



ANNUAL GENERAL MEETING 2018

2017 CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Exploration and evaluation expenditure		(109)	(739)
Intangible assets written off		(1,837)	–
Intangible asset impairment	11	–	(370)
Property, plant and equipment impairment and depreciation	10	–	95
Goodwill impairment	12	–	(81)
Receivables and inventory impairment	3	43	73
Disposal of Colombian subsidiary		831	–
Disposal of Colombia branch operations		–	31
Administration expenses		(510)	(700)
(Loss)/profit on exchange		(508)	1,131
Other operating Income	4	21	319
Operating loss	3	(2,069)	(241)
Finance cost	6	(8)	(35)
Finance income	6	19	101
Loss on ordinary activities before taxation		(2,058)	(175)
Income tax credit/(expense)	7	519	(113)
Loss on ordinary activities after taxation		(1,539)	(288)
Dividends		–	–
Loss for the year		(1,539)	(288)
Loss on ordinary activities after taxation is attributable to:			
Equity shareholders		(1,539)	(32)
Non-controlling interests		–	(256)
		(1,539)	(288)
Earnings per ordinary share – continuing	9		
Basic		(0.112p)	(0.002p)
Diluted		(0.112p)	(0.002p)

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2017 INCOME STATEMENT

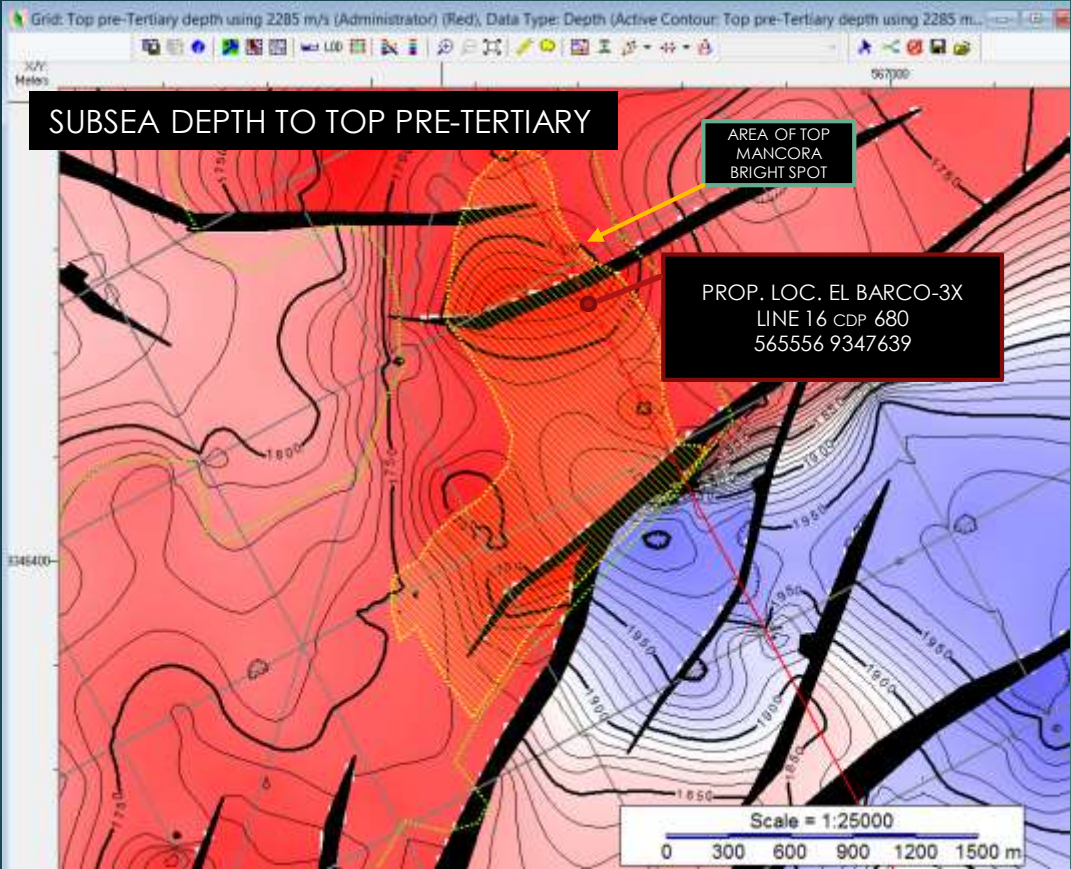
- Loss for the year after tax of £1.5M (2016: £288K).
- No revenue in 2017 or 2016 - cessation of NBM operations in 2015
- Intangible asset written off £1.8M: primarily US\$2M receivable from Union Oil & Gas (UOGG) after cancellation of farmout agreement, and some ancillary project costs up to date of relinquishment. Write off should be seen in the context of the release of US\$ 3.6M cash held against Z34 performance guarantee.
- Closure and liquidation of Inversiones Petroleras de Colombia leads to deconsolidation and the release of liabilities to income of £0.8M
- Asset impairments: reduction of £43K (charge of £283K in 2016)
- Exploration and evaluation expenditure: £109K (2016: £739K), primarily SundaGas – SE Asia Study Group
- Administration: £510K down from £700K previously
- Exchange loss of £508K (gain of £1,131K in 2016): strengthening of GBP against USD after post-Brexit weakening in 2016
- Tax credit of £0.5M following cancellation of UOGG debt (as above)

STATEMENT OF FINANCIAL POSITION AT YEAR-END

£000	2017	2016
Non-current assets	1,260	1,328
Current assets		
Receivables	18	2,070
Cash - available	3,873	2,158
Cash - unavailable	119	3,073
Current liabilities - payables	(1,007)	(2,556)
Total equity	4,263	6,073

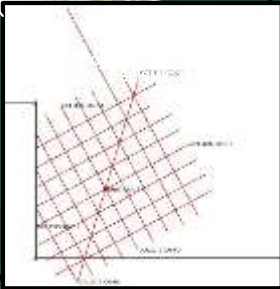
- Non-current assets:
 - Block XXI: £1.26M capitalised exploration cost
- Receivables: write off UOGG US\$2.0M, now only sundry receivables
- Cash – available: £3,863K in UK, £10K in Peru. Includes US\$3.6M released from Z34 cash cover
- Payables, includes
 - Tax payable: tax on Vale receipt £0.8M (down from £1.5M last year due to release of Z34 tax liability)
 - Includes £0.1M provision against possible liabilities out of Colombia
 - The balance is general payables

PERU BLOCK XXI – BARON 100%



EL BARCO-3X	
(Basement- Oil Case)	ML
Area (km²)	9.65
Height of closure (m)	80
Net reservoir (m)	40
Net: gross (%)	50
Gross rock volume (MM m³)	237
Porosity (%)	5
Hydrocarbon saturation (%)	65
Formation volume factor	1.20
Recovery factor (%)	35
Oil in place (mmbbl)	20.18
Oil recoverable (mmbbl)	7.06

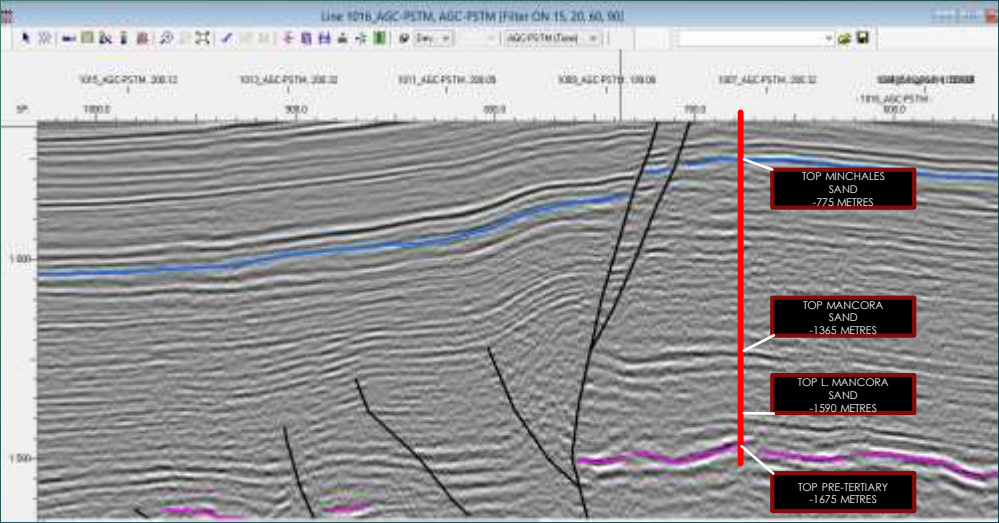
(Mancora - Gas Case)		P90	P50	P10
Area (km²)		1.55	1.89	3.14
Height of closure (m)				
Net reservoir (m)				
Net: gross (%)				
Gross rock volume (MM m³)		11	14	30
Porosity (%)				
Hydrocarbon saturation (%)				
Gas expansion factor				
Recovery factor (%)				
Gas in place (bcf)		2.52	8.05	28.31
Gas recoverable (bcf)		1.9	6.4	24.1



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PROPOSED WELL EL BARCO-3X
TD 5900 FT EST. COST \$1.9M

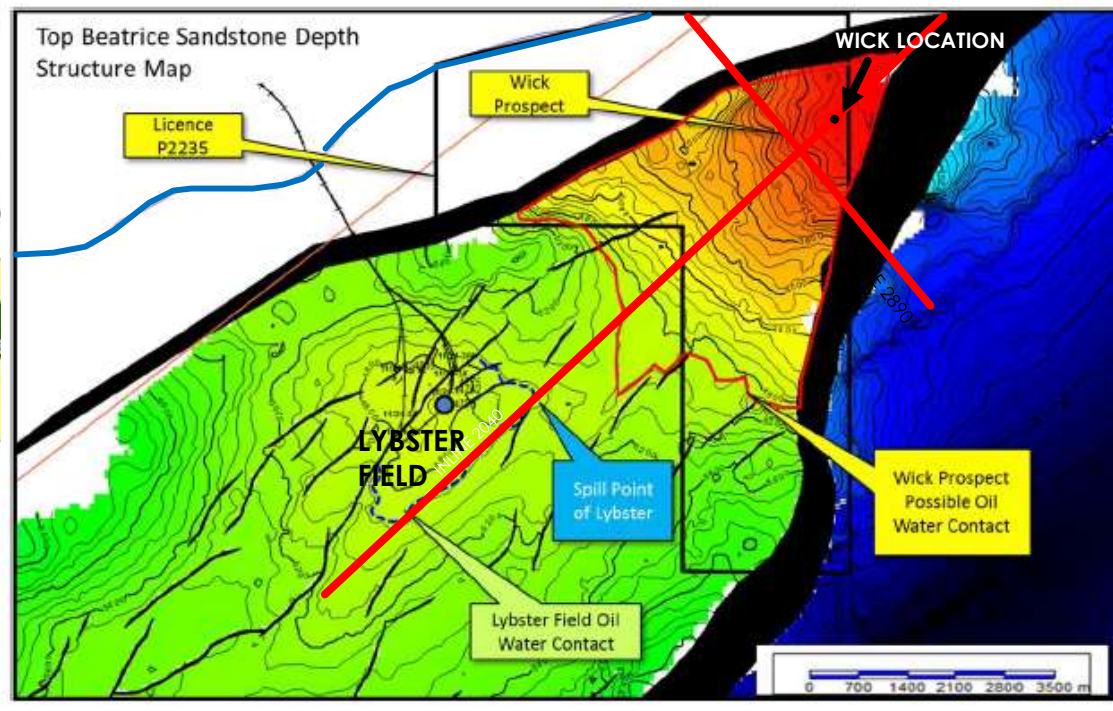
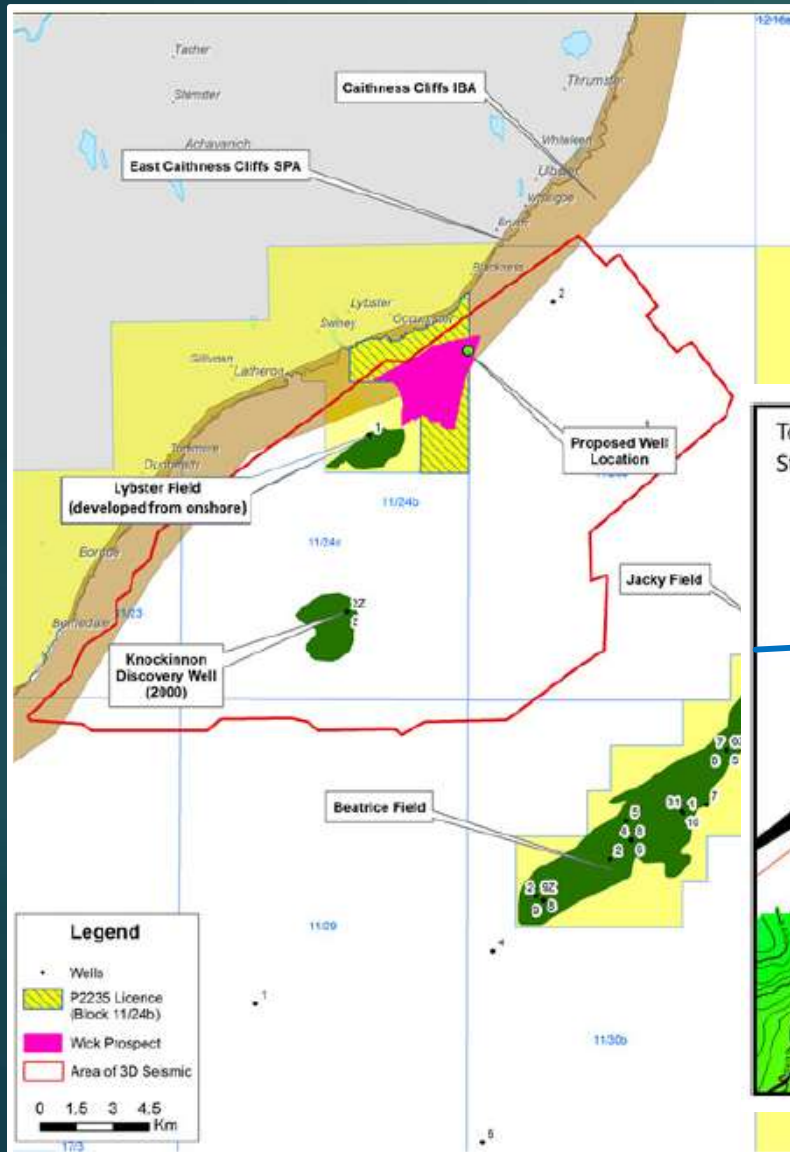
POSSIBLE DRILLING LATE-2018
DISCUSSIONS ONGOING WITH
POTENTIAL FARMIN PARTNERS



UK OFFSHORE- P2235 WICK PROSPECT NEW VENTURE

Baron has committed to pay 20% of the £5.2 million, 1250 metre Wick Well in late 2018 to earn a 15% interest in the underlying licence P2235. Combined unrisks in-place P50 Prospective Resources in Jurassic and Triassic reservoirs of the Wick structural complex are estimated at 250 MMB by Upland Resources Limited, who have farmed into P2235 on the same terms pro-rata as Baron

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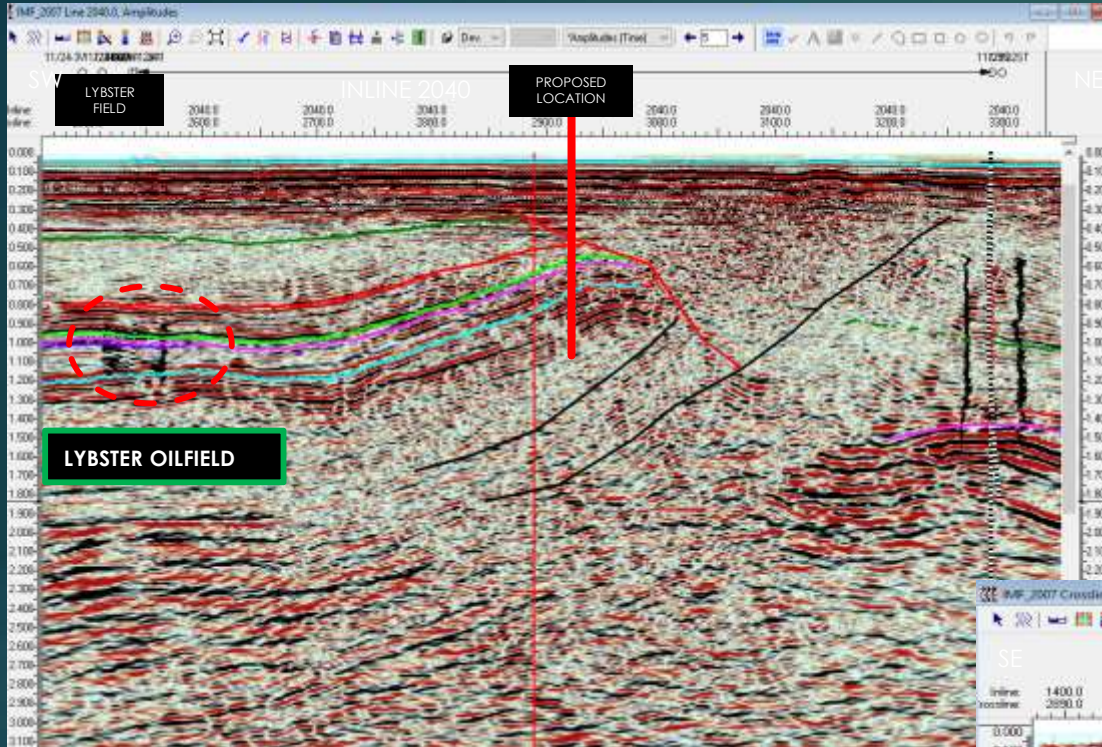


P2235 WICK PROSPECT NEW VENTURE

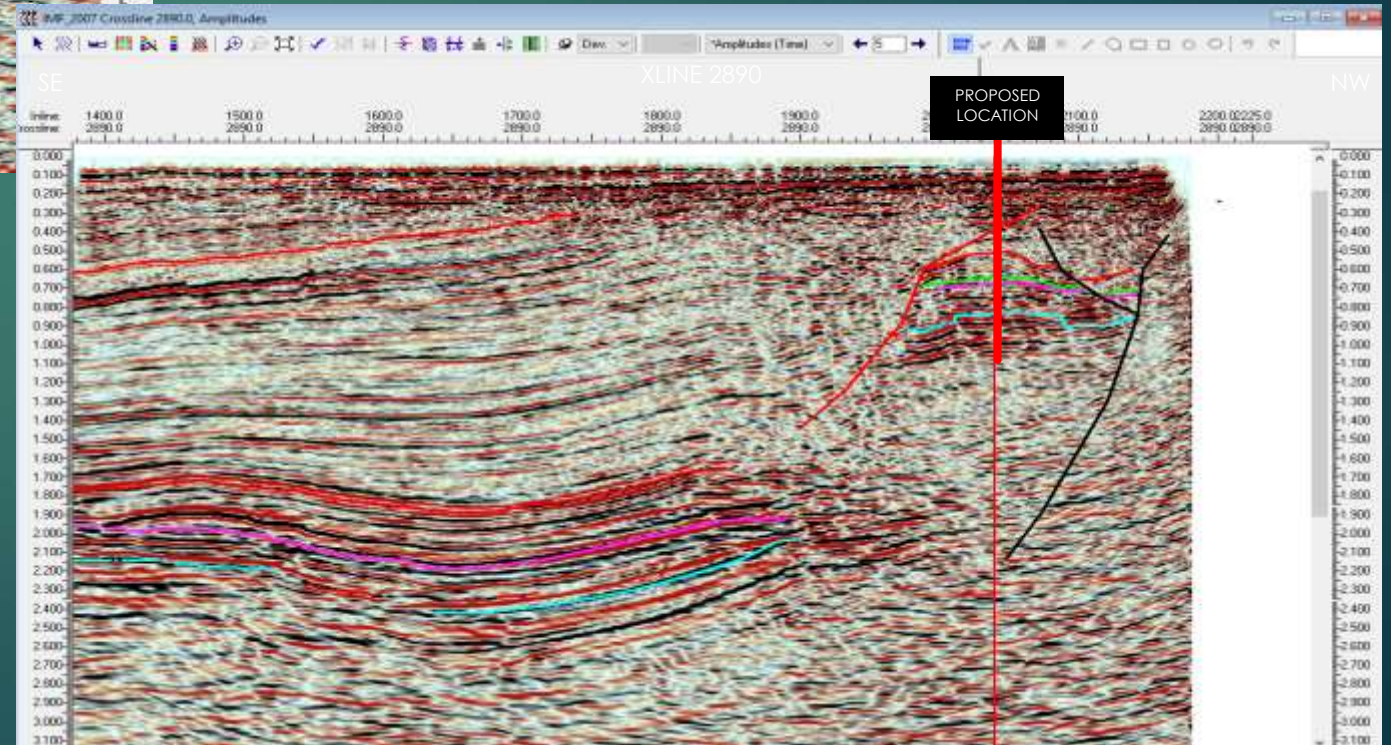
Interpretation shows the Wick structure to be closed and sealed by thick Kimmeridge Clay. The drilling location lies significantly updip from the Lybster oilfield spill point

The structure is bounded by complex strike-slip and thrust faulting and there are indications of other closures within the Wick Structural Complex that will not be tested by the first well

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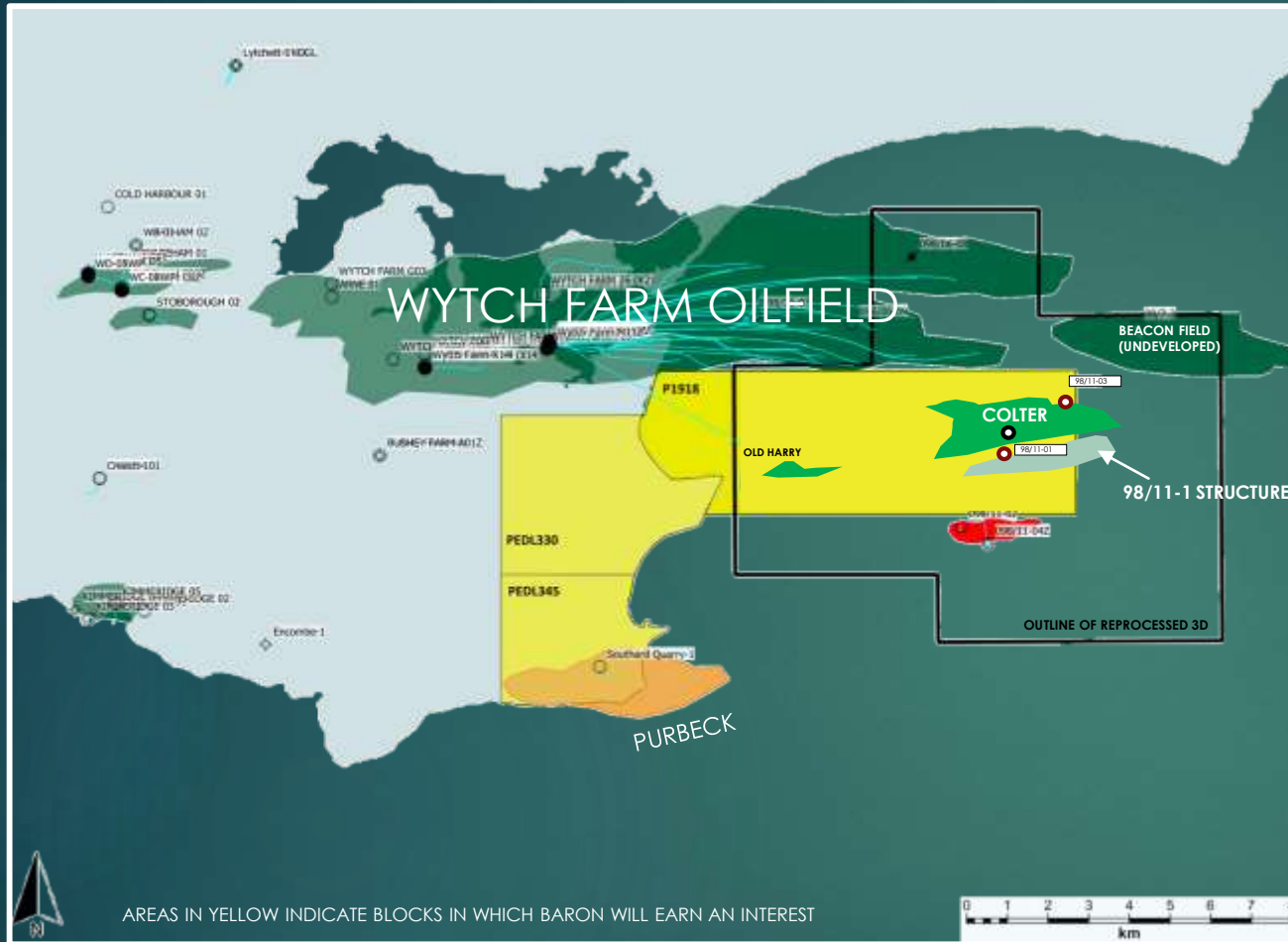


Key inline and crossline extracted from the Wick area 3D seismic volume



UK OFFSHORE - P1918 COLTER PROSPECT NEW VENTURE

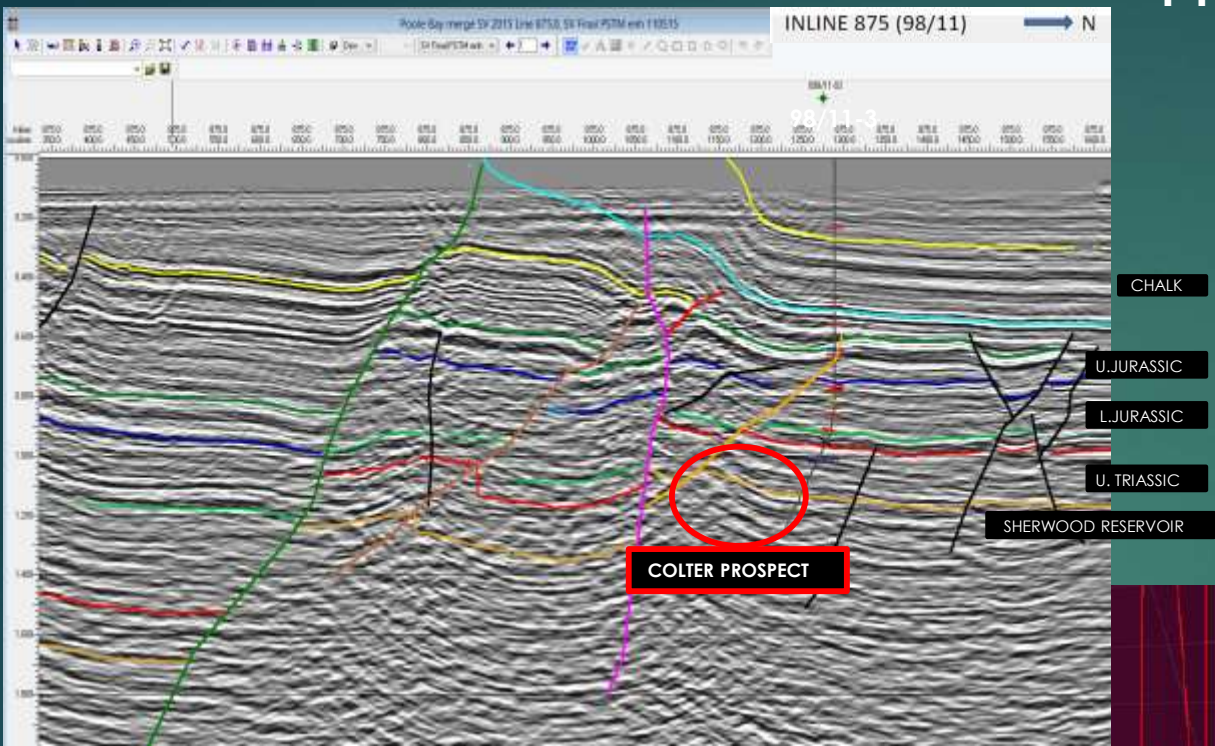
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Baron will pay 6.67% of the estimated £7.2 million Colter Well (carry capped at £8 million gross well cost), to earn a 5% interest in the underlying licence P1918 and in adjacent onshore blocks PEDL330 and PEDL345 (Purbeck Prospect). The well will be drilled in 2018 to a planned depth of 1800 metres subsea. New mapping based upon recently reprocessed Pre Stack Depth Migrated 3D seismic data has resulted in an update to the Prospective Resource estimates for Colter. Unrisked recoverable Mean Prospective Resources in the Sherwood reservoir of Colter Prospect are now estimated at 23 MMBOE gross by Corallian Energy Limited (the licence operator)

New preliminary mapping of a separate area around the 98/11-1 well, south of the Colter Prospect, suggests the potential for Prospective Resources of up to 27 MMBOE recoverable. Further definition of this separate area will be possible once the results of the Colter Well are available

Inline from 3D seismic reprocessed by P1918 group

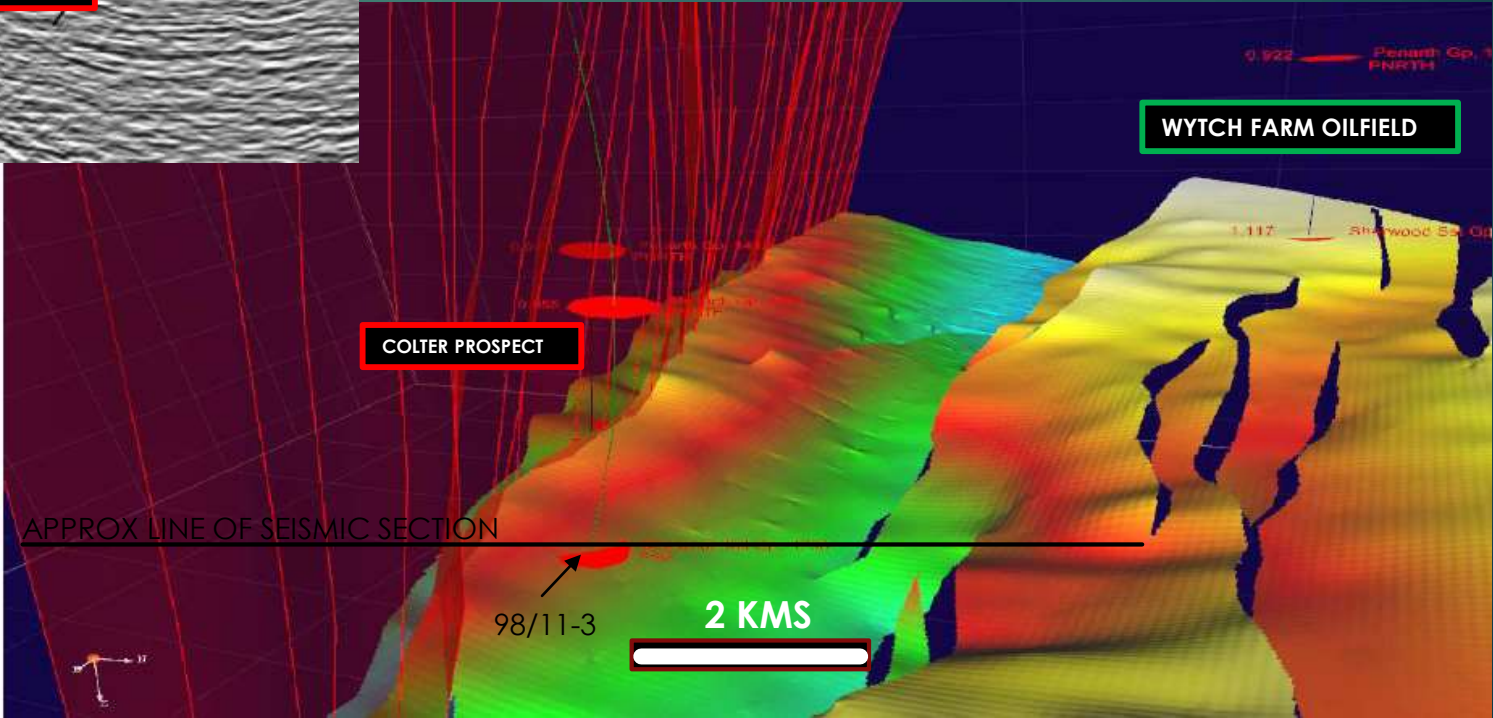


P1918 COLTER PROSPECT NEW VENTURE

3D seismic interpretation shows probability of getting significantly updip from the 10.5 metre oil column encountered in well 98/11-3 (drilled in 1986 without 3D data)

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3D model of top Sherwood Sandstone reservoir (from 3D seismic interpretation)
COURTESY OF CORALLIAN ENERGY LIMITED



CURRENT POSITION

- Directors and Management:
 - Malcolm Butler – Chairman and CEO
 - Geoff Barnes – Financial Director
 - Andrew Yeo – Independent non-executive Director
 - Guillermo Nieto – Consultant Manager in Peru
- Current Cash Position:
 - £1,790,000
 - US\$ 1,940,000
 - Sterling equivalent (@1.34) £3,249,000
- Current Obligations:
 - Committed to 20% of Wick Well and other P2235 activities: £920,000 remaining
 - Committed to 6.67% of Colter Well and other P1918 area activities: : £460,000 remaining
 - Well on Peru Block XXI is not yet firm and will not be drilled unless farmed out

THE FUTURE

- The Company is now fully-funded, with additional resources available for activities beyond the current commitments. However, we will retain funds in reserve to pay for testing activities on the Wick and Colter Wells if they are successful
- We currently plan to participate in up to three, relatively low-risk wells in 2018, two of which could each have a major impact on shareholder value
- We continue to hope that our brief foray into SE Asia will bring results – and we have funds available to pay for the initial work on the block if it is awarded
- We will continue to run as a virtual company, with no fixed office costs and no staff, other than the directors and a consultant in Peru, so that expenditures are concentrated on exploration and overhead is kept to a minimum



THANK YOU – ANY FURTHER QUESTIONS?