STAATSOLIE

Annual Report 2013

Staatsolie
Vision 2030

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

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 other's 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 co-operative, and create a non-blaming environment.

Content

I.

Shareholder, Supervisory Board, Board of Executive Directors and Management as at December 31, 2013

Sole Shareholder

The Republic of Suriname represented by:
- the President, His Excellency D. D. Bouterse, on his behalf:
- the Vice President, R. Ameerali.

Supervisory Board

E. Boerenveen	Chairman
S. Marica	Member
G. Asadang	Member
R. Graanoogst	Member
A. Hilversum	Member
F. Kasantaroeno	Member
E. Poetisi	Member
E. Jozefzoon	Secretary

Board of Executive Directors

M. Waaldijk	Managing Director
G. Sairras	Production & Development Director
I. Poerschke	Finance Director

Deputy Directors

B. Dwarkasing	Deputy Director Exploration & Petroleum Contracts
R. Elias	Acting Director Refining & Marketing
A. Jagesar	Deputy Director Business Development
A. Moensi-Sokowikromo	Deputy Director Finance

Division Managers

D. Brunings	Manager Human Resources
L. Brunings	Manager Marketing
L. Chang	Manager Refining Operations
H. Chin A Lien	Manager Production Operations
M. Daal-Vogelland	Manager Petroleum Contracts
P. Goerdajal	Manager Drilling Operations
C. Heuvel	Manager Corporate Audit
V. Jadnanansing	Manager Controlling
W. Jungerman-Gangadin	Manager Corporate Communication
R. Liems	Manager Engineering & Maintenance Services
D. Mac Donald	Manager Health, Safety, Environment & Quality
B. Nandlal	Manager Field Evaluation & Development
A. Nelson	Manager Exploration
A. Oemrawsingh	Manager Corporate Planning
R. Ramautar	Manager Renewable Energy Sources
K. Roepnarain	Acting Manager Procurement
A. Sleman	Manager Information & Communication Technology
A. Vermeer	Manager Finance Administration

Managers assigned

E. Frankel	Manager Hydro
C. Hughes	Scope Manager Refinery Expansion Project
T. Ketele	Project Manager Refinery Expansion

Subsidiaries

P. Brunings	Operations Manager Paradise Oil Company N.V.
E. Jones	Chief Executive Officer Ventrin
A. Kleiboer	Operations Manager Staatsolie Power Company Suriname N.V.
A. Nai Chung Tong	Acting Director GOw2 Energy Suriname N.V.

Board of Executive Directors and Deputy Directors

Front:
I. Poerschke - *Finance Director* **(left)**
B. Dwarkasing - *Deputy Director Exploration & Petroleum Contracts*

Back from left to right:
G. Sairras - *Production & Development Director*
A. Jagesar - *Deputy Director Business Development*
M. Waaldijk - *Managing Director*
A. Moensi-Sokowikromo - *Deputy Director Finance*
R. Elias - *Acting Director Refining & Marketing*

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Secretary

II.

Letter of the Managing Director

I am proud to announce that in the face of national and international economic challenges, Staatsolie and her affiliates recorded consolidated gross revenues of US$ 1,023 million.
Our continuous cost controlling efforts have resulted in a profit before tax of US$ 432 million, of which US$ 284 million will be transferred to the Government in the form of taxes and dividend.

In our strategy for growth we expanded our crude production target to 17,000 barrels per day, which is to be reached by mid 2015. However, this growth objective can only be sustained by continued exploration and enhanced oil recovery activities to find additional oil reserves.

In the on-shore, the activities to declare additional reserves in the Weg naar Zee and Uitkijk block are on schedule. The STOIIP (stock tank oil initially in place) in the Weg naar Zee area have been quantified by Staatsolie at 23.2 million barrels. For the Uitkijk block Staatsolie's estimation for contingent resources amounts to 3.0 million barrels.

The proven reserves as per December 2013 are estimated at 92.5 million barrels, an increase of 21.8 million barrels compared to December 2012. This estimate is currently being audited by Gaffney Cline and Associates.
In the near-shore, activities are progressing according to plan, to drill nine wells in Block 4, starting in the last quarter of 2014, while in offshore Suriname at present ten international oil companies are active, evaluating 2D and 3D seismic results. Expectations are high, based on the discovery of the Jubilee oil field in Ghana offshore in 2007, of Zeadyus in offshore French Guyana in 2011 and previous drilling activities in offshore Suriname. All these areas show a similar geological structure.

Meanwhile we have made significant progress with the Refinery Expansion Project, with currently 75% of construction having been completed. Staatsolie Power Company Suriname N.V. recently added 34 MW, increasing its total electrical power generating capacity to 62 MW.

In the reporting year we were given the mandate to go ahead with the Ethanol and Sugar project, an investment estimated at US$ 300 million.
Once we have secured financing for the project, through debt financing and equity participation, construction will commence, currently scheduled to start before the end of 2014, with a completion target for mid-2016.

One of the highlights in 2013 was the renaming of our subsidiary Suritex N.V. to GOw2 Energy Suriname N.V. and the rebranding of the first service station on our 33th anniversary, on December 13.

Although we are proud of all the positive developments in the reporting year, our operational safety performance has been a challenge. We have registered four lost time incidents (LTI's) in 2013 while the annual tolerance was set at two. Assessment shows that human error and failure to adhere to safety regulations are the main causes.
In 2014 we will take various measures to reduce the number of LTI's, such as further implementation of the Contractor Management Guidelines and intensified safety training for employees and contractors as well.

Staatsolie's Vision 2020 was reviewed and the planning horizon was extended to 2030, resulting in a Vision 2030 and Implementation Strategy 2014 - 2030.
This Vision 2030 represents the spirit and energy of our successful history of development, growth and our distinctive value-based performance culture.
With the realignment of our Vision 2030 we have evaluated our way of doing business, and have redirected our focus and re-established our firm commitment to an energy future in a sustainable manner.

The first rebranded GOW2 service station.

In the year ahead, a number of important developments will take place, of which the highlight will be the inauguration of the diligently planned, engineered, and constructed expansion of the refinery, in the last quarter of the year.
Secondly, financing for the Ethanol and Sugar project will be finalized and the design will commence. In anticipation, an early work program to fill the site, is already under way. Essential exploration and production programs will be executed in order to increase and sustain production in the long term.

In order to finance our expansion programs for the planning period 2014-2018, Staatsolie concluded a Term Loan with a consortium of international and regional banks on March 28, 2014, for an amount of US$ 275 million, with the option to increase this amount to US$ 475 million within two years after closing. In addition the second Local Bond will be issued on the market, with the intent to also attract the Surinamese diaspora and regional investors to Suriname.

In the past year a review of our long term strategy and organization structure was conducted by outside consultants in order to align our long term strategy with the capacity and structure of the organization, including the top structure.

The Government of Suriname, Staatsolie's single shareholder, decided that continuity is paramount in the ongoing processes at Staatsolie. In the first quarter of 2014 they selected the present Acting Director Refining and Marketing to be my successor, taking over the helm on January 01, 2015.

I also want to take this opportunity to extend my gratitude to Glenn Sairras, Director Production and Development, who retired on 1st March 2014. During his tenure of nearly 19 years at Staatsolie, Glenn held several positions before he was appointed Director of Production and Development in October 2009. He played a vital role in expanding our production from 6,500 barrels a day in 1995 to 16,500 in 2014. Until his retirement Glenn also was a member of the Board of Directors of Clean Caribbean & Americas, a nonprofit oil spill preparedness and response cooperative covering the Caribbean, North and South America. He was also the first Chairman, holding the position for four years, of the "Stichting Staatsolie Foundation for Community Development", the Foundation which supports sustainable development projects. On behalf of the Staatsolie family, I extend my heartfelt acknowledgement to Glenn Sairras for his contribution.

Staatsolie had an exceptional year, making noteworthy progress towards its growth agenda, which was only possible because of the valuable contributions of all our stakeholders. On behalf of the Board of Executive Directors, I extend my appreciation to the Shareholder, the Supervisory Board, our employees, customers and contractors.

Thank You!

Paramaribo, March 2014

M.CH. Waaldijk
Managing Director

III.

Operational Performance 2013 and Work Program 2014

Financial Performance

The consolidated gross revenues amounted to US$ 1,023 million, slightly 2% lower than 2012 record year. The average product net sales price was US$ 98.97 per barrel compared to US$ 103.77 per barrel in 2012, a decrease of 5%. The profit before tax decreased by 10% amounting to US$ 432 million compared to US$ 479 million in 2012. Contributions to the government budget on an accrual basis decreased by 19% amounting to US$ 284 million: US$ 135 million as taxes and US$ 149 million as dividend. Total investment expenditures amounted to US$ 294 million compared to US$ 465 million in 2012.

Institutional Activities

One of the highlights was the fifth International Bidding Round for the blocks 54, 55, 56 and 57. Twenty-three data packages were leased by several International Oil Companies (IOCs). At the close of the bidding round on July 26 an offer for block 54 was received from the consortium Statoil/Tullow Oil (50%/50%). The Production Sharing Contract (PSC) was signed in January 2014 with these two oil companies.

On April 26, 2013, Staatsolie and Petroliam Nasional Berhad (PETRONAS) signed a PSC for block 52. The agreed minimum work obligation for phase 1 is three years and consists of a 3D survey and drilling of one exploration well.
A record amount of seven seismic surveys were executed in offshore Suriname. ION Geophysical conducted the kick-off in February with a 5,481 km multi-client 2D survey covering the entire offshore. Staatsolie followed with a survey of 1,890 km 2D seismic in the blocks 32 and 35 and the seismic vessel, M/V Discoverer, operated by Murphy, went to block 48, and acquired approximately 2,826 km 2D seismic. In April, Apache started their 2,400 km^2 3D survey in block 53 with the seismic vessel, Polarcus Naila. After finishing this survey, the vessel continued to block 31 where Teikoku started their 2,242 km^2 3D survey. Taking advantage of the good weather, Kosmos also acquired 1,420 km 2D seismic data in block 42. The final commercial survey was done in block 52 where Petronas acquired 1,778 km^2 3D seismic data. All operators exceeded the minimum work obligations as was agreed in the respective PSC's.

It should be noted that Compañía Española de Petróleos, S.A.U. (CEPSA) farmed-in to block 53 and Tullow Oil farmed-in to block 31. Statoil informed Staatsolie of their withdrawal from block 47 and transferred their 40% participating interest in the block to Tullow Oil. Tullow Oil withdrew from the onshore Coronie block and transferred its 40% participating interest to Paradise Oil.

Besides the commercial surveys Staatsolie allowed the Insitut Francais de Recherche pour l'Exploitation de lamer (IFREMER) and the University of Perpignan, to acquire 2D seismic data for the study of the general structure of the continental margin.
Approximately 9,000 km^2 processed 3D data that was acquired in 2012 in blocks 47 (Tullow Oil), 42 and 45 (Kosmos) was received as part of the PSC obligation. The data in Block 47 was evaluated and several plays and prospects were generated. The evaluation of the data in blocks 42 and 45 will be finished in the first quarter of 2014.

Financial audits were performed of all operators to determine the recoverable cost for 2012. To stimulate

-2%
Consolidated Gross revenues US$ 1,023 million

-10%
Profit before tax US$ 432 million

Marc Waaldijk of Staatsolie and Effendy Cheng Abdullah of Petronas exchange documents after signing a Production Sharing Contract. Right: Jim Hok minister of Natural Resources and in the middle Marny Daal-Vogelland, manager Petroleum Contracts of Staatsolie.

formal communications between the operators, an Operator's Forum was established. This platform identifies synergies between the different operators and allows for the opportunity to share information with key Governmental Agencies.

Commercial Activities

Upstream

Exploration

One of the strategic goals for the period 2013 - 2015 is to increase hydrocarbon reserves to secure the continuity of business operations in general. The multiannual programs below which are currently running in the Tambaredjo, Weg naar Zee, Nickerie and Coesewijne area have contributed somewhat to the realization of the aforementioned objective. In the Weg naar Zee central area, resources of 23.2 million barrels (MMBLS) Stock Tank Oil Initially in Place (STOIIP) were transferred to the Field Evaluation & Development division. The process to mature the 23.2 million STOIIP into reserves, based on a development plan, has been initiated in 2014.

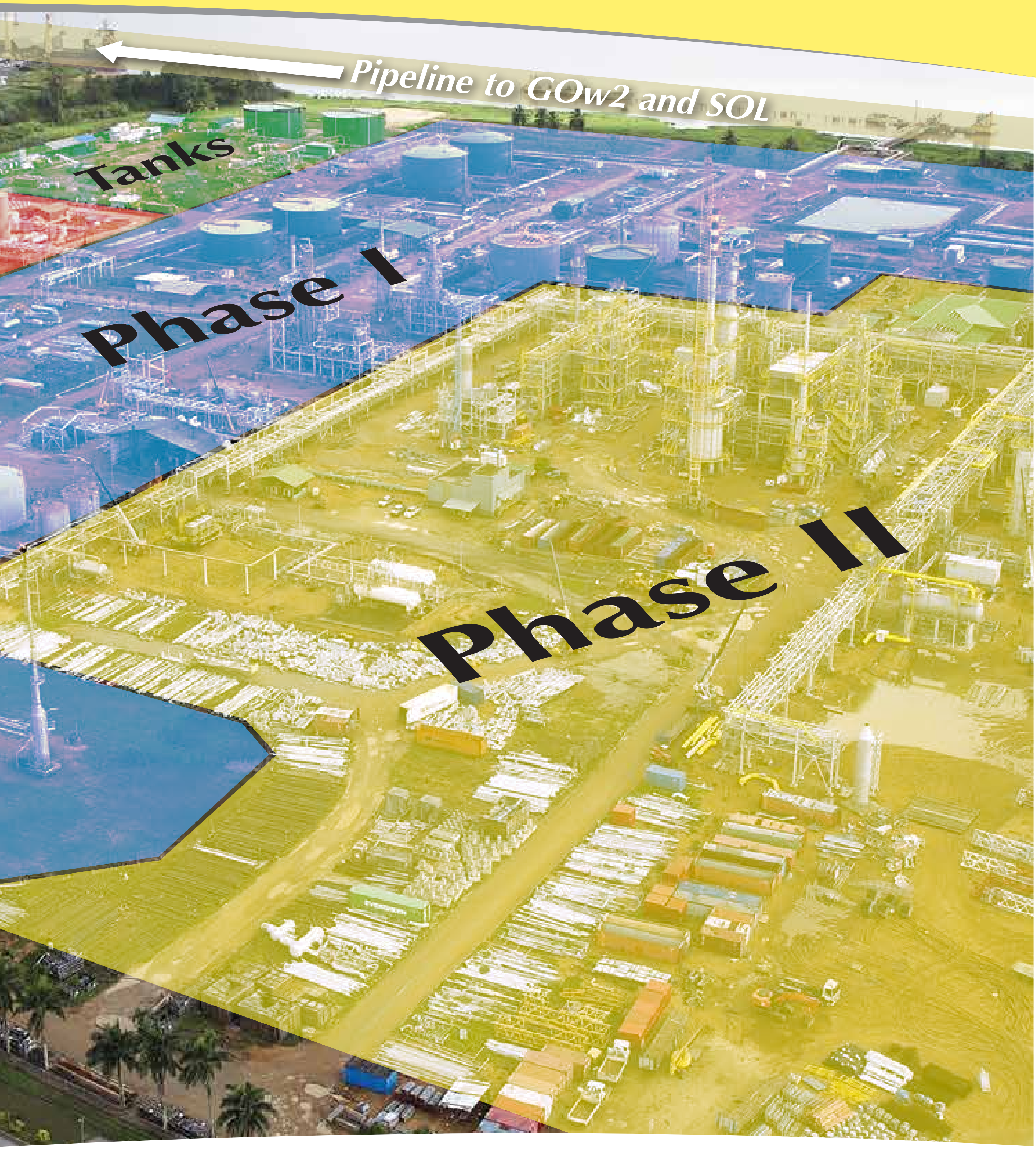
In January 2013 three exploration wells were drilled in the Tambaredjo area targeting the Cretaceous play; one well with oil indications was revealed and the others showed oil-bearing sands. One of the wells with oil presence in the Paleocene was handed over to Field Evaluation & Development for further development.

In the Weg naar Zee area two exploration wells were drilled. The remaining wells will be drilled after the 2D seismic data becomes available in the 1st quarter of 2014.

The Nickerie exploration drilling project was executed from September to the first week of November 2013; three swamp wells along the Maratakka river and one land well at Southdrain were drilled. Initially five exploration wells were planned, however, on advice from the National Institute for Environment and Development in Suriname (NIMOS), the 5th location was not drilled.

The onshore 2D seismic project commenced in November 2013 and is planned to be finalized by the end of the 1st quarter 2014.

A schematic overview of the construction and expansion activities at Tout Lui Faut.


Pipeline to GOw2 and SOL
Tanks
Phase I
Phase II

In the Coesewijne area one wild-cat well out of five planned wells was drilled in December 2013 at Boskamp. The remaining wells will be drilled in 2014 after evaluation of the onshore 2D seismic data.
Due to bad weather in the window period August – September 2013, the near shore 2D seismic project covering blocks 1 to 7 has been postponed to 2014.

Crude Production
In 2013, crude oil production totaled 5.98 MMBLS, slightly higher than the production last year of 5.94 MMBLS. Seventy-five new producers were taken into production: sixty-nine in the Tambaredjo North West (TNW) field and six in the Tambaredjo field, bringing the total number of wells in production to 1,550. Production at the end of December 2013 was approximately 16,600 barrels oil per day (BOPD).

Crude reserves and reservoir studies
To optimize oil recovery from the Staatsolie fields, several reservoir studies were executed. With the objective to upgrade the probable and possible reserves into proven reserves a total of seventy appraisal wells were drilled; fifty-six in the TNW field and fourteen in the Tambaredjo field. The program has resulted in about 7.2 MMBLS of additional proven reserves. The Proven Reserves as at December 31, 2013 were estimated at 92.5 MMBLS and Gaffney, Clines & Associates is currently auditing these reserve figures.

Enhance Oil Recovery Technologies (EOR)
After a successful completion of the pilot Polymer Flooding project, approval was given by the Board of Executive Directors in early 2013 to expand the Polymer flooding project to 36 injector wells. With this approval about 5.2 MMBLS of additional reserves was added in 2013. Currently a 2nd EOR pilot proposal is being prepared.

Development Drilling
The Development drilling organization had two memorable milestones in 2013, all four rigs were used to execute the 2013 development drilling program and more wells were completed than planned. The four rigs (three swamp and one land rig) drilled a total of 142 wells of which 107 were completed.

Engineering and Maintenance Services
Engineering projects were mainly focused on sustaining production, i.e. well facilities, field headers and treatment facilities.
One of the major investment projects for 2013 was "EWO 0904 - Improve reliability Saramacca river crossing 14" HP Pipeline". In the last quarter of 2012 a new pipe string was installed under the riverbed of the Saramacca river by means of Horizontal Directional Drilling to replace the existing river crossing of this 14" HP Saramacca- TLF pipeline. In the 1st quarter of 2013 this new pipe string was successfully tied in to the existing 14" HP Saramacca - TLF pipeline.

Other significant activities and initiatives worth mentioning are:

- The project to implement structured maintenance planning and scheduling commenced in June 2013. With the consultant Life Cycle Engineering (LCE) the required processes to successfully implement structured planning and scheduling were developed, worked out and approved. Pilot implementation will start in March 2014 at the Josi Operations.
- The electrical distribution networks from CS and Josi were upgraded from a 7.2 kV to a 12.4 kV system. This was done to provide adequate electrical power for the planned expansion in these areas and for unification with the remainder of Staatsolie's electrical distribution network at Saramacca.

Downstream

Refinery
Refinery operations exceeded all targets during 2013. Production was 2.78 MMBLS compared to a target of 2.69 MMBLS and Refinery Availability was 97.8% compared to a target of 96.4%. The average throughput of the refinery per stream day was 7,798 barrels. This good performance was attributed to the turnaround (T&I) works of 2012.

Marketing
Total sales of petroleum products after elimination of intra company sales amounted to 8.3 MMBLS in 2013, an increase of 2% compared to 2012. These volumes include sales from our own production and trading realized by Staatsolie Marketing division. Sales

of Staatsolie's products were 5.9 MMBLS, an increase of 2% compared to 2012. Compared to 2012, the total traded volumes of gasoil, gasoline and fuel oil amounted to 3.2 MMBLS, an increase of 2%. Imports of petroleum products from PDVSA PETROLEO S.A. (Venezuela) amounted to 1.1 MMBLS compared with 0.85 MMBLS in 2012.

Refinery Expansion Project

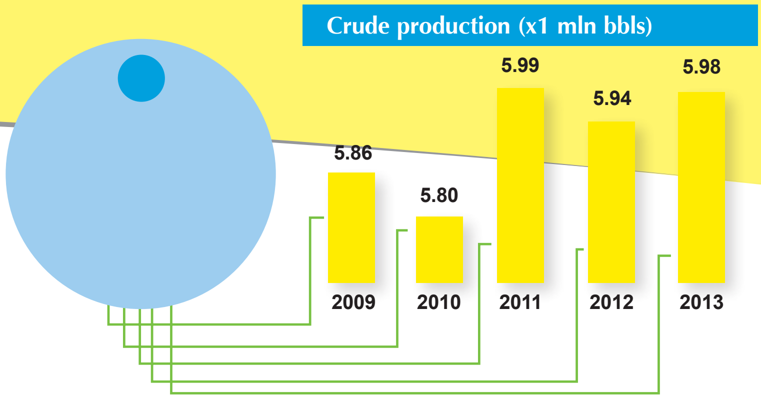
The Refinery Expansion Project (REP) entails the construction of facilities for producing high value end products, primarily Euro Spec diesel and gasoline for the local market.

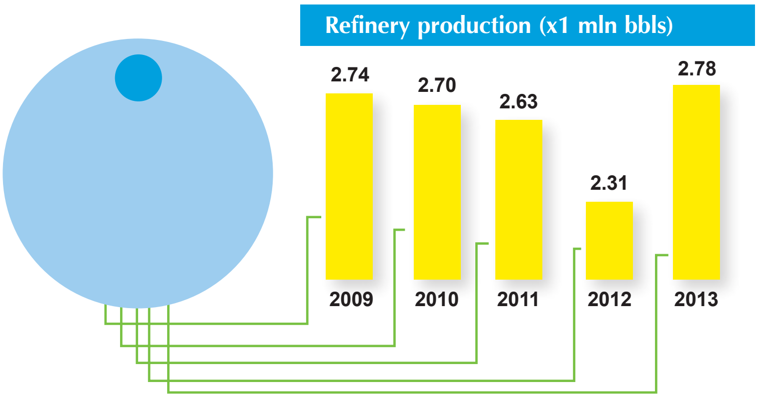
In 2013 site construction progressed well; Electrical & Instrumentation works, construction of the pipelines and the substation building were started. Additionally, storage tanks were constructed, the harbor was completed and mechanical and civil works continued.

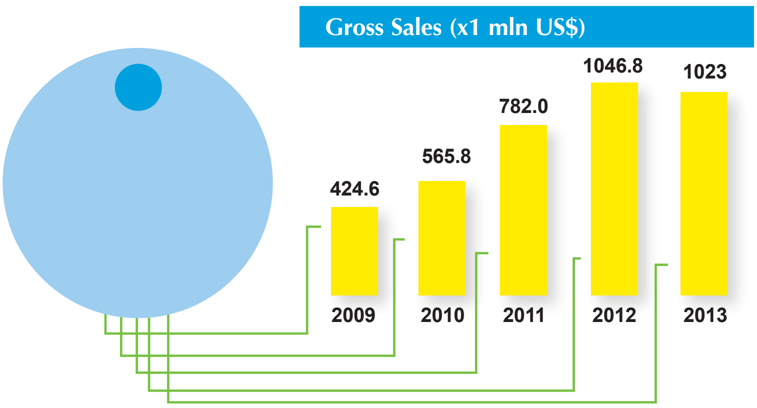
The overall project schedule has undergone a re-baseline, resulting in a startup date set for October 2014. Engineering, Procurement and Fabrication (EPF) progressed in 2013 from 75% to 98%; detailed engineering has practically been finalized. Almost all major equipment and bulk materials are received in Suriname. The modules which were produced in Sardinia, Italy were shipped and placed on their foundations. Some of these Process Assembled Units and Piping Assembled Racks are currently being finalized on Site by Saipem.

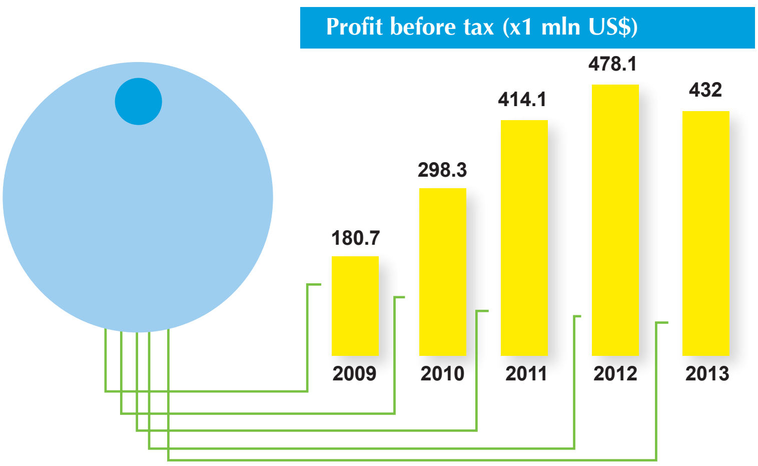
The safety record for 2013 shows 3,400,000 construction man hours worked with three lost-time injuries.

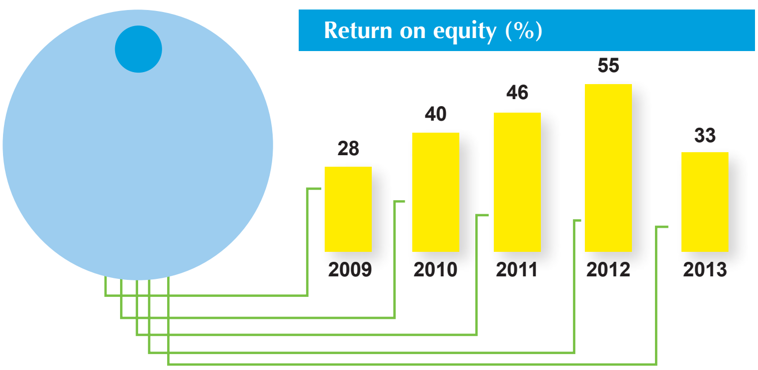
The Operational Readiness project entails training of the workforce, updating of internal working procedures and set up of operating systems for future operations. An extensive training program is being executed for all newly hired staff and refinery management.











A worker performing routine controlling activities.

Business Development

Sugarcane to ethanol

Staatsolie's Sugarcane to ethanol project is being developed near the village of Wageningen about 180 km west of the capital Paramaribo. The aim is to produce 40 million liters of ethanol and 42,500 metric tons of raw sugar annually. The plant will also produce 25 MW of electricity, generated from sugarcane bagasse of which 14 MW will be delivered to the public grid in the Nickerie district. The ethanol will be used as an octane enhancer for gasoline to be produced in the expanded Staatsolie Refinery, while sugar will be available for local consumption and export. After successful completion of the project's feasibility studies, which included a 30 hectare pilot cultivation project and an extensive Environmental and Social Impact Assessment, the decision to move forward with the project was taken in the third quarter of 2013. The 2014 work program includes: development of the industrial site for the project; awarding contracts for development of the 15,000 hectare agricultural plot and construction of the industrial facilities

E15 Test program

While various countries already use ethanol-based fuel, gasoline containing methyl tertiary butyl ether is still imported into Suriname; compatibility of gasoline fueled cars with ethanol/gasoline blends is unknown in the country. Staatsolie has taken the initiative to test an ethanol/fuel blend of 15% ethanol and 85% volume gasoline, known as E15. The main objective of the test program was to gain insight into the applicability of E15 and identify possible implementation problems during the market introduction of E15 into Suriname. The test program lasted nine months and the main conclusion was that cars in Suriname would not have any trouble driving on E15.

BiosolarCells/AlgaeParc

Staatsolie continued the partnership with the BiosolarCells/AlgaeParc Consortium in the Netherlands in 2013. The goal of this project was to bridge the gap between fundamental research on algae and full-scale commercial bio-fuels, protein and chemicals production. In 2013, progress was made in optimizing productivity of open and closed outdoor bioreactors, leading to lower production costs. A business case will be developed in 2014 for large-scale deployment.

Corporate Services

General

The alignment of the Organization and Top Structure of Staatsolie, which was initiated by the Board of Executive

Sugarcane plantlets.

Directors (BOED) was executed in the 3rd quarter by Deloitte, Netherlands and the draft report was presented to the BOED. This review was performed to give Staatsolie insight what to have in place to support our growth ambition while safeguarding continuity.
The Review of the Finance Function which was also initiated by the BOED was executed in the last quarter of 2013 by the consultancy firm Philip Sidney and the draft report was presented to the BOED. The Supervisory Board initiated a review of the long term strategy and the organizational structure of the company. The review started in December and is executed by Jacobs Consultancy Limited. The decision making regarding the reviews executed by the BOED is postponed.

Health and Safety

In 2013, a total of 16 lost-time incidents were reported of which 4 involved Staatsolie employees and 12 involved contractor employees. To improve the safety performance, a Safety Observation Booklet was developed and launched during the annual Health Safety Environment and Community (HSEC) Week which was held in July 2013 with the theme "Creating a Safe Work Environment". Several training courses were given during the year to employees and contractor personnel. Major progress was made in the development of our HSE Management Systems according to ISO 14001 and OSHAS 18001 standards. In particular a process safety management was recently incorporated in the HSE Management System. The first phase of the HSE management system for the new refinery will be in place in the first quarter of 2014.

Environment

To meet national and international environmental requirements, impact assessments are executed before starting with activities in new areas in very close cooperation with NIMOS. In 2013, ten Environmental and Social Impact Assessments (ESIA) were finalized and two Environmental Compliance Reports were sent to NIMOS. The monitoring of the environmental performance of the approved projects, in or nearby protected areas, is being conducted in close cooperation with the office of LBB.

Quality

One external audit and two internal audits were performed to verify Staatsolie's compliance with ISO 9001:2008 standards.

Corporate Communication

Staatsolie's Corporate Communication division was established in 2013 with the objective to structure internal and external communication. This division now incorporates the Public Relations and Community Relations departments and a start was made with the development of structures and processes within the new division.

The Staatsolie financed study 'Flooding Gangaram Pandayweg and Surrounding Areas', is in progress. The objective of this study is to find the cause of flooding in the area, find solutions and assess the cost to alleviate the problem. The findings of this study will be presented to the target group in the first quarter of 2014. One project that was well received by the Saramacca community was the transport of students attending night courses in Paramaribo. The students contribute monthly to this project and after consultation with the District Commissioner (DC) the funds were donated at the end of the year to a special young project in the district. The students chose to host an education fair to inform students of the education and career opportunities after junior high. The Public Relations Department conducted a survey on internal company events, including: a family day; awards ceremony for jubilees and retiring staff; and the end-of-the-year party. Based on the findings of this survey a number of improvements will be implemented. The new facilities of the National Blood Bank, consisting of new offices and a new lab were inaugurated in 2013. Donations were made amongst others to the Roman Catholic Hospital, 'Vincentius Ziekenhuis', by purchasing a CT-scanner. A Children News program, Stichting Parima, and Stichting Lobi. also received donations. A total amount of US$ 2.5 million was spent on donations.

From left to right: Marc Waaldijk, Aubrey Nai Chung Tong and Jim Hok reveal a plaquette in connection with the GOw2 rebranding.

The Staatsolie Foundation for Community Development adopted 17 projects in 2013, valued at US$ 1.4 million. Twelve projects were completed, including the purchasing of an ambulance for the Nickerie community hospital, a wheelchair coach for 'Stichting In de Ruimte', solar panels for the 'Saamaka Marron museum', renovation of residence wings at senior citizens' home 'Huize Ashiana' and equipment for the University Hospital AZP Intensive Care Unit.

The Staatsolie Sports Fund, was liquidated in April 2013. The government founded a new committee named Suriname Sports Development Fund (Suriname Sports Fund). The fund, which is managed by Staatsolie, was granted a starting capital of US$ 5 million for the further development of sports in Suriname. With 53 completed projects and 8 projects still in progress a total amount of US$ 5.5 million was donated by the Staatsolie Sports Fund from 2009 until liquidation in 2013. The 8 projects in progress were taken over by the Suriname Sports Fund, while the end date to submit new project proposals was set at January 2014.

Procurement

"The Purchasing Policy & Procedures for Goods and Services (PPP) above US$ 0.5 million was reviewed in 2013 to further improve the control of the purchasing process. Within the framework of cost savings, significant savings of almost US$ 3.6 million were realized on the approved purchasing budget by: developing potential purchasing markets in China; identifying new

A service station attendant refuels a car at GOw2.

suppliers on traditional purchasing markets; and further improving negotiation skills of procurement staff. The expectation is that the cost savings will increase in 2014

Information & Communication Technology

The Enterprise Resource Planning (ERP) selection project started in the 3rd quarter, 2013. Ernst & Young, Colombia was selected after a bidding round to support Staatsolie with the selection of an Industry fit ERP software and an ERP implementation partner. After the corporate-wide requirements analysis was performed, the BOED recommended extending the project scope with the subsidiaries so their requirements could also be added to the Request For Proposal. The deadline for the proposals was January 20, 2014. The final selection of the ERP software and Implementation partner will be based on analysis of the proposals and vendor presentations at Staatsolie. The planning is to make the final vendor selection by the end of March 2014.

Another important activity is the construction of the new ICT Datacenter at Tout Lui Faut; ICT will start using this new building by April 2014.

Human Resources Management (HRM)

In 2013, HR support was concentrated on the Refinery Expansion Project, mainly the process of job descriptions and job evaluations of the new refinery functions. This in order to achieve a good integration of the Refinery functions within the current corporate job classification.

Within the scope of HR projects the Succession Plan for top management positions was developed and the Operational Workforce Planning embedded. The Performance Management roll-out was retained at the managerial and departmental head levels. Options for simplification of the Performance Management process and roll-out will be explored early in 2014. The HRM projects will continue in 2014.

Staatsolie's Vision 2020 was reviewed and the planning horizon was extended to 2030, resulting in a Vision 2030 and Implementation Strategy 2014-2030.

Controlling

The Enterprise Risk Management (ERM) procedure and implementation plan was approved by the BOED. The ERM project team carried out a number of pilot assessments to test the applicability of the procedure. The next phase is the training of the ERM risk facilitators which will take place in 2014.

Finance Administration

The Accounting & Reporting Manual was updated. This manual provides insight into the setup of the accounting and financial reporting as well as the underlying systems within Staatsolie.

Furthermore, an IFRS impact assessment was executed. This assessment has determined the impact on financial reporting within Staatsolie and can guide management in decision making when considering a transition from US GAAP to IFRS.

Subsidiaries

GOw2 Energy Suriname

In September 2013, the Board of Directors and Shareholders approved the new logo and company name GOw2 Energy Suriname N.V. The launch of the first service station with the new logo and colors took place on December 13, 2013. The first weeks after the launch were very successful and on average the stations increased their sales by more than 20%. Prior to the launch, employees, retailers and customer-service representatives received training in strengthening their personal skills, and in positioning the new brand. The opening of the shop and implementation of a new overall concept is scheduled for the end of May 2014.

The contract for execution of the environmental Risk Based Corrective Action study (RBCA) for the 17 remaining stations of the retail network was signed in December 2013, and the contractor will complete the assessment of all sites in 2014. An amount of approximately US$ 1 million has been reserved for this study. Findings may affect the timetable for the technical upgrade and rebranding of the retail stations.

In 2013, the GOw2 organization was restructured and expanded to further shape the new company and to enable support of the rebranding activities and company strategies.

To increase commitment to the new brand concept, the focus in 2014 will be on: completion of the RBCA assessment; physical rebranding including 3 retail stations for 2014; internal branding of the company; the employees; retailers, and customer service representatives. The rebranded stations and shops should further increase the average monthly sales volume in 2014.

Paradise Oil Company N.V.

Paradise Oil has shifted from a preparation mode into a more operational mode in 2013 in almost all of its projects. In the Uitkijk block, 7 exploration and 3 appraisal wells were drilled and minor oil shows were encountered in the north of this block. In Coronie, studies were carried out on the 5 wells that were drilled in 2012 to prepare three of these wells for drilling. In February 2013, Tullow Oil, partner of POC in the Coronie block decided to withdraw from the exploration activities.

In the near-shore block 4, the data of the 2D/3D seismic survey has been processed and multiple drillable prospects have been generated. At the moment the company ESL is preforming a ESIA for drilling of 9 exploration wells.

The efforts in 2013 resulted in the following findings:

- The Uitkijk block proved to have producible oil and additional wells are needed to firm up this prospect into reserves. The work program for 2014 includes 5 exploration swamp wells and 2 appraisal swamp wells with 1 production test in the Uitkijk North area;
- Oil shows in Coronie support follow-up exploration programs. For 2014, the focus will be on identifying new prospective areas in the block, further exploration of the Coppename fault play and reparation and drilling of 6 land wells;
- The results up until now in the near-shore favor a drilling program in Block 4. In 2014 nine exploration wells will be drilled in prospective areas.

Staatsolie Power Company Suriname N.V. (SPCS)

For the first time since start-up in 2006, SPCS operated at full capacity in 2013. In previous years the Afobaka hydro plant was able to produce excess energy due to high water inflow at certain periods, causing SPCS to run on low profile. However, water inflow in 2013 was below average. SPCS produced 198 GWh of electrical energy in 2013, 20% more than the peak production of the year 2012, the largest amount in its existence.

A new Power Purchase Agreement (PPA) with the Government of Suriname was signed in March 2013. The previous PPA was signed with NV EBS. Apart from the increased payment security for electricity sales, it was also agreed that the fuel price would correspond with market prices.

In August 2012 an Engineering, Procurement and Construction (EPC) contract was signed with Suriname Gas and Electric Industries (SGEI) to expand the power generation capacity of the SPCS power plant from 28 MW to 62 MW. This project was necessary to secure the national power supply on the short term. In 2013, the general contractor Wärtsilä commenced with construction works on the SPCS site; 84% of the works were completed by the end of 2013. The target to have the new units operational by the end of February 2014 was achieved. From this time on Staatsolie will be able to increase its delivery to the national grid from 28 MW to 45 MW. The remaining 17 MW will become available after completion of a 161 kV high voltage transmission line from the SPCS power plant to the EBS substation at Menckendam. Target date for completion of the transmission facilities is set for the first quarter of 2015. It was also decided to install additional exhaust gas boilers to increase the steam production for the new Refinery. This project is scheduled to be commissioned by October 2014.

Ventrin Petroleum Company Limited Trinidad

In 2013, Ventrin's aim was to continue the positive trend of making profits as established in 2012. In achieving this goal, the challenges encountered were:

- the turbulence of the global economic situation;
- the slowdown of the global shipping industry (resulting in a decrease in bunker demand) and;
- absorption of high freight cost Ventrin had to deal with .

Much of the profit made in 2012 was as a direct result of the implementation by a regulatory agency (MARPOL) of a resolution, to lower the sulphur cap in marine areas around the US mainland. This regulation however failed to bring the expected benefit in 2013 due to the lack of policing.

With these challenges in mind, measures were taken to minimize their impact on the net result for 2013. These measures included improvement in the balancing of margins and volumes, further attention on logistics and implementation of cost reduction activities. Repairs on the onshore pipelines continued in 2013. The repairs are expected to be completed by the end of March 2014.

Work Program 2014

The focus in 2014 will be on:

- The continuation of the accelerated exploration program including:
  - Near shore exploration program in blocks 1-7;
  - Onshore exploration program Weg naar Zee, Nickerie and Coesewijne;
  - Block offering preparations in 2015 and monitoring of Contractor's 2014 work programs;
- Realizing a crude production of average 16,500 BOPD; annual production of 6.1 MMBLS;
- Execution of production improvement projects of EOR projects and studies;
- Completion of the refinery expansion project (REP);
- Interconnection of preparatory projects to the new refinery;
- Finalization of the ethanol definition studies and the start of EPC activities;
- Further alignment and strengthening of the organization i.e. professionalization of the Corporate Services, Human Resource Management and start implementation of an Enterprise Resource Planning (ERP) software (platform);
- Effectively addressing the demands which Staatsolie's expanding operations and activities place upon its operations by acquiring expertise for an effective organization.

Upstream

Upstream investments were mainly focused on the execution of the exploration program 2013 and the crude production sustaining and optimization program.

Production operations

In 2014, the focus will be on increasing and optimizing production. The major activities are:

1. Start-up of 91 new producers;
2. Optimization projects to increase the crude production to 16,500 BOPD;
3. Maintain integrity TA-58 of Josi 10 inch HP pipeline depending on inspection results of 2013;
4. Down-hole maintenance of old wells including inspection/replacement of screens.

Engineering:

- Facilities for development drilling program (ca. 35 km);
- Upgrade treatment, collection & transfer facilities;
- Upgrade and replace existing field piping, wetlands (25 km/year, total 80 km over 3 years) & dry lands (20 km/year, including river crossings);
- Upgrade & expand power distribution network for Saramacca operations;
- Power availability (main supply, distribution, back-up);
- EBS power upgrade as main supplier;
- Upgrade back-up power generation;
- Preparation Control network (real-time raw data transfer from equipment);
- Planning & scheduling implementation.

Field Evaluation & Development

In 2014, the focus of the activities will remain on: planning of the development drilling program; appraisal of the drilling program and execution of reservoir studies; EOR/IOR projects; and the E&P Data Management projects. The detailed activities are:

1. Development drilling program (DDP): To compensate the annual natural production decline of the Staatsolie Fields and to realize an increase in production to meet the company annual production target. This goal will be achieved by utilizing the undeveloped reserves through drilling of new oil wells and primary production. This will be realized through the following activities:

- Monitor and evaluate the DDP 2014;
- Devise DDP 2015 and preliminary DDP 2016;
- Conduct reservoir studies to comprehend and analyze the behavior of the reservoirs;
- Conduct studies to improve the current performance of the Staatsolie fields;
- Conduct studies to define future locations for development drilling;

- Conduct field appraisal studies in order to define the field limits and convert probable and possible reserves to proven reserves;
- Devise a Field Development Plan for the WNZ discovery.

2. Continuation of EOR/IOR projects

- Conduct studies to support the commercial expansion of Polymer Flooding in the TAM field;
- Finalize pre-feasibility study in order to propose a pilot for a second EOR technology.

3. E&P Information Management Improvement Program

- Continue restructuring of the E&P data management;
- Finalize the implementation of a Production Data Management System and a Seismic Data Management solution;
- Start with the implementation of a Reserve Management system.

A rig at Weg naar Zee.

Exploration

In 2014 the focus will be on the drilling of exploration and appraisal wells, seismic surveys and studies. The detailed activities are:

- Near shore
  - ESIA study for drilling 3 wells
- Weg naar Zee block
  - 5 Exploration and / or Appraisal Wells
- Nickerie block
  - 4 Exploration and / or Appraisal wells
- Coesewijne block
  - 4 Exploration Wells
- Studies
  - Basin analysis, Petroleum systems and Regional evaluation acreage outside Suriname;
  - Near Shore: seismic interpretation and special studies for prospect identification;
  - Foreign Acreage: assessment and studies of potential foreign acreage including data packages.

Downstream

Refining Operations & Refinery Expansion Project

The Refining Operations projects to be executed in 2014 will focus on maintaining the safety and reliability of the current Refinery and preparations to interconnect with the new Refinery.

The Refinery Expansion Project's scope of work and corresponding budget for 2014 consists of:

1. Construction

The Construction scope of work consists of: Mainly the construction of General Civil works, Mechanical works, Electrical & Instrumentation works and Insulation and Fire Proofing works will be carried out in 2014.

2. Staatsolie (SOM) Scope

The Staatsolie scope of work mainly consists of project staffing, including Project Management Consultants, office facilities, equipment purchase, construction all-risk insurance, minor site works and any other supporting works required for overall project execution.

3. Commissioning

The Commissioning Scope of Works mainly consists of project staffing during the commissioning & startup of the refinery.

Marketing

The focus for the Marketing division will be on the increase of sales and margins, based on the new product portfolio. This will require an upgrade of the trading and marketing organization. The detailed activities are:

1. Increase sales and margins
- Replace the Staatsolie IV and V barges;
- Conduct an offshore bunkering study;
- Arrange increase of storage facilities for trading and blending;
- Set up of a trading organization.

2. Upgrade organization
- Implementation of new marketing software system (ERP)

Institutional

Contract Acreage

In 2014, Petroleum Contracts will monitor preparations for the drilling of wells in blocks 52, 53 and 31 in 2015. The wells in blocks 47, 45 and 48, which might be drilled in 2014-2015, are assigned to the next phase and the Offshore Contractors still have to decide on entering the phase.

Open Acreage

In order to achieve a 40% Offshore acreage occupancy by the end of 2015 at least two Production Sharing Contracts need to be signed in 2015. These activities e.g. drafting of the bid document; data package preparation and promotion, which will support this result, will have to take place in 2014.

Exploration

Near shore exploration executed by POC (on behalf of Exploration & Petroleum Contracts), including:
- ESIA study block 4;
- Additional 3D survey block 4;
- Preparations for 3D seismic block 4;
- Drilling of 8 exploration wells in Block 4;
- Drilling of 3 swamp- and 6 exploration land wells in Coronie;
- 5 wells exploration program in Uitkijk Block (second Uitkijk Look-Alike).

Business Development

Wageningen Sugarcane to ethanol project

- Further development of the agricultural part;
- Early works including site preparation, project team staffing and other operational activities.

Projects

The specific focus will be on the execution of several projects for other directorates and divisions (excluding directorate Production & Development) e.g.:

- Finish 3rd phase SPCS project;
- Finish transmission facilities to Menckendam;
- Complete SPCS Boiler CAT 3 and 4;
- Complete ICT building.

Corporate Planning

- Exploration and/or production opportunities will be evaluated and potential participations /acquisitions will be prepared (PM).

Corporate Services

In view of further professionalization of Corporate Services the following activities are planned:

Further professionalization of Corporate Services (HRM, Procurement, HSE)

- Review and improvement of service delivery of processes and procedures of corporate services;
- Improve service orientation by corporate services, including formalization of service level agreements.

Human Resource Management

- Continuation: realignment of the organizational structure with Vision 2030;
- Continuation: design and roll-out of the Strategic Workforce Planning process;
- Continuation: design and roll-out of the Career Development & Management Development process, including succession planning and determination of career paths;
- Continuation: design and start of a Leadership Development Program;
- Continuation: Implementation of the new HRM Division structure;
- Function analysis: determination of basic competences with associated behavioral indicators;
- Continuation: embedding and improvement of the Performance management process (management & HR cycle);
- Adjust management meeting structure;
- Development of policy, procedure and instruments for Health Care.

Health Safety Environment & Quality

- Continue with the implementation of an integrated HSE Management System, within the framework of ISO 14001 and OHSAS 18000;
- Develop and implement changes within the Staatsolie Quality Management System according to the new ISO 9001:2015 Standard;
- Prepare the integration of the ISO Quality Management System with the HSE Management System.

Finance Services

- Alignment of Management Information and procedures to organizational change (including ethanol);
- Risk management implementation;
- Continuation of the Cost accounting (ABC) project;
- Establish Standardization and Integration of Processes and Data by implementing an ERP system;
- Establish Information Security Management and secured infrastructure based on ISO 27001;
- Improve the ICT Infrastructure to support further professionalization of internal communication and collaboration (Implementation of Microsoft Lync and rollout of VOIP / XOIP);
- Develop and implement Wageningen ICT Support Plan.

IV.

Management's Analysis of Operations and Financial Condition

1. Risk and Uncertainties

Staatsolie is exposed to a number of risks that could affect our operational and financial performance. Staatsolie manages risk in order to ensure safe operations and to realize our corporate goals in compliance with our requirements. In this paragraph some of the key risks are discussed.

Risks related to our business

1. Market risk

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

2. Operational risks

- Fail to find and develop additional oil reserves: Unless we conduct successful exploration and development activities, our proved reserves will decline as crude oil is produced. Intensified exploration efforts are made to find and develop additional oil reserves based on advanced methodologies.
- The crude oil reserve data are estimates. Every two (2) years the crude oil reserves are validated by a reputable independent third party.
- Health, Safety, Environmental and Community (HSEC) risks could result in significant losses: HSEC risk assessments are conducted according to our HSEC policies and procedures, resulting in environmental management plans and health & safety plans.

3. Financial risks

- Risks related to the execution of the investment program: Critical success factors are defined and monitored via the Staatsolie performance scorecard.

Storage tanks under construction at Tout Lui Faut with in the background export loading activities.


T-7514
OCTANE BOOSTER TANK
46.000 BBLS

- In case of a property damage or claim: Staatsolie maintains insurance with proper coverage in case of physical damage to its properties, claims from third parties and accidents to its employees. Regular valuation and risks surveys are performed by an independent surveyor. Also regular evaluation of the content of the insurance coverage is done by Staatsolie and its insurance brokers.
- Failure to attract and retain key employees which can affect the successful implementation of our strategy. Our human resource management system includes the determination of key positions, succession planning and development of competencies.
- Credit, interest and liquidity risks: Credit terms and credit limits are determined and monitored. A financial model, which is reviewed periodically, is used to monitor our financial position.

4. Political and economic risks

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

5. Reputation risk

- Failure to meet our ethical standards could harm our reputation and our business: With our Code of Conduct, which applies to all employees and others who act on our behalf, we wish to firmly establish the specific values of integrity and community spirit. Staatsolie has started the implementation of the Enterprise Risk Management system.

2. Critical Accounting Policies

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

Oil Reserves

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

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

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

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

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

1. Change in reservoir performance;

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

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

Proved reserves can be further subdivided into developed and undeveloped reserves. The proved developed reserves were 68 percent (2012: 75 percent) of total proved reserves at year end 2013, and have been over 50 percent for the last five (5) years. This indicates that proved reserves are consistently moved from undeveloped to developed status, as new wells are drilled and facilities to collect and deliver the production from those wells are installed.
Development projects typically take two (2) to five (5) years from the time of recording proved reserves to the start of production from these reserves. However, a longer time frame is applied where reserves are only developed until actually required to meet the Company's production target.

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

A Staatsolie worker shows a crude sample to a visitor at an exhibition.

Impact of Oil Reserves on Depreciation

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

Suspended Exploratory Well Costs

Staatsolie carries as an asset exploratory well costs when the well has found a sufficient quantity of reserves to justify its completion as a producing well and where sufficient progress is made in assessing the reserves and the economic and operating viability of the project. Exploratory well costs not meeting these criteria are charged to expense. Assessing whether a project has made sufficient progress is a subjective area and requires careful consideration of the relevant facts and circumstances.

Dismantlement and Abandonment Obligation

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

Pensions and Other Post Retirement Benefits

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

Litigation Contingencies

As at December 31, 2013 there are pending lawsuits against Staatsolie and its consolidated subsidiaries GOw2 Energy Suriname N.V.

Management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. US GAAP requires that liabilities for contingencies be recorded when it is probable that a liability has been incurred by the date of the balance sheet and that the amount can be reasonably estimated. These amounts are not reduced by amounts that may be recovered under insurance or claims against third parties, but undiscounted receivables from insurers or other third parties may be accrued separately. Staatsolie revises such accruals in light of new information.

Based on a consideration of all relevant facts and circumstances, the Company does not believe the ultimate outcome of any currently pending lawsuit will have a material adverse effect upon the Company's operations, financial condition, or financial statements taken as a whole.

Tax Contingencies

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

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

Staatsolie donated a CT-Scan to the St Vincentius Hospital.

Schoolchildren responding to questions in the Staatsolie booth at the annual Children's Book Festival.

V.

Independent Auditor's Report

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

Report on the financial statements

We have audited the accompanying financial statements 2013 of Staatsolie Maatschappij Suriname N.V.,Paramaribo, which comprise the consolidated and company balance sheet as at December 31, 2013, the consolidated and company income statement, the consolidated statement of changes in shareholder's equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Staatsolie Maatschappij Suriname N.V. as at December 31, 2013 and of its result and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Paramaribo, March 28, 2014
Lutchman & Co. Accountants

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

Consolidated Financial Statements 2013

VI.

Consolidated Financial Statements

1. Consolidated Balance Sheet as at December 31, 2013

(after distribution of earnings)

x US$ 1,000

Assets	**Notes**	**2013**	2012
Current assets			
Cash and cash equivalents	4	133,838	224,755
Short-term investments	5	14,865	35,938
Accounts receivable	6	112,550	108,542
Inventories	7	34,217	29,281
Prepaid expenses and other current assets	8	51,725	47,494
		347,195	446,010
Loan receivable	9	1,854	2,237
Investments			
Participation in Joint Ventures	10	554	554
Goodwill	11	5,447	5,447
Property, plant and equipment	12		
Oil properties			
Evaluated properties		240,962	214,742
Pipelines		2,073	2,171
		243,035	216,913
Refinery		12,280	17,945
Power plant		23,082	24,827
Other fixed assets		78,527	80,230
		356,924	339,915
Projects in progress		850,262	616,551
		1,207,186	956,466
Total assets		**1,562,236**	1,410,714

See accompanying notes to consolidated financial statements

Paramaribo, March 28, 2014

The Board of Executive Directors:
M. Waaldijk Managing Director
I. Poerschke Finance Director

x US$ 1,000

Liabilities	Notes	2013	2012
Current liabilities			
Accounts payable	13	31,103	49,067
Bank overdraft		4,447	4,398
Accrued liabilities	14	101,334	90,249
Income and other taxes	15	58,739	74,095
Short-term portion of Term Loan	16	53,083	50,000
		248,706	267,809
Long term liabilities			
7% Bond	17	55,085	55,042
Term Loans	18	152,543	131,740
FCIB long/medium term loan facility	19	1,876	2,930
		209,504	189,712
Provisions			
Deferred income taxes	20	592	4,435
Dismantlement and abandonment	21	98,012	88,757
Pensions & other postretirement benefits	22	12,562	11,042
Pension plan	23	8,217	7,318
Environmental risk	24	2,220	2,220
		121,603	113,772
Shareholder's equity		982,423	839,421
Total Liabilities & Shareholder's equity		**1,562,236**	1,410,714

See accompanying notes to consolidated financial statements

Paramaribo, March 28, 2014

The Supervisory Board:

E. Boerenveen — Chairman
S. Marica — Member
G. Asadang — Member
R. Graanoogst — Member
A. Hilversum — Member
F. Kasantaroeno — Member
E. Poetisi — Member

2. Consolidated Income Statement 2013

x US$ 1,000

	Notes	**2013**	2012
Revenues from			
Production & Refining		513,470	537,194
Trading activities		474,295	487,073
Electric energy		35,117	22,529
Gross revenues		1,022,882	1,046,796
Inventory variation		5,282	9,208
Other revenues		2,227	4,053
		1,030,391	1,060,057
Less: export-, transport- and sales costs		(18,921)	(16,439)
Net revenues	27	1,011,470	1,043,618
Exploration expenses including dry holes		(14,203)	(24,009)
Production expenses		(44,471)	(37,166)
Refinery expenses		(12,943)	(15,873)
Depreciation	28	(42,744)	(40,652)
Accretion expenses		(5,325)	(4,875)
Other operational costs	29	(412,890)	(412,440)
Operating income		478,894	508,603
General and administrative expenses		(30,490)	(27,968)
Expensed projects		(9,759)	(7,355)
Financial (expenses)/ income	30	(7,005)	4,826
Earnings before tax		431,640	478,106
Income tax charge	31	(133,158)	(80,390)
Net profit		**298,482**	397,716

See accompanying notes to consolidated financial statements

Paramaribo, March 28, 2014

The Board of Executive Directors:
M. Waaldijk Managing Director
I. Poerschke Finance Director

The Supervisory Board:
E. Boerenveen Chairman
S. Marica Member
G. Asadang Member
R. Graanoogst Member
A. Hilversum Member
F. Kasantaroeno Member
E. Poetisi Member

3. Consolidated Statement of Changes in Shareholder's Equity

In 2013, the shareholder's equity consists of the following:

X US$ 1,000	Common stock	General reserve	Appropriated reserve for environmental risk	Appropriated reserve Committee Rehabilitation and Expansion of Sports facilities	Accumulated Net other comprehensive income	Total
Balance as at January 1	12,104	814,490	6,500	7,456	(1,129)	839,421
Equity movements:						
Transfer from earnings	-	293,941	-	-	-	293,941
Dividend declared	-	(149,068)	-	-	-	(149,068)
Prepaid pension benefits	-	344	-	-	-	344
Adjustment allowances[1)]	-	78	-	-	-	78
Allocation /(Withdrawal)[2)]	-	-	500	(490)	(2,303)	(2,293)
Balance as at December 31	12,104	959,785	7,000	6,966	(3,432)	**982,423**

See accompanying notes to consolidated financial statements

[1)] Adjustment allowances consists of:

- the adjustment profit sharing 2006-2012: US$ 339,288.
- an additional adjustment of (US$ 261,155) in 2013.

[2)] Allocation/ (Withdrawal) consists of the following items:

- Appropriated reserve for environmental risks: US$ 500,000:
  Annually, an amount of US$ 500,000 is allocated for environmental risks. As at December 31, 2013, the appropriated reserve for environmental risks amounted to US$ 7.0 million.
- Appropriated reserve Committee Rehabilitation and Expansion of Sports facilities: (US$ 490,000).
- Accumulated net other Comprehensive Income: (US$ 2,303,000):
  See paragraph 4 on the next page for the breakdown of this amount.

4. Consolidated Statement of Other Comprehensive Income

x US$ 1,000

	2013	2012
Balance as at January 1	1,129	27,825
Pensions and other postretirement benefit plans	1,253	(25,241)
Cash flow foreign currency hedge	-	(12,956)
Unrealized (gains) and losses short-term investments	2,345	(3,516)
Tax effects of items included in other comprehensive income	(1,295)	15,017
Balance as at December 31	3,432	1,129

x US$ 1,000

Tax effects related to other comprehensive income 2013	**Before Tax amount**	**Tax Expense**	**Net of Tax amount**
Pensions and other postretirement benefit plans	1,253	451	802
Cash flow foreign currency hedge	-	-	-
Unrealized (gains) and losses short-term investments	2,345	844	1,501
Other comprehensive income	3,598	1,295	2,303

See accompanying notes to consolidated financial statements

x US$ 1,000

Difference between 2013 company - and consolidated shareholder's equity

Consolidated shareholder's equity	982,423	
Company shareholder's equity	989,659	
Difference		**(7,236)**
Due to the following:		
Negative net capital value Ventrin	(5,387)	
Negative net capital value POC	(1,982)	
Elimination of POC's net profit from overhead charges Staatsolie	(57)	
Tax adjustment from profit elimination from ending stock Ventrin and SPCS	722	
Elimination Staatsolie profit from sales to Ventrin and SPCS	(2,006)	
Adjustment of retained earnings due to result subsidiaries	1,474	
Total		**(7,236)**

5. Consolidated Cash Flow Statement 2013

x US$ 1,000	**2013**	2012
Cash flow from operating activities		
Net earnings	**298,482**	397,716
Depreciation	42,744	40,652
Accretion on discounted provisions	5,325	4,875
Amortization of debt arrangement fees	653	365
Exploration expenses of dry holes	-	1,364
Provision	(5,904)	8,522
Interest on short-term investments	3,437	(1,772)
Accrued interest	(258)	(41)
Deferred taxes	(2,405)	(74,499)
Foreign exchange (gain)/loss	271	718
Provision for doubtful accounts	(928)	(5,116)
Operating profit before working capital changes	**341,417**	372,784
Working capital changes (Operating assets)		
Accounts receivable	(81,456)	(178,611)
Inventories	(5,079)	(7,482)
Accounts payable	(17,964)	28,239
Bank overdraft	49	1,205
Accrued liabilities	16,004	45,362
Income and other taxes	(15,356)	38,490
Pension plan	4,078	(4,989)
Provision for pensions and other postretirement benefits	2,992	(207)
Net cash flow from operating activities	**244,685**	294,791
Cash generated from investing activities		
Proceeds from sale of property, plant and equipment	12	16
Investment in property, plant and equipment	(293,589)	(464,927)
Proceeds from sale of short-term investments	15,291	-
Net cash flow from investing activities	**(278,286)**	(464,911)
Cash generated from financing activities:		
Term loan	27,408	(25,000)
FCIB long/ medium term loan facility	(1,054)	(1,961)
Changes in general reserve	(4,302)	5,223
Dividends paid	(79,119)	(78,956)
Committee Rehabilitation and Expansion of Sports facilities	(490)	(475)
Net cash flow from financing activities	**(57,557)**	(101,169)
Effects of exchange rate changes on foreign cash balances	241	(744)
Net decrease in cash and cash equivalents	**(90,917)**	(272,033)
Cash and cash equivalents at the beginning of the year	**224,755**	496,788
Cash and cash equivalents at the end of the year	**133,838**	224,755
Interest paid	14,805	18,133
Income tax paid	146,030	142,699

See accompanying notes to consolidated financial statements

VII.

Notes to the Consolidated Financial Statements

General Information

Staatsolie Maatschappij Suriname N.V. (Staatsolie) is an integrated oil company incorporated in the Republic of Suriname. The integrated activities include exploration, production, refining, marketing and distribution of oil products.

Staatsolie has four (4) subsidiaries of which three (3) wholly owned: Paradise Oil Company N.V. (POC) and GOw2 Energy Suriname N.V. incorporated in the Republic of Suriname and Ventrin Petroleum Company Limited, a bunkering company incorporated in the Republic of Trinidad and Tobago.
Staatsolie is the main shareholder of the Staatsolie Power Company Suriname N.V. (SPCS), incorporated in the Republic of Suriname, and the local electricity company N.V. EBS holds one share.

1 Summary of Accounting Policies

Principles of consolidation

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

Currency translation

The US dollar is the reporting currency and also the functional currency. Foreign currency transactions as well as Surinamese dollar (SRD) transactions are translated at applicable buying rates derived from exchange rates published by the 'Centrale Bank van Suriname'. At the end of the fiscal year, monetary items in foreign currency are translated into US dollars at the applicable year-end exchange rate. The year-end exchange rate for the Surinamese dollar, the Euro and the TT dollars for the year under review was US$ 1 = SRD 3.25, US$ 1 = Euro 0.72 and US$ 1= TT 6.51 .

Exploration and production development

Staatsolie utilizes the successful efforts method to account for expenditures incurred on exploration and production. On this basis, exploration costs incurred (drilling costs and material fixed assets) are initially capitalized, pending outcome of the technical findings of the exploration effort. If the drilling operation is not commercially successful, the capitalized costs are charged in full to the expense account after deduction of any residual value. All other exploration costs, including geological and geophysical expenses, are charged to the expense account as incurred.

Capitalized costs relating to investments in the oil field, including productive land properties, are depreciated based on the Unit of Production Method (UPM), generally by individual field, as the proved developed reserves are produced. The UPM factor is derived from the year oil production and the related proven developed oil reserves.

Cash and cash equivalents

Highly liquid investments with maturities of three months or less when acquired are classified as cash equivalents.

Short-term investments

Short-term investments are stated at market value and are classified as available-for-sale.
The market value of shares is derived from the value quoted by the 'Effectenbeurs van Suriname' (Stock Exchange of Suriname), while the value of the 'Powisie Gold certificates' is derived from the selling and buying price quoted by the 'Centrale Bank van Suriname'.
The unrealized gains and losses on short-term investments, after deduction of deferred income taxes, are recorded under the shareholder's equity. US GAAP allows that the net unrealized gains and losses on short- term investments are recorded in the shareholder's equity as part of the accumulated net other comprehensive income.

Accounts receivable

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

Inventories

Crude oil and refined products' inventories at period-end are valued at the lower of either cost or market value. Cost comprises all direct purchase costs, attributable operating expenses - including depreciation - and allocated overhead. Drilling supplies and other materials are recorded at the weighted average cost price or lower market value. The cost price consists of the purchase price plus a surcharge for import and transportation costs.
If necessary, a provision for obsolete inventory is taken into consideration and deducted from the inventory. Ordered goods have been recorded at purchase value and only the goods that are in transit at balance sheet date are recorded on the balance sheet.

Participation in Joint Ventures

The participation in Joint Ventures is recorded at cost.

Equity investments

Equity investments are accounted for using the equity method.

Goodwill

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

Property, plant and equipment

Oil properties

The costs of production development such as drilling, testing and completion of development wells are capitalized, notwithstanding if these wells are successful or not. Capitalized costs consist of the purchase price

of materials and services, including the company's internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the Unit of Production Method.

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 assets.

Capitalized interest cost

Interest costs incurred to finance expenditures during the construction phase of multi-year projects are capitalized as part of the historical cost of acquiring the constructed assets. The project construction phase commences with the development of the detailed engineering design and ends when the constructed assets are ready for their intended use. Capitalized interest costs are included in property, plant and equipment and are depreciated over the service life of the related assets.

Impairment of property, plant and equipment

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

Current liabilities

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

Loan and Debt arrangement fees

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

Deferred income taxes

This relates to the difference between the commercial and fiscal calculation of profits and the resulting difference in income tax position.

Provision for dismantlement and abandonment

This provision regards the expected costs of the dismantlement of the production field, the related production facilities, the pipelines (Saramacca-Tout Lui Faut-Paranam), the refinery and the power plant. The calculation of this provision is based on the cash value of the estimated full cost, taking into account an adjustment for inflation.
Annually, a portion of the expected costs of dismantlement and abandonment is expensed. The allocation of the cost for related production facilities, for example production fields, is based on the Unit of Production Method.

The allocation of the costs for the other tangible fixed assets is based on the straight-line method. The period for allocation is based on the expected moment of dismantling.

Provision for pensions and other postretirement benefits

This provision includes the unfunded accrued pension benefit related to the health care plan and the insured pension plan. The determination of this provision is based on an independent actuarial evaluation using the US GAAP guidelines.

Provision for environmental risk

Liabilities related to future remediation costs are recorded when environmental assessments or clean-ups or both are probable and the costs can be reasonably estimated.
According to Staatsolie's policy, which is based on international accepted Environmental, Health and Safety (EHS) standards for petrol stations and national regulations (NIMOS), an environmental provision is recorded for GOw2 Energy Suriname N.V. The environmental provision is measured at the expected value of future cash flows. The expected value is not discounted to their present value, because the discounted present value does not significantly deviate from the expected value.

Revenues
Net revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products after deduction of discounts, export charges, and other sales charges. Revenues are recognized in the year in which the goods are delivered and services have been rendered, and when title passes to the customer.

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

Profits are taken into consideration at the moment they are realized; losses are taken into consideration in the year in which they are foreseen.

Expenditures
Expenditures are valued according to the above mentioned valuation principles and are expensed in the year incurred.

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

Asset Retirement obligations
US GAAP demands that the accretion expense resulting from the change in the passage of time in the asset retirement obligation (ARO) should be recorded as period cost in the income statement under the operating expenses.

Income tax
Income taxes are computed on the financial results as shown in the income statement.

2 Accounting Standards and Interpretations

The consolidated financial statements are prepared in accordance with US GAAP for oil and gas industries in particular. The new standards/amendments of 2013 are not applicable, or where applicable the adoption of the standards did not have a material impact on the Company's financial statements.

3 Restatement of Financial statements

In 2013, the consolidated balance sheet and consolidated income statement have been restated as a result of restatement in the financial statements of subsidiaries POC and Ventrin.
The restatement pertains to the following:
- Investment - Participation in Joint Venture
The participation in Uitkijk joint venture and Coronie joint venture which are presented under Other assets in POC's balance sheet was restated to offset the related liability within the same joint venture previously presented under current liabilities in the 2012 financial statements of POC (see Note 10). Accordingly, the related Investment - Participation in Joint Venture and Accrued liabilities in the consolidated balance sheet were adjusted to reflect these adjustments in POC's financial statements.
- Other operational cost, Accrued liabilities and Retained earnings (2012 and 2011)
The adjustment relates to the restatement in Ventrin's financial statements pertaining to the withholding tax portion of Barge Lease Alice PG for 2012 US$ 415,023 and 2011 US$ 207,055.

Cumulative restatement adjustments to previously reported years retained earnings and net income

x US$ 1,000	**2012**	2011
Retained earnings as restated		
Reported shareholder's equity at period ending	840,043	611,603
Cumulative adjustments to reported shareholder's equity of Ventrin	(622)	(207)
Restated consolidated shareholder's equity at period ending	839,421	611,396
Net income as reported	398,131	262,353
Net income restatement adjustments of Ventrin	(415)	(207)
Net earnings (consolidated) as restated	397,716	262,146

(x US$ 1,000, unless indicated otherwise)

4 Cash and cash equivalents

	2013	2012
Cash at foreign banks	82,767	118,035
Cash at local banks	50,013	105,694
Total bank balance	132,780	223,729
Petty cash	1,058	1,026
	133,838	224,755

Cash and Cash equivalents include restricted cash of US$ 22.5 million for milestone disbursements related to the expansion of the SPCS power plant. 2012 restricted cash of US$ 0.3 million is related to the financing agreement with a syndicate of banks to fund Staatsolie's investment program 2008-2012.

5 Short-term investments

	2013	2012
Powisie Gold certificates	6,972	29,330
Shares	7,893	6,608
	14,865	35,938

Valuation of short-term investments is based on level 1 inputs. These are quoted prices in active markets for identical assets or liabilitie.
In 2013, Powisie gold certificates in the amount of US$ 16.0 million were converted into cash.

6 Accounts receivable

	2013	2012
Accounts receivable in foreign currency (net)	101,126	103,417
Accounts receivable in Surinamese dollars (net)	11,424	5,125
	112,550	108,542

The accounts receivable consist exclusively of trade customers and include a provision for doubtful accounts of US$ 6,119,609 of which US$ 5,386,115 for Staatsolie and US$ 733,494 for Ventrin (2012: US$ 6,365,626).

7 Inventories

	2013	2012
Petroleum products	20,016	20,631
Materials and supplies (net)	10,973	6,449
Ordered goods	3,228	2,201
	34,217	29,281

In 2013 no additional provision has been calulated for obsolete materials and supplies (2012: US$ 5,050).

8 Prepaid expenses and other current assets

	2013	2012
Prepaid expenses Joint Venture POC/Tullow oil	16,163	11,225
Prepaid insurance costs	1,488	1,428
Prepaid purchased goods and services	19,014	22,556
Other prepaid expenses	15,060	12,285
	51,725	47,494

9 Loan receivable

The amount of US$ 1,853,953 (2012: US$ 2,237,040) consists of the outstanding loan and interest regarding an 8% long-term loan of US$ 1,404,000 to N.V. Energie Bedrijven Suriname (N.V. EBS) for the Substation at Tout Lui Faut. The maturity date is November 9, 2016.

10 Investments

Investments to the amount of US$ 554,133 consist of the following:

- Participation in Uitkijk Joint Venture
The participation of POC in the Uitkijk joint venture of 60% increased to 96.5% due to the transfer of 36.5% participation interest of Tullow Oil. The participation of POC in the Uitkijk Block amounts to US$ 7,520,271 (2012: US$ 5,393,866).

- Participation in Coronie Joint Venture
Tullow Oil earned its forty percent (40%) equity in the Coronie Block by the end of November 2012 by paying the farm - in of US$ 4,300,000. Tullow Oil decided to withdraw themselves since 01 February 2013. POC is the sole operator in this Block. The participation of POC in the Coronie Block amounts to US$ 3,688,682 (2012: US$ 3,027,818).

- Current account JV-Uitkijk
This is the 96.5% participation of POC in the Uitkijk Joint Venture that has to be paid by POC and amounts to US$ (6,966,138) (2012: US$ (4,839,732)).

- Current account JV-Coronie
This is the 100% participation of POC in the Coronie Joint Venture that has to be paid by POC and amounts to US$ (3,688,682) (2012: US$ (3,027,818).

11 Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. Under the accounting standard for goodwill (ASC 350), Staatsolie tested this goodwill for impairment during 2013 and concluded no impairment was necessary.

12 Property, plant and equipment

Movements in 2013 in property, plant and equipment are as follows:

								2013	2012
	Evaluated properties	Pipelines	Total oil properties	Refinery	Power plant	Other fixed assets	Projects in progress	Total tangible fixed assets	Total tangible fixed assets
Investments January 1	516,847	17,544	534,391	81,033	35,631	174,046	616,551	**1,441,652**	986,353
Disinvestments current year	(183)	-	(183)	-	-	(253)	-	(436)	(186)
Capitalized current year [1)]	49,489	352	49,841	893	4	9,140	233,711	293,589	455,485
Total investments December 31	**566,153**	**17,896**	**584,049**	**81,926**	**35,635**	**182,933**	**850,262**	**1,734,805**	1,441,652
Total depreciation January 1	(302,105)	(15,373)	(317,478)	(63,088)	(10,804)	(93,816)	-	(485,186)	(444,682)
Depreciation disinvestments current year	6	-	6	-	-	303	-	309	148
Depreciation current year	(23,092)	(449)	(23,541)	(6,558)	(1,749)	(10,894)	-	(42,744)	(40,652)
Total depreciation value December 31	**(325,191)**	**(15,823)**	**(341,014)**	**(69,646)**	**(12,553)**	**(104,406)**	**-**	**(527,619)**	(485,186)
Book value as at December 31	**240,962**	**2,073**	**243,035**	**12,280**	**23,082**	**78,527**	**850,262**	**1,207,186**	956,466

[1)] In 2013 an amount of US$ 147.7 million (2012: US$ 370.0 million) regarding the Refinery expansion was capitalized under projects in progress. This amount includes the interest costs and financing cost allocated to this project. Capitalized interest in 2013 is US$ 7.7 million from a total interest amount of US$ 14.7 million (2012: US$ 15.4 million of a total interest amount of US$ 18.2 million). Financing cost included is US$ 1.3 million (2012: US$ 1.8 million).

Investment in evaluated properties

The 2013 depreciation rate of 0.08 (2012: 0.08) for the Tambaredjo Field, 0.12 for the Calcutta Field (2012: 0.16) and 0.12 (2012: 0.13) for the Tambaredjo North-West Field are based on the Unit of Production Method, which is calculated by using the quotient of the annual production and the proven developed reserve, plus the production in the current fiscal year.

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

Asset retirement obligations

The following table summarizes the accretion related activity in the liability for asset retirement obligations:

	2013	2012
Balance as at January 1	88,757	81,248
Accretion expense	5,325	4,875
Addition subject to depreciation	3,930	2,634
Balance as at December 31	**98,012**	88,757

Evaluated properties

	2013	2012
Evaluated properties	514,349	468,068
Capitalized cost for dismantlement	51,804	48,779
	566,153	516,847
Less: accumulated depreciation	(325,191)	(302,105)
Book value evaluated properties	**240,962**	214,742

Suspended exploratory well costs

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

Change in capitalized suspended exploratory well costs

	2013	2012
Balance as at January 1	23,969	3,181
Additions pending determination of proved reserves	4,626	34,916
Charged to expense	(2,777)	(14,128)
Balance as at December 31	**25,818**	23,969

Period end capitalized suspended exploratory well costs

	2013	2012
Capitalized for a period of one year or less	2,862	20,124
Capitalized for a period between one and two years	20,745	636
Capitalized for a period between two and three years	2,211	3,209
Capitalized for a period greater than one year - subtotal	22,956	3,845
Balance as at December 31	**25,818**	23,969

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

Breakdown of number of projects with suspended exploratory well cost

	2013	2012
Number of projects with first capitalized well drilled in the preceding 12 months	2	1
Number of projects that have exploratory well costs capitalized for a period greater than 12 months	3	4
Total	**5**	5

Pipelines

The pipeline facilities that transport fuel oil from Tout Lui Faut to Paranam were put into use in July 2000. This pipeline is depreciated on a straight-line basis over a period of 15 years.

Refinery

The refinery assets are depreciated on a straight-line basis. The refinery units and land improvement are depreciated at a rate of 6% per year, while the distributed control system and the crude storage tanks are depreciated at respectively 8% and 20% annually. Land is not depreciated.

Refinery assets comprise the following:

	2013	2012
Land and land improvement	1,666	1,666
Crude desalting and vacuum unit, visbreaker unit, tankfarm and utilities	58,144	57,929
Distributed control system	1,825	1,825
Crude storage tanks	16,917	16,792
Capitalized cost for dismantlement	3,374	2,821
	81,926	81,033
Less: accumulated depreciation	(69,646)	(63,088)
Total refinery assets	**12,280**	17,945

Power plant

The power plant assets are depreciated on a straight-line basis. The buildings and production hall are depreciated at respectively 5% and 10%, inventory at 331/3%, tank battery at 20%, powerhouse equipment at 5% to 50%, other units are depreciated at 5% to 20% annually. Yard is not depreciated.

Power plant's assets comprise the following:

	2013	2012
Buildings and production hall	3,326	3,326
Steam boilers and metering	1,163	1,163
Yard	300	300
Field equipment	3,532	3,532
Fuel treatment	248	248
Electric installation	1,643	1,643
Inventory	152	148
Powerhouse equipment	23,732	23,732
Tank battery	768	768
Capitalized cost for dismantlement	771	771
	35,635	35,631
Less: accumulated depreciation	(12,553)	(10,804)
Total power plant assets	**23,082**	24,827

Other fixed assets

With the exception of freehold estate, properties outside the production field are being amortized on a straight-line basis, based on the expenditures incurred in acquiring the long lease and on the terms of the lease. Freehold estates and land are not depreciated.

The annual depreciation percentage for buildings is 10%, telecommunication equipment 20%, dock TLF 4% and oil tanker 10%. Drilling machinery and heavy equipment are depreciated annually at 20%, transportation equipment at 331/3% and office furniture, fixtures and similar assets at 50%. Where applicable a residual value is taken into consideration.

Other fixed assets comprise the following:

	2013	2012
Properties & Dock TLF	50,564	49,708
Buildings and installations	59,466	58,812
Oil tankers	8,598	8,264
Drilling machinery, heavy equipment and transportation	31,607	29,039
Office furniture, fixtures and tools	32,698	28,223
	182,933	174,046
Less: accumulated depreciation	(104,406)	(93,816)
	78,527	80,230

13 Accounts payable

	2013	2012
Accounts payable in foreign currencies	22,744	45,523
Accounts payable in Surinamese dollars	8,359	3,544
	31,103	49,067

14 Accrued liabilities

Accrued liabilities relate to liabilities other than to suppliers of goods and services for production. These liabilities are as follows:

	2013	2012
Cash dividend payable	22,644	26,712
Allowances payable to management and personnel	6,811	5,873
Allocation for community development projects	-	400
Payables regarding consultancy and other services	34,966	22,680
Other short-term provisions	4,742	4,095
Sales expenses	26,554	24,099
Accrued interest	1,343	1,512
Other payables	4,274	4,878
	101,334	90,249

15 Income and other taxes

	2013	2012
Income tax	61,871	74,147
Other taxes and social security	(3,132)	(52)
	58,739	74,095

Income tax 2013 includes dividend tax of US$ 37.3 million (2012: US$ 28.9 million).
The other taxes and social security of 2013 include receivables of US$ 13,391,874 (2012: US$ 11,027,277) regarding Staatsolie sales taxes and US$ 2,096,147 (2012: US$ 4,172,922) regarding Ventrin value added taxes.

16 Short-term portion of Term Loan

- Short-term portion of the secured Term Loan:
At the end of the financial year 2013, the four installments totalling US$ 50 million (2012: US$ 50 million) regarding the term loan, which are due within one year, are recorded as short-term debt. The remaining balance of US$ 83.8 million (2012: US$ 131.7 million) is recorded as long-term debt.
- Short-term portion of Loan at Credit Suisse:
The amount of US$ 3,083,333 regards the first quarterly installment of the term loan that will be due in December 2014.

17 7% Bond

On May 14, 2010, Staatsolie issued a five-year 7% unsecured coupon bond, which is due on May 14, 2015. Interest is paid semi-annually on May 14 and November 14 each year. Interest recognized in 2013 amounts to US$ 1.8 million (2012: US$ 0.6 million).

18 Term Loans

Secured long-term loan

Staatsolie has a secured long-term loan agreement with a syndicate of regional and international banks. The secured long-term loan was concluded for US$ 235 million; US$ 225 million term loan and US$ 10 million revolving loan.
Repayment of the term loan is planned for 14 quarterly installments, 13 installments of US$ 12.5 million and the last installment of US$ 62.5 million which is due for the third quarter of 2015.
With regard to the term loan, the financial institutions required security for Staatsolie's payment obligations. This security consists of, among others, the offshore receivables. Staatsolie also has to comply with several affirmative and negative covenants. As of December 31, 2013, Staatsolie is in compliance with the covenants of the loan agreement.

Loan at Credit Suisse

In September 2013, SPCS closed a 7 year loan of US$ 74 million with Credit Suisse for in the expansion of the Power Company. With a grace period of 4 quarters, the first repayment will take place in December 2014. See also note 16: "Short-term portion of Loan at Credit Suisse". Repayment of the loan is planned for 24 quarterly installments. The maturity date is set on September 10, 2020.
Staatsolie acts as guarantor for this loan. As collateral the bank requested 100% of SPCS's fixed assets, all rights and benefits gained in the Power Purchase Agreement (PPA) as well as the establishment of various collateral accounts offshore.
Debt arrangement fees incurred amounted to US$ 2,264,096. As at December 31, 2013, amortization recorded as interest expenses amounted to US$ 99,178.

19 FCIB long/ medium term loan facility

In August 2011, Ventrin obtained two medium-term bank loans from First Caribbean International Bank. The first being a demand loan of US$ 2 million to assist with the Company's capital expenditure program. The second bank loan of US$ 3.2 million was provided to make a reduction of parent company loans on the balance sheet. This loan was drawdown on August 10, 2011 in which the proceeds were used to pay the principal balance of Loan Sum 2 - US$ 1,262,767, Loan Sum 4&5 - US$ 1 million and part of a proforma invoice due in August - US$ 937,233.

Both of these bank loans are being repaid through 60 monthly installments of principal and interest after the date of drawdown. The interest rate at the reporting date was 4.76%. In addition, the Company has a working capital financing line of credit facility from First Caribbean International Bank with a limit of US$ 5,000,000 which is subject to annual review. The Company draws down loans against the facility with a 90-day tenure. Interest is charged on the outstanding balance at current effective rates of 4.74% per annum. As at December 31, 2013, borrowings of Ventrin amounted to US$ 4,447,135 (2012: US$ 4,397,546).

The above bank facilities are 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 US$ 4,600,000 over the fixed and floating assets of the Company.
2. Corporate Parent Guarantee of Staatsolie Maatschappij Suriname N.V. supported by a US$ 3,000,000 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.
3. Assignment of Terminal Operators Package Insurance all Risks and Business Interruption Policy# MCL 486 899 000 and Marine Cargo Insurance Policy# MA 090 2035 in favour of the Bank.

20 Deferred income taxes

Movements in 2013 in the deferred income taxes were as follows:

	2013	2012
Balance as at January 1	4,435	64,497
Movement due to:		
Adjustment of beginning balance deferred tax	-	(72,167)
Difference between commercial and fiscal calculation of profit	(2,405)	(2,332)
Unrealized losses on inventory subsidiaries	(143)	(580)
Unrealized financial gains/ (losses) from investment in pension plan and postretirement benefits	(451)	9,087
Deferred taxes on hedge	-	4,664
Unrealized financial gains/ (losses) from short-term investments	(844)	1,266
Balance as at December 31	**592**	4,435

21 Provision for dismantlement and abandonment

Provision for dismantlement and abandonment comprises the following:

	2013	2012
Production field in 2013: 1,550 wells (2012: 1,474 wells)	82,277	75,230
Production facilities: Saramacca and pipeline to TLF	8,036	6,785
Refinery and pipeline to Paranam	6,590	5,696
Power plant	1,109	1,046
	98,012	88,757

22 Provision for pensions and other postretirement benefits

	2013	2012
Unfunded accrued pension benefits, insured pension plan	580	753
Unfunded accrued pension benefits, health care plan	11,982	10,289
	12,562	11,042

23 Provision for pension plan

The provision for pension plan to the amount of US$ 8,217,153 (2012: US$ 7,318,174) includes an amount of US$ 190,038 (2012: US$ 164,441) for GOw2 Energy Suriname and US$ 8,027,113 (2012: US$ 7,153,733) regarding the accrued pension cost related to the pension plan for Staatsolie employees, which is managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.'.

Pensions and other postretirement benefits

Staatsolie maintains 3 plans with regard to pensions and postretirement benefits:

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

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

	Pension benefits		Insured pension benefits		Postretirement health care	
	2013	2012	**2013**	2012	**2013**	2012
Benefit obligation as at December 31	(84,209)	(75,197)	(580)	(753)	(17,351)	(15,301)
Fair value of plan assets as at December 31	76,182	68,043	-	-	5,369	5,012
Funded status as at December 31	**(8,027)**	(7,154)	**(580)**	(753)	**(11,982)**	(10,289)

(in %)	Pension benefits		Insured pension benefits		Postretirement health care	
Actuarial assumptions	**2013**	2012	**2013**	2012	**2013**	2012
Price inflation	4.00	4.00	4.00	4.00	4.00	4.00
Actuarial discount rate	5.50	5.50	5.50	5.50	5.50	5.50
Expected return on plan assets	6.50	6.50	-	-	6.50	6.50
Adjustment for inflation and salary developments	4.00	4.00	4.00	4.00	-	-
Average Merit	1.50	1.50	1.50	1.50	-	-
Rate of benefit increase	2.50	2.50	-	-	-	-
Expected increase medical cost	-	-	-	-	6.00	6.00

The measurement of the accumulated postretirement benefit obligation assumes an initial health care cost trend rate of 6.0 percent. A one percentage point increase in the health care cost trend rate would increase service and interest cost by US$ 0.5 million and the accumulated postretirement benefit obligation by US$ 4.0 million (2012: US$ 3.6 million). A one percentage point decrease in the health care cost trend rate would decrease service and interest cost by US$ 0.4 million and the accumulated postretirement benefit obligation by US$ 3.1 million (2012: US$ 2.8 million).

	Pension benefits		Health care	
	2013	2012	**2013**	2012
Employer's contribution	(3,859)	(3,581)	-	-
Employee's contribution	(1,286)	(1,194)	-	-
Benefits paid	467	984	128	64

As at December 31	Pension benefits 2012	2013	2014	Insured pension benefits 2012	2013	2014	Postretirement health care 2012	2013	2014
Service costs	(4,948)	(4,284)	(4,665)	(52)	(41)	(32)	(1,281)	(914)	(995)
Interest costs	(3,302)	(4,136)	(4,631)	(33)	(41)	(32)	(794)	(837)	(948)
Return on assets	3,992	4,023	5,113	-	-	-	303	326	349
Unrecognized transition costs	(21)	(21)	(21)	-	-	-	(121)	(121)	(121)
Unrecognized prior service costs	(176)	(176)	(176)	-	-	-	-	-	-
Unrecognized gains/ (losses)	(1,340)	(330)	(359)	-	24	42	(449)	(39)	(50)
Net pension costs	(5,795)	**(4,924)**	(4,739)	(85)	**(58)**	(22)	(2,342)	**(1,585)**	(1,765)

	Pension benefits		Insured pension benefits		Postretirement health care	
Change in Benefit Obligation	**2013**	2012	**2013**	2012	**2013**	2012
Benefit obligation as at January 1	(75,197)	(83,592)	(753)	(825)	(15,301)	(20,196)
Service costs	(4,283)	(4,948)	(41)	(52)	(914)	(1,281)
Interest cost	(4,136)	(3,302)	(41)	(33)	(837)	(794)
Benefits	467	984	-	-	70	48
Actual gains/(losses)	(1,060)	15,661	255	157	(369)	6,922
Benefit obligation as at December 31	**(84,209)**	(75,197)	**(580)**	(753)	**(17,351)**	(15,301)

	Pension benefits		Postretirement health care	
Change in Plan Assets	**2013**	2012	**2013**	2012
Fair value of plan assets as at January 1	68,043	59,576	5,012	4,657
Contributions	5,268	4,959	217	221
Benefits paid	(467)	(984)	(128)	(64)
Actual return on assets	3,338	4,492	268	198
Fair value of plan assets at December 31	**76,182**	68,043	**5,369**	5,012

	Pension benefits		Insured pension benefits		Postretirement health care	
Change in Other Comprehensive Income	**2013**	2012	**2013**	2012	**2013**	2012
Other comprehensive income as at January 1	15,530	33,228	(226)	(71)	3,265	10,652
Unrecognized Transition Cost	(22)	(21)	-	-	(121)	(121)
Unrecognized Prior Service Costs	(177)	(176)	-	-	-	-
Unrecognized Gains/ (Losses)	(330)	(1,340)	24	-	(39)	(449)
Gains/ (Losses)	1,746	(16,161)	(255)	(157)	426	(6,817)
Other comprehensive income at December 31	**16,747**	15,530	**(457)**	(228)	**3,531**	3,265

The strategy of the 'Stichting Pensioenfonds' for investing the plan assets into the different asset classes is based on the guidelines of the 'Centrale Bank van Suriname', prescribing maximum thresholds for certain asset categories. The 2013 fair value of the benefit plan assets, including the level within the fair value hierarchy, is shown on the next page.

Plan Assets

The 2013 fair value of the Pension benefit plan assets, including the level within the fair value hierarchy, is shown in the table below:

			%	Level 1 Quoted prices in active markets for identical assets or liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
1	**Interest 'Stichting Peetkind'**	**431**	**1**	-	431	-
2	**Real estate:**	**22,131**	**29**	-	21,735	396
3	**Equity Securities:**	**12,836**	**17**			
	Shares	3,738		3,193	545	-
	Trust Companies	1,994		1,994	-	-
	Term deposits	6,904		6,904	-	-
	Other	200		-	-	200
4	**Debt Securities:**		**3**			
	Corporate Bonds	**1,930**		1,530	400	-
5	**Mortgage Loans:**	**29,074**	**37**	-	29,074	-
6	**Cash and Cash Equivalents**	**9,780**	**13**	9,780	-	-
		76,182	**100**	**23,401**	**52,185**	**596**

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

1. Interest 'Stichting Peetkind': 40% interest in real estate of the 'Stichting Peetkind'. The fair value is based on the appraised value established by a certified appraiser, using comparable market oriented prices.
2. Real estate, fair value is based on appraised values established by a certified appraiser using comparable market oriented prices. The real estate categorized as level 3, is derived from the data regarding the profile and marketability of the investment.
3. Equity securities, measurement of fair value depends on the type of investment: Shares and investments in trust companies, are based on quoted prices, derived from active security exchanges market. The term deposits are highly marketable. The shares, categorized as level 2, are valued with input other than quoted prices that are observable for the investment. Other, is treated as a level 3, which is derived from the data regarding the profile and status of this investment.
4. Corporate bonds, valued as level 1 is based on quoted prices derived from active exchange markets and the level 2 is established by other than quoted prices that are observable for these bonds.
5. Mortgage loans, fair value is based on appraised values of collateral established by a certified appraiser using comparable market oriented prices.
6. Cash and Cash equivalents: includes a balance of the other assets and liabilities of US$ 91,148 (2012: negative US$ 1,144,809).

24 Provision for Environmental Risk

In 2011 GOw2 Energy Suriname N.V. took over the Chevron marketing activities of Chevron in Suriname, which included 22 petrol stations and 3 oil terminals. To comply with the national regulation the sites have to be remediated. The estimated cost for remediation of these sites is US$ 2,219,750.
It is expected that all provided Environmental, Health and Safety measures will be started and finalized in the upcoming 2 - 3 years.

25 Segments and related information

Staatsolie's business covers integrated activities regarding the oil and energy industry. These activities are defined into the following operating segments: upstream, downstream, trading and energy. As defined in the accounting standard for segment reporting ASC 280, these operating segments are the Company's reportable segments.
The upstream is responsible for exploring, developing, producing and transporting crude oil to the refinery. The downstream is organized and operates to refine the crude oil, market, sell, and distribute the oil products. The trading segment involves trading fuel products and selling these products to wholesale and retail as well as bunkering customers.
The energy segment operates the 28 megawatt thermal power plant and sells the electric power to the single source customer, the national utilities company for further distribution.
These functions have been defined as the operating segments of the Company because they are the segments (1) that engage in business activities from which revenues are earned and expenses are incurred; (2) whose operating results are regularly reviewed by the board of executive directors to make decisions about resources to be allocated to the segment and assess its performance; and (3) for which discrete financial information is available. The corporate segment consists of Petroleum Contracts, Business Development and all other corporate administrative functions.

Segment reporting Staatsolie

x US$ 1,000

Segment (Revenues)	**2013**	2012
Upstream	550,259	590,244
Downstream	603,156	631,606
Trading	531,946	537,633
Energy	35,443	22,831
Total Segment amounts	**1,720,804**	1,782,314
All Corporate activities (including eliminations)	(690,413)	(722,257)
Total consolidated amounts	**1,030,391**	1,060,057

Segment (Profit/ (Loss))	**2013**	2012
Upstream	323,425	416,874
Downstream	12,551	1,124
Trading	7,276	8,045
Energy	17,820	6,408
Total Segment amounts	**361,072**	432,451
All Corporate activities (including eliminations)	(62,590)	(34,735)
Total consolidated amounts	**298,482**	397,716

Segment (Assets)	2013	2012
Upstream	376,079	301,941
Downstream	908,556	688,939
Trading	75,342	90,791
Energy	100,799	57,497
Total Segment amounts	**1,460,776**	1,139,168
All Corporate activities (including eliminations)	101,460	271,546
Total consolidated amounts	**1,562,236**	1,410,714

Major customers

Revenues from one customer of the downstream segment represent approximately US$ 132.6 million (2012: US$ 150.4 million) of the Company's consolidated revenues.

26 Off-balance commitments and contingencies

As at December 31, 2013, the off-balance commitments and contingencies consist of the following:

x US$ 1,000	2014	2015-2018	Total
Long term (sales) contracts	329,412	-	329,412
Long term refinery expansion contract	115,125	17,734	132,859
Operational lease	7,425	2,205	9,630
Claims	2,169	-	2,169
Study grants	548	632	1,180

27 Net revenues per product

	2013		2012	
	x 1,000 Bbls	x US$ 1,000	x 1,000 Bbls	x US$ 1,000
Local refined products (gross)	5,946	599,008	5,847	623,600
Intracompany sales	(885)	(85,538)	(850)	(86,406)
Local refined products (net)	5,061	513,470	4,997	537,194
Trading activities	3,215	474,295	3,148	487,073
Electric energy *)		35,117		22,529
Total gross revenues	**8,276**	**1,022,882**	8,145	1,046,796
Net revenue local refined products after deduction of direct sales costs **)		1,003,961		1,030,357
Other sales related revenue				
- inventory change oil stock		5,282		9,208
- other revenues		2,227		4,053
Net sales revenue	**8,276**	**1,011,470**	8,145	1,043,618

*) The generated electric energy in 2013 was 198,301,870 kWh. (2012: 165,656,970 kWh).

**) Sales costs related to electric energy is reclassed to 'Other operational costs'.

28 Depreciation

The breakdown of the depreciation expenses is as follows:

	2013	2012
Evaluated properties	23,092	22,523
Oil pipelines	449	418
Refinery	6,561	6,359
Power plant	1,749	1,755
Other fixed assets	10,893	9,597
	42,744	40,652

29 Other operational costs

The breakdown of the other operational costs is as follows:

	2013	2012
Trading activities Staatsolie	208,154	171,459
Electric energy ***)	3,788	(1,096)
Paradise Oil Company	424	275
Trading activities Ventrin ****)	49,653	64,758
GOw2 Energy Suriname	150,871	177,044
	412,890	412,440

***) 2012 Electric energy includes credit adjustment of the SPCS provision for doubtful debtors.
****) 2012 Trading activities Ventrin include an adjustment regarding the withholding tax portion of Barge-Lease-Alice PG for 2012 to an amount of US$ 415,023.

30 Financial (expense)/ income

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

	2013	2012
Interest income/(expense) powisie certificates	(2,562)	2,639
Interest expense term loan, 7% bond and loan at Credit Suisse	(6,975)	(2,737)
Gain/(Loss) on Hedge and related Euro transactions*****)	1,092	5,400
Other income/(expense)	1,440	(476)
	(7,005)	4,826

*****) 2012 includes the gain/(loss) on the foreign currency hedge which was concluded in 2012 while 2013 shows only the result on Euro transactions.

31 Income tax charge

The income tax comprises of:

	2013	2012
Current tax expense or benefit	(135,563)	(154,889)
Deferred tax expense or benefit	2,405	74,499
	(133,158)	(80,390)

Reconciliation statutory with effective tax rate:	**2013**	2012
Suriname statutory income tax rate	36%	36%
Effect of unrecognized tax credits	-1%	-16%
Effective tax rate	31%	17%

Tax losses carry forward

Ventrin has accumulated tax losses of approximately US$ 14.2 million (2012: US$ 15.0 million) available for offset against future taxable profits. These losses have no expiry date in Trinidad and Tobago.

Income tax holiday

SPCS is enjoying an income tax holiday from February 1, 2006 to February 1, 2016.

VIII.

Staatsolie Separate Company Financial Statements

1 Company Balance Sheet as at December 31, 2013

(after distribution of earnings)

x US$ 1,000

Assets	**2013**	2012
Current assets		
Cash and cash equivalents	94,217	171,043
Short-term investments	14,865	35,938
Accounts receivable	87,580	97,900
Inventories	24,278	18,881
Prepaid expenses and other current assets	75,808	125,606
	296,748	449,368
Loan receivable	1,854	2,237
Investments		
Equity investment	40,122	19,243
Goodwill	5,447	5,447
Property, plant and equipment		
Oil properties		
Evaluated properties	240,962	214,742
Pipelines	2,073	2,171
	243,035	216,913
Refinery	12,280	17,945
Other fixed assets	69,881	70,780
	325,196	305,638
Projects in progress	802,627	602,241
	1,127,823	907,879
Total assets	**1,471,994**	1,384,174

Paramaribo, March 28, 2014

The Board of Executive Directors:
M. Waaldijk Managing Director
I. Poerschke Finance Director

x US$ 1,000

Liabilities	2013	2012
Current liabilities		
Accounts payable	23,136	38,825
Accrued liabilities	100,727	95,057
Income and other taxes	50,790	62,974
Short-term portion of Term Loan	50,000	50,000
	224,653	246,856
Long term debt		
7% Bond	55,085	55,042
Term Loans	83,791	131,740
	138,876	186,782
Provisions		
Deferred income taxes	1,314	5,014
Dismantlement and abandonment	96,903	87,711
Provision for pensions and other postretirement benefits	12,562	11,043
Pension plan	8,027	7,154
	118,806	110,922
Shareholder's equity	989,659	839,614
Total Liabilities & Shareholder's equity	**1,471,994**	1,384,174

Paramaribo, March 28, 2014

The Supervisory Board:

E. Boerenveen	Chairman
S. Marica	Member
G. Asadang	Member
R. Graanoogst	Member
A. Hilversum	Member
F. Kasantaroeno	Member
E. Poetisi	Member

2 Company Income Statement 2013

x US$ 1,000

	2013	2012
Revenues from		
Production & Refining	599,009	623,600
Trading activities	212,625	176,047
Gross revenues	811,634	799,647
Inventory variation	4,487	8,441
Net income from equity investment Suritex/ SPCS	8,604	10,683
Other revenues	1,992	3,566
	826,717	822,337
Less: export-, transport- and sales costs	(18,921)	(16,455)
Net revenues	807,796	805,882
Exploration expenses including dry holes	(14,034)	(23,839)
Production expenses	(44,471)	(37,166)
Refinery expenses	(13,130)	(16,108)
Depreciation	(39,850)	(37,698)
Accretion expenses	(5,263)	(4,816)
Other operational costs	(209,628)	(172,974)
Operating income	481,420	513,281
General and administrative expenses	(30,490)	(27,968)
Expensed projects	(9,759)	(7,355)
Financial income	(7,611)	(978)
Earnings before tax	433,560	476,980
Income tax charge	(132,130)	(78,565)
Net profit	**301,430**	398,415

Paramaribo, March 28, 2014

The Board of Executive Directors:
M. Waaldijk Managing Director
I. Poerschke Finance Director

The Supervisory Board:
E. Boerenveen Chairman
S. Marica Member
G. Asadang Member
R. Graanoogst Member
A. Hilversum Member
F. Kasantaroeno Member
E. Poetisi Member

3 Notes to Staatsolie Company Balance Sheet

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

Equity investment

This account regards the majority interest in affiliated companies.
Equity investments are accounted for using the equity method.

Ventrin Petroleum Company Limited is a wholly owned subsidiary of Staatsolie and is domiciled in the Republic of Trinidad and Tobago. In 2013, Ventrin has a negative net asset value of US$ 5,387,284 (2012: US$ 4,561,986) and therefore the participation was valued at nil. The net loss of Ventrin in 2013 amounted to US$ 825,298 (2012: Net income US$ 697,131).

Paradise Oil Company N.V. (POC) is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. In 2013, POC has a negative net asset value of US$ 1,981,786 (2012: US$ 1,199,505) and therefore the participation was valued at nil. The net loss of POC in 2013 amounted to US$ 782,282 (2012: US$ 264,698).

GOw2 Energy Suriname N.V. is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. The participation in GOw2 Energy Suriname as at December 31, 2013 is valued at US$ 20,619,515 (2012: US$ 17,560,886), including the net income after tax of US$ 3,112,353 (2012: US$ 4,274,624).

As of April 16, 2012 Staatsolie is the main shareholder of the Staatsolie Power Company Suriname N.V. (SPCS) and the local electricity company N.V. EBS holds one share. In 2013, SPCS has a net asset value of US$ 19,502,175 (2012: US$ 1,681,739) . The net income of SPCS in 2013 amounted to US$ 17,820,436 (2012: US$ 6,407,818).

Overview of Equity investment as at December 31, 2013

x US$ 1,000	**Ventrin**	**POC**	**GOw2 Energy Suriname**	**SPCS**
Share capital	13,338,978	4,000	2,639	10,300,000
Retained earnings previous years	(17,900,964)	(1,203,504)	17,504,523	(8,618,261)
Net earning current year	(825,298)	(782,282)	3,112,353	17,820,436
Net asset value	**(5,387,284)**	**(1,981,786)**	**20,619,515**	**19,502,175**

Shareholder's equity

The difference between corporate and consolidated shareholder's equity is disclosed on page 36.

IX.

Other information

1 Distribution of Earnings

Articles of association

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

2013 distribution of consolidated earnings

In 2013, a consolidated net profit of US$ 298 million was realized. Management proposed a cash dividend of 50%, profit sharing for management and personnel, a reserve for environmental risk and the remaining balance to be added to the general reserve.

2 Adoption of Financial Statements of the Preceding Fiscal Year

The 2012 Financial Statements were adopted at the General Meeting of Shareholders held on April 24, 2013 and included Management's proposal for the appropriation of the 2012 profit.

3 Subsequent events after balance sheet date

On March 28, 2014, the date the financial statements were audited, the following subsequent events were determined:

- The official commissioning of the commercial operation of the expanded SPCS power plant took place on February 28, 2014;
- On March 13, 2014, the remainder of the Powisie gold certificates to the amount of US$ 7.0 million exchanged at the Centrale Bank van Suriname;
- Staatsolie will sign a loan agreement of US$ 275 million with the option to increase to US$ 475 million within a period of 2 years with an international consortium of banks on March 28, 2014.

X.

Five years Consolidated Income Statements

x US$ 1,000

	2013	2012	2011	2010	2009
Gross revenues	1,022,882	1,046,796	782,233	565,807	424,597
Net revenues	1,011,470	1,043,618	778,225	547,718	413,112
Exploration expenses including dry holes	(14,203)	(24,009)	(37,944)	(10,385)	(30,283)
Production expenses	(44,471)	(37,166)	(37,664)	(33,419)	(28,953)
Refinery expenses	(12,943)	(15,873)	(12,080)	(10,623)	(9,131)
Depreciation	(42,744)	(40,652)	(37,368)	(34,631)	(35,154)
Accretion expenses	(5,325)	(4,875)	(4,444)	(3,953)	-
Other operational costs	(412,890)	(412,440)	(186,795)	(124,640)	(83,013)
Operating income	478,894	508,603	461,930	330,067	226,578
General and administrative expenses	(30,490)	(27,968)	(26,915)	(24,156)	(20,101)
Refinery expansion	-	-	-	(6,135)	(30,763)
Expensed projects	(9,759)	(7,355)	(6,457)	-	-
Impairment of equity investment	-	-	-	-	(148)
Financial expense and income	(7,005)	4,826	(14,452)	(1,474)	5,143
Earnings before tax	431,640	478,106	414,106	298,302	180,709
Income tax	(133,158)	(80,390)	(151,960)	(106,690)	(64,741)
Earnings after tax	298,482	397,716	262,146	191,612	115,968
Minority interest	-	-	32	23	29
Net profit	**298,482**	397,716	262,178	191,635	115,997

XI.

Supplemental Information on Oil Producing Activities

(Unaudited)

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

1 Cost incurred in exploration, property acquisition and development for the year ended December 31, 2013

x US$ 1,000	**2013**	2012
Exploration costs	14,293	24,234
Development costs	84,483	77,529
End of the year	98,776	101,763

2 Capitalized Cost relating to oil producing activities as at December 31, 2013

x US$ 1,000	**2013**	2012
Proved oil properties	514,348	468,067
Accumulated depreciation	(293,904)	(272,671)
Net capitalized costs	220,444	195,396

3 Results of operations for oil producing activities for the year ended December 31, 2013

x US$ 1,000	**2013**	2012
Revenues		
Sales	811,634	799,647
Total	811,634	799,647
Production costs	(44,471)	(37,166)
Exploration costs	(14,034)	(23,839)
Depreciation and provisions	(35,336)	(33,496)
	717,793	705,146
Income tax expenses	(132,130)	(78,565)
Results of operations from producing activities (excl. corporate overhead interest cost)	585,663	626,581

Unaudited - see accompanying auditor's report

4 Reserve Quantity Information for the years ended December 31, 2013 and 2012

Proved developed and undeveloped reserves (x 1,000 Bbls)	2013	2012
Beginning of the year	76,700	76,800
Revisions of previous estimates	4,700	4,000
Extensions and EOR discoveries	17,100	1,800
Production	(6,000)	(5,900)
End of the year	92,500	76,700

Proved developed reserves	2013	2012
Beginning of the year	57,700	56,700
End of the year	59,800	57,700

Proved undeveloped reserves	2013	2012
Beginning of the year	19,000	20,100
End of the year	32,700	19,000

Note: The oil reserves are located entirely within one geographic area in Suriname.

5 Standardized measure of discounted future net cash flows at December 31, 2013

Based on the oil price of US$ 90.00

x US$ 1,000	2013	2012
Future cash inflows (a)	9,349,752	7,179,487
Future production and development costs (a)	(1,913,310)	(1,037,619)
Future income tax expenses (a)	(2,677,119)	(2,211,073)
Future net cash flows	4,759,323	3,930,795
10% annual discount for estimated timing of cash flows	(2,597,300)	(1,798,502)
Standardized measure of discounted future net cash flows	2,162,023	2,132,293

(a) Future net cash flows were computed using prices used in estimating the entity's proved oil reserves, year-end costs, and statutory tax rates (adjusted for tax deductions) that relate to existing proved oil reserves. The Society of Petroleum Engineers guidelines propose to use the average price of 2013 which is 90.00 US$/BBL (2012: 95.00 US$/BBL).

Unaudited - see accompanying auditor's report

A view of the construction progress of the refinery expansion.

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Cover: A collage of Staatsolie's social responsibility, GOw2 and progress at the REP construction site

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