DISCOVERING

STAATSOLIE

2019 ANNUAL REPORT

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LIST OF USED ABBREVIATIONS

bbl: barrel (ca. 159 liter)
Kbbls: thousands of barrels
MMbbls: millions of barrels
oz.: (troy) ounce
HSE: Health, Safety and Environment
HSEC: Health, Safety, Environment and Community
NSD: Nearshore Drilling
EBITDA: Earnings before interest, taxes, depreciation, and amortization
IOC: international oil company
IPO: Initial Public Offering
IFRS: International Financial Reporting Standards
CAPEX: Capital expenditures
bopd: barrels of oil per day
EOR: Enhanced Oil Recovery
IOR: Improved Oil Recovery
ULSD: Ultra Low Sulphur Diesel
MWh: megawatt-hour
IMO: International Maritime Organization
PSC: Production Sharing Contract
2D: two-dimensional
3D: three-dimensional

In 2019, the Maka Central-1 well, the work of international oil companies, encountered oil in the deep waters of Block 58 offshore Suriname. With those 73 meters of oil pay, formally announced in January, 2020, a future Staatsolie has been working towards for years has officially arrived.

Our company and our country will never be the same.

To fully realize the benefits of Maka Central-1 – and the additional commercial discoveries we are confident will follow – requires Staatsolie to become a world-class enterprise, a partner of choice for international oil companies, capable of opening up to global investors and raising the capital needed to participate in our share of offshore operations.

We are ready. By following our 2015-2020 Strategy for Success over the past five years, we have been preparing for a future that begins now. It has been a strategy that optimizes our current upstream and downstream operations, leverages our diversification, and elevates our corporate structures and policies to best-in-class standards, placing Staatsolie in position to succeed.

The future is bright because Staatsolie has never been stronger or more ready for the opportunities ahead.

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 market.

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 others' 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

2019

CRUDE PRODUCTION (2019 VS. 2018)

6 MMbbls	6 MMbbls
2019	2018

GROSS REVENUES (2019 VS. 2018)

US$ 500 million	US$ 506 million
2019	2018

2019 TOTAL SALES

2,838 Kbbls	1,884 Kbbls	607 Kbbls
Fuel Oil & Crude	Premium Diesel	Premium Gasoline

49 Kbbls	204 Kbbls
Bitumen	Other

2018 TOTAL SALES

2,523 Kbbls	1,963 Kbbls	640 Kbbls
Fuel Oil & Crude	Premium Diesel	Premium Gasoline

22 Kbbls	175 Kbbls
Bitumen	Other

Supervisory Board

G. Asadang *Member*	**M. Rommy** *Member*	**E. Boerenveen** *Chairman*	**E. Poetisi** *Member*	**I. Tholen** *Secretary*

D. Caffé *Member (not pictured)*

Board of Executive Directors

B. Dwarkasing *Upstream Director*	**A. Jagesar** *Downstream Deputy Director*	**B. Glover** *Offshore Deputy Director*	**A. Moensi-Sokowikromo** *Finance Director*	**R. Elias** *Managing Director*	**E. Fränkel** *Power & Renewables Deputy Director*

General Information

As at December 31, 2019

SOLE SHAREHOLDER

The Republic of Suriname represented by:

- The President, **His Excellency D. Bouterse**, on his behalf:
- The Vice President, **A. Adhin**

SUPERVISORY BOARD

E. Boerenveen
Chairman

G. Asadang
Member

D. Caffé
Member

E. Poetisi
Member

M. Rommy
Member

I. Tholen
Secretary

BOARD OF EXECUTIVE DIRECTORS

R. Elias
Managing Director

B. Dwarkasing
Upstream Director

A. Moensi-Sokowikromo
Finance Director

DEPUTY DIRECTORS

E. Fränkel
Power & Renewables Deputy Director

B. Glover
Offshore Deputy Director

A. Jagesar
Downstream Deputy Director

ASSET MANAGERS

R. Bissumbhar
Exploration & Development Asset Manager

P. Brunings
Production Asset Manager

C. Hughes
Refinery Asset Manager

M. Refos
Marketing Asset Manager

DIVISION MANAGERS

CORPORATE

I. Ambrose
Manager Corporate Audit

E. Bergval
Manager Corporate Communication

M. Daal-Vogelland
Manager Petroleum Contracts

D. van Dijk
Manager Business Development

J. Gajadien-Joella
Manager Corporate Legal Affairs

M. Gangaram Panday
Manager Finance Transition

T. Haarloo
Manager Corporate HR

R. Hahn
Manager Corporate ICT

K. Kalijan
Manager Corporate HR Development

J. Makhanlal-Veldhuizen
Manager Tax & Insurances

K. Raghosing
Manager Corporate Controlling & Treasury

A. Ramsaransingh-Karg
Manager Corporate Procurement

D. Ratchasing
Manager ICT Project Management Office

J. Sanchez
Manager Corporate Health, Safety, Environment & Quality

A. Sleman
Manager Information & Communication Technology

A. Vermeer
Manager Finance Administration

UPSTREAM

D. Ainsworth
Manager Reservoir Management

K. Ashruf-Thijm
Manager HRM Upstream

P. Brunings
(Acting) Manager Project Management Office

G. Cusson
Manager Procurement Upstream

D. Kertotiko
Manager Technical Support Services

T. Ketele
Manager Nearshore Project

D. Lim A Po
Manager Projects

R. Mangnoesing
Manager Business Economics Upstream

V. Mitchell
Manager Drilling Operations

K. Moe Soe Let
Manager Program IOR/EOR

B. Nandlal
Manager Functional Support Services

N. Poeketi
Manager Exploration

A. Schuitemaker-Nghollo
Manager Lifting & Gathering

R. Soekhlal
Manager Health, Safety & Environment Upstream

DOWNSTREAM

P. Braaf
Manager HRM Downstream

A. De Marco
Manager Health, Safety & Environment Downstream

W. Gajapersad
Manager Maintenance & Reliability

A. Mohamedhoesein
Manager Integrity & Projects

D. Pello
Manager Technical Services

M. Sporkslede
Manager Business Economics Downstream

M. Woelkens
Manager Procurement Downstream

SUBSIDIARIES

GOw2 ENERGY SURINAME N.V.

M. Refos
Marketing Asset Manager

STAATSOLIE POWER COMPANY SURINAME N.V.

E. Fränkel
Power & Renewables Deputy Director

R. Vlaming
Manager Power & Utilities Operations

VENTRIN PETROLEUM COMPANY LTD

L. Brunings
Chief Executive Officer

Letter of the Managing Director

2019 was a remarkable year for Staatsolie: the year of our first offshore discovery. The discovery of hydrocarbons in offshore Block 58 in Q4 2019 signals a transformation, both for our company and for Suriname, a development that Staatsolie has been preparing for over the past four years through our Strategy for Success.

FINANCIAL RESULTS OVERVIEW

The financial results in 2019 reflect our commitment to develop Suriname's hydrocarbon potential, while we maximize value.

- In 2019 we achieved consolidated gross revenues of US$ 500 million, down 1% from prior year.
- Our 2019 EBITDA reached US$ 368 million, compared to US$ 353 million in 2018.
- Our profit before tax in 2019 was US$ 180 million, compared to US$ 149 million in 2018.
- These results were impacted by the average posting price of our crude, which was US$ 54/bbl in 2019, compared to US$ 61/bbl in 2018.
- Staatsolie enjoys the strength of diversification, which includes a 25% interest in the Merian gold mine operated by Newmont Suriname. Merian yielded 524,000 oz. and contributed US$ 101 million to our EBITDA in 2019, a result supported by gold prices reaching US$ 1,482/oz. in Q4 2019.
- Staatsolie's contribution to the Government of Suriname, consisting of taxes, dividend and royalties, amounted to US$ 172 million in 2019, compared to US$ 150 million in 2018.

MANY STRENGTHS

Today, Staatsolie is stronger than we have ever been. We are more diversified, not only in our value-add oil business refining crude to ultra-low sulphur diesel and gasoline, but also in producing electricity and successfully investing in gold. Moreover, we are building an increasingly capable workforce.

We are very satisfied with our overall performance in 2019. Upstream, we remained a 1st quartile crude oil producer. We are aggressively pursuing Enhanced Oil Recovery in order to increase our recovery rate. Our continuous efforts to replace declining reserves resulted in a significant addition of 20.7 MM STB, the highest over the last 7 years. Downstream, we are further optimizing the business by reducing operational costs and increasing production.

Our nearshore drilling project, a major focus in 2019, led to non-commercial finds in 4 of 6 wells. We did however gain valuable information that will de-risk our efforts in the shallow offshore area, which we anticipate will be undertaken on a joint venture basis in 2020. In the deep offshore area, we signed 2 new PSCs with Cairn Energy from Scotland and Tullow Oil plc from the United Kingdom in 2019.

In addition to the game changing offshore discovery, our acquisition of the Afobaka dam and its hydroelectric power plant on January 1, 2020 is another major milestone for Suriname and Staatsolie. Adding Afobaka to our existing power generation capacity, we will be producing 75% of the total power consumption in Suriname and are especially pleased to diversify into renewable energy. To facilitate further growth in this area, a Power & Renewables directorate has been established.

Staatsolie's 25% interest in the Merian gold mine with Newmont Suriname LLC, a world class mining company, proved once again to be a solid investment in 2019. We are expanding this strategy in 2020 with a planned investment in the Pikin Saramacca gold mine with Rosebel Goldmines N.V.

Looking back at 2019, we can note among the core programs of Staatsolie the promotion of our people's health and safety. Our Safety performance is measured with the Total Recordable Injury Frequency indicator which was 0.54 and therefore lower than our 0.58 tolerance for 2019. We are developing other indicators that will further help us to prevent incidents. To improve HSE we have implemented an improved HSE management system in the upstream operations in 2019. Our people are our most important asset, and our concern for their wellbeing and development goes hand in hand with our contribution to the development of Suriname.

THE OPPORTUNITIES AHEAD

With the Maka Central-1 discovery in Block 58 by Apache and Total, Staatsolie is on the verge of a new era, and neither the company nor the country will ever be the same. Now that the first offshore discovery has been made, we anticipate a series of discoveries and are continuing the necessary steps to participate in the opportunities ahead with a sense of urgency. We have thus established an Offshore directorate focused on building our technical capabilities and aim to maximize the long-term value from both shallow and deep offshore resources for Suriname.

We are now opportunity rich and need to secure access to capital. In this regard, we will gradually introduce Staatsolie to the international capital markets, starting with our recent international bond for US$ 195 million listed at the Dutch Caribbean Stock Exchange (DCSX). We will further explore several funding options, including an IPO and international bonds listed in London or New York.

We sincerely thank our stakeholders, first and foremost our employees, for our 2019 success. As we move forward, an exciting future awaits Staatsolie and Suriname.

Rudolf Elias
Managing Director

6 Key Facts to Discover about Staatsolie

1

We have been producing and refining crude oil and selling petroleum products for decades.

While offshore Suriname discoveries by international oil companies are new, Staatsolie has been in the oil business for almost 40 years.

- We produce 6 MMbbls of Saramacca Crude a year from three onshore oilfields.
- We refine our crude oil into high end products at our refinery with a capacity of 15 Kbbls a day.
- We sell our products, including diesel and gasoline, at our own retail gas stations.

2

We produce renewable energy to generate electricity in Suriname.

After concluding negotiations in 2019, on January 1, 2020, Staatsolie took over operation of the Afobaka Dam, a hydroelectric facility capable of generating 180 MW of power.

3

We generate electricity thermally as well.

Staatsolie also owns and operates a thermal power plant with a capacity of 96 MW. Together with the Afobaka Dam facility, Staatsolie generates 75% of the electricity used in Suriname.

4

We have interests in gold mining.

Staatsolie also owns interests in gold mines in Suriname, with world-class mining partners Newmont and IAMGOLD Rosebel Goldmines; these successful, cash-producing investments provide us additional diversification.

5

Major offshore oil discoveries have the potential to transform Suriname.

In 2019, our partners Apache Corp. and Total S.A. made the Maka Central-1 discovery in Block 58 offshore Suriname, confirming our confidence in the potential of the Guyana Basin.

Characteristics: Maka Central-1 Well

- 73 meters of oil pay
- 50 meters of light oil and condensate pay
- Upper Cretaceous-aged intervals
- Reserve estimate: 200-300 MMbbls

6

Staatsolie has prepared and is ready for major discoveries.

If the Maka Central-1 find eventually will be developed, Staatsolie has the option to take a 20% stake in the field. This applies also to other offshore discoveries we believe will follow.

Starting in 2015, in anticipation of promising commercial discoveries, Staatsolie has followed a five-year Strategy for Success to prepare us to be a partner of choice for IOCs. We are transforming Staatsolie into a world-class oil company with benchmark governance structures and access to international capital, ready to welcome investors to participate in Suriname's hydrocarbon success story.

Discover more about what was achieved in 2019 and the opportunities we see in 2020 and beyond.

Finance

In the past fiscal year, Staatsolie:

- Prepared to enter the international capital markets in 2020 and thereafter.
- Anticipated the need to issue bonds and expects to float part of the shares in the future, and thus, focused on putting in place improved internal controls and making process improvements necessary to meet the highest reporting requirements of our industry.

2019 KEY FOCUS

Transitioning to a world-class finance organization, a 24-months process.

2020 KEY FOCUS

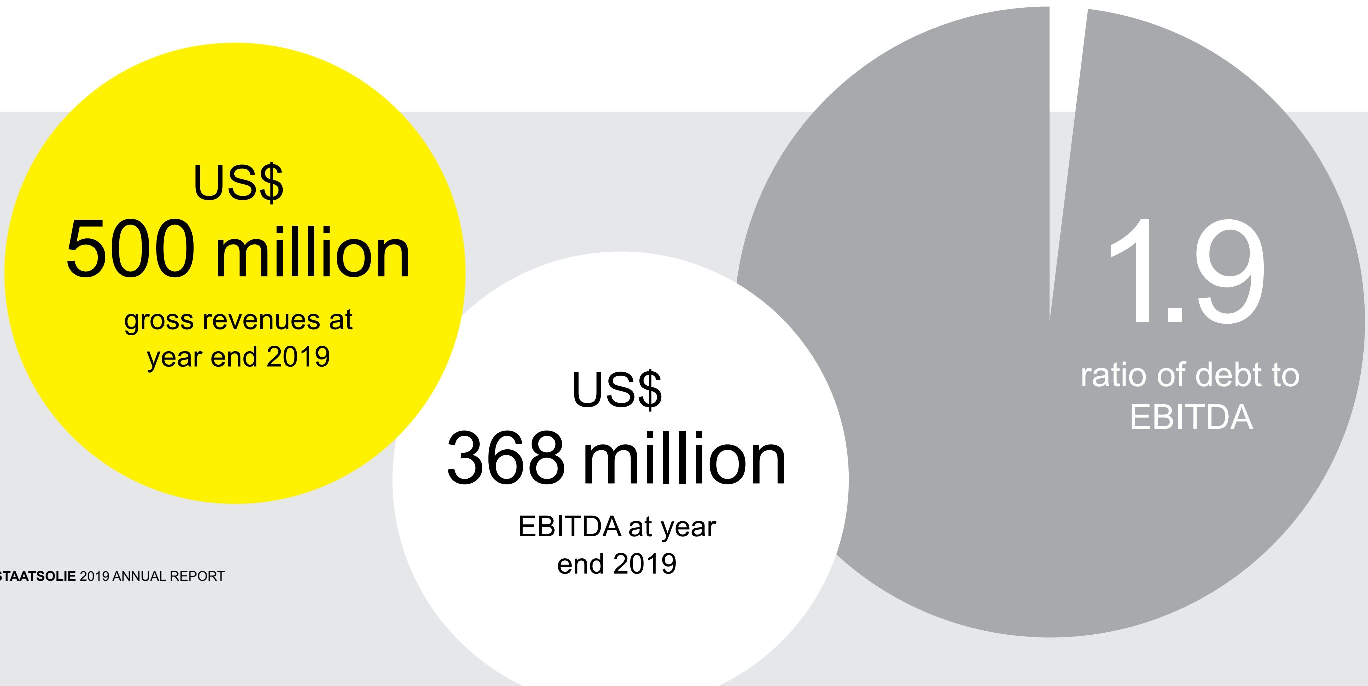
Completing the transition.

"The strengthening and readiness of our finance organization as we enter the international capital markets are the major themes of both 2019 and the year ahead."

A. Moensi-Sokowikromo
Finance Director

Financial Strength

Staatsolie is financially sound and stronger than ever. The integrated and low-cost nature of Staatsolie's oil business combined with investments in gold and power generation creates a diversified revenue base that mitigates cash flow volatility across the commodity price cycle, and results in a financial resilience that is rather unique in the industry. In 2019 Staatsolie recorded consolidated revenues of US$ 500 million, an EBITDA of US$ 368 million, an EBITDA margin of 73%, a profit before tax of US$ 180 million, a net profit of US$ 120 million, a consolidated year-end balance sheet total of US$ 2.4 billion with equity of US$ 1.3 billion. For 2019 the following credit metrics are recorded: a DSCR of 4.1, Debt/EBITDA leverage ratio of 1.9 and a Debt/Capital ratio of 35%.



Cash out in 2019 for capital expenditures amounted to US$ 227 million, with US$ 199 million for the Upstream of which approximately US$ 94 million was for the Nearshore Drilling Project.

Merian gold mine production in 2019 was 524,000 ounces of gold and reported 3.5 million ounces of gold reserves at December 31, 2019. Staatsolie has a 25% interest in the Merian gold mine.

Merian's gross property, plant and mine development at December 31, 2019 was US$ 1,079 million. The operation includes the Merian 2 open pit and the Maraba open pit. The Maraba pit was added in January 2018 and the Merian 1 pit is expected to be added in 2021. Brownfield exploration and development for new reserves is ongoing. In 2019 the Merian mine was certified for the first time as ISO 14000:2015 compliant.

In the coming years, Staatsolie expects to have the opportunity to make additional and profitable investments in oil production, requiring further funding through debt and equity. As the local market is not large enough to facilitate such funding Staatsolie decided to do a first international listing on the Dutch Caribbean Secuities Exchange in Curacao. In January 2020 Staatsolie launched a new bond offered in Suriname and Curaçao.

The step towards the DSCX listing has allowed Staatsolie to offer its existing bondholders an improved investment instrument that is listed, and therefore more easily tradable and more liquid. At the same time, it allowed investors residing outside of Suriname the first chance to participate in Staatsolie's funding program, which has also broadened our investors base.

The purpose of the bond issue was to raise US$ 150 million; US$ 100 million to refinance the current local Staatsolie Bond 2015-2020, and US$ 50 million to execute new projects, including the investment in the Pikin Saramacca mine of IAMGOLD Rosebel Goldmines, with commercial production expected to start in April 2020. Investors could purchase 5.5 years or 7 years bonds with respective coupon rates of 7% and 7.5% per annum.

The bond issuance was closed on March 23, 2020 and US$ 195,067,000 was raised, securing both the refinancing of the Staatsolie Bond 2015-2020 and the funds to acquire the 30% participation in the Pikin Saramacca mine.

For our investment program 2020-2027 a total of US$ 1,053 million will be required of which the majority, US$ 903 million, will be generated from own cash flow from operations. The remaining US$ 150 million has been secured by the new bond issued in March 2020. This investment amount does not include investments in the offshore.

US$
227 million
committed to Capex in 2019

US$
172 million
contributed to the Government of Suriname in 2019

524,000 oz
Merian goldmine production (100%) in 2019.
25% our equity share.

US$
195 million
in new bonds issued March 2020

US$
1,053 million
anticipated need for 2020-2027 investment program

The 2020-2027 investment program is intended to achieve the following key objectives:

- Maintain a reserve replacement ratio of at least 1 on a 5-year rolling average basis, by implementing new/secondary techniques to improve the recovery of oil onshore.
- Sustain crude production at 6 million barrels per year via new production wells and smart field projects using Information Technology to control the wells, reducing costs and increasing efficiency.
- Gradually increase the production of ultra-low sulfur diesel and gasoline from 2.8 million to 3.4 million barrels on an annual basis.
- Add the Afobaka Hydro Dam to the power generating assets of SPCS thereby increasing Staatsolie's power generation capacity from 30% to 75% of Suriname's total energy consumption.
- Maintain the 25% participation in the Merian Partnership with Newmont, fund associated capital expansions in the new Sabajo mine.
- Further expand Staatsolie's interest in gold mining by acquiring a 30% participation in the Saramacca gold mine of IAMGOLD Rosebel Goldmines.

As we seek to capitalize on current and future significant offshore oil finds, we are also anticipating on future listing of bonds and shares on the internationally renowned stock exchanges, aiming to raise between approximately US$ 1 billion and US$ 2 billion.

Improving Structure

It is imperative that the organizational structure, systems and processes of our finance operations enable the new development that will come with offshore oil finds and the need for capital from the international capital markets.

Structural changes to be implemented include:

- Transition the finance organization towards a world class Target Operating Model.
- The appointment of a corporate controller who has company-wide supervision over external reporting, internal management reporting and taxes, including all subsidiaries.
- The implementation of shared services, centralizing accounts payable and receivable for the corporation including all subsidiaries.
- Establish Group Investor Relations and a centralized Treasury Function.
- Establish a best practice internal control and governance framework.
- We continue to engage Ernst & Young to audit our financial statements in accordance with the International Financial Reporting Standards (IFRS).

Sales and revenues for 2019 breakdown is as follows:

SALES AND REVENUE	2019		2018	
	x 1,000 Bbls	x US$ 1MM	x 1,000 Bbls	x US$ 1MM
Fuel Oil & Crude	2,838	185	2,523	175
Diesel	1,884	167	1,963	188
Gasoline	607	59	640	65
Bitumen	49	3	22	2
Other	204	22	175	19
Total	**5,582**	**436**	**5,323**	**449**
Electric Energy in MWh	433,472	63	438,388	57
Total revenues		**500**		**506**

Upstream

Securing the stability of our onshore production for another 20 to 25 years and continuing to feed our refinery remain a focus for Staatsolie. Each year as we produce oil, we deplete the fields with around 6 MM bbls. per year. We are continuously working to offset these declining resources through two steps. First, we are using various Enhanced Oil Recovery (EOR) and Improved Oil Recovery (IOR) techniques. Second, we are extending the boundary of our onshore fields with appraisal wells. These efforts contributed in a significant addition of 20.7 MM STB of reserves, the highest addition over the last 7 years. The proved reserves as per December 31, 2019 are estimated at 89 MM STB.

2019 KEY FOCUS

Work on polymer flooding, a proven EOR technique.

2020 KEY FOCUS

Full operation of polymer flooding program by Q3 2020.

“We are securing long-term production from the onshore fields, to continue to meet our target of approximately 16,500 barrels per day, or 6 MM barrels per year.”

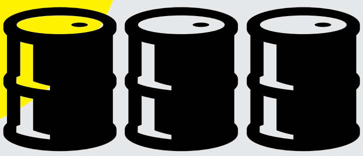
Wim Dwarkasing
Upstream Director

Staatsolie’s commercial production to date has been only in the onshore Tambaredjo, Calcutta and Tambaredjo Northwest fields. These onshore fields are producing approximately 16,500 bopd, and Staatsolie is the sole operator.

To help us extend our current production from onshore fields for another 20 to 25 years, we defined a roadmap for EOR and IOR in 2019. We subsequently took many steps leading up to the commercial implementation of a polymer flooding program; we conducted studies, selected contractors, and prepared for the systems and facilities that are expected to be in full operation by September 2020.

Polymer flooding is only one project in an extended EOR effort that may have many forms in the future. A pilot that we intend to start in Q2 2020 involves using bio enzymes to enhance production. Another pilot which is prepared to be executed in the first half of 2020 is radial jet drilling.

89 MMbbls
of proven reserves at the end of 2019



6.05 MMbbls
of crude production in 2019 from our three onshore fields

US$ 9.42
per barrel average production cost in 2019, in the lowest cost quartile

We also drilled 126 new onshore producers in 2019 to compensate for production decline. We are currently conducting 3D seismic surveys in Calcutta North, Tambaredjo Northwest North and Tambaredjo North. By applying 3D seismic, appraisal wells can be drilled with more certainty and a higher success rate.

Our work enhances onshore production including the horizontal drilling of test wells in 2019, and we will continue to look for innovative technology to maintain and increase our production, allowing us to recover reserves that would otherwise not be produced.

Among the Upstream achievements in 2019:

- We exceeded our performance goal, producing 50,000 barrels above the 6 MM barrels annual target.
- As a result of both EOR and appraisal drilling, we achieved a replacement ratio in 2019 of 3.4 to 1, meaning we replenished far more than what we produced.
- Our production costs remained in the lowest quartile, at an average of US$ 9.42 per barrel.
- We implemented an improved HSE management system in the upstream, to manage safety; our injury rate improved over the prior year.

For 2020, we anticipate that we will have 95 new onshore producers, fewer than in 2019 because the combination of this lower number of new wells and our expanded EOR/IOR efforts should provide what is needed to hit our 6 MM barrel annual target.

Nearshore

We completed our Nearshore Drilling Project in 2019, drilling 6 exploration wells. While no commercial oil discovery was made, valuable data was collected which will play a role in future offshore discoveries.

Beginning in April 2019, using the Seadrill-owned West Castor jack-up drilling rig, 6 wells were drilled. Total depths varied from 1,000 to 3,000 meters, in water depths of 8 to 25 meters, off the coast of Suriname. Of the 6 wells drilled, 4 had oil, confirming the potential of oil in the coastal area. The project concluded within its planned time, within budget.

A realization

US$ 199 MM

of capex projects in 2019.
This includes the Nearshore Drilling Project which amounted to

US$ 94 MM

in 2019 only.

126

new producers in production onshore in 2019

3.4 to 1

replacement ratio achieved in 2019

Downstream

Our downstream operations encompass refinery operations, marketing (trading) and sales for both Staatsolie and our subsidiary GOw2, and Ventrin (Trinidad), our subsidiary that sells bunker fuels for ships. The refinery at Tout Lui Faut receives Saramacca Crude via a 55 km pipeline; most of the refined products are sold locally, and the surplus is exported.

2019 KEY FOCUS

Increase utilization of the production units producing more than 10,000 barrels of ultra-low sulphur diesel and ultra-low sulphur gasoline per stream day.

2020 KEY FOCUS

Successful execution of the first Turn Around of the refinery and a flawless start up.

"In 2019, we had two events that we are really proud of in the downstream. Firstly, through implemented improvements we had a sustained production above 10,000 barrels per day of diesel and gasoline in Q4 2019. Secondly, we upgraded to a better off take market for our products. With this upgrade we can sell our oil now against the base reference of New York Harbour No. 6,1%S. This reference price was approximately US$ 25 per barrel higher in Q4 2019 than the previously used reference of US Gulf Coast No. 6,3%S."

Annand Jagesar
Downstream Deputy Director

5,582,114
total bbls sold in 2019, including ultra-low sulphur diesel, (1,884,024), gasoline (544,891), fuel oil (3,104,691) and others (48,508), compared to 5,322,636 in 2018

2.77 MMbbls
refinery production of high-end products (gasoline and diesel) in 2019, compared to 2.74 MMbbls in 2018

10,500bbls
refinery target goal for high-end products a day

79%
refinery utilization in 2019, compared to 79.7% in 2018

1,515 bbls
average diesel sales/day in 2019, compared with 1,345 in 2018

Refinery

The main challenge at the refinery in 2019 was an unplanned shutdown of 3 weeks due to an issue with the catalyst of the ULSD production plant. This resulted in reduced production rates of products; 2.77 MMbbls was realized instead of the planned 2.92 MMbbls.

Every 4 years, a planned shutdown or Turn Around (TA) is required of the refinery, mainly for inspection of equipment in order to guarantee the safety and integrity of the plant for the next 4-5 years. The first TA of the refinery started in February 2020.

In our refinery operations, we are tuning equipment and systems to take on every challenge and improving control systems.

Marketing

Our Marketing Division is mainly responsible for the sale and distribution of Staatsolie products to the local and regional markets. We supply the local retail market with diesel and gasoline, and industry with different grades fuel oil and diesel. Our bitumen is mainly used locally for the pavement of roads via government contract.

In the first half of 2019 we focused on several small changes to the organization and processes of the Marketing Division. The second half of the year was marked by the introduction of the Marketing Asset. This involved combining management structure and organization of the Marketing Division and GOw2.

As a positive effect of the International Maritime Organization (IMO) 2020 regulation, Staatsolie was able to start trading on a higher reference posting, thus increasing revenues per barrel. With the initial average spread of more than US$ 25/bbl, this proved to be most essential for Staatsolie in Q4 2019. With the introduction of our own Very Low Sulphur Fuel Oil (VLSFO) we were able to capture and expand on the international bunker market which had a positive effect on our sales margins. IMO 2020 rules that ships on the open sea must, as of January 1, 2020, use bunker fuel with a maximum sulphur content of 0.5%.

Other achievements in 2019 included expansion of the ultra-low sulphur diesel storage, successful dredging of the jetty at Tout Lui Faut, preparations for the TA, and reduction of Operational expenses.

0.5%
the sulphur percentage required by IMO 2020 regulation and achieved by Ventrin by year end 2019

US$ 2.5 million
loss recorded by Ventrin in 2019, compared with a loss of US$ 1.8 million in 2018

28,489 metric tons
bunker fuel sales in 2019, compared to 24,120 metric tons in 2018

31%
Suriname retail market is served by GOw2

1,693 bbls
average unleaded sales/day by GOw2 in 2019, compared with
1,437 bbls
in 2018

962,740 bbls
unleaded and diesel sales by GOw2 in 2019, compared with
855,463 bbls
in 2018

92% sales target achieved by GOw2 in 2019

GOw2

GOw2 Energy Suriname N.V. (GOw2) is a subsidiary of Staatsolie. GOw2 is a fuel supplier owning and operating several fuel terminals and retail stations

In 2019, GOw2 has achieved 92% of its sales target. The retail market share has grown to 31% from 29% in 2018. The retail business has shown a slight growth but is under pressure from aggressive competition. GOw2 managed to increase sales in the third quarter via a promotion campaign which proved to be very successful. During this period, we have recorded an increase of 24% of the retail volume.

Plans to rebrand a few of our retail sites were not realized due to other priorities but are again budgeted for 2020.

GOw2 realized an increase of sales compared to 2018 mainly due to the aviation business and lubricants sales. The aviation business has shown a steady growth exceeding our expectations for both new and existing customers. Tenders for both Associated Energy Group (AEG) and COPA Airlines fuel supply in Suriname were awarded to GOw2 in 2019.

Ventrin

Both Ventrin and Staatsolie have successfully tested and achieved the supply of IMO 2020-compliant bunker fuel to the market since Q4 2019.

Since Q4 2019, Ventrin has been supplying VLSFO to meet the IMO requirement; as a result, sales price moved to VLSFO pricing, an increase of US$ 25-30/bbl, providing us not only high margins, but also generating international recognition, customer loyalty, larger market share and an increase in bunker fuel sales from November 2019 forward.

Downstream achievements in 2019 include:

- Responding successfully to the IMO 2020 specs for bunker fuels to serve the market and increase margins with no additional investment cost.
- Sustaining use of the Vacuum Distillation Unit and the Hydrocracker above 100%, while reducing our operating expenses; achieving production above 10,000 bbls per day.
- Reduction of LPG consumption; improving water treatment to reduce chemical use.
- Optimization of EBITDA of refinery and marketing operations.
- Cost reductions and process simplifications.
- Improving systems throughout, including procurement, succession planning, and mentoring future managers.
- Competency gap assessments done for Operations and Maintenance to guarantee a competent workforce; a development plan put in place, along with a Graduate Program to increase skills training.
- First steps were made to prepare the road map for achieving the ISO 45001 certification of the HSE Management system.

In 2020, further improvement of the downstream operations will be achieved by:

- Successful execution of the first TA.
- Increasing the utilization of the Refinery and reducing the operational costs.
- Development of the workforce closing the competency gaps.
- More focus on leadership skills of supervisory personnel.
- Preparing for ISO 45001 certification of the HSE management system.
- Improving the Material Inventory / Management process.

Power & Renewables

In 2019, Staatsolie established a new directorate of Power & Renewables, reflecting the diversification of the Staatsolie portfolio with the addition of electricity production from renewable sources. Acquisition of the Afobaka Hydroelectric Facility by the Government of Suriname and subsequent transfer of ownership to Staatsolie Power Company Suriname N.V. (SPCS), made the diversification effective on January 1, 2020. SPCS now as operator of a thermal power plant and a hydroelectric facility delivers 75% of the electricity for the main grid of Suriname, while providing secure power and process steam to the Staatsolie refinery.

2019 KEY FOCUS

Increase thermal generating capacity.

2020 KEY FOCUS

Incorporate the renewable energy of Afobaka into Staatsolie's power generation services. Develop opportunities to expand our renewable base for electricity generation.

"Staatsolie is in the best position to take the leading role in the further development of renewables in our country – we have access to the resources, including financial – that derive from our work in the oil business."

Eddy Fränkel
Power & Renewables Deputy Director

The Power of SPCS

Through our subsidiary Staatsolie Power Company Suriname (SPCS), Staatsolie owns and operates a thermal power plant with a production capacity of 96 megawatts. The thermal plant is equipped with co-generation with six exhaust gas heat recovery boilers that generate process steam. Twelve percent of the generated electricity and all the process steam are supplied to the Staatsolie refinery.

Our power generation activities are an important component of our overall business. First, we serve as a secure source of power to our refinery. Second, thermal generation has been a value add, as converting our own bottom of the barrel fuel oil to electricity has produced a higher return than selling the heavy fuel.

75%
of the electricity in Suriname will be delivered by Staatsolie in 2020, with the addition of Afobaka power plant capacity

18%
increase in thermal generating output in 2019 by SPCS

39,229 tons
process steam delivered to the Staatsolie refinery in 2019

In 2019, we made improvements in our thermal generating output, producing 18% more electricity, compared to 2018. In 2020, we will start the installation of additional heat recovery boilers, to further reduce our carbon footprint at the thermal facility.

ISO-certified in 2018, SPCS continued to demonstrate in 2019 that we value continuously improving our processes.

The Afobaka Dam

On January 1, 2020, Suriname secured ownership of the Afobaka Dam situated in the Suriname River. The Afobaka Hydroelectric Facilty with an installed capacity of 189 MW is now part of Staatsolie, and we now provide about 75% of Suriname's current electricity demand.

In 2019, state negotiations proceeded to acquire the hydroelectric facility from Alcoa, which had built the facility in the 1960s. Because Staatsolie has the management systems and resources in place, the government then placed this very vital asset within SPCS, at no cost. We acquired the physical assets, and we gained the human assets as well – 45 people who are responsible for the operation and maintenance of the hydroelectric facility and associated high voltage transmission lines.

Historically, the utilization of the 189 MW capacity at Afobaka has been about 55%, due to lower than projected water supply from the Suriname River Basin. Staatsolie plans to execute a river diversion project, that will supply additional water from the Tapanahoni River Basin to the Afobaka reservoir. This so called OpoJai project will increase Afobaka plant utilization to 88% and has an environmental footprint well below current internationally accepted limits.

Furthering our involvement with renewables at Afobaka, we are looking at the potential deployment of floating solar panels on the reservoir. Combining PV solar energy with the hydroelectric plant will create the possibility to utilize the reservoir as a battery that stores energy in the daytime for harvesting at night.

Our work in sustainable energy has many dimensions. For example, in cooperation with the Anton de Kom University of Suriname, we started a joint project in 2019 to study the feasibility of producing bio energy from the abundant water hyacinths that cover the swamps near our onshore wells and facilities.

Renewables in our portfolio provide diversification and expand our green footprint.

33%
reduction in unplanned engine shutdowns at the thermal plant

30%
of electricity supplied to the greater Paramaribo area came from SPCS in 2019

84,741MWh
delivered to the Staatsolie refinery in in 2019 by SPCS

433,472MWh
Delivered to the public grid in 2019 by SPCS

105MW
average output of the Afobaka facility, peak supply up to 160 MW

189MW
capacity of the power plant at the Afobaka facility

Corporate Social Responsibility

Health

A good workplace, with high productivity, depends on the health of employees. That's why at Staatsolie we encourage our people to be healthy and fit. Internal programs such as Fit4Life, Fit4Work encourage healthier eating and exercise. Internal communications promote the benefits of a healthy lifestyle.

We also promote physical fitness publicly; for example, by being the biggest sponsor of the Staatsolie-Parima Sprint and Olympic Distance Triathlon. In 2019, Staatsolie had the largest number of participants in this annual event, which was held on Sunday, October 13.

Our promotion of sports activities also extended in 2019 to support a worthy community cause. A year ago, when it seemed as though Suriname would not be able to participate in Special Olympics 2019 in Abu Dhabi, United Arab Emirates, Staatsolie stepped in with fundraising and direct donations. We helped enable 13 athletes on Suriname's Special Olympics team, who had been in training for four years, to participate in this event.

Safety

Our Safety performance is measured with the Total Recordable Injury Frequency indicator which was 0.54 and therefore lower than our 0.58 tolerance for 2019. We are developing other indicators that will further help us to prevent incidents.

To better manage safety, we implemented an improved HSE management system in the upstream operations in 2019. We recognize that conditions on shore can be challenging. For example, teams conducting 3D seismic surveys in Calcutta North, Tambaredjo Northwest and Tambaredjo North deal not just with the heat of the sun or the rain, but with bees and snakes, in addition to working with explosives. Every day, the emphasis is placed on working safely.

Safety first is indeed the general rule at Staatsolie. At the refinery complex, billboards reinforce the safety message. Refinery employees who set an example for others are named Safety Champions.

Environment

With a forest coverage of 93%, Suriname is a very "green" country. We are also vulnerable to the impact of rising sea levels, since much of our coastal area is below or just above sea level. So, it is natural for us to want the planet treated responsibly. In 2019, Staatsolie supported the World Wildlife Fund with the organization of Earth Hour in Suriname. On Saturday, March 30, 2019, for one hour the lights went out throughout Suriname, to draw attention to global warming. Staatsolie also encouraged activities in schools in the communities where we do business, to raise awareness through school programs and recycling activities.

Staatsolie is committed to protecting the environment and supports the objectives of the Suriname Conservation Foundation (SCF). We are a member of SCF's Green Partnership Program, which promotes preservation of the environment and supports biodiversity. Before we undertake any activity, environmental and social impacts are assessed by external experts.

Community

In 2019 we supported many community initiatives, focusing mostly on the areas where we operate. We invested mainly in the development of young people, people with disabilities and the environment. We achieved this in the Tout Lui Faut community where we have our refinery operations, amongst others, through the continuation of our scholarship project. We support students financially who achieved excellent school results and guide them through a coaching program. As part of an environmental initiative we started using a drone to measure the air quality above and around the refinery; to fine tune future improvements we also implemented odor research in the neighborhood.

Two neighborhood playgrounds originally donated by Staatsolie were expanded in 2019 and were put to full use during a camp organized together with the schools.

In the communities around our upstream activities we improved roads, financially supported local government with household waste collection, worked to enhance neighborhood school classrooms, supported the upgrading of internet connections and also helped provide IT training in rural areas where people have no experience with computers.

Local community members sometimes need to be trained in order to know how to write project proposals. With the help of Staatsolie, there are currently nine community organizations in Saramacca that have been trained to submit funding requests to Staatsolie to implement projects supporting sustainability and the environment.

US$
748,145
Total awarded to projects in 2019 by Staatsolie and the Staatsolie Foundation for Community Development

We supported both in TLF as well as Saramacca the community fitness through the organization of a fitness walk/run with communities

In 2018, Staatsolie fully funded the construction of new housing for visually impaired Shiatsu masseurs. The Foundation for the Visually Impaired in Suriname teaches their pupils how to perform Shiatsu massages. With the new building more masseurs can be accommodated and become self-supporting. This project was completed in 2019.

Staatsolie allocated US$ 548,145 for CSR-initiatives in 2019 against US$ 433,000 in 2018. Also, we are very proud to have helped through the Staatsolie Foundation for Community Development which has supported community projects for a total amount of nearly US$ 200,000. Financial support to our communities is provided not only through our own Staatsolie Foundation but it is also secured in production sharing contracts we close with IOCs. Through these contracts we annually allocate US$ 1.2 million for CSR initiatives. Newmont, as operator of our joint venture in the Merian goldmine, has a foundation that contributes as well. Combined, a total of more than US$ 1.5 million is available annually to make a positive difference for the people of Suriname.

People

Whether they are engaged upstream or downstream, or participating *en masse* in the Staatsolie-Parima triathlon that was held in September 2019, our people are moving with determination to their goals.

The basis for our success will always be our people; that is why we are appropriately invested in raising skills to the next level.

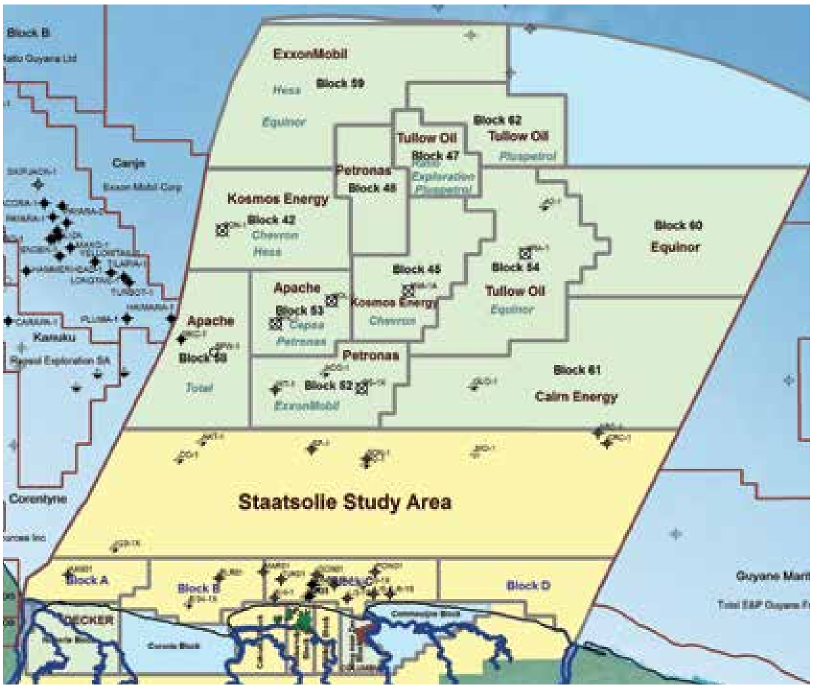
Offsite meetings in 2019, during which participants were trained under the guidance of consultants, were part of our organizational push forward. Performance Management, Succession Planning and people development are all part of a culture of continual improvement.

It is natural for us to promote and develop talent, because it’s critical to our future. We have many programs to do so. For example, we are deploying talented young employees on programs with our international partners, to give them the opportunity to learn for six months to a year how other professionals work. We have sent six individuals on this Secondees Program in 2019 to different locations, such as with Petronas in Malaysia, Tullow Oil in Ireland and Equinor in Norway. The plan is to do the same for 2020 and going forward make this a fixed part of our people development, to have our people gain international experience and then return to use it at Staatsolie.

We also support development of the skills of young people in Suriname generally, particularly those who may seek a career in our industry. In 2019, 11 students of the Suriname Maritime Institute (SMI) completed an internship on international vessels. Our program allowed students at SMI to be at sea every two weeks to gain practical experience. The internships were part of an initiative connected to the Nearshore Drilling Project, in collaboration with Medserve and the Logistics Education Foundation.

Institutional

Discovery



In the last quarter of 2019, Apache spudded the first exploration well in Block 58. On January 7, 2020 Apache and Total, who acquired a 50% interest in the block in December 2019, announced a significant discovery in Block 58. Maka Central-1 successfully tested for the presence of hydrocarbons in multiple stacked targets in the upper Cretaceous-aged Campanian and Santonian intervals and encountered both oil and gas condensate. The shallower Campanian interval contains 50 meters (164 feet) of net hydrocarbon-bearing reservoir. Preliminary fluid samples and test results indicate light oil and gas condensate with API gravities between 40 and 60 degrees. The deeper Santonian interval contains 73 meters (240 feet) of net oil-bearing reservoir. Preliminary fluid samples and tests results indicate API oil gravities between 35 and 45 degrees.

The Maka Central-1 also targeted a third interval, the Turonian, a geologic analogue to oil discoveries offshore West Africa. Prior to reaching this interval, the well encountered significantly over-pressured, oil-bearing reservoirs in the lower Santonian, and the decision was made to conclude drilling at approximately 6,300 meters (20,670 feet). The pressures encountered in the lower Santonian are a positive sign for the Turonian and future drilling will test this interval.

Production Sharing Contracts

In 2019, two PSCs were signed. The onshore Nickerie Block was signed with Decker Petroleum and the onshore Weg naar Zee Block with Columbus.

Suriname's shallow water license areas were unallotted as of December 31, 2019 and remain under Staatsolie. Ventures in the shallow offshore are under active consideration in 2020, with interest by many IOCs.

In deep offshore, ExxonMobil as the Operator of Block 59, acquired 6,000 line km of 2D seismic data. Also, Cairn as the Operator of Block 61, finished the 2D seismic survey that was suspended in 2018.

Staatsolie functions as the regulator and monitors the operations of all PSCs onshore and offshore Suriname.

In 2019, we established a new directorate to manage our participation in the shallow offshore and deep offshore drilling projects. Brian Glover was hired as Offshore Deputy Director and started his job at Staatsolie on January 14, 2020.

Integrated Guyana Basin Study

An important project was the execution of the Integrated Guyana Basin Study (IGBS) that evaluated all the available data in Suriname's part of the Suriname-Guyana Basin. The objective of the study is to become the Master of our Own Basin with the goal to increase exploration success. The project set up followed the Play-Based Exploration (PBE) workflow but was restricted to Basin Focus.


SAFETY OBSERVATION

Independent Auditor's Report

TO THE SHAREHOLDERS OF STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Staatsolie Maatschappij Suriname N.V. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of 2019. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
ESTIMATION OF DECOMMISSIONING AND RESTORATION PROVISIONS Provisions associated with decommissioning and restoration are disclosed in Section 4.8 to the consolidated financial statements; a description of the accounting policy and key judgements and estimates is included in Section 2.4. The calculation of decommissioning and restoration provisions is conducted by specialist engineers and requires the use of significant judgement in the application of key assumptions in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements, the extent of restoration activities required and estimation of future costs. Changes in these assumptions may result in material changes to the decommissioning and restoration provisions recorded by the Group.	Our audit procedures focused on the work of the consolidated entity's specialists. In obtaining sufficient audit evidence, we: • assessed the competence and objectivity of both the Group's internal and external specialists involved in the estimation process; • assessed the reasonableness of the assumptions utilized by the specialists in the determination of the provisions; • understood the Group's decommissioning and restoration estimation processes; • tested the consistency in the application of principles and assumptions to other areas of the audit such as reserves estimation and impairment testing; • tested the mathematical accuracy of the net present value calculations and discount rate applied; and; • reconciled the calculations to the financial report prepared by internal and external specialists.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2019 ANNUAL REPORT

Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yours sincerely,

Andrew Tom
Partner for and behalf of
Ernst & Young Suriname

Paramaribo, 16 April 2020

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED DECEMBER 31, 2019			
(X US$ 1,000)	**Notes**	**2019**	**2018**
Revenue	3.1	499,726	505,773
Cost of sales		(276,865)	(252,285)
Gross profit		**222,861**	**253,488**
Other income/(expense) (net)	3.2	5,112	(8,926)
Expensed projects		(2,085)	(819)
Exploration expenses	3.2	(4,658)	(18,118)
Selling and distribution expenses	3.2	(15,036)	(18,954)
Other operating expenses	3.2	(3,113)	(6,825)
General and administrative expenses	3.2	(33,618)	(30,374)
Operating profit		**169,463**	**169,472**
Finance income	3.2	595	777
Finance costs	3.2	(63,990)	(87,813)
Share of profit of Suriname Gold Project JV	4.4	74,431	66,268
Profit before income tax		**180,499**	**148,704**
Income tax expense	3.3	(60,428)	(48,397)
Profit for the year		**120,071**	**100,307**
Attributable to:			
Equity holders of the parent		120,071	100,307
		120,071	100,307
Basic earnings per ordinary share (US$ per share)	3.4	24.01	20.06

Consolidated Statement of Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2019			
(X US$ 1,000)	**Notes**	**2019**	**2018**
Profit for the year		**120,071**	**100,307**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Pensions and other postretirement benefits	4.9	(38,467)	11,040
Tax effect	3.3	12,418	(3,569)
		(26,049)	7,471
Unrealized losses short-term investments		(38)	(198)
Tax effect	3.3	12	64
		(26)	(134)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(26,075)**	**7,337**
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Currency translation adjustment GOw2		656	(93)
Tax effect	3.3	-	-
		656	(93)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**656**	**(93)**
Other comprehensive (loss)/ income for the year net of tax		**(25,419)**	**7,244**
Total comprehensive income for the year net of tax		**94,652**	**107,551**
Attributable to:			
Equity holders of the parent		94,652	107,551
		94,652	107,551

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2019			
(X US$ 1,000)	**Notes**	**2019**	**2018**
Assets			
Non-current assets			
Oil, exploration and producing properties	4.1	751,000	541,777
Refining properties*	4.2	914,907	934,650
Other property, plant and equipment*	4.3	119,846	118,424
Investment properties	4.6	16,882	16,882
Goodwill	4.5	5,447	5,447
Other intangible assets	4.5	4,696	5,020
Right -of-use assets	4.7	4,913	-
Investments in Joint Ventures	4.4	263,960	282,997
Loan receivable long term	5.3	3,669	7,338
Restricted cash	6.1	4,362	4,537
Other long term assets		1,477	-
Deferred tax asset*	3.3	10,344	711
Total non-current assets		2,101,503	1,917,783
Current assets			
Inventories	6.3	115,137	75,588
Trade receivables	6.2	104,815	122,824
Prepayments and other current assets	6.2	20,022	17,763
Loan receivable short-term	5.3	3,759	3,759
Short-term investments	5.3	3,602	3,640
Restricted cash	6.1	11,923	4,201
Cash and short-term deposits	6.1	24,515	42,980
Total current assets		283,773	270,755
Total Assets		**2,385,276**	**2,188,538**
Equity and liabilities			
Equity			
Common stock	5.1	12,104	12,104
Retained earnings*		1,243,490	1,197,790
Other capital reserves		12,565	12,240
Total equity		1,268,159	1,222,134
Non-current liabilities			
Bond	5.3	-	98,862
Term loans	5.3	492,593	589,214
Provisions	4.8	132,142	67,438
Employee defined benefit liabilities	4.9	73,709	35,623
Lease liabilities (non-current)	4.7	2,830	-
Other long term liabilities	5.3	27,968	1,348
Total non-current liabilities		729,242	792,485
Current liabilities			
Bank overdraft	6.1	3,420	3,620
Trade payables	6.4	141,697	106,957
Accruals and other liabilities	6.4	43,025	37,170
Lease liabilities (current)	4.7	2,036	-
Income tax payable		300	1,172
Current portion of loans and bonds	5.3	197,397	25,000
Total current liabilities		387,875	173,919
Total liabilities		**1,117,117**	**966,404**
Total equity and liabilities		**2,385,276**	**2,188,538**

** 2018 restated figures described in section 2.5 Restatement.*

These consolidated financial statements have been authorized for issuance by the Supervisory Board members and the Board of Executive Directors on April 16, 2020.

The Board of Executive Directors:

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

The Supervisory Board:

E. Boerenveen *Chairman*
G. Asadang *Member*
E. Poetisi *Member*
M. Rommy *Member*
D. Caffé *Member*

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2019							
(X US$ 1,000)	Notes		Retained earnings		Other capital reserves		
		Common Stock	Retained Earnings	Translation Adjustment GOw2	Appropriated reserve for environmental risk	Appropriated reserve for committee of sports facilities	Total Equity
Balance at January 1, 2018		**12,104**	**1,162,667**	**(16,226)**	**9,000**	**2,566**	**1,170,111**
Profit for the year		-	100,307	-	-	-	100,307
Other comprehensive income/(loss)			7,337	(93)	-	-	7,244
Total comprhensive income/(loss) 2018		**-**	**107,644**	**(93)**	**-**	**-**	**107,551**
Dividend 2015	3.5	-	(16,620)	-	-	-	(16,620)
Dividend 2017	3.5	-	(31,467)	-	-	-	(31,467)
Interim dividend prior to shareholder meeting	3.5	-	(15,802)	-	-	-	(15,802)
Allocation/(Withdrawal)	5.1	-	-	-	-	674	674
Balance at December 31, 2018 (as previously reported)		**12,104**	**1,206,422**	**(16,319)**	**9,000**	**3,240**	**1,214,447**
PPE useful life adjustment	2.5	-	7,687	-	-	-	7,687
Restated Balance at December 31, 2018		**12,104**	**1,214,109**	**(16,319)**	**9,000**	**3,240**	**1,222,134**
Balance at January 1, 2019		**12,104**	**1,214,109**	**(16,319)**	**9,000**	**3,240**	**1,222,134**
Profit for the year		-	120,071	-	-	-	120,071
Other comprehensive income/(loss)			(26,075)	656	-	-	(25,419)
Total comprhensive income/(loss) 2019		**-**	**93,996**	**656**	**-**	**-**	**94,652**
Dividend 2018	3.5	-	(34,352)	-	-	-	(34,352)
Interim dividend prior to shareholder meeting	3.5	-	(14,100)	-	-	-	(14,100)
Allocation/(Withdrawal)	5.1	-	(500)	-	500	(175)	(175)
Balance at December 31, 2019		**12,104**	**1,259,153**	**(15,663)**	**9,500**	**3,065**	**1,268,159**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2019			
(X US$ 1,000)	**Notes**	**2019**	**2018**
Operating activities			
Profit before income tax from operations	**3.1**	**180,499**	**148,704**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of Property, plant and equipment (PPE)	3.2	93,899	90,263
Depreciation of right-of-use assets	4.7	2,049	-
Impairment of Investment properties	3.2	-	880
Expensed projects	4.1- 4.3	2,085	14,284
Amortization of intangible assets	4.5	1,093	1,004
Amortization of debt arrangement fee	5.3	1,914	12,766
Accretion expense	4.8	6,390	7,586
Accretion of lease liability	4.7	704	-
Currency translation adjustment		662	(93)
GOw2 PPE Regrouping due to SAP implementation	4.3	(242)	
Disposal of PPE		(1,175)	989
Finance income	3.2	(596)	(777)
Finance costs (excluding accretion expenses and amortization of debt arrangement fees)		54,982	67,462
Share of profit in Suriname Gold Project JV	4.4	(74,431)	(66,268)
Movements employee defined benefit liabilities		(381)	3,910
Movement in Provisions		(545)	1,059
Cash from operations before working capital changes		**266,907**	**281,769**
Working capital adjustments:			
Increase in Inventories		(39,549)	(13,365)
Decrease/(increase) in Trade receivables		18,009	(15,127)
(Increase)/decrease in Prepayments and other current assets		(1,730)	6,287
Increase in Trade payables		34,740	16,387
Increase/(decrease) in Accruals and other liabilities		6,995	(60,712)
Increase in other long term assets		(1,477)	-
Cash generated from operations		**283,895**	**215,239**
Interest received		68	-
Interest paid		(56,033)	(77,550)
Income taxes paid/settled		(58,503)	(54,002)
Net cash flows from operating activities		**169,427**	**83,687**
Investing activities			
Expenditures on PPE (Purchase)		(226,595)	(118,773)
Expenditures on Other Intangible assets	4.5	(769)	-
Cash distributions received from Suriname Gold Project JV		186,171	160,176
Cash calls paid to Suriname Gold Project JV		(92,703)	(99,599)
Movement of loan receivables		3,669	8,278
Net cash flows used in investing activities		**(130,227)**	**(49,918)**
Financing activities			
Re-financing of Term loans		-	279,153
Repayment of Term loans		(25,000)	-
Repayment of GOS loan		-	(261,534)
Repayment of DSB loan		-	(10,345)
Proceeds from Pension fund loan	5.3	26,508	-
Dividends paid to equity holders of the parent	3.5	(48,452)	(63,889)
Addition to the Sports Fund		2,000	2,000
Payments from the Sports fund		(2,175)	(1,326)
Payment of principal portion of lease liabilities		(2,799)	-
Movement in restricted cash		(7,547)	18,724
Net cash flows used in financing activities		**(57,465)**	**(37,217)**
Decrease in cash and cash equivalents		**(18,265)**	**(3,448)**
Cash and cash equivalents, beginning of year*	**6.1**	**39,360**	**42,808**
Cash and cash equivalents, end of year*	**6.1**	**21,095**	**39,360**

Includes bank overdrafts, refer to Section 6.1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STAATSOLIE POWER COMPANY SURINAME N.V.

Notes to the Consolidated Financial Statements

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SECTION 1. CORPORATE AND GROUP INFORMATION

1.1 CORPORATE INFORMATION

The consolidated financial statements of the Group, which comprise Staatsolie Maatschappij Suriname NV (Staatsolie, as the parent) and all its subsidiaries, for the year ended December 31, 2019, were authorized for issue in accordance with a resolution of the Supervisory Board on April 14, 2020.

Staatsolie is a limited liability company incorporated and domiciled in Suriname whose shares are solely owned by the Government of Suriname (GoS). The registered office is located at Dr. Ir. H. S. Adhinstraat 21, Paramaribo, Suriname.

Staatsolie (the Company) is an integrated oil company in the Republic of Suriname of which the integrated activities include exploration, production, refining, marketing and distribution of petroleum and retail products.

Through its subsidiary (SPCS), Staatsolie is engaged in thermal electric power generation.

The Group's structure and other related party relationships is presented in section 7- Group information and related party disclosures.

Staatsolie's vision is:

- 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 sector.

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Staatsolie's mission is:

- 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.

Its values are:

1. 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.
2. Integrity: We are honest and do what we say we will do.
3. People Focused: We create a supportive and collaborative environment, respect each other, are open to others' ideas and facilitate personal and professional growth.
4. Excellence: We set high standards for quality, strive to exceed expectations and do our work with a sense of urgency.
5. Accountability: We accept responsibility for our job and actions, are cooperative, and create a non-blaming environment.

1.2 GROUP INFORMATION

Staatsolie has four (4) subsidiaries of which three (3) are wholly owned: Paradise Oil Company N.V. (POC) and GOw2 Energy Suriname N.V. (GOw2) incorporated in the Republic of Suriname and Ventrin Petroleum Company Limited (Ventrin), 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 Energie Bedrijven Suriname N.V. (N.V. EBS) holds one share.

POC is, at the moment, a dormant company. In June 2015, POC's operations were put on hold and the company did not have any activity during the reporting period of 2019.

Furthermore, since November 2014, to date, Staatsolie has a participating interest of 25% in the Suriname Gold Project CV ('Surgold'), a limited partnership created between Newmont Suriname LLC and Staatsolie.

Information on other related party relationships of Staatsolie and its subsidiaries is further provided in section 7.

SECTION 2.
BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Staatsolie as a group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated statements are presented in US dollars, and all values are rounded to the nearest thousand (US$ 1,000), except when otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Staatsolie and its controlled subsidiaries as at December 31, 2019 and 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

1. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
2. Exposure or rights to variable returns from its involvement with the investee;
3. The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interest (NCI).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied in preparing its consolidated financial statements:

a. Other intangible assets and goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortization (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Indefinite lived intangibles, such as goodwill, are not amortized, instead they are tested for impairment annually as a minimum, or when there are indicators of impairment.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. 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. Currently, the Group carries goodwill on the books related to the acquisition of GOw2 which occurred in fiscal year 2011.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset, if any, are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

b. Investment in a joint venture

The Group has a 25% participation in the Suriname Gold Project JV (SurGold) Limited partnership, whereas the Group has joint control over the limited partnership. The Group invests monthly through cash calls to SurGold. The Group's investment in the limited partnership is considered a joint venture and is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the limited partnership since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the limited partnership. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the limited partnership, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of the limited partnership is shown on the face of the statement of profit or loss outside operating profit and included in companies profit or loss before tax. The financial statements of the limited partnership are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss, if any, on its investment in the limited partnership. The Group determines at each reporting date whether there is any objective evidence that the investment in the limited partnership is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the loss as 'Share of profit of the participation in a JV' in the statement of profit or loss.

c. Investment properties

Investment properties are carried at historical cost less accumulated depreciation and impairment, where applicable. Investment properties are de-recognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15 Revenue from contracts with customers.

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

d. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current and non-current distinction.

An asset is current when it is:

1. Expected to be realized or intended to be sold or consumed in the normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realized within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e. Fair value measurement

The Group measures financial instruments and non-financial assets, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

f. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of oil products and thermal energy

Revenue from the sale of oil products is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenues are recorded from the sales of thermal energy when the product is delivered at a fixed or determinable price, title has transferred, and collectability is reasonably assured.

Sales between group companies, as disclosed in section 3.1 segment information, are based on prices generally equivalent to commercially available prices.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

Sale of thermal energy generation products comprises of revenue earned from the provision of electricity and steam to Staatsolie Refinery Operations, electricity to the Energie Bedrijven Suriname N.V. who is the only customer of SPCS. Revenues are generally recognized when SPCS fulfills its performance obligation by transferring the affirmed goods (electricity and steam) to the customer and once product has passed the meters the customers obtain control of the product.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of oil products give rise to a consideration payable to customers.

Consideration payable to customers

Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer. The Group has some contracts for the sale of oil products that give rise to a penalty when failing to perform according to the agreed upon terms. The consideration payable to customers is accounted for as a reduction of the transaction price and, therefore, of revenue.

(ii) Significant financing component

Generally, the Group provides short-term advances to its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of oil products. However, if the timing of the transfer of these goods or services is at discretion of the customer, this is not considered as a significant financing component.

(iii) Warranty obligations

The Group typically provides warranties for guarantee of quality, providing the customer a timeframe of fifteen (15) days after delivery to raise a claim in regard to shortages and defect in quality/quantity of delivered goods. Under IFRS 15 this is not considered an additional good or service to the client and is therefore considered to be an assurance-type warranty. When material, these types of warranties are accounted for as warranty obligations and the estimated cost of satisfying them is accrued in accordance with the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section r) Provisions.

(iv) Transportation services

In some cases, the Group provides transportation services as part of contracts with customers when providing oil products. Transportation services are not considered a distinct performance obligation since this service to the client is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

(v) Equipment rental

The Group makes equipment available to the customers as part of contracts with customers when providing oil products. Equipment rental is not considered a separate performance obligation since this service to the client is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

(vi) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

g. Other income

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (“EIR”). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

h. Foreign currencies

The consolidated financial statements are presented in United States dollars (US$), which is also the Group’s functional currency and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity is measured using that functional currency. Within the Group, GOw2’s functional currency changed from US$ to the Surinamese dollars (SRD) effective January 1, 2016. This change arose due to the change in major contracts previously denominated in US$ to SRD. Therefore, as it relates to GOw2, transactions are initially recorded in the functional currency (being SRD) at the rate of exchange ruling at the date of the transaction.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

(ii) Foreign subsidiaries

As at the reporting date for consolidation purposes, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and, their statements of profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign entity is recognized in the consolidated statement of profit or loss.

i. Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences subject to certain specific exceptions.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the temporary differences and carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxation authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and or payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

j. Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions (Section 2.4) and Provisions (Section 4.8) for further information about the recognized decommissioning provision.

Land and buildings are measured at historical cost, less accumulated depreciation on buildings, and impairment losses if any, are recognized at the date of revaluation.

Exploration and evaluation assets

Exploration and evaluation activity involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation projects in progress until the drilling of the well is complete and the results have been evaluated.

These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognized in the consolidated statement of profit or loss, as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the consolidated statement of profit or loss as a dry hole.

If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as projects in progress while sufficient/ continued progress is made in assessing the commerciality of the hydrocarbons.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as projects in progress.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the consolidated statement of profit or loss.

When proved reserves of oil are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil properties.

Other than license costs, no amortization is charged during the exploration and evaluation phase.

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 Group’s internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the units of production (UOP) 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 UOP method, generally by individual field, as the proved developed reserves are produced. The UOP factor is derived from the year oil production and the related proved developed oil reserves.

Oil properties – assets under construction

Expenditure is transferred from ’Exploration and evaluation assets’ to ‘Assets under construction’ which is a subcategory of ‘Oil and gas properties’ once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities such as pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalized within ‘oil properties’.

Development expenditure is net of proceeds from the sale of oil produced during the development phase to the extent that it is considered integral to the development of the asset. Any costs incurred in testing the assets to determine whether they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of profit or loss.

When a development project moves into the production stage, all assets included in 'Assets under construction' are then transferred to 'Producing assets' which is also a sub-category of 'Oil properties'. The capitalization of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to 'Oil and gas properties' asset additions, improvements or new developments.

Oil properties – producing assets and other property, plant and equipment

(i) Initial recognition

'Oil and gas properties' and 'Other property, plant and equipment' are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) Depreciation/amortization

Oil properties are depreciated/amortized on a UOP basis over the total proved developed reserves of the field concerned. The UOP rate calculation for the depreciation/amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, which is generally 25 years for the refinery, and major inspection costs are amortized over three to five years, which represents the estimated period before the next planned major inspection.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

(iii) Major maintenance, refits, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalized. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

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 straight-line basis, taking into account the estimated useful lifetime of the significant components of the refinery.

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.

Power plant assets

The power plant assets are depreciated on a straight-line basis and as follows:

Asset Category	Percentage
Building hall	5%
Production hall	10%
Furniture	33.33%
Tank battery	20%
Powerhouse equipment	5 - 20%
Other units	5 - 20%

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 percentages are as follows; Where applicable a residual value is taken into consideration.

Asset Category	Percentage
Building hall	10%
Telecommunication equipment	20%
Dock TLF	4%
Oil tanker	10%
Drilling machinery	20%
Heavy equipment	20%
Transportation equipment	33.33%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs incurred on or after the date of transition for all eligible qualifying assets are capitalized.

l. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the consolidated statement of profit or loss when it is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

m. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Except for trade receivables, for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.3 (f) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The category concerning financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition is not applicable for the Group.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables, cash and short-term deposits including restricted cash and loan receivables from the Government of Suriname.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity instruments as investment as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from the proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrecoverably its investment in locally listed equity securities under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures if applicable and relating to impairment of financial assets are discussed in the respective disclosures for significant assumptions and trade receivables, including contract assets.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates, that the Group is unlikely to receive the outstanding contractual amounts in full, before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

n. Derivative Financial instruments

The Group enters into forward currency contracts to manage its foreign currency exposures.

The related derivative instrument is initially recorded at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. The derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The forward contract is not designated as hedge instruments.

o. Inventories

Petroleum products are valued at the lower of cost and net realizable value.

Raw materials:

- Purchase cost is valued on weighted average method

Finished goods and work in progress:

- Cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

The cost of crude oil and refined products is the purchase cost, the cost of refining, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal operating capacity, determined on a weighted average basis.

The net realizable value of crude oil and refined products is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials and supplies are valued using the weighted average cost method.

Pipeline fill

Crude oil, which is necessary to bring a pipeline into working order, is treated as a part of the related pipeline. This is on the basis that it is not held for sale or consumed in a production process but is necessary to the operation of a facility during more than one operating cycle, and its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of the related asset.

p. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

q. Cash and short–term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Restricted Cash

Restricted cash is required for financing purposes as this has been the requirement of Staatsolie's financiers. The restricted accounts are used for international collections from our international customers to deposit their payments. The accounts contain a three months' worth of debt service and are funded monthly. Every three months interest and principal, if any, is paid out. After the necessary funding has taken place, Staatsolie can obtain the remaining cash for its operations.

r. Cash dividend

The Group recognizes a liability to make cash distributions to owners of equity when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

s. Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss.

Warranty provisions

The Group typically provides warranties for guarantee of quality, providing the customer a timeframe of fifteen (15) days after delivery to raise a claim in regard to shortages and defect in quality/quantity of delivered goods. Provisions related to these assurance-type warranties are recognized when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Decommissioning liability

The Group recognizes a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the field location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related oil assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognized in cost of goods sold. Additional disturbances which arise due to further development/ construction at the oil and gas property are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as production continues.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas properties. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

t. Pensions and other post–employment benefits

The Group operates defined benefit pension plans. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. In addition, the Group operates other long-term employee benefit plans, of which the re-measurements are recognized in the profit or loss. Furthermore, for both the defined benefit pension plans and the other long-term employee benefit plans past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment

And

- The date on which the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'general and administrative expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Investment in Joint Venture

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Section 2.3b. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle
  - The terms of the contractual arrangement
  - Other facts and circumstances, considered on a case by case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of oil products and transportation services

In some cases, the Group provides transportation services as part of contracts with customers when providing oil products. The Group determined that transportation services are not considered a distinct performance obligation since this service to the customer is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

- Identifying performance obligations in a bundled sale of oil products and equipment rental

The Group makes equipment available to the customers as part of contracts with customers when providing oil products. The Group determined that the sale of oil products and equipment rental are not capable of being distinct. The sale of oil products and equipment rental are highly interrelated, because the Group would not be able to sell the oil products if the customer declined equipment rental.

- Determining the timing of satisfaction of sale of oil products

The Group determined that for contracts that are considered consignment arrangements, the obligation is to transfer the product to the consignee. The Group will not relinquish control of the consigned product until the product is sold to the end-customer. Consignees do not have any obligation to pay for the product, other than to pay the Group the agreed-upon portion of the sale price once the consignee sells the product to a third party. As a result, for consignment arrangements, revenue is recognized when the products are delivered to the end customer and the performance obligation has been satisfied.

- Consideration of significant financing component in a contract

Generally, the Group provides short -term advances to its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of oil products. However, since the timing of the transfer of these goods or services is at discretion of the customer, this is not considered as a significant financing component.

- Determining method to estimate variable consideration

Some contracts for the sale of oil products give rise to a consideration payable to customers. In case the Group is not able to supply the customer with oil products in the timeframe as agreed in the contract and before its stock out date, the Group is liable for the difference between the price of a third party for the related oil products and the price as agreed in the contract. However, since the Group has no history of failing to deliver on contractual obligations, penalties are not considered upon determination of the transaction price.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Functional currency

The functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The functional currency for GOw2 is Surinamese dollar (SRD). The functional currency of Staatsolie, SPCS and Ventrin is the US dollar (US$). Determination of functional currency may involve certain judgements to identify the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The default rate for the Group is determined as an average of the write -offs compared to the outstanding trade receivables balances using a window of a few years. This default rate is then determined per age bracket by adjusting the rate to align with the variation in the provision percentages per age bracket. For credit balances no ECL is considered.

The Group expects the same pattern for the future, therefore forward-looking estimates are not considered to have an impact on the default rate.

At every reporting date the historical observed default rate will be updated and changes in the forward-looking estimates will be analyzed.

Decommissioning liability

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques or experience at other production sites, cost increases as compared to the inflation rates of 2.34% (2018: 2.5%), and changes in discount rates of 7.82% (2018: 10.28%). The expected timing, extent and amount of expenditure may also change, for example, in response to changes in oil and gas reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Environmental risk liability

Liabilities for environmental costs are recognized when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognized is the present value of the estimated future expenditure.

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Recoverability of assets

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less cost of disposal (FVLCD) and value- in-use (VIU). The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Units of production (UOP) depreciation of oil assets

Oil properties are depreciated using UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, relates to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Defined benefit plans (pension benefits)

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in Section 4.9.

Hydrocarbon reserve and resource estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves that are attributable to the host government under the terms of the production-sharing agreements (PSAs). Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The economic tests for the December 31, 2019 reserve volumes were based on a future projection of crude oil prices using crude oil prices forecasted by PIRA Energy group as the reference price.

Average price of actual crude sales and the PIRA price premise for 2019 are the same requiring no adjustment for price differential. The same oil price premise was applied for all reserve categories less a transfer premium. An average shrinkage factor of 0.44% (2018: 1%) was applied to capture losses in delivery of crude to the refinery.

Average price differential between the PIRA crude price forecast and average posting price of the Groups crude oil in 2019 was US$ 4.13/Bbl. (PIRA US$ 57.82/Bbl. versus actual US$ 53.69/Bbl.).

The long-term PIRA crude oil prices used in the estimation of the commercial reserves are listed in the table below.

Year	US$/Bbl
2020	64.36
2021	56.73
2022	53.01
2023	49.85
2024	50.30
2025	53.79
2026	55.08
2027	56.69
2028	58.22
2029	59.88
2030	61.66
2031	63.31
2032	64.78
2033	66.28
2034	67.80
2035	69.36
2036	70.95
2037	72.56

The carrying amount of oil properties at December 31, 2019 is shown in Section 4.1.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets; oil properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortization charges in the consolidated statement of profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change (Section 4.1).
- Provisions for decommissioning may require revision - where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities (Section 4.8).
- The recognition and carrying value of deferred tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets (Section 3.3).

Deferred tax

Judgment is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgment is also required to determine whether deferred tax assets are recognized in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Group to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Oil properties

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of profit or loss in the period when the new information becomes available.

2.4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a. Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment.

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease as it did not have any finance leases.

In an operating lease, the leased property was not capitalized, and the lease payments derecognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets foremost leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 did not have an impact on retained earnings as at January 1, 2018 (refer to Section 4.7).

b. Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

• Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

• Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

• Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture that are not accounted for using the equity method.

Annual Improvements 2015-2017 Cycle

- IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

- IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

- IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020

2.5 RESTATEMENT

Based on the useful life evaluation of property, plant and equipment performed in 2019, it was noted that certain assets were excluded in error in the annual useful life evaluation of 2018. As a consequence, it was discovered that these assets were fully depreciated and still in use. Therefore, an adjustment to reverse depreciation expenses recorded in the past was required in accordance with International Accounting Standards 16, “Property, plant and equipment” and International Accounting Standards 8, “Accounting policies, changes in accounting estimates and errors”.

Accordingly, an adjustment was required to restate the 2018 financial statements as outlined below:

(X US$ 1,000)	2018	Restatement	Restated 2018
Summary of restated categories:			
Refining properties	922,457	12,193	934,650
Other property, plant and equipment	117,933	491	118,424
Deferred tax asset	5,708	(4,997)	711
Retained earnings	(1,190,103)	(7,687)	(1,197,790)
Total before and after restatement	**(144,005)**	**-**	**(144,005)**

There was no material impact to the 2018 consolidated statement of profit or loss.

2.6 RECLASSIFICATION

For the 2019 financial statement preparation, it was necessary to reclassify comparative information in order to conform with changes in presentation in the current year. The reclassifications have no effect on the net profit and net asset of the Group for the previous or current year.

Reclassification within the 2018 consolidated statement of financial position follows:

- For 2018 an amount of US$ 3,026 was reclassified between Materials and supplies and Ordered goods (Section 6.3). This resulted in an increase in Ordered goods and a corresponding reduction in Materials and supplies.

SECTION 3. RESULTS FOR THE YEAR

This section provides additional information that is most relevant in explaining the Group's consolidated performance during the year.

- Segment information (Section 3.1)
- Information about key items comprising operating profit/loss (Section 3.2)
- Income tax (Section 3.3)
- Earnings per share (Section 3.4)
- Dividends paid and proposed (Section 3.5)

3.1 SEGMENT INFORMATION

For management purposes, Staatsolie is organized into reportable segments that include three operating segments and a corporate segment.

The three operating segments are:

- Upstream: this segment is responsible for exploring, developing, producing and transporting crude oil to the refinery.
- Downstream: is responsible for refining the crude oil, marketing, selling, and distributing the related oil products. Furthermore, trading which is related to trading fuel products and selling these products to wholesale, retail and bunkering customers. Lastly, part of this segment is also the 96-megawatt thermal power plant operation, which delivers the electric power to the single source customer, the national electricity company N.V. EBS.
- Gold Mining: the Group has an investment in a joint venture that is involved in the exploration, development and exploitation of the Merian Gold mine which regularly reviewed by the Chief Operating Decision Maker ("CODM").

These functions have been defined as the operating segments of the Group 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.
3. For which discrete financial information is available.

The corporate segment are the functional departments of the Group that consists of Petroleum Contracts and all other corporate administrative functions.

The board of executive directors (which collectively is considered to be the Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

FOR THE YEAR ENDED DECEMBER 31, 2019

(X US$ 1,000)	Upstream	Downstream	Gold mining	Corporate	Total segments	Corporate - adjustments & eliminations	Consolidated
Revenue							
External customers	-	499,726	-	-	499,726	-	499,726
Inter segment crude	291,325	(291,325)	-	-	-	-	-
Inter segment other	-	156,959	-	-	156,959	(156,959)	-
Total revenue	**291,325**	**365,360**	**-**	**-**	**656,685**	**(156,959)**	**499,726**
Income/(expenses)							
Depreciation of PPE	(43,030)	(50,325)	-	(544)	(93,899)	-	(93,899)
Depreciation of leases	(1,074)	(476)	-	(499)	(2,049)	-	(2,049)
Amortization of Intangible assets	-	(61)	-	(1,032)	(1,093)	-	(1,093)
Accretion expense on provisions	(5,635)	(755)	-	-	(6,390)	-	(6,390)
Interest on lease liabilities	(338)	(185)	-	(181)	(704)	-	(704)
Finance income/expenses (excluding Accretion)	-	3,176	-	(59,477)	(56,301)	-	(56,301)
Share of profit of Suriname Gold Project JV	-	-	74,431	-	74,431	-	74,431
EBITDA*	**228,808**	**59,500**	**101,273**	**(7,264)**	**382,317**	**(14,539)**	**367,778**
Segment profit (loss) (before tax)	**178,731**	**10,875**	**74,431**	**(68,999)**	**195,038**	**(14,539)**	**180,499**
Income tax expense	-	(8,816)	-	(51,612)	(60,428)	-	(60,428)
Segment net profit (loss) for the year	**178,731**	**2,060**	**74,431**	**(120,612)**	**134,610**	**(14,539)**	**120,071**
Total assets	**810,768**	**1,330,493**	**263,960**	**611,916**	**3,017,137**	**(631,861)**	**2,385,276**
Other disclosures							
Investment properties	-	-	-	16,882	16,882	-	16,882
Investments in Suriname Gold Project JV	-	-	263,960	-	263,960	-	263,960
Capital expenditure	199,052	23,662	-	3,881	226,595	-	226,595

FOR THE YEAR ENDED DECEMBER 31, 2018							
(X US$ 1,000)	Upstream	Downstream	Gold mining	Corporate	Total segments	Corporate - adjustments & eliminations	Consolidated
Revenue							
External customers	-	505,773	-	-	505,773	-	505,773
Inter segment crude	335,065	(335,065)	-	-	-	-	-
Inter segment other	-	170,341	-	-	170,341	(170,341)	-
Total revenue	**335,065**	**341,049**	**-**	**-**	**676,114**	**(170,341)**	**505,773**
Income/(expenses)							
Depreciation of PPE	(37,838)	(52,425)	-	-	(90,263)	-	(90,263)
Investment properties -Impairment	-	-	-	(880)	(880)	-	(880)
Amortization of Intangible assets	-	-	-	(1,004)	(1,004)	-	(1,004)
Accretion expense on provisions	(6,658)	(928)	-	-	(7,586)	-	(7,586)
Finance income/expenses (excluding Accretion)	-	(2,887)	-	(76,564)	(79,451)	-	(79,451)
Share of profit of Suriname Gold Project JV	-	-	66,268	-	66,268	-	66,268
EBITDA	**260,760**	**31,504**	**92,722**	**(18,880)**	**366,106**	**(12,644)**	**353,462**
Segment profit (loss) (before tax)	**216,265**	**(24,446)**	**66,268**	**(96,739)**	**161,348**	**(12,644)**	**148,704**
Income tax expense	-	(5,435)	-	(42,962)	(48,397)	-	(48,397)
Segment net profit (loss) for the year	**216,265**	**(29,881)**	**66,268**	**(139,701)**	**112,951**	**(12,644)**	**100,307**
Total assets*	**567,255**	**1,258,859**	**282,997**	**518,405**	**2,627,516**	**(438,978)**	**2,188,538**
Other disclosures							
Investment properties	-	-	-	16,882	16,882	-	16,882
Investments in Suriname Gold Project JV	-	-	282,997	-	282,997	-	282,997
Capital expenditure	112,735	5,684	-	1,016	119,435	-	119,435

**2018 restated figures described in Section 2.5 Restatements*

Adjustments and eliminations

- Finance income and costs, and fair value gains and losses on financial assets are allocated to individual segments.
- Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.
- Inter-segment revenues are eliminated on consolidation.

Explanation of non-IFRS measures

The Group discloses one financial measure, namely earnings before interest, taxes, depreciation and amortization (EBITDA), that is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure. The Group calculated EBITDA by taking the net income and adding back interest, taxes, depreciation, and amortization. As EBITDA is used by management as a key performance indicator, the Group believes that it is useful to be presented to the readers of the consolidated financial statements.

Geographic information

Revenues from external customers

(X US$ 1,000)	2019	2018
Suriname	302,868	290,418
Guyana	85,287	100,585
Other Caribbean Territories	75,574	87,236
Trinidad and Tobago	16,480	15,334
Europe	1,989	5,500
Middle East and Asia	2,648	4,457
United States	14,502	2,243
North American Territories	283	-
East Asia	95	-
Total revenue per consolidated statement of profit or loss	**499,726**	**505,773**

The revenue information above is based on the location of the customers.

During 2019, there are three (3) (2018: three (3)) external customers in which revenue from transactions with each of them amounted to 10% or more of the Group's revenue and accounted for approximately 40% (2018:38%) of the Group's reported revenues. These transactions arose from sales in the downstream segment.

Non-current operating assets

(X US$ 1,000)	2019	2018
Suriname*	1,809,374	1,613,956
Trinidad and Tobago	2,870	2,797
Total	**1,812,244**	**1,616,753**

**2018 restated figures described in Section 2.5 Restatement*

Non-current assets for this purpose consist of property, plant and equipment, investment properties, right-of-use assets and other intangible assets. Only Ventrin, the subsidiary domiciled in Trinidad and Tobago, has non-current operating assets outside of Suriname.

Components of Revenue

(X US$ 1,000)	2019	2018
Own refined products (gross)	441,110	447,226
Intersegment sales	(132,097)	(140,052)
Local refined products (net)	309,013	307,174
Trading activities (gross)	135,951	153,334
Intersegment sales	(9,242)	(11,726)
Trading activities (net)	126,709	141,608
Electric energy (gross)	78,938	75,196
Intersegment sales	(15,620)	(18,563)
Electric energy (net)	63,318	56,633
Other revenues (gross)	686	358
Intersegment sales	-	-
Other revenues (net)	686	358
Total revenues	**499,726**	**505,773**

Revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products. Petroleum products are generally being sold at prevailing market prices. 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 collectability is reasonably assured.

Sales between group companies (intersegment sales) are based on prices generally equivalent to commercially available prices.

3.2 INFORMATION ABOUT KEY ITEMS COMPRISING OPERATING PROFIT/LOSS

Exploration expenses

(X US$ 1,000)	2019	2018
Expensed projects (see below)	-	(13,465)
Employee benefits expense*	(2,545)	(2,603)
External services	(1,582)	(1,895)
Depreciation and amortization of PPE	(111)	(84)
Depreciation of leases	(45)	-
Other expenses	(375)	(71)
Total	**(4,658)**	**(18,118)**

The decrease of US$ 13,460 in 2019 when compared to previous year, mainly relates to the write off of two projects at Coronie (US$ 11,155) and Coesewijne (US$ 1,533) in 2018 as it was determined that these projects were no longer commercial.

Selling and distribution expenses

(X US$ 1,000)	2019	2018
Freight	(8,405)	(9,962)
Employee benefits expense*	(2,445)	(2,825)
Bad debt expense	(146)	(416)
External services	(2,885)	(4,352)
Depreciation and amortization of PPE	(133)	(21)
Depreciation of leases	(51)	-
Maintenance expense	(76)	(713)
Insurance costs	(111)	(148)
Utility expenses	(9)	(16)
Donations	(17)	(50)
Travel expenses	(10)	(12)
Other expenses	(748)	(439)
Total	**(15,036)**	**(18,954)**

Other operating expenses

(X US$ 1,000)	2019	2018
External services	(1,302)	(2,205)
Employee benefits expense	(635)	(1,971)
Provision for bad debt	-	(1,124)
Vessel lease expenses	(137)	(144)
Maintenance expense	(104)	(171)
Insurance costs	(114)	(118)
Utility expenses	(52)	(91)
Depreciation and amortization of PPE	(257)	(6)
Depreciation of leases	(38)	-
Travel expenses	(7)	(3)
Freight	-	(2)
Other expenses	(467)	(990)
Total	**(3,113)**	**(6,825)**

General and administrative expenses

(X US$ 1,000)	2019	2018
Employee benefits expense*	(16,800)	(15,711)
External services	(10,820)	(9,100)
Amortization expense	(1,093)	(1,004)
Depreciation and amortization of PPE	863	(332)
Depreciation of leases	(512)	-
Maintenance expense	(599)	(508)
Insurance costs	(919)	(886)
Utility expenses	(676)	(726)
Donations	(1,452)	(648)
Travel expenses	(8)	(59)
Other expenses	(1,602)	(1,400)
Total	**(33,618)**	**(30,374)**

**When compared with the “Employee benefits expense” disclosure, the amounts differ due to the additional presentation of “car lease benefit expense”.*

Employee benefits expense

(X US$ 1,000)	2019	2018
Included in cost of sales		
Wages, salaries, emoluments and other benefits	(36,827)	(35,645)
Employers contribution of employee pension benefits	(4,218)	(3,856)
Medical expenses	(1,399)	(3,628)
Safety and training expenses	(2,277)	(2,479)
Car lease benefit	(2,606)	(2,855)
Other personnel expenses	(2,243)	(344)
Sub total	**(49,570)**	**(48,807)**
Included in Exploration expenses		
Wages, salaries, emoluments and other benefits	(2,079)	(2,301)
Employers contribution of employee pension benefits	(261)	(160)
Medical expenses	(53)	(71)
Safety and training expenses	(77)	(66)
Car lease benefit	(136)	(159)
Other personnel expenses	(13)	(5)
Sub total	**(2,619)**	**(2,762)**
Included in Selling and distribution expenses		
Wages, salaries, emoluments and other benefits	(2,137)	(2,417)
Employers contribution of employee pension benefits	(168)	(192)
Medical expenses	(60)	(152)
Safety and training expenses	(78)	(62)
Car lease benefit	(71)	(89)
Other personnel expenses	(7)	(2)
Sub total	**(2,521)**	**(2,914)**
Included in Other operating expenses		
Wages, salaries, emoluments and other benefits	(587)	(1,772)
Medical expenses	(1)	(103)
Safety and training expenses	(24)	-
Car lease benefit	(6)	-
Other personnel expenses	(17)	(96)
Sub total	**(635)**	**(1,971)**
Included in General and administrative expenses		
Wages, salaries, emoluments and other benefits	(13,981)	(13,061)
Employers contribution of employee pension benefits	(1,031)	(913)
Medical expenses	(861)	(810)
Safety and training expenses	(561)	(505)
Car lease benefit	(602)	(754)
Other personnel expenses	(451)	(422)
Sub total	**(17,487)**	**(16,465)**
Grand total	**(72,832)**	**(72,919)**

Depreciation of property, plant and equipment, and amortization of intangible assets

(X US$ 1,000)	2019	2018
Included in cost of sales		
Depreciation and amortization upstream	(42,919)	(37,754)
Depreciation downstream	(51,343)	(52,066)
Sub total	**(94,262)**	**(89,820)**
Included in Exploration expenses including dry holes		
Depreciation upstream-exploration	(111)	(84)
Sub total	**(111)**	**(84)**
Included in Selling and distribution expenses		
Depreciation downstream	(133)	(21)
Sub total	**(133)**	**(21)**
Included in Other operating expenses		
Depreciation downstream	(256)	(6)
Sub total	**(256)**	**(6)**
Included in General and administrative expenses		
Depreciation and amortization corporate	(1,576)	(1,295)
Depreciation downstream	1,346	(41)
Sub total	**(230)**	**(1,336)**
Grand total	**(94,992)**	**(91,267)**

Finance income

(X US$ 1,000)	2019	2018
Interest income on loans	591	764
Other interest income	4	13
Total finance income	**595**	**777**

Finance costs

(X US$ 1,000)	2019	2018
Interest on borrowings	(56,378)	(69,587)
Accretion expenses of provisions	(6,390)	(7,586)
Other finance charges*	(518)	(10,640)
Accretion expenses of lease liabilities	(704)	-
Total finance costs	**(63,990)**	**(87,813)**

**In 2018 the Group refinanced its Term loans (Corporate term loan and Loan SPCS), which resulted in expensing of the unamortized debt arrangement fees of the previous loans.*

Other income / (expense) (net)

(X US$ 1,000)	2019	2018
Sales tax	202	(8,960)
Government of Suriname share in SurGold	-	(3,171)
Third party claims	19	(1,159)
Loss on foreign currency transactions	133	(311)
Other income	3,730	5,555
Investment properties-Impairment	-	(880)
Derecognition of PPE	1,178	-
Transfer costs -Pension Fund Loan	(150)	-
Total other expense (net)	**5,112**	**(8,926)**

Other income/ (expense) (net) as at December 31, 2019 comprises income / (expense) from several sources. The significant item in 2019 relates to other income (net) of US$ 3,730 which represents in the main the favorable impact of the goods received/ invoices clean-up of US$ 2,555 and income of US$ 1,424 arising from the sale of data packages to potential bidders for oil exploration activities.

Other income/(expense) (net) as at December 31, 2018 comprises income / (expense) from several sources.

The significant items in 2018 relate to: 1) Included in the Sales tax of US$ 8,960 is an amount of US$ 6,677 that was written off based on a formal communication and verification received from the tax authority; 2) US$ 3,171 relates to GoS share in the profit of SurGold up until May-2018 and 3) Other income which consists of: write back of outstanding payables of US$ 4,528 and other of US$ 1,027, 4) Impairment loss of US$ 880 on the investment properties recognized as a result of an external valuation of the investment properties in July 2019.

3.3 INCOME TAX

The major components of income tax are as follows:

Consolidated statement of profit or loss

(X US$ 1,000)	2019	2018
Current income tax:		
Current tax expense	(57,631)	(50,295)
Deferred tax:		
Income relating to origination and reversal of temporary differences	(2,797)	1,898
Income tax expense reported in the consolidated statement of profit or loss (net)	**(60,428)**	**(48,397)**

A reconciliation between tax expense and the accounting profit multiplied by Staatsolie's domestic tax rate is as follows.

(X US$ 1,000)	2019	2018
Accounting profit before income tax	180,499	148,704
At applicable tax rate of 32.4% for Staatsolie and between 30% and 36% for the subsidiaries	(60,428)	(48,397)
Tax expense at the effective income tax rate reported in the consolidated statement of profit or loss	**(60,428)**	**(48,397)**
Effective tax rate	33.5%	32.5%

Consolidated statement of other comprehensive income

(X US$ 1,000)	2019	2018
Deferred tax related to items recognized in other comprehensive income during the year:		
Net gain on unrealized gains from equity instruments	12	64
Net gain on remeasurement gains on defined benefit plans	12,418	(3,569)
Tax income/(expense) recognized in other comprehensive income (net)	**12,430**	**(3,505)**

Reconciliation of deferred tax asset / (liability)

(X US$ 1,000)	2019	2018
Opening balance as of January 1	711	7,315
Tax income/(expense) during the period recognized in profit or loss	(2,797)	1,898
Adjustment through retained earnings*	-	(4,997)
Tax income/(expense) during the period recognized in other comprehensive income	12,430	(3,505)
Closing balance as at December 31	**10,344**	**711**

**2018 restated figures described in Section 2.5 Restatements*

Deferred income tax at December 31 relates to the following:

Consolidated statement of financial position

(X US$ 1,000)	2019	2018
Deferred tax assets		
Short-term investments	(572)	(584)
Other property, plant and equipment*	(7,758)	(5,952)
Other intangible assets	(911)	-
Provisions	(1,717)	(1,704)
Employee defined benefit liabilities	21,320	8,951
Net lease right of use / liability	(18)	-
Deferred tax asset (net)	**10,344**	**711**

**2018 restated figures described in section 2.5 Restatements.*

Tax losses carry forward

Ventrin is subject to the fiscal regime of Trinidad and Tobago and has accumulated tax losses of approximately US$ 13,188 at December 31, 2019, (2018: US$ 11,334) available for offset against future taxable profits. These losses have no expiry date.

No deferred tax asset has been recorded on these tax losses as it is the belief of management that it is not probable that Ventrin will generate sufficient taxable profit in the foreseeable future to utilize these losses.

3.4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
Net profit attributable to ordinary shareholders (US$'000)	120,071	100,307
Weighted average number of ordinary shares (number of shares - million)	5,000	5,000
Basic earnings per ordinary share (US$ per share)	**24.01**	**20.06**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

3.5 DIVIDENDS PAID AND PROPOSED

(X US$ 1,000)	2019	2018
Declared and paid during the year:		
Cash dividends on ordinary shares:		
Final dividend for 2015: US$ 3.32 per share	-	16,620
Final dividend for 2017: US$ 6.29 per share	-	31,467
Interim dividend for 2018: US$ 3.16 per share (2017: US$ 0.0 per share)	-	31,467
Final dividend for 2018: US$ 6.87 per share	34,352	31,467
Interim dividend for 2019: US$ 2.82 per share	14,100	15,802
	48,452	**63,889**
Proposed for approval at the annual general meeting:		
Note: below dividends have been recognized in the Financial statements in line with the dividend policy with the shareholders		
Dividends on ordinary shares:		
Final (proposed) dividend for 2019: US$ 0.0 per share (2018:US$ 0.0 per share)	-	-

Final dividends on ordinary shares are subject to approval at the annual general shareholders' meeting and will be recognized in the 2020 appropriation of retained earnings.

SECTION 4. INVESTED CAPITAL

4.1 OIL, EXPLORATION AND PRODUCING PROPERTIES

(X US$ 1,000)	Land & Lease hold improvement	Building and Structure	Machine & Equipment	Abandonment Costs
Cost				
At January 1, 2018	**9,276**	**21,466**	**52,768**	**77,107**
Additions	-	65	647	-
Adjustments*	-	-	-	(67,791)
Capitalized from PIP to PPE in current Year	-	3,954	223	-
Disposals /Disinvestment in current year	-	-	(692)	-
Internal transfers	-	-	-	-
Expense to P&L	-	-	-	-
At December 31, 2018	**9,276**	**25,485**	**52,946**	**9,316**
Additions	-	-	2,746	-
Adjustments*	-	-	-	54,955
Capitalized from PIP to PPE in current Year	-	133	411	-
Expense to P&L	-	-	-	-
At December 31, 2019	**9,276**	**25,618**	**56,103**	**64,271**
Depreciation				
At January 1, 2018	**-**	**(17,709)**	**(49,299)**	**(40,691)**
Adjustments*	-	-	-	36,548
Depreciation current year	-	(586)	(126)	(3,426)
Depreciation/ disinvestment in current year	-	-	687	-
At December 31, 2018	**-**	**(18,295)**	**(48,738)**	**(7,569)**
Depreciation current year	-	(810)	(1,844)	(175)
At December 31, 2019	**-**	**(19,105)**	**(50,582)**	**(7,744)**
Net book value:				
At December 31, 2018	**9,276**	**7,190**	**4,208**	**1,747**
At December 31, 2019	**9,276**	**6,513**	**5,521**	**56,527**

**Adjustments to abandonment cost relates to changes in the decommissioning provision*

Well & Equipment	Pipelines	Other Fixed Assets	Exploration & Evaluation	Production Projects in Progress	Exploration Projects in Progress	Grand Total
747,074	**11,264**	**4,420**	**620**	**43,281**	**72,290**	**1,039,566**
38	-	164	-	97,328	14,492	112,734
-	-	-	-	-	-	(67,791)
99,367	-	-	138	(103,909)	-	(227)
(1,364)	-	(1,021)	(57)	-	-	(3,134)
-	-	-	-	226	(248)	(22)
-	-	-	-	(419)	(13,465)	(13,884)
845,115	**11,264**	**3,563**	**701**	**36,507**	**73,069**	**1,067,242**
130	-	143	49	97,595	98,489	199,152
-	-	-	-	-	-	54,955
36,707	-	-	-	(37,340)	-	(89)
-	-	-	-	(1,764)	-	(1,764)
881,952	**11,264**	**3,706**	**750**	**94,998**	**171,558**	**1,319,496**
(403,199)	**(11,264)**	**(4,235)**	**(541)**	**-**	**-**	**(526,938)**
-	-	-	-	-	-	36,548
(34,313)	835	(134)	(84)	-	-	(37,834)
994	-	1,021	57	-	-	2,759
(436,518)	**(10,429)**	**(3,348)**	**(568)**	**-**	**-**	**(525,465)**
(39,706)	(167)	(207)	(122)	-	-	(43,031)
(476,224)	**(10,596)**	**(3,555)**	**(690)**	**-**	**-**	**(568,496)**
408,597	**835**	**215**	**133**	**36,507**	**73,069**	**541,777**
405,728	**668**	**151**	**60**	**94,998**	**171,558**	**751,000**

4.2 REFINING PROPERTIES

(X US$ 1,000)	Land & Lease hold Improvement	Building and Structure
Cost		
At January 1, 2018	**9,774**	**1,111,906**
Additions	-	-
Adjustments*	-	-
Capitalized from PIP to PPE and Expensed in current year	-	-
Disposals /Disinvestment in current year	-	(1,903)
At December 31, 2018	**9,774**	**1,110,003**
Additions	-	771
Adjustments*	-	-
Capitalized from PIP to PPE	-	1,298
Disposals /Disinvestment in current year	-	-
Expense to P&L in current year	-	-
At December 31, 2019	**9,774**	**1,112,072**
Depreciation		
At January 1, 2018	**(1,666)**	**(190,964)**
Depreciation current year	-	(42,008)
Adjustments/Useful life previous year**	-	11,497
Depreciation /Disinvestment in current year	-	1,903
At December 31, 2018	**(1,666)**	**(219,572)**
Depreciation current year	-	(42,729)
At December 31, 2019	**(1,666)**	**(262,301)**
Net book value:		
At December 31, 2018	**8,108**	**890,431**
At December 31, 2019	**8,108**	**849,771**

**Adjustments to abandonment cost relates to changes in the decommissioning provision*

*** Includes adjustment to reverse depreciation recorded in previous years. Refer to Section 2.5 Restatement.*

Machine & Equipment	Abandonment Costs	Pipelines	Other Fixed Assets	Projects in Progress	Grand Total
12,745	**7,605**	**33,249**	**2,614**	**1,135**	**1,179,028**
29			59	3,984	4,072
345	(3,302)	-	-	-	(2,957)
100	-	-	-	(100)	-
(54)	-	-	-		(1,957)
13,165	**4,303**	**33,249**	**2,673**	**5,019**	**1,178,186**
1,297	-	-	32	19,920	22,020
-	3,767	-	-	-	3,767
-	-	-	-	(1,298)	-
-	-	-	-	-	-
-	-	-	-	(407)	(407)
14,462	**8,070**	**33,249**	**2,705**	**23,234**	**1,203,566**
(10,170)	**(529)**	**(7,003)**	**(2,566)**	**-**	**(212,898)**
(1,180)	(308)	(1,240)	(43)	-	(44,779)
(136)	345	-	487	-	12,193
45	-	-	-	-	1,948
(11,441)	**(492)**	**(8,243)**	**(2,122)**	**-**	**(243,536)**
(874)	(173)	(1,239)	(108)	-	(45,123)
(12,315)	**(665)**	**(9,482)**	**(2,230)**	**-**	**(288,659)**
1,724	**3,811**	**25,006**	**551**	**5,019**	**934,650**
2,147	**7,405**	**23,767**	**475**	**23,234**	**914,907**

4.3 OTHER PROPERTY, PLANT AND EQUIPMENT

(X US$ 1,000)	Land & Lease hold Improvement	Building and Structure
Cost		
At January 1, 2018	**18,654**	**37,773**
Additions	-	-
Adjustments*	-	-
Capitalized from PIP to PPE	-	469
Translation adjustment on cost	-	-
Internal transfers	-	-
Expense to P&L	-	-
Disposals /Disinvestment in current year	-	(812)
At December 31, 2018	**18,654**	**37,430**
Additions	-	80
Adjustments*	-	-
Capitalized from PIP to PPE	-	98
Translation adjustment on cost	-	-
Internal transfers	-	354
Expense to P&L	-	-
Disposals /Disinvestment in current year	-	(2)
SAP/Hyperinflation	25	6,112
At December 31, 2019	**18,679**	**44,072**
Depreciation 1 January 2018	**(540)**	**(16,757)**
Adjustments**	-	491
Depreciation in current year	(14)	(1,320)
Translation adjustment on accummulated depreciation	-	-
Internal transfer	-	-
Depreciation Disinvestment/Internal transfer current year	-	515
At December 31, 2018	**(554)**	**(17,071)**
Adjustments	-	-
Depreciation in current year	(15)	(17)
Regrouping due to SAP implementation	(24)	(4,716)
Internal transfer	-	(138)
Depreciation/ Disinvestment/Internal transfer in current year	-	-
At December 31, 2019	**(593)**	**(21,942)**
Net book value:		
At December 31, 2018	**18,100**	**20,359**
At December 31, 2019	**18,086**	**22,130**

**Adjustments to abandonment cost relates to changes in the decommissioning provision*

*** Includes adjustment to reverse depreciation recorded in previous years. Refer to Section 2.5 Restatement.*

Machine & Equipment	Abandonment Costs	Well & Equipment	Other Fixed Assets	Projects in Progress	Grand Total
124,444	**179**	**917**	**12,173**	**867**	**195,007**
498	-	-	152	1,977	2,627
-	(107)	-	-	-	(107)
-	-	-	-	(471)	(2)
-	-	-	-		-
-	-	-	-	20	20
-	-	-	-	(400)	(400)
(2,042)	-	(5)	(229)	-	(3,088)
122,900	**72**	**912**	**12,096**	**1,993**	**194,057**
117	-	-	198	5,808	6,203
-	141	-	-	-	141
59	-	-	88	(925)	(680)
-	-	-	-	-	-
(354)	-	-	-	-	-
-	-	-	-	86	86
-	-	-		-	(2)
(8,886)	-	-	3,050	12	313
113,836	**213**	**912**	**15,432**	**6,974**	**200,118**
(40,761)	**(23)**	**(715)**	**(11,780)**	**-**	**(70,576)**
(40)	14	-	-	-	465
(6,104)	(8)	(18)	(186)	-	(7,650)
-	-	-	252	-	252
-	-	-	-	-	-
1,357	-	4	-	-	1,876
(45,548)	**(17)**	**(729)**	**(11,714)**	**-**	**(75,633)**
-	-	-	-	-	-
(5,443)	(3)	(15)	(252)	-	(5,745)
6,211	-	-	(1,548)	5	(72)
138	-	-	-	-	-
1,178	-	-	-	-	1,178
(43,464)	**(20)**	**(744)**	**(13,514)**	**5**	**(80,272)**
77,352	**55**	**183**	**382**	**1,993**	**118,424**
70,372	**193**	**168**	**1,918**	**6,979**	**119,846**

4.4 CAPITAL INVESTMENT IN JOINT VENTURE

On 14 November 2014, Staatsolie entered as a limited partner with an interest of 25% into the partnership ‘Suriname Gold Project C.V.’. Newmont Suriname LLC, a subsidiary of Newmont Mining Corporation, is the managing partner with a 75% interest in this partnership. Newmont Suriname LLC is a limited liability company formed pursuant to the laws of the State of Delaware, United States of America.

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. Suriname Gold Project C.V. commenced commercial gold production in 2016.

The Suriname Gold Project C.V. partnership is financed through monthly cash calls (operational and capital contributions) which is the mechanism to fund approved operating costs and capital expenditures. Each partner is responsible for funding the partnership for its portion based on its participating interest.

Monthly the partnership allocates revenues which totals the compensation received by the partnership in exchange for selling the partnership’s gold production attributable to each partner in proportion to its respective participating interest. Staatsolie’s maximum exposure to loss from its interest in the Suriname Gold Project C.V. partnership equals the annual capital contributions.

The Group’s interest in the Suriname Gold Project C.V. is accounted for in the consolidated financial statements using the equity method. The summarized financial information of the joint venture (JV) and reconciliation with the carrying amount of the investment and share in the profit of the JV in the consolidated financial statements are set out below:

(X US$ 1,000)	2019	2018
Summarized statement of financial position of Suriname Gold Project CV:		
Current assets, including cash and cash equivalents $30,366 (2018: $39,988) and inventories $79,546 (2018: $81,664)	176,950	199,534
Non-current assets	1,009,211	1,046,059
Current liabilities, including accounts payable $16,259 (2018: $23,370) and due to related parties $46,692 (2018: $26,095)	(88,229)	(76,895)
Non-current liabilities	(42,089)	(36,706)
Partnership capital	**1,055,843**	**1,131,992**
Proportion of the Group's ownership	25%	25%
Carrying amount of the investment	263,960	282,997

(X US$ 1,000)	**2019**	**2018**
Summarised statement of profit or loss of Suriname Gold Project CV:		
Revenue	734,085	676,884
Cost of Sales	(296,903)	(275,025)
Administrative expenses, including depreciation $107,987 (2018: $105,815)	(126,936)	(126,539)
Other Income (expense)	844	2,663
Management Fee	(13,366)	(12,911)
Profit before tax	**297,724**	**265,072**
Group's share of the profit for the year	**74,431**	**66,268**

The Group had no contingent liabilities or capital commitments relating to its interest in the Suriname Gold Project C.V. as at December 31, 2019 (2018: NIL). The joint venture had no contingent liabilities or capital commitments as at December 31, 2019 (2018: NIL) that may be considered to have a material adverse effect on its financial position or result of operations.

With the completion of the refinancing in May 2018, Staatsolie settled its liability with the Government of Suriname of US$ 63,087, effectively extinguishing the Government of Suriname's beneficial ownership of 4.8% share in the Suriname Gold Project C.V.

The above summarized financial information of Suriname Gold Project C.V. as at December 31, 2019 and 2018 was based on audited figures.

4.5 GOODWILL AND OTHER INTANGIBLE ASSETS

(X US$ 1,000)	Goodwill	Other intangible assets: ERP Implementation	E&P Data Information Management system	Petromod Software	Total
Cost					
At 1 January 2018	5,447	12,048	2,037	-	19,532
Additions	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-
At 31 December 2018	**5,447**	**12,048**	**2,037**	**-**	**19,532**
Additions	-	526	-	243	769
At 31 December 2019	**5,447**	**12,574**	**2,037**	**243**	**20,301**
Amortization and impairment					
At 1 January 2018	-	6,024	2,037	-	8,061
Amortization	-	1,004	-	-	1,004
At 31 December 2018	**-**	**7,028**	**2,037**	**-**	**9,065**
Amortization	-	1,065	-	28	1,093
At 31 December 2019	**-**	**8,093**	**2,037**	**28**	**10,158**
Net book value					
At 31 December 2019	5,447	4,481	-	215	10,143
At 31 December 2018	5,447	5,020	-	-	10,467

Other intangible assets

The balance at December 31, 2019 of other intangible assets represents capitalized computer software with regard to ERP implementation of SAP.

In 2019 SAP was also implemented for GOw2 with additional capitalization of US$ 526. SAP software is amortized on a straight-line basis over a remaining useful life of 4 years (2018: 5 years). Petromod Software was purchased for the upstream for US$ 243 and is being amortized on a straight-line basis over useful life of 5 years.

Impairment testing of goodwill

The Group performed the annual impairment test as at December 31, 2019.

Goodwill acquired through business combinations with indefinite live has been allocated to one CGU (GOw2). The carrying value (net assets including Goodwill) of this CGU is US$ 49,682 at December 31, 2019 (US$ 44,041 at December 31, 2018).

The recoverable amount of the GOw2 CGU of US$ 63,507 at December 31, 2019 (US$ 75,135 as at December 31, 2018) has been determined based on a value-in-use (VIU) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for finished oil products.

The post-tax weighted average cost of capital (WACC) discount rate applied to the cash flow projections is 12.10% (2018: 12.48%), and cash flows beyond the five-year period are extrapolated using a 2% (2018: 2%) growth rate that is the same as the long-term average fuel consumption growth rate for the petroleum products sector.
As a result of the analysis, management did not identify impairment for this CGU. The GOw2 CGU forms part of the downstream reportable segment. Applying a pre-tax WACC discount rate 17.71% (2018: 19.03%) to the cash flow projections provides the same VIU for the CGU.

Key assumptions used in value-in-use calculations

The calculation of VIU for the GOw2 CGU is most sensitive to the following key assumptions:

- Gross margin
- Discount rates
- Oil prices
- Market share during the budget period

- Growth rate used to extrapolate cash flows beyond the budget period

Gross margins

Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated improvements in the efficiency of operations. An increase of 2% (2018: 2%) per annum was applied based on economic growth (quantities) of the CGU.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC, with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity, weighted 63.14% (2018: 46.68%) debt versus 36.86% (2018: 53.32%) equity, due to the debt to equity structure of the Group. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Oil prices

Long term forecasted oil prices are based on management's estimates and available market data.

Market share assumptions

These assumptions are important because as well as using industry data for growth rates (as noted below), management assesses how the CGU's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the oil retail products market to be stable over the forecast period.

Growth rate estimates

Rates are based on economic growth rates, growth domestic product and relevant published research.

Sensitivity to changes in assumptions

With regard to the assessment of VIU for the GOw2 CGU, management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the CGU to materially exceed its recoverable amount.

4.6 INVESTMENT PROPERTIES

Staatsolie purchased the land situated in Wageningen, District Nickerie in 2009. The investment properties are carried at historical cost less accumulated impairment losses. Initially the land would accommodate the Ethanol Business of Staatsolie which was cancelled in 2015. A valuation of the investment properties was carried out by an external independent qualified assessor on July 26, 2019 and the impairment was processed accordingly in financial year 2018. One thousand two hundred and two (1202) hectares of the investment property is leased out under operating lease, amounting to US$ 32 thousand annual income. There are no direct operating expenses arising from the rental agreement on account for Staatsolie. Assessment of the fair value of the investment properties at December 31, 2019 did not result in any material change in the value.

(X US$ 1,000)	2019	2018
Reconciliation of carrying amount		
Balance at 1 January	16,882	17,762
Impairment loss	-	(880)
Balance at 31 December	**16,882**	**16,882**

4.7 LEASES

As at December 31, 2019:

- Right-of-use assets of US$ 4,913 were recognized and presented separately in the consolidated statement of financial position.
- Lease liabilities of US$ 4,866 recognized and presented separately in the consolidated statement of financial position.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

(X US$ 1,000)	Motor Vehicles	Vessels	Land	Total
Operating lease commitments as at December 31, 2018	**10,152**	**2,243**	**439**	**12,834**
Weighted average incremental borrowing rate as at January 1, 2019	11%	0%	9.75%	-
Discounted operating lease commitment at January 1, 2019	**7,388**	**2,243**	**144**	**9,775**
Less:				
Commitments relating to short-term leases	-	(2,243)	-	(2,243)
Amendments related to existing lease contracts	(969)	-	-	(969)
Commitments related to leases ending in 2019	(942)	-	-	(942)
Add:				
Leases not included in operational lease commitments as at December 31, 2018	126	-	116	242
Lease liabilities as at January 1, 2019	**5,603**	**-**	**260**	**5,863**

Amounts recognized in the consolidated statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements during the period:

(X US$ 1,000)	Motor Vehicles	Land Lease	Total
As at January 1, 2019	**5,603**	**260**	**5,863**
Additions	1,109	-	1,109
Depreciation	(2,036)	(23)	(2,059)
As at December 31, 2019	**4,676**	**237**	**4,913**

Set out below, are the carrying amounts of the Group's lease liabilities and the movements during the period:

(X US$ 1,000)	Motor Vehicles	Land Lease	Total
As at January 1, 2019	**5,603**	**260**	**5,863**
Additions	1,109	-	1,109
Accretion of interest	682	22	704
Accretion of maintenance	575	-	575
Payments	(3,349)	(36)	(3,385)
As at December 31, 2019	**4,620**	**246**	**4,866**
Current	2,000	36	2,036
Non-current	2,620	210	2,830

The following are amounts recognized in the 2019 consolidated statement of profit or loss:

(X US$ 1,000)	Motor Vehicles	Land Lease	Total
Depreciation expense of right-of-use assets	2,026	23	2,049
Accretion of Interest expenses on lease liabilities	682	22	704
Maintenance expense on lease liabilities	575	-	575
Expense relating to short-term leases	464	-	464
Expense to relating to leases of low-value assets	940	-	940
Total amount recognised in profit or loss	**4,687**	**45**	**4,732**

4.8 PROVISIONS

(X US$ 1,000)	Decommissioning production field & facilities	Decommissioning Refinery
At January 1, 2018	79,422	8,884
Arising during the year	7	-
Write-back of unused provisions	-	-
Discount rate adjustment & imputed interest	(31,251)	(2,959)
Unwinding of discount	6,658	744
Utilisation	-	-
At December 31, 2018	**54,836**	**6,669**
Arising during the year	-	-
Discount rate adjustment & imputed interest	54,956	3,768
Unwinding of discount	5,635	675
Translation adjustment	-	-
Utilisation	-	-
At December 31, 2019	**115,427**	**11,112**
Comprising:		
Current at December 31, 2018	-	-
Non-current at December 31, 2018	54,836	6,669
	54,836	**6,669**
Comprising:		
Current at December 31, 2019	-	-
Non-current at December 31, 2019	115,427	11,112
	115,427	**11,112**

Decommissioning provision

The Group makes full provision for the future cost of decommissioning oil wells and production facilities on a discounted basis on the installation of those wells and facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2055, when the producing oil properties are expected to cease operations. These provisions have been created based on the Group's internal estimates.

In addition, the Group makes full provision for the future cost of decommissioning the refinery on a discounted basis on the installation of the refinery. The decommissioning provision represents the present value of decommissioning costs relating to the refinery, which are expected to be incurred up to 2040, when the refinery is expected to cease operations. This provision has been created based on the Group's internal estimates utilizing a third party estimating the dismantlement cost.

Lastly, the Group makes full provision for the future cost of decommissioning the power plant on a discounted basis on the installation of the power plant. The decommissioning provision represents the present value of decommissioning costs relating to the power plant, which are expected to be incurred up to 2055, when the power plant is expected to cease operations. This provision has been created based on the Group's internal estimates utilizing a third party estimating the dismantlement cost.

Assumptions based on the current economic environment have been made, which management believes form a reasonable basis upon which

Decommissioning Power Plant	Environmental Risk	Other Provisions	Total
209	2,781	1,758	93,054
-	-	1,126	1,133
-	-	-	-
(107)	48	-	(34,269)
17	167	-	7,586
-	-	(66)	(66)
119	**2,996**	**2,818**	**67,438**
-	-	80	80
141	-	-	58,865
12	68	-	6,390
-	(6)	-	(6)
-	-	(625)	(625)
272	**3,058**	**2,273**	**132,142**
-	-	-	-
119	2,996	2,818	67,438
119	**2,996**	**2,818**	**67,438**
-	-	-	-
272	3,058	2,273	132,142
272	**3,058**	**2,273**	**132,142**

to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at December 31, 2019 is 7.82% (2018: 10.28%).

Environmental risk provision

GOw2 purchased Chevron in 2011 which included their marketing activities in Suriname of 22 petrol stations and 3 oil terminals. These sites will be remediated in a nine-year timeframe. The present value of the estimated costs as at December 31, 2019 is US$ 3,058 (as at December 31, 2018 is US$ 2,996). The amount recognized is the best estimate calculated by management of the expenditure required.

Other provisions

A provision at fair value of US$ 2,273 at December 31, 2019 (US$ 2,818 as of December 31, 2018) mainly comprise provisions for litigation or contractual claims. The claims are subject to legal arbitration and are not expected to finalize during 2020.

4.9 EMPLOYEE DEFINED BENEFIT LIABILITIES

The Group has three types of employee benefit plans, namely pensions, post-employment benefits and other long-term employee benefit plans. A summary of the net employee benefit liabilities for the different benefits are shown in the table below.

(X US$ 1,000)	2019	2018
Pension Plans		
Employee pension plan Staatsolie	35,333	2,359
Employee pension plan SPCS	436	-
Executive pension plan	634	509
GOw2 retiree pension plan	63	79
Post-employment benefit plans		
Retiree Medical Plan Staatsolie	17,177	15,080
Retiree Medical plan GOw2	772	582
Retiree Medical Plan SPCS	363	303
Pension gratuity Staatsolie	3,496	2,988
Pension gratuity SPCS	29	20
Pension gratuity GOw2	58	-
Funeral grant plan Staatsolie	1,232	860
Funeral grant plan SPCS	16	9
Supplementary Provision Board members	758	819
Other long-term employee benefit plans		
Jubilee gratuity Staatsolie	9,928	8,919
Jubilee gratuity SPCS	168	146
Jubilee gratuity GOw2	75	101
Additional holiday allowance Staatsolie	3,095	2,796
Additional holiday allowance SPCS	76	53
Total	**73,709**	**35,623**

Pensions and other post-employment benefit plans

The Group has two defined benefit pension plans (funded), one for the employees and one for the directors. The employee pension plan is a final salary plan and requires contributions to be made to a separately administered fund. The directors pension plan is an insured plan. In addition, the Group provides certain post-employment benefits to employees (unfunded) such as healthcare, excedent gratuity, funeral grants, pension gratuity, jubilee and additional holiday allowances.

Pensions

Employee pension plan

The employee pension plan provides entitlements to retirement and disability pension for the benefit of the participant and widow's, widower's and orphans' pension for the benefit of the survivors. The pension entitlements are accrued time-proportionately.

The pension entitlements are determined according to a formula based on the pensionable salary and an employee accrual rate of 2% per annum. The last pensionable salary also applies to past service. Hence, increase of pensionable salary in future years will lead to an increase of accrued pension entitlements. According to the formal terms of the plan, for every year the pensionable salary is determined by the Board of the pension fund according to a formula.

The pension base percentage for financial year 2019 has been set at 100% of the base salary. The pension base percentage for financial year 2020 has not yet been determined by the Board of the pension fund. The annual actuarial valuation, taking into account the funding as at December 31, 2019 and the salary increase as at January 1, 2019, has led to the conclusion that a pension base percentage of 100% is possible for financial year 2019. Therefore, it is assumed that pensionable salary for 2019 will be set at 100% of the salary as at January 1, 2019.

The retirement pension commences upon reaching the retirement age of 60. However, a retirement age of 55 applies to employees in certain special categories. The retirement pension amounts to a maximum of 70% of the pension base on the retirement date. The pension accrual rate is 2%.

Annually, the pensions in payment and deferred pensions are adjusted on the basis of excess interest, which is the difference between the return on the pension assets and the actuarial interest of 4%, which is used to determine the present value of the pension obligations of the fund.

The Staatsolie and SPCS employee pension plans are administered by the "Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V." (Pension Fund for Employees of Staatsolie Maatschappij Suriname N.V.), for which Staatsolie and SPCS have entered into agreements with the fund.

The SPCS pension plan was established in January 2019. The SPCS employees joined the pension plan as at that date and pension benefits were awarded past service during their employment with SPCS.

The plans are financed by contributions and by the returns on the plan assets. The employer's and employee's contributions are limited to a maximum percentage of the participant's salary as set by the labor agreement.

Employee pension plan Staatsolie

2019 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2019	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(122,709)**	(5,341)	(5,850)	**(11,191)**	1,710
Fair value of plan assets	**120,350**	-	5,944	**5,944**	(1,710)
Benefit liability	**(2,359)**	**(5,341)**	**94**	**(5,247)**	**-**

2018 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2018	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(125,801)**	(5,935)	(5,255)	**(11,190)**	1,461
Fair value of plan assets	**112,314**	-	4,853	**4,853**	(1,461)
Benefit liability	**(13,487)**	**(5,935)**	**(402)**	**(6,337)**	**-**

Remeasurement gains/(losses) in other comprehensive income								
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution from provident fund	Contribution by employee	31.12.2019
-	-	(34,211)	1,368	**(32,843)**	-	-	-	**(165,033)**
(3,540)	-	-	-	**(3,540)**	5,677	1,088	1,891	**129,700**
(3,540)	**-**	**(34,211)**	**1,368**	**(36,383)**	**5,677**	**1,088**	**1,891**	**(35,333)**

Remeasurement gains/(losses) in other comprehensive income								
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution from provident fund	Contribution by employee	31.12.2018
-	-	13,645	(824)	**12,821**	-	-	-	**(122,709)**
(3,264)	-	-	-	**(3,264)**	5,139	1,056	1,713	**120,350**
(3,264)	**-**	**13,645**	**(824)**	**9,557**	**5,139**	**1,056**	**1,713**	**(2,359)**

Employee pension plan SPCS

2019 changes in the defined benefit obligation and fair value of the plan assets.

		Pension cost charged to profit or loss			
(X US$ 1,000)	**1.1.2019**	**Service cost**	**Net Interest expense**	**Sub-total included in profit or loss**	**Benefits paid**
Defined benefit obligation	**-**	(751)	(32)	**(783)**	-
Fair value of plan assets	**-**	-	32	**32**	-
Benefit liability	**-**	**(751)**	**-**	**(751)**	**-**

Remeasurement gains/(losses) in other comprehensive income								
Return on plan assets (excluding amounts included in net interest expense)	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub total included in OCI**	**Contribution by employer**	**Contribution from provident fund**	**Contribution by employee**	**31.12.2019**
-	-	(337)	(15)	**(352)**	-	-	-	**(1,135)**
(44)	-	-	-	**(44)**	675	-	36	**699**
(44)	**-**	**(337)**	**(15)**	**(396)**	**675**	**-**	**36**	**(436)**

The major categories of the Staatsolie and SPCS employee pension plan assets at fair value are, as follows:

(X US$ 1,000)	2019	2018
Investments quoted in active markets:		
Securities in foreign mutual funds	10,709	7,054
Unquoted investments:		
Equity instruments (international)	4,452	4,206
Available-for-sale instruments	1,876	1,876
Property	43,750	44,224
Loans receivables	53,714	27,212
Term deposits	4,500	4,500
Net other receivables	5,214	578
Cash and cash equivalents	6,184	30,700
Fair value of assets	**130,399**	**120,350**

Executive pension plan

The executive pension plan is a final pay scheme; the pension base is equal to the salary. The pension plan provides entitlements to retirement and disability pension for the benefit of the participant and their widow's, widower's and orphans' pension for the benefit of their spouse and children.

The retirement pension commences upon reaching the age of 60 and amounts to:

1. for Board members designated by Staatsolie: at retirement 70% of the last salary;

2. for other Board members: per year of service, up to a maximum of 28 years of service, 2.5% of the last salary.

The pension entitlements are accrued time-proportionately. The disability pension is equal to the potential retirement pension. The widow's/widower's pension is 70% of the (potential) retirement pension. Upon termination of employment of a participant who has participated in the scheme for less than 3 years, the contributions paid by the director shall be refunded. As soon as a participant who has participated in the plan for at least 3 years, the director shall be entitled to the pension entitlements accrued up to the date of termination of employment. It is noted that the 3-year period on the basis of the "Wet Pensioenfondsen en Voorzieningsfondsen" should be reduced to one year or less.

Pensions in payment and deferred pensions may be increased in the event of a "general increase in the cost of living". This possibility has not been applied yet. Pensions in payment and deferred pensions shall, in any case, be adjusted annually on the basis of profit sharing based on excess interest, arising from the agreement with the insurance company.

The pension entitlements arising from the plan are insured with Assuria Levensverzekeringen N.V. (Assuria), for which Staatsolie has entered into an agreement with, which provides for profit sharing based on excess interest on assets of Assuria.

The participants and Staatsolie contribute to the financing of this plan. The participants contribute a set percentage of their salary. Other costs of the plan are fully borne by Staatsolie.

The plan asset value for this insured executive pension plan consist of the insurance policy covering participants. As the insurance policy exactly matches the amount and timing of the accrued pension entitlements of the participants, the fair value of the insurance policy has been set at the present value of the related obligations excluding any effects of future salary increases.

(X US$ 1,000)	2019	2018
Fair value of assets	**4,500**	**4,339**

Executive pension plan

2019 changes in the defined benefit obligation and fair value of the plan assets.

		Pension cost charged to profit or loss			
(X US$ 1,000)	**1.1.2019**	**Service cost**	**Net Interest expense**	**Sub-total included in profit or loss**	**Benefits paid**
Defined benefit obligation	**(4,848)**	(275)	(223)	**(498)**	-
Fair value of plan assets	**4,339**	-	222	**222**	-
Benefit liability	**(509)**	**(275)**	**(1)**	**(276)**	**-**

2018 changes in the defined benefit obligation and fair value of the plan assets.

		Pension cost charged to profit or loss			
(X US$ 1,000)	**1.1.2018**	**Service cost**	**Net Interest expense**	**Sub-total included in profit or loss**	**Benefits paid**
Defined benefit obligation	**(4,593)**	(284)	(207)	**(491)**	-
Fair value of plan assets	**3,947**	-	183	**183**	-
Benefit liability	**(646)**	**(284)**	**(24)**	**(308)**	**-**

GOw2 retiree pension plan

GOw2 has a long-term pension obligation regarding eight former Chevron retirees and widowers. The payment to those retirees are made by GOw2 out of funds deposited by Chevron at the time of the acquisition in 2011. The remaining balance as at December 31, 2019 is US$ 63, while the remaining balance as at December 31, 2018 was US$ 79.

Post-employment benefits

Retiree medical plan

Retired employees of Staatsolie, GOw2 and SPCS whose employment was terminated due to reaching the retirement age after a specified number of years of service, as well as those who are part of their family, shall be entitled to medical care at the expense of the Group. Entitlements shall also be granted to retired employees of Staatsolie whose employment was terminated due to disability with the entitlement to a disability pension, as well as those who are part of their family at that time. There is no requirement for a minimum service.

Remeasurement gains/(losses) in other comprehensive income							
Return on plan assets (excluding amounts included in net interest expense)	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub total included in OCI**	**Contribution by employer**	**Contribution by employee**	**31.12.2019**
-	-	(824)	1,036	**212**	-	-	**(5,134)**
(1,014)	-	-	-	**(1,014)**	920	33	**4,500**
(1,014)	**-**	**(824)**	**1,036**	**(802)**	**920**	**33**	**(634)**

Remeasurement gains/(losses) in other comprehensive income							
Return on plan assets (excluding amounts included in net interest expense)	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub total included in OCI**	**Contribution by employer**	**Contribution by employee**	**31.12.2018**
-	-	65	171	**236**	-	-	**(4,848)**
(53)	-	-	-	**(53)**	230	32	**4,339**
(53)	**-**	**65**	**171**	**183**	**230**	**32**	**(509)**

Pension gratuity plan

Staatsolie, SPCS and GOw2 employees are eligible for a gratuity upon retirement. The amount of the gratuity depends on the years of service. Permanent employees whose service until the retirement date is at least 10 years, shall be eligible for the gratuity.

Funeral grants plan

In the event of death of a retired employee of Staatsolie and SPCS, whose employment was terminated due to reaching the retirement age after a specified number of service years and in the event of death of their spouse, a funeral grant shall be paid by Staatsolie. Retired employees whose employment was terminated due to disability with the entitlement to a disability pension, as well as those who are part of their family at that time are also eligible to the funeral grant plan and there is no requirement for a minimum service.

Excedent gratuity plan
(Supplementary provision for board members)

Board members shall be eligible for an excedent gratuity upon retirement or earlier honorable termination of employment with Staatsolie. The amount of the excedent gratuity shall depend on the number of years of service, including years of service at Staatsolie before the date of appointment as board member, if applicable.

Retiree medical plan Staatsolie

2019 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2019	Pension cost charged to profit or loss: Service cost	Pension cost charged to profit or loss: Net Interest expense	Pension cost charged to profit or loss: Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(22,288)**	(1,283)	(1,663)	**(2,946)**	161
Fair value of plan assets	**7,208**	-	545	**545**	(161)
Benefit liability	**(15,080)**	**(1,283)**	**(1,118)**	**(2,401)**	**-**

2018 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2018	Pension cost charged to profit or loss: Service cost	Pension cost charged to profit or loss: Net Interest expense	Pension cost charged to profit or loss: Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(20,206)**	(1,189)	(2,526)	**(3,715)**	161
Fair value of plan assets	**6,700**	-	844	**844**	(136)
Benefit liability	**(13,506)**	**(1,189)**	**(1,682)**	**(2,871)**	**25**

The plan asset value of the Staatsolie retiree medical plan is provided by the insurance company where the plan assets are incorporated in an annuity insurance policy. The fair value of plan assets is the sum of the surrender value and the estimated excess interest, as shown below:

(X US$ 1,000)	2019	2018
Surrender value	7,368	7,158
Excess interest	52	50
Fair value of assets	**7,420**	**7,208**

Remeasurement gains/(losses) in other comprehensive income						
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Change in exchange rate	Sub total included in OCI	Contribution by employer	31.12.2019
-	568	(231)	139	**476**	-	**(24,597)**
(412)	-	-	-	**(412)**	240	**7,420**
(412)	**568**	**(231)**	**139**	**64**	**240**	**(17,177)**

Remeasurement gains/(losses) in other comprehensive income						
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Change in exchange rate	Sub total included in OCI	Contribution by employer	31.12.2018
-	600	976	(104)	**1,472**	-	**(22,288)**
(443)	-	-	-	**(443)**	243	**7,208**
(443)	**600**	**976**	**(104)**	**1,029**	**243**	**(15,080)**

Retiree medical plan others

	2019		
(x US$1)	GOw2	SPCS	Total
Defined benefit obligation as at January 1	(582,489)	(303,064)	(885,553)
Interest cost	(44,017)	(22,730)	(66,747)
Current service cost	(55,812)	(49,404)	(105,216)
Net benefit expense (recognized in P&L)	(99,829)	(72,134)	(171,963)
Benefits paid	11,780	-	11,780
Currency translation	(9,765)	-	(9,765)
Experience different than assumed	(77,234)	4,774	(72,460)
Changes in assumptions	(14,116)	7,249	(6,867)
Sub total included in OCI	(101,115)	12,023	(89,092)
Defined benefit obligation as at December 31	**(771,653)**	**(363,175)**	**(1,134,828)**

Funeral grant benefits

	2019		
(x US$1)	Staatsolie	SPCS	Total
Defined benefit obligation as at January 1	(859,522)	(8,557)	(868,079)
Interest cost	(41,957)	(419)	(42,376)
Current service cost	(37,079)	(1,388)	(38,467)
Net benefit expense (recognized in P&L)	(79,036)	(1,807)	(80,843)
Benefits paid	7,502	-	7,502
Experience different than assumed	(8,658)	223	(8,435)
Changes in assumptions	(292,686)	(5,894)	(298,580)
Sub total included in OCI	(301,344)	(5,671)	(307,015)
Defined benefit obligation as at December 31	**(1,232,400)**	**(16,035)**	**(1,248,435)**

2018		
GOw2	SPCS	Total
(491,689)	(239,962)	(731,651)
(60,325)	(30,125)	(90,450)
(53,606)	(46,611)	(100,217)
(113,931)	(76,736)	(190,667)
6,610	-	6,610
6,017	(1,038)	4,979
82,824	5,925	88,749
(72,320)	8,748	(63,572)
16,521	13,634	30,155
(582,489)	**(303,064)**	**(885,553)**

2018		
Staatsolie	SPCS	Total
(893,525)	(8,128)	(901,653)
(40,076)	(366)	(40,442)
(41,832)	(1,473)	(43,305)
(81,908)	(1,839)	(83,747)
6,006	-	6,006
(8,340)	(274)	(8,614)
118,245	1,684	119,929
109,905	1,410	111,315
(859,522)	**(8,557)**	**(868,079)**

Pension gratuity benefits

	2019			
(x US$1)	**Staatsolie**	**SPCS**	**GOw2**	**Total**
Defined benefit obligation as at January 1	(2,987,963)	(19,694)	-	(3,007,657)
Interest cost	(111,280)	(847)	-	(112,127)
Past service cost	-	-	(55,899)	(55,899)
Current service cost	(172,417)	(3,006)	-	(175,423)
Net benefit expense (recognized in P&L)	(283,697)	(3,853)	(55,899)	(343,449)
Benefits paid	149,218	-	-	149,218
Experience different than assumed	(7,007)	920	-	(6,087)
Changes in assumptions	(366,737)	(6,098)	(1,789)	(374,624)
Sub total included in OCI	(373,744)	(5,178)	(1,789)	(380,711)
Defined benefit obligation as at December 31	**(3,496,186)**	**(28,725)**	**(57,688)**	**(3,582,599)**

Supplementary provision board members

(x US$1)	**2019**	**2018**
Defined benefit obligation as at January 1	(818,618)	(733,249)
Interest cost	(27,833)	(32,996)
Current service cost	(43,647)	(42,715)
Net benefit expense (recognized in P&L)	(71,480)	(75,711)
Benefits paid	270,795	-
Experience different than assumed	(99,256)	25,479
Changes in assumptions	(39,754)	(35,137)
Sub total included in OCI	(139,010)	(9,658)
Defined benefit obligation as at December 31	**(758,313)**	**(818,618)**

2018			
Staatsolie	SPCS	GOw2	Total
(2,964,598)	(17,941)	-	(2,982,539)
(130,171)	(807)	-	(130,978)
-	-	-	-
(167,992)	(2,652)	-	(170,644)
(298,163)	(3,459)	-	(301,622)
132,224	-	-	132,224
241,263	182	-	241,445
(98,689)	1,524	-	(97,165)
142,574	1,706	-	144,280
(2,987,963)	**(19,694)**	**-**	**(3,007,657)**

Other long-term employee benefits

Jubilee gratuity plan

Staatsolie, SPCS and GOw2 employees are eligible to receive a jubilee gratuity based on a specified number of service years. The amount of the gratuity depends on the jubilee and varies with the numbers of service years as stated in the labor agreement.

Jubilee benefits	**2019**			
(x US$1)	**Staatsolie**	**SPCS**	**GOw2**	**Total**
Defined benefit obligation as at January 1	(8,918,765)	(145,531)	(101,786)	(9,166,082)
Adjustment of Defined benefit obligation	-	-	-	-
Interest cost	(322,373)	(5,743)	(6,067)	(334,183)
Current service cost	(728,660)	(15,625)	(8,969)	(753,254)
Net benefit expense (recognized in P&L)	(1,051,033)	(21,368)	(15,036)	(1,087,437)
Benefits paid	866,758	24,316	45,856	936,930
Currency translation	-	-	(18,243)	(18,243)
Experience different than assumed	(68,134)	(5,356)	16,026	(57,464)
Changes in assumptions	(756,830)	(20,202)	(1,003)	(778,035)
Sub total included in the P&L	(824,964)	(25,558)	(3,220)	(853,742)
Defined benefit obligation as at December 31	**(9,928,004)**	**(168,141)**	**(74,186)**	**(10,170,331)**

Additional holiday allowances

Staatsolie and SPCS employees are eligible for an additional holiday allowance for a set number of months of salary based on their years of service as stated in the labor agreement.

	2019		
(x US$1)	**Staatsolie**	**SPCS**	**Total**
Defined benefit obligation as at January 1	(2,796,044)	(53,159)	(2,849,203)
Interest cost	(62,454)	(1,701)	(64,155)
Current service cost	(1,242,842)	(25,832)	(1,268,674)
Net benefit expense (recognized in P&L)	(1,305,296)	(27,533)	(1,332,829)
Benefits paid	1,637,572	-	1,637,572
Experience different than assumed	(590,017)	4,239	(585,778)
Changes in assumptions	(40,820)	293	(40,527)
Sub total included in the P&L	(630,837)	4,532	(626,305)
Defined benefit obligation as at December 31	**(3,094,605)**	**(76,160)**	**(3,170,765)**

2018			
Staatsolie	SPCS	GOw2	Total
(6,601,978)	(103,300)	(93,227)	(6,798,505)
(3,035,763)	(54,952)	-	(3,090,715)
(284,190)	(6,294)	(11,511)	(301,995)
(770,739)	(19,202)	(8,821)	(798,762)
(4,090,692)	(80,448)	(20,332)	(4,191,472)
911,474	35,693	-	947,167
-	-	1,141	1,141
405,625	5,515	(4,410)	406,730
456,806	(2,991)	15,042	468,857
862,431	2,524	11,773	876,728
(8,918,765)	**(145,531)**	**(101,786)**	**(9,166,082)**

2018		
Staatsolie	SPCS	Total
(2,838,695)	(30,102)	(2,868,797)
(94,974)	(1,294)	(96,268)
(1,270,568)	(20,953)	(1,291,521)
(1,365,542)	(22,247)	(1,387,789)
1,622,285	2,574	1,624,859
(168,907)	(1,916)	(170,823)
(45,185)	(1,468)	(46,653)
(214,092)	(3,384)	(217,476)
(2,796,044)	**(53,159)**	**(2,849,203)**

The significant assumptions used in determining pension, post-employment healthcare and other long-term employee benefit obligations for the Group's plans are shown below:

	2019	2018
Discount rate:		
Staatsolie employee pension plan	3.5%	4.8%
Staatsolie retiree medical plan	7.5%	7.5%
Staatsolie funeral grant plan for retirees	3.7%	4.9%
Staatsolie pension gratuity	2.8%	4.1%
Staatsolie jubilee benefits	2.7%	3.8%
Staatsolie periodic additional holiday allowance	2.0%	3.1%
Executive pension plan	3.4%	4.6%
Supplementary Provision Board members	2.3%	3.4%
GOw2 retiree medical plan	6.5%	Between 7.5% and 8.5%
GOw2 jubilee benefits	6.8%	Between 7.5% and 8.5%
GOw2 Pension gratuity	6.7%	n.a
SPCS employee pension plan	3.7%	n.a
SPCS retiree medical plan	7.5%	7.5%
SPCS funeral grant plan for retirees	3.6%	4.9%
SPCS pension gratuity	3.6%	4.9%
SPCS jubilee benefits	3.2%	4.3%
SPCS periodic additional holiday allowance	2.0%	3.2%
Future consumer price index increases:		
Staatsolie and SPCS employee pension plans & Executive pension plan	3.0%	3.0%
Staatsolie jubilee benefits	3.0%	3.0%
Staatsolie & SPCS retiree medical plan	6.0%	6.0%
Staatsolie & SPCS funeral grant plan for retirees	3.0%	3.0%
Staatsolie & SPCS pension gratuity	3.0%	3.0%
Staatsolie & SPCS periodic additional holiday allowance	3.0%	3.0%
Supplementary Provision Board members	3.0%	3.0%
GOw2 retiree medical plan	Between 6.0% and 10.0%	Between 6.0% and 7.0%
GOw2 jubilee benefits	Between 6.0% and 10.0%	Between 6.0% and 7.0%
GOw2 pension gratuity	6.0%	n.a
Future salary increases:		
Staatsolie/SPCS employee pension plan & Executive pension plan	3.0% + age related merit - for both years	
Staatsolie & SPCS jubilee benefits	3.0% + age related merit - for both years	
Staatsolie & SPCS pension gratuity	3.0% + age related merit - for both years	
Staatsolie & SPCS periodic additional holiday allowance	3.0% + age related merit - for both years	
Supplementary Provision Board members	3.0% + age related merit - for both years	
GOw2 jubilee benefits	Between 6.0% and 10.0% + merit	Between 6.0% and 13.0% + merit
Healthcare cost increase rate:		
Staatsolie & SPCS retiree medical plan	8.0%	8.0%
GOw2 retiree medical plan	Between 7.0% and 12.0%	Between 8.0% and 9.0%

	Years	Years
Life expectation for retirees at the age of 60:		
Staatsolie/SPCS employee pension plan & Executive pension plan		
Male	18.4	18.4
Female	21.0	21.0
Post-employment healthcare & other long-term benefit plans		
Male	18.4	18.4
Female	21.0	21.0

The average duration of the various employee benefit obligations at the end of the reporting periods is presented below:

	2019	2018
Weighted average life of the plans:		
Staatsolie employee pension plan	18	18
Staatsolie retiree medical plan	22	22
Staatsolie funeral grant plan for retirees	27	26
Staatsolie pension gratuity	10	10
Staatsolie jubilee benefits	8	8
Staatsolie periodic additional holiday allowance	2	2
Executive pension plan	16	14
Supplementary Provision Board members	5	5
GOw2 retiree medical plan	19	20
GOw2 jubilee benefits	8	6
GOw2 pension gratuity	8	-
SPCS employee pension plan	30	-
SPCS retiree medical plan	33	34
SPCS funeral grant plan for retirees	40	41
SPCS pension gratuity	20	20
SPCS jubilee benefits	13	11
SPCS periodic additional holiday allowance	2	3

A quantitative sensitivity analysis for significant assumptions on the pension, post-employment healthcare and other long-term employee benefits as at December 31, 2019 and 2018 is shown below. The sensitivity analyses are presented in US$.

Staatsolie employee pension plan

The effect of a 1 percentage point change in the assumed discount rate, the assumed salary increases and the pension adjustment on the defined benefit obligation are:

Assumptions	Pension adjustment		Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	21,655,471	(18,169,612)	(26,561,340)	34,397,026	10,560,961	(9,258,476)
2018	14,912,529	(12,620,863)	(18,377,819)	23,378,475	7,307,713	(6,474,642)

SPCS employee pension plan

The effect of a 1 percentage point change in the assumed discount rate, the assumed salary increases and the pension adjustment on the defined benefit obligation are:

Assumptions	Pension adjustment		Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	157,951	(130,953)	(283,207)	397,776	205,693	(171,459)
2018	-	-	-	-	-	-

Executive pension plan

The effect of a 1 percentage point change in the assumed discount rate and the assumed salary increases on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(699,814)	862,696	206,719	(194,793)
2018	(585,443)	710,115	147,538	(139,215)

Staatsolie medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(4,213,226)	5,521,665	5,280,625	(4,125,144)
2018	(3,847,993)	5,038,190	4,827,174	(3,773,482)

GOw2 medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(114,303)	146,245	139,297	(111,396)
2018	(92,260)	119,039	113,754	(90,198)

SPCS medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(93,116)	131,708	127,008	(92,078)
2018	(78,551)	111,405	107,585	(77,756)

Staatsolie funeral grant plan

The effect of a 1 percentage point change in the assumed discount rate and assumed funeral grant increase on the defined benefit obligation are:

Assumptions	Discount rate		Funeral grant increase	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(274,788)	381,778	364,973	(269,320)
2018	(181,305)	247,901	239,742	(179,095)

SPCS funeral grant plan

The effect of a 1 percentage point change in the assumed discount rate and assumed funeral grant increase on the defined benefit obligation are:

Assumptions	Discount rate		Funeral grant increase	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(5,043)	7,737	7,472	(5,000)
2018	(2,610)	3,953	3,873	(2,612)

Staatsolie pension gratuity plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(288,462)	338,257	313,757	(273,642)
2018	(236,435)	274,122	257,333	(226,583)

SPCS pension gratuity plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(4,834)	5,975	5,736	(4,754)
2018	(3,295)	4,069	3,960	(3,277)

GOw2 pension gratuity plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(3,233)	3,622	3,341	(3,016)
2018	-	-	-	-

Staatsolie jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(692,592)	796,630	726,480	(645,843)
2018	(584,329)	666,130	612,176	(548,278)

SPCS jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(18,504)	21,667	20,326	(17,785)
2018	(14,067)	16,469	15,545	(13,569)

GOw2 jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(4,962)	5,565	5,155	(4,693)
2018	(4,923)	5,567	5,978	(5,388)

Staatsolie periodic additional holiday allowance plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(37,161)	38,244	22,132	(21,944)
2018	(32,447)	33,338	19,211	(19,082)

SPCS periodic additional holiday allowance plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(939)	963	564	(562)
2018	(1,136)	1,173	889	(882)

Supplementary provision board members plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2019	(36,286)	39,407	34,848	(32,816)
2018	(32,062)	34,608	30,245	(28,603)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected contributions to the defined benefit plan (Staatsolie employee pension plan) in future years:

(X US$ 1,000)	2019	2018
Within the next 12 months (next annual reporting period)	6,039	6,241
Between 2 and 5 years	20,414	29,004
Between 5 and 10 years	39,430	43,232
Beyond 10 years	76,561	83,943
Total expected payments	**142,444**	**162,420**

The following payments are expected contributions to the defined benefit plan (SPCS employee pension plan) in future years:

(X US$ 1,000)	2019	2018
Within the next 12 months (next annual reporting period)	235	-
Between 2 and 5 years	749	-
Between 5 and 10 years	1,406	-
Beyond 10 years	8,803	-
Total expected payments	**11,193**	**-**

The following payments are expected contributions to the defined benefit plan (executive pension plan) in future years:

(X US$ 1,000)	2019	2018
Within the next 12 months (next annual reporting period)	413	237
Between 2 and 5 years	1,313	1,023
Between 5 and 10 years	1,942	1,461
Beyond 10 years	2,774	1,334
Total expected payments	**6,442**	**4,055**

4.10 IMPAIRMENT TESTING OF OTHER NON-CURRENT ASSETS

Management considered the development in crude oil prices, oil construction and development activities around the world in 2015 through 2019. As of December 31, 2019, there appears to be more steadiness regarding above factors. Management concluded that there were no indicators for an impairment of its two CGUs (three oil fields and the refinery).

4.11 CAPITAL COMMITMENTS AND OTHER CONTINGENCIES

Other contractual obligations / commitments

(X US$ 1,000)	2019	2018
Within one year	50,295	15,192
After one year but not more than five years	12,224	14,471
More than five years	201	-
	62,720	**29,663**

Sales contractual obligations

The Group has the following obligations as at December 31:

(X US$ 1,000)	2019	2018
Within one year	6,331	85,376
After one year but not more than five years	29,939	40,192
	36,270	**125,568**

Legal claim contingency

The Group currently has legal claims amounting to US$ 4,000 (2018: US$ 4,000) (exclusive of interest and judicially imposed penalties) relating restoration and repair of the water management system in Saramacca. Based on legal advice obtained, management is of the view that the Group is in a strong and defendable position and that no further provision is required.

Lastly, Ventrin has contingent liabilities in respect of customs bonds of US$ 147 (2018: US$ 147). These are of a continuing nature, subject to cancellation of the Comptroller of Customs and Excise.

Staatsolie, the parent company has a Letter of Guarantee with RBC Royal Bank with regards to one of the Company’s customs bond (C67) for US$ 3.6 million. This is a requirement of the Customs and Excise office. These are of a continuing nature, subject to cancellation of the Comptroller of Customs and Excise.

SECTION 5. CAPITAL AND DEBT STRUCTURE

5.1 ISSUED CAPITAL AND RESERVES

The authorized share capital of Staatsolie as the parent of the Group amounts to US$ 12,104 as at December 31, 2019 and is divided into 5 million shares. The earnings per share were US$ 24.01 (2018: US$ 20.06). During the year, the authorized share capital remained unchanged.

Issued capital is as follows:

(X US$ 1,000)	2019	2018
Ordinary share capital		
5,000,000 ordinary shares	12,104	12,104

Reserve for environment risk

The environmental risk reserve is a reserve taken against environmental risk claims based on damages which may result from an environmental disaster in the execution of ocean freight cargo deliveries. In addition, damages to the environment due to onshore well operations are also appropriated for in this reserve. Based on historical information and experience, the Group believes that an annual addition of US$ 500 is sufficient, which is decided by the board of directors.

Reserve for committee of sports facilities

As decided by the shareholder, a portion of the profit attributable to the shareholder is retained in a Sport Fund to support corporate social responsibility in the area of sports. On behalf of the sole shareholder, the GoS, a committee "Sport Development Fund" was established on April 2013 to conform to governance principles. The committee, comprised of representatives from the GoS and Staatsolie, provides guidelines for submission of proposals, approves and monitors the allocation of funds. Every year, the shareholder decides how much to withdraw from this reserve.

5.2 CAPITAL MANAGEMENT

For the purpose of the Staatsolie' s capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The main objective of the capital management of Staatsolie is to ensure a financial structure that optimizes the cost of capital, maximizes the performance of its shareholder and allows access to financial markets at a competitive cost to cover its financing needs that supports sustainable growth and ensuring healthy capital ratios to be in compliance with the financial covenants to support the business.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the lenders to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The main financial covenants monitored by the Group are:

- The interest coverage ratio which is calculated by dividing the consolidated EBITDA by the financial expenses and income. For 2019 this ratio was 6.06 (2018: 4.12); the minimum permitted is 3.50.
- The PV 10 ratio and the Petroleum PV 10 ratio were introduced with the refinancing in May 2018. "PV10" means the Net Present Value of the future net revenues and the calculated ratio for 2019 was 1.76 (2018: 1.63); the minimum permitted is 1.30.

"Petroleum PV10" means the Net Present Value of the future net revenues with respect to the hydrocarbon IP reserves only, as evidenced in the most recent petroleum reserve report. The calculated ratio for 2019 was 1.37 (2018:1.32); the minimum permitted is 1.00.

5.3 FINANCIAL INSTRUMENTS

Interest-bearing loans and borrowings

Bond

(X US$ 1,000)	Maturity	2019	2018
Local Bond	May-20	99,086	98,862
Current portion of the Bond		99,086	-
Non-current portion of the Bond		-	98,862

Term loans

(X US$ 1,000)	Maturity	2019	2018
Corporate term loan	May-25	590,904	614,214
Current portion of the loan		98,311	25,000
Non-current portion of the loan		492,593	589,214

Local bond

On May 14, 2015, Staatsolie issued a second five year 7.75% unsecured coupon bond and raised US$ 99,142. The applicable annual interest rate is 7.75%. A coupon was sold for US$ 100 each. The maturity date of this bond is May 14, 2020. Interest will be paid semi annually on May 14 and November 14 each year.

As at December 31, 2019, unamortized debt arrangement fees amounted to US$ 56 (2018: US$ 280). The amortization of debt arrangement fees for 2019 amounted US$ 224 (2018: US$ 193) and is presented under finance cost in the consolidated statement of profit or loss.

Term loans

Corporate term loan

The total loan amount consisted of US$ 625,000 term loan, an uncommitted revolving loan of US$ 35,000 and the option for an accordion of US$ 50,000 given certain conditions. Repayment of the term loan was planned for 23 quarterly installments, to commence in the fourth quarter of 2019. With the completion of the refinancing in May 2018, Staatsolie settled its liability with the Government of Suriname of US$ 63,000, effectively extinguishing the Government of Suriname's beneficial ownership of 4.8% share of the Suriname Gold Project C.V. Staatsolie also paid off its loan outstanding with the GoS and repaid the loan of SPCS.

A new amortization schedule is agreed, and the last repayment is due in May 2025. The outstanding amount as of December 31, 2019 amounted to US$ 600,000 (2018: US$ 625,000). The applicable annual interest rate is based on a floating 3-month LIBOR rate plus a fixed margin.

With regard to the term loan, the financial institutions required security for Staatsolie's payment obligations. The security mainly consists of the offshore receivables. Staatsolie also has to comply with several affirmative and negative covenants. As at December 31, 2019 Staatsolie is in compliance with the covenants.

As at December 31, 2019, unamortized debt arrangement fees amounted to US$ 9,096 (2018: US$ 10,786). The amortization of debt arrangement fees for 2019 amounted US$ 1,689 (2018: US$ 2,229) and is presented under finance cost in the consolidated statement of profit or loss.

Loan SPCS

In September 2013, SPCS entered into a seven-year loan with Credit Suisse for the expansion of the power plant. On November 17, 2014, SPCS restated and amended its credit agreement from US$ 74,000 to US$ 120,000 with an applicable interest rate of fixed margin plus 3 months LIBOR.

The collaterals for this loan included 100% of SPCS's fixed assets, all rights and benefits gained in the Power Purchase Agreement (PPA) as well as establishment of various offshore collateral accounts.

On May 25, 2018, Staatsolie paid off this debt in full and the unamortized debt arrangement fees of US$ 1,776 was expensed to the consolidated profit or loss under Finance costs.

Other Long Term Liabilities

(X US$ 1,000)	2019	2018
Financial liability - Loan from Pension Fund	26,508	-
Other Long term liability - provision for wage tax	1,460	1,348
	27,968	**1,348**

Loan from Pension Fund

In November 2019, Staatsolie entered in a private agreement with the Staatsolie Pension fund (Stichting Pensionfonds voor werknemers van Staatsolie Maatschappij Suriname N.V.) for the sale of a plot of land known as "Bruynzeel terrein", including the option to buy back within 5 years from the date of sale at an agreed amount of US$ 26,508. On an annual basis Staatsolie will pay the pension fund a fixed fee as a guarantee for the right to the repurchase the land. The fee will be paid bi-annually.

If Staatsolie does not exercise the right to repurchase, the legal transfer to the Pension fund will become effective, and

a) If the pension fund sells the plot of land to a third party for an amount less than the price it was bought by Staatsolie, Staatsolie will have to pay the Pension fund for the difference, and

b) If the pension fund sells the plot of land to a third party for an amount greater than the price it was bought by Staatsolie, Staatsolie will receive the difference from the Pension fund.

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 GoS, SPCS constructed a transmission line to the grid of N.V. EBS. The aggregated cost of US$ 27,293 was divested in favor of GoS in 2016, and accordingly derecognized in the books of SPCS. As at December 2018, US$ 16,196 of the principal balance was repaid by GoS. The remaining balance is to be considered as long-term loan with interest rate of 5.76% p.a., payable in quarterly installment with maturity date of November 2021. As at December 31, 2019, the short-term portion of this loan amounts to US$ 3,759 (2018: US$ 3,759) and the long-term portion amounts to US$ 3,669 (2018: US$ 7,338). The loan receivable is disclosed in section 7, related party disclosures.

Fair value

The initial recognition of the loans and bonds is at fair value while the subsequent measurement is at amortized cost, assuming the contractual interest rate equals the effective interest rate. The local financial market consists of traditional bank loans for business and is not capable to provide for the capital needed for Staatsolie's growth strategy. Staatsolie's finance structure comprises financing by the GoS and bespoke credit agreements by a consortium of international banks, which is considered the principal or most advantageous market.

Staatsolie uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the uses of relevant inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, Staatsolie determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial risk management objectives and policies

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables and accrued liabilities.

Market risks due to interest rate (LIBOR) risk have been accepted and is evaluated and managed as part of the portfolio risk management policies. In addition, Staatsolie monitors a desired ratio for its available cash in US$ to fulfill its foreign currency business obligations. Furthermore, Staatsolie accepts the risks of price fluctuations of oil products, while takes into account a conservative low price for its work program and budget.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group’s profit before tax is affected through the impact on floating rate borrowings, as follows:

(x US$ 1)	Increase / decrease in basis points	Effect on profit before tax Corporate term loan
2019		
US dollar	+60	(3,600)
	-60	3,600
2018		
US dollar	+60	(3,750)
	-60	3,750

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities of subsidiary GOw2 (as revenues and expenses are denominated in a foreign currency) and the foreign currency swap agreement (refer to Section 6.4).

The Group manages trade transactions by offsetting local payments and local receivables in SRD creating a natural hedge for the SRD transactions.

The following table demonstrates the sensitivity to a reasonably possible change in US$ and SRD exchange rates with other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of the non – designated foreign currency derivatives.

Foreign currency risk sensitivity analysis

(x US$ 1,000)	Change in US$ rate	Effect on profit before tax
2019	5%	458
	-5%	(458)
2018	5%	-
	-5%	-

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil products it produces. The Group's policy is to manage these risks through the use of contract-based prices with customers. As mentioned in the market risk section above, Staatsolie takes a conservative low-price approach for its work program and budget.

The analysis is based on the assumption that changes in the crude oil price result in a change of 10% in the sale prices of the oil products, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the last two years' historical prices and economic forecasters' expectations.

(x US$ 1,000)		
Increase / decrease in crude oil prices	**Effect on profit before tax for the year ended 31 December 2019 (increase/decrease)**	**Effect on profit before tax for the year ended 31 December 2018 (increase/decrease)**
+10%	44,116	45,962
-10%	(44,116)	(45,962)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity risk based on reporting covenants, encompassing sensitivity analysis for production and conservative price assumptions, and restrained capital expenditures. Furthermore, optional debt is available within the credit agreement in accordance with the debt basket. Cash in excess is being managed by the corporate treasury department through "intercompany cash pooling" agreements between Staatsolie and its subsidiaries.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31:

(X US$ 1,000)	1 year	2 to 4 years	> 4 years	Total
2019				
Bond and term loans	241,906	374,625	211,998	828,529
Loan from Pension Fund (Stichting Pensioenfonds voor werknemers van Staatsolie Maatschappij Suriname N.V.)	1,325	3,976	29,158	34,459
Trade payable	141,697	-	-	141,697
Accruals and other liabilities	43,025	-	-	43,025
Lease liabilities	2,036	2,830	-	4,866
2018				
Bond and term loans	82,623	512,111	335,393	930,127
Trade payable	106,957	-	-	106,957
Accruals and other liabilities	37,170	-	-	37,170

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to a financial loss.

The Group trades with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. In addition, receivable balances are monitored on an on-going basis and GoS receivables are settled with GoS payables. Section 6.2 shows an analysis of the trade receivable ageing.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, short-term investments and short-term deposits including restricted cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Cash, short-term investments and short-term deposits, investments and restricted cash are placed with reputable Financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the financial assets disclosed in section 6.2 as shown below:

(X US$ 1,000)	2019	2018
Trade receivables	104,815	122,824
Prepayments and other current assets	20,022	17,763
Loan receivables	7,428	11,097
Short-term investments	3,602	3,640
Cash and short-term deposits	24,515	42,980
Restricted cash	16,285	8,738
	176,667	**207,042**

Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(X US$ 1,000)	Carrying amount		Fair value	
	2019	2018	2019	2018
Financial Liabilities				
Local Bond	99,086	98,862	100,629	100,629
Corporate term loan	590,904	614,214	590,904	614,214
Loan from Pension Fund	26,508	-	26,508	-
Total	**716,498**	**713,076**	**718,041**	**714,843**

The fair values of the financial liabilities are included at the amount of which the instrument could be exchanged at the reporting date between willing parties, other than in a forced or liquidation sale. The fair values of the financial liabilities are determined based on price quotations at the respective reporting dates. The financial assets of the Group approximate fair value and are therefore excluded from the table above.

- Local Bond: The fair value at each reporting date was obtained from the officially published numbers from the Suriname stock exchange; the official exchange in the country. There is a meeting every two weeks where the market price is determined.
- Corporate term loan: The fair value of the Corporate term loan equals the carrying value.
- Loan from Pension Fund: The fair value of the Pension fund loan equals the carrying value.

Financial assets

Financial assets at fair value through OCI

The Group has short-term investments in locally listed equity securities of local companies. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

(X US$ 1,000)	2019	2018
Financial assets at fair value through OCI		
Quoted equity shares	3,602	3,640
Total	**3,602**	**3,640**

SECTION 6. WORKING CAPITAL

This section provides additional information that the directors consider is most relevant in understanding the composition and management of the Group's working capital:

- Cash and short-term deposits (Section 6.1)
- Trade and other receivables (Section 6.2)
- Inventories (Section 6.3)
- Trade payables, accruals and other liabilities (Section 6.4)

6.1 CASH AND SHORT-TERM DEPOSITS

(X US$ 1,000)	2019	2018
Cash at banks and on hand	20,766	39,263
Short-term deposits	3,749	3,717
	24,515	**42,980**

Cash at banks earns interest at floating rates based on daily interest rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

(X US$ 1,000)	2019	2018
Cash at banks and on hand	20,766	39,263
Short-term deposits	3,749	3,717
Cash and short-term deposits	24,515	42,980
Bank overdrafts	(3,420)	(3,620)
Cash and cash equivalents	**21,095**	**39,360**

Bank overdrafts represents a working capital financing line of credit facility of Ventrin from First Caribbean International Bank with a limit of US$ 5,000 which is subject to annual review. The limit was reduced to US$ 3,720 from July 9, 2015. The Company draws down loans against the facility with a 90-day tenure. Interest is charged on the outstanding balance at current effective rate of 7.69% per annum. The Ventrin began making monthly payments of US$ 20 against the principal amount from July 2018.

The above bank facility is secured by:

1) The transfer and assignment of an existing Registered 1st Legal Demand Debenture (previously in favour of RBTT Bank Limited), stamped to cover an additional amount of TT$ 2,700 (US$ 399), over the following:

   a) Deed of Transfer/Assignment dated 23-Oct-2002, registered as #DE200202665770D001 between Scotiabank Trinidad and Tobago Limited and RBTT Bank Limited, over the First Legal Demand Debenture #DE200102146410D001.

b) First Legal Demand Debenture in the amount of TT$ 30,939 (US$ 4,575) dated 22-Aug-2001, registered #DE200102146410D001, over the fixed and floating assets of Ventrin Petroleum Company Limited in favour of Scotiabank Trinidad and Tobago Limited, presently stamped to cover TT$ 30,939 (US$ 4,575).

2) Corporate Parent Guarantee of Staatsolie Maatschappij Suriname N.V. supported by a US$ 7,500 Stand-By Letter of Credit issued by their bankers, First Caribbean Curacao, in favour of First Caribbean Trinidad & Tobago to be held for the duration of the facility. The guarantee was reduced to US$ 5,500 from July 9, 2015 and further reduced to US$ 3,700 from August 8th, 2017.

3) Assignment of Terminal Operators Package Insurance all Risks and Business Interruption Policy#WM02869A19 and Marine Cargo Insurance Policy# AGPOSSTP129 in favour of the Bank.

Restricted cash is US$ 16,285 as at December 31, 2019 (December 31, 2018: US$ 8,738) of which US$ 11,923 (December 31, 2018: US$ 4,201) is current. Further, restricted cash relates to:

- Collateral with reference to Staatsolie' s long term loans and funding for interest and loan (re) payment amounting to US$ 11,923 (2018: US$ 4,201). Funding for the local bond is US$ 487 (2018: US$ 817).
- Corporate parent guarantees of Staatsolie to secure Ventrin's operational activities is US$ 3,875 (2018: US$ 3,720).

6.2 TRADE AND OTHER RECEIVABLES

(X US$ 1,000)	2019	2018
Trade receivables	104,815	122,824
Prepayments and other current assets	20,022	17,763
	124,837	**140,587**

For terms and conditions relating to related party receivables, refer to Section 7. Trade receivables are non-interest bearing and are generally on terms of 30–90 days net of allowance for expected credit losses.

Movements in the allowance for expected credit losses of trade receivables:

(X US$ 1,000)	2019	2018
As at January 1	7,830	7,981
Addition	256	1,051
Amounts written off	(175)	(267)
Currency adjustment	25	-
Unused amounts reversed	-	(935)
As at December 31	**7,936**	**7,830**

The ageing analysis of the trade receivables (net of allowance for expected credit losses) is, as follows:

				Past due but not impaired			
(X US$ 1,000)	**Total**	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**
2019	104,815	13,253	14,916	4,629	3,977	1,990	66,050
2018	122,824	80,653	10,965	6,806	2,764	2,171	19,465

The total trade receivable balance of US$ 104,815 as at December 31, 2019 (2018: US$ 122,824) consists of a balance of US$ 34,172 (2018: US$ 34,378) which is related to other third-party trade receivables.

Further, a GoS receivable balance of US$ 70,643 as at December 31, 2019 (2018: US$ 88,446) for:

- delivery of electricity to GoS and oil deliveries to N.V. EBS and GoS: US$ 21,499 (2018: US$ 38,787)
- and an outstanding payable to PDVSA Petróleo, S.A. ("PDVSA") amounting to US$ 49,144 which has been used as a settlement with the GoS Receivables, based on the written confirmation from GoS that all payment obligations of Staatsolie due to PDVSA pursuant to the contract will be assigned to GoS.

After settlement of the GoS receivable balance with dividend payable of US$ 45,136 and an income tax payable of US$ 300, the net payable balance due to GoS will be US$ 23,937 (2018: Receivable US$ 5,200).

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties.

The Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Prepaid expenses and other current assets consisted of the following:

(X US$ 1,000)	**2019**	**2018**
Receivable from personnel	119	-
Prepaid insurance costs	1,459	1,191
Downpayment to vendors	12,403	11,269
Prepaid purchased goods, services and other	4,381	3,983
Sales tax receivable	1,660	1,320
	20,022	**17,763**

6.3 INVENTORIES

(X US$ 1,000)	2019	2018
Petroleum products	24,934	22,121
Materials and supplies*	87,306	49,996
Ordered goods*	2,897	3,471
Carrying value at NRV	**115,137**	**75,588**

**Refer to paragraph 2.6 Reclassification*

During 2019, US$ NIL (2018: US$ 365) was recognized as an expense for inventories to recognize a provision for obsolete inventories.

During 2019, US$ 366,634 (2018: US$ 319,308) was recognized as an expense for inventories carried at cost. This is recognized in cost of sales.

In 2019 Materials and Supplies increased by US $37,310 mainly because of the purchases of project materials and materials for operations.

6.4 TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

(X US$ 1,000)	2019	2018
Trade payables	141,697	106,957
Accrued and other liabilities	43,025	37,170
	184,722	**144,127**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Accrued and other liabilities are non-interest bearing.

Accrued and other liabilities consisted of the following:

(X US$ 1,000)	**2019**	**2018**
Allowances payable to Management and Personnel	7,266	9,555
Interest payable - loans	6,526	7,553
Down Payments - Customers	1,390	3,266
Current account Surgold	2,820	3,239
Payroll taxes	2,458	2,737
Sales taxes and other duties	1,353	1,263
Current account Pension fund	4,754	756
Accrued expenses	5,230	740
Deposits	-	461
Foreign currency SWAP USD*	386	-
Other	10,842	7,600
	43,025	**37,170**

**Foreign currency SWAP USD*

On December 10, 2019 Staatsolie entered into an agreement with Hakrinbank N.V. to purchase US$ 9,000 (at the exchange rate of SRD 7.52 per US$ 1.00) with the obligation to sell back the same amount of US dollars to Hakrinbank N.V. on December 10, 2020 at the same exchange rate. The fee for this is 2.15% per annum.

If, before maturity, the SRD experiences a devaluation, the resulting loss will be for the account of Staatsolie.

The balance of the foreign currency SWAP account at December 31, 2019 reflects the negative change in the fair value of the forward contract.

SECTION 7.
GROUP INFORMATION AND RELATED PARTY DISCLOSURES

Information about subsidiaries

The consolidated financial statements of the Group with Staatsolie N.V. as the main shareholder includes the following subsidiaries:

Subsidiaries	Activities	Country of in Corporation	% Equity Interest	
			2019	2018
GOw2	Distributions and Trading	Suriname	100	100
Ventrin	Distributions and Trading	Trinidad and Tobago	100	100
POC	Exploration activities	Suriname	100	100
SPCS	Electricity Generator	Suriname	99.99	99.99

POC is at this moment a dormant company and activities were put on hold since 2015. The non-controlling interest in SPCS is not material to the Group.

Joint arrangement in which the Group is a joint venture

The Group has a 25% interest in Suriname Gold Project C.V. (2018: 25%).

Transactions with related parties

During the year, the Group entered into the following transactions, in the ordinary course of business with related parties. These transactions consist of sale and delivery of petroleum products and electricity, purchase of electricity, and rendering of maritime services from the Maritieme Autoriteit Suriname. The following companies are all state-owned enterprises and therefore are related parties due to the common ownership:

N.V. Energie Bedrijven Suriname (N.V.EBS)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	38,677	12,699	30,731	3,419
2019	15,583	9,796	11,629	9,291

Government of Suriname (GoS)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	59,633	-	-	-
2019	89,582	-	25,550	-

Suriname American Industries Limited (SAIL)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	380	-	1,942	-
2019	-	-	-	-

Melkcentrale Paramaribo N.V.

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	87	-	-	-
2019	77	-	-	-

Maritieme Autoriteit Suriname (MAS, the maritime authority of Suriname)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	-	-	-	-
2019	-	13,005	-	13,479

N.V. Surinaamse Waterleiding Maatschappij

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	763	-	12	-
2019	413	12	14	9

Grassalco N.V.

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	304	-	-	-
2019	170	-	-	-

Telesur

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	-	-	-	-
2019	-	1,325	-	-

Stichting Bosbeheer Suriname

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	-	-	-	-
2019	68	-	1	-

N.V. Havenbeheer Suriname

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	-	-	-	-
2019	1	3	-	-

Airport management N.V.

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2018	-	-	-	-
2019	-	239	-	-

Loans from/to related parties

(X US$ 1,000)				
From:	**To:**		**Interest charges/ (income)**	**Amounts owed by/ (to) related parties**
Government of Suriname	Staatsolie	2018	9,985	-
		2019	-	-
SPCS	Government of Suriname	2018	(743)	11,097
		2019	(528)	7,428
Stichting Pensionfonds voor werknemers van Staatsolie Maatschappij Suriname N.V	Staatsolie	2018	-	-
		2019	114	(26,508)

Dividend to related parties

The Group made an interim payment, subject to approval, regarding dividend to its shareholder, (GoS), of US$ 14,100 in 2019 regarding fiscal year 2019.

Trade receivables from / trade payables to shareholder (GoS)

As discussed in section 6.2, the Group has a receivable from GoS of US$ 70,643 as at December 31, 2019 (2018: US$ 88,446) for:

- delivery of electricity to GoS and oil deliveries to N.V. EBS and GoS: US$ 21,499 (2018: US$ 38,787)
- and an outstanding payable to PDVSA Petróleo, S.A. ("PDVSA") amounting to US$ 49,144 which has been used as a settlement with the GoS Receivables, based on the written confirmation from GoS that all payment obligations of Staatsolie due to PDVSA pursuant to the contract will be assigned to GoS.

After settlement of the GoS receivable balance with dividend payable of US$ 45,136 and the income tax payable to GoS of US$ 300, the net payable balance due to GoS will be US$ 23,937 (2018: Receivable US$ 5,200).

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made in the ordinary course of business. There is an arrangement with GoS for the settlement of the trade receivables from N.V. EBS and the outstanding payables to GoS.

Compensation of key management personnel of the Group:

(X US$ 1,000)	2019	2018
Short term employee benefits	2,403	2,636
Post-employment pension and medical benefits	985	315
Total Compensation paid to key management personnel	**3,388**	**2,951**

There are no other related party transactions.

SECTION 8. OTHER

8.1 EVENTS AFTER THE REPORTING PERIOD

Investment in Gold Mine

In June 2019 the Government of Suriname has decided to transfer to Staatsolie their 30% participation right in the Unincorporated Joint Venture with IAMGOLDS's Rosebel Gold Mines N.V. (RGM) in regard to the development and production of Gold from the Pikin Saramacca mine.

In December 2019 Staatsolie agreed to acquire the 30% participation interest and will negotiate a joint venture agreement that becomes effective by April 2020.

To finance the above participation and to refinance the existing bond, Staatsolie Maatschappij Suriname N.V. has initiated the process of issuing a US$ 150 million bond in the first quarter of 2020.

Transfer of Afobaka Hydropower dam

As at January 1, 2020, the Government of Suriname transferred the ownership and management of the Afobaka Hydropower dam, at no costs and without any existing or previous liability to Staatsolie Maatschappij Suriname NV's subsidiary SPCS.

Significant oil find

On January 7, 2020, the Joint Venture between Apache Corporation and Total S.A. announced the first “significant oil discovery” on Block 58 offshore Suriname. The second “significant oil discovery” also on Block 58 was announced on April 2, 2020 by the same Joint Venture.

Staatsolie has the right to participate for up to 20% in the Joint Venture.

The impact of COVID-19 virus

The outbreak of the coronavirus (COVID-19) has increased in severity worldwide. As a result of public health concern, a significant amount of global commerce has been affected due to travel restrictions, quarantines, and similar measures. We have taken strict measures to safeguard the welfare and health of our employees and contractors as well as the security of supply to continue operations and continuation of the Turnaround with measures limiting exposure of those involved to the coronavirus. We acknowledge that the restriction measures taken worldwide and slow-down of global economy due to the virus has resulted in reduced hydrocarbon demand and has been felt in the price of crude oil. Currently it is not possible to properly estimate the impact of the coronavirus on the financial performance. We continue to monitor this situation and its potential impact on our operations.

Decline of oil prices

Beginning March 2020, Oil prices plummeted nearly 50% after OPEC talks collapsed and Saudi Arabia announced slashed prices in an apparent price war with Russia. An oil price war will have massive geopolitical consequences, crushing markets already shaken by the new coronavirus, COVID-19. If markets stay at these lower prices these could impact oil income for Staatsolie in 2020. Compared to other Oil Exploration & Production companies Staatsolie is in a rather unique position due to the integrated and low-cost nature of Staatsolie’ s oil business combined with investments in gold and power generation which creates a diversified revenue base that mitigates cash flow volatility across the commodity price cycle, and results in a financial resilience.

Exchange rate

In the first months of 2020, the exchange rates of the US dollar and Euro on the parallel market deteriorated significantly. On March 21, 2020 a new law was passed in the National Assembly, regulating foreign exchange transactions and the exchange rates. Foreign exchange transactions must be conducted against exchange rates set and published by the Central Bank of Suriname. This new law will not have an impact on Staatsolie, as Staatsolie is already using the exchange rates as published by the Central Bank of Suriname for processing of payments and recording of transactions.

Bond issuance

On January 29, 2020 Staatsolie launched its 3rd Bond issuance for an amount of US$ 150 million in Suriname and Curacao.

The purpose of the bonds was the partial funding of the Company's investment program 2020-2027 including the investment in the Pikin Saramacca gold mine.

The coupons of the bonds were divided in class A (US$ 100) and class B (US$ 30,000) and the terms were as followed:

- A1: 5.5 years, 7%
- A2: 7 years, 7.5 %
- B1: 5.5 years, 7%
- B2: 7 years, 7.5

Roadshows were held in Suriname and Curacao.

As part of Staatsolie's need to develop a new and larger financing capacity in the region and worldwide, these bonds were also listed on the Dutch Caribbean Securities Exchange (DCSX).

The Bond issuance was closed on March 23, 2020 with a total amount of US$ 195 million, 30% higher than the target.

De Surinaamsche Bank N.V. was the arranger of this issuance.

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