

# EITI REPORT OF THE REPUBLIC OF SURINAME

REPORT ON THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017



## FOREWORD

With the publication of the second EITI report for Suriname covering the year of 2017 the Multi Stakeholders Group (MSG) showed once again its full commitment towards the successful implementation of the EITI standards in Suriname. Although, the first report (2016) could not be published on time, the MSG with the support of the Ministry of Natural Resources and the Ministry of Finance, companies and civil society were able to meet the second deadline of May 24, 2019 under the strict guidance of the Independent Administrator (BDO Suriname). It was the first time to compile such a comprehensive report on the extractives industries. We learned a great deal of this process and were able to continue towards the publication of the second report covering 2017.

With the second report to be published on time by the deadline set for on December 31, 2019, the MSG was faced with a very challenging and immense task. In addition, the delay of the first report resulted in lag time and within seven months the 2017 report needed to be finalized and published. Yet again, with the support and commitment of the MSG and reporting companies the data was gathered, submitted and analyzed in order for the Independent Administrator. BDO made the necessary extra efforts and finalized the report on time.

As we move towards the next phase of the EITI implementation, the validation of the 2016 and 2017 reports by the EITI international secretariat in April 2020, the MSG acknowledges that there are still some challenges to overcome regarding the implementation of the 2019 standards. A significant step was taken by the Government of Suriname in the past months regarding the transparency of the mining licenses. As a result, the application process for mining licenses is online, cadaster management has improved, and this information is available for the public online. In addition, other steps are made towards the establishment of the Minerals institute and the total revision of the mining laws and regulations.

We acknowledge the fact that Suriname's candidature for implementing the EITI standards contributed to all of these improvements. Therefore, we keep working hopefully towards the next phase of the development of our extractive industry and its transparency.

With the publication of the 2017 EITI report we are to engage in the process of communicating the results of the first two reports in an effective manner to the media, the public and other specific target groups.

Moving forward I hope that the MSG for Suriname can continue to rely on the support of the Government, civil society and companies for implementing the EITI standards for the extractive industry in our beloved country.

On behalf of the Multi Stakeholders Group for Suriname,

A handwritten signature in blue ink, appearing to read 'Dave A. Abeleven', with a horizontal line underneath.

Dave A. Abeleven

Chair

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**1: Terms of Reference**

**2: Revenue streams and materiality**

**3: Reporting templates**

**4: Meetings**

## Abbreviations and Acronyms

Abbreviations/ Acronyms	Explanation
ABS	(Stichting) Algemeen Bureau voor de Statistiek/ (Foundation) General Office for Statistics
ASGM	Artisanal and Small-scale Gold Mining
BOPD	Barrels of Oil Per Day
CARICOM	Caribbean Community (CC)
CBvS/CBoS	Centrale Bank van Suriname /Central Bank of Suriname
CC&I	Chamber of Commerce and Industry
CSR	Corporate Social Responsibility
DIS (MIS)	Delfstoffen Instituut Suriname (Minerals Institute Suriname)/MIS)
DNA	De Nationale Assemblee (The National Assembly)
E&P	Exploration and Production
FTE	Fulltime equivalent
GB	Gouvernementsblad (an official gazette before November 1975 Gouvernements-blad/GB)
GFS	Government Finance Statistics
GDP	Gross Domestic Product
GLIS	Grondregistratie en Land Informatie Systeem (Land Registration and Land Information System, Keeper of mortgages)
GMD	Geologisch Mijnbouwkundige Dienst (Geological Mining Service)
Grassalco	Grasshopper Aluminum Company Suriname NV (LLC)
GOS	Government of the Republic of Suriname
IA	Independent Administrator
IOC	International Oil Company
MOF	Ministry of Finance
LOA	Letter of Agreement
MONR	Ministry of Natural Resources
MOSPL&FP	Ministry of Spatial Planning, Land & Forest Management
M.O.U.	Memorandum of Understanding
MSG	Multi Stakeholder Group
NOB	Nationale Ontwikkelingsbank NV (NOB/National Development Bank LLC)
NS	Newmont Suriname LLC
N.V.	Naamloze Vennootschap (Limited Liability Company (LLC))
NV1	NV EEN
O&G	Oil and Gas
PSC	Production Sharing Contract
RGM	Rosebel Gold Mines N.V.
SEMiF	Suriname Environmental and Mining Foundation
SB	Surinaams Staatsblad (an official gazette of the Government after November 25, 1975)
SHMR	Stichting Houders Mijnbouw Rechten (Foundation Holders Mining Rights)

Abbreviations/ Acronyms	Explanation
SRD	Surinaamse Dollar (Surinamese Dollar)
SOE	State-owned Entity
Staatsolie	Staatsolie Maatschappij Suriname NV
SGP	Suriname Gold Project C.V.
USD	United States Dollar
UJV	Unincorporated Joint Venture

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Ministry of Natural Resources (MONR) :( <a href="http://naturalresources.gov.sr/">http://naturalresources.gov.sr/</a> )
Ministry of Finance (MOF): ( <a href="http://finance.gov.sr/">http://finance.gov.sr/</a> )
Staatsolie: ( <a href="https://www.staatsolie.com/">https://www.staatsolie.com/</a> )
Rosebel Goldmines N.V. (RGM) :( <a href="http://www.rosebelgoldmines.sr/">http://www.rosebelgoldmines.sr/</a> )
Newmont Suriname LLC :( <a href="https://www.newmont.com/surgold/">https://www.newmont.com/surgold/</a> )
Algemeen Bureau voor de Statistiek ( <a href="https://statistics-suriname.org/nl/">https://statistics-suriname.org/nl/</a> )
GMD: <a href="https://geologymining-sr.maps.arcgis.com">https://geologymining-sr.maps.arcgis.com</a>
Suriname EITI: <a href="https://eitipuriname.org/en">https://eitipuriname.org/en</a>
LMBA prices 2017: <a href="https://www.kitco.com/londonfix/gold.londonfix17.html">https://www.kitco.com/londonfix/gold.londonfix17.html</a>

## Report of the Independent Administrator

Suriname EITI Multi Stakeholder Group  
Attn. Chairman of MSG  
c/o SEITI Secretariat  
Mr. J.C. de Mirandastraat 13-15  
PARAMARIBO

Paramaribo January 17, 2020  
C 20/02 RF/SA

BDO Assurance N.V. in Suriname has been appointed by the Multi Stakeholder Group (MSG) of Extractive Industry Transparency Initiative for Suriname (EITI Suriname) as the Independent Administrator for the Republic of Suriname to produce an EITI Report on payments directly or indirectly made by participating extractive oil and mining companies and associated activities to the Government of the Republic of Suriname (GOS) and revenues reported as received by the GOS agencies from those companies for the fiscal year 2017, January 1, 2017 to December 31, 2017 (“Engagement”).

The Engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise in this report including its appendices.

We set out our findings in this SR-EITI report for the fiscal year 2017 including its appendices. Section 3 “Extractive Industry in Suriname” is the responsibility of the MSG of EITI Suriname and not part of the engagement. Because the procedures were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the MSG and the Republic of Suriname regarding the procedures and results of the work executed by the Independent Administrator.

The report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any taken as a whole.

For BDO Assurance N.V.



R.D. Ferrier MSc CA RA  
Partner

## 1. INTRODUCTION

The Republic of Suriname became an implementing country of EITI on May 24, 2017. This is the second EITI Report issued for Suriname and covers the period January 1, 2017 to December 31, 2017 (fiscal year 2017). The Independent Administrator's work was carried out between August 1 through December 28, 2019 in accordance with the Terms of Reference included in Appendix 1 to this report.

### 1.1 Objective

The objective of this engagement is to produce an EITI Report on payments directly or indirectly made by participating companies in the extractive industry of Suriname to the Government of Suriname. For these payments to the Government and other Government agencies' revenues are reported for the fiscal year 2017.

The extractive companies participating in this report, based on materiality, consist of:

1. Oil companies in upstream and associated activities as well in downstream executing by Staatsolie refinery imbedded in Staatsolie NV
2. Mining companies that are active in gold mining

This engagement includes an analysis and reconciliation of material payments and receipts made by the specified reporting entities, during fiscal year 2017 by the oil and mining sector.

### 1.2 Scope of work

BDO Assurance Ltd ("the Independent Administrator" or "IA") was assigned to undertake the work set out in the Terms of Reference for this engagement. The reconciliation has been executed on a cash accounting basis in order to align with the accounting policies of the Government of Suriname.

For the implementation of the EITI standards a Multi Stakeholder Group (MSG) has been installed in Suriname.

The MSG consists of the following stakeholders:

- Representatives of the Ministry of Natural Resources
- Representatives of the Ministry of Finance
- Representatives of the Ministry of Trade, Industry and Tourism
- Representatives of the Ministry of Regional Development
- Representative of the Suriname state oil company
- Representatives of private companies in the oil sector
- Representatives of the two largest -industrial- mining companies
- Representatives of small- and medium-size (gold) mining companies
- Representatives of the civil society

After the MSG carried out research on the extractive industry in Suriname the payment flows to be included in the reconciliation were determined and the entities that should report were identified. Furthermore, the MSG has determined the materiality which is included in Appendix B of this report.

If there are material receipts or payments omitted, or not reflected due to the nature of a transaction in relation with EITI, in the reporting templates by both the paying and receiving entities, the work carried out by the IA would not be sufficient to detect them. Any such receipts or payments would therefore not be included in the EITI report. In conducting the work, reliance has been placed upon the information and explanations obtained from Reporting Entities, amongst which the Ministry of Natural Resources, Ministry of Finance and other Government agencies.

### 1.3 Structure of the report

The following chapters are included in this report

- Executive summary
- Overview of the extractive industry in the Republic of Suriname
- Description of flows and entities and reconciliation principles
- Reconciliation Oil and Mining Companies
- Recommendations
- Approach, methodology and scope
- Appendices

### 1.4 Acknowledgements

We could not have completed the second SR-EITI report within a period of 4 to 5 months with the set deadline for this December 31, 2019 report without the cooperation of all the actors including the MSG. We therefore express our sincere thanks to the Ministry of Natural Resources, the Ministry of Finance, the members and the secretariat of MSG-Suriname, and the representatives of the reporting entities for their help and constructive cooperation.

We particularly thank the Director of the Ministry of Natural Resources, Mr. Dave A. Abeleven, for his coordinating role and his constructive approach to the EITI process. We also thank the MOF team members for their dedicated role in completing the reconciliation process for the fiscal year 2017.

It was our pleasure and honor to have completed the 2<sup>nd</sup> SR-EITI reporting process with a report that will benefit the Republic of Suriname in the next steps in further transparent reporting on the extractive industry. Finally, we congratulate the Government of Suriname on achieving this milestone.

## 2. EXECUTIVE SUMMARY

### 2.1 Introduction

For the Extractive Industries Transparency Initiative (EITI) for Suriname the 2<sup>nd</sup> SR-EITI report has been completed. In accordance with the EITI requirements the MSG engaged BDO in Suriname as the Independent Administrator to carry out specific agreed-upon procedures based on the EITI standards 2016. The SR-EITI report for 2017 has been approved by the MSG on December 30, 2019. In this executive summary a short description is outlined regarding the key main aspects of the SR-EITI 2017 report.

### 2.2 Mining and Oil Industry in Suriname 2017

#### Mining Industry

- Licenses issued

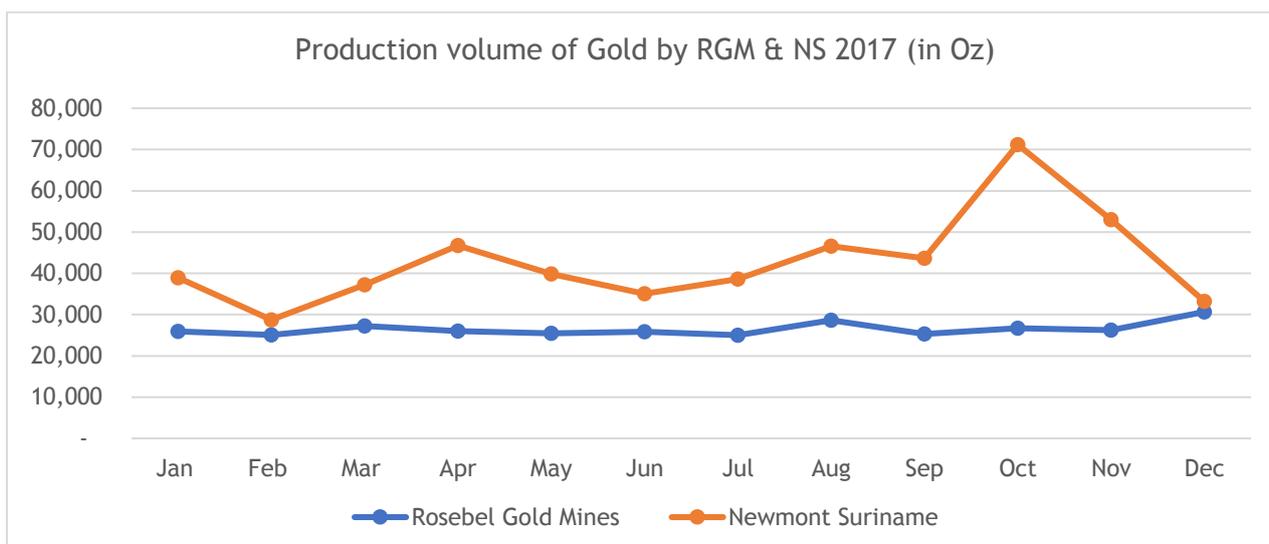
As of December 31, 2017, the following mining rights and licenses were issued to RGM, NS and Grassalco:

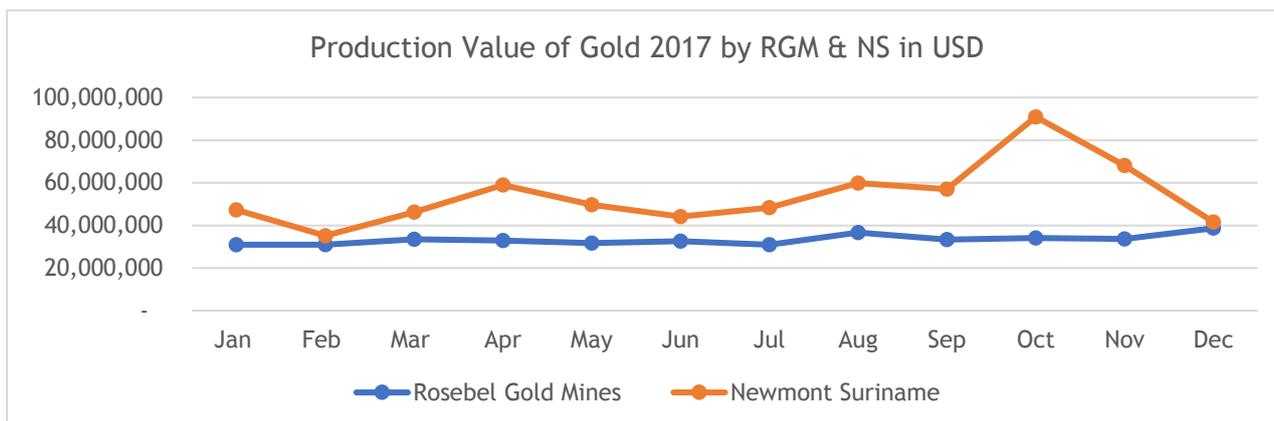
Company	Mineral	Mining Right		Surface in ha		Total
		Exploration	Exploitation	Exploration	Exploitation	
RGM	Gold	8	2	67,761	27,000	94,761
NS	Gold	11	1	159,710	16,788	175,958
Grassalco*	Building Material		7		12,977	12,977
	Gold/ Kaolin	<u>6</u>	<u>2</u>	<u>124,916</u>	<u>1,375</u>	<u>126,291</u>
		15	12	351,847	58,140	409,987

As of December 31, 2017, approximately 410,000 hectares (equaling 1,013,132 acres) have been allocated to the mining companies: RGM, NS and Grassalco.

- Production by mining companies

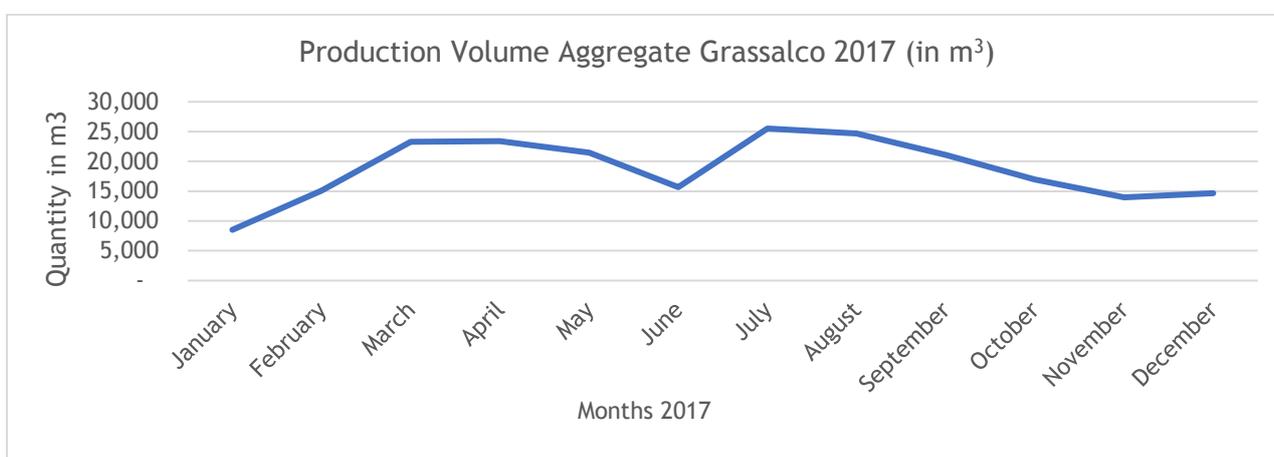
#### Gold Production chart RGM & NS





The charts above regard solely the production volume and value of gold, since the production of silver is not being reported as main production by one of the two large companies.

**Aggregate production Chart Grassalco**



**Collective of small and medium scale of holders of mining rights (SHMR)**

The participants of SHMR have collectively reported the following data of production of gold for 2017 measured in grams:

Period	Gross production	Refined production
January 2017- December 2017	Production	Production
in 1,000 grams	104.364	90.989

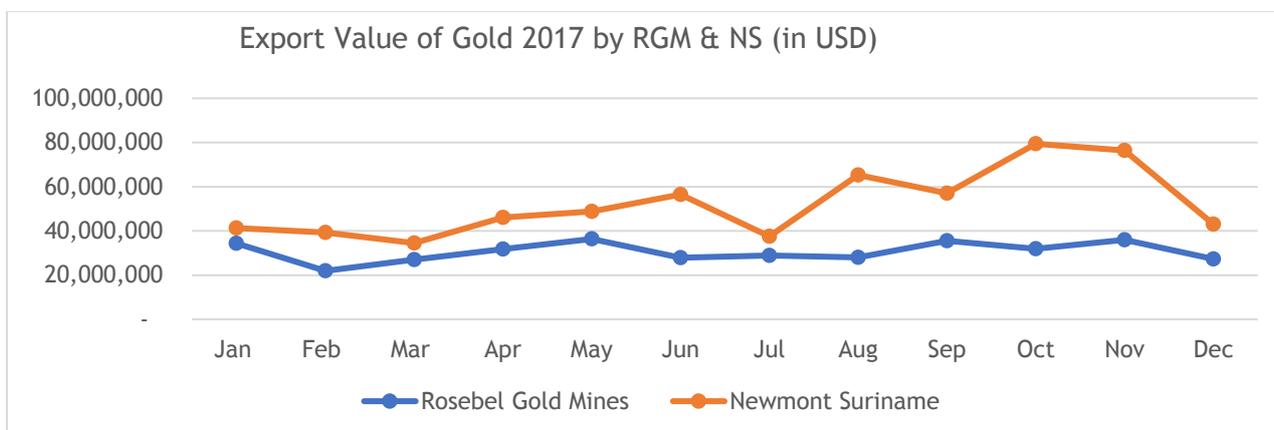
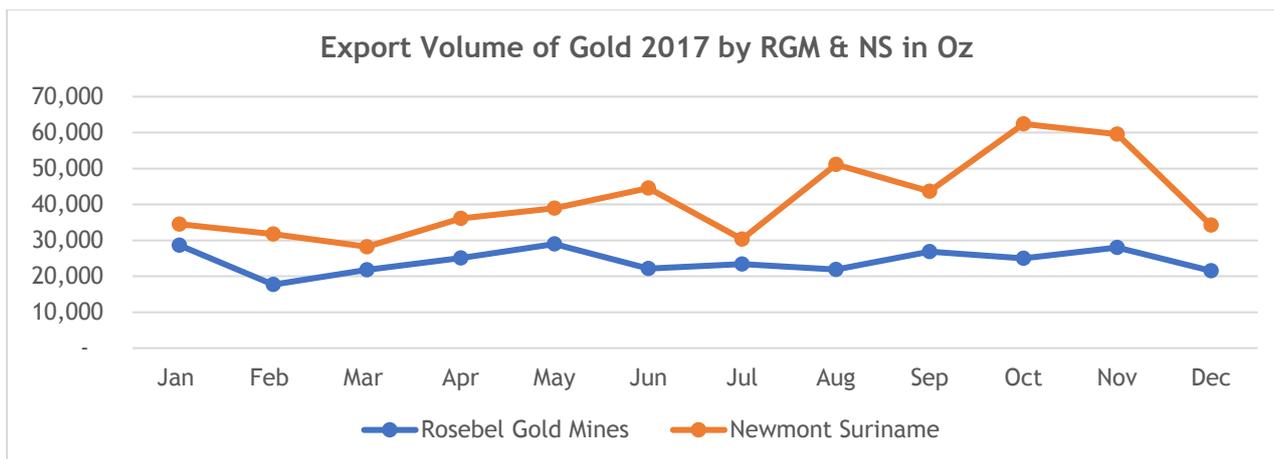
- **Export by mining companies**

Export of gold regards the export by:

- RGM and NS, both using the industrial mining as production method
- Exporters of gold who export gold officially acquired from small and medium size producers of gold in Suriname using the ASGM

The exports of gold regard the exported volume in 2017 based on export documents filed and factually executed in 2017.

*Export of gold by RGM and NS:*



*Export of gold by non-large goldmining companies*

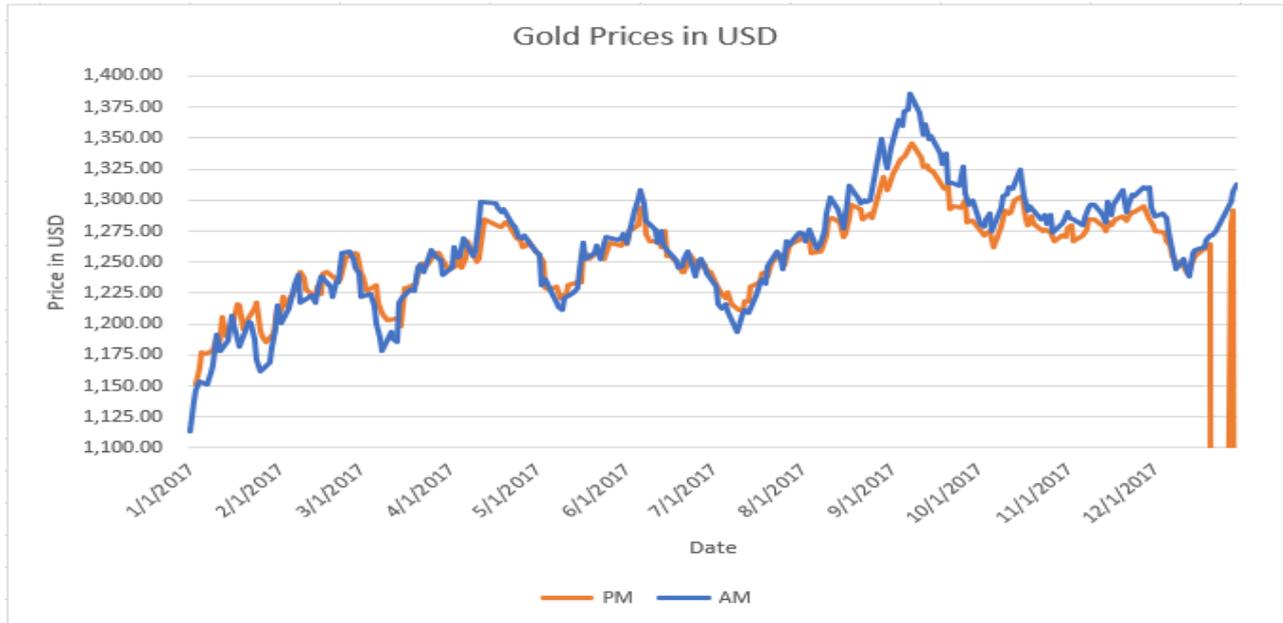
According to MOF, a total of 14,743,000 grams of gold have been exported. The total amount of royalties received in 2017 is USD 15,099,000.

*Export of aggregate*

Due to administrative limitations the export data for aggregate could not be submitted timely for reporting purposes. However, it is estimated that export value for aggregate is not significant.

- **Development of the price of gold in 2017 based on LMBA-rating**

The price of gold in 2017 has moved almost constantly between USD 1,149 per January 3, 2017 and USD 1,297 per December 29, 2017. Although around and in September there were 18 quotations above the closing price of December 29, 2017.



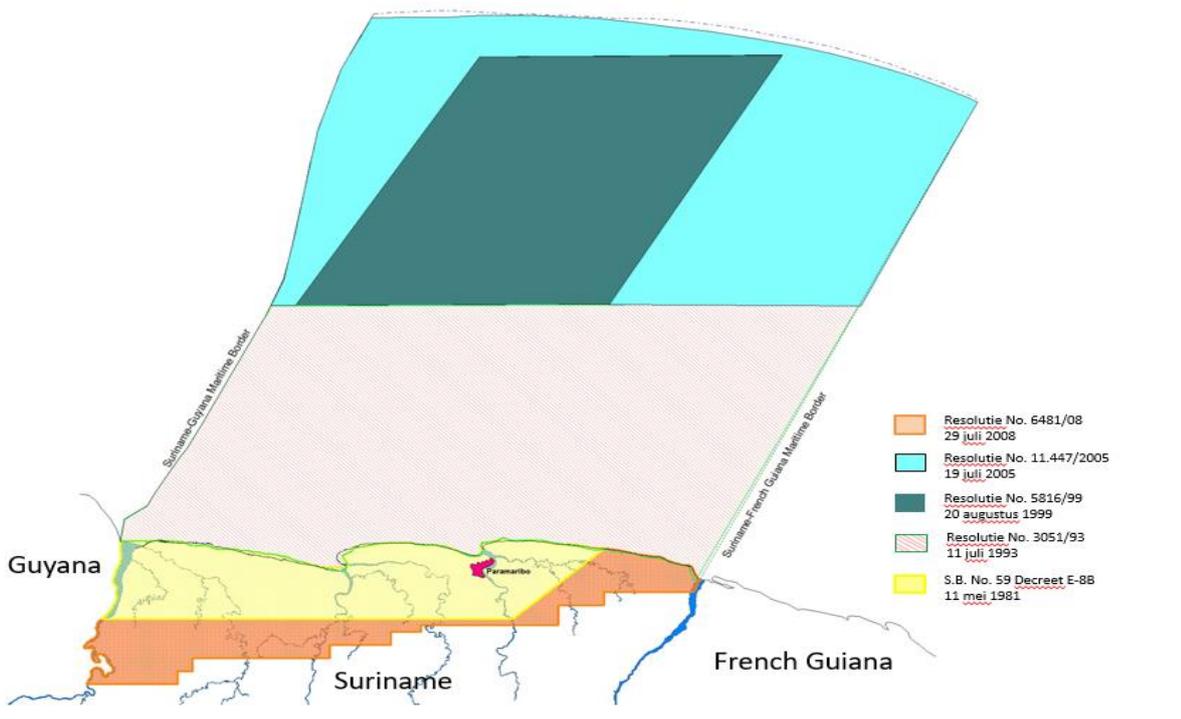
Source: <https://www.kitco.com/londonfix/gold.londonfix17.html>

### Oil Industry

- Companies in the oil sector

State-owned entity Staatsolie is the predominant oil company in Suriname. Until 2017, they have been mainly active in onshore oil production. In addition, Staatsolie executed retail activities via its subsidiary GOw2. Through a 25% interest in the 'Merian Gold Mine', operated by Newmont Suriname, they also generate revenues from the mining sector. For offshore explorations Staatsolie is considered, on behalf of the Government of Suriname, the contracting party for IOCs.

Overview of areas granted to Staatsolie:



In 2017 the IOCs have executed the following exploration activities:

Block	IOC	Activity in 2017
42	Kosmos Energy Suriname	Processing of 3D data acquired and evaluation ongoing.
45	Kosmos Energy Suriname	Upgraded prospect and got partner approval to enter the next phase of the exploration.
47	Tullow Oil	Ratio farmed into block and has a participating interest of 20%. Tullow operator with remaining interest of 80%.
48	Petronas	Commenced 3D seismic in December 2017
52	Petronas	Post Roselle well evaluation ongoing. Plans subject to well evaluation results.
53	Apache	Kolibrie-1 well drilled in the first quarter
54	Tullow Oil	Araku well drilled in fourth quarter
58	Apache	Processing of 3D data acquired in 2016 and ongoing evaluation of block.
60	Equinor	2D seismic commenced in December

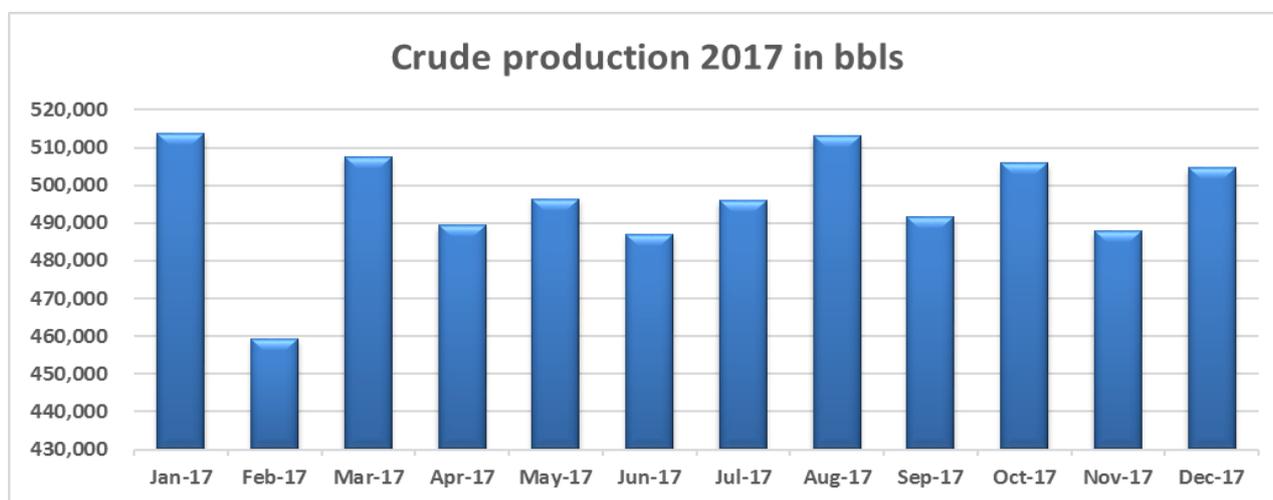
- **Production by oil companies**

*Upstream - Overall Production Performance December 2017*

The oil production was 504,708 BBLs or 16,281 BOPD while the average production losses were 324 BOPD in December 2017. The 2 main production losses categories in December 2017 were related to Shut in Production and Downhole Unplanned. Average YTD production is 16,309 BOPD.

The cumulative production as of end December 2017 was 5,952,678 BBLs with a value of USD 280,225 thousand (converted against the average exchange rate for USD 1= SRD 7.425 the value in local currency amounts to SRD 2,080,671 thousand. Eleven (11) new producers (oil production wells) were taken into production in Tambaredjo and Tambaredjo North West.

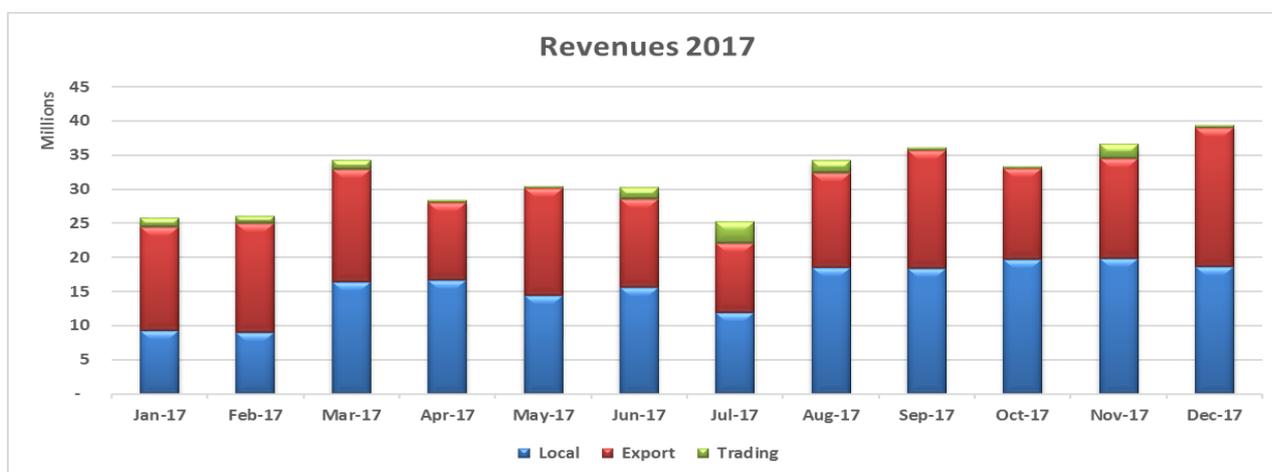
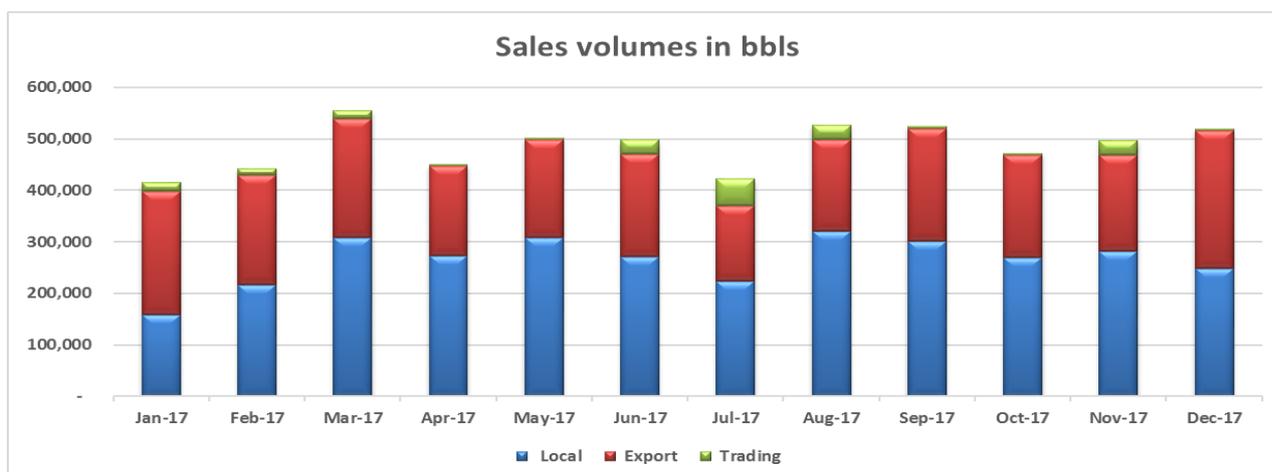
Total number of producers as per end of December 2017 is 1,893.



*Refinery data (downstream)*

In 2017 the Staatsolie refinery, fully incorporated in Staatsolie, has produced 2.7 MMbbls (2016: 1.8 MMbbls) refined high end products diesel and gasoline.

The sale volume and value of the refinery including export are shown in the next two charts.



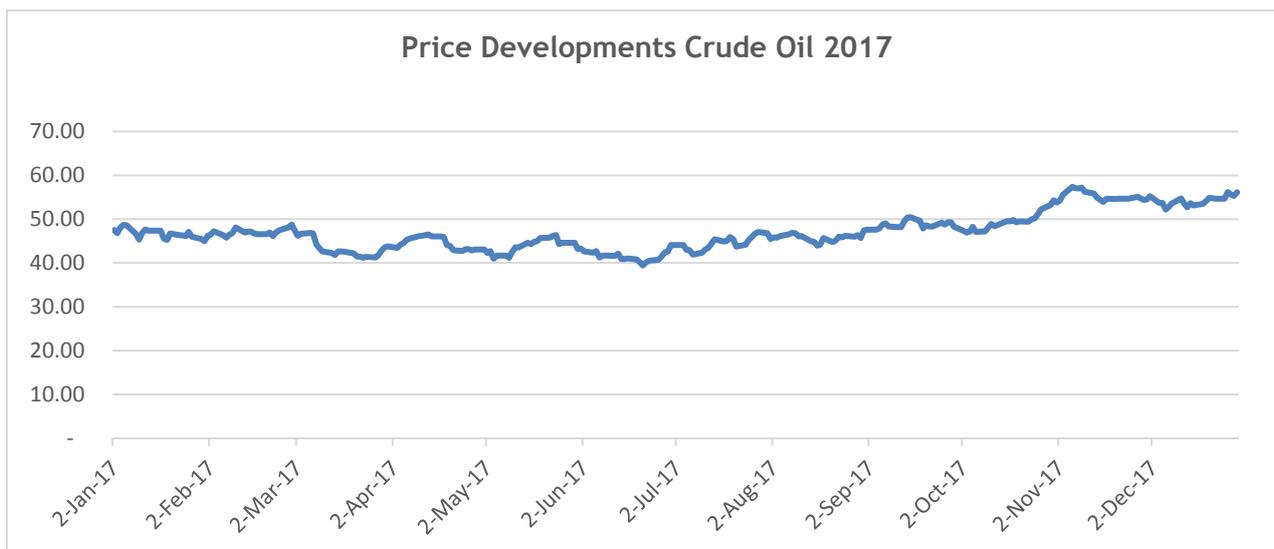
- **Export by oil companies**

The activities of Staatsolie concern both upstream activities and downstream activities carried out by the crude oil refinery which is integrated in the Staatsolie company. The table below only relates to Staatsolie exports and does not include subsidiaries.

	2017		2016	
	* 1,000 Bbls	*1 million USD	* 1,000 Bbls	*1 million USD
Diesel	3,221	183	4,249	162
Gasoline	1,986	152	1,416	123
Fuel Oil	593	49	358	32
Asphalt	<u>24</u>	<u>2</u>	<u>36</u>	<u>2</u>
<b>Total</b>	<b>5,824</b>	<b>386</b>	<b>6,059</b>	<b>319</b>

- **Crude oil price development 2017**

In short, it can be said that the price of crude oil for 2017 ended at USD 60 a barrel. This price quotation is the highest end-of the year price since 2013.



WTI Crude Oil and Brent Crude Oil. Source: Staatsolie

- **State participation in the extractive industry**

In 2017 the Government’s participation in the extractive industry is as follows:

Company	Share
Staatsolie	100% share /Wholly State-owned entity
Grassalco	100% share /Wholly State-owned entity
RGM	A 5% non-paid shareholding in RGM
NV 1	98% directly State-owned and 2% through Nationale Ontwikkelingsbank (NOB/National Development Bank) which is a state-owned bank as well
An Unincorporated Joint Venture (UJV) would be established, as laid down in the Second Amendment (2013) to the Mineral Agreement, in which NV1 will be a partner designated by the Republic of Suriname	Government has a 30% participating interest right in the UJV. In 2017 the UJV was not established yet. Negotiations about another model of operation are in progress.

All the listed companies mentioned above operate under the legal and fiscal framework that applies to all companies. The supervisory board of the State-owned company are mostly appointees of the Government.

During 2017 there were no changes in the Government participation in the above-mentioned companies, except for NV1. NV 1 received as part of the payment agreement regarding the acquisition of the Saramacca concession, the 1<sup>st</sup> tranche of 1,041,667 IMG shares in 2017.

## 2.3 Government receipts reported in the reconciliation 2017

In the following table the several revenue flows to MOF are presented in totals (mining and oil) relative to the GDP for 2017 of SRD 24,035,542 thousand.

Reported revenue 2017 by MOF for companies participating in SR EITI 2017 *1,000 SRD	Total Revenues reported SRD	Reported revenue relative to GDP SRD 24,035,542 %
<b>DIRECT TAXES</b>		
(Corporate) Income tax	225,652	0.94
Wage tax & AOV	337,896	1.41
Withholding Service tax	<u>10,627</u>	0.04
	<b>574,175</b>	<b>2.39</b>
<b>INDIRECT TAXES</b>		
Custom duties	162	-
Statistics rights	<u>4,475</u>	0.02
	<b>4,637</b>	<b>0.02</b>
<b>OTHER INCOME (non-tax income)</b>		
Surface rights	137	-
Cash Dividend SOE <sup>2</sup>	44,316	0.18
Cash Dividend non-SOE <sup>2</sup>	7,416	0.03
Royalty fee Newmont	268,046	1.12
Royalty fee RGM	107,036	0.45
Royalty fee gold exporters (non-large companies)	112,065	0.47
Payment based on PPA 1 (RGM)	76,083	0.32
Proceeds from sales of gold (payment in kind)	<u>46,240</u>	0.19
	<b>661,339</b>	<b>2.75</b>
Total cash payment reported	<b>1,240,151</b>	<b>5.16</b>
Non-cash payment through settlement	<u>464,311</u>	1.93
Total payment reported by MOF for the reporting companies (A)	<b>1,704,462</b>	<b>7.09</b>
Recording National budget for Extractive Industry and adopted in the SR-EITI materiality statement		
<i>Direct taxes</i>	699,203	
<i>Indirect taxes</i>	29,516	
<i>Other income (non-tax income)</i>	<u>1,074,989</u>	
National Budget recording for extractive industry (B)	<b>1,803,708</b>	<b>7.50</b>
Difference between reported income and national budget (A-B)	-99,246	
Coverage MOF reporting 2017 compared to the national budget A/B	94%	

<sup>1)</sup> The reported revenue may include cash and settlement of payments.

<sup>2)</sup> The cash dividend paid by Staatsolie (SOE) and RGM regards the fiscal year 2017 and 2016 and includes 25% dividend tax. On State level this does not affect the total amounts of payments received.

The table below shows the total reconciliation differences (RD) between the reporting MOF and companies.

Cash payment flows 2017	Total MOF	Total Companies	RD MOF- Companies	RD Explained	RD Unexplained
*1,000 SRD	SRD	SRD	SRD	SRD	SRD
<i>Direct taxes</i>					
Income tax	225,652	224,426	1,226	1,092	134
Wage tax	337,896	336,485	1,411	598	813
Service tax	<u>10,627</u>	<u>10,679</u>	<u>-52</u>	<u>-52</u>	<u>-</u>
	<u>574,175</u>	<u>571,590</u>	<u>2,585</u>	<u>1,638</u>	<u>947</u>
<i>Indirect taxes</i>					
Custom duties	162	164	-2		-2
Statistic	<u>4,475</u>	<u>4,491</u>	<u>-16</u>	<u>-16</u>	<u>-</u>
	<u>4,637</u>	<u>4,655</u>	<u>-18</u>	<u>-16</u>	<u>-2</u>
<i>Other Income (non-tax income)</i>					
Surface rights	137	1,378	-1,241		-1,241
Cash Dividend SOE	44,316	44,376	-60	-60	-
Cash Dividend Non-SOE	7,416	7,416	-	-	-
Royalty fee Newmont	268,046	288,985	-20,939	-20,939	-
Royalty fee RGM	107,036	125,681	-18,645	-18,645	-
Proceeds from sale of gold received in-kind	46,240	47,015	-775	-775	-
Royalty gold export non--large companies	112,065		112,065	112,065	-
<i>Specific agreements</i>					
Payment based on PPA1	<u>76,083</u>	<u>76,073</u>	<u>10</u>	<u>10</u>	<u>-</u>
	<u>661,339</u>	<u>590,924</u>	<u>70,415</u>	<u>71,656</u>	<u>-1,241</u>
Cash payment included in reporting	<u>1,240,151</u>	<u>1,167,169</u>	<u>72,982</u>	<u>73,278</u>	<u>-296</u>
Value of unsold Royalty in-kind <sup>1)</sup> (non- cash) reported by Grassalco on behalf of MOF	<u>-</u>	<u>4,501</u>	<u>-4,501</u>	<u>-4,501</u>	<u>-</u>
Total cash payment 2017	<u>1,240,151</u>	<u>1,171,670</u>	<u>68,481</u>	<u>68,777</u>	<u>-296</u>

<sup>1)</sup> This amount regards the USD value of the balance of unsold in-kind payments per December 31, 2017 and is reported on behalf of MOF by Grassalco. MOF did not report this as such.

#### Reconciling differences unexplained

The largest difference relates to surface rights paid by Grassalco for a consideration of negative SRD 1,231 thousand (MOF reported a lower amount). Surface fees were paid by Grassalco at the Centrale Betaaldienst (Centrale payment office of the Government). Because the Centrale Betaaldienst reports and/or transfers the payments received over a period in its total it is hardly possible to trace the transactions per creditor. Consequently, MOF could not identify the payments of surface right of Grassalco consisting of several small amounts. The difference remained uncleared and is considered not material for further exposé.

For the other remaining (explained and unexplained) differences we refer to section 5 of this report.

## 2.4 Key findings

Reference is made to section 6 of this report for a detailed overview of the key findings. The recommendations are as follows:

SR-EITI report	Number of recommendations	At hand / partially solved	Solved	Unsolved
2017	4		-	4
2016	15	5	1	9
Total	19	5	1	13

For the 2017 SR-EITI report a follow up has been performed with the MSG regarding the status of the recommendations from 2016 SR-EITI report. Due to the short time frame between the 2016 report and the 2017 report the recommendations from 2016 are still applicable.

However, the majority of the recommendations is either taken at hand and some are partially resolved. For the fiscal year 2017 three new points have been raised which are:

- Gold exporters should be included in the SR-EITI reporting process and specific policies and procedures should be made. In addition, it should be noted that there is lack of transparency in the licensing of the exporters;
- NV 1 should also be included fully in the SR-EITI reporting process for fiscal year 2018 onward;
- Online registration of mining rights for minerals should be further improved and can be used in future EITI reporting;
- It should be further investigated what the legal basis is for reporting by New Mont as mining company as the limited partner is legally the holder of the mining licenses;

### 3. EXTRACTIVE INDUSTRY IN SURINAME

#### 3.1 Suriname in bird's eye view

##### 3.1.1 General



Figure 3.1 Map of Suriname

<p><b>Location:</b></p> <p>The Republic of Suriname is located on the northeast coast of South America and has been a sovereign country since November 25, 1975. The capital of Suriname is Paramaribo.</p> <p><b>Population and Governmental structure:</b></p> <p>Demographically, the Indians are the original inhabitants of Suriname, the remaining population of Suriname is formed by a mixture consisting of descendants of slaves, British and other immigrants.</p>	<p><b>Political structure</b></p> <p>Suriname is a democratic State and is led by an elected President and a Vice President who leads the Council of Ministers, consisting of 16 ministries.</p> <p><i>Ministries of Suriname (website DNA/ <a href="http://www.dna.sr/wetgeving">www.dna.sr/wetgeving</a>)</i></p> <p>The members of De Nationale Assemblée (DNA/National Assembly) of Suriname are elected by voters from the 10 districts.</p> <p>The main ministries involved in the extractive industry and members of the MSG are:</p>
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<p>The last 3 decades Suriname has welcomed a new wave of immigrants from the Federative Republic of Brazil as well from the Republic of China. All contributing to a more unique multi-ethnic composition of the population.</p> <p>Having 10 districts, the population is mainly concentrated in the coastal area. Suriname has approx. 572.000 counted citizens.</p> <p>Suriname is centrally managed from the district Paramaribo, which is one of the 10 Districts. The largest and least populated district, but a source of fauna and flora and minerals, is the Sipaliwini District.</p>	<ul style="list-style-type: none"> <li>• Ministry of Natural Resources (<i>see for activities and responsibilities</i> <a href="http://www.gov.sr/ministerie-van-nh/">http://www.gov.sr/ministerie-van-nh/</a>).</li> <li>• Ministry of Finance (<i>see for activities and responsibilities</i> <a href="http://finance.gov.sr/">http://finance.gov.sr/</a>).</li> <li>• Ministry of Regional Development (<i>see for activities and responsibilities:</i> <a href="http://regionaldevelopment.gov.sr/">http://regionaldevelopment.gov.sr/</a>)</li> <li>• Ministry of Trade, Industry and Tourism (<i>see for activities and responsibilities:</i> <a href="http://tradeandindustry.gov.sr/">http://tradeandindustry.gov.sr/</a>)</li> </ul>
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For more details about the history, Government and political structure of Suriname we refer to the website of Suriname EITI: <https://eitipuriname.org/en>.

### 3.1.2 Extractive Industry Suriname

Suriname has a long history of mining starting its gold mining in the 19<sup>th</sup> century. The bauxite industry was a primary source of income from 1940 to 2015 due to the Paranam operations.

Oil sector started in late 1920 with explorations. After a few agreements mid 1960 an own oil company was founded in 1980 Suriname Staatsolie Maatschappij Suriname NV.

As developments in the oil sector, as well as the mineral sector continued in the eighties of the 20<sup>th</sup> century, a Mining Decree E-58/SB 1986 was formalized.

In this decree 5 groups of minerals were identified:

1. Bauxite
2. Radioactive minerals
3. Hydrocarbons
4. Other minerals, exclusive of building materials
5. Building materials

In 2017 the extractive activities were mainly focused on:

- Oil
- Gold/ Other minerals, exclusive of building materials
- Building materials

#### Mining Sector

In Suriname the mining of minerals includes:

- Gold and silver, based on the Mining Decree E-58/1986 and two Mineral Agreements between the Government and companies;
- Diamond mining (status: still in the stages of reconnaissance and therefore not commercialized yet);
- Bauxite (production of bauxite ended in 2015);
- Quarry for building purposes;
- Other ores (such as kaolin, manganese, chromium, tin, phosphate and silica sand).

Mining of bauxite came to an end in 2015, whereas building materials is not considered as material for the EITI report by MSG and therefore will not be disclosed further.

## Mining of Gold

In Suriname mainly two methods are distinguished for gold mining:

1. The artisanal and small-scale gold mining (ASGM)
2. The industrial gold mining

	The artisanal and small-scale gold mining	The Industrial gold mining
Operation based on	Mining Decree 1986 as main reference	Mineral agreements between the Republic of Suriname and the Companies, approved by DNA, and the Mining Decree 1986
Area of operations based on	License per area and authorized by the Minister of National Resources	License per area and authorized by the Minister of National Resources
Royalty Fee refers to	Mining Decree 1986	Mineral agreements

Table 3.1 Bases of operation Industrial mining (ASGM)

In 2017 there are three large companies operating in the mining sector of which:

- Two multinationals operating under their own Mineral Agreement, Rosebel Gold Mines NV (RGM) and Newmont Suriname LLC<sup>1</sup> (NS)
- One State-owned Company Grasshopper Aluminum Company Suriname NV (Grassalco<sup>2</sup>) under its own authorization act

<sup>1</sup>) Newmont Mining Corporation (USA) and Goldcorp Incorporated (Canada) has merged in April 2019 and continuing the operation as Newmont Gold Corporation. In Suriname there is no change foreseen so far.

<sup>2</sup>) Grassolco has three subsidiary companies, which have not been active since they were established and therefore remain outside the scope.

Point of attention: Grassalco is referred as a large company based on other criteria than its size of production. Hence, for their gold production size and method they can be grouped as ASGM. Their production of Aggregate is based on refining waste rock acquired from RGM. This waste rock occurs during mining of gold by RGM.

The next picture provides an overview of minerals occurring in Suriname and their locations:

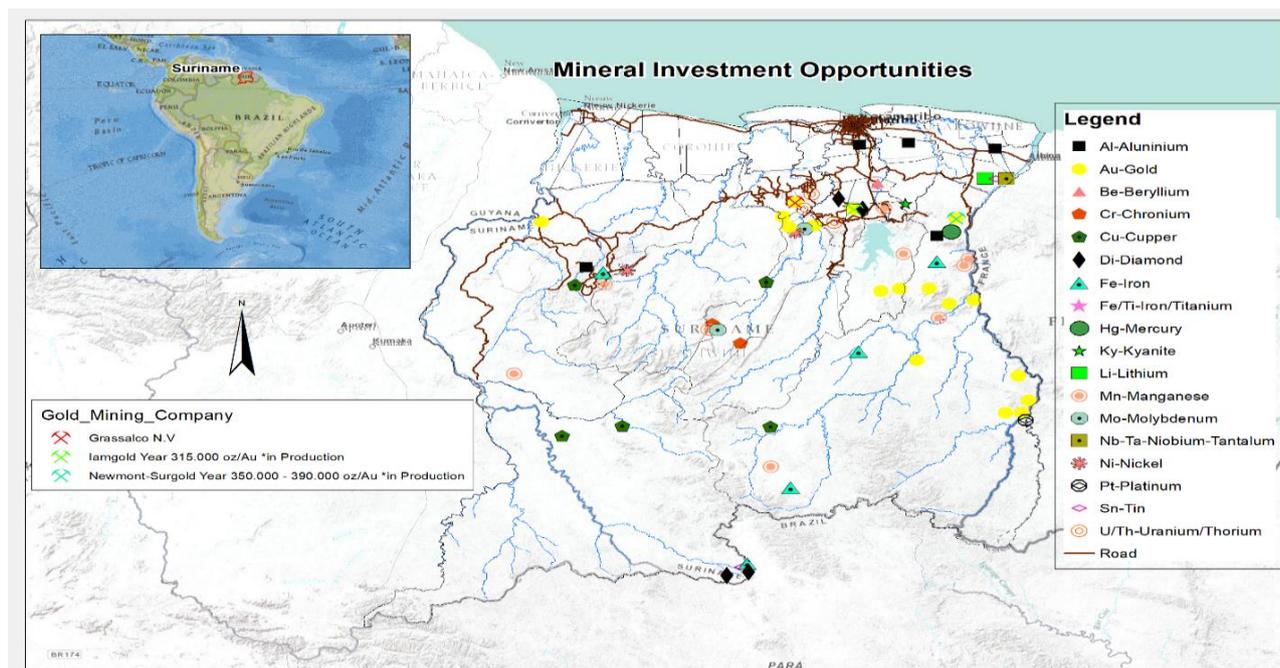


Figure 3.2 Map Mineral sources in Suriname (source GMD)

## Oil sector

Unlike the mineral deposits, found throughout the country, the oil reserves are found in the coastal plain onshore, nearshore and offshore.

The oil sector is regulated and supervised by Staatsolie Maatschappij Suriname NV (Staatsolie), a 100% State-owned Entity (SOE).

Staatsolie:

- Through the Petroleum Law 1990/ SB 1991/7, has been granted the exclusive mining right to explore for, develop and produce hydrocarbons onshore and offshore set in different resolutions.
- Its operations regard, since its beginning up to today, onshore upstream activities and since 1997 to date, also downstream activities.
- Is a vertically integrated energy company with four subsidiaries and a 25% capital investment in the gold mining industry, Suriname Gold Project CV (SGP).

Subsidiaries	Activity	Percentage ownership	Included as reporting entity in EITI-report
GOw2 Energy Suriname N.V. (local)	Down stream	100% equity owned	No
Ventrin Petroleum Company Limited (Trinidad & Tobago)	Bunkering	100% equity owned	No
Staatsolie Power Company Suriname N.V.	Electricity power	100% equity owned	No
Paradise Oil Company N.V.	Upstream	100%	No/ not active yet
Suriname Gold Project C.V.	Gold mining	25% share in the UJV	Yes (through Newmont Suriname, as the managing partner)

Table 3.2 Overview subsidiaries Staatsolie

“On 14 November 2014 Staatsolie entered as a limited partner with an interest of 25% into the partnership ‘Suriname Gold Project C.V.’ Newmont Suriname LLC, a subsidiary of Newmont Mining Corporation, is the managing partner with a 75% interest in this partnership. Newmont Suriname LLC is a limited liability company formed pursuant to the laws of the State of Delaware, United States of America. The Suriname Gold Project C.V. encompasses the exploration, development and exploitation of the gold mine ‘Merian’, which is a gold deposit located in the eastern part of Suriname close to the French Guiana border. Construction of the Merian Gold project (the current mine) began after the right of exploitation was granted. Suriname Gold Project C.V. commenced commercial gold production on October 1, 2016. The Suriname Gold Project CV partnership is financed through monthly cash calls (capital contributions), which is the mechanism to fund approved operating costs and capital expenditures. Each partner is responsible for funding the partnership for its portion based on its participating interest. Monthly the partnership allocates capital contributions, which is the total compensation received by the partnership, in exchange for selling the partnership’s gold production, attributable to each partner in proportion to its respective participating interest. Staatsolie’s maximum exposure to loss from its interest in the Suriname Gold Project CV partnership equals the annual capital contributions. The Group’s interest in the Suriname Gold Project CV is accounted for in the consolidated financial statements using the equity method”. (Source: [www.Staatsolie.com/annual 2017/](http://www.Staatsolie.com/annual%202017/) page 105)

## Offshore

The offshore area is demarcated in blocks. Staatsolie acts as an agent of the Republic of Suriname with respect to the oversight and contracting in the petroleum industry. Oil & Gas companies interested in executing petroleum operations in Suriname can do so based on Article 5 of Petroleum Law 1990. According to this article Staatsolie can sign petroleum agreements with third parties after approval from the MONR. Through the petroleum agreement, Staatsolie transfers its rights to explore, develop and produces hydrocarbons in a contract area (block) to a contractor, being an International Oil Company (IOC).

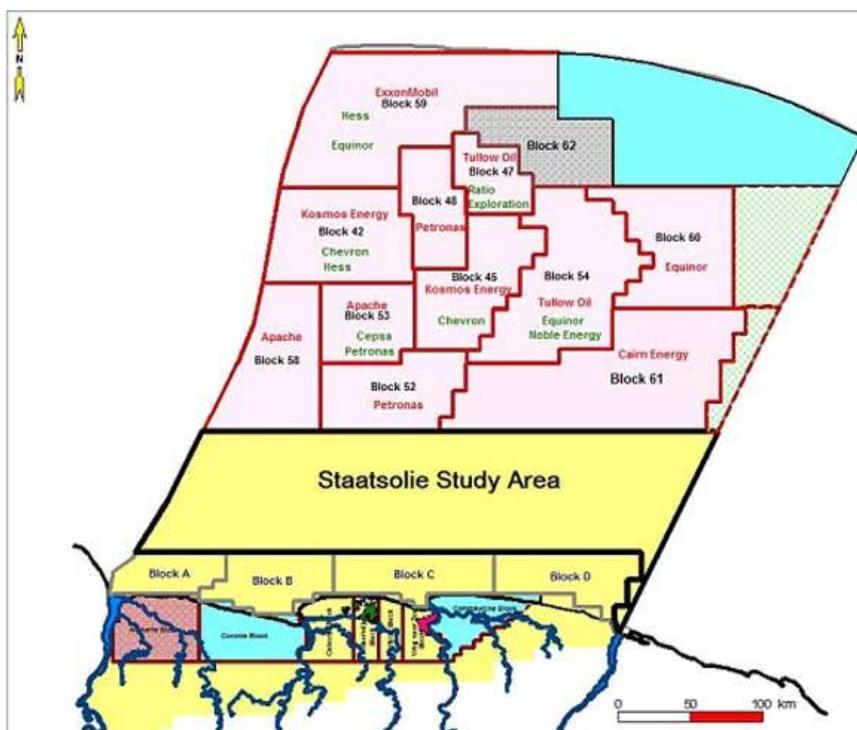


Figure 3.3 Overview of the identified onshore, nearshore and offshore exploration and exploitation blocks at year end 2017 (source: [www.Staatsolie.com/annual-report-2017](http://www.Staatsolie.com/annual-report-2017)/page 16-17)

### 3.2 Fiscal and Legal Framework

The fiscal laws of Suriname apply to all categories of companies ranging from sole proprietorship to limited liability companies and to foreign companies having their operations in Suriname.

Based on special cases fully or partially exemption could be given to companies for certain parts of the Law, according to the Law or Ministerial Orders for a limited or unlimited period.

In the table below an overview is presented summarizing the fiscal and legal laws and regulations.

Law/Agreements	Validated text	Brief content
	<b>FISCAL</b>	
Corporate Income Tax act ( <i>Wet inkomstenbelasting</i> )	Income tax act 1922 <i>G.B. 1921 No. 112, Acting G.B. 1960, No.84, as last amended by S.B. 2016</i>	The income tax is levied on the basis of a layer system ranging from 0% to max 36% on a yearly basis. Prior to final declaration companies should apply to provisional tax declaration on quarterly basis-a self-assessment system-
Wage Taxes Act and Act social security premium (old age provision/AOV) ( <i>Wet Loonbelasting &amp; AOV</i> )	Wage/SSP act <i>S.B. 1981 No. 181, valid text S.B. 1985 no.10, as last amended by S.B. 2016 No. 149</i>	According to the Surinamese Wage Tax Act employment income paid by a Surinamese withholding agent (employer) to an employee is subject to withholding of wage tax. The wage tax is levied on the basis of a layer system ranging from 0% to max 38%  All resident individuals/ employees under the age 60 are required to make this contribution for social security premium. The social security premium amounts to 4% of the net income/wage. Both withholding liabilities are done mostly on a monthly basis.

Law/Agreements	Validated text	Brief content
Dividend Tax Act (Wet Dividendbelasting)	G.B. 1973 No 8	Suriname levies a dividend withholding tax on dividends distributed by Suriname resident companies. The dividend tax rate is 25% (if no tax treaty is applicable).
Turnover Tax Act (Wet Omzetbelasting)	S.B. 1997/83, as last amended by S.B. 2013/117	Under the name of Turnover Tax Act 1997, tax is levied in compliance with the stipulations of this law on: <ul style="list-style-type: none"> <li>a. goods produced in Suriname and delivered in Suriname;</li> <li>b. services, mentioned in appendix no. 1 of this Law, performed in Suriname;</li> <li>c. the import of goods.</li> </ul> <p>Suriname does not have a value-added tax (VAT), but as mentioned above, a turnover tax (sales tax).</p> <p>The rates of the turnover tax are:</p> <ul style="list-style-type: none"> <li>• 10% for the supply of goods and on imports (25% for some imported luxury goods)</li> <li>• 8% for the rendering of services which are included in the appendix to the law</li> <li>• 0% in the case of export of goods.</li> </ul>
Act Tariff of Import & Excise (Wet invoerrechten en accijnzen)	Act Tariff of Import Rights 1996 /S.B. 1995/111, last amended by S.B. 2004/79, in conjunction with the Petroleum Act 1990	With the entry of Suriname to the Caribbean Community (CARICOM) in 1995 the regime of import duties was brought into line with CARICOM arrangements. The tariffs of the import duties inserted in the Tariff Law of Import Duties vary from 0 to 40%. If one imports goods, this person has to pay import duties and turnover tax. Goods that are produced in the CARICOM are for the most part exempted from import duties. There are also various exemptions mentioned in the Tariff Law on Import Duties. Exemptions and special incentives on custom duties are found in different regulations, such as the Petroleum Act, which provides special incentives to oil companies, contractors and subcontractors of oil companies.
Law on Statistics right (Wet op Statistiekrecht)	GB 1973/9 and amendments SB 1964/60 and SB 2008/28	The Statistic right is to be paid on import and export of goods based on fixed rates.
Service Tax	Mineral agreement 2013, 'Merian Gold project' between the Republic of Suriname and Suriname Gold Company LLC (Surgold) (now: Newmont Suriname LLC/NS.)	Service tax is a withholding tax of 15% and is payable on Service fees from the start of Commercial Production of NS This withholding tax applies to NS and all other companies involved in the project, insofar as the underlying Service fees are deducted for the levying of income tax by NS or another company involved in the project. In connection with the withholding tax, NS and all other companies involved in the Project will be responsible for withholding and paying their own withholding tax and will not be jointly or severally liable for the

Law/Agreements	Validated text	Brief content
		withholding tax obligations of another company involved in the Project.
Investment Code ( <i>Investeringswet</i> )	Investment Code 2001	<p>The following listed investment facilities are set to stimulate investments in Suriname through tax benefits. These facilities are applicable only under certain conditions.</p> <p>The investment code 2001 provides the following facilities:</p> <ul style="list-style-type: none"> <li>• free depreciation on fixed assets</li> <li>• a tax holiday of ten years for certain new businesses</li> <li>• relief of losses between two joined companies</li> <li>• investment allowance (tax credit) for certain investments.</li> </ul>
<b>OTHER</b>		
Mining Decree E-58 ( <i>Decreet Mijnbouw</i> )	SB 1986/28	<p>According art 2 of the Mining Decree all minerals existing in the Republic Suriname and its exclusive economic zone, is the property of the Republic Suriname, and the Republic Suriname holds exclusive sovereign rights regarding the exploration and exploitation of these resources.</p> <p>Petroleum resources are the property of the State. The mining decree (art 32) provides the Government of Suriname with an option to participate directly in any mining project.</p> <p>The national mineral policy is vested by the Government. The Minister of Natural Resources is responsible for the implementation of such policy.</p>
Tailored Mineral agreement 1994 (law based) ( <i>mijnbouw overeenkomst 1994</i> )	Mineral agreement SB 1994/22 and its amendments 2003/2013	Regards the operation regulations in a broad sense
Tailored Mineral agreements merian project 2013 (law based) ( <i>mijnbouw overeenkomst meriam project 2013</i> ) (law based)	Mineral agreements ‘Merian-project 2013’/SB 2013/162	Regards the operation regulations in a broad sense
Petroleum Act 1990 ( <i>Petroleum wet 1990</i> )	Petroleum Act 1990/ SB 1991/7	According to the Explanatory Memorandum of the Petroleum law, this law is regarded a “lex specialis” as to the Mining Decree that is regarded a “lex generalis”. The petroleum law specifies that Staatsolie can sign petroleum agreements with third parties to explore, develop and produce hydrocarbons.
Product Sharing Contract with IOCs	Effective on contract date	
Concession Agreement of Staatsolie ( <i>Concessie-overeenkomst Staatsolie 1981</i> )	<i>Decree E8-B, SB 1981/59</i>	
National Prosecution Service/ authorization act	National Prosecution Service/ authorization act 1971 to establish NV Grassalco	

Law/Agreements	Validated text	Brief content
<b>GENERAL LAWS</b>		
Labor Act (Arbeidswet)	GB 1963	
Law on Foreign Exchange (Wet op deviezen transacties)	Law on Foreign Exchange GB 1947	
Law of Financial Statements (Wet op de jaarrekening)	SB 2017/84	
Act Reporting Unusual Transactions (Wet Melding Ongebruikelijke transacties)	SB 2002/65 and its amendment in 2012 and 2016	

Table 3.3 Overview of fiscal and legal law

For a more detailed disclosure of the legal and fiscal laws and regulations of the extractive industry in Suriname, we refer to the summary in Section 3.2 of the SR-EITI 2016 report (<https://eitipuriname.org/en>), as well to the website of the legislature, the Parliament (<http://www.dna.sr/wetgeving/>).

### 3.3 Government income streams extractive industry

Within the extractive industry the Government acknowledges the following mean income streams based on law and specific mining agreements between Government and companies:

Revenue Stream	Beneficiary
<b>Direct taxes:</b>	
- (Corporate) Income tax	Tax authority*
- Dividend tax	Tax authority*
- Wage tax /Social Security premium	Tax authority*
- Service Tax	Tax authority*
<b>Indirect taxes:</b>	
- Turnover tax	Tax authority*
- Custom /import duties	Tax authority*
- Wealth tax	Tax authority*
- Rental Value tax	Tax authority*
- Statistic tax	Tax authority*
<b>Other income (non-tax income):</b>	
- Dividend SOE/interest State	MOF
- Dividend based on Government share in non SOE	MOF
- Application fee	MONR/MOF
- Surface rights: Exploration and Exploitation fee	MONR/MOF
- Lease of land	MOSPL&FP
<b>Other contract-based income:</b>	
Production sharing contract	
- Royalty (IOCs)	MONR/MOF
- Profit share IOCs	MONR/MOF
Mineral Agreement RGM/NS:	
- Royalty in cash RGM/NS	MONR/MOF
- Royalty in kind (RGM)	MONR/MOF through GRASSALCO
- Payment in-kind (Gold and Silver)/Sales of Gold and Silver)	MONR/MOF
<b>Specific arrangement/agreements:</b>	
- PPA-1 arrangements (RGM)	MONR/MOF

Table 3.4 Revenue streams and beneficiaries

\*) The Tax Authority is a separate directorate of the Ministry of Finance. This entity is headed by a director who reports directly to the Minister of Finance. All direct and indirect tax declarations should be filed with the tax authority.

All the income streams listed above are recognized in the Government Finance Statistics (GFS) registration system of the Government, which tracks budget execution. Government revenue from mining is received centrally, through either the Tax (and Customs) Authority, which is a Directorate within the Ministry of Finance, or the MOF and/or MONR directly. The system of sub-national Government budgets is handled through the Ministry of Regional Affairs. Mining revenues are allocated (spent) in a central fashion: there is no direct earmarking to specific projects or sub-national budgets.

### 3.4 Development Extractive Industry in 2017

#### 3.4.1 Mining companies

##### 3.4.1.1 Exploration mining sector (req 3.1)

Licenses for a mining right are in generally similar of content and references to laws. In case of RGM and Newmont a reference of their mining agreement is included as legal frame work in the license for a mining concession.

References to law in the mining licenses are:

Law/regulation	Small and medium scale plus Grassalco	RGM and NS
• The "Mining Decree" E-58 (S.B. 1986/28), containing general regulations concerning the exploration and extraction of minerals;	✓	✓
2. The State Decree of May 11 <sup>th</sup> , 1989 (S.B 1989/ No. 39); S.B. 1997/44 and with S.B. 2014/59, and as last amended by S.B. 2014/176; concerning a.o. royalty fee for several minerals	✓	✓
3. The Brokopondo Agreement associated with the law of January 25, 1958 (G.B. No. 4) and to the law of August 3 <sup>rd</sup> , 1977 No.8821 (SB No.45)	✓	✓
4. The "Economic Offenses Act of January 9 <sup>th</sup> , 1986" (SB 1986/2, as last amended by SB 2008/ 55)	✓	✓
5. Mineral Agreement 1994 / SB 1994 22 and its amendment 2003 and 2013	-	RGM
6. Mineral Agreement 2013 'Merian Gold project' / SB 2013/162	-	NS

Table 3.5 Law/Regulations mining licenses

Area of Interest of the 2 large Gold mining companies

- Area of Interest RGM

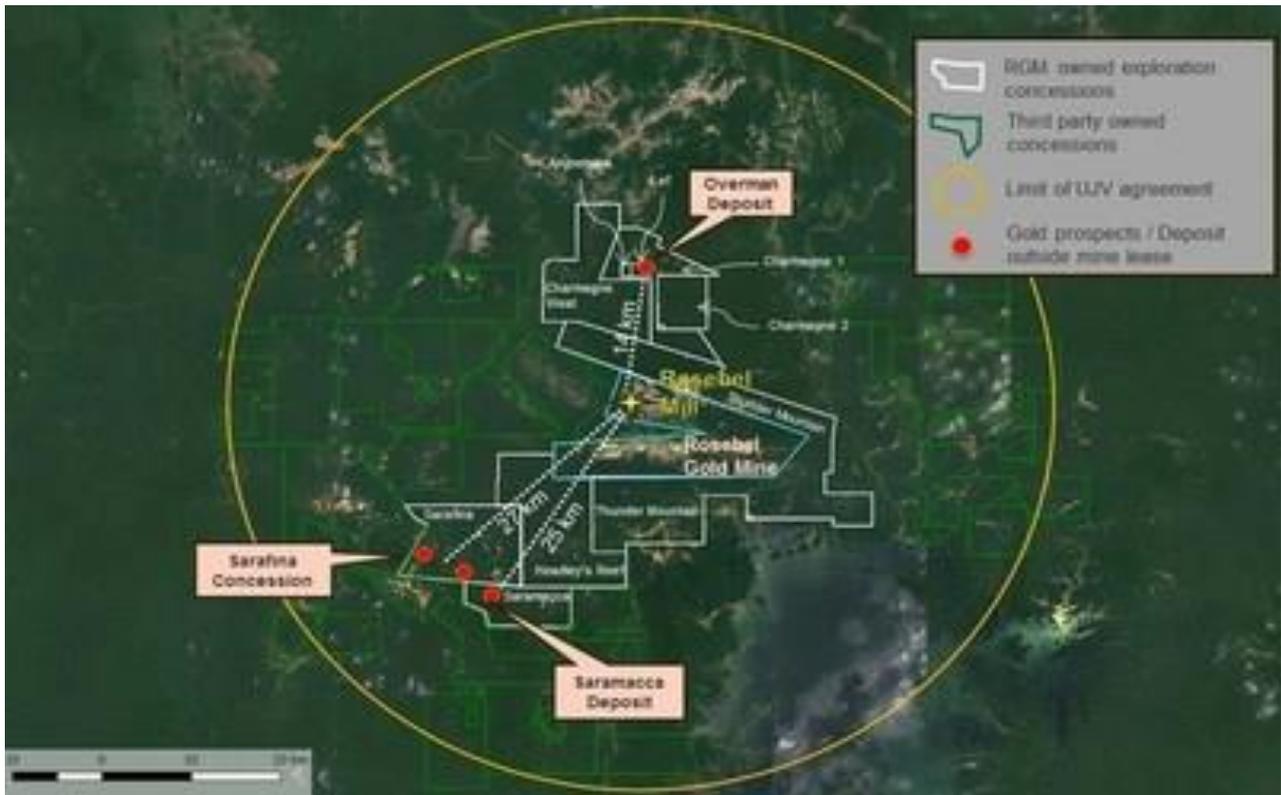


Figure 3.4 Area of interest RGM. Source website RGM

- Area of Interest NS

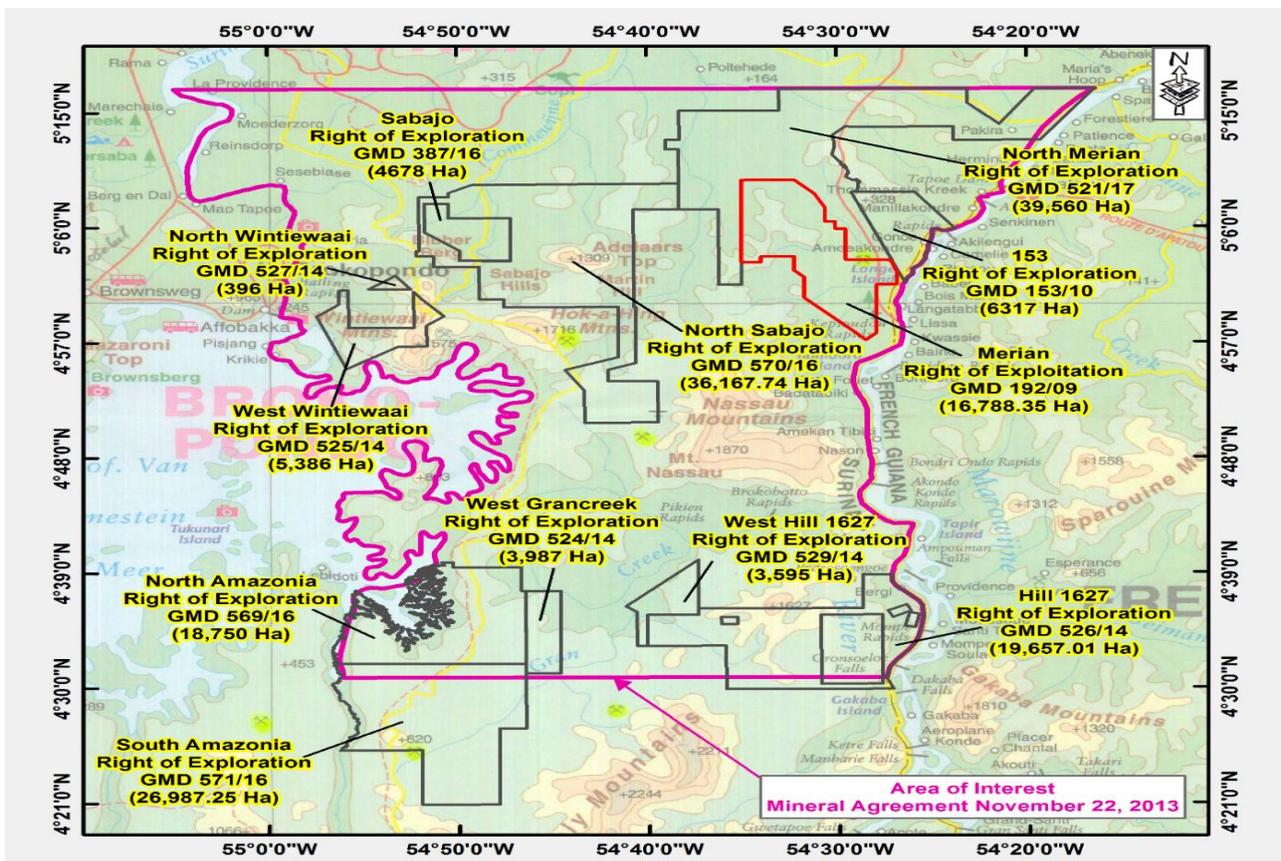


Figure 3.5 Location of rights of exploration and exploitation (GMD 192/09) NS. Source: Newmont Suriname

As of December 31, 2017, the following mining rights and licenses were issued to RGM, NS and Grassalco:

Company	Mineral	Mining Right		Surface in ha		
		Exploration	Exploitation	Exploration	Exploitation	Total
RGM	Gold	8	2	67,761	27,000	94,761
NS	Gold	11	1	159,710	16,788	175,958
Grassalco	Building Material	-	7	-	12,977	12,977
	Gold/ Kaolin	<u>6</u>	<u>2</u>	<u>124,916</u>	<u>1,375</u>	<u>126,291</u>
		15	12	351,847	58,140	409,987

Table 3.6 Aggregated overview of licensed granted to RGM/NS and Grassalco

It can be concluded that as of December 31, 2017, approximately 410,000 hectares (equaling 1,013,132 acres) have been allocated to the mining companies: RGM, NS and Grassalco.

### 3.4.1.2 Production mining companies (sector) (req 3.2)

- Production

Comparing to 2016 the production of gold by the two large companies, RGM and NS, has increased, mainly because NS has a full year in production 2017, in contrary to 2016. NS started with its production in October 2016. At the same time, Grassalco's production of gold was barely different from the situation in 2016, whereas production of aggregate from waste rock has been increased and enhanced by the export to Guyana.

The reported production of gold by the companies of the collective of small-scale holders of mining rights, involved in the SR-EITI reporting in 2017 is less than in 2016.

- Gold Production RGM & NS

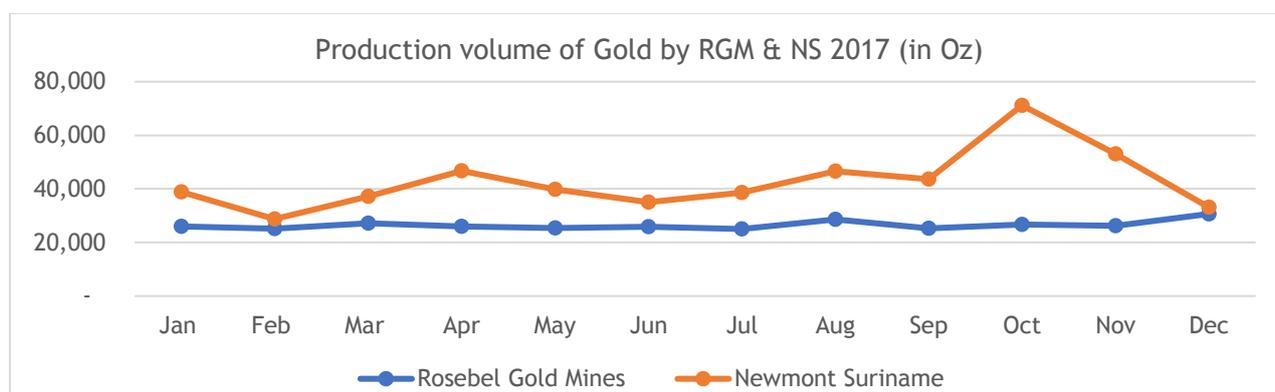


Figure 3.6a Chart production volume gold RGM & NS

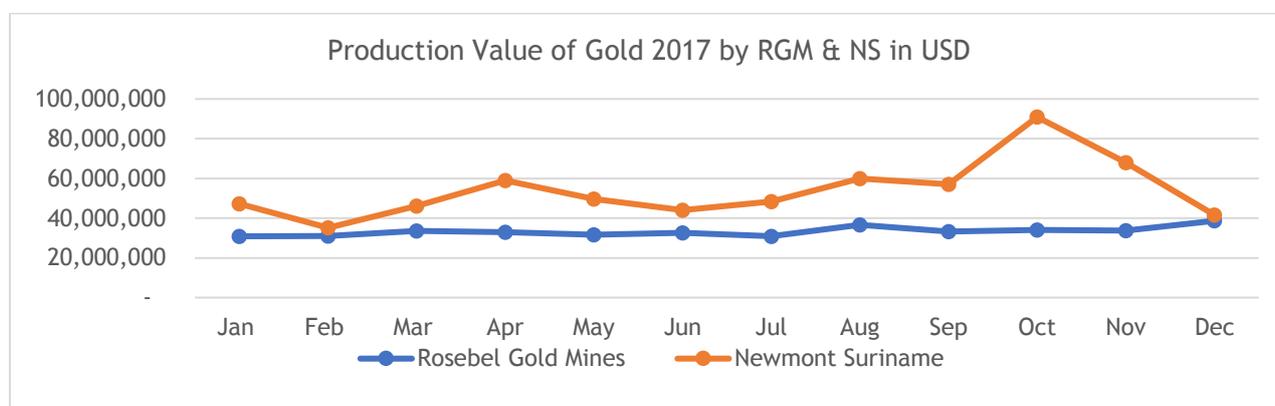


Figure 3.6b Chart production value gold RGM & NS (source RGM & NS)

The two charts above regard solely the production volume and value of gold, since the production of silver is not being reported as main production by one of two large companies.

- Aggregate production Grassalco

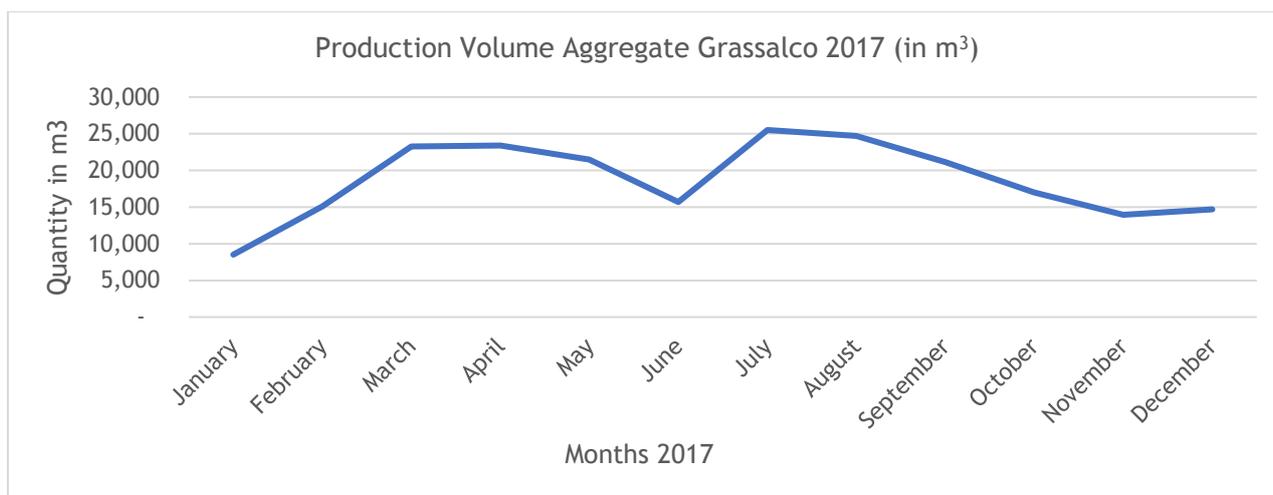


Figure 3.7a Chart production volume aggregate Grassalco

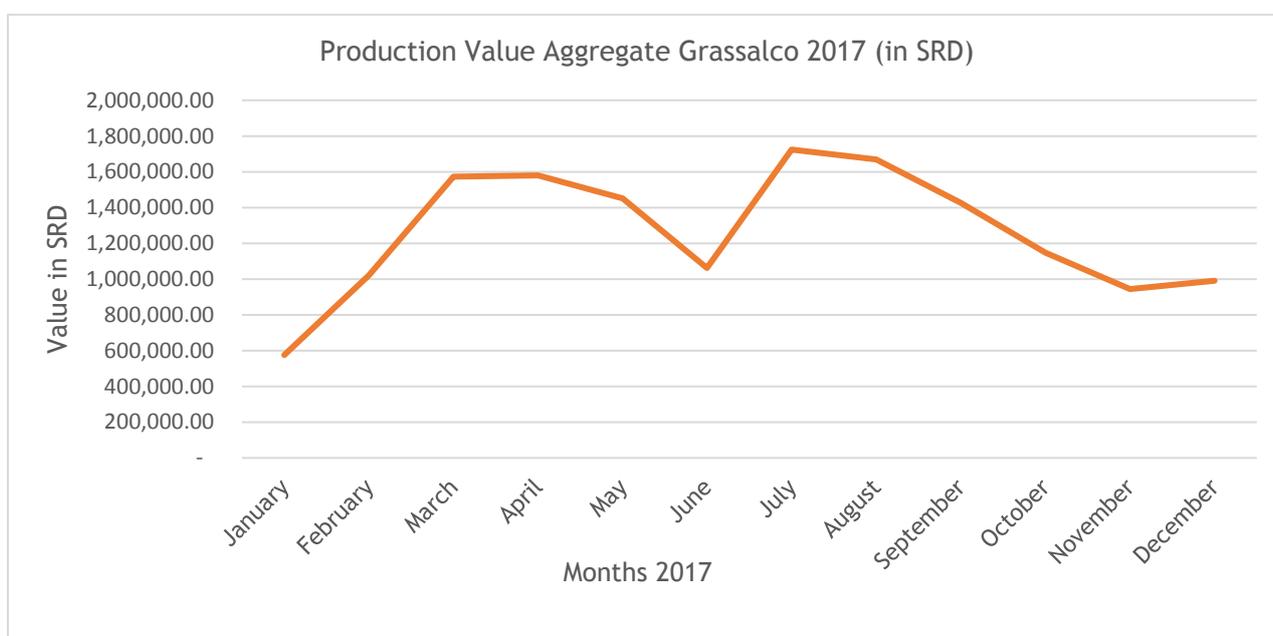


Figure 3.7b Chart production value aggregate Grassalco

- Collective of small and medium scale of holders of mining rights

The participants of SHMR have collectively reported the following data of production of gold for 2017 measured in grams.

Period	Gross production	Refined production
January 2017- December 2017	Production	Production
in 1,000 grams	104.364	90.989

Table 3.7 Production volume gold products SHMR-reporting companies

Ministry of Finance has reported the following production data derived from export data from and royalty fee paid by exporters of gold other than RGM and NS.

Period	Ore Production (*1,000 grams) <sup>1)</sup>	Gold Exports (*1,000 grams)	MoF Royalties (*1,000 USD)
January 2017	1,128	1,075	1,043
February 2017	1,003	956	1,087
March 2017	1,301	1,239	1,344
April 2017	1,196	1,139	1,063
May 2017	1,316	1,253	1,268
June 2017	1,359	1,294	1,230
July 2017	1,234	1,175	1,173
August 2017	1,564	1,489	1,385
September 2017	1,235	1,176	1,202
October 2017	1,336	1,273	1,303
November 2017	1,409	1,342	1,567
December 2017	<u>1,400</u>	<u>1,333</u>	<u>1,434</u>
Total	15,480	14,743	15,099

Table 3.8 Gold production and royalties 2017 from Small and Medium Size Companies Source: Ministry of Finance, and CBoS (G-export Forms)

<sup>1)</sup> Estimate: Export volume small and medium size gold companies x 1.05 (assuming local gold retention of 5%)

Royalties being levied from exports outside of RGM and NMS are reported by MOF based on bank statements of the Ministry of Finance Treasury Single Account maintained at the CBoS. Assurance were obtained. The value for 2017 amounts to USD 15,099 thousand. At the same time, the CBoS processes the export documents for purposes of balance of payments and trade statistics compilation. These records have indicated a total gold export volume (outside RGM and NMS) of 14,743 grams during 2017. Assurances were obtained. The corresponding production *estimate* is at a margin of 5% up, *assuming* a possible local gold retention of 5% of production not being exported. This estimate stands far from the estimated production figure from the SHMR. Reasons could be a higher retention rate in practice, different time of period recording or differences due to cut off date of the reported production and export, more producers as well other sources and eventually sales to CBoS as are determine in the export licenses.

- Gold reserve

Estimation of the proven and probable gold reserves, only be submitted by the 2 companies engaged in industrial mining, is as follows:

Proven and probable gold reserve	As per December 31, 2017*1,000,000 oz
RGM	3.6
NS	5.3

Table 3.9 Gold reserve RGM & NS. Source: RGM and NS SR-EITI-reporting

Not all mining companies are involved in industrial mining, for example small and medium scale mining right holders including Grassalco, and therefore, they lack know-how to estimate the gold reserve on their concession areas.

### 3.4.1.3 Export mining companies (sector) (req 3.3)

- **Export of gold in 2017**

Export of gold regards the export by:

- RGM and NS, both using the industrial mining as production method
- Exporters of gold who export gold officially acquired from small and medium size producers of gold in Suriname using the ASGM

The exports of gold regard the exported volume in 2017 based on export documents filed and factually executed in 2017.

#### Export of gold by RGM and NS

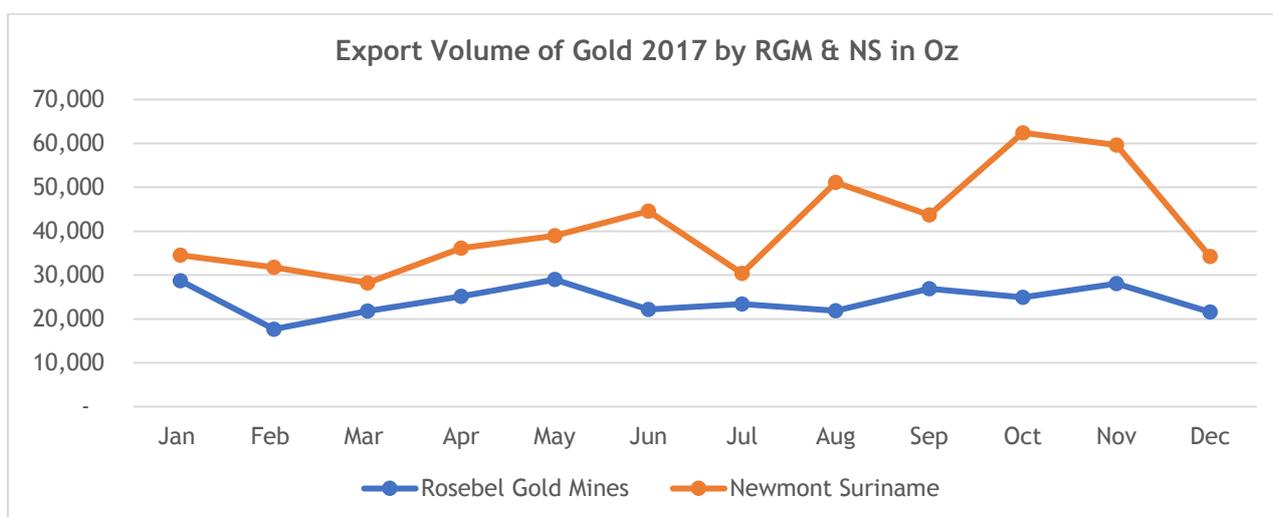


Figure 3.8a Chart of export volume 2017 RGM & NS. Source RGM and NS

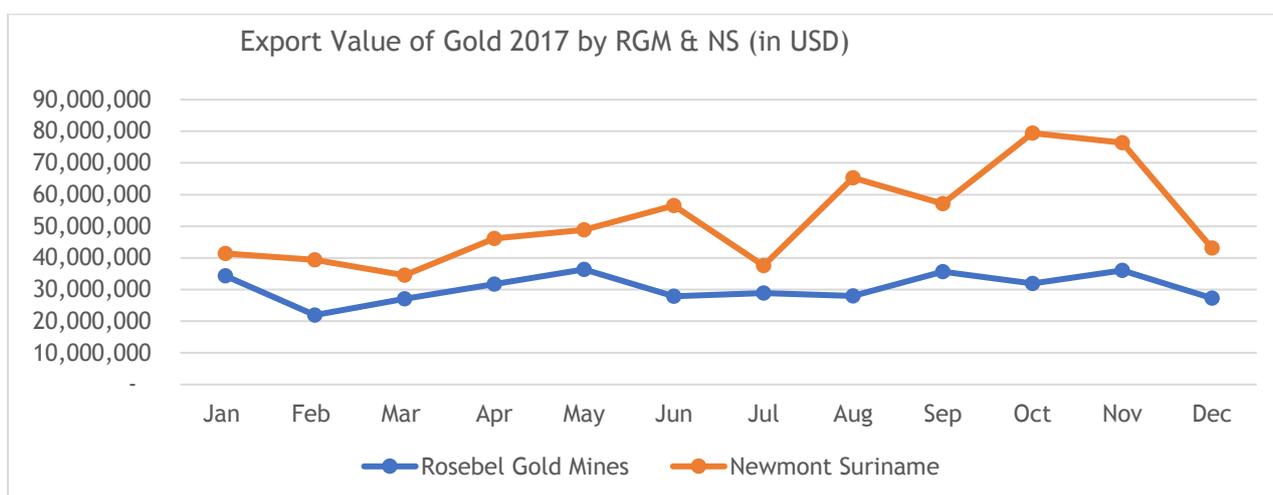


Figure 3.8b Chart of export Value 2017 RGM & NS. Source RGM and NS

#### Export Aggregate Grassalco

Due to administrative limitation the export data of aggregate could not be submitted timely. The export is not considered material.

- **Development of the price of gold in 2017 based on LMBA-rating**

The price of gold in 2017 has moved almost constantly between USD 1,149 per January 3, 2017 and USD 1,297 per December 29, 2017. Although around and in September there were 18 quotations above the closing price of December 29, 2017.

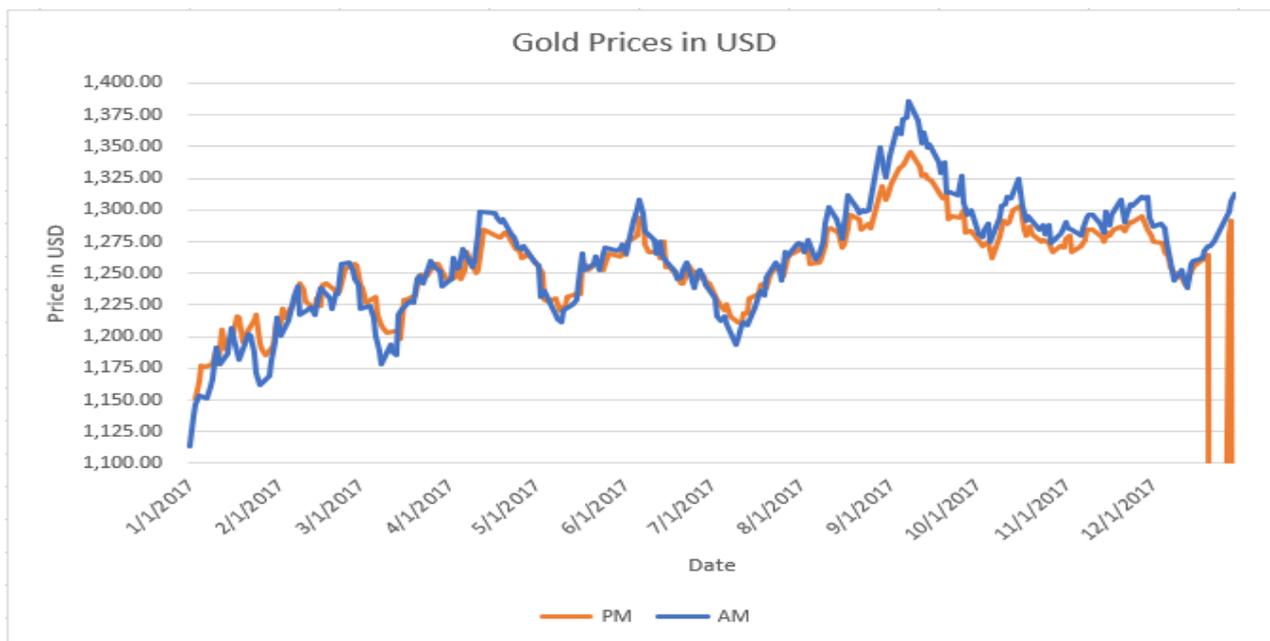


Figure 3.9 Historical LMBA prices January 3 - December 29, 2017.  
 Source: <https://www.kitco.com/londonfix/gold.londonfix17.html>

In addition to the chart above the price according to this site on opening day respective closing day, i.e. January 3, 2017 and December 29, 2017 were USD 1,149/US\$ 1,151 and USD 1,297/-.

The highest rating for 2017 was marked on September 8 for USD 1,351. The average price quotation according to LMBA is calculated at USD 1,258 per troy ounce.

### 3.4.2 Oil Companies

The description below of the oil sector in Suriname is generally taken from the 2017 annual report of Staatsolie. (See: [www.Staatsolie.com/annualreport/2017](http://www.Staatsolie.com/annualreport/2017))

#### 3.4.2.1 Exploration oil companies (req 3.1)

Staatsolie has applied between 1981 and 2008 the following concession to explore for oil on shore, near shore and offshore.

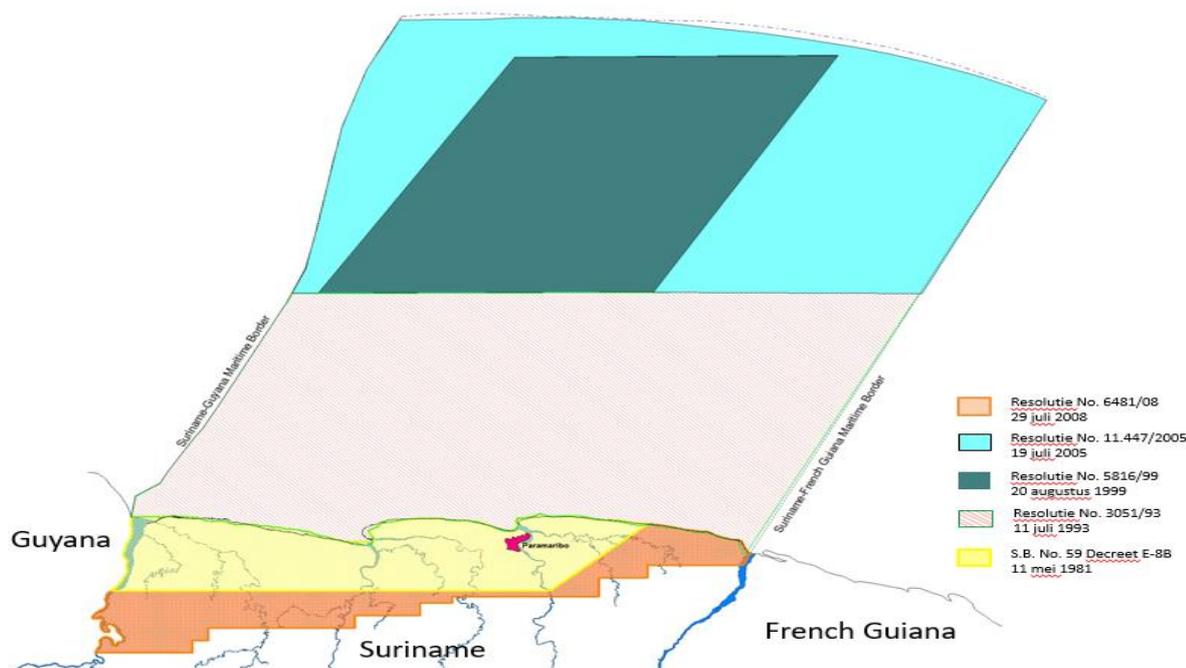


Figure 3.10 Overview of onshore and offshore oil concessions granted to Staatsolie (source Staatsolie)

Staatsolie did not submit a request for additional concession fields in 2017. The onshore concessions granted to Staatsolie are not registered yet at the GLIS, the keeper of mortgages.

Staatsolie acts as an agent of the Republic of Suriname with respect to the oversight and contracting in the petroleum industry. Staatsolie has been granted the exclusive right to explore for, develop and produce petroleum onshore and offshore. O&G companies interested in executing petroleum operations in Suriname can do so based on Article 5 of Petroleum Law 1990 (SB 1991/7). According to this article Staatsolie can sign petroleum agreements with third parties after approval of the Minister of Natural Resources. Through the petroleum agreement, Staatsolie transfers its rights to explore, develop and produce hydrocarbons in a contract area (Block) to a contractor (IOC). The offshore area is demarcated in blocks.

The exploration of the oil sector is monitored by Staatsolie, where activities for onshore are executed by Staatsolie and for offshore by the separate IOCs or by a consortium of IOCs. The activities onshore are carried out by Staatsolie and offshore by the individual IOCs or by a consortium of IOCs.

#### Onshore and Nearshore exploration (source: [www.Staatsolie.com/annualreport/2017](http://www.Staatsolie.com/annualreport/2017))

To ensure that production targets are met continuously Staatsolie has focused in 2017 on the preparation of a renewed exploration drilling program in 2019. They also have putted efforts to uplift their internal processes to fast-track the program. The aim for these efforts is focused on preparing nearshore drilling based on among others an approved nearshore venture plan and increased manpower of the exploration team in order to evaluate the exploration of the shallow offshore area in cooperation with a team from

Petroleum Contracts. Staatsolie intended to establish a prospect portfolio in the shallow offshore by the end of 2018. Therefore, there were no nearshore exploration activities executed in 2017.

#### Offshore (source: [www.Staatsolie.com/annualreport/2017](http://www.Staatsolie.com/annualreport/2017))

In addition to formalizing the signing of 2 PSCs with a consortium and an IOC for blocks 59 and 60 respectively in 2017, other companies were selected from the bidding round in 2017 to encourage negotiations for a PSC for blocks 61 and 62.

In 2017 the IOCs have executed the following exploration activities:

Block	IOC	Activity in 2017
42	Kosmos Energy Suriname	Processing of 3D data acquired and evaluation ongoing.
45	Kosmos Energy Suriname	Upgraded prospect and got partner approval to enter the next phase of the exploration.
47	Tullow Oil	Ratio farmed into block and has a participating interest of 20%. Tullow operator with remaining interest of 80%.
48	Petronas	Commenced 3D seismic in December 2017
52	Petronas	Post Roselle well evaluation ongoing. Plans subject to well evaluation results.
53	Apache	Kolibrie-1 well drilled in the first quarter
54	Tullow Oil	Araku well drilled in fourth quarter
58	Apache	Processing of 3D data acquired in 2016 and ongoing evaluation of block.
60	Equinor	2D seismic commenced in December

Table 3.10 Overview of activities IOCs in 2017 (source: [www.Staatsolie.com/annualreport/2017/page/17](http://www.Staatsolie.com/annualreport/2017/page/17))

#### 3.4.2.2 Production by oil companies (req 3.2)

##### Upstream

In 2017, the average posting price per barrel was USD 47 compared to USD 32 in 2016, an increase of 47%. Gross revenue was realized for USD 434 million compared to USD 358 million in 2016. In 2017 the Josie and TA 58 plant have contributed to the production of Crude.

Month	Josie		TA-58		PRODUCTION	
	Treating Plant		Treating Plant		Total	
	BOPD	BBLs	BOPD	BBLs	BOPD	BBLs
January 2017	4,508	139,754	12,062	373,920	16,570	513,674
February 2017	4,537	127,038	11,869	332,335	16,406	459,373
March 2017	5,404	167,529	10,972	340,121	16,376	507,650
April 2017	5,719	171,562	10,594	317,811	16,313	489,373
May 2017	5,213	161,621	10,798	334,728	16,011	496,349
June 2017	4,962	148,853	11,273	338,191	16,235	487,044
July 2017	4,948	153,389	11,052	342,599	16,000	495,988
August 2017	5,022	155,690	11,530	357,413	16,552	513,103
September 2017	4,960	148,807	11,427	342,788	16,387	491,595
October 2017	4,955	153,595	11,362	352,217	16,317	505,812
November 2017	4,937	148,095	11,330	339,914	16,267	488,009
December 2017	4,919	<u>152,474</u>	11,362	<u>352,234</u>	16,281	<u>504,708</u>
Total 2017		1,828,407		4,124,271		5,952,678

Table 3.11 Production Crude 2017 (source Staatsolie)

### Overall Production Performance December 2017

The oil production was 504,708 BBLS or 16,281 BOPD while the average production losses were 324 BOPD for December 2017. The 2 main production loss categories in December 2017 were related to Shut in Production and Downhole Unplanned. The average YTD production was 16,309 BOPD.

The cumulative production as of end December 2017 was 5,952,678 BBLS with a value of USD 280,225 thousand (converted against the average exchange rate for USD 1= SRD 7.425 the value in local currency amounts to SRD 2,080,671 thousand).

Eleven new producers (oil production wells) were taken into production in Tambaredjo and Tambaredjo North West. The total number of producers at the end of December 2017 is 1,893.

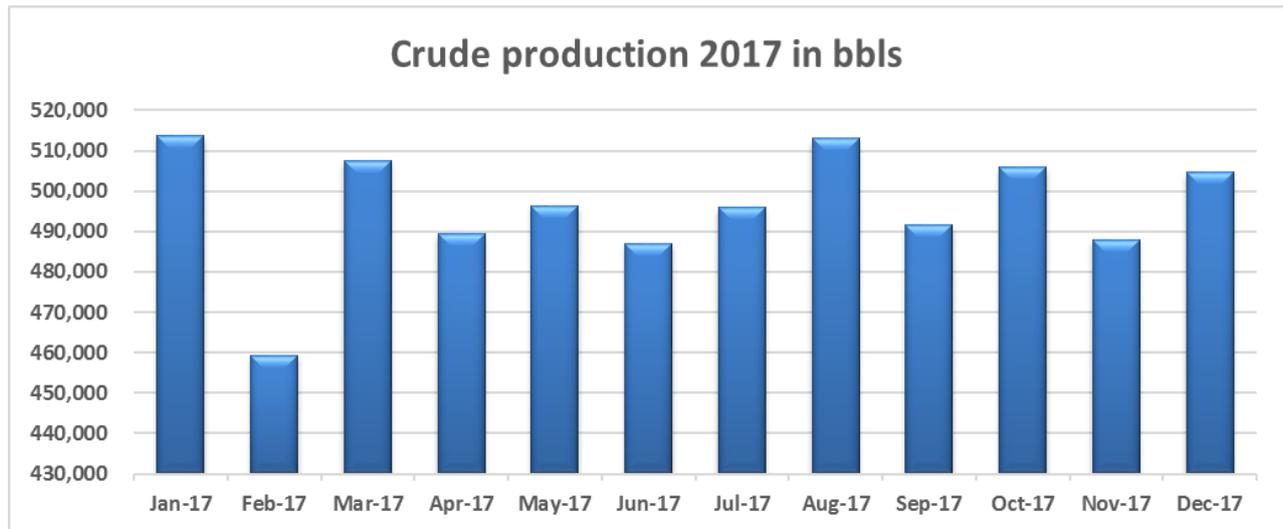


Figure 3.11 Chart crude production Staatsolie (source: Staatsolie)

### Refinery data (downstream)

In 2017 the Staatsolie refinery, fully incorporated in Staatsolie, has produced 2.7 MMbbls (2016: 1.8 MMbbls) refined high end products diesel and gasoline. The sale volume and value of the refinery including export are shown in the next two charts.

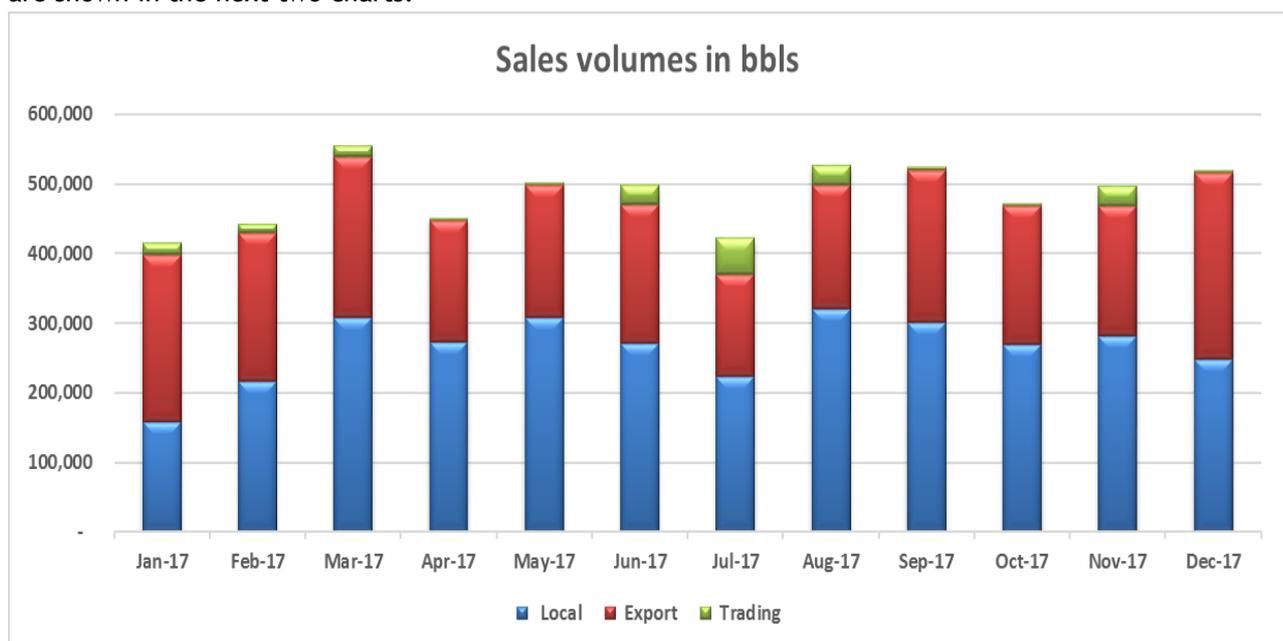


Figure 3.12a Chart volume of sales of Staatsolie refining. Source: Staatsolie

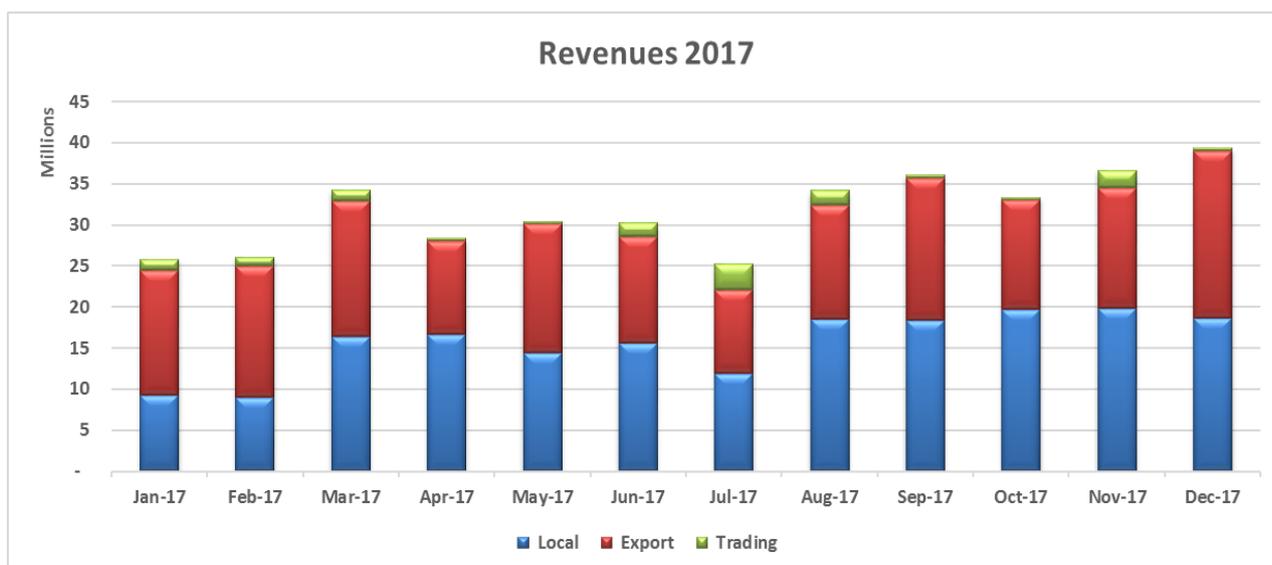


Figure 3.12b Chart value of sales of Staatsolie refinery. (Source: Staatsolie)

### 3.4.2.3 Export oil companies

The activities of Staatsolie concern both upstream activities and downstream activities carried out by the crude oil refinery which is integrated in the Staatsolie company. The table below only relates to Staatsolie exports and does not include subsidiaries.

	2017		2016	
	* 1,000 Bbbs	*1 million USD	* 1,000 Bbbs	*1 million USD
Diesel	3,221	183	4,249	162
Gasoline	1,986	152	1,416	123
Fuel Oil	593	49	358	32
Asphalt	24	2	36	2
<b>Total</b>	<b>5,824</b>	<b>386</b>	<b>6,059</b>	<b>319</b>

Table 3.12 Staatsolie Export product volume and value 2017 and 2016 (Source: Staatsolie)

- Crude oil price development 2017

In short, it can be said that the price of crude oil for 2017 ended at USD 60 a barrel. This price quotation is the highest end-of the year price since 2013.

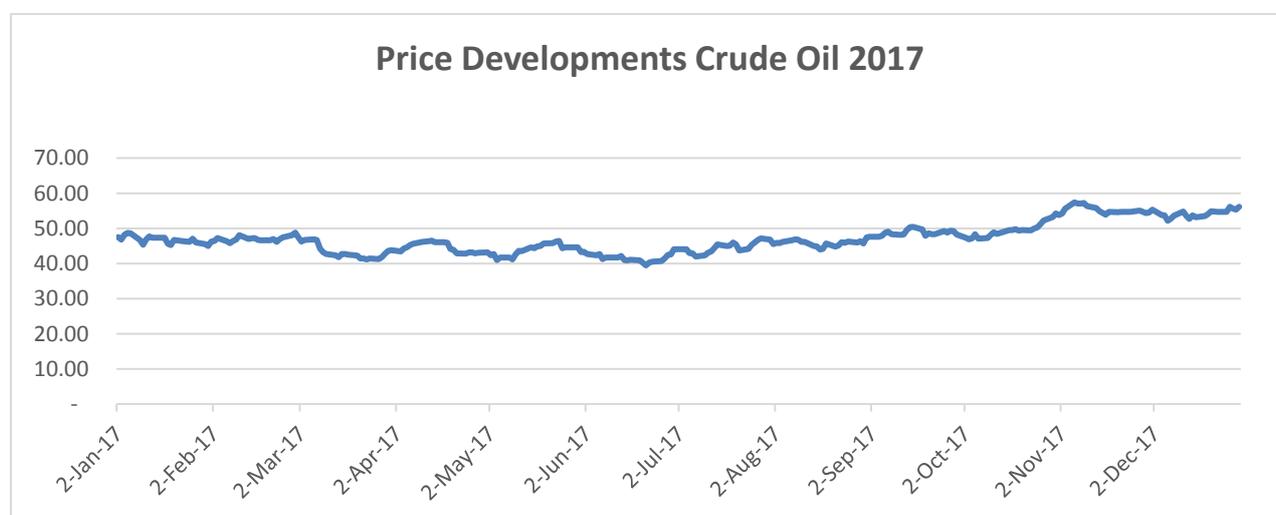


Figure 3.13 Internal price chart Staatsolie based on world market prices of WTI Crude Oil and Brent Crude Oil. (Source: Staatsolie)

### 3.4.3 Overall view of export 2017 of the mining sector

Following is a breakdown of exported good in 2017 and 2016 as presented by CBoS

Product	Volume unit in	2017		2016	
		Volume	Export value in USD mln.	Volume	Export value in USD mln.
<b>Total export</b>			<b>2,034.5</b>		<b>1,438.7</b>
<i>Divided in</i>					
<b>A: Products from extractive sector:</b>			<b>1,794.2</b>		<b>1,204.7</b>
1. Gold <sup>1</sup> from		1,309.0	1,608.9	871.9	1,036.6
• Large gold producing companies (multinationals)	1,000 Toz	814.8	1,028.8	397.1	486.6
• Small Scale gold exporters (local exporters)	1,000 Toz	471.0	550.4	442.9	508.8
• CBoS gold exporters	1,000 Toz	23.2	29.7	31.9	41.3
• Other minerals	1,000 Toz	1.9	0.3	1.3	0
2. Oil & gas <sup>3</sup>	1,000 Bbls	2,952.1	178.7	3,432.7	150.3
3. Alumina <sup>1</sup>	1,000 Mt	-	-	33.9	7.1
4. Other chemicals <sup>2</sup>	1,000 Kg	3,986.2	6.0	4,280.2	8.8
5. Rocks more over aggregate <sup>2</sup>	1,000 Kg	21,233.0	0.4	60,350.4	1.4
<b>B: Products from non-extractive sector</b>			<b>240.2</b>		<b>234.0</b>

Table 3.13 Overview of total export by CBoS(source: CBoS)<sup>1</sup> These data are an excerpt of the Trade balance 2017 as presented by CBoS.

<sup>1)</sup> Source: authentic reports from export companies/ <sup>2)</sup> Source: Asycuda (Custom Data)

<sup>3)</sup> Source: authentic reports from export companies and Asycuda data (Custom)

Below is a detail of the export of Staatsolie in 2017 and 2016 presented, segmented by product type:

	Volume unit in Bbls	Total 2017 export		Total 2016 Export	
		Volume	Value in USD mln	Volume	Value in USD mln
Total Oil Export regarding	1,000	2,952.1	178.7	3,432.7	150.3
• Fuel Oil	1,000	1,953.8	104.8	2,794.2	106.5
• Premium Diesel	1,000	956.3	69.8	604.8	39.8
• Premium Gasoline	1,000	41.2	3.0	0.4	0.9
• Asphalt	1,000	0.8	0.1	33.2	0.5
• Other	1,000	-	1.0	-	2.6

Table 3.14 Overview of export Oil products (source: CBoS)

### Exported goods 2017 and 2016 according to ABS

ABS has published the total of the 5 most important export products on an aggregated level as follows:

Main export product	2017	2016
*1,000 SRD	SRD	SRD
1 71081210:- Gold in bars		
2 27101970:- partially refined petroleum		
3 44039990: -other wood unprocessed, whether or not stripped of bark or sapwood or roughly squared		
4 27101940: -diesel oil		
5 08030010:- bananas (no plantain)		
Subtotal	1,262,232	1,037,902
General total	1,399,922	1,204,586

Table 3.15 ABS Export data 2017 and 2016. Source ABS website (<https://statistics-suriname.org/nl/>)

The above presented export according to ABS relative to the GDP is calculated for:

	2017	2016
	% of GDP	% of GDP
Subtotal export value relative to GDP	5.25%	4.32%
General export value relative to GDP	5.82%	5.01%

Table 3.16 Export data ABS in percentage of GDP

### 3.5 General Notes

In this section a few general topics will be addressed briefly:

1. State Participation in the extractive sector (req 2.6 /4.5)
2. Compliance with specific EITI requirement Standard 2016
3. Fuel tax
4. Environmental agreements

#### 3.5.1 State Participation in the Extractive Sector (req 2.6 /4.5)

In 2017 the Government participation in the extractive industry consists of:

Company	Share
Staatsolie	100% share /Wholly equity base State-owned entity-
Grassalco	100% share /Wholly equity base State-owned entity
RGM	A 5% non-paid shareholding in RGM
N.V. 1	98% directly State-owned and 2% through Nationale Ontwikkelingsbank ( <i>NOB/National Development Bank</i> ) which is a state-owned bank as well
An Unincorporated Joint Venture (UJV) would be established, as laid down in the Second Amendment (2013) to the Mineral Agreement, in which NV1 will be a partner designated by the Republic of Suriname	Government has a 30% participating interest right in the UJV. In 2017 the UJV was not established yet. Negotiations about another model of operation are in progress.

*Table 3.17 Overview of state participation in reporting entities 2017*

All the listed companies mentioned above operate under the legal and fiscal framework that applies to all companies. The companies above have a supervisory board. The supervisory board of the State-owned company are mostly appointees of the Government.

During 2017 there were no changes in the Government participation in the above-mentioned companies, except for NV1. NV 1 has received as part of the payment agreement regarding the acquisition of the Saramacca concession, the 1<sup>st</sup> tranche of 1,041,667 IMG shares in 2017.

#### 3.5.2 Compliance with specific EITI requirements Standard 2016

In this paragraph an overview with brief explanation will be listed of the requirements that are not applicable in Suriname.

In general, the Surinam law and fiscal systems originate from The Netherlands, the former colonizer. Therefore, our law and tax framework is laid down by and is a reflection of Dutch legal and fiscal framework before our sovereignty in 1975 and we have mostly continued with adjustments were deemed necessary. During the colonial period, Suriname was led and monitored centrally as a totality and budget / decision-making took place from Paramaribo and was not decentralized.

Suriname has a central administration, with a central income registration, whereby information is administered per tax payer. The GFS-method of reporting revenues makes it possible to group tax payers according to instrument and sector. As mining revenues are collected centrally and are not earmarked to spending categories in the budget, it is not doable/applicable to directly link mining revenues to individual spending.

Given this brief view and based on the own landscaping of the infrastructure, economic environment within the context of the legal and fiscal framework a summarized overview of the status of specific requirements 2016 is listed in the table below.

Requirement	Subject	Disclosed	Explanation
4.2	sale of the state's share of production or other revenues collected in kind;	Yes	as applicable for RGM revenue <i>ceded</i> to EBS; and in the case of <i>settlement</i> of Staatsolie revenue with payment obligation by EBS. In 2017 there were no sales of the State's share in production.
4.3	Infrastructure provisions and barter arrangements	No	not applicable in Suriname
4.4	Transportation revenues	No	not applicable in Suriname. GOS facilitates Staatsolie free of charge with regard to the construction of under/upper ground pipelines on/trough public areas.
4.5	SOE transactions	Yes	explained in section 5 as far as data available
4.6	Subnational payments	No	not applicable in Suriname
4.7	Level of disaggregation	No	not applicable in Suriname
2.5	Beneficial ownership	No	not required by law in Suriname

Table 3.18 Compliance overview of specific requirements of EITI Standards 2016

### 3.5.3 Fuel tax

The fuel tax levied on imported and locally produced fuels is based on the 'Wet Verbruiksbelasting Motorbrandstoffen' (SB 1987/90), (Motor Fuel Tax Excise tax act). Various other taxes are levied on imported fuels, such as import duties, statistical- and consent fees, sales taxes, and a road tax. Import duties, statistical- and consent fees, sales taxes and the road tax are all governed by proper laws.

Staatsolie, the State Oil Company is the only source for domestically produced fuel. It opened the oil refinery end 2015. The tax regime on their fuel produce works in a way that the total taxation per liter does not differ from that of imported oil.

In principle companies in the extractive industry would pay fuel taxes on the fuel input (consumption) into production. Exemptions to fuel taxes are granted by GOS, through the Tax Authority (a directorate under the Ministry of Finance) and would follow the regimes on tax exemptions laid out in treaties, laws or decrees for certain kinds of organizations, like utility companies, embassies and companies in the extractive industry (RGM and NS). Offshore oil companies are also exempted from certain taxes as part of an investment incentive. Any agreement to exempt small scale mining companies from fuel taxes are not known.

### 3.5.4 Environmental agreements

With regard to the development of the environment in 2017, it can be said that there have been no significant developments and changes compared to the SR-EITI 2016 report.

As a development in 2019 it can be the submission of a draft environmental framework law to the DNA of Suriname (See [http://dna.sr/media/247967/Ontwerpwetwet\\_Milieu\\_Raamwet.pdf](http://dna.sr/media/247967/Ontwerpwetwet_Milieu_Raamwet.pdf))

## 4. DESCRIPTION OF PAYMENT FLOWS, PRINCIPLES OF RECONCILIATION AND ENTITIES INCLUDED

### 4.1 Inclusion of payment transactions

#### 4.1.1. Scope and type of payment transactions

This report regards the second EITI-report for the Republic of Suriname for the period January 1 - December 31, 2017.

The reconciliation of these payments does not express an opinion regarding the completeness of the flows between the reporting entities and the Government of Suriname for the fiscal year 2017. Additionally, it should be noted that for the data collection and reconciliation materiality has been determined by the MSG for reporting / disclosure of transactions. For this materiality we refer to appendix 2 of this report.

For reasons of transparency of the revenues received from the extractive industry, payments of a liability of a reporting company towards the Government can be made as:

1. Payments in cash, or
2. Payments in kind, or
3. Payments by settlement of debts of the reporting company to the Government with claims on the Government.

Payments in cash ( based on traceable cash streams) are identified as:

- Payments made by a reporting company and received by the Government and are therefore reported by the Government;
- Payments made by a third party on behalf of the reporting company and received by the Government and are therefore reported by the Government;
- Payments made by a reporting company to the Government but ceded by the Government to a third party are considered as settling normal payments of liabilities of the reporting company to the Government.

Payments in-kind:

- Payments in-kind made by a reporting company towards the Government are based on mandatory agreements and/or the law and should be reported by the Government or by a company that receives these in-kinds on behalf of the Government.

In Suriname, RGM pays royalty in-kind to the SOE Grassalco, who reports this a first stream payment. Grassalco subsequently sells part of its in-kind holdings and transfers part of these proceeds to the central Government. These transfers are considered as the second stream of income to central Government to be compared with a reporting company, Grassalco, in this case. As such the in-kind payment is reconciled from the increases and decreases of the in-kind stock over time and reported accordingly.

The proceeds from the sales of the same in-kind payment, e.g. gold received as payment, are considered as an allocation or change from fixed to cash income flowing back to the state as cash income. In presenting the movement of the payment in-kind the sales of payment in-kind will be included.

Payments by settlement (are non-cash streams based on agreements between the Government and a company) are identified as:

- A settlement of debts of the reporting company to the Government with claims on the Government within the reporting company; or
- A settlement of debts to the Government of the reporting company with claims on the Government of a third party.

#### 4.1.2 Identifying payment flows from Extractive companies to the Government

The main basis for determining the financial flows from the extractive industry to the Government is the annual budget 2017, as reported by the Government of Suriname (website: <http://finance.gov.sr/>). The budget is analyzed on type and significance of payment/revenue transactions by the MSG and subsequently used as the basis for determining a materiality threshold for the transactions to be included for collection and reconciliation. In the reconciliation process new or deviating transactions are discussed with the MSG and could be, subject to materiality, further investigated for reasons of disclosure in the EITI report (reference is made to appendix 2 of this report).

#### 4.1.3 Legal/contractual basis of payment transactions

For the legal and fiscal law and regulations of the extractive industry in Suriname as summarized in section 3.2 of this report and for more we refer to the website of the Government <http://dna.sr/> and the Suriname EITI website <https://eitipuriname.org/en> for the EITI report 2016 (section 3). The table below provides an overview of the category of payment transactions subject to, data collection and reconciliation, reporting for SR-EITI.

Payment transactions between Government and companies	Source: Acts / Regulations or contractual arrangement
<i>Direct taxes</i>	
Income Tax	Income tax act
Wage tax /Social Security premium (SSP)	Wage/SSP act
Dividend tax	Dividend tax act
Service tax	Mineral Agreement 2013 ‘Merian Gold Project’
<i>Indirect taxes</i>	
Turnover tax	Turnover tax act
Custom duties	Tariff of Import & Excise
Statistic rights	Act Statistics rights
<i>Other Income (non-tax income)</i>	
Application fee	Mining Decree
Exploration/Exploitation fee	Mining Decree
Dividend SOE and non-SOE	Article of association
Royalty fee in cash (large companies)	Mineral Agreement 1994 and 1 <sup>st</sup> amend-ment 2003 Mineral Agreement ‘Merian Gold Project’ 2013/ PSCs/State Decree SB2005 Mineral Decree 1986
Royalty fee in cash export gold by non-large companies	Mineral Decree 1986/Export agreement
Royalty fee in-kind	Mineral Agreement 1994 and 1 <sup>st</sup> amendment 2003
<i>Specific agreements</i>	
Electricity RGM	PPA1/amendment 2013

Table 4.1 Payment flow included in SR-EITI 2017

For a detailed description of these transactions or explanation of the legal or contractual arrangements we refer to the EITI report 2016 on the website of <https://eitipuriname.org/en>.

#### 4.1.4 Overview of fiscal and legal law and regulations for SR-EITI 2017 reporting

Fiscal and legal law and regulations applicable for SR-EITI 2017 reporting:

Reporting company	NS	RGM	STAATS-OLIE	GRAS-SALCO	OFF-SHORE	SHMR
Companies represented in the reporting 2017	1	1	1	1	3	15
<b>LAWS AND REGULATIONS</b>						
<b>ACTS REGARDING THE EXECUTING OF COMPANY OPERATIONS</b>						
(Corporate) Income Tax act ( <i>Wet inkomstenbelasting</i> )	✓	✓	✓	✓	✓	✓
Wage Taxes Act and Act social security premium (old age provision/AOV) / ( <i>Wet loonbelasting &amp; AOV</i> )	✓	✓	✓	✓	✓	✓
Dividend Tax Act / ( <i>Wet dividendbelasting</i> )	✓	✓	✓	✓	✓	✓
Turnover Tax Act / ( <i>Wet Omzetbelasting</i> )	✓	✓	✓	✓	✓	✓
Act Tariff of Import & Excise / ( <i>Wet invoerrechten en accijnzen</i> )	-	✓	✓	✓	-	✓
Act Statistics Rights ( <i>Wet Statistiekrecht</i> )	✓	✓	✓	✓	✓	✓
Petroleum Act/ ( <i>Petroleum wet</i> )	-	-	✓	-	✓	-
Mining Decree / ( <i>Decreet Mijnbouw</i> )	✓	✓	✓	✓	✓	✓
Tailored mining agreements and amendments with large mining companies based on Laws	✓	✓	-	✓	-	-
<b>GENERAL LAWS</b>						
The constitution of Suriname / ( <i>Grondwet van Suriname</i> )	✓	✓	✓	✓	✓	✓
Civil Code of Suriname/ ( <i>Burgerlijk Wetboek</i> )	✓	✓	✓	✓	✓	✓
Criminal Code/ ( <i>Wetboek van strafrecht</i> )	✓	✓	✓	✓	✓	✓
Code of Commerce and Factories ( <i>Wetboek van Koophandel en fabrieken</i> )	✓	✓	✓	✓	✓	✓
Labor Act/ ( <i>Arbeidswet</i> )	✓	✓	✓	✓	✓	✓
Law of Financial Statements / ( <i>Wet op de jaarrekening</i> ) from 2020 onwards	✓	✓	✓	✓	✓	✓

Table 4.2 Overview of law and regulation applicable for the reporting entities in 2017

✓= applicable

#### 4.1.5 Income flow from mining and oil companies

The revenue flows included in the EITI-2017 report are identified and approved by MSG of EITI Suriname.

Generally, the Government finance system reports all the payments made by the companies as income, regardless of the beneficial owner (ministry) that initiates and generates the revenue. The financial reporting is the institutional responsibility of the Ministry of Finance; consequently, the MOF is in charge of submitting financial data for the EITI report regarding the income streams from the extractive sector to be reconciled with the financial data from the extractive companies and/or other sources.

#### 4.1.5.1 Flows of payments to the Government

The following payment flows from the reporting companies are included in the reconciliation 2017:

Payment flows	Source: Acts or other Regulations	Material/ incl	OIL-companies		MINING-companies			
			Staats-olie	IOCs	RGM	NS	Gras-salco	SHMR-small-medium
<i>Direct taxes</i>								
Income Tax	Income tax act	M/I	✓	✓	✓	✓	✓	✓
Wage tax /Social Security premium (SSP)	Wage/SSP act	M/I	✓	✓	✓	✓	✓	✓
Dividend tax	Dividend tax act	M/I	✓	✓	✓	✓	✓	✓
Service tax	Mineral Agreement 2013 'Merian Gold Project'							
<i>Indirect taxes</i>								
Turnover tax	Turnover tax act	NM/I	E	E	E	E	✓	✓
Custom duties	Tariff of Import & Excise	M/I	E	E	E	E	✓	✓
Statistic	Law Statistics right	M/I	E<USD 300K	E<USD 300K	E<USD 300K	E<USD 300K	✓	✓
<i>Other Income (non tax)</i>								
Application fee	Mining Decree	NM/I	E	E	✓	✓	✓	✓
Exploration/Exploitation fee	Mining Decree	M/I	E	E	✓	✓	✓	✓
Dividend	Article of association	M/I	✓		✓		✓	
Royalty fee in cash (large companies)	Mineral Agreement 1994 and 1 <sup>st</sup> amendment 2003 Mineral Agreement Merian project 2013/ PSCs/State Decree SB2005 Mineral Decree 1986	M/I		✓*	✓	✓		
Royalty fee in cash export gold by non-large companies	Mineral Decree 1986/ Export agreement	M/I					✓	✓
Royalty fee in-kind	Mineral Agreement 1994 and 1 <sup>st</sup> amendment 2003	M/I			✓			
<i>Specific agreements</i>								
Electricity RGM	PPA1/amendment 2013	M/I			✓			

Table 4.3 Payment type and reference with law applicable per reporting company

✓= applicable; E= exempted; E< USD 300K= exempted till USD 300K / M: material/NM: not material/ I= included

\*) not applicable for 2017, since the IOCs are still in phase 1 in 2017.

- Direct taxes, indirect taxes, other income (non-tax). For these flows of payments, we refer to section 3 of this report.
- Direct and indirect taxes are paid to the Tax Authorities and all income from other sources (non-tax) are payments to the GOS that are monitored by MOF regardless of the Ministry initiating these income streams.
- Specific agreement with RGM. Contrary to 2016 SR-EITI Report, the MOF recognized the payments under the PPA1 (power plant agreement), being the 1st amendment in 2003 to the Mineral Agreement 1994, as other non-tax income.

In its missive of January 13, 2015, the Council of Ministers approved that this income from the Government should be transferred to the Suriname Energy Companies (a State-owned power company in Suriname, N.V. EBS) for capital investments. MOF reports this income as revenues from the Mining sector and the counter entry is a subsidy in the national budget to EBS.

#### 4.1.5.2 Other payment flow to /income of the Government

Income of the Government other than Legal and Fiscal based can be reported by each reporting company on specific circumstances and/or arrangements. For 2017 the following payment flows to the Government have been identified in the reporting and reconciliation phase:

Payment flows	Source: Acts or other Regulations	Material/ included	Staatsolie	RGM
Other payments (temporary)				
Payment NV1 by RGM	1 <sup>st</sup> and 2 <sup>nd</sup> Letter of Agreement 2016-2017 NV1-MONR and MOF	M/D		√
Interest Staatsolie	Agreement GOS and Staatsolie 2016	M/D	√	
Cash calls Staatsolie	Agreement GOS and Staatsolie	M/D	√	
Trading Petroleum Product	Agreement GOS and Staatsolie/	M/D	√	

Table 4.4 Other Payment to the Government by RGM and Staatsolie  
√= applicable; / M: material/ D= to be disclosed

#### Payments towards NV1 by RGM

With reference to requirement 4.2, the following financial situation applies to NV 1, which is an SOE, and the GOS: RGM should pay NV 1 for acquiring of the Saramacca concession from NV1.

The terms and conditions for this acquisition of the Saramacca Concession as agreed between RGM, the Republic of Suriname and NV1 are laid down in the Letter of Agreement (LOA) dated August 30, 2016, as amended on December 12, 2016 (1<sup>st</sup> Amendment LOA) and as further amended December 8, 2017 (2<sup>nd</sup> Amendment LOA).

These payments and the conditions will be disclosed in section 5.2.3 for 2016 and 2017.

#### Payments made by Staatsolie to GOS

These payments made by Staatsolie to GOS differ from those listed in table 4.3 and arise from a specific financing relationship between GOS and Staatsolie. These payments and the conditions will be disclosed in section 5.3.3 for 2016 and 2017.

## 4.2 Reconciliation principles

### Reconciliation principles and explanation of reconciliation differences

The reporting by the reporting companies is based on a cash basis and not on an accrual basis, therefore the companies must only enter the payments made in the reporting year, i.e. January 1 - December 31, 2017, in line with the reporting principle of the Compatibility Act/ 1953. MOF reports only payments (i.e. revenues) received in 2017.

### Reconciliation differences

The reconciliation of the reported financial data by the companies and MOF can result in reconciliation differences which can be categorized as cleared and not cleared differences.

#### 1. Cleared difference

The following types of cleared differences are recognized:

- Timing differences
- Exchange rate differences
- Settlement differences

#### • Timing differences

Differences in the reconciliation occurred due to the time span between the time the payments are made by a company and the time these payments are received by the Government.

#### • Exchange rate differences

The receipts by the Government in foreign currencies are converted to SRD at the daily exchange rate at the time of receipt. Therefore, in addition to receipts in SRD, the Government's reporting sheets also

include receipts in USD converted to SRD. This last category of receipts results in exchange rate differences in the reconciliation, if the exchange rate at the time of receipt of a payment by the State deviates from the exchange rate on the day of payment made by the company.

- Settlement differences

Non-cash transactions based on settlements of a liability of a company towards the Government with a claim on the Government are considered as payment(s). As these settlements are non-cash transactions, MOF does not report these settlements as cash payments but as transaction receipts. To the extent reconciliation differences occur between MOF and the relating company this will be investigated and explained exclusively.

- Other differences

All the reconciliation differences other than the abovementioned differences are categorized as other differences.

## 2. Uncleared differences

These are reconciliation differences that could not be cleared by MOF and/or the reporting company. This could be due to e.g. classification by MOF based on information received from the financial departments within MOF-which does not match with the classification by the company, or if MOF cannot confirm or trace the amounts received from the companies.

All the reconciliation differences listed above are reported, investigated and clarified by the reporting companies and/or Ministry of Finance. Remaining reconciling items, if any, are reported separately.

## 4.3 Companies included

Based on the financial data available at the Ministry of Finance, it has been concluded by MSG SR-EITI, that 4 companies of the oil sector and 3 companies of the mining sector, are considered material for these two sectors. Additionally, a group of small-scale gold miners associated in SHMR is added to the list since the 2016 reporting mainly because of the importance of the small-scale mining in the mining industry.

### Mining companies

Consequently, the entities of the mining sector included in this report are:

Nr.	Name of company
1	Rosebel Gold Mines N.V.
2	Newmont Suriname LLC
3	NV Grassalco (100% state owned entity)
4	A collective of 15 companies associated with SHMR
5	NV 1 (100% state-owned entity)

Table 4.5 Reporting companies mining sector 2017

### NV 1

Although NV 1 was not initially identified by MSG as a reporting entity within the scope of the SR-EITI 2016 reporting, the company has been included since for materiality reasons. Therefore, for SR-EITI 2017 NV1 is again included in the reporting for 2017. The payments made to NV1 by RGM will be disclosed in section 5.2.3.

### Small and medium size companies (SHMR)

SHMR has 40 (forty) registered associates with 66 mining rights of which 29 are holders of the ‘Right to Exploration of gold and other minerals’, and 37 are holders of the ‘Right to Exploitation of gold and other minerals’. All members are legal corporations, registered at the CC&I.

Out of the 40 companies associated with SHMR collective, 15 companies have committed to enter the SR-EITI Report 2017 -same as in 2016. They have agreed to authorize the Board of SHMR to represent them in the M.O.U. regarding the SR-EITI 2016-2017 report. These 15 companies are together holder of 8 rights to exploitation and 9 rights to exploration, where 2 companies hold both rights with different licenses.

The group that entered the SR-EITI-reporting cycle 2017 consists of the following companies:

Nr.	Name of company
1	Augusta Mining
2	Brothers Goldmining NV
3	Cansur Goldmines NV
4	Caribbean Minerals Company NV (Cariminco NV)
5	China Mega Suriname Mining Investment Company NV
6	Eagle Resources NV
7	Gonini Mining Company NV
8	Nana Resources NV
9	Nature Beauty N.V.
10	NV Suriname Diamant Company
11	Roraima Stone Industries Ltd
12	Sarafina NV
13	Sarakreek Resource Corporation NV
14	U&T Group NV
15	Volcanic Resources NV

Table 4.6 Reporting companies within SHMR 2017

### Oil companies

Consequently, the 4 entities of the oil sector included in this report are:

Nr.	Name of company
1	Staatsolie (100% state-owned entity)
2	Kosmos Energy Suriname
3	Petronas Suriname E & P B.V.
4	Tullow Suriname B.V.

Table 4.7 Reporting companies oil sector 2017

#### Staatsolie

The primary activities are exploration and exploitation of oil reserves, the refining and sale of crude oil and related products.

Secondary, Staatsolie is expected to improve and increase participation of third parties in the activities of Staatsolie to increase state income. In addition, the company is responsible for the sustainable development of expertise in the field of technology and management within the oil sector.

Staatsolie is the contracting party on behalf of the Government of Suriname with the contractors. Agreements with contractors are directly negotiated and signed by Staatsolie and furthermore Staatsolie performs oversight on the contractors.

## 4.4 Government bodies included

### 4.4.1 Ministry of Finance (MOF)

MOF consists of three directorates:

#### 1. Finance

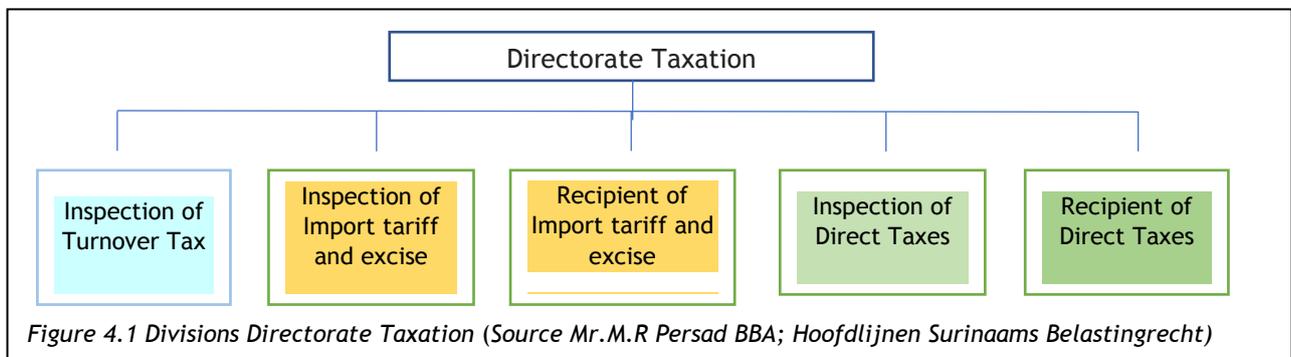
The Finance Directorate is responsible for:

- The general management of all Government funds and the supervision of their correct use. Here, the financial interests of the state and other institutions, in which the state has a financial interest, are also monitored. The representation of the state in all cases in which it participates in the share capital of financial institutions is also monitored by this Directorate;
- The supervision of state banks, as well as the public credit system and pawnshops, the levying and collection of stamp duty and other legally levied duties, the postal system, the national lotteries;
- All matters relating to the state budget and general budgetary policy, as well as the accountability and accountability of state funds;
- The general financial and monetary policy, insurance and the circulation of coins and notes;
- Matters of foreign exchange - policy nature, all this in cooperation with the Ministry of Trade and Industry and the supervision of compliance with the foreign exchange regime regarding licenses for import and export of goods and services;
- Taking out loans, issuing treasury bills, promissory notes, issuing state guarantees and investing or reinvesting Government funds.

#### 2. Taxation

The Tax Authority is a separate directorate of the Ministry of Finance. This entity is headed by a director who reports directly to the Minister of Finance. All direct and indirect tax declarations should be filed with the tax authority.

The Directorate Taxation is divided in:



#### 3. Development Planning and Development Financing

Based on the ministerial decision of May 2015, the directorate 'Planning and Development Financing' has been added to MOF with retroactive effect from September 2010. This directorate oversees medium and short-term planning as well as the recruitment and management of funds that are available for the implementation of development plans and projects through development partners and international financing institutions.

The first two directorates are primarily involved in the extractive sector.

The Tax Authority is a separate directorate of the Ministry of Finance. This entity is headed by a director who reports directly to the Minister of Finance. All direct and indirect tax declarations should be filed with the tax authority.

#### 4.4.2 Ministry of Natural Resources (MONR)

See section 3.1.2 Governmental structure for their tasks in SR-EIT 2016 on <https://eitipuriname.org/en>

Regarding the extractive industry (oil & gas, gold and aluminum), MONR is responsible for the sustainable development of the mineral sector, such that optimal revenues are earned by the Government. Institutions with an important role in the extractive sector, under the supervision of MONR, are:

##### 1. GMD

This department is responsible for stimulating the mining sector in Suriname. Further information can be found on their website: <https://geologymining-sr.maps.arcgis.com>

##### 2. BIS

BIS is incorporated on February 17, 1981 (Decree E-9/ S.B. 1981-14). The purpose of this institute is:

- Knowing and understanding the development within the bauxite sector in Suriname and in international perspective;
- Preparing of policies regarding bauxite for the Government;
- Advising the Government in the execution of the bauxite policy;
- Executing of independent audits of the bauxite activities in Suriname;
- Collecting and processing of data from the bauxite sector.

BIS is currently not active in accordance with its objective. The intention is that with the establishment of the Minerals Institute Suriname (MIS) BIS will be dismantled in due course. As part of the creation of the CIS, work is currently being done on a plan for the transition of the work from BIS to MIS and the dismantling of it.

## 5. RECONCILIATION OIL AND MINING SECTOR

### 5.1 General

In accordance with the EITI standards of 2016 specific financial and non-financial data has been collected from reporting entities, Government institutes and ministries. In this section of the EITI report the data is reconciled and discrepancies, if any, have been further investigated and explained. In the following table the several revenue flows to MOF are presented for Oil and Mining, in total and relative to the GDP for 2017 of SRD 24,035,542 thousand (temporary GDP as reported on the website ABS: <https://statistics-suriname.org/nl/>).

Reported revenue 2017 by MOF for companies participating in SR-EITI 2017	Revenue 2017 for oil companies	Revenue 2017 for mining companies	Total revenue 2017	Reported revenue relative to GDP 2017 SRD 24,035,542
<i>*1,000 SRD</i>				
	SRD	SRD	SRD	%
<b>DIRECT TAXES</b>				
(Corporate) Income tax	39,125	186,527	225,652	0.94
Wage tax & AOV	142,105	195,791	337,896	1.41
Withholding Service tax	-	10,627	10,627	0.04
	<u>181,230</u>	<u>392,345</u>	<u>574,175</u>	<u>2.39</u>
<b>INDIRECT TAXES</b>				
Custom duties	-	162	162	-
Statistics rights	-	4,475	4,475	0.02
	-	<u>4,637</u>	<u>4,637</u>	<u>0.02</u>
<b>OTHER INCOME (non-tax income)</b>				
Surface rights	-	137	137	-
Cash Dividend SOE <sup>2</sup>	44,316	-	44,316	0.18
Cash Dividend non-SOE <sup>2</sup>	-	7,416	7,416	0.03
Royalty fee Newmont	-	268,046	268,046	1.12
Royalty fee RGM	-	107,036	107,036	0.45
Royalty fee gold exporters (non-large companies)	-	112,065	112,065	0.47
Payment based on PPA 1 (RGM)	-	76,083	76,083	0.32
Proceeds from sales of gold (payment in kind)	-	46,240	46,240	0.19
	<u>44,316</u>	<u>617,023</u>	<u>661,339</u>	<u>2.75</u>
<b>Total cash payment reported</b>	<u>225,546</u>	<u>1,014,605</u>	<u>1,240,151</u>	<u>5.16</u>
<b>Non-cash payment through settlement</b>	<u>464,311</u>	-	<u>464,311</u>	<u>1.93</u>
<b>Total payment reported by MOF for the reporting companies (A)</b>	<u>689,857</u>	<u>1,014,605</u>	<u>1,704,462</u>	<u>7.09</u>
<b>Recording National budget for Extractive Industry and adopted in the SR-EITI materiality statement</b>				
Direct taxes	317,709	381,494	699,203	
Indirect taxes	28,777	739	29,516	
Other income (non-tax income)	<u>436,212</u>	<u>638,777</u>	<u>1,074,989</u>	
<b>National Budget recording for extractive industry (B)</b>	<u>782,698</u>	<u>1,021,010</u>	<u>1,803,708</u>	<u>7.50</u>
<b>Difference between reported income and national budget (A-B)</b>	<u>-92,841</u>	<u>-6,405</u>	<u>-99,246</u>	
<b>Coverage MOF reporting 2017 compared to national budget A/B</b>	<u>88%</u>	<u>99%</u>	<u>94%</u>	

Table 5.1 Reported revenue streams by MOF related to the GDP 2017

<sup>1)</sup> The reported revenue -may- include cash and settlement of payments.

<sup>2)</sup> The cash dividend paid by Staatsolie (SOE) and RGM regards the fiscal year 2017 and 2016 and includes 25% dividend tax. On State level this does not affect the total amount of payments received.

In 2019 the reported income of the Government with respect to the fiscal years 2014 through 2018 has been adjusted for the following reasons:

1. Data improvement (reclassification / identification / etc). After the process of reconciliation with the company directly (which MOF has carried out early in the year for the 2016 report);
2. A closer inspection, data may have been identified as non-mining revenue; subsequently it has been concluded that it is an income as a mining company or vice versa;
3. Data was recorded on another instrument / revenue line or with another mining company; the original recording was therefore incorrectly applied.

With reference to the narrative above the income of 2016 from the extractive industries has been adjusted from SRD 566 million to SRD 653 million. The 2016 reporting is not adjusted since the adjustments were partially due to the outcome of the SR-EITI 2016. The effect of the changes reflected in 2016 are explained as follows:

The reported GDP 2016 in the SR-EITI 2016 report amounting SRD 19,720,377 thousand is adjusted to SRD 19,489,361 thousand. The adjusted income of 2016 for the extractive industry, i.e. SRD 653.6 million is now calculated for 3.35% of the GDP, i.e. SRD 19,489.4 million. (Initially 2.86% in the SR-EITI 2016 report.)

A breakdown of the total amounts received per sector by MOF in 2017, into amounts received per reporting company per sector, is included in table 5.2 and in the reconciliation, tables as set forth and detailed in the next 2 paragraphs. An explanation is provided regarding the reconciliation differences (RD) on company level in the payments received by MOF and the payments made by the mining and oil companies respectively.

The following cash payment flows from the reporting companies are included in the reconciliation:

Cash payment flows 2017	Staats-olie	IOCs	RGM	NS	Gras salco	Total Companies	Total MOF	RD MOF-Companies	RD-Explained	RD-unexplained
*1,000 SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD
<i>Direct taxes</i>										
Income tax	39,125		185,301			224,426	225,652	1,226	1,092	134
Wage tax	138,085	3,341	71,225	123,834		336,485	337,896	1,411	598	813
Service tax	-	-	-	10,679		10,679	10,627	-52	-52	-
	177,210	3,341	256,526	134,513		571,590	574,175	2,585	1,638	947
<i>Indirect taxes</i>										
Custom duties					164	164	162	-2		-2
Statistic (and consent rights)	-	-	2,225	2,266	-	4,491	4,475	-16	-16	-
	-	-	2,225	2,266	164	4,655	4,637	-18	-16	-2
<i>Other Income (non-tax income)</i>										
Surface rights			12	137	1,229	1,378	137	-1,241		-1,241
Cash Dividend SOE	44,376					44,376	44,316	-60	-60	-
Cash Dividend Non-SOE			7,416			7,416	7,416	-	-	-
Royalty fee Newmont				288,985		288,985	268,046	-20,939	-20,939	-
Royalty fee RGM			125,681			125,681	107,036	-18,645	-18,645	-
Proceeds from sale of gold received in-kind					47,015	47,015	46,240	-775	-775	-
Royalty gold export non-large companies							112,065	112,065	112,065	-
<i>Specific agreements</i>										
Payment based on PPA1	-	-	76,073	-	-	76,073	76,083	10	10	-
	44,376	-	209,182	289,122	48,244	590,924	661,339	70,415	71,656	-1,241
Payment included in reporting	221,586	3,341	467,933	425,901	48,408	1,167,169	1,240,151	72,982	73,278	-296
Value of unsold Royalty in-kind <sup>1)</sup> (non-cash) reported by Grassalco on behalf of MOF	-	-	-	-	4,501	-4,501	-	-4,501	-4,501	-
Total cash payment 2017	221,586	3,341	467,933	425,901	52,909	1,170,670	1,240,151	68,481	68,777	-296

Table 5.2 Overview reported payment by companies and by MOF 2017

<sup>1)</sup> This amount regards the USD value of the balance of unsold in-kind payments per December 31, 2017 and is reported on behalf of MOF by Grassalco. MOF did not report this as such.

Note:

- NV1 is not included as reporting entity.
- The payment flows regard the revenue streams from the oil and gold sector to the Government. The MSG has determined that these are the material flows for SR-EITI reporting for fiscal year 2017, whereas the payments of NV1 and special payments by Staatsolie are included for purpose of further disclosures of the financial relations with Government and SOEs.

Some income might not be considered material on a total income level, but companies and MOF have uploaded these payments, which therefore is included in the report for reasons of comparison.

## 5.2 SR-EITI data 2017 mining companies

### 5.2.1 Results of the reconciliation mining companies

A summary of the results of the 2017 reconciliation for the mining company is set out in the next table:

* 1,000 SRD)	Reported by		Reported by company		Differences MOF vs Companies	Analysis on reconciling items				
	MOF	COMPANIES	MOF	COMPANIES		Cleared				Uncleared
Company	Initial reporting	Initial reporting	After Adjustments	After Adjustments	Reconciling items	Timing Differences	Exchange rate differences	Settlement differences	Other differences	Unsolved differences
	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD
RGM	375,166	331,454	451,249	494,779	-43,530		1,096	-26,846	-18,634	854
NS	333,396	386,665	*404,889	425,901	-21,012	13,380	-2,476		-31,916	
Grassalco		1,395	46,402	48,408	-2,006		-775			-1,231
Gold export non-large companies	112,065		112,065		112,065				112,065	
Value of unsold Royalty in-kind	-	-	-	4,501	-4,501	-	-	-	-4,501	-
Total 2017	820,627	719,514	1,014,605	973,589	41,016	13,380	-2,155	-26,846	57,014	-377
Total 2016	282,382	238,121	290,660	380,302	-89,642	-83,764	1,214	7,200	-18,093	3,801

Table 5.3 Summary reconciliation differences mining companies 2017

\*) The reported revenue by MOF includes 4 reimbursements by Staatsolie of royalty received from NS from November 2016-February 2017.

Hereafter disclosure of the significant differences will be explained per company. Exchange differences are a result of differences in converted values by parties based on the exchange rate at the time of reporting and therefore, they are considered trivial and will not be disclosed.

Uncleared differences will be disclosed for amounts above SRD 1,000 thousand.

#### Differences RGM

##### Settlement differences

The reported settlement difference amounting to SRD 26,846 thousand regards the settlement within RGM of the payment of the 1st installment of the self-assessment provisional tax liability for 2016 with their remaining claim against the tax authority due to a carryforward fiscal loss (2011/2012).

##### Other differences

These differences are explained as follows:

Description of payment and difference	SRD * 1,000
The difference concerns the 20% stake of Grassalco in the royalties paid by RGM. The Government receives 80% of this royalty	-25,136
The Government mistakenly received 1-month cash royalty too much at the expense of Grassalco	6,502
Grassalco's 20% stake in the cash royalty as received in 2017	-18,634

Table 5.4 Explanation other differences Grassalco

## Differences NS

### *Timing differences/Other differences*

With reference to the mineral agreement 2013, NS should transfer the royalty related to their gold production to MOF. But based on a temporary agreement between GOS and NS, NS has transferred to Staatsolie its monthly Royalty payment from November 2016 until March 2017.

In 2016 NS has paid to Staatsolie an amount of USD 1.8 million, which was received in 2017 by Staatsolie and transferred to MOF. This discrepancy of royalty fee was explained in 2016 as timing difference NS and in 2017 reported as timing difference for the other reporting entity. Furthermore, of the remaining 4 months of royalty received over the period December 2016- through March 2017, Staatsolie has reimbursed 3 months to GOS. The royalty fee over March 2017 is yet to be paid as of December 2017 to the Government and is recognized as a difference in the category 'other differences'

## Differences Grassalco

### *Uncleared difference*

This difference refers to payment of surface right by Grassalco and at the Centrale Betaaldienst (Centrale payment office of the Government). Because the Centrale Betaaldienst reports and/or transfers the payments received over a period in its total, it is hardly possible to trace the transactions per creditor. Consequently, MOF could not identify the payments of surface right of Grassalco consisting of several small amounts. The difference remained uncleared and is considered not material for further exposé.

## Difference gold export non-large companies

### *Other differences*

These differences arise because exporters of gold bought gold produced by non-large companies. The exporters pay effectively royalty on gold at the time the gold export is executed. These exporters are not a reporting group under the SR-EITI scope. As a result, these royalty revenues, directly associated with the extractive sector, are only reported by MOF and cannot be reconciled nor reviewed for validation purposes through data collection from, and reconciliation with the exporters. As opposed to SR-EITI report 2016, it has been concluded, in consultation with MSG and MOF, to include the proceeds in the reconciliation, by obtaining evidence from an external source regarding deposits from/payments of royalty by the gold exporters. Based on the credit notes from the CBoS (deposit per exporter), the full reported revenue for 2017 has been tested.

Work performed relates to comparison of detailed information of the reported Royalty fees by MOF with the underlying credit notes of the CBoS, which is the transfer of the royalty payments to the bank account of the Government/MOF.

No inconsistency has been noted between financial data provided by MOF and the underlying data from the CBoS. As such it is concluded that the reported revenue transactions are reflected properly.

However, no assurance is given regarding the completeness, or the accuracy of the payments made by the exporters, as this is not in the scope of this assignment.

## Value of unsold Royalty in-kind

This income of the state relates to the final balance of the movements in the payment in kind received. The final balance is determined by the starting position of the in-kind payment as of January 1, 2017, the in-kind payment received and its sale in 2017. Only the unsold part of the in-kind payment is recognized here, since the proceeds of the sales are already included as income identified and reported by MOF and Grassalco.



#### Other differences (payment in-kind)

These differences arise from the mineral agreement 1994 and concern the royalty payment in-kind, special royalty to Grassalco. This royalty amounts to 2.25% of the refined production of RGM, of which 2% must be deposited into the pooling account of Grassalco by Royal Canadian Mint. The remainder in-kind payment of 0.25% is deposited on behalf of SEMiF on their account.

The Government share in these payments made to Grassalco are based on an agreement that was probably made at the end of 2004. Based on this agreement the GOS receives 80% of the royalty payments in cash and in-kind. Grassalco receives the remainder of 20%.

Since Grassalco is the legal owner of the pooling account and the gold, it manages the gold and movement in the pooling account which are reported in the statements of Royal Canadian Mint.

Given this course, only Grassalco can report this payment in kind, the changes and the stock as of December 31 of a year. Therefore, it can be concluded that this difference indicates a permanent reconciliation difference.

Conversely, the revenue from the sales of the gold received, if any, can be reported by MOF and Grassalco, as the revenue from the sales is deposited into the general account of MOF at CBoS. Based on the above 80/20% arrangement, CBoS makes a transfer to the bank account of MOF and Grassalco respectively. The sales of gold, a second stream of income of GOS, are explained above.

The amount of unsold gold (stock) as of December 31, 2017 is 597 ounces and the Government share is 478 ounces with a value of USD 748 thousand or SRD 4,501 thousand.

#### Small and medium scale mining right holders from SHMR

Though not material in the sense of payment flows to the Government, the collective reporting of the payments made by 15 associates of the SHMR is reported in SR-EITI 2017 as follow:

Small and medium size mining companies (Mining right holders) SHMR	MOF	Collective of 15 companies
*1,000 SRD	SRD	SRD
<b>Direct taxes:</b>		
Income tax		68
Wage Tax & AOV		717
<b>Indirect taxes:</b>		-
<b>Other payments:</b>		
Royalty fee*	112,065	
Concession fee /surface rights		602
Other non-tax payments		109
CSR (voluntary)		186
Infrastructure		197
Other support related payment towards Government		17
		1,896

Table 5.8 Collective Reporting 15 companies associated with SHMR and MOF

\*see point C for explanation

Regarding the companies associated with the SHMR and their concerns to expose their data individually, there has been no change. They have signed the M.O.U. as a collective for 2016 and 2017. They have reported their data of 2017 on the same bases and conditions, as set in 2016 which is based on:

- Their own model of reporting sheet as approved by the MSG;
- No detail reporting of the participating companies but as a whole of participating companies;
- No submitting of financial statements of the participating companies.

As was the case in 2016 the reconciliation of data 2017 was not possible since:

A: This collective did not provide:

4. Evidence for the reported financial data nor a segmentation per participating company of the collective amounts reported;
5. Other non-financial data such as beneficial ownership, agreements, ministerial orders as requested to the other companies according to the PBC list, nor data about CSR expenditure;

B: Due to the collective reporting of a group of companies, MOF was not required to report payments from the collective as this would have required the consent on an individual basis from all.

C\*: MOF has reported an amount of SRD 112,065 thousand as royalty fee received from exports of gold from non-large companies, which could not be matched with reporting of the SHMR reporting group since:

- The amount of royalty fee reported by MOF might include more small and medium size mining companies than those who have participated in this reporting cycle;
- Buyers of gold could also buy gold from the informal small-scale gold miners or other sources than these reporting members of this collective /the legal small and medium scale gold miners, hence this is causing a disruption in the flow of gold and the transparency of the royalty fee payment made by small and medium scale gold mining right holders, who are entitled to pay 2.75% royalty fee over their production;
- Small and medium scale miners do not pay their royalty fee obligation directly to the Government, but they pay 6.25% to the buyers of gold. As we were informed by SHMR, the sellers are not acknowledged by the buyers in an adequate, transparent and traceable manner for their payment of 6.25% cost including the 2.75% royalty fee. For this reason, they did not report the royalty fee payments because they cannot formally prove that they have fulfilled this obligation;
- SHMR-companies reported a calculated amount of royalty fee payment amounting SRD 25 thousand, which is only for informational purpose, since they do not pay royalty separately. On the other side we could not validate this calculation due to lack of evidence provided. Regardless of the validity of the SHMR-report, there is a large discrepancy between the reported royalty fee by MOF and by SHMR. Partly due to being unable to validate the royalty fee report from SHMR as well as other payment flows, the SHMR report was not included in the reconciliation 2017.

## 5.2.2 Bid rounds Mining Allocation of licensing and contracts and contract disclosure Mining

### Mining Companies

According to an overview of GMD, dated October 24, 2019, regarding the mining rights / licenses for the category gold, diamond and other ores there have been 58 cases of movements in 2017. A summary is presented in the table below:

Movement 2017	Issued (new)	Extension	Withdrawal	Transferred	Others	Total
Building material	-	-	1	-	-	1
Small Mining (200ha)	1	16	-	-	-	17
Exploitation (mineral)	3	3	2	1	-	9
Exploration (mineral)	15	13	-	1	1	31
	19	32	3	2	2	58

Table 5.9 Movements of licenses in 2017

Note: At MONR / GMD there is no or hardly, a fully-fledged visual mining license register available for, among other things, applications and issued licenses for mining rights. An overview was derived from the license database as was the case in 2016. However, since no investigation was performed within the scope of this engagement regarding the reliability of the database and the IT-environment, nor about the methodology of the data extracted from the database we could not rely on or express any opinion about the completeness and accuracy of the data base and the overview derived from it.

### Application, approval and disapproval

In 2017, the same organizational set-up and gaps exist as described in 2016. We therefore, refer to our SR-EITI 2016 report on the SR-EITI website: <https://eitipuriname.org/en>.

There is no register present at GMD, nor at MONR, that systematically displays the incoming and outgoing flow of applications, the status, the outcome of the application, nor acknowledgment by the parties of the receipt of applications respectively the provision of the ministerial order to the beneficiary/ applicant. In November 2019, MONR has started with an online application process, which is a huge step forward in monitoring the progress of an application by the applicant as well by MONR.

## Contract disclosure Mining

The content of a mining license is not publicly disclosed by MONR.

Generally, the minister of MONR, based on the advice of GMD, approves the requested Mining rights with references to and conditioned by the:

1. "Mining Decree" E-58 (S.B. 1986 no. 28), containing general regulations concerning the exploration and extraction of minerals;
2. State Decree of May 11, 1989 (S.B 1989 No. 39);
3. "Mining Decree" E-58 (S.B. 1986 No. 28), Article 63, paragraph 1, amended by S.B. 1997 No. 44 and with S.B. 2014 No. 59, and as last amended by S.B. 2014 No. 176; 4;
4. Brokopondo Agreement and with reference to the law of January 25, 1958 (G.B. 1958/No. 4) and to the law of August 3, 1977, No.8821 (Bulletin of Acts and Decrees No.45);
5. "Economic Felonies Act of January 9, 1986" (S B. 1986 No.2, as last amended by S.B. 2008 No. 55). And furthermore, by specifying the right, the concession area framed by area coordinates, the duration of the right, the yearly surface payments and other conditions listed to be taken in consideration (See appendices for content of the Ministerial order for an approved license for the extension of the right of exploitation for mining);
6. Mineral Agreement of 1994 and its 1<sup>st</sup> and 2<sup>nd</sup> amendment (2003 and 2013) where and when applicable; or
7. Mineral Agreement (Merian Gold Project) 2013;
8. World Bank's environmental standards; compliance with these standards are required;
9. Consideration of the local circumstances.

The licenses for minerals, gold and other minerals, are generally edited in a standard format and are made specific were necessary, for among others, the type of mining right, the location, the coordinates and the commissioner of the district where the mining right will be executed.

For further notification we refer to the appendix 11 of our SR-EITI 2016 on the SR-EITI website <https://eitipuriname.org/en>

## Licences issued to RGM, NS/Surgold and Grassalco

As per December 31, 2017 the following licenses were granted to the 3 large mining companies.

### RGM

Concession area Granted and in process Per Dec 31, 2017	G.M.D. No	Right of		Date of Issue (d/m/y)	Period of validity in years
		Exploration	Exploitation		
Gross Rosebel	468/02		✓	16/12/2002	25
Sarafina	233/14		✓	02/02/2015	20
Headly's Reef	312/16	✓		25/08/2017	3
Charmagne 1	314/16	✓		25/08/2017	3
Charmagne 2	313/16	✓		25/08/2017	3
Charmagne West	315/16	✓		25/08/2017	3
Thunder-mountain	311/16	✓		25/08/2017	3
Anjoemara	316/16	✓		25/08/2017	3
Lef Resources	317/16	✓		25/08/2017	3
Saramacca	706/16	✓		31/08/2016	3

Table 5.10 Overview of licenses granted to RGM. Source: RGM

The term of validity of the Gross Rosebel concession is, based on Article 15 of the Second Amendment to the Mineral Agreement of 1994, extended for a period of 15 (fifteen) years as of the current expiry date, mentioned in GMD-Decree 468/02. Since the expiry date as of the date of signing of the Second Amendment was 16 December 2027, the new expiry date is 16 December 2042.

- In 2016 the Right of Exploration issued under number GMD 516/16 to NV1 has been transferred by NV1 to RGM, which is embodied in GMD 706/16.

All the licenses of RGM issued up to and including 2017 are registered at GLIS, the keeper of mortgages.

#### NS

Concession area Granted* and in process	G.M.D. No	Mineral type	Right of		Date of Issue (d/m/y)	Period of validity in years
			Exploration	Exploitation		
Merian	192/08	Gold		✓	08/21/2014	25
'153'	153/10	Gold	✓		05/06/2010	3
West Grancreek	524/14	Gold	✓		12/16/2014	3
West Wintiewaai	525/14	Gold	✓		12/16/2014	3
Hill 1627	526/14	Gold	✓		12/16/2014	3
North Wintiewaai	527/14	Gold	✓		12/16/2014	3
West Hill 1627	529/14	Gold	✓		12/16/2014	3
North Amazonia	569/16	Gold	✓		06/07/2016	3
South Amazonia	571/16	Gold	✓		06/05/2016	3
Sabajo	387/16	Gold	✓		06/07/2016	3
North Sabajo	570/16	Gold	✓		10/14/2016	3
North Merian	521/17	Gold	✓		05/17/2017	3

Table 5.11 Overview of licenses granted to NS. Source: NS

All the licenses of Newmont /Surinam Gold Company issued up to and including 2017 are registered at GLIS, the keeper of mortgages.

#### GRASSALCO

Concession area Granted* and in process	G.M.D. No	Mineral type	Right of		Date of Issue (d/m/y)	Period of validity in years
			Exploration	Exploitation		
Patamarca	073/13	Building material		✓	16/05/2013	5
Patamarca	074/13	Building material		✓	22/05/2013	5
Patamarca	075/13	Building material		✓	24/05/2013	5
Worsteling Jacobs	221/13	Building material		✓	25/03/2013	5
La Solitude	118/16	Building material		✓	18/3/2016	5
La Solitude	119/16	Building material		✓	18/3/2016	5
West Suriname	568/16	Building material		✓	18/3/2016	5
West Suriname	569/14	Building material		✓	18/3/2016	5
Brokolonko <sup>1</sup>	065/14	Gold	-	-	-	-
Goliath	184/16	Gold	✓		18/3/2016	2
Moengo	1059/17	Kaolin	✓		14/12/2017	3
Lely gebergte <sup>2</sup>	299/16	Gold	✓		24/5/2016	3
Lely gebergte <sup>2</sup>	352/16	Gold	✓		24/5/2016	3
Lely gebergte <sup>2</sup>	353/16	Gold	✓		24/5/2016	3
Lely gebergte <sup>2</sup>	446/16	Gold	✓		22/3/2017	2
Patamarca	073/13	Building material		✓	16/05/2013	5

Table 5.12 Overview of licenses granted to Grassalco. Source: Grassalco

The licenses of Grassalco issued up to and including 2017 are registered at GLIS.

With reference to the overview above we note that in 2017 the Brokolonko concession has been withdrawn and in 2019, 4 licenses granted to Grassalco for the right of exploration of gold in 2016 and in 2017 have been withdrawn by MONR.

### Contract disclosure gold exporters non-large gold companies

This group of exporters belonging to a special category of entrepreneurs derive their authority to export from a special order issued by the Foreign Exchange Commission. Copies of this decision made by name / company and are sent to various authorities, including MOF, CBoS, MTI & T and the custom department. These contracts are not publicly available. Similarly, the operational information about exports and transfers or licenses and royalties is not publicly available other than on an aggregated level.

To our general knowledge each special order:

- Is tailor made;
- Has a limited duration which can be extended;
- Has a monthly performance export condition. If no export has taken place in the established affiliated period, the foreign exchange committee may withdraw it;
- Describes that royalty fee on the gold produced must be withheld at time of purchase and deposited at the CBoS in favor of the state of Suriname;
- Gold intended for export must first be submitted for processing at Kaloti Mint House Suriname (KMHS). One exporter of gold litigated against the state regarding the compulsory processing of the gold to be exported by KMHS. Based on the judgment of the judge in this case, the exporter may have his gold processed at the CBoS prior to export;
- Has the condition that the exporter is obliged to offer 5% of its gold to be exported to the CBoS, who is not obliged to accept this bid.

During our testing of the reported royalty income from that gold exporters non-large gold companies we have concluded that 9 companies have contributed to the royalty income 2017 as reported by MOF. According to a letter of the Foreign Exchange Commission one new export order has been issued in 2017.

None of the Government agencies/institutions we have contacted for information have given us permission to disclose detailed information about the export data per exporter of gold or about the contents of these special orders granted to the exporters.

### 5.2.3 Additional financial and other reported data by mining companies

In addition to the reconciliation of material financial flows between reporting extractive companies and Government, the following is included in this report:

- The sale of the state's share of production or other revenues collected in-kind (5.2.3.1)/ req 4.2
- Financing of companies by the Government (5.2.3.1)/req 4.5
- Production mining companies (5.2.3.2)/req 3.2
- Beneficial ownership mining companies (5.2.3.3)/req 2.5
- The coverage of social expenditure and infrastructure provisions (5.2.3.4)/req 6.1-6.3
- Employment data (5.2.3.5)
- Whether the participating companies and Government entities had their financial statements audited and how to access audited financial statements of reporting entities (5.2.3.6)

### 5.2.3.1 In-kind flows and sale of state's share of production and financing of mining companies

There were no in-kind flows and sale of the state's share of mining in 2017 reported, nor has any Government financing towards companies been reported.

Through NV1, state owned entity, the Republic of Suriname gains a 30% participating interest in the Saramacca project based on the Letter of Agreement (LOA) dated August 30, 2016, as amended on December 12, 2016 (1<sup>st</sup> Amendment LOA), and as further amended December 8, 2017 (2<sup>nd</sup> Amendment LOA) regarding the Saramacca-deal.

As far as the payments are concerned the following purchase price was agreed:

1. Payment of the sum of USD 200,000 by RGM to the MOF/Government, upon execution of the LOA and the payment shall be considered as payment for i.e. the data package as mentioned in Section 5.1 of the Original LOA;  
→ Paid in 2016 by RGM and received by NV1 in 2016.
2. Payment of the sum of USD 10 million by RGM to the MOF /Government, upon registration of the Notarial Deed transferring the Saramacca Right of Exploration from NV1 to RGM and delivery of all other consents and documentation necessary to make such transfer binding and effective under the laws of the Republic of Suriname;  
→ Paid in 2016 by RGM and received and confirmed by NV1 in 2017.
3. Transfer of 3,125 million IMG common shares to NV 1 in 3 tranches:
  - a. First tranche of 1,041,667 IMG shares 12 months after the date of transfer of the Saramacca right of exploration from NV 1 to RGM;  
→ 2017: RGM has transferred this tranche in December 2017/ NV1 has confirmed this transfer.
  - b. Second tranche of 1,041,667 IMG shares 24 months after the date of transfer of the Saramacca right of exploration from NV 1 to RGM; and
  - c. Third and final tranche of 1,041,667 IMG shares 36 months after the date of transfer of the Saramacca right of exploration from N.V. 1 to RGM;
  - d. Final payment regards the Adjustment Amount of maximum of USD 10 million subsequent to a NI 43101 compliant resource estimate for the Saramacca concession.  
→ 2017: USD 5 Million was paid by RGM in 2017 and received and confirmed by RGM.

Opposed to 2017 the cash payments made by RGM in 2016 were presented as part of the reconciliation between MOF and RGM.

#### Subsidies

By permission of the Council of Ministers, its missive of January 13, 2015, it was approved that RGM payments conditioned under the PPA1 to MONR, could be transferred to the N.V. Energie Bedrijven Suriname (EBS/Suriname Energy Companies) for capital investment by the latter. EBS is a fully State-owned power company. Subsequently the Government has agreed that these RGM payments are ceded to EBS. Therefore, MOF recognizes it in mining revenue and has reported accordingly for SR-EITI purposes. In its publicized data, MOF also places it under subsidies to EBS. The net effect on the budget balance is neutral, but MOF presents both the credit and debit streams on a gross basis. Opposed to 2016 these cash payments by RGM are recognized in 2017 under the GFS-registration and are a part of the reconciliation between MOF and RGM.

### 5.2.3.2 Production and export mining companies

#### Production

The production data of the mining companies that should be reported by MONR, with reference to the requirement in the licenses issued, might not be complete and accurate due to inconsistencies on the side of all the mining right holders to submit their production data on regular bases. Therefore, no production data have been reported by MONR for reconciliation purposes.

- Production RGM and NS

RGM and NS, each operating in 2017 on their own mineral agreement, are the only two large gold mining companies in 2017. Their production might be considered material compared to the small-and medium scale legal and informal mining operations.

Both companies were in production throughout the whole year.

Grassalco's production was primarily focused on processing waste rock stone from the RGM operation as aggregate.

The reported production by the 3 mining companies for 2017 relative to the GDP 2017 is as follows:

	Product	Unit	Product Volume	Product value	Product value*	GDP2017
			Unit	USD *1,000	SRD *1,000	SRD 24,035,542 *1,000
						Production value relative to GDP
RGM	Gold	oz	318,117	400,001	2,970,008	12%
RGM	Silver	oz	10,670	182	1,351	-
NS	Gold	oz	512,679	647,114	4,804,823	20%
Grassalco	Aggregate	m <sup>3</sup>	224,433	Not available to report	15,165	-
Grassalco	Gold	gram	3,763	Not available	350	-

Table 5.13 Production mining companies

\*) Average USD exchange rate 2017 for USD 1=SRD 7.425: Source:

[https://www.cbvs.sr/images/content/publicaties/Wisselkoersen/2018/Gemiddelde\\_mndkrnsn\\_1994-2018.pdf](https://www.cbvs.sr/images/content/publicaties/Wisselkoersen/2018/Gemiddelde_mndkrnsn_1994-2018.pdf)

The gold produced by RGM and NS are exported, while Grassalco sold its gold production to the local buyers and or exporters of gold.

Production of SHMR- 2016	Gold *1,000 gr	Aggregate
SHMR: small and medium scale mining right holders -gross	104.4	-
SHMR: small and medium scale mining right holders -after refinement	91.0	-

Table 5.14 Production data of SHMR in 2017 and sold to buyers of gold

- Export mining companies

	Product	unit	Export Volume	Export value	Product value*	GDP2017	
			Unit	USD *1,000	SRD *1,000	SRD 24,035,542 *1,000	
						Production value relative to GDP	
RGM	Gold	oz	291,110	367,018	2,725,108	11%	
RGM	Silver	oz	10,670	182	1,351	-	
NS	Gold	oz	495,478	625,567	4,644,835	19%	
Grassalco	Aggregate	m <sup>3</sup>	Not available to report				

Table 5.15 Export mining companies RGM and NS

\*) Average USD exchange rate 2017 for USD 1=SRD .,425:

[https://www.cbvs.sr/images/content/publicaties/Wisselkoersen/2018/Gemiddelde\\_mndkrnsn\\_1994-2018.pdf](https://www.cbvs.sr/images/content/publicaties/Wisselkoersen/2018/Gemiddelde_mndkrnsn_1994-2018.pdf)

### 5.2.3.3 Beneficial ownership mining companies

Beneficial ownership reported by the reporting companies mining sector:

Company	Prime shareholder	Second Shareholder
RGM*	95% IAMGOLD Corporation	5% Republic of Suriname
NS	75% Newmont	25% Staatsolie Suriname
Grassalco	100% State-owned entity	-
NV1	98% State-owned entity	2% owned by NOB (State-owned bank)

Table 5.16 Beneficial ownership mining companies

As of December 31, 2017, the private companies RGM and NS are respectively a subsidiary of IAMGOLD Corporation, headquartered in Toronto, Canada and Newmont Mining Corporation with headquarters in Denver, United States of America.

## RGM

The operations of RGM are based on the Mineral Agreement of 1994, which was amended in 2003 and 2013, while the operations of NS are based on the Mineral Agreement between the Republic of Suriname and SURGOLD, 2013. These Mineral Agreements have been approved by the National Assembly through an Authorization Act.

The Republic of Suriname is a partner in the commercial gold mining operations, with a 5% free carried shareholders position in the operations at Gross Rosebel, while owning 30% participation interest through a Government-owned company, N.V.1, in the Saramacca project currently being developed by RGM.

With reference to Acquisition of the Saramacca concession by RGM as agreed between RGM, the Republic of Suriname and NV1 and laid down in the Letter of Agreement (LOA) dated August 30, 2016, as amended on December 12, 2016 (1<sup>st</sup> Amendment LOA) and as further amended December 8, 2017 (2<sup>nd</sup> Amendment LOA) the following payments would be made in 2016 and further.

Based on those conditions it was agreed that NV1 would transfer 100% of the ownership of Saramacca right of exploration to RGM under the following terms:

6. RGM has committed to contribute the Saramacca Concession to the Unincorporated Joint Venture subject to Section 8 and Section 9.5 of the LOA and in accordance with the Second Amendment of the Mineral Agreement dated June 6, 2013.
7. RGM and NV1 have reported that the establishing of an UJV for the year 2017 is not met. RG will report developments on this subject in the years after 2017 in the regarding reporting cycles.

## NS

NS (previously known as Suriname Gold Company, LLC): is a fully owned subsidiary of Newmont Mining Corporation and operates and manages the mining on behalf of Suriname Gold Project CV, a Suriname limited partnership (the "CV"). NS is the managing partner, owning a 75 percent interest in the limited partnership, and Staatsolie owns the remaining 25 percent interest.

## GRASSALCO

Grassalco is a 100% state owned company and was established on August 30, 1971.

The purpose of the Public Limited Company is:

- a) work in the mining, industrial, commercial and transport fields;
- b) establishing, acquiring and financing, participating in and running the management of other companies;
- c) within the framework of its normal business operations, the company will strive for a long-term welfare policy and for maximum useful employment, such as:
  - a. to protect the direct interests of all whose income depends on the existence and prosperity of the company;
  - b. to promote prosperity in Suriname and the development of West Suriname in particular.

## NV 1

NV 1 is for 98% directly state-owned and 2% through NOB.

The purpose of this Limited Liability Company, NV 1 is:

- a. Revenues to be obtained through financial participation by entering into and maintaining a partnership with Rosebel Gold Mines N.V. (RGM), though an Unincorporated Joint venture (UJV);
- b. Performing all that is related to the aforementioned, including advising, cooperating with, participating in and running management over other companies with an equivalent similar or related purpose, all in the broadest sense of the word.

## Small and medium size mining companies

Information on beneficial ownership regarding the small and medium scale miners for gold or other minerals, quarry building materials and other minerals is not made available nor available at CC&I.

The disclosure of ownership is not demanded by laws and regulations for companies that are registered at the CC&I and also not in the case of application for mining licenses.

In Suriname, disclosure of beneficial ownership is not enforced yet by the Law.

#### 5.2.3.4 Social expenditure

Specific payments should also be made to specific communities by the mining companies, RGM and NS based on their agreements. These are the following:

- Annual funds for projects for civil society
- Training fees

Reported social expenditure, exclusive of SHMR contribution, in 2017 were:

Mining Companies	Expenditure							
	Total		Social		Infrastructure		Others	
(* 1,000 USD/SRD)	USD	SRD	USD	SRD	USD	SRD	USD	SRD
RGM	1,784		824				960	
NS		2,346		2,346				
Grassalco	-	-	-	-	-	-	-	-
Total	1,784	2,346	824	2,346	-	-	960	-

Table 5.17 Reported social expenditure of RGM, NS and Grassalco in 2017

The expenditures by these companies vary from development program/activities to communities of the operations, infrastructure and corporate donations, donations towards healthcare and training, small mining trainings without mercury etc.

The amount of USD 1,784 thousand reported by RGM consists of:

- expenditures based on the corporate social responsibility amounting to USD 824 thousand and;
- payments in-kind based on amendment 1, 2003, amounting to USD 960 thousand. The payment-in kind by RGM is 2.25% of the monthly production of which 0.25% must be paid to SEMiF. The receipt of these payments in-kind for 2017, gold 760 Oz /USD 960 thousand and silver 28 Oz/USD 1 thousand, are reported in the SEMiF Annual Statement 2017.

SHMR reported additionally the voluntary contribution as a group towards the community of SRD 186 thousand in 2017 and to infrastructure projects for approximately SRD 214 thousand.

No details were provided to express an opinion or disclosure about these financial data and therefore these expenditures are not included in the overview above but mentioned as a narrative.

#### 5.2.3.5 Employment data Mining

The mining companies have reported the following employee data:

Company	Employee Data (Payroll) /FTE December 31, 2017	Contractors December 31, 2017
RGM	1,182	527
NS	1,222	945
Grassalco	140	-
	2,544	1,472
SHMR-collective	No data reported	No data reported

Table 5.18 Employee data mining companies 2017

Small and medium scale gold mining right holders occasionally hire subcontractors for the operational activities and have less employees. Though the collective reported wage tax paid, they did not report their employee data. Please note that even if they had reported employee data this would be a fraction and probably beyond the reality, since the subcontractors might have their own full time and temporally employees, but they are out of this EITI-scope.

Hence, it can be concluded that it is not clear how much employees are working in the small and medium scale mining sector formally, nor informally. Even so is it not evident how much the subcontractors, operating in the extractive industry, contribute to the wage tax and social security premium revenue, since they are technically/formally not holding a mining right.

### 5.2.3.6 Audited financial statements Mining companies

As part of examining the assurance environment applicable to mining companies, companies were required to provide a copy of their audited financial statements and in accordance with the terms of reference for our assignment, we have documented whether the participating companies and Government entities had their financial statements audited for the year covered by the EITI Report.

Explanation	#companies
Supplied audited accounts for the local company (NS/Surgold and Grassalco)	3
Do not produce audited accounts for local subsidiary, audited group accounts provided (NS)	-
Do not produce audited accounts for local subsidiary	-
Not prepared to release audited accounts	-
Failed to provide final audited accounts	-
Total	3

*Table 5.19 Overview of financial statements 2017 provided by mining companies*

The auditor of Grassalco has provided a qualified opinion for the financial statement 2017, dated October 19, 2019. We were informed by the CFO of Grassalco that the financial Statement up to and including 2017 are final and were adopted and approved by the shareholders, the Republic of Suriname. The minutes of the shareholder's meetings in which these decisions are recorded are not arrested yet and therefore, not submitted yet.

## 5.3 SR-EITI Data 2017 Oil Sector

### 5.3.1 Results of the reconciliation Oil

A summary of the results of the reconciliation 2017 is included in the table below:

Company	Reported by		Reported by			MOF vs Companies Reconciling items	Analysis on reconciling items		
	MOF	COMPANIES	MOF	COMPANIES	MOF vs Companies		Cleared		Uncleared
	Initial reporting Cash payment	Initial reporting Cash payment	Settlement payments	After adjustment Cash payment	After A Adjustments Cash payment		Timing differences	Exchange differences	Unsolved differences
(* 1,000 SRD)	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD	SRD
Staatsolie	314,424	433,614	464,311	222,207	221,586	464,932	464,311	-60	681
Kosmos Energy Suriname	2,656	2,656	-	2,656	2,656	-	-	-	-
Petronas Suriname E&P B.V.	-	-	-	-	-	-	-	-	-
Tullow Oil Suriname B.V.	1,074	555	-	683	685	-2	-	-2	-
Total 2017	318,514	436,825	464,311	225,546	224,927	464,930	464,311	-62	681
Total 2016	136,135	125,256	-	135,592	143,270	-7,678	-	3	-7,681

Table 5.20 Summary reconciliation difference oil companies 2017

Note:

There were no reconciliation differences due to settlement nor other differences. As such these items are not part of the table above.

#### Timing differences

These differences relate to the settlement of receivable and liabilities between MOF and Steatosis, with respect to income tax and dividend from 2017 with receivable balances from subsidiaries. These subsidiaries are not part of the extractive industry for SR-EITI reporting. The total balance due to GOS to be settled at December 31, 2017, amounted for USD 11,320 thousand. The settlements, including the income tax and dividend payable for 2018, are executed post balance sheet December 31, 2017 between Staatsolie and MOF.

The difference however is caused by MOF who recorded the income tax and dividend of Staatsolie as settlements in the annual budget of 2017, while Staatsolie reported these transactions as settled (on consolidated level) in 2018 (reference is made to financial statements 2017 of Staatsolie). Consequently, the reporting treatment causes these settlements result in a timing difference for 2017. These timing differences should have been reported in fiscal year 2018 by MOF. For now, these recorded settlements in 2017 are recognized as timing differences for 2017.

### 5.3.2 Bid rounds oil allocation of licensing and contracts and contract disclosure oil

Two Government entities (MOF and MONR) and Staatsolie (SOE) and 3 IOCs have participated in the reconciliation. They reported the financial and non-financial flows between companies and Government as determined by MSG.

In 2017, Staatsolie, as regulator in the petroleum industry and acting as an agent of the Government, continued to promote offshore Suriname via the "Open Door Invitation". The invitation of 2017 for the 2 open offshore blocks resulted in signing 2 PSCs in 2018 for offshore blocks 61 (Cairn Energy) and 62 (Tullow Energy). In 2017 offshore block 59 was assigned to a consortium consisting of the oil companies ExxonMobil, Hess Corporation and Equinor (Statoil). A PSC for block 60 has been signed by Equinor (Statoil). In the oil industry of Suriname licenses for offshore operations are awarded in the form of PSCs by Staatsolie as agent of the Republic of Suriname.

## Allocation

As reported in SR-EITI report for 2016, GMD does not have data available regarding concessions for the oil sector.

GLIS, the administrator of mortgages, confirmed that they do not have an overview of the property/area of interest of Staatsolie. Given one of their goals, they started in 2018 with the Spatial Data Information project. In this context they had initial meetings with Staatsolie and other Government enterprises regarding information of area where oil pipelines, water tubes, electricity and phone cables etc. are located beneath the surface and how this data can be captured and shared. This project has not officially started yet.

MONR does not maintain an oil license register for the concessions granted to Staatsolie for the onshore oil exploration and exploitation. An overview of the concessions for onshore and offshore granted to Staatsolie is being maintained by Staatsolie itself. (See figure 3.10 in section 3.)

## Contract disclosure Oil

In 2017 two PSCs were signed with IOCs. Staatsolie emphasizes that, based on the Petroleum Act, they are entitled to conclude commercial contracts with IOCs, but these contracts are not publicly disclosed. However, Staatsolie has the PSC-model 2017 and the 'open door invitation' on its website and refers to these documents for a general view. We have been informed that for complete transparency Staatsolie will work towards disclosure of the signed PSCs going forward.

There are no Government rules that regulate the transparency of these contracts and other contracts in general nor in the context of SR-EITI-reporting yet. Consequently, the IA was not able to assess the execution of the bid-round in accordance with the policy and procedures for bids. Furthermore, the IA was not able to assess whether the agreement reached with the two IOCs is within the legal mandate of Staatsolie.

### 5.3.3 Additional financial and other reported data by oil companies

In addition to the reconciliation of material financial flows between reporting extractive companies and Government, the following is included in this report:

- The sale of the state's share of production or other revenues collected in-kind (5.3.3.1)/ req 4.2
- Financing of companies by the Government (5.3.3.1)/req 4.5
- Production oil companies ((5.3.3.2)/req 3.2
- Beneficial ownership oil companies ((5.3.3.3)/req 2.5
- The coverage of social expenditure and infrastructure provisions (5.3.3.4)/req 6.1-6.3
- Employment data (5.3.3.5)
- Whether the participating companies and Government entities had their financial statements audited and how to access audited financial statements of reporting entities (5.3.3.6)

#### 5.3.3.1 The sale of the state's share of production or other revenues collected in-kind and Financing of companies by the Government

Staatsolie reported the following transfers to the Government in 2017:

##### 1. Loan Government of Suriname to Staatsolie

Two terms of interest payment regarding a loan from the Government, which was funded by the Government in November 2016 through an international bond -loan of USD 500 million. Staatsolie has refinanced its secured long-term bank loan with the unsecured loan from the Government of Suriname. The loan provided by the Government to Staatsolie in 2016 amounts to USD 261 million and bears 9.25% interest and a bullet repayment in November 2026. Staatsolie reported that in 2018 the loan was fully redeemed through the payment made to GOS. In 2017 two payments of interest to the Government for a total consideration of USD 24 million are reported by both, MOF and Staatsolie.

## 2. Cash calls

Staatsolie received in 2016 and 2017 cash calls regarding the Government's contribution in the Suriname Gold Project C.V. participation. The total amount received in 2016 and 2017 amounted USD 68,8 million. In the 1st quarter of 2017 an amount was received of USD 9,481 million. This is settled in 2017.

The contribution of the Government of Suriname was based on their intent to acquire not more than 5% of Staatsolie's participation interest in Suriname Gold Project C.V.

The following information was provided additionally by Staatsolie regarding this current account: "During this deal, the Government withdrew its intent to acquire the above-mentioned stake of 5%. Staatsolie has reimbursed the amounts received from the Government in 2018 through a loan facility."

## 3. Trading petroleum products

Staatsolie has entered on behalf of the Government into a trading deal with a Trading agent in petroleum products. Staatsolie transfers the proceeds of the sales of these petroleum products to the Government after deduction of sales commission. MOF recognized and reported these payments by Staatsolie in 2017. The total amount of payments amounted to USD8,973 million.

### 5.3.3.2 Production and export oil companies

The production that should be reported by MONR is not considered reliable for reconciliation purposes, therefore no production data has been reported by MONR.

The production data regarding crude was reported by Staatsolie and IOCs for 2017 is as follows:

Company	Stage <sup>1</sup>	Production		Export	
		Volume	Value	Volume <sup>2</sup>	Value
		BBLs *1,000	USD *1,000	BBLs *1,000	USD *1,000
Staatsolie	2	5,953	280,225	2,448	177,635
Kosmos Energy Suriname	1	-			
Petronas Suriname E&P B.V.	1	-			
Tullow Oil Suriname B.V.	1	-			
Converted: USD1 = SRD 7.425			2,080,671		1,318,940
Relative to GDP 2017 SRD 24,035,542*1,000			8,6%		5,5%

Table 5.21 Oil production data by the reporting companies for 2017

<sup>1)</sup> Stage:2: Exploitation / 1: Exploration

<sup>2)</sup> The volume regards several products and therefore on aggregated total.

Apache Suriname Corporation LLC though in exploration stage in 2017 was not included in the SR- EITI 2017 as decided by MSG based on circumstances during 2016- EITI process.

### 5.3.3.3 Beneficial ownership oil companies

Beneficial ownership reported by the reporting companies oil sector:

Company	Prime shareholder	Second Shareholder
Staatsolie	100% State-owned entity	none
Kosmos Energy Suriname (KEO)	Kosmos Energy Operating ("keo") is the 100% owner of Kosmos Energy Suriname. KEO is an entity incorporated on the Cayman Islands	None reported
Petronas Suriname E&P B.V.	Petronas Carigali international E&P B.V. 100% owner	None reported
Tullow Oil Suriname B.V.	Tullow overseas Holdings B.V. 100% owner	None reported

Table 5.22 Beneficial ownership oil companies

No changes were reports in ownership in 2017 regarding financial nor legal level.

### 5.3.3.4 Social expenditure

Specific payments should also be made to specific communities by the oil companies, RGM and NS based on their agreements. These are the following:

- Annual funds for projects for civil society
- Training fees

An overview of the CSR-expenditures from the Oil sector as reported in 2016:

Companies (* 1,000 USD/SRD)	Expenditure					
	Social		CSR		Voluntary	
Companies	USD	SRD	USD	SRD	USD	SRD
Staatsolie	-	-	-	-	-	-
Kosmos Energy Suriname	241	23	178	5-	63	19
Petronas Suriname E&P B.V.	50	20	50	20	-	-
Tullow Oil Suriname B.V.	<u>82</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	373	43	310	25	63	19

Table 5.23 CSR expenditures oil companies in 2017

### 5.3.3.5 Employment data Oil Industry

The oil companies have reported the following employee data:

Company	Employee Data (Payroll) /FTE December 31, 2017	Contractors December 31, 2017
Staatsolie	1,105	-
Kosmos Energy Suriname	4	-
Petronas Suriname E&P B.V.	-	4
Tullow Oil Suriname B.V.	<u>1</u>	<u>-</u>
	1,110	4

Table 5.24 Employee data Oil Companies 2017

Petronas has no employees and uses staff services through an employment agency.

### 5.3.3.6 Audited financial statements Oil

As part of examining the assurance environment applicable for oil companies, companies were required to provide a copy of their audited financial statements and, in accordance with the terms of reference for the engagement, it has been documented whether the participating companies and Government entities had their financial statements audited for the year covered by this SR-EITI-Report.

The financial statements provided by oil-companies are as follows:

Explanation	#companies
Submitted audited accounts for the local company	4
Do not produce audited accounts for local subsidiary, audited group accounts provided	
Do not produce audited accounts for local subsidiary	
Not prepared to release audited accounts	
Failed to provide audited accounts	-
Total	4

Table 5 25 Overview of financial statements 2017 provided by oil companies

## 5.4 An overview of reporting companies provided their annual statements and their accounting principles

COMPANIES	Audited financial Statement				Accounting principle	Year end
	Draft	Certified	Group level	Opinion		
Staatsolie			✓	UQ*	IFRS	Dec 31,2017
Kosmos Energy Suriname <sup>1</sup>		✓				Dec 31,2017
Petronas Suriname E&P B.V.		✓		UQ*	Civil Code T9 Book 2/Dutch	Dec 31,2017
Tullow Oil Suriname B.V. <sup>1</sup>		✓				Dec 31,2017
RGM		✓		UQ*	IFRS	Dec 31,2017
Suriname Gold Project CV <sup>2</sup>			✓	UQ*	US GAAP	Dec 31,2017 and Dec 31, 2016
Grassalco		✓		Q	Generally accepted principles for financial reporting (Suriname)	Dec 31,2017
SHMR	No audited financial statements					

Table 5.26 Overview of provided financial statements, opinion and accounting principles applied by the reporting companies

✓=yes/ \*UQ: unqualified/Q: qualified/

The local financial data for 2017 regards reporting to Staatsolie with reference to the PSC the expenditure made per block. There is no statutory financial statement (legal entity only). The auditor has performed agreed upon procedures.

<sup>2</sup> SGP has reported on March 2018 financial statements of the fiscal years 2017 and 2016 as a combined statement. The auditor's report includes an unqualified opinion for both years.

NV1, a state-owned company is not listed above, due to reasons of not being a reporting entity in 2017. The financial statements 2016 and 2017 of NV1 are currently in draft and subject to audit.

Of the 15 participating companies associated with SHMR, 5 are committed to prepare an annual report. They have not submitted their annual report for 2017 (nor for 2016).

## 6. RECOMMENDATION

### 6.1 New recommendations from fiscal year 2017

MSG SEITI has taken note of and agreed on the recommendations as disclosed in this section (reference to the minutes of the meeting of December 17, 2019). The recommendations below stem from the EITI-process for reporting for fiscal year 2017. MSG monitors the follow up of these recommendations.

Ref.	Recommendations in 2019 relating to FY 2017 EITI report	Expected implementation
1	<p>As reported in 2016 recommendation (point 9.1) gold exporters should have a license. The policy and procedures for the issuance of gold export licenses could not be validated nor could information be obtained from gold exporters as entities in scope for SR-EITI reporting.</p> <p>Consequently, no data could be obtained from the gold exporters to reconcile with financial data from Ministry of Finance. For reasons of comprehensiveness we therefore recommend the following to be executed for the year-end reporting December 31, 2018:</p> <ul style="list-style-type: none"> <li>• Gold exporters should be part of the EITI reporting process</li> <li>• MSG should involve all gold exporters/buyers by signing a memorandum of understanding</li> <li>• MSG should consider installing a representative of the gold exporters in the MSG</li> <li>• All licenses with gold exporters should be disclosed publicly or should be available for SR-EITI reporting</li> <li>• Policy and or procedures for the license application should be made publicly available</li> <li>• Bid-rounds, if any, should have a documented track- record in order for the IA to test the accurate application of the approval for an export license for gold.</li> </ul>	2018-2019
2	<p>It is recommended to include NV1 from 2018 onwards as SOE and as a reporting entity. We have received for 2016 and 2017 confirmations from NV1 of payments made by third parties but NV1 is therefore unilaterally involved.</p>	2018-2019
3	<p>MONR has launched an online registration of application for mining rights for minerals. Though this system is a huge milestone, it is recommended to consult other parties within the Government and the IA to achieve further improvements and to realize benefits for the purpose of monitoring, reporting and for financial analysis for EITI reporting.</p>	2018-2019
4	<p>Currently Newmont Suriname is reporting for SR-EITI purposes but the officially holder of the mining licenses is Suriname Gold Project C.V., a limited partnership in which NS is the general partner, is the holder of the mining licenses.</p> <p>It recommended to assess the legal basis of NS in accordance with the requirements set by MSG for reporting for EITI.</p>	2018-2019



Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p>1.5 Reporting entities, Companies, MONR, MOF and MSG, should preferably have staff assigned for the EITI reporting, who collect data on a monthly basis and accumulate these data at year end.</p> <p><i>Status 2019: Status has not changed. It is recommended to develop policies and procedures by MSG for this matter.</i></p> <p>1.6 According to the regulations GMD is required to perform inspections on-site of companies that have been granted a license. We understand that these inspections are not performed and as such there is no effective monitoring on the adherence by mining companies to the mining licenses. Resources should be made available to perform these inspections and monitor timely follow up by the respective companies.</p> <p><i>Status 2019: Status has not changed. A new structure will be implemented at the development of a (new) Minerals Institute.</i></p>	
2	<p><b>Legal and regulatory framework for extractive industry</b></p> <p>2.1 There are several laws and regulations for the extractive industry of which the majority is old and/or not integrated. The MSG should assess applicable specific laws for the oil and mining sector and make recommendations to the Government for integrating and updating the overall legal and regulatory framework for the extractive industry.</p> <p><i>Status 2019: A new Mining law is being developed. This draft law is expected to be submitted to the National Assemble (Parliament) by the end of the first quarter of 2020. We were informed that the recommendations from the EITI report 2016 are also taken into consideration. Furthermore, it is the intention to include a transitional arrangement for licenses under the old law. The compliance monitoring with the new law will be placed with the (new) Mineral Institute.</i></p> <p>2.2 More attention should be given to the general aspects of the small and medium scale mining in the current laws. The MSG should assess the need for specific laws and, or regulations with the purpose of improving the regulations for small and medium mining companies.</p> <p><i>Status 2019: This is being addressed in the new mining law which is currently being drafted (reference to point 2.1)</i></p> <p>2.3 There is no legal framework dealing with the safeguarding of the environment. The large mining companies adhere to international standards, i.e. ISO 14001 2004. It is recommended that the current draft law on safeguarding of the environment should be reviewed and enacted as soon as possible.</p> <p><i>Status 2019: this is being dealt with in the new mining law. Reference is made to points 2.1 and 2.2</i></p> <p>2.4 The draft Mining Code 2004 needs to be formalized.</p>	2020 - 2021

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p><i>Status 2019: This Mining Code of 2004 is taken as a basis for the new Mining law which is currently being developed.</i></p> <p>2.5 In December 2017 the draft Law ‘Protection of living and living areas’ was approved by DNA but not enforced yet. With references to the indigenous community and the several tribes who live in the interior and the increasing mining activities in the interior we recommend reviewing and endorse this law on short term.</p> <p><i>Status 2019: This law must be announced as yet by the President of Suriname to have a formal status as “law”.</i></p>	
3	<p><b>Supervision on the PSC agreements and offshore oil and gas</b></p> <p>3.1 Current supervision and contract dealing for Production Sharing Companies is done by the state oil company Staatsolie. It is imperative that the function of the oil company, supervisor and contract dealing party for PSC contracts, should not be combined. It is recommended that a separate Government body should deal with the contract handling and supervision. It is recommended to implement this recommendation as soon as possible.</p> <p><i>Status 2019: We were informed that different options are being discussed for the future. Currently the main options are:</i></p> <ul style="list-style-type: none"> <li>• <i>Malaysia model. Effectively this means that the situation will remain the same as is</i></li> <li>• <i>Common model. Segregation of the activities of contract dealing and supervision from the operator activities</i></li> </ul> <p>3.2 Waivers to contractors in the oil and gas sector are formulated in the law of March 6, 1991 and are subject to approval by the Minister of Natural Resources. This approval process should be reassessed and enforced.</p> <p><i>Status 2019: This recommendation not addressed.</i></p>	2021
4	<p><b>Financial reporting of SOEs</b></p> <p>4.1 The financial reporting framework in Suriname is formalized in a Law on the financial statements 2017. Although it is required to comply with IFRS in 2020 for the SOEs, it should be noted that Staatsolie has adopted IFRS in its 2017 financial statements. Early adoption by other SOE’s should be encouraged.</p> <p><i>Status 2019: Effectively this point will be addressed by the SOE’s in 2020 since they are obliged to report under IFRS and required to report within six months after the year-end.</i></p> <p>4.2 Grassalco has arrears in the completion -approval by the shareholder- of its financial statements 2013 up to 2016. The preparation of the financial statement 2016, is completed in draft on February 22, 2019, and on April 21, 2019, the final version was submitted to us. The auditor has expressed a qualified opinion for 2016 in its report dated February 22, 2019.</p> <p><i>Status 2019: Grassalco had its 2017 financial statements approved in 2019. Currently there is no backlog. But we still strongly</i></p>	2019

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p><i>recommend solving the issue between Grassalco and the Government regarding the withholding of the 80/20% rule.</i></p>	
5	<p><b>Reconciliation process EITI 2016</b></p> <p>5.1 The practice for the 2016 EITI reporting is to upload the data (filled-out reporting templates and supporting evidence) on a portal. For future purposes it will be efficient to develop a database to automatically reconcile and report reconciling differences and or discrepancies.</p> <p><i>Status 2019: A portal will be developed by MONR for the data collection and reconciliation in 2020.</i></p> <p>5.2 Due to EITI implementation an overall reconciliation has been executed between reporting companies and the MOF - Tax Authority. This process should be formalized and implemented to semi-annually executing this reconciliation.</p> <p><i>Status 2019: Currently options are being explored how best to deal with the data collection and reconciliation.</i></p> <p>5.3 Several attention points have been noted in the fiscal year 2016 reconciliation process of revenue flows. We recommend assessing these matters and implement policies and procedures to improve comprehensiveness of the data collection, reconciliation and reporting.</p> <p><i>Status 2019: Recommendations to be addressed as yet. Status remains unchanged.</i></p>	2020 - 2021
6	<p><b>Memorandum of Understanding signed by EITI reporting companies</b></p> <p>6.1 MSG is responsible for the implementation of EITI in Suriname. The EITI reconciliation, which forms part of the EITI report, is conducted under the terms of a MOU covering fiscal 2016 and future years. We noted that significant effort is done in signing this M.O.U. However, entities in the extractive industry are not forced to be engaged in the EITI report. We recommend either development of specific regulations or inclusion of regulations in licensing agreements/contracts for comprehensiveness EITI reporting.</p> <p><i>Status 2019: We strongly encourage to integrate the recommended actions in the new mining law which is currently being developed.</i></p>	2020-2021
7	<p><b>Issuance and monitoring of licenses for Oil &amp; Gas and Mining</b></p> <p>7.1 There is no central database where all extractive industry related licenses are publicly available. Consequently, flows from the licenses to the Government could be incomplete. It is recommended to develop and implement a database for the licenses which is centrally managed by MONR for now.</p> <p><i>Status 2019: This issue will be dealt with through the implementation of procedures and monitoring activities in the Minerals Institute. This start of the set-up of this institute is planned for 2020.</i></p>	2019-2020

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
8	<p><b>Other financial and non-financial flows</b></p> <p>8.1 Production data should officially, according to the Mining Decree and the Mineral Agreement, be reported to the Ministry of Natural Resources. In general, the companies are not in compliance with this requirement and it is recommended to increase monitoring of compliance with this regulation. This monitoring can only happen effectively when all the licenses are centrally managed. According to the Mining Decree, the Mineral and Concession Agreement and the licenses for mining data should be provided to GMD. (Providing operational data to the supervisory board or shareholder is not in accordance with the purpose of these acts)</p> <p><i>Status 2019: This compliance monitoring will be executed by the Minerals Institute that will be set up in 2020. Furthermore, we were informed that the duties of the Minerals institute will be incorporated in the new Mining Law.</i></p> <p>8.2 We noted in the 2016 reconciliation process that payments in-kind, such as made by RGM towards Grassalco, were not reflected in the Government budget. We understand that these revenues are only reflected at the moment of sale of the gold by Grassalco, held at Royal Canadian Mint. Whether the moment of reflecting is due to a lack of clarity or uncertainty about the legal ownership and distribution of these revenues in-kind or that these revenues are recognized by the state when the gold is sold is not clear, since the initial arrangement regarding the 80/20% ratio from early 2005 could not be submitted.</p> <p>We recommend that clarity must be provided by the Government. When it appears or can be substantiated that the state is entitled to receive these proceeds, the Government should make this revenue stream transparent in their annual budget and by doing this, will be able to monitor these proceeds. We strongly recommend clearing this issue. We recommend budgeting for these revenue streams annually (see recommendation 4.2).</p> <p><i>Status 2019: This status of this issue is unchanged.</i></p>	2020
9	<p><b>Gold exports, royalties for ores and quarrying materials (building)</b></p> <p>9.1 Exports of gold are done by licensed gold exporters. These exporters purchase from the buyers of gold or directly from small and medium scale gold producers and settle the purchase price net of royalties. The small and medium scale gold producers pay in general 6.25% of the purchase price, in which the percentage of 2.75% is supposed to be royalty fee. This process is not transparent, and it is not certain whether the royalties are paid in full to the Government when the gold is exported or not exported. This process should be reassessed and enforced.</p> <p><i>Status 2019: A new Minerals Institute will be set up with its own business model. The duties of this institute will be incorporated in the new Minerals Law. All the activities of the gold buyers, gold exporters and activities of the small and medium scale miners, and their relationship with the gold buyer / exporters will be arranged</i></p>	2020 - 2023

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p><i>in this new law. This law currently being drafted and will be ready for review by the parliament at the end of the first quarter of 2020.</i></p> <p>9.2 A common practice is that small and medium scale miners make payments in-kind to the suppliers of services (such as mining contractors) and goods in the interior. Whether this portion of gold -payment in kind- finds its way to gold buyers/exporters is not clear, but it causes an unclear and unknown distortion in the movement of gold to the buyers/exporters and eventually in the royalty revenue stream. The royalty fee arrangements regard the mining right holders and not the subcontractor or those who are paid in-kind for their services. We recommend assessing how to deal with this practice for EITI reporting purposes.</p> <p><i>Status 2019: See point 9.1</i></p> <p>9.3 Gold exporters nor buyers of gold are included in EITI reporting for 2016. For the next reporting it should be reassessed and formalized by the MSG how, and to what extent possible, to engage Gold exporters and buyers in the EITI reporting and other service providers within the small and medium scale gold mining.</p> <p><i>Status 2019: The status of this point remains the same. We stress the importance of including the gold buyers and exporters in the EITI reporting process for reasons of comprehensiveness of the EITI report.</i></p> <p>9.4 Small and medium scale gold miners do not get an appropriate authentic document or invoice for their payment of 6.25%, segmented per component paid in relation to the quantity of gold. This requirement should be enforced upon the buyers of gold since lack of proper invoices jeopardizes the accounting system.</p> <p><i>Status 2019: The status of this point remains the same. Reference is made to point 9.1 above.</i></p> <p>9.5 As informed by the small and medium scale gold miners associated with the SHMR and part of SEITI reporting 2016, they reluctantly do not report their production or other data to GMD due to experiencing loss of their technical data after submitting their period information, ending up in serving competitors at the expense of their invested know how. Irrespective of the extent to which this phenomenon occurs, it undermines regulation and monitoring the sector and, as a result, the intended transparency and assessment of flows of gold in general and within the scope of EITI. We recommend enforcing this process of data collection by GMD and creating a path of assurance and protection for data provided.</p> <p><i>Status 2019: The status of this point remains the same. Reference is made to point 9.1 above.</i></p> <p>9.6 Based on the findings 9.2- 9.4 and on SB 1989/40 and SB 2016/2 (regarding royalty fee small scale mining and building materials) and the special licenses provided to the exporters by the Foreign</p>	

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p>Exchange Commission we suggest imposing rules on the buyers and exporters of gold to submit monthly a detailed report with:</p> <ul style="list-style-type: none"> <li>• The quantity of gold bought per small and medium scale gold miner monthly in volume and value paid;</li> <li>• The volume and value of exported gold and the royalty fee paid and the paid statistic rights and consent fees as well;</li> <li>• The royalty fee withheld by the gold buyer and paid to the Tax Authority regarding the non-exported quantity of gold;</li> <li>• The refinery loss if refined gold is exported;</li> <li>• Amount of gold sold to CBoS by the exporters of gold.</li> </ul> <p><i>Status 2019: The status of this point remains the same. Reference is made to point 9.1 above.</i></p> <p>9.7 We strongly recommend enforcing reporting from the Foreign Exchange Commission, Ministry of Trade, Industry and Tourism and CBoS and the Tax Authority of the volume of gold exported and not exported, overview of exporters and buyers of gold and royalty paid by the buyers of gold to Government regarding the not exported quantity of gold as EITI supporting documents.</p> <p><i>Status 2019: The status of this point remains the same. Reference is made to point 9.1 above.</i></p> <p>9.8 As outlined in the revenue flows the companies with licenses for quarrying materials and other ores are not included in the 2016 EITI report. This is due to the materially threshold. It is however recommended that MSG should determine how and if engagement of the companies with licenses for quarrying materials, other ores and small mining (limited to 200 ha), should be engaged in future EITI reporting.</p> <p><i>Status 2019: The status of this point remains the same.</i></p> <p>9.9 We strongly recommend enacting rules and regulations for diamond mining or at least detailed the existing rules and regulations in preparation of the diamond mining activities. Include in this case also the criteria for small, medium and large companies and consistency in rules and regulations. (Decree SB 1989/40 and its amendments regards solely small-scale mining of gold and building materials)</p> <p><i>Status 2019: The status of this point remains the same.</i></p>	
10	<p><b>Grassalco and the 80/20 rule</b></p> <p>With reference to our finding 6, recommendation 4.2 and the letter of the Minister of MONR of May 17, 2018 to Grassalco we strongly recommend bringing clarity in the validation and justification of the 80/20 applied for the royalty in cash and the special royalty in-kind applicable since early 2005 based on an arrangement early 2005. The letter of the MONR to Grassalco of May 2018, may cause validity and financial consequences since the 80/20 ratio was brought into force as early as January 1, 2014 and furthermore only mentions royalties while according to the Mineral Agreement there are royalty obligations in cash</p>	2019

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p>and special royalty payments in-kind. This 80/20% ratio is being applied before 2014.</p> <p><i>Status 2019: The status of this point remains the same.</i></p>	
11	<p><b>Assurance environment of Government reporting</b></p> <p>11.1 For 2016 there was no assurance provided on the revenue streams reported by MOF. We recommend that for the assurance of the financial information for EITI purposes audits should be performed at least annually on the revenues reported for the mining sector in the Government budget.</p> <p><i>Status 2019: The status of this point remains the same.</i></p> <p>11.2 Updating figures. As per 2018/2019 Government still reports figures of 2016 as preliminary data. We recommend updating or finalizing these financial data (Even ABS presents statistical figures based on preliminary data).</p> <p><i>Status 2019: Financial data for 2016 has been reported as final.</i></p>	2021
12	<p><b>Government systems</b></p> <p>12.1 Some records of MOF are kept using manual applications. Consequently, this makes the process of obtaining and processing of information sensitive to errors or incompleteness. MOF has informed us recently that they are in the process of reform and there is already an automated system implemented to improve the administration. In general, but especially in the case of the extractive industry we emphasize the need for an automated system to record and control information relating to the financial flows and other related flows from the extractive companies.</p> <p><i>Status 2019: The status of this point remains the same.</i></p>	2021
13	<p><b>Improvements for registration of licenses and data collection at MONR.</b></p> <p>13.1 We have experienced a great delay in submitting general data as legislation and regulations on the extractive industry as well as in providing overview of licenses and special Ministerial Orders. MONR should make an inventory of all existing licenses in cooperation with GMD and should maintain its own register and frequently compare its registers with GMD.</p> <p>We recommend MONR to:</p> <ol style="list-style-type: none"> <li>1. Make an inventory of all existing licenses in cooperation with GMD and maintain an own register that needs to be aligned with GMD;</li> <li>2. Keep / create a register with all applications for licenses/concessions and issued licenses of the mining industries;</li> <li>3. Keep / create a register with all applications for licenses/concessions oil industries on and offshore and nearshore including coordinates;</li> <li>4. Keep / create a register of ministerial orders for the mining sector regarding the extractive industry;</li> <li>5. Keep / create a register of surface fees to be earned yearly per category of mining right and monitor the timely payments by the holders of mining rights in close cooperation with MOF. This should</li> </ol>	2019/2021

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<p>result in a more active and timely monitoring of the outstanding receivables and taking action on time in the event of payment arrears;</p> <ol style="list-style-type: none"> <li>6. Frequent coordination of the various data files within the departments and the secretariat/ MONR -EITI- group;</li> <li>7. Set up guidelines, approved by the minister, for GMD regarding a proper and reliable data registration of all requests for licenses with a visible audit trail from application to the final decision regarding license application awaiting the establishment of the Mining Institute in the near future;</li> <li>8. Maintain a database of legislation and regulations regarding the extractive industry in close cooperation with MSG;</li> <li>9. Align quarterly data from GMD and GLIS in order to monitor progress and differences or shortcomings in the legalization of the mining rights. We consider this an absolute requirement for the operational well-functioning and timely identifications of bottlenecks;</li> <li>10. Tighten and strengthen instruction to enforce the periodic reporting of production data and other financial and non-financial data by the oil and mining companies;</li> <li>11. Clear the path for hesitation to provide these financial and non-financial data in order to improve transparency;</li> <li>12. Create a more friendly, transparent and less lengthy application process and procedure and return the intellectual property of the applicant in case of rejection of its application;</li> <li>13. Harmonize or specify the scope of the mining rights issued since there is no consistency in it;</li> <li>14. Enforce the establishment of a sustainable and fully equipped Mineral Institute that is operationally independent from GMD and in a certain or limited way from MONR.</li> </ol> <p><i>Status 2019: MONR started an online application registration system in November 2019 and believes that this database can be further completed with previous licenses issued in order to have a complete overview of all licenses for a.o. timely monitoring.</i></p>	
14	<p><b>Revenue allocation</b></p> <p>Separate from allocation of funds to SEMiF it is recommended that a certain part of the revenues from the oil and mining sectors are allocated to the sustainable development of the mining industry to support amongst others:</p> <ol style="list-style-type: none"> <li>1. Regulatory functions</li> <li>2. EITI (MSG)</li> <li>3. GMD / GLIS</li> <li>4. Establishment of a Mineral Institute and sustainable existence of the sector</li> <li>5. Funding small and medium size miners in certain cases</li> </ol> <p><i>Status 2019: Currently the Government has started the following activities:</i></p> <ul style="list-style-type: none"> <li>• <i>Cooperation between MONR, IAM Gold and Newmont to explore methods which do not use mercury in the exploitation of gold</i></li> <li>• <i>Training of people on the prevention of the use of mercury</i></li> </ul>	2020-2021

Ref	Status of recommendations from FY 2016 EITI report	Expected implementation
	<ul style="list-style-type: none"> <li>Setting up an overall platform for all stakeholders in the gold sector including NGO's (WWF, UNDP) and NIMOS for the development of the gold sector.</li> </ul>	

MSG SEITI has taken note of and agreed on the recommendations as disclosed in this section (reference is made to the minutes of the meeting of April 23 and May 17, 2019). The recommendations below stem from the EITI-process for reporting for fiscal year 2016. MSG will formalize a process to implement and monitor the recommendations.

### 6.3 Improvement initiatives executed in 2017 and 2018

Recommendations carried out thus far:

1. In collaboration with MONR, Inter Governmental Forum (IGF) issued a report in May 2017, about the extractive industry. Several recommendations were made, and strong and weak points were identified in the various operational and legal frameworks. We also recommend this report as a guideline for improvements, particularly regarding administrative and management matters. <https://www.iisd.org/library/igf-mining-policy-framework-assessment-suriname>
2. MONR has contracted a consultant with expertise in mining title in the period Jan 9 - Jan 20, 2018. The report also examines the various procedures and laws and regulations and recommendations for, among others, improvement / tightening of current procedures and legislation and regulations in comparison with current practice in the mining sector and neighboring countries, and institutional organizations. In this report it is also indicated which recommendation should be implemented immediately. (For reference see: report E. Ortega, 'Republic of Surinam Ministry of Mineral Resources/ Expertise on mining titles and Geo-Data Management Diagnostic report' / January 2018.)

## 7. METHODOLOGY, APPROACH AND SCOPE

### 7.1 Scope

The scope of this report regards fiscal year 2017. The fiscal year is from January 1, 2017 to December 31, 2017. All transactions, subject to materiality, agreed and subject to the engagement of extractive companies, were considered for this SR-EITI report. The accounting for the aforementioned transactions is executed on “Cash-based accounting”. Cash-based accounting is the accounting used by the Government of Suriname and therefore the best measure to compare payments and receipts between the Government and entities included in this 2017 SR-EITI report.

### 7.2 Methodology and approach

After Suriname had officially become an implementing country for EITI, the MSG has been formed which consists of representatives from the Ministry of Finance, Tax authority, Ministry of Natural Resources, Ministry of Trade industry and Tourism, the Ministry of Regional Development, companies in the oil & gas sector, companies in the mining sector and the civil society. The MSG executed an assessment to determine the applicable flows which could be subject for the EITI reporting. For this assessment the members drew from their knowledge of the extractive industry in Suriname and more specific, from their expertise with the oil and gas sector and the mining sector.

Considerable effort has been made by the MSG to realize a thorough overview of all laws and regulations applicable to the whole extractive industry. For the report, MSG has determined from the significant flows to the Government and the companies to be engaged for the first SR-EITI report. For 2017 MSG has decided in its meeting of July 19, 2019 to include the same reporting entities as were finally included in the SR-EITI 2016 reporting. However, effort should be made to include data from the gold exporters of non-large companies.

All entities engaged in this SR-EITI report 2017 have signed a Memorandum of Understanding (MoU) for their commitment to the EITI initiative, the acceptance of requirements for EITI reporting and specifically, to agree on confidentiality matters required for inclusion of data in the EITI report. The companies included in this report have all signed the MoU. In addition to the reporting entities there is one entity names NV 1 (state-owned entity) that has executed specific payments flows to MOF. By this entity a written approval for disclosure of the payment flows has been issued.

The Independent Administrator has advised, in accordance with the Terms of Reference for the IA, on the materiality considerations for the SR-EITI report 2017. The MSG has agreed on December 20, 2019 the final materiality threshold for reporting. The paper setting the materiality decision of the MSG for SR EITI 2017 is included in Appendix 2.

The reporting template for the SR-EITI report for fiscal year 2017 are based on the reporting templates that were approved for 2016 during the MSG meeting of July 27, 2018. This is partly because a M.O.U has been signed by reporting entities in January 2019 for 2016 and 2017 as well as a few reporting entities had uploaded their 2017 during January-March 2019 based on the existing reporting template for 2016. In the meeting of September 10, 2019, renewed approval was given to continue with the 2016 model for the fiscal year 2017.

### 7.3 Work of the Independent Administrator

For the reconciliation of the payments / transactions the following has been performed:

- Set-up of a reporting portal for all companies to facilitate the upload of data and to enable monitoring of the timely and complete data submission for EITI purposes;
- In accordance with the EITI requirements, the reporting templates should be signed by a person eligible to represent the company. For all companies it has been verified whether senior management has signed the templates and the eligibility of these persons. For MOF and MONR it has been verified that the Minister of MOF and the Minister of MONR have signed the reporting templates from these respective ministries;
- Request a copy of the audited financial statements of each reporting company;

- Collated the templates by reporting entity and established a consolidated file, to identify discrepancies between receipts reported by Government and payments reported by companies;
- Liaised with reporting Government agencies and reporting companies to understand the reasons for discrepancies, including visits to obtain information from the extractive companies and Government bodies;
- Analyzed and reconciled data by extractive companies and Government bodies in the reporting templates for the 2017 fiscal year (oil and gas and mining):
  - Meetings were held whenever necessary with Government bodies and reporting companies to investigate reported differences;
  - All reporting extractive companies and Government bodies were requested to support their reported figures with supporting evidence (documents and vouchers, bank information);
  - Reconciling items from the companies were scrutinized and examined for authenticity, ownership, accuracy, validity, occurrence in terms of reporting period and other necessary matters;
  - All reconciliations and non-reconciled differences were notified to the reporting entities as evidence and proof of the work done;
  - Reporting templates were signed off by senior management eligible to sign off on the templates;
  - Reporting schedules were amended as appropriate and summaries prepared.
- Prepared this report on Government receipts and company payments:
  - Reporting on reconciled and any unresolved discrepancies;
  - Making recommendations on actions to be taken on the unresolved discrepancies, and for improvement of the implementation of EITI in Suriname;
  - Reporting on the total oil & gas for which payments were made and revenue collected for the fiscal period. Furthermore, production data for the oil & gas companies is reported;
  - Reporting on the total mining for which payments were made and revenue collected for the fiscal period. Furthermore, production data for companies in the mining is reported;
  - Included a list of all licensed or registered companies involved in the oil & gas sector;
  - Included a list of all licensed or registered companies involved in the mining sector;
  - Confirmed from the Government on the application of transportation fees
  - Confirmed via MOF of revenue allocation policy and practices
  - Obtained and included export data from the reporting companies
  - Obtained and included the Government policy for beneficial ownership.

APPENDICES TO SR-EITI 2017 REPORT DATED JANUARY 17,2020 AS REPORTED BY BDO SURINAME, BDO ASSURANCE NV

*These appendices must be read in conjunction with or in line with the SR-EITI 2017 and are not self-contained. As such these appendices are an integral part of the SR-EITI 2017 report.*

1: Terms of Reference

2: Revenue streams and materiality

3: Reporting templates

4: Meetings

## Appendix 1 Terms of Reference

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LUMP-SUM FORM OF CONTRACT

**HARMONIZED STANDARD FORM OF  
CONTRACT**

REPUBLIEK SURINAME



**Consultant's  
Services**

Lump-Sum

**Independent Administrator  
2<sup>nd</sup> SEITI Report 2017**



## I. Appendices

### APPENDIX A – TERMS OF REFERENCE

# Terms of Reference for Independent Administrator

Final, July 18, 2019

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This TOR sets out the work to be undertaken by the Independent Administrator hired to produce the 2nd Suriname EITI Report and it is an integral part of the contract between the Independent Administrator and the Ministry of Natural Resources of the Republic of Suriname.

## Table of Content

1. Background
2. Objective of the assignment and additional scope for 2<sup>nd</sup> SEITI report
3. Scope of services, tasks and expected deliverables
4. Qualification requirements for the Independent Administrator (IA)
5. Reporting requirements and time schedule for deliverables
6. Client's input and counterpart personnel

Annex 1 – Statement of Materiality, to be decided in collaboration with the Multi Stakeholders Group or suggested the Independent Administrator

Annex 2 – Supporting documents, to be decided in collaboration with the Multi Stakeholders Group or can be requested by the Independent Administrator

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## Terms of Reference

### Independent Administrator for the 2017 EITI Report, Republic of Suriname

Final revisions by the SEITI MSG on July 5<sup>th</sup> 2019

## 1 Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

### **EITI implementation has two core components:**

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a multi-stakeholder group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard<sup>1</sup>. Additional information is available via [www.eiti.org](http://www.eiti.org).

It is a requirement that the MSG approves the terms of reference for the Independent Administrator (requirement 4.9.iii), drawing on the objectives and agreed scope of the EITI as set out in the MSG's work plan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

It is a requirement that the Independent Administrator be perceived by the MSG to be credible, trustworthy and technically competent (Requirement 4.9.b.ii). The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1.

These terms of reference include "agreed-upon procedures" for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process should be used to complement, assess, and improve existing reporting and

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<sup>1</sup><http://eiti.org/document/standard>

auditing systems.

The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

## **2 Objectives of the assignment and additional scope for 2<sup>nd</sup> SEITI Report**

On behalf of the government of Suriname and the SEITI MSG, the Ministry of Natural Resources seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard.

The objective of the assignment is to prepare the 2<sup>nd</sup> SEITI report in similar fashion as was done for the first SEITI report. Specific activities are note below:

- Produce a limited scoping study to inform the MSG's decision on the scope of the 2017 EITI Report;
- Produce an EITI Report for 2017 in accordance with the EITI Standard and section 3, below;
- Perform other related tasks outlined in this Terms of Reference necessary for production of the EITI Report for 2017.

Additional scope of work for the IA to be included in the 2<sup>nd</sup> SEITI report is listed below:

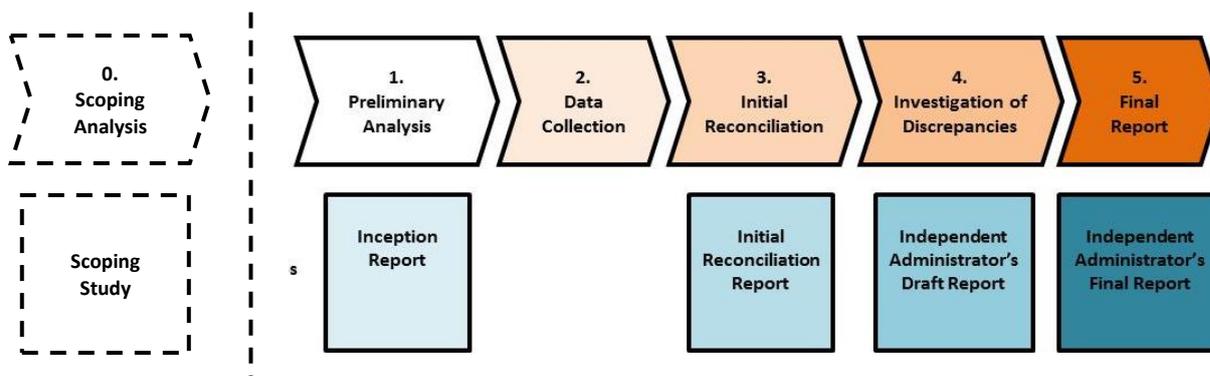
- Include royalty payments from Gold Exporters, given the materiality of their business (even though they are not primary producers), they will be asked to report.
- Improve and simplify the Input of the Data Templates which are used by government and extractive companies. The simplified templates should be submitted to the MSG for approval by November 30, 2019. Following MSG final review and approval the Templates would be used for preparation of the 3<sup>rd</sup> SEITI report in 2020.

### 3 Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may be some iteration between the phases.

The Independent Administrator's responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI Reporting process and deliverables



#### Phase 0 - Scoping and scoping study

**Objective:** Scoping work aims to identify what the EITI Report should cover in order to meet the requirements of the EITI Standard. Scoping sets the basis for producing a timely, comprehensive, reliable and comprehensible EITI Report. It commonly involves looking at issues such as the fiscal period to be reported, the contextual information that should be part of the EITI Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities is credible. It is also an opportunity for MSG to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI work plan. Scoping may also investigate likely gaps or issues that may be particularly challenging to include in the EITI Report with a view to identify options, solutions, and recommendations for an appropriate reporting methodology for consideration by the MSG. It is to be expected that for the second report the scope will increase in the sense of number of reporting companies and sectors to be included, such as gold export and small-medium scale mining. Given recent land-use conflicts on indigenous lands and the significance of social and environmental impacts of sand and quarry mining, the relevance of including this sector increases.

**Note:** As part of the scoping study, the materiality will be defined by the MSG taking consideration the recommendation of the Independent Administrator. One of the lessons from the first reporting cycle in this regard is that more detailed information on revenue streams is required to determine a materiality threshold that may enable inclusion of new sectors.

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. See presentation attached which defines the revenue streams and payments by extractive

companies to the government. The Independent Administrator will be responsible to define government to government transfers/payments which should be included in the EITI Report.

The Independent Administrator is expected to undertake the following tasks during the scoping phase.

**a. With regard to timeliness of data:**

- Assess the availability of data (both government and extractive industries) covering the calendar year –2017 and advice on the feasibility of incorporating this data in the second EITI Report of Suriname.

**b. With regard to legal framework, licensing, production and revenue allocations:**

- Investigate the role of the state-owned enterprises in the extractive sector, including the financial relationship with the government, quasi-fiscal expenditures, and government ownership in oil, gas and mining companies (requirements 2.6 and 6.2).
- Consider how extractive industry revenues, whether cash or in-kind, are recorded in the national budget (requirement 5.1), and opportunities for reporting on expenditures and revenue management as encouraged in requirement 5.3.
- Investigate the timeliness and comprehensiveness of the available information about license holders and license allocations in the sub-sector Small Scale Mining, as per requirement 2.2 and 2.3.
- Explore to what extent the information listed above is already publicly available and whether the EITI Report could include links to the existing information.
- Based on the above considerations, determine how each of the above points will be addressed in the EITI Report. The EITI Report should include full disclosure of the information, and identify challenges and weaknesses.

**c. With regard to disclosure of revenues:**

- Address the transactions between government entities and state-owned companies (requirement 4.5)

**d. With regard to data quality:**

- Investigate the prevailing auditing practices for company and government data.
- Assess whether the payments and revenues of companies and government entities are subject to credible, independent audit, applying international auditing standards (requirement 4.9.a).
- Consider the types of assurances that can be provided by companies and government entities to ensure a credible reporting process of the financial data.
- Document decisions taken on each of the points above.

The Independent Administrator is expected to lead discussions on the foregoing matters in coordination with the MSG and the Secretariat.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including identifying necessary updates to the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. From the first reporting cycle, there is a need to update the reporting templates. However due to the short timeline for the 2017 Report, this will only be done starting with the third, the 2018, Report.

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**The Independent Administrator is expected to undertake the following tasks during this phase:**

- 1.1** Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work. (A list of relevant documentation is provided as Annex 2).
- 1.2** The Independent Administrator should review the scope proposed by the MSG in Annex 1 with a particular focus on the following:
  - 1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4;
  - 1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.1;
  - 1.2.3 Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere;
  - 1.2.4 Providing advice to the MSG on the reporting templates based on the agreed revenue streams to be reported and the reporting entities (1.2.1– 1.2.2 above). In the templates a provision requiring companies to report “any other material payments to government entities” above an agreed threshold, has been included.
  - 1.2.5 Submit for the MSG’s approval a work plan indicating its approach and methodology in producing the following outputs:
    - a. Fully accomplished reporting templates with complete and accurate data;
    - b. Reconciliation report.

**1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:**

- 1.3.1 Includes a statement of materiality (Annex 1) confirming the MSG’s decisions on the payments and revenues to be covered in the EITI Report, including:**
  - The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b);
  - The sale of the state’s share of production or other revenues collected in-kind in accordance with Requirement 4.2;

- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3;
- The coverage of social expenditure in accordance with Requirement 6.1;
- The coverage of transportation revenues in accordance with Requirement 4.4;
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5;
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6;
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2;
- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7;
- In any instances when any of the revenue streams required by the EITI Standard are not applicable in the context of Suriname, the Independent Administrator must explicitly state so in the report.

**1.3.2 Includes a statement of materiality (Annex 1) confirming the MSG's decisions on the companies and government entities that are required to report, including:**

- The companies, including SOEs, that make material payments to the state and will be required to report in accordance with Requirement 4.1(c);
- The government entities, including any SOEs and sub-national government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(c-d), 4.5 and 4.6;
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d));
- Update Reporting templates, where the Independent Administrator shall:
  - Together with the MSG during the second reporting cycle, document points of improvement for updating the reporting templates for the third reporting cycle identifying all revenue streams and information that should be provided by the reporting entities for the EITI Report
  - Where necessary update guidelines for completing reporting templates.

**1.3.3 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 above), confirm what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data**

### **in accordance with Requirement 4.9.**

The Independent Administrator should exercise judgement and apply appropriate international professional standards<sup>2</sup> in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments.

Where deemed necessary by the Independent Administrator and the MSG, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The inception report should document the options considered and the rationale for the assurances to be provided.

- 1.3.4 **Confirms the procedures for integrating and analysing non-revenue information in the EITI Report.** The inception report should incorporate Table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling this data, and how the information should be sourced and attributed.

*Table 1 – Non-revenue information to be provided in the EITI Report*

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<sup>2</sup> For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

<b>Non-revenue information to be provided in the EITI Report</b>	<b>Work to be undertaken by the Independent Administrator</b>	<b>Work completed/to be undertaken by the MSG/others</b>
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.		Review the legal framework and fiscal regime governing the extractive industries.
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.		Identify and list the companies in the extractive industries, including any significant exploration companies
Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	Identify sources and gather information available about the contribution of the extractive industries to the economy.	
Production and export data in accordance with EITI Requirement 3.2 and 3.3	Identify sources and gather production and export data	
Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2. <sup>3</sup>	Investigate the role of any state-owned enterprises in the extractive sector, including the financial relationship with the government, quasi-fiscal expenditures, and government ownership in oil, gas and mining companies.	
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	Consider how extractive industry revenues, whether cash or in-kind, are recorded in the national budget.	
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	Consider opportunities for reporting on expenditures and revenue management.	
Information about license holders in accordance with	Investigate the timeliness and comprehensiveness of the available information about	

<sup>3</sup> Guidance Note 18: SOE participation in EITI Reporting, [https://eiti.org/files/GN/Guidance\\_note\\_18\\_SOEs\\_EN.pdf](https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf)

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work completed/to be undertaken by the MSG/others
EITI Requirement 2.3 <sup>4</sup> and the allocation of licenses in accordance with EITI Requirement 2.2. <sup>5</sup>	license holders and license allocations in the sub-sector Small Scale Mining.	
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 <sup>6</sup>		Design and publish a roadmap including milestones and deadlines, for disclosing beneficial ownership information in accordance with clauses (c) – (f) of EITI requirement 2.5.
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4 <sup>7</sup>		
[Add any other contextual information that the MSG has agreed to include in the EITI Report]	Based on findings from information above, advise the MSG on what information should be collected and what can be drawn directly from source.	Based on the output of the IA, determine what information should be collected and what can be drawn directly from source and agree on who should compile the information to be included in the EITI Report.
[Add any other contextual information that the MSG has agreed to include in the EITI Report]	<p>Explore to what extent the information listed above is already publicly available and whether the EITI Report could include links to the existing information.</p> <p>Based on the findings from information above, advise how each of the above points will be addressed in the EITI Report. The EITI Report should include full disclosure of the</p>	

<sup>4</sup>Guidance Note 3: Licence Registers, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN3>

<sup>5</sup> Guidance Note 4: Licence Allocations, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN4>

<sup>6</sup> Template beneficial ownership declaration, <https://eiti.org/files/Template-beneficial-ownership-declaration-form.doc>

<sup>7</sup> Guidance Note 7: Contract Transparency, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN7>

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work completed/to be undertaken by the MSG/others
	information, and identify challenges and weaknesses.	

1.3.5 Highlights any unresolved issues of potential barriers to effective implementation, and possible remedies for consideration by the MSG.

1.3.6 The inception report should be submitted to the MSG 2 weeks before its presentation to the MSG.

**1.4 Confirm the reporting templates, as well as any procedures or provisions relating to safeguarding confidential information.** The Independent Administrator shall assist the MSG in giving trainings to reporting government agencies, extractive companies and CSOs in connection with the reconciliation process.

#### Phase 2 – Data collection

**Objective:** The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

The Independent Administrator is expected to undertake the following tasks during this phase:

- 2.1 Distribute the reporting templates, collect the completed forms, and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above.
- 2.2 The Independent Administrator shall ensure that the request for data includes appropriate guidance to the reporting entities, and on where to seek additional information and support, as well as a request for written explanation should any entity refuse to disclose any or all requested data or information.
- 2.3 Contact the reporting entities directly to clarify any information gaps or discrepancies.
- 2.4 Obtain any additional information from the extractive companies and government agencies necessary to carry out the reconciliation, including requesting any other data not included in the reporting template and documents in support of the information provided in the template.
- 2.5 Demonstrate to the reporting entities how to properly fill in reporting templates.
- 2.6 Request that templates are completely filled in by reporting entities and employ all measures to encourage that each entity submits complete information.

### Phase 3 – Initial reconciliation

**Objective:** The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

The Independent Administrator should undertake the following tasks during this phase:

- 3.1 Compile a database with the payment and revenue data provided by the reporting entities and ensure access by the MSG to such database.
- 3.2 Comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances). The Independent Administrator shall discuss with the MSG further actions it should take in explaining the discrepancies.
- 3.3 Prepare an initial reconciliation report based on the reported (unadjusted) data for consideration by the MSG in accordance with the agreed scope. The said report shall be submitted to the MSG one week before the presentation of findings to the MSG.
- 3.4 Recommend, should the MSG wish, an acceptable margin of error in determining which discrepancies should be further investigated. Where this has been agreed, the preliminary margin of error established at 5% of total revenues.

### Phase 4 – Investigation of discrepancies and draft EITI Report

**Objective:** The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSG, where applicable.

The Independent Administrator should undertake the following tasks during this phase:

- 4.1 Contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 Submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated to the level of detail agreed by the MSG and in accordance with requirement 4.7. The draft EITI Report should:
  - a) Describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
  - b) Include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
  - c) Include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided. The Independent Administrator should assess the process of data collection of the companies and the agencies and report

- on the reliability of data collection and validity and accuracy of the data.
- d) Indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
  - e) Include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had a material impact on the comprehensiveness of the report.
  - f) Document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advise readers on how to access this information.
  - g) Include non-revenue information as per Requirement 2, 3, 5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG.
  - h) Include a discussion on the reporting cycles of the reporting entities and availability dates of data.
  - i) Include a discussion on the flow of revenue streams and how transfers are facilitated between the different levels of government offices.
  - j) Provide an in-depth analysis of the data generated by the Report, not just on the contribution to the economy but also the accuracy and consistency of the numbers based on existing laws and regulations. It should determine whether the figures are in compliance with the law.
- 4.3 The Independent Administrator should make recommendations for strengthening the reporting process in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and, where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.
- 4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.
- 4.5 The Independent Administrator should work in coordination with the MSG tasked to write the contextual information to make sure their findings and conclusions are consistent.
- 4.6 A draft narrative of all findings for this phase shall be submitted to the MSG 2 weeks before the presentation of the findings to the MSG.

#### Phase 5 – Final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final EITI Report.

The Independent Administrator should undertake the following tasks during this phase:

- 5.1 The Independent Administrator will submit the EITI Report upon approval to the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where members of the MSG decide to include additional comments in or opinions on the EITI Report, the authorship should be clearly indicated.
- 5.2 The final EITI Report (the popular and official version) must be in English and translated to Dutch.
- 5.3 The Independent Administrator should produce electronic data files<sup>8</sup> that can be published together with the final Report. For this purpose, the Independent Administrator should encode the data from the templates and the companies' financial statements into the dataset that can be analysed using statistical software. A codebook should accompany such dataset.
- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardized reporting format available from the International Secretariat<sup>9</sup>.
- 5.5 The Independent Administrator shall ensure that the final Report contains all the comments of the MSG on the draft report, making sure that all concerns raised by the reporting entities have been sufficiently addressed before the final Report is submitted.
- 5.6 The Independent Administrator shall propose a scope for the next EITI Report.
- 5.7 The Independent Administrator shall submit its final Report to the MSG 2 weeks before the findings are presented to the MSG
- 5.8 The Independent Administrator shall conduct a report analysis workshop with the MSG members and key stakeholders immediately after publication of the Report.
- 5.9 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The report must be edited by a professional copy-editor and/or be designed by a professional graphical designer.
- 5.10 The Independent Administrator shall submit to the SEITI Secretariat all documents and data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.

## 4 Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show

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<sup>8</sup> The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.1.c, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

<sup>9</sup> The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

The Independent Administrator will need to demonstrate:

- Expertise and experience in the oil, gas and mining sectors, preferably in Suriname.
- Expertise in accounting, auditing and financial analysis.
- A track record in similar work. Previous experience in EITI reporting is not required, but would be advantageous.
- Working knowledge of legal, regulatory and fiscal legislation applicable to the extractive industries.
- Affiliation with an internationally recognized audit firm that has experience in preparing EITI or similar reports in extractive and financial sectors.
- At the minimum, the firm must be able to provide a support staff of certified public accountants in good standing with above-listed qualifications.
- The firm must have a senior writer and editor who will make sure that the Report is well written, comprehensible, coherent, and that there are no conflicting data in the entire document.
- Submission must include proof of relevant qualifications for key staffs.
- The Independent Administrator must have no conflict of interest as determined by the MSG. In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

**Other Responsibilities:**

- Monthly status reports: the monthly status report must document the efforts made in the completion of each phase of the project. The IA will draft the initial monthly status report template to be agreed upon by the MSG.
- The report shall include but is not limited to the following requirements:
  - project status, to include objectives met, work completed and work outstanding;
  - notable achievements/non-achievements;
  - Issues or obstacles impeding progress and recommended solutions;
  - description of work completed and plans for the following month;
  - summarize the efforts of each phase in the Terms of Reference;
  - update on project personnel/staffing with contact information.

## 5 Reporting requirements and time schedule for deliverables

The assignment is expected to commence in July 2019, culminating in the finalization of the EITI Report by December 31, 2019. The proposed schedule is set out below:

Signing of contract	July 31, 2019
Phase 0: Scoping studies	August 2, 2019- August 5, 2019
=> Submission of scoping Study report to MSG	August 8, 2019
Phase 1: Preliminary analysis	August 9 - August 12, 2019
=> Submission inception report to MSG	August 15 2019
Adjusted data /time schedule	
=> Organizing training for reporting entities	August 02 – Sept 16, 2019
Phase 2: Data collection	Sept 6 - Oct 30, 2019
Phase 3: Initial reconciliation	Oct 10 - Oct 30, 2019
Phase 4: Investigation of discrepancies	Oct 14 - November 2, 2019
=>Submission of draft report to MSG	November 30, 2019
=> Presentation to MSG on findings ( see art. 4.6)	December 2, 2019
MSG to review and provide input/feedback	December 9, 2019
Phase 5: Submission final report incl. summary	December 13, 2019
=> Presentation to MSG (see art 5.7)	December 16, 2019
=>Final report incl. Dutch translation	December 20, 2019

## Appendix 2 Revenue streams and materiality

## Extractive Industry Transparency Initiative Second Report

From: MSG - EITI Suriname  
To: Independent Administrator (BDO Suriname)  
Date: December 20, 2019  
Re: **Approved materiality and thresholds for EITI Report 2017 (January 1-December 31, 2017)**

### 1. Introduction

For the 2<sup>nd</sup> EITI report the MSG - Suriname (hereinafter “MSG”) has discussed the determination of materiality and threshold on the MSG meeting of November 29, 2019 as requested to and presented by the Independent Administrator. The advice is related to fiscal 2017 which is the 2<sup>nd</sup> EITI report for Suriname due to status of “*EITI candidate country*”.

The materiality will be determined with reference to the:

- EITI standards 2016
- Guidance on materiality

For the purposes of calculating the materiality and thresholds, publicly available data (financial information) from the National Budget of the Government of Suriname (GOS) has been obtained from the Ministry of Finance. This information is prepared by the Ministry of Finance of Suriname, (publicly available financial data) and originates from actual cash receipts during fiscal year 2017. Whereas the preciously received data over the period 2016-2017 from Ministry of Finance where based on preliminary data, in October 2019 an adjusted financial data regarding the years 2015-2017 were made publicly. Changes in the adjusted data are mostly based on new insight related to reclassification of income from mining sectors and other sectors/citizens within a fiscal year,

### 2. Approach for determination of materiality and thresholds

Considering the EITI standards 2016 and the Guidance on materiality as the frame for deciding the **materiality and threshold**, Suriname would not be able to reach a 100% coverage in the 2<sup>nd</sup> report. Moreover, institutional circumstances and legal requirement for EITI have hardly improved given the short time span between the 2<sup>nd</sup> and 1<sup>st</sup> report completed in May 2019. Still the aim will be to set to out a coverage of minimum 75% of the extractive Income 2017.



With reference to requirement 4 from the EITI standard materiality is defined as follows:

"Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI report."

#### *Approach materiality determination*

1. For the purposes of calculating the materiality and thresholds the publicly available data (financial information) from the realization of National Budget of Suriname 2017 will be collected
2. The payment flows / revenue streams relative to the government budget will be identified
3. Per payment flows/revenue stream it will be determined whether it significant to be included in the reporting/reconciliation
4. All the state-owned entities in the extractive industry will be included in the reporting
5. A threshold relative to the overall revenue for companies will be determined for inclusion in the reconciliation with Government

The non-cash payments from large companies to the government will be included in the reporting but would not be included in the materiality determination, since this is based on cash payment received by the Government and therefore not reported by the Government.

The non-cash payment, including occurrence if payment settlement will be disclosed by the Independent Administrator.

#### *2.2 Payment streams and revenue collection Mining Sector*

The Ministry of Suriname is the primary entity responsible for the collection of cash payments from the companies in the extractive industry. These cash payments are the revenues that the government of Suriname receives from its extractive industry, as estimated in the annual national budget. The following categories of income are identified for 2017:

<b>Payment streams and revenue collection Mining Sector</b>	
-	<b><i>Income from direct taxes:</i></b>
o	(Corporate) Income tax
o	Wage tax and premium income for Public Retirement Plan (AOV)
o	Other direct taxes as Dividend tax, Service tax
-	<b><i>Income from indirect taxes</i></b>
o	Import taxes
o	Turn over tax
o	Other indirect taxes
-	<b><i>Other income (non-tax related income)</i></b>
o	Statistics and consent levies

<b>Payment streams and revenue collection Mining Sector</b>
o Royalties in cash from gold production by multinational
o Royalties in cash from gold exporters
o Proceeds from sales of gold (received as in-kind payment)
o Dividend
o Other non-tax receipt (surface fees, income from specific agreement)
- <b>Other non-cash income</b>
o Payment in-kind
o Settlement

In addition to this public information the following subsections are made by the government:

- Large and medium size companies in the extractive industry
- Small scale mining companies

The information is publicly available on the website of GOS. This information is used to establish the materiality for 2017.

### 3. Overall materiality and thresholds on revenues

#### 3.1 Decision on materiality

Overall the EITI-report 2017, MSG concludes on the following:

1. Efforts will be done to cover 80% of revenues for first EITI report for fiscal 2017 with a minimum of 75%. Thus, at least 75% should be included in the data collection and reconciliation of revenues paid by extractive companies (including SOE's).
2. Threshold for revenue streams for inclusion in the data collection and reconciliation process is set at  $\geq 1\%$  of overall extractive industry revenues for 2017. If a specific revenue stream is  $\geq 1\%$  of total extractive revenue, then this category should be included in the reconciliation
3. SOE's in the extractive industry should be included in the EITI reconciliation process
4. Non-cash payments from companies exceeding the 1% threshold will be included / reconciled for reporting purposes.

#### 3.2 Reported revenue income 2017

In accordance with the public information available on the website of the Ministry of Finance of Suriname the following revenues are collected and reported for 2017 per October 2019 by the Government of Suriname:

Revenue income Suriname (excluding payments in-kind)	2017 SRD*	Relative to total income
Extractive industry	1,804	35,3%
Non- extractive industry	<u>3,310</u>	<u>64.7%</u>
Total revenues	5,114	100.0%

*\*) Amounts are stated in millions*

During 2017 the government collected SRD 5,114 million in total revenues from both the extractive industry sector and the non-mining sector, consisting of other companies and citizens. Of the total reported (cash paid) revenues SRD 1,804 million (35,3%) is collected from companies in the extractive industry.

A further detailing of this amount to the respective extractive sub sectors (eg. Oil & gas, Gold mining, Minerals & stone) has been taken in consideration to determine the data collection and reconciliation with and between private entities, state owned companies and the government.

For 2017 the detailing of the payment flow/ revenue stream of the respective extractive sub sectors is as follow:

	2017			
Payment flow/ revenue stream excl payment in-kind	Oil	Mining*	Total**	Relative to total income
*1.000 SRD	SRD	SRD	SRD	%
Direct taxes	317,709	381,494	699,203	38.8%
Indirect taxes	28,777	739	29,516	1.6%
Other revenue	<u>463,212</u>	<u>638,777</u>	<u>1,074,989</u>	<u>59.6%</u>
	782,698	1,021,010	1,803,708	100.0%

*\*) Payments in-kind (no-cash payments) are not reflected in the government realization for 2017 but the proceeds of sales are included in the reported amount of SRD 1,804 million.*

*\*\*Non-cash payments as payments settlements between GOS and companies including SOE are not included*

### 3.3 Calculated materiality and threshold for 2017

The materiality and threshold for 2017 is calculated for:

	2017	Relative to total income
*1.000 SRD	SRD	%
Extractive industry revenues including proceeds from sales of gold but exclusive payment in-kind in stock at Grassalco	1,804*	
Calculated overall materiality based on SRD 1,804 million	1,353	75.0%
Threshold for inclusion of individual revenue lines in the reconciliation	180	1.0%
Threshold for payments in-kind / payment settlement	45.1	0.025%

*\*) Non-cash payments: Payments in-kind and payment settlements are not reflected in the government realization for 2017 but the proceeds of sales are included in the reported amount of SRD 1,803.7 million. During Reconciliation phase these financial data will be reported.*

Other payment flows between GOS and companies including SOE's should be disclosed by the IA as they appear during the reconciliation phase.

### 3.4 Analysis of the reported revenue income 2017

The table below listed the detail of payment flows per revenue stream and their share in the income.

	Notes	2017	Relative to reported revenues	To be included in reporting
		SRD	%	
<b>1. Income from direct taxes:</b>	<b>1</b>			
(Corporate) Income tax		352.3	19.5	yes
Wage tax and premium income for Public Retirement Plan (AOV)		346.9	19.2	yes
Other direct taxes as Dividend tax, Service tax		---	---	
		<b>699.2</b>	<b>38.8</b>	
<b>2. Income from indirect taxes</b>	<b>2</b>			
Import taxes		9.2	0.5	no
Turn over tax		19.2	1.1	yes
Other indirect taxes		<u>1.1</u>	<u>0.0</u>	no
		<b>29.5</b>	<b>1.6</b>	
<b>3. Other income (non-tax related income)</b>	<b>3</b>			
Statistics and consent levies		3.6	0.2	yes
Royalties in cash from gold production by multinational		376.6	20.9	yes
Royalties in cash from gold exporters		112.1	6.2	yes
Proceeds from sales of gold (received as in-kind payment)		122.3	6.8	yes
Dividend		363.4	20.1	yes
Other non-tax receipt (surface fees, other income from specific agreement)		<u>97.0</u>	<u>5.4</u>	yes
		<b>1,075</b>	<b>59.6</b>	
		<b>1,803.7</b>	<b>100.0</b>	
<b>Non-cash payment: Payment in kind</b>		pm		yes
<b>Payment settlement</b>		pm		yes

\*) Amounts are stated in millions. Information derived from the Ministry of Finance

#### Note 1. Direct taxes

The direct taxes amount to SRD 699.2 million in 2017. This amount represents 38.8% of the total received revenues by the Government due to income taxes (SRD 352.3 million) and wage tax and public retirement plans (SRD 346,9million). The income tax and wage tax (including Gov. retirement scheme) are received from the government based on the law of Income Tax and the Wage tax respectively. Of the total direct taxes, income tax and wage tax and public retirement has an almost an equal share of the direct taxes.

#### Note 2. Indirect taxes

Relative to the total reported revenues the indirect taxes amount to just over 1.6%. Most of the indirect taxes are received from turnover tax import (SRD 19.2 million) and import duties (SRD 9.2 million), while the remainder of SRD 1.1 million relates other indirect taxes paid to the Government.

#### Note 3. Non-tax income

The non -tax income amounting to SRD 1,075 million covers a significant portion (59.6%) of the total reported revenues during 2017. The contribution of large companies in oil and mining sector in the category is far more significant comparing to the small scale gold companies. As a specific contribution of the latter the royalty in cash from gold exporters amounting SRD 112.1 million can be noted.

#### Note 4. Non-cash revenues

The non-cash revenues relate to the payments received in-kind by the Ministry of Finance with respect to extractive industry as well to payment settlements between GOS and companies. The payments in-kind relate to royalties paid in gold which are not reported by the Ministry of Finance, since Grassalco based on the mineral agreement 1994 and its 1<sup>st</sup> amendment 2003 is entitled to receive the gold and the statements of gold receipts. The exact volume and value will be shown in the reconciliation data reported by Grassalco. For this reason, no amount is mentioned in the table above. However, proceeds from sales of this the gold received in-kind during 2017 are reported as income by the Ministry of Finance for SRD 122.3 million. Therefore, in case of a remaining balance of payment in-kind this should be reported and disclosed by the IA.



### 3.5 The primary and secondary types of revenues collected by the Government of Suriname.

Overview of the revenue streams related to the initiating source:

Type of revenue or information	Type	Payment made to	Responsible Ministry
<b>Direct taxes</b>			
	Income tax	Tax authorities	Ministry of Finance
	Wage tax and premium income for Public Retirement Plan (AOV)	Tax authorities	Ministry of Finance
	Other direct taxes (eg. Withholding taxes as dividend tax, service fee)	Tax authorities	Ministry of Finance
<b>Indirect taxes</b>			
	Turn Over tax	Tax authorities	Ministry of Finance
	Import taxes / duties	Tax authorities	Ministry of Finance
	Other indirect taxes	Tax authorities	Ministry of Finance
<b>Other income (non-tax related)</b>			
	Statistics and consent levies	Tax authorities	Ministry of Finance
	Royalties	Ministry of Natural Resource/Finance	Ministry of Finance
	Other non-tax receipt: Dividends/Sales revenues gold/ PPA-1	Ministry of Finance /Natural Resource	Ministry of Finance
	Payments in kind	SOE - Grassalco Ministry of Natural Resources/Finance	Ministry of Finance

Additional data regarding total production, export of extracted products of the oil and mining sector, needed for reporting purposes will be provided to the IA through Ministry of Finances and or other Government sources.



Mr. D.A. Abeleven

## Appendix 3 Reporting templates

# SURINAME EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE : FISCAL YEAR 2017 RECONCILIATION

**Ministry of Finance**

**COMPANY:**

## Guidance on completion of the templates

Enter the full name of the tax paying entity; where the tax paying entity operates through a branch of an overseas company, please give details.

1. For each type of payment, provide details of the payment as shown on each template:-  
See sheet 'Description Sheet content'  
Specific taxes to which the payment by the entity applies inclusive of interest and penalties
2. Use for every company a separate reporting file
3. Enter only cash/check/electronic amounts received, do **not** enter amounts accrued.
4. Add rows as necessary to the templates.
5. Upload all necessary supporting documentation, appropriately signed, including  
Data collection templates  
Copy / copies of the audited accounts  
**Copies to evidence payments made by company to the MOF**  
See PBC-list
6. Complete, sign and apply the MoF stamp to the management attestation
7. Show a US\$ amount only if the payment was made in US\$, in which case also show the SRD equivalent as recorded in MoF accounts.  
or Vice versa in case the company accounts/general ledger are held in US\$  
In case of a USD equivalent of SRD or a SRD equivalent of USD please mention the conversion/exchange rate used
8. Blank Templates are not applicable  
If a row is entered with information all the fields with a column header on that row/line should be filled
9. Do not rename cells but place your comment/remark visible in cells and collectively in another document
10. Upload all templates, evidences and requested information according PBC-list in the regading folders in the

**BDO PORTAL:** <https://portal.bdo.sr>

In case of questions or additional clarification is needed on a header/topic please email to:

Name: **ROBIN D. FERRIER** from BDO/IA  
Telephone: **828-8861**  
Email: [robin.ferrier@bdo.sr](mailto:robin.ferrier@bdo.sr)

always with a copy to:

Name: **SHASHI ABHELAKH** from BDO/IA  
Telephone: **761-0092** or **493464 ext. 222**  
Email: [shashi.abhelakh@bdo.sr](mailto:shashi.abhelakh@bdo.sr)

Name: **LUCIA DWARKASING** from BDO/IA\*  
Telephone: **493464 ext. 256**  
Email: [Lucia.dwarkasing@bdo.sr](mailto:Lucia.dwarkasing@bdo.sr)

Office address and phone: Mr. J. Lachmonstraat 132-Paramaribo/ 493464

*\*) not applicable for 2017 from may 2019 on/ please do not email to Lucia/ not assigned to the project*

# SURINAME EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE : FISCAL YEAR 2017 RECONCILIATION

**Ministry of Finance**

**COMPANY:**

## Guidance on completion of the templates

Enter the full name of the tax paying entity; where the tax paying entity operates through a branch of an overseas company, please give details.

1. For each type of payment, provide details of the payment as shown on each template:-  
See sheet 'Description Sheet content'  
Specific taxes to which the payment by the entity applies inclusive of interest and penalties
2. Use for every company a separate reporting file
3. Enter only cash/check/electronic amounts received, do **not** enter amounts accrued.
4. Add rows as necessary to the templates.
5. Upload all necessary supporting documentation, appropriately signed, including  
Data collection templates  
Copy / copies of the audited accounts  
**Copies to evidence payments made by company to the MOF**  
See PBC-list
6. Complete, sign and apply the MoF stamp to the management attestation
7. Show a US\$ amount only if the payment was made in US\$, in which case also show the SRD equivalent as recorded in MoF accounts.  
or Vice versa in case the company accounts/general ledger are held in US\$  
In case of a USD equivalent of SRD or a SRD equivalent of USD please mention the conversion/exchange rate used
8. Blank Templates are not applicable  
If a row is entered with information all the fields with a column header on that row/line should be filled
9. Do not rename cells but place your comment/remark visible in cells and collectively in another document
10. Upload all templates, evidences and requested information according PBC-list in the regading folders in the

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Office address and phone: Mr. J. Lachmonstraat 132-Paramaribo/ 493464

*\*) not applicable for 2017 from may 2019 on/ please do not email to Lucia/ not assigned to the project*



**Suriname Extractive Industries Transparency Initiative**  
**2017 Fiscal Year - G4 PBC-list**

Legal name of entity making payments

Tax or other company identification number/:TIN/CIN

PERIOD UNDER REVIEW

0
January 1-December 31, 2017

	PLEASE PROVIDE US THE FOLLOWING INFORMATION FOR THE YEAR 2017 BUT NOT LIMITED SOLELY TO THE LISTED REQUEST	Provided	Cross reference	Place in portal folder
		if yes ://if no: -		
1	Copies of law and regulations for the Mining sector			3
1.1	Dividend Policy of the companies in scope for 2017			3
1.2	Acting G.B. 1960, No.84, as last amended by S.B. 2017 No. 150)			3
1.3	Consumer Tax Act Appointment (Wet Verbruiksbelasting) in consent with the Ministry of Finance			3
1.4	Dividend Tax Act 1973			3
1.5	Income Tax Act 1922 (G.B. 1921 No. 112, Acting G.B. 1960, No.84, as last amended by S.B. 2017			3
1.6	Payroll Tax Act (S.B. 1981 No. 181, valid text S.B. 1985 no.10, as last amended by S.B. 2017 No. 149) Act AOV			3
1.7	Petroleum Act 1990			3
1.8	Letter Ministry of Finance dated 12 December 2001, La.B. No. 2591			3
1.9	Letter Minister of Finance dated January 24, 2012 La.B.no. 2842/11			3
1.10	Letter Minister of Finance November 31, 2012 La.F.no. 8877			3
1.11	Statistical Law Act (G.B. 1973 no.9, as last amended by S.B. 2008, No. 28)			3
1.12	Wet Huurwaardebelaasting'			3
1.13	Wet Omzetbelasting' 1997 (S.B. 1997 no.83, as adjusted by S.B. 2013 no.117)			3
1.14	Law Tariff of Import Rights 1996 (S.B. 1995 no.111, last amended by S.B. 2004 no. 79) in conjunction with the Petroleum Act 1990			3
2	Copy of Contract between MOF and Company applicable for 2017			3
3	Copies of Special legal arrangements between MOF and Company applicable for 2017			3
4	Copies of Ministerial Orders applicable for 2017			3
5	Copies of concession licence company in 2017			3
6	Special tax arrangements between MOF and Companies applicable for 2017			3
7	Copies of other arrangements			3
8	Exchange rate CBVS USD & EURO 2017			3
9	Current account 2017 per company			3
10	(scanned signed copy )			2
11	Completed Data collection/reporting sheeting template 1 (per company) and template 2 ( soft copy)			2
12	Copies as evidence payments received by the MOF per company (peache columns reporting sheet 1)			4
13	Copies of additional information of payments received by the MOF per company (blue columns reporting sheet 1)			5
14	A detail overview of all the payment received from all the companies in 2017 per category sorted by direct and indirect tax and other income			6





## SURINAME EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE : FISCAL 2017 EITI REPORT INDEX TO TEMPLATES

Full legal name of the organisation

0

Use the tabs at the foot of the screen to move to the requisite screen

**Index reporting file**

- G1  Index and declaration  
 G2  Instructions  
 G3  Description headers of column in reporting template 1-7.3

**Index Template to be filled****GENERAL**

- 01  Company information  
 02  Beneficial Ownership declaration

**REPORTING TEMPLATE (FOR RECONCILIATION PURPOSES)**

- 1  Direct payments to the Ministry of Finance  
 2  Direct payments to the Ministry of Natural Resources  
 3  Other payments to the Ministry Natural Resources  
 4  Contributions in kind to Government and State owned Entities  
 5  Production data  
 6  Social, infrastructure and other expenditures  
 7.1  NFI- Overview of Contracts, Licenses & MO  
 7.2  NFI- Employee data  
 7.3  NFI-Overview of Training

**Instructions and Guidance on Completion**

See the attached schedule and templates which give guidance on the payments / receipts which are to be included

**Declaration**

In connection with the Reconciliation being carried out for the SEITI Steering Committee in connection with the Extractive Industry Transparency Initiative concerning benefit flows received by Government in Suriname during the period January 1 till December 31, 2017, we confirm that:

1. the information contained in these templates has been properly and diligently prepared from the company's records after extensive enquiries of management and staff with the relevant knowledge and experience; and
2. the templates are a declaration of all amounts paid to MOF / MONR and other Governmental institutions in this period
3. the amounts declared are consistent with the audited financial statements of the company for the period
4. these financial statements have been audited under international auditing standards, and an unqualified audit opinion was given by the auditor

**Signed on behalf of the company by Board level signatory**

Signature

Name (CAPITALS)

Office held

**Template Submission**

After completion, please upload in the BDO-portal in your company folder and the regarding subfolder:-

- The Index, with the management declaration completed and appropriately signed
- Upload All necessary supporting documentation, appropriately signed and scanned as well softcopies), including
  - Overview of Company profile and Beneficial Owner
  - Data collection templates (*scanned signed templates and softcopy templates*)
  - Copy / copies of the audited accounts
  - Copies of receipts to evidence payments made to the MOF and MONR
  - Other Information requested in the PBC-list and other additional information

in portal of the Reconciler:

**BDO PORTAL:** <https://portal.bdo.sr>

Questions about the completion of this template may be addressed to:

Name: SHASHI ABHELAKH from BDO/IA  
 Telephone: 761-0092  
 Email: [shashi.abhelakh@bdo.sr](mailto:shashi.abhelakh@bdo.sr)

*always with a copy to:*

Name: LUCIA DWARKASING from BDO/IA\*  
 Telephone: 493464 #256  
 Email: [lucia.dwarkasing@bdo.sr](mailto:lucia.dwarkasing@bdo.sr)

## SURINAME EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE : FISCAL 2017 RECONCILIATION

Full legal name of the organisation

0

### Guidance on completion of templates

Enter the full name of the company; where the company operates through a branch of an overseas company, please give details.

1. For each type of payment, provide details of the payment as shown on each template:-  
See sheet 'Description Sheet content'
2. Enter only **cash amounts paid**, do **not** enter amounts accrued. For production, enter volumes of product.
3. Add rows as necessary to the templates.
4. Attach all necessary supporting documentation, appropriately signed and with cross references, including
  - Overview of Company profile and Beneficial Owner
  - Data collection templates
  - Copy / copies of the audited accounts
  - Articles of Association
  - Copies to evidence payments made to the MOF, MONR and other Governmental agencies**
  - See PBC-list**
5. Complete, sign and apply the company stamp to the management attestation
6. Show an US\$ amount only if the payment was made in US\$, in which case also show the SRD equivalent as recorded in company's accounts or Vice versa in case the company accounts/general ledger are held in US\$  
In case of a USD equivalent of SRD or a SRD equivalent of USD please mention the conversion/exchange rate used
7. In template 6 please include any payments required by law to be made to government agencies and state-owned companies, including payments required under a PSC.  
Do not include payments that are made in the course of normal business – e.g. payments for commercial goods and services provided by a state-owned entity – or overriding royalty payments to regarding companies
8. The company making a payment should report the payment, even if it is paid on behalf of another company and meets their legal liability.
9. All social expenditure paid in the period should be entered. These include all legal, contractual or voluntary payments and gifts to community organisations, including schools, colleges, universities and other educational establishments, community centres, hospitals and clinics, cultural organisations, choirs and music schools, religious and charitable groups, sport, etc.
10. Infrastructure payments to be included are payments made towards infrastructural developments for the general public in accordance with agreements with the Government of Suriname and or its agencies.
11. Blank Templates are not applicable  
If a row is entered with information all the fields with a column header on that row/line should be filled
12. Do not rename cells but place your comment/remark visible in cells and collectively in another document
13. Use The BDO-portal only to upload information/documents <https://portal.bdo.sr>

**In case of questions or additional clarification is needed on a header/topic please email to:**

Name: SHASHI ABHELAKH from BDO/IA  
Telephone: 761-0092  
Email: [shashi.abhelakh@bdo.sr](mailto:shashi.abhelakh@bdo.sr)

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Office Address andPhone:

Mr. J. Lachmonstraat 132-Paramaribo/ 493464

\*) not applicable for 2017 from may 2019 on/ please do not email to Lucia/ not assigned to the project

## Suriname Extractive Industries Transparency Initiative 2017

[ALL SHEETS from 1-7.3](#)

[Description of the headers in the reporting template](#)

[Upload in](#)

Commodity: oil or mining-type	Oil, Gold or other mining types	
Government entity	Ministry or Government agent	
Contract partners	Enter the contract parties: Ministry of ..... And .....	
Contract/Contract number	Name of the contract and the corresponding number of the contract	
Contract Date	Date when contract was signed	
Duration of Contract	The period from start to the end of the contract, or unlimited duration if so	
Licence, lease, concession or legal agreement <a href="#">Reference number(s)</a>	The number of the licence/ lease agreement/concession agreement given by the government	
Licence, lease, concession or legal agreement <a href="#">Date and duration</a>	Date and duration of the licence/ lease /concession as mentioned in the agreement	
Location	Location of the licence/ lease /concession as mentioned in the agreement	
Interest Beneficial Owner in company in %	The percentage of ownership in the company	
Subject Ministerial Order	The subject of the Ministerial order; e.g. import duty exemption	
Number Ministerial Order	The reference number of the Ministerial order as given by the Ministry	
Date Ministerial Order	The sign off date of the Ministerial order	
Duration of Ministerial Order	The period from start to the end of the Ministerial order, or unlimited duration if so	
Status Exploration or Exploitation or not started yet in 2017	Mention the status of the activity	
Other relevant information	Any other relevant/significant information to be mentioned/shared for clarification purpose	
Voluntary or Mandatory	Indicate whether expenditure made/time spent is voluntary or mandatory	4
Legal or contractual requirement	Indicate whether expenditure made/time spent is based on legal or contractual requirements	4
Time spent on training/ support/ contribution	Mention the time the company spent on training/support and or contribution on community development	4
MOF/MONR/ COMP Receipt/transfer #	The internal number given to a transaction received by MOF/ MONR or paid by Company	4
Payment name/description	The name/type of payment. (e.g. wage tax, s.a.s., concession fee )	4
Payment period	The period the payment refers to. (e.g. November 2017/ 3rd quarter 2017: wage tax Nov. 2017/s.a.s. Q3 2017/ Cons Fee 2015)	4
Date of payment DD/MM/YY	This is the date payment was deducted from the bank balance of the company or the actual date of withdrawal from the company's bank account (e.g.26 /Dec /16)	4
Payment currency	The currency in which the payment is made (SRD or USD or other)	4
Paid from bank <a href="#">account number</a> -company	The bank account number from which the payment is made by the company to MOF/MONR i.e. the recipient	4
Name of MOF/ MONR/ Recipient <a href="#">Bank</a>	The name of the bank of MOF/MONR i.e. the recipient on which the payment is wired/transferred/deposited by the company	4
Deposited /transferred on <a href="#">bank account number</a> MOF/recipient	The bank account number of the bank of MOF/MONR i.e. the recipient on which the payment is wired/transferred/deposited by the company	4
Payment in-kind: <a href="#">Unit</a> barrels or mcf or troy ounces	Mention the unit in payment in kind is made (E.g. Barrels (Oil) or MCF (gas) or Troy Ounces (gold))	4
Payment in-kind: <a href="#">Quantity:</a> barrels or mcf or troy ounces	Mention the quantity of payment in kind	4
USD *1.000	Mention in multiple of 1.000 the USD value of the payment	4
SRD *1.000	Mention in multiple of 1.000 the SRD value of the payment	4



ALL SHEETS from 1-7.3

Description of the headers in the reporting template

Upload in

Product	Describe the product	8
Product in-kind	Describe the product in kind	7
Block/Area	Indicate the block / area where production was realized	8
Production month	Mention the month of production	8
Unit of measure - barrels or mcf or t.o.	Mention the unit in payment in kind is made (E.g. Barrels (Oil) or Troy Ounces (gold))	7 pik or 8 prod
Volume/ Quantity	Mention the volume/quantity of production(E.g. Barrels (Oil) or Troy Ounces (gold))	7 pik or 8 prod
Date sent/received	The date the product in kind was respectively sent by company or received by beneficial company	7
Value of product in SRD	Mention the value of the product in SRD. If converted from usd value than mention the exchange rate in the column 'comments'	7
Value of product in USD	Mention the value of the product in USD. If converted from SRD value than mention the exchange rate in the column 'comments'	7
Value of product in mineral	Mention the value (delivery cost) of the product in mineral based at date of transaction.	7
Name of entity to which product in-kind was delivered	Name of the beneficial company/authority to whom the product in kind was delivered.	7
Payroll personnel FTE (AT THE END OF THE YEAR)	Indicate the FTE of the payroll personnel and disclose the calculation method	10
Supervised personnel FTE (AT THE END OF THE YEAR)	Indicate the FTE of the supervised personnel and disclose the calculation method	10
TRAINING	Name of each training given to the community	11
COMMUNITY DEVELOPMENT /SUPPORT	Name of each -relevant- support given to the community	11
COMMUNITY DEVELOPMENT /CONTRIBUTION	Name of each -relevant- contribution other than training and support to the community	11
TARGET GROUP	Describe the beneficial group	11
DURATION/HOURS	Duration of the activity in hours	11
DETAILS	Provide detail information as added value information	
calculation method	Provide detail as added information for the calculation method used	
nature of delivery	Provide detail information over nature of delivery	
reason for delivery	Provide detail information over purpose/reason of delivery	
COMMENTS	Add comments to clarify/disclose information on each line if necessary for a better understanding/view	

**Suriname Extractive Industries Transparency Initiative  
2017 Fiscal Year - G4 PREPARED BY CLIENT (PBC)-List**

Legal name of entity making payments

0

Tax or other company identification number/:TIN/CIN

0

PERIOD UNDER REVIEW

January 1-December 31, 2017

	PLEASE PROVIDE US THE FOLLOWING INFORMATION FOR THE YEAR 2017 BUT NOT LIMITED SOLELY TO THE LISTED REQUEST	Provided yes or no	Gross referenc e	Place in portal folder
1	Articles of Association			3
2	Members register			3
3	Contract with the Government if applicable (reporting sheet 7.1)			3
4	Licences (reporting sheet 7.1)			3
5	Ministerial Orders (reporting sheet 7.1)			3
6	Land lease contract/orders (reporting sheet 7.1)			3
7	Overview of Company profile and Beneficial Owner (See sheets 01&02)			3
8	Copy / copies of the audited accounts and Annual Statement			3
9	An excerpt/overview from GLIS of concessions and premises/ground (incl lease) registered at GLIS per December 31, 2018			3
10	Exchange rate CBVS USD & EURO 2017			3
11	Completed Data collection/reporting sheeting templates 1-7.2 (scanned signed templates)			2
12	Copies as evidence of payments made to the MOF, MONR and other Governmental agencies (peach columns reporting sheet 1-3)			4
13	Copies as evidence of payments made to MOF, MONR and other Governmental agencies (blue columns reporting sheet 1-3)			5
14	Overview Exchange rates 2017 CBVS			6
15	Current account all taxes regarding FY 2017			6
16	Specification of the payments throughout the year 2017 of the payment movements in 2017 of:			
	<i>income tax</i>			6
	Balance January 1, 2017			
	-/- payment income tax in 2017 over previous year(s) (deducted from the bank account in 2017 or paid cash)			
	-/- payment income tax in 2017 over current year (s.a.s. 2017) (deducted from the bank account in 2017 or paid cash)			
	+/+ calculated tax liability based on the fiscal taxable income 2017			
	Balance December 31, 2017			
	<i>wage tax/OAP (AOV)</i>			6
	Balance January 1, 2017			
	-/- payment WT/AOP in 2017 over previous year(s) (deducted from the bank account in 2017 or paid cash)			
	-/- payment WT/AOP in 2017 over current year (deducted from the bank account in 2017 or paid cash)			
	+/+ total WT/AOP liability 2017 based on the salary account/payroll accounting			
	Balance December 31, 2017			
	<b>Continue the same for the following payments</b>			
	<i>sales tax</i>			6
	<i>cash dividend respectively dividend tax and rental value tax</i>			6
	<i>licence fee, concession fee, exploration, exploitation fee, royalty fee, application fee, quarry building material fee, transfer fee, fee annual admin chargers</i>			6
	<i>import duty, statistic and consent right</i>			6
	<i>canon/lease or land rent</i>			6
	<i>Other payment (such as signature bonus, bidding fees, penalties, petroleum levy, abandonment provisions, production bonus etc etc</i>			6
17	Evidence and documents/specs production in kind (reporting sheet 4)			7
18	Evidence and documents/specs production (reporting sheet 5)			8
19	Evidence and documents/specs social/infrastructure and other expenditure (reporting sheet 6)			9
20	Evidence and documents/specs FTE (reporting sheet 7.2)			10
21	Evidence and documents/specs Groningen etc (reporting sheet 7.3)			11
22	All other relevant information/documentation*			12

\*) please add for 2017 the requested additional information such area of interest/ export data/pictures etc this folder

Suriname Extractive Industries Transparency Initiative  
2017 Fiscal Year -

## Company Profile

	Entry	Comments
<b>Full legal name of the company</b> (including legal form of legal entity)		
<b>Country of registration</b>		
<b>Unique identification number</b> such as Tax or Chamber of Commerce number (preferably TIN)		
<b>Contact address</b> (registered office for legal entities)		
<b>Ownership</b>		
<i>Publicly listed company</i>		
Name of stock exchange		
Link to stock exchange filings		
Wholly owned subsidiary of publicly listed company		
Name of publicly listed owner		
<i>Privately listed company</i>		
Full name of direct shareholder(s) (i.e. legal owners of company)		
Is this shareholder a natural person (NP), a legal person (LP) or a state entity (S)?		
If state owned, which ministry		
Country of registration (or nationality of a natural person)		
Interest shareholder 1 in %		
Interest shareholder 2 in %		
Interest shareholder 3 in %		
<i>(add rows as necessary)</i>		
<b>Management</b>		
<i>Board of Directors</i>		
<i>Name and Position</i>		
<i>(add rows as necessary)</i>		
<i>Supervisory Board</i>		
<i>Name and Position</i>		
<i>(add rows as necessary)</i>		
<b>Declaration form prepared by</b>		
Name		
Position		
Telephone number		
Email address		

### Attestation

I, undersigned, for and on behalf of .....(name of the reporting entity) confirm that all information provided above and in the attached beneficial ownership declaration(s) (sheet 02) is accurate and reliable.

Date (day-month in letters-year)		
Name		
Position		
Signature		

Please find attached the following supporting documents verifying the accuracy of the beneficial ownership information submitted:

Articles of Association		
Members register (Chamber of Commerce)		

**Suriname Extractive Industries Transparency Initiative SEITI  
2017 Fiscal Year**

**02 OVERVIEW BO**

Template 02/comp

0

Legal name of entity

Tax or other company identification number/:TIN/CIN

Ownership during the period

0
0
January 1-december 31, 2017

Legal name of company	0				
TIN/CIN	0				
Contract partners					
Contract number					
Contract Date					
Duration of Contract					
	GOLD				
	OTHER				
Commodity: OIL/GOLD or OTHER					
Identity Beneficial Owner:					
Full Name					
Nationality & Country of Residence					
Ownership held in or controlled over company by:					
Direct shares (DS)	<choose option>	Number of DS	% DS		
Direct voting rights (DVR)	<choose option>	Number of DVR	% DVR		
Indirect shares (IS)	<choose option>	Number of IS	% IS	legal name of intermediate company 1	
				legal name of intermediate company 2	
				ADD NAME AS NECESSARY	
Indirect voting rights (IVR)	<choose option>	Number of IVR	% IVR	legal name of intermediate company 1	
				legal name of intermediate company 2	
				ADD NAME AS NECESSARY	
Date when was beneficial interest acquired					
Head Quarter Beneficial Owner					
Other relevant information					

Suriname Extractive Industries Transparency Initiative

2017 Fiscal Year - 1. Direct Payments to the Ministry of Finance (MOF)

Legal name of entity making payments: [ ]

Tax or other company identification number: [ ]

Payments made during the period: January 1/December 31, 2017

Payments made to the Minister of Finance: [ ]

Note: This section is for payments made by the company direct to the MOF.

Enter EITHER amount of USD paid and SMD equivalent OR SMD amount paid or value payment in-kind

Table with columns: GENERAL INFORMATION, INFORMATION PAYMENT TRANSACTION, Amount/Value payment in-kind, Payment allocation by category related to S&D and/or USD or in-kind, and COMMENTS. Includes sub-headers for Commodity, Government entity, Payment name, Date of payment, etc.

Total

Payments to the MOF on behalf of other entities: [ ]

Insert name of company on whose behalf payment was made

Insert name of company on whose behalf payment was made

Insert name of company on whose behalf payment was made

Note: This section is for payments made by the company direct to the MOF on behalf of other companies/entities.

Enter EITHER amount of USD paid and SMD equivalent OR SMD amount paid or value payment in-kind

Table with columns: GENERAL INFORMATION, INFORMATION PAYMENT TRANSACTION, Amount/Value payment in-kind, Payment allocation by category related to S&D and/or USD or in-kind, and COMMENTS. Includes sub-headers for Commodity, Government entity, Payment name, Date of payment, etc.

Total

















## Appendix 4 Meetings

## Appendix 4 to SR-EITI report 2017, December 31, 2019

Meeting with people in the context of the execution or SR-EITI 2017 assignment

Reporting Entity	Name	Position/
Staatsolie	Mrs D. Herkul	MSG _member Staatsolie and Counterpart IA
Newmont Suriname	Mrs . Dubois	Staff Newmont assigned to EITI project
Rosebel Gold Mines	Mr M Raafenberg	MSG -member Staatsolie and Counterpart IA
Grassalco	Mrs R Tsangaten	CFO Grassalco and counterpart IA
Kosmos Suriname	Mrs Sharon	Staff Kosmos and Counterpart IA
Tullow	Mrs A Vera-Vera	Staff Tullow and Counterpart IA
Petronas	Mrs A . Seetal	Staff Petronas and Counterpart IA
Reporting Entities	Several staff members	Regarding EIT data collection and reporting
MOF	Mrs J. ten Berge	MSG _member MOF and Counterpart IA
MONR	Mrs H. Aroma	MSG Secretary
GMD	Mrs I. Dragenstein	Staff GMD
GMD	Mrs D van Engel.	Staff GMD
GMD	Mr Lugard	Staff Database
GMD	Mr Hansildaar	Staff Database
Ministry of Trade, Industry and Tourism	Mr. R Soebai	Acting Director Import and Trade Department
CBoS	Mr. Bhoedjawan	Staff Statistic Division CBoS
CBoS	Mr. H Troenoredjo	Staff Statistic Division CBoS
Foreign Exchange Commission	Mr. S. Bidjai	Assistant of Secretary Foreign Exchange Commission
	Mrs N Vasseur	Head of Secretary Foreign Exchange Commission
DNA	Mr T. Sharman	Position unknown but Was counterpart for the search of gazelles regarding Extractive Industry
	Mrs A.Amersfoort	Librarian DNA library
	Mrs. R. Kasan	librarian DNA library
MSG	MSG-members met during MSG meeting	
MSG Chair	Mr. D. Abeleven	