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## Staatsolie Exceeds Production Targets

**Staatsolie Maatschappij Suriname N.V. looks back on 2022 with a positive feeling. The production of oil, refined products and electricity, and the consolidated turnover are higher compared to 2021.**

Staatsolie is satisfied with the results in 2022. We were able to put the corona crisis behind us in the past year. This enabled a greater focus on meeting and exceeding the set targets and further improving the business activities. In 2022, we revised our strategic plan. In this, more attention is paid to the offshore and how to respond to global developments in the field of Environmental, Social and Governance (ESG).

### Financial results

The unaudited financial results show an improvement on all fronts compared to 2021 (see table). The expected consolidated gross revenues for 2022 are US\$ 840 million; 51 percent higher compared to US\$ 558 million in 2021, mainly due to a higher average oil price in 2022 of US\$ 93 per barrel (US\$ 70 per barrel in 2021). The profit before tax is estimated at US\$ 420 million (US\$ 213 million in 2021). Earnings before interest, taxes, depreciation, and amortization (EBITDA) are approximately US\$ 610 million (US\$ 387 million in 2021). The contribution to the Government of Suriname is almost US\$ 300 million (US\$ 186 million in 2021) in the form of taxes, dividends, and royalties from Staatsolie's participation in gold mines. The implementation of company-wide optimization and cost reduction programs also contributed to the strong financial results in 2022.

### Production results

In the production of crude oil, refined products and electricity, results are above target in all segments except thermal electricity generation (see table). In 2022, 6.14 million barrels of Saramacca Crude are produced, about 110,000 barrels more than the target. A record quantity of 3.3 million barrels of high-end diesel and gasoline was produced in the Staatsolie refinery, an increase of more than 300,000 barrels compared to 2021. A total of approximately 1.9 million barrels of fuel oil and bitumen were produced.

Staatsolie's subsidiary Staatsolie Power Company Suriname has generated approximately 75 percent of Suriname's electricity needs. The thermal plant, whose generators run on fuel oil, has generated approximately 283,000 megawatt hours (MWh) of electricity. The production of thermal electricity is subject to supply and demand. Approximately 1.2 million MWh has been generated at the Afobaka hydropower plant, 200,000 MWh more than planned. Due to the higher water levels in the reservoir – the result of the above-average rainfall – more hydropower energy has been supplied to the electricity network. The maximum daily generation was 162 MW (153 MW in 2021). Due to the optimal supply of hydroelectricity, therefore, less thermal electricity was needed to meet the total demand.

Subsidiary GOw2 has maintained its market share in 2022. The first phase of the World Class Retail Network project was completed in March with the delivery of the renewed service station in Latour. Several GOw2 pumping stations will be renovated in the coming years. This should ensure that GOw2 is confirmed as a top brand in Suriname and that the market share in the retail segment is maintained.

### Offshore

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The exploration and appraisal activities in offshore Suriname are followed with great interest, internationally and locally. Appraisal is the process of confirming oil deposits and recoverable volumes. Block 58 partners TotalEnergies and APA Corporation require a thorough evaluation and assessment of the finds before a Final Investment Decision (FID) can be made to develop a production field. A FID follows after establishing sufficient reserves. Staatsolie is optimistic that a final investment decision for the development of a production field in Block 58 will be taken. This block has an exploration success rate of over 60%, which is excellent by world standards (24%). In the past year, four wells (exploration and appraisal) have been drilled in Block 58.

An exploration well has been drilled in Block 42 (Shell, Chevron, and Hess). The results are encouraging for further exploration activities in this block. In Block 53 (APA, Petronas, and CEPESA) a discovery has been made with the exploration well Baja-1. The evaluation of the drilling results is ongoing, and APA will soon indicate how the Baja-1 find will be further explored.

Exploration wells for the 2023 work program have been identified in Block 52 (Petronas, ExxonMobil). At the same time, it is being investigated how the earlier Sloanea-1 gas find in this block can be explored and possibly developed as a commercial production field.

On 8 November, Staatsolie launched a competitive bid round for six new blocks in the Demerara area. The blocks lie to the east of the current offshore discoveries and have water depths ranging from 400 to 3,500 meters. International oil and gas companies can make a bid until 31 May 2023.

One of the largest seismic surveys in the world is currently taking place in Suriname. A consortium of three international companies is collecting high-resolution three-dimensional (3D) seismic data in the 22,000 km<sup>2</sup> shallow sea area of Suriname, known as the shallow offshore. The area is located south of the deep offshore, up to 140 kilometers from the coast with water depths of 30 to 75 meters. The collected 3D seismic data will contribute to the further exploration of the shallow offshore. The project started in October 2021. The first phase and part of the second phase were completed this year. This project will be continued in 2023.

In April, Staatsolie and Chevron signed a production sharing contract for the shallow offshore block 7. Staatsolie has a participation interest of twenty percent through its subsidiary Paradise Oil Company N.V. (POC). To this end, POC and Chevron have entered into a Joint Operating Agreement (JOA).

### **Environmental, Social, and Governance (ESG)**

Staatsolie has committed itself to the principles of responsible environmental, social, and corporate governance. An ESG committee, set up in 2021, will ensure that ESG issues remain in the focus of the board.

The company is committed to providing a healthy and safe environment for employees and the communities in which it operates. Minimizing negative effects on the environment is an important starting point for 'Zero Harm', one of Staatsolie's core values. In the past year, the process for the certification according to ISO standards for environment and safety was started. The downstream (refining and marketing) and subsidiary SPCS obtained the ISO-14001 (environment) and ISO-45001 (safety) certificate. The certification process for the remaining organizational units and GOw2 will be completed in 2023.

#### *Environmental*

In 2021, we started mapping and auditing our own emissions of greenhouse gases such as carbon dioxide (CO<sub>2</sub>). In 2022, several projects have been drawn up that can potentially reduce CO<sub>2</sub> emissions by approximately 170,000 tons per year. Nineteen percent of the target has now been achieved with some of these projects. Several plans for reducing emissions will be worked out in the coming years. Staatsolie will also continue to look at renewable ('green') energy sources such as solar energy.

#### *Social*

In 2022, Staatsolie and the Staatsolie Foundation for Community Development will have spent more than

US\$ 2 million on social investments. Some of the projects that have been carried out or started in the past year are:

- Improving the living environment of twelve social institutions (children's homes, retirement homes and institutions for people with disabilities) in seven districts. This project is being carried out in collaboration with various local contractors.
- Support of the National Care Recovery Plan with SRD 29 million. The money will be used to alleviate the acute need in the health sector.
- Donation of five vehicles to the Suriname Police Force (KPS) to use for the service in Brokopondo and Paramaribo.
- Emergency relief to communities affected by flooding in Brokopondo, both during and after the floods.
- Start of the oil and gas training ('Oil & Gas Kopprogramma') of the NATIN. This training was established through a collaboration between Staatsolie, the Ministry of Education, Science and Culture, the NATIN, the Surinamese business community, and the international oil companies active in Suriname. The Oil & Gas Head Program is part of the NATIN Upgrade Project, for which Staatsolie took the initiative in 2021 from the point of view of local content development.
- Participation in the Friends of Green Suriname program led by Conservation International Suriname, which contributes to the protection of nature.

### *Corporate governance*

Corporate governance enables an environment of trust, transparency, and accountability to be built to promote long-term investment, financial stability, and business integrity. A strong governance structure has been implemented with high standards. The development and implementation of internal control mechanisms is in its final phase. Staatsolie has a Corporate Governance Code that sets out the principles and responsibilities of the Board of Executive Directors and the Supervisory Board. In October 2022, the composition of the Supervisory Board changed. Leo Brunswijk, Mellisa Santokhi-Seenacherry, Nawin Nannan and Harry Dorinnie have stepped down. In their place Herman Alendy (Chair), Bhoepsing Dwarkasing, Leroy Jack and Maya Shrihar Doobe were appointed.

At the beginning of 2022, the strategy, vision, mission, and core values were adapted to the current reality and growth aspirations of Staatsolie. The strategic objectives for the period 2022-2026 were also adjusted. In addition to performing the activities at a high level and the increased focus on the offshore, Staatsolie will take up a sustainability strategy aimed at ESG aspects. The focus will be on, among other things, the reduction of carbon dioxide emissions from existing activities, the development of alternative energy sources and the establishment of a long-term vision for emission reduction, including a corresponding program for implementation.

### **Outlook**

In the coming years, Staatsolie will continue to focus on contributing to the development of Suriname through the responsible development of energy sources.

In the onshore finding reserves and maintaining oil production at six million barrels per year remains the main goal. The cost-cutting program to maintain Staatsolie's position as a low-cost oil producer will be continued.

In the offshore, the technical and commercial evaluation of the ongoing exploration and assessment programs of the international partners continues. Staatsolie continues to work towards participating in a development and production phase when the time comes. Among other things, attention is paid to the financing process for this.

For the refinery, the focus remains on a stable production level and further increasing availability, while improvement programs keep costs as low as possible. In 2023, preparations will be made for the four-yearly major inspection and overhaul of the refinery that will take place in 2024.

Staatsolie realizes that the results of 2022 have been achieved partly thanks to the support of all stakeholders - the shareholder, supervisory board, employees, partners, service providers and Surinamese society. The individual and collective efforts of the employees ensure that the company continues to grow in the interest of the Surinamese society.

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	Forecast 2022	Prognose 2022	Realisation 2021
<b>Financial results</b>			
Consolidated gross revenues	US\$ 522 million	US\$ 840 million	US\$ 558 million
Profit before tax	US\$ 196 million	US\$ 420 million	US\$ 213 million
EBITDA	US\$ 386 million	US\$ 610 million	US\$ 387 million
Contribution to Government of Suriname	US\$ 191 million	US\$ 300 million	US\$ 186 million
Average Oil Price	US\$ 59 per barrel	US\$ 93 per barrel	US\$ 70 per barrel
Crude production	6.03 million barrels	6.14 million barrels	5.95 million barrels
Refinery			
• Diesel & gasoline ( <i>high ends</i> )	3.1 million barrels	3.3 million barrels	2.98 million barrels
• Fuel Oil	1.78 million barrels	1.83 million barrels	1.75 million barrels
• Bitumen	36,500 barrels	61,000 barrels	35,000 barrels
Electricity			
• Thermal	301,000 MWh	283,000 MWh	349,000 MWh
• Hydro	1,007,000 MWh	1,180,000 MWh	1,094,000 MWh
<i>Table: Results Staatsolie 2022. Planning 2022 vs Prognose 2022 vs Realisation 2021</i>			
<i>1 barrel is 159 liter.</i>			

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