINT VENTURES

Uitkijk Joint Venture
The participation of POC in the Uitkijk joint venture is 96.5% and amounts to US$ 12,757,051 (2015: US$ 12,757,051). The current account amounts to US$ (9,694,054) (2015: US$ (9,694,054)). This results in a balance of US$ 3,062,997 (2015: US$ 3,062,997)

Participation in Suriname Gold Project CV
On 14 November 2014 Staatsolie entered as limited partner with an interest of 25% into the partnership 'Suriname Gold Project C.V.'. Surgold Gold Company LLC ("Surgold"), a subsidiary of Newmont Mining Corporation, is the managing partner with a 75% interest in this partnership.The Suriname Gold Project C.V. encompasses the exploration, development and exploitation of the gold mine 'Merian', which is a gold deposit located in the eastern part of Suriname close to the French Guiana border. Construction of the Merian Gold project (the current mine) began after the right of exploitation was granted. Suriname Gold Project C.V. commenced commercial gold production October 1, 2016.

Taken into account the structure and control of this partnership, Staatsolie's interest is accounted at net equity value. The participation amounted to US$ 305,655,621 as at 31 December 2016 (2015: US$ 224,900,757); this includes the capitalized interest and commitment fees of US$ 12,827,328; a positive result from participating interests of US$ 8,121,000 in 2016 and the Government contribution amounted to US$ 63,087,065.
The contribution of the Government of Suriname (GoS) is based on their intent to acquire not more than 5% of Staatsolie's participation interest in Suriname Gold Project C.V. The contribution is recognized as a current account with GoS.

9 INTANGIBLE ASSETS

	2016	2015
Goodwill	5,447	5,447
Other Intangible assets	8,434	12,047
Balance as at December 31	**13,881**	17,494

Goodwill
Staatsolie tested the goodwill paid in relation to the acquisition of GOw2 for impairment in 2016 and concluded no impairment was necessary.

Other Intangible Assets
This regards capitalized computer software and is amortized on a straightline basis over a period of 5 years.

10 DEFERRED TAX ASSETS

Movements in 2016 in the deferred tax (assets)/liabilities were as follows:

	2016	2015
Balance as at January 1	10,119	8,149
Movement due to:		
Difference between commercial and fiscal calculation of profit	-	44
Unrealized losses on inventory subsidiaries	-	(998)
Unrealized financial gains/ (losses) from investment in pension plan and postretirement	2,360	2,261
Unrealized financial gains/ (losses) from Shares	1,136	663
Adjustments previous years	2,447	-
Balance as at December 31	**16,062**	10,119

The deferred tax assets as of 31 december 2016 is as follows:

(X US$ 1,000) DEFERRED TAX ASSETS 2016	TAXABLE AMOUNT	DEFERRED TAX
Pensions and other postretirement benefit plans	46,601	16,754
Unrealized (gains) and losses short-term investments	(1,921)	(692)
Total	(44,680)	(16,062)

11 LOAN RECEIVABLES

In accordance with the Power Purchase Agreement dated March 1, 2013 (with latest amendment in April 2016) by and between SPCS and the Government of Suriname (GoS), SPCS constructed a transmission line to the grid of EBS. The aggregated cost of US$ 26.81 million was divested in favor of GOS in January 2016, and accordingly derecognized in the books of SPCS. As of December 31, 2016, a total of US$ 3.77 million was repaid by GoS. The short term portion of this loan amounts to US$ 8,367,586 and the long term portion amounts to US$ 14,676,623. The interest rate of this loan is 5.76% p.a., and repayment of the term loan is planned for six(6) quarterly installment with maturity date of November 2021.

12 PROPERTY, PLANT AND EQUIPMENT

Movements in 2016 in property, plant and equipment are as follows:

	2016							2015
	Upstream	Refining	Marketing & trading	Power plant	Corporate & other	Projects in progress	Total tangible fixed assets	Total tangible fixed assets
Investments January 1	763,863	1,133,681	46,703	128,563	56,910	205,166	**2,334,886**	2,099,470
Disinvestments current year	(61)	(1,771)	(3)	(1,587)	(3,368)	(26,810)	(33,600)	(2,296)
Capitalized from PIP to PPE current year	59,272	24,853	359	4,156	145	(80,954)	7,830	(16,947)
Addition/Internal transfer	90	1	171	58	79	37,191	37,590	281,960
Expensed to P&L	-	-	-	-	-	(2,453)	(2,453)	(27,300)
Total investments December 31	**823,164**	**1,156,762**	**47,230**	**131,190**	**53,766**	**132,140**	**2,344,252**	2,334,887
Total depreciation January 1	(450,690)	(110,230)	(35,730)	(21,600)	(16,470)	-	(634,720)	(568,737)
Depreciation disinvestment/ internal transfer current year	60	1,771	-	384	981	-	3,196	705
Depreciation current year	(36,004)	(49,151)	(1,399)	(8,802)	(1,096)	-	(96,452)	(66,688)
Total depreciation value December 31	**(486,634)**	**(157,610)**	**(37,129)**	**(30,018)**	**(16,585)**	**-**	**(727,976)**	(634,720)
Book value as at December 31	**336,530**	**999,152**	**10,101**	**101,172**	**37,181**	**132,140**	**1,616,276**	1,700,167

Investment in Evaluated Properties

The 2016 depreciation rate of 0.08 (2015: 0.08) for the Tambaredjo Field, 0.08 for the Calcutta Field (2015: 0.08) and 0.12 (2015: 0.12) for the Tambaredjo North-West Field are based on the Unit of Production Method, which is calculated by using the quotient of the annual production and the proved developed reserve, plus the production in the current fiscal year.

Staatsolie's oil producing properties are primarily obtained through concessions provided by the Surinamese government. They have also been acquired through a decree in land lease or through the purchase of the right of land lease. Regarding these concessions, the government decided by decree in June 1988 that there will be no retribution on the produced oil from the Staatsolie oil fields.

Asset retirement obligations/Provision for dismantlement and abandonment
The following table summarizes the accretion related activity in the liability for asset retirement obligations:

	2016	2015
Balance as at January 1	122,606	109,464
Accretion expense	7,277	6,568
Addition subject to depreciation	3,050	6,574
Balance as at December 31	**132,933**	122,606

Upstream assets comprise the following:

	2016	2015
Land & Leasehold Improvement	9,276	7,357
Building & Structure	20,407	20,359
Machinery & Equipment	52,731	50,800
Abondonment cost	5,453	2,448
Well & Equipment	719,188	666,793
Pipelines	11,264	11,264
Other fixed assets	4,845	4,842
	823,164	**763,863**
Less : accumulated depreciation	(486,634)	(450,689)
Total assets dowmstream	**336,530**	313,174

Suspended Exploratory Well Costs
The amount of capitalized exploratory well costs that is pending the determination of proved reserves. The following two tables provide details of the changes in the balance of suspended exploratory well costs as well as an aging summary of those costs.

Change in capitalized suspended exploratory well costs

	2016	2015
Balance as at January 1	69,319	26,286
Additions pending determination of proved reserves	755	43,173
Charged to expense	(92)	(140)
Balance as at December 31	**69,982**	69,319

Period end capitalized suspended exploratory well costs

	2016	2015
Capitalized for a period of one year or less	663	39,352
Capitalized for a period between one and two years	39,353	5,697
Capitalized for a period between two and three years	29,966	24,270
Capitalized for a period greater than one year - subtotal	69,319	29,967
Balance as at December 31	**69,982**	69,319

Exploration activity often involves drilling multiple wells, over a number of years, to fully evaluate a project. The table below provides a breakdown of the number of projects with the suspended exploratory well costs which had their first capitalized well drilled in the preceding 12 months and those that have had exploratory well costs capitalized for a period greater than 12 months.

Breakdown of number of projects with suspended exploratory well cost

	2016	2015
Number of projects that have exploratory well costs capitalized for a period greater than 12 months	3	6
Total	**3**	6

Refinery
The refinery assets are depreciated on a straight-line basis. As of December 2015 the refinery has reached substantial completion. The refinery units and the distributed control system are depreciated at respectively 4.3% and 20% annually. The tank farm consist of new storage tanks and tanks which have been upgraded. The depreciaton rates are 4.3% and 20% per year. Land is not depreciated.

Refinery assets comprise the following:

	2016	2015
Land and leasehold improvement	9,774	9,774
Building & Structure	1,102,875	1,080,411
Machinery & Equipment	6,073	5,466
Abandoment Cost	6,778	6,778
Pipeline	28,820	28,820
Other Fixed assets	2,442	2,432
	1,156,762	**1,133,681**
Less: accumulated depreciation	(157,610)	(110,230)
Total refinery assets	**999,152**	1,023,451

Marketing & trading assets comprise the following:

	2016	2015
Building & Structure	3,376	3,376
Machinery & Equipment	6,516	6,516
Pipeline	4,429	4,429
Other Fixed assets	135	135
GOw2	27,943	27,586
Ventrin	4,831	4,661
	47,230	**46,703**
Less: accumulated depreciation	(37,129)	(35,730)
Total for Marketing & Trading	**10,101**	10,973

Power Plant

The power plant assets are depreciated on a straight-line basis. The buildings and production hall are depreciated at respectively 5% and 10%, inventory at 33 ⅓%, tank battery at 20%, powerhouse equipment at 5% to 50%, other units are depreciated at 5% to 20% annually. Yard is not depreciated.

Power plant's assets comprise the following:

	2016	2015
Land & Leasehold improvement	300	300
Building & Structure	21,042	21,042
Machinery & Equipment	107,874	105,305
Abandonment Cost	1,796	1,751
Other Fixed Assets	178	165
	131,190	**128,563**
Less: accumulated depreciation	(30,018)	(21,600)
Total power plant assets	**101,172**	106,963

Corporate & Other Fixed Assets

Land and Freehold estates are not depreciated. Other properties, outside the production field are being amortized on a straight-line basis. The annual depreciation percentage for buildings is 10%, telecommunication equipment 20%, dock TLF 4% and oil tanker 10%. Drilling machinery and heavy equipment are depreciated annually at 20%, transportation equipment at 33 ⅓% and office furniture, fixtures and similar assets at 50%. Where applicable a residual value is taken into consideration.

Other fixed assets comprise the following:

	2016	2015
Land & Leasehold Improvement	34,024	36,510
Buildings and installations	6,536	6,515
Other Fixed Assets	13,206	13,885
	53,766	56,910
Less: accumulated depreciation	(16,585)	(16,470)
	37,181	40,440

13 ACCRUED LIABILITIES

	2016	2015
Allowances payable to management and personnel	3,907	1,676
Payables regarding consultancy and other services	4,561	15,081
Accrued interest	9,220	7,755
REP accruals	-	26,399
Payables in connection with land	4,438	4,438
Current account GoS	64,916	-
	87,042	55,349

The current account GoS consists of the Government's contribution and amounts to US$ 63 million. The contribution of the Government of Suriname is based on their intent to acquire not more than 5% of Staatsolie's participation interest in Suriname Gold Project C.V. Furthermore an amount of US$ 1.8 million was received as royalties which was transferred to the Government in 2017.

14 INCOME AND OTHER TAXES PAYABLE

	2016	2015
Income tax	11,739	3,682
Payroll taxes and social security	2,835	9,437
Sales tax	1,440	-
	16,014	13,119

15 BOND

The five-year 7% unsecured coupon bond matured on May 14, 2015. On this day Staatsolie issued a second five-year 7.75% unsecured coupon bond and raised US$ 99.1 million. The maturity date of this second bond is may 14, 2020. Interest will be paid semi-annually on May 14 and November 14 each year.

As of December 31, 2016, unamortized debt arrangement fees amounted to US$ 0.7 million. The amortization of debt arrangement fees for 2016 amounted US$ 0.2 million and is presented under financial expenses under the company's income statement.

16 LOANS

DSB Loan Facility
This regards a bullet loan of € 8.7 million obtain in June 2016. The maturity date of the loan is 30 December 2017. The interest is being paid on a quarterly basis. A parcel of land was given as a collateral to the bank.

Secured Long-Term Loan
On September 28, 2015 Staatsolie refinanced the Corporate loan for the total amount of US$ 600 million. The total loan amount consists of US$ 575 million term loan and US$ 25 million revolving loan. Repayment of theterm loan is planned for 13 quarterly installments, to commence in the fourth quarter of 2016. On November 16, 2016 Staatsolie refinanced and prepaid the Corporate loan for the total amount of US$ 294 million. This prepayment included the first quarterly installment of 2016. The outstanding Corporate loan as of December 31, 2016 amounted to US$ 306 million. The outstanding amount consists of US$ 281 million term loan and US$ 25 million revolving loan. Repayment of the term loan is planned for 13 quarterly installments. A new amortization schedule is agreed and the last repayment is due in November 2019 with a bullet payment.

With regard to the term loan, the financial institutions required security for Staatsolie's payment obligations. The security mainly consists of the offshore receivables and the receivables out of the Merian Gold Project. Staatsolie also has to comply with several affirmative and negative covenants. As of December 31, 2016 Staatsolie is in compliance with the covenants of the loan agreement.

Debt arrangement fees incurred, amounted to US$ 0.9 million in 2016 (2015: US$ 3.8 million). As of December 31, 2016, unamortized debt arrangement fees amounted to US$ 10.0 million (2015: US$ 12.3 million). The amortization of debt arrangement fees for 2016 amounted US$ 3.2 million (2015: US$ 2.9 million) and is presented under financial expenses under the company's income statement.

Loan SPCS
In September 2013, SPCS closed a seven (7) year term loan with Credit Suisse for the expansion of the power plant. November 17 2014, SPCS restated and amended its credit agreement of US$ 74 million to US$ 120 million. The outstanding loan as of December 31, 2016 amounted to US$ 100 million. With a grace period of 4 quarters, a total of US$ 20 million was repaid in 2016. Repayment of the loan is planned for 24 quarterly installments. The maturity date of the loan is in November, 2021.

Staatsolie acts as guarantor for this loan and will make the repayments in US dollars. As collateral the bank requested 100% of SPCS's fixed assets, all rights and benefits gained in the Power Purchase Agreement (PPA) as well as the establishment of various offshore collateral accounts.

As of December 31, 2016, unamortized debt arrangement fees amounted to US$ 2.23 million (2015: US$ 2.69 million). The amortization of debt arrangement fees for 2016 amounted to US$ 0.5 million (2015: US$ 0.5 million) and is presented under financial expenses in the company's income statement.

Loan Government of Suriname
In november 2016 Staatsolie refinanced the secured long term bank loan with an unsecured loan from the government of Suriname. The loan amounts to US$ 261 million and bears 9.25% interest and a bullet repayment in november 2026.

17 PROVISION FOR DISMANTLEMENT AND ABANDONMENT

Provision for dismantlement and abandonment comprises the following:

	2016	2015
Production field in 2016: 1,789 wells (2015: 1,729 wells)	108,782	99,936
Production facilities: Saramacca and pipeline to TLF	10,161	9,636
Refinery	11,593	10,814
Power plant	2,397	2,220
	132,933	122,606

18 PROVISION FOR PENSIONS & OTHER POSTRETIREMENT BENEFITS

	2016	2015
Unfunded accrued pension benefits, insured pension plan	596	626
Unfunded accrued pension benefits, health care plan	15,441	10,116
	16,037	10,742

19 PROVISION FOR PENSION PLAN

The provision for pension plan to the amount of US$ 34,233,686 (2015: US$ 31,803,033) includes an amount of US$ 112,324 (2015: US$ 129,342) for GOw2 Energy Suriname and US$ 34,121,362 (2015: US$ 31,673,691) regarding the accrued pension cost related to the pension plan for Staatsolie employees, which is managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.'.

Pensions and other Postretirement Benefits
Staatsolie maintains 3 plans with regard to pensions and postretirement benefits:

- The pension plan for employees, which is managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.';
- The insured pension plan;
- The unfunded health care benefit plan for retired personnel.

The benefit obligation and plan assets associated with the benefit plans are measured on December 31, as follows:

	PENSION BENEFITS		INSURED PENSION BENEFITS		POSTRETIREMENT HEALTH CARE	
	2016	2015	**2016**	2015	**2016**	2015
Benefit obligation as at December 31	(139,070)	(124,930)	(596)	(626)	(21,834)	(16,165)
Fair value of plan assets as at December 31	104,949	93,256	-	-	6,393	6,049
Funded status as at December 31	**(34,121)**	(31,674)	**(596)**	(626)	**(15,441)**	(10,116)

(IN %)	PENSION BENEFITS		INSURED PENSION BENEFITS		POSTRETIREMENT HEALTH CARE	
Actuarial assumptions	**2016**	2015	**2016**	2015	**2016**	2015
Price inflation	3.00	3.00	3.00	3.00	3.00	3.00
Actuarial discount rate	4.50	4.50	4.50	4.50	4.50	4.50
Expected return on plan assets	6.50	6.50	-	-	6.50	6.50
Adjustment for inflation and salary developments	3.00	3.00	3.00	3.00	-	-
Average Merit	1.50	1.50	1.50	1.50	-	-
Rate of benefit increase	2.50	2.50	-	-	-	-
Expected increase medical cost	-	-	-	-	5.00	5.00

The measurement of the accumulated postretirement benefit obligation assumes an initial health care cost trend rate of 5.0 percent. A one percentage point increase in the health care cost trend rate would increase service and interest cost by US$ 0.6 million and the accumulated postretirement benefit obligation by US$ 5.1 million (2015: US$ 3.9 million). A one percentage point decrease in the health care cost trend rate would decrease service and interest cost by US$ 0.5 million and the accumulated postretirement benefit obligation by US$ 3.9 million (2015: US$ 3.0 million).

	PENSION BENEFITS		HEALTH CARE	
	2016	2015	**2016**	2015
Employer's contribution	(4,990)	(4,539)	-	-
Employee's contribution	(1,663)	(1,513)	-	-
Benefits paid	947	747	103	86

	PENSION BENEFITS			INSURED PENSION BENEFITS			POSTRETIREMENT HEALTH CARE		
As at December 31	2015	**2016**	2017	2015	**2016**	2017	2015	**2016**	2017
Service costs	(5,719)	(6,447)	(7,158)	(27)	(32)	(28)	(1,005)	(907)	(1,249)
Interest costs	(4,816)	(5,622)	(6,258)	(24)	(28)	(27)	(800)	(722)	(975)
Return on assets	5,696	6,236	7,007	-	-	-	367	393	416
Unrecognized transition costs	(21)	(21)	(21)	-	-	-	(121)	(121)	(121)
Unrecognized prior service	(176)	(176)	(176)	-	-	-	-	-	-
Unrecognized gains/(losses)	(1,170)	(1,611)	(1,596)	57	49	63	-	14	(17)
Net pension costs	(6,206)	**(7,641)**	(8,202)	6	(11)	8	(1,559)	**(1,343)**	(1,946)

	PENSION BENEFITS		INSURED PENSION BENEFITS		POST RETIREMENT HEALTH CARE	
Change in Benefit Obligation	**2016**	2015	**2016**	2015	**2016**	2015
Benefit obligation as at January 1	(124,930)	(107,023)	(626)	(526)	(16,166)	(17,892)
Service costs	(6,447)	(5,718)	(32)	(28)	(906)	(1,005)
Interest cost	(5,622)	(4,816)	(28)	(24)	(722)	(800)
Benefits	947	747	90	-	112	166
Actuarial gains/(losses)	(3,018)	(8,120)	-	(48)	(4,152)	3,366
Benefit obligation as at December 31	**(139,070)**	(124,930)	**(596)**	(626)	**(21,834)**	(16,165)

	PENSION BENEFITS		POST RETIREMENT HEALTH CARE	
Change in Plan Assets	**2016**	2015	**2016**	2015
Fair value of plan assets as at January 1	93,257	84,981	6,049	5,648
Contributions	7,569	6,129	230	228
Benefits paid	(947)	(747)	(103)	(86)
Actual return on assets	5,070	2,893	217	260
Fair value of plan assets at December 31	**104,949**	93,256	**6,393**	6,050

	PENSION BENEFITS		INSURED PENSION BENEFITS		POST RETIREMENT HEALTH CARE	
Change in Other Comprehensive Income	**2016**	2015	**2016**	2015	**2016**	2015
Change in Other Comprehensive IncomeJanuary 1	41,604	32,049	(429)	(534)	(1,132)	2,248
Unrecognized Transition Cost	(21)	(21)	-	-	(121)	(121)
Unrecognized Prior Service Costs	(176)	(176)	-	-	-	-
Unrecognized Gains/ (Losses)	(1,611)	(1,170)	49	57	14	-
Gains/ (Losses)	4,184	10,922	(90)	48	4,329	(3,259)
Other comprehensive income at December 31	**43,980**	41,604	**(470)**	(429)	**3,090**	(1,132)

The strategy of the 'Stichting Pensioenfonds' for investing the plan assets into the different asset classes is based on the guidelines of the 'Centrale Bank van Suriname', prescribing maximum thresholds for certain asset categories. The 2015 fair value of the benefit plan assets, including the level within the fair value hierarchy, is shown below.

Plan Assets

The 2016 fair value of the Pension benefit plan assets, including the level within the fair value hierarchy, is shown in the table below:

			%	**Level 1** Quoted prices in active markets for identical assets or liabilities	**Level 2** Significant other observable inputs	**Level 3** Significant unobservable inputs
1	**Real estate:**	**44,499**	**42**	-	44,499	-
2	**Equity Securities:**	**19,761**	**19**			-
	Shares	6,878		6,503	375	-
	Trust Companies	1,279		1,279	-	-
	Term deposits	11,404		11,404	-	-
	Other	200		-	-	200
3	**Debt Securities:**					
	Corporate Bonds	**3,400**	**3**	3,000	400	-
4	**Mortgage Loans:**	**28,013**	**27**	-	28,013	-
5	**Cash and Cash Equivalents*)**	**5,960**	**6**	5,960	-	-
6	**Other current assets**	**3,316**	**3**	-	-	3,316
		104,949	**100**	**28,146**	**73,287**	**3,516**

The valuation techniques used to measure the fair value of the plan assets are as follows:

1. Real estate, fair value is based on appraised values established by a certified appraiser using comparable market oriented prices. The real estate categorized as level 2, is derived from the data regarding the profile and marketability of the investment.
2. Equity securities, measurement of fair value depends on the type of investment: Shares and investments in trust companies, are based on quoted prices, derived from active security exchanges market. The term deposits are highly marketable. The shares, categorized as level 2, are valued with input other than quoted prices that are observable for the investment. Other, is treated as a level 3, which is derived from the data regarding the profile and status of this investment.
3. Corporate bonds, valued as level 1 is based on quoted prices derived from active exchange markets and the level 2 is established by other than quoted prices that are observable for these bonds.
4. Mortgage loans, fair value is based on appraised values of collateral established by a certified appraiser using comparable market oriented prices.

*) Cash and Cash equivalents are valued at face value which is equal to the fair value.

20 PROVISION FOR ENVIRONMENTAL RISK

In 2011 GOw2 Energy Suriname N.V. took over the Chevron marketing activities of Chevron in Suriname, which included 22 petrol stations and 3 oil terminals. Currently the sites have to be remediated and the estimated cost is US$ 3,016,463.

21 EARNINGS PER SHARE

The basic earnings per share of common stock amount to US$ 1.04 (2016) and US$ 4.60 (2015), based on US$ 5,221,921 (2015: US$ 23,013,337) of earnings available to common stockholder and 5 million weighted average number of common shares outstanding year to date.

22 SEGMENTS AND RELATED INFORMATION

Staatsolie's business covers integrated activities regarding the oil and energy industry. These activities are defined into the following operating segments: upstream, downstream, trading and energy. As defined in the accounting standard for segment reporting ASC 280, these operating segments are the Company's reportable segments. The upstream is responsible for exploring, developing, producing and transporting crude oil to the refinery. The downstream is organized and operates to refine the crude oil, market, sell, and distribute the oil products. The trading segment involves trading fuel products and selling these products to wholesale and retail as well as bunkering customers.

The energy segment operates the 96 megawatt thermal power plant and delivers the electric power to the single source customer, the national electricity company EBS, for further distribution.
These functions have been defined as the operating segments of the Company because they are the segments (1) that engage in business activities from which revenues are earned and expenses are incurred; (2) whose operating results are regularly reviewed by the board of executive directors to make decisions about resources to be allocated to the segment and assess its performance; and (3) for which discrete financial information is available. The corporate segment consists of Petroleum Contracts, Business Development, Suriname Gold Project C.V. and all other corporate administrative functions.

Segment reporting Staatsolie

Segment (Revenues) x US$ 1,000	**2016**	**2015**
Upstream	181,571	243,220
Refining & Marketing	264,965	284,533
Trading	184,003	347,683
Energy	49,561	53,909
Total Segment amounts	**680,100**	**929,345**
All Corporate activities (including eliminations)	(311,808)	(338,043)
Total consolidated amounts	**368,292**	**591,302**
Segment (Profit/ (Loss))	**2016**	**2015**
Upstream	93,165	134,639
Refining & Marketing	(55,264)	178,577
Trading	4,524	2,472
Energy	7,519	39,236
Total Segment amounts	**49,944**	**354,924**
All Corporate activities (including eliminations)	(44,722)	(331,910)
Total consolidated amounts	**5,222**	**23,014**
Segment (Assets)	**2016**	**2015**
Upstream	478,014	525,507
Refining & Marketing	1,163,365	1,118,124
Trading	66,978	79,282
Energy	152,163	156,027
Total Segment amounts	**1,860,520**	**1,878,940**
All Corporate activities (including eliminations)	404,518	382,034
Total consolidated amounts	**2,265,038**	**2,260,974**

Major Customers

Revenues from one customer of the downstream segment represent approximately US$ 41.0 million (2015: US$ 74.3 million) of the Company's consolidated revenues.

23 OFF-BALANCE COMMITMENTS AND CONTINGENCIES

xUS$1,000	**2017**	**2018-2021**	**Total**
Long term (sales) contracts	29,088	4,131	33,219
Long term downstream contracts	2,160	2,160	4,320
Operational lease	6,764	4,118	10,882
Claims	610	-	610
Study grants	372	567	939
Corperate social investments	15	-	15
Other contracts	1,016	318	1,334

24 REVENUES PER PRODUCT

	2016		2015	
	x 1,000 BBLS	x US$ 1,000	x 1,000 BBLS	x US$ 1,000
Local refined products (gross)	5,743	259,800	5,845	284,533
Intercompany sales	(2,127)	(103,464)	(1,247)	(54,079)
Local refined products (net)	3,616	156,336	4,598	230,454
Trading activities	2,368	169,953	3,025	301,181
Electric energy *)		39,035		50,897
	5,984	365,324	7,623	582,532
Other sales related revenue				
- inventory change oil stock		(868)		8,562
- other revenues		3,836		208
Total gross revenues	**5,984**	**368,292**	7,623	591,302

25 DEPRECIATION/AMORTIZATION

The breakdown of the depreciation expenses is as follows:

	2016	**2015**
Upstream	36,004	28,341
Refinery	49,151	24,280
Marketing & Trading	1,401	1,279
Power plant	8,801	5,047
Corporate & Other 1)	4,709	7,721
	100,066	66,668

1) includes the amortization of intangible assets of US$ 3,614,603 in 2016.(2015 US$ -)

26 TRADING & OTHER OPERATIONAL COSTS

The breakdown of the trading & other operational costs is as follows:

	2016	**2015**
Trading activities Staatsolie	11,951	77,244
Electric energy	3,452	5,997
Paradise Oil Company	-	540
Trading activities Ventrin	30,113	32,460
GOw2 Energy Suriname	35,616	156,070
	81,132	272,311

27 FINANCIAL (EXPENSES)/ INCOME

The breakdown of the financial (expenses) and income is as follows:

	2016	2015
Interest income	1,232	404
Interest expense	(42,797)	(22,037)
(Loss)/Gain on foreign currencies transactions	7,312	(731)
	(34,253)	(22,364)

28 INCOME TAX CHARGE

The income tax comprises of:

	2016	2015
Current tax expense or benefit	(7,508)	(5,865)
	(7,508)	(5,865)

Reconciliation statutory with effective tax rate:	2016	2015
Suriname statutory income tax rate	36%	36%
Effect of unrecognized tax credits	22%	(16%)
Effective tax rate	58%	20%

Tax Losses Carry Forward

Ventrin has accumulated tax losses of approximately US$ 15.2 million (2015: US$ 14.5 million) available for offset against future taxable profits. These losses have no expiry date in Trinidad and Tobago.

Income Tax Holiday

SPCS was enjoying an income for the years 2006 up until and including 2015

VIII Staatsolie Separate Company Financial Statements 2016

I COMPANY BALANCE SHEET AS AT DECEMBER 31, 2016

(2016 & 2015 before distribution of earnings)

Assets (xUS$ 1,000)	2016	2015
Current assets		
Cash and cash equivalents	27,784	26,762
Short-term investments	3,754	6,910
Trade receivables	70,690	67,210
Inventories	59,344	65,003
Prepaid expenses and other current assets	152,682	92,836
Loan receivable	-	1,796
	314,254	260,517
Investments		
Equity investment	392,084	301,139
Intangible assets	13,881	17,494
Deferred tax asset	16,062	10,119
Property, plant and equipment		
Upstream	336,531	313,174
Refining	999,152	1,023,453
Marketing & trading	187	315
Corporate & other	37,181	40,438
	1,373,051	1,377,380
Projects in progress	127,472	173,889
	1,500,523	1,551,269
Total assets	**2,236,804**	2,140,538

Paramaribo, June 30, 2017

The Board of Executive Directors:

R. Elias	Managing Director
B. Dwarkasing	Upstream Director
A. Jagesar	Downstream Deputy Director
A. Moensi-Sokowikromo	Finance Director

x US$ 1,000	2016	2015
Liabilities		
Current liabilities		
Trade payables	124,242	114,588
Accrued liabilities	131,888	54,170
Income and other taxes payable	6,962	5,337
DSB bridge facility	9,063	-
Short-term portion of Term Loan	40,000	44,833
	312,155	218,928
Long-term debt		
Bond	98,475	98,281
Term Loans	255,758	525,853
GOS Loan	258,058	-
Other long term liabilities	6,544	6,365
	618,835	630,499
Provisions		
Dismantlement and abandonment	130,536	120,387
Provision for pensions and other post retirement benefits	16,037	10,742
Pension plan	34,121	31,674
	180,694	162,803
Shareholder's equity	1,125,120	1,128,308
Total Liabilities & Shareholder's equity	**2,236,804**	2,140,538

Paramaribo, June 30, 2017

The Supervisory Board:

E. Boerenveen	Chairman
G. Asadang	Member
A. Imanuel	Member
E. Poetisi	Member
M. Rommy	Member

II COMPANY INCOME STATEMENT 2016

(x US$1,000)	2016	2015
Revenues from		
Production & Refining	259,800	284,533
Trading activities	20,551	76,219
	280,351	360,752
Inventory variation	(868)	8,562
Other revenues	4,842	202
Gross revenues	284,325	369,516
Exploration expenses including dry holes	(1,462)	(13,946)
Production expenses	(44,783)	(53,615)
Refinery expenses	(65,613)	(57,998)
Depreciation	(86,379)	(60,334)
Accretion expenses	(7,144)	(6,465)
Amortization of intangible assets	(3,615)	-
Export-, transport- and sales costs	(21,768)	(22,188)
Trading & Other operational costs	(19,932)	(77,244)
Operating income	33,629	77,726
General and administrative expenses	(21,533)	(33,465)
Expensed projects	(1,411)	(8,637)
Financial income (expenses)	(32,143)	(20,334)
Other income (expenses)	6,418	-
Net income from equity investment GOw2/ SPCS	13,348	16,263
Share in net result of investment Suriname Gold Project CV	8,121	(3,473)
Earnings before tax	**6,429**	**28,080**
Income tax charge	-	(3,686)
Net profit	**6,429**	**24,394**

Paramaribo, June 30, 2017

The Board of Executive Directors:

R. Elias	Managing Director
B. Dwarkasing	Upstream Director
A. Jagesar	Downstream Deputy Director
A. Moensi-Sokowikromo	Finance Director

The Supervisory Board:

E. Boerenveen	Chairman
G. Asadang	Member
A. Imanuel	Member
E. Poetisi	Member
M. Rommy	Member

III NOTES TO STAATSOLIE COMPANY BALANCESHEET

The accounting principles used for the consolidated financial statements are also applicable for the financial statements of Staatsolie.
Stated below are the specific notes applicable for the financial statements regarding the equity investment and the shareholder's equity in the balance sheet.

Equity Investment
Equity investments are accounted for using the equity method.

Majority Interest in Affiliated Companies
Ventrin Petroleum Company Limited is a wholly owned subsidiary of Staatsolie and is domiciled in the Republic of Trinidad and Tobago. In 2016, Ventrin had a negative net asset value of US$ 6,783,821 (2015: US$ (5,579,521)) and therefore the participation was valued at nil. The net income of Ventrin in 2016 amounted to US$ (1,204,300) (2015: US$ (375,334)).

Paradise Oil Company N.V. (POC) is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. In 2016, POC has a negative net asset value of US$ 3,977,241 (2015: US$ (3,973,993)) and therefore the participation was valued at nil. The net loss of POC in 2016 amounted to US$ (3,247) (2015: US$ (1,004,562)).

GOw2 Energy Suriname N.V. is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. The participation in GOw2 Energy Suriname as at December 31, 2016 is valued at US$ 32,504,597 (2015: US$ 29,834,669), including the net income after tax of US$ 5,828,532 (2015: US$ 3,872,590).

Staatsolie is the main shareholder of the Staatsolie Power Company Suriname N.V. (SPCS) and the national electricity company N.V. EBS holds one share. In 2016, SPCS has a net asset value of US$ 53,923,416 (2015: 46,403,942) . The net income of SPCS in 2016 amounted to US$ 7,519,474 (2015: US$ 12,390,552).

Overview of Equity investment as at December 31, 2016

	Ventrin	POC	GOw2 Energy Suriname	SPCS
Share capital	13,338,977	4,000	2,639	10,300,000
Retained earnings previous years	(18,918,498)	(3,977,994)	26,673,426	36,103,942
Net earning current year	(1,204,300)	(3,247)	5,828,532	7,519,474
Net asset value	**(6,783,821)**	**(3,977,241)**	**32,504,597**	**53,923,416**

Minority Interest
Staatsolie entered as limited partner with an interest of 25% into Suriname Gold Project LLC ('Surgold'). Taken into account the structure and control of this partnership, Staatsolie's interest is accounted at net equity value. Taken into account the structure and control of this partnership, Staatsolie's interest is accounted at net equity value.
The participation amounted to US$ 305,655,621 as at 31 December 2016 (2015: US$ 224,900,757); this includes the capitalized interest and commitment fees of US$ 12,827,328 (2015: US$ 7,528,669).

In addition a positive result from participating interests of US$ 8,121,000 (2015: US$ (3,136,000) was recorded.

Shareholder's Equity
The difference between corporate and consolidated shareholder's equity is disclosed on page 38.

IX Other information

1 Distribution of Earnings

Articles of Association

Distribution of earnings takes place in accordance with Article 28 of the articles of association, which stipulates that net earnings reflected in the balance sheet and income statement, adopted by the Annual General Meeting, is placed at the disposal of the General Meeting of Shareholders.

2016 Distribution of Consolidated Earnings

In 2016, a consolidated net profit of US$ 5.2 million was realized. Management proposed no cash dividend, no profit sharing for management and personnel, a reserve for environmental risk and the remaining balance to be added to the general reserve.

2 Adoption of Financial Statements of the Preceding Fiscal Year

The 2015 Financial Statements were adopted at the General Meeting of Shareholders held on June 08, 2016 and included Management's proposal for the appropriation of the 2015 profit. A cash dividend of 50% amounting to US$ 7.3 million was paid.

3 Subsequent Events after Balance Sheet Date

As of the date of these financial statements, the following subsequent events were determined for reporting purposes:

- On February 16, 2017 Staatsolie N.V. paid an amount of US$ 14.6 million to Credit Suisse. This amount consists of US$ 10.0 million loan principal repayment and an interest payment of US$ 4.6 million.
- On February 16, 2017 SPCS paid an amount of US$ 6.7 million to Credit Suisse. This amount consists of US$ 5.0 million loan principal repayment and an interest payment of US$ 1.7 million. On this day the Debt Service Reserve Account of SPCS was also funded. This amount consists of US$ 5.0 million.
- On February 20, 2017 SPCS Engine #7 suffered a major breakdown. Failure of the Engine's crankshaft was determined. The genset is expected to be out of service until the end of August 2017. As a result a total production potential of about 54,000MWh will not be available, corresponding with a projected loss of revenue of about US$ 7.29 million. The costs to restore the engine are estimated at US$ 2.6 million. The deductible for the SPCS machinery breakdown insurance is US$ 0.5 million per occurrence.
- On April 18, 2017 SPCS Engine #3 suffered a major breakdown. Damage to the engine wascaused by broken connecting rods. The genset is expected to be out of service until the end of 2017. As a result a total production potential of about 39,000MWh will not be available, corresponding with a projected loss of revenue of about US$ 5.27 million. The costs to restore the engine are not known at this time, but could be well over US$ 1 million. The deductible for the SPCS machinery breakdown insurance is US$ 0.5 million per occurrence.

X Five years Consolidated Income Statements

(X US$ 1,000)	2016	2015	2014	2013	2012
Gross revenues	**368,292**	**591,302**	**1,076,427**	**1,030,391**	**1,060,057**
Exploration expenses including dry holes	(1,465)	(14,157)	(13,870)	(14,203)	(24,009)
Production expenses	(44,783)	(53,615)	(45,881)	(44,471)	(37,166)
Refinery expenses	(54,553)	(54,986)	(19,149)	(12,943)	(15,873)
Depreciation/Amortization	(100,066)	(66,668)	(44,066)	(42,744)	(40,652)
Accretion expenses	(7,277)	(6,568)	(5,881)	(5,325)	(4,875)
Export-, transport- and sales costs	(21,768)	(22,188)	(34,418)	(19,001)	(16,466)
Trading & Other operational costs	(81,132)	(272,311)	(466,336)	(412,810)	(412,413)
Operating income	**57,248**	**100,809**	**446,826**	**478,894**	**508,603**
General and administrative expenses	(23,509)	(33,533)	(33,867)	(30,490)	(27,968)
Expensed projects	(1,411)	(8,637)	343	(9,759)	(7,355)
Financial expense and income	(34,253)	(22,364)	(13,593)	(7,005)	4,826
Other income and expenses	6,534	(3,923)	-	-	-
Share in net result of investment Suriname Gold Project CV	8,121	(3,473)	-	-	-
Earnings before tax	12,730	28,879	399,709	431,640	478,106
Income tax	(7,508)	(5,865)	(123,839)	(133,158)	(80,390)
Net profit	**5,222**	23,014	275,870	298,482	397,716

XI Supplemental Information on Oil Producing Activities (Unaudited)

In accordance with FAS 69, ‘Disclosures about oil producing activities’ Staatsolie is required to present certain supplementary information on oil exploration and producing activities. This section provides the supplemental information in five separate tables. Table 1 through table 3 provide historical information regarding costs incurred in exploration, property acquisitions and development, capitalized cost regarding oil producing activities, result of operations for oil producing activities. Table 4 and 5 present information on Staatsolie’s estimated proved reserve quantities and standardized measure of estimated discounted future net cash flows related to proved reserves.

1 COST INCURRED IN EXPLORATION, PROPERTY ACQUISITION AND DEVELOPMENT FOR THE YEAR ENDED DECEMBER 31, 2016

xUS$ 1,000	2016	2015
Exploration costs	1,810	30,662
Development costs	63,260	102,463
End of the year	65,070	133,125

2 CAPITALIZED COST RELATING TO OIL PRODUCING ACTIVITIES AS AT DECEMBER 31, 2016

US$ 1,000	2016	2015
Proved oil properties	809,453	673,624
Accumulated depreciation	(474,365)	(374,399)
Net capitalized costs	335,088	299,225

3 RESULTS OF OPERATIONS FOR OIL PRODUCING ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

US$ 1,000	2016	2015
Revenues	280,352	360,752
Production costs	(44,783)	(53,615)
Exploration costs	(1,462)	(13,946)
Depreciation and provisions	(36,004)	(35,565)
	198,103	257,626
Income tax expenses	-	(3,686)
Results of operations from producing activities (excl. corporate overhead interest cost)	198,103	253,940

Unaudited - see accompanying auditor's report

4 RESERVE QUANTITY INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Proved developed and undeveloped reserves (x 1,000 Bbls)	2016	2015
Beginning of the year	83,980	99,980
Revisions of previous estimates	6,220	(10,000)
Production	(6,000)	(6,000)
End of the year	84,200	83,980

Proved developed reserves	2016	2015
Beginning of the year	60,250	66,270
End of the year	60,624	60,250

Proved undeveloped reserves	2016	2015
Beginning of the year	23,450	33,660
End of the year	23,763	23,450

Rounding off may lead to apparent inconsistencies
Note: The oil reserves are located entirely within one geographic area in Suriname.

5 STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS AT DECEMBER 31, 2016

Based on the oil price of US$ 32.08

	2016	2015
Future cash inflows (a)	2,674,591	4,852,015
Future production and development costs (a)	(1,208,518)	(3,149,433)
Future income tax expenses (a)	(527,786)	(638,206)
Future net cash flows	938,287	1,064,376
10% annual discount for estimated timing of cash flows	(85,299)	(468,381)
Standardized measure of discounted future net cash flows	852,988	595,995

(a) Future net cash flows were computed using prices used in estimating the entity's proved oil reserves, year-end costs, and statutory tax rates (adjusted for tax deductions) that relate to existing proved oil reserves. The Society of Petroleum Engineers guidelines propose to use the average price of 2016 which is 32.08 US$/BBL (2015: 42.00 US$/BBL).

Unaudited - see accompanying auditor's report

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