

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

**11 September 2020**

**Baron Oil Plc**  
("Baron" or "the Company")

**Interim Results for the six months ended 30 June 2020**

Baron Oil Plc (AIM:BOIL), the AIM-quoted oil and gas exploration company focused on opportunities in SE Asia, Latin America and the UK, announces its unaudited interim financial information and results for the six months ended 30 June 2020.

**Operations**

*Timor-Leste*

- Work on the Chuditch PSC has been progressed as far as possible in the absence of the original raw seismic data. SundaGas has written to ANPM requesting a satisfactory response and remedy of the situation.

*Peru*

- As soon as free movement in Peru is restored the Company intends to push on with the drilling of the El-Barco-3X well. Assuming that COVID restrictions are lifted by the end of the calendar year, between May and August 2021 is a realistic target.

*UK*

- Inner Moray Firth - On licence P2478 (the Dunrobin Prospect), the original seismic field data has been located, copied and is being validated. We look forward to receiving the results of the studies being carried out by the large European exploration and production company in due course.
- Dorset - The Joint Venture has agreed to relinquish Licence P1918 (the Colter Prospect); work on PEDL330 & PEDL 345 continues.

**Financial**

- £2,500,000 (gross) Placing and Subscription at 0.1p per share was announced on 14 February 2020.
- Available cash balance (excluding monies held as security for bank guarantees in Peru and Timor-Leste) at 30 June 2020 of £1,798,000 (30 June 2019: £605,000; 31 December 2019: £347,000).

- Net loss after finance costs and tax of £703,000 (June 2019: net loss of £307,000; 2019 year: net loss of £1,674,000), representing a loss of 0.02p per share (June 2019: 0.02p; year to 31 December 2019: 0.01p).
- On 22 April 2020, the Company acquired a 33.33% interest in SundaGas (Timor-Leste Sahul) Pte. Ltd at a cost of US\$188,000, which is fully impaired under associated company accounting rules. Baron also paid a further US\$333,000 in respect of a guarantee bond deposit which is included in receivables.
- The increase in administration expenses is largely accounted for by higher professional fees related to fund raising activities which includes legal, registrar and corporate advisory costs. In addition, there is a non-cash charge of £63,000 in respect of share-based payments arising on the issue of Placing warrants and options.

**Malcolm Butler, Executive Chairman commented...**

*“There are encouraging signs that industry activity is beginning to move again, although oil and gas prices remain depressed. We are pleased that the seismic data on the Dunrobin area has finally been located, enabling reprocessing work to take place. Once the COVID issues have been resolved, we believe the drilling of El Barco-3X should be able to move forward. The situation in Timor-Leste is very frustrating but we will keep shareholders informed of progress.”*

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## **TL-SO-19-16 Production Sharing Contract ("Chuditch PSC"), offshore Timor-Leste - Indirect 25% interest**

As outlined in Baron's AGM statement in June, since signing the Chuditch PSC in November 2019, SundaGas has progressed the project as far as possible in the absence of the original raw seismic acquisition data to which it is entitled under the terms of the Chuditch PSC. SundaGas has still not received these data.

The Board believes that the failure of Timor-Leste's public institution responsible for managing and regulating petroleum and mining activities, Autoridade Nacional do Petróleo e Minerais ("ANPM"), to provide these data is the result of a conflicting seismic licensing and revenue sharing agreement, including the Kyranis 3D volume recorded in 2012 over the Chuditch area, understood to have been signed between ANPM and TGS, a provider of multi-client seismic data, an agreement of which SundaGas had no knowledge at the time of the signing of the Chuditch PSC.

Baron supports SundaGas in its efforts to work constructively with ANPM and others to make progress with the Chuditch PSC. However, in order to fulfil the agreed specific technical aims of the data reprocessing and its national training commitment, which were previously agreed to by all parties, it is crucial for SundaGas to access the original raw seismic data and be able to closely direct the reprocessing work. Various seismic products within Timor-Leste offshore now being marketed by TGS to third parties will neither satisfy the Chuditch PSC obligations nor provide the detailed local analyses required.

It should be noted that ANPM has also failed to take steps to provide other necessary data required to fulfil the Chuditch PSC obligations, such as raw 2D seismic data, that do not fall within their agreement with TGS. This means that SundaGas has been unable to make further progress in relation to the Chuditch PSC's 2020 work programme. SundaGas considers that these issues indicate that ANPM is in breach of contract of the Chuditch PSC and is failing to fulfil its obligations under Timor-Leste Petroleum Law. Accordingly, SundaGas has also informed its partner in the Chuditch PSC, TIMOR GAP, that it is unable to submit a 2021 work programme and budget at this time.

During the first two years of the initial three-year term of the Chuditch PSC, there is an obligation to reprocess 800 sq. kilometres of 3D seismic and 2,000 line kilometres of 2D seismic data and, if justified by the results of the reprocessing, drill a well during the third year. The Board believes that, with ten months having already elapsed since signing the Chuditch PSC, it will be difficult, once the data access issues referred to above have been satisfactorily resolved, to complete the required work programme on the Chuditch PSC in sufficient time for a drilling decision to be made.

Since June 2020, SundaGas has received no response or feedback from ANPM on these specific matters. In seeking to expedite a resolution to the situation, SundaGas has written to ANPM requesting a satisfactory response and remedy of the data access issues, the absence of which would mean that the project could not move forward.

### **Peru - Block XXI, Onshore Licence - 100% interest**

We continue to pursue efforts to drill the proposed 1,850 metre El Barco-3X well to test for low-risk gas in the Mancora Sands and higher-risk oil and gas in fractured basement, but progress has been severely hampered by the ongoing COVID-19 issues. The Piura region is one of the most infected areas in Peru and current restrictions suggest that it will not open up for meetings until early 2021. The local settlements of El Barco and Belisario remain COVID free, since they have closed access to both villages. The Company is required to hold three workshops to present its drilling and environmental plans in Piura and in the villages and has to complete negotiations to gain access to the site with the local community President. None of this can take place until free movement is allowed. Taking into account these issues, our current indicative target for drilling El Barco-3X is between May and August 2021.

Block XXI will remain in Force Majeure until the Company is able to conclude the workshops and reach agreement regarding access to the site with the local community. Baron will have approximately six months left in which to drill when Force Majeure is lifted. The pre-COVID estimate for site preparation and drilling of El Barco-3X was US\$1.2 million and updated estimates have been requested from four drilling companies. The Company's aim continues to be to bring in a new drilling and equity partner, but the previous negotiations with an interested company based in Piura have been interrupted by the COVID situation and have not yet been able to be resumed. Meanwhile, the continuing focus is on ensuring that the licence remains in good order and working with Perupetro to confirm the three-year extension option for Block XXI, contingent on the drilling of El-Barco-3X.

### **UK - Inner Moray Firth, Offshore Licence P2478 – Baron 15% interest**

Further to the update made in our 2020 AGM statement, Corallian Energy Limited, the Operator of Licence P2478 which contains the large Dunrobin and smaller Golspie prospects, has informed the Joint Venture that the original seismic field data necessary to perform specialised reprocessing has recently been located and copied and is now being validated. Once this has been checked and loaded, reprocessing work will be able to take place. The initial Exclusivity period of the Work Sharing and Confidentiality Agreement, which was signed with a large European exploration and production company in April 2020, currently expires at the end of September 2020 and we look forward to receiving the results of the studies undertaken in due course.

### **UK – Dorset, Offshore Licence P1918; Onshore Licences PEDL330 & PEDL345 - Baron 8% interest**

Licence P1918: The Joint Venture has agreed that in the present oil price environment any development of the Colter South discovery is sub-commercial and it has therefore been decided to give notice to the UK Oil & Gas Authority to relinquish the licence at the expiry date of the second term on 31 January 2021.

PEDL330 & PEDL345: The prospectivity of these onshore Licences, to the south of Wytch Farm oilfield, remains under evaluation in order to inform a decision on whether to request an extension of the licences beyond the current term expiry date of 20 July 2021.

**Baron Oil plc**

**Consolidated Income Statement  
for the six months ended 30 June 2020**

		6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
<b>Revenue</b>		-	-	-
Cost of sales		-	-	-
<b>Gross loss</b>		-	-	-
Exploration and evaluation expenditure		(67)	(53)	(160)
Intangible asset impairment		(120)	(6)	(1,047)
Receivables impairment		(14)	(8)	16
Administration expenses	5	(367)	(227)	(442)
Profit/(loss) arising on foreign exchange		37	(13)	(41)
<b>Operating loss</b>		(531)	(307)	(1,674)
Income from interest in associated undertaking		(15)	-	-
Impairment of investment in associated undertaking		(159)	-	-
<b>Loss before interest and taxation</b>		(705)	(307)	(1,674)
Finance cost		-	(1)	(1)
Finance income		2	1	1
<b>Loss on ordinary activities before taxation</b>	6	(703)	(307)	(1,674)
Income tax (expense)/benefit	7	-	-	-
<b>Loss on ordinary activities after taxation</b>		(703)	(307)	(1,674)
Loss on ordinary activities after taxation is attributable to:				
Equity shareholders		(703)	(307)	(1,674)
Non-controlling interests		-	-	-
<b>Loss on ordinary activities after taxation</b>		(703)	(307)	(1,674)
Earnings/(loss) per share: basic	8	(0.02)p	(0.02)p	(0.10)p
Diluted	8	(0.02)p	(0.02)p	(0.10)p

**Baron Oil plc**

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**Consolidated Statement of Comprehensive Income  
for the six months ended 30 June 2020**

	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
<b>Loss on ordinary activities after taxation attributable to the parent</b>	(703)	(307)	(1,674)
<b>Other comprehensive income</b>			
Currency translation differences	88	6	(69)
<b>Total comprehensive income for the period</b>	(615)	(301)	(1,743)
<b>Total comprehensive income attributable to :</b>			
Owners of the company	(615)	(301)	(1,743)

Baron Oil plc

**Consolidated Statement of Financial Position  
at 30 June 2020**

		30 June 2020 Unaudited	30 June 2019 Unaudited	31 December 2019 Audited
	<i>Note</i>	£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment		-	-	-
Intangibles		14	1,101	5
Goodwill		-	-	-
Investment in associated company		-	-	-
		14	1,101	5
<b>Current assets</b>				
Receivables		311	139	49
Cash and cash equivalents		1,798	605	347
Cash held as security for bank guarantees		134	130	125
		2,243	874	521
<b>Total assets</b>		<b>2,257</b>	<b>1,975</b>	<b>526</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves attributable to owners of the parent</b>				
Called up share capital	9	1,107	482	482
Share premium account		32,189	30,507	30,507
Share option reserve		137	74	74
Foreign exchange translation reserve		1,731	1,718	1,643
Retained earnings		(32,954)	(30,884)	(32,251)
<b>Total equity</b>		<b>2,210</b>	<b>1,897</b>	<b>455</b>
<b>Current liabilities</b>				
Trade and other payables		36	73	64
Taxes payable		11	5	7
		47	78	71
<b>Total equity and liabilities</b>		<b>2,257</b>	<b>1,975</b>	<b>526</b>

Baron Oil plc

**Consolidated Statement of Cash Flows  
for the six months ended 30 June 2020**

		6 months to 30 June 2020 Unaudited	6 months to 30 June 2019 Unaudited	Year to 31 December 2019 Audited
	<i>Note</i>	£'000	£'000	£'000
<b>Operating activities</b>	10	(675)	(478)	(724)
<b>Investing activities</b>				
Return from investment and servicing of finance		2	1	1
Acquisition of intangible assets		(183)	(1,035)	(1,047)
		<u>(181)</u>	<u>(1,034)</u>	<u>(1,046)</u>
<b>Financing activities</b>				
Proceeds from issue of share capital		2,307	408	408
<b>Net cash (outflow)/inflow</b>		<u>1,451</u>	<u>(1,104)</u>	<u>(1,362)</u>
Cash and cash equivalents at the beginning of the period		347	1,709	1,709
<b>Cash and cash equivalents at the end of the period</b>		<u>1,798</u>	<u>605</u>	<u>347</u>

As at 30 June 2020, bank deposits include amounts totalling US\$160,000 (30 June and 31 December 2019: US\$160,000) that are being held in respect of guarantees and are not available for use until the Group fulfils certain licence commitments in Peru. This is not considered to be available cash and has therefore been excluded from the cash flow statement.

**Baron Oil plc****Consolidated Statement of Changes in Equity  
for the six months ended 30 June 2020**

	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
Opening equity	455	1,790	1,790
Shares issued net of costs	2,307	408	408
Loss for the period	(703)	(307)	(1,674)
Share based payments	63	-	-
Foreign exchange translation	88	6	(69)
<b>Closing equity</b>	<u>2,210</u>	<u>1,897</u>	<u>455</u>

## Notes to the Interim Financial Information

### 1. General Information

Baron Oil Plc is a company incorporated in England and Wales and quoted on the AIM Market of the London Stock Exchange. The registered office address is Finsgate, 5-7 Cranwood Street, London EC1V 9EE.

The principal activity of the Group is that of oil and gas exploration and production.

These financial statements are a condensed set of financial statements and are prepared in accordance with the requirements of IAS 34 and do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019. The financial statements for the half period ended 30 June 2020 are unaudited and do not comprise statutory financial statements within the meaning of Section 435 of the Companies Act 2006.

Statutory financial statements for the year ended 31 December 2019, prepared under IFRS, were approved by the Board of Directors on 28 April 2020 and delivered to the Registrar of Companies.

### 2. Basis of Preparation

This consolidated interim financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on the historical cost basis, using the accounting policies which are consistent with those set out in the Company's Annual Report and Financial Statements for the year ended 31 December 2019. This interim financial information for the six months to 30 June 2020, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 10 September 2020.

### 3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 31 December 2019, as described in those annual financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary. Whilst every effort is made to ensure that such estimates and assumptions are reasonable, by their nature they are uncertain, and as such, changes in estimates and assumptions may have a material impact in the financial statements.

#### i) Carrying value of property, plant and equipment and of intangible exploration and evaluation fixed assets.

Valuation of petroleum and natural gas properties: consideration of impairment includes estimates relating to oil and gas reserves, future production rates, overall costs, oil and natural gas prices which impact future cash flows. In addition, the timing of regulatory approval, the general economic environment and the ability to finance future activities through the issuance of debt or equity also impact the impairment analysis. All these factors may impact the viability of future commercial production from developed and unproved properties, including major development projects, and therefore the need to recognise impairment.

#### ii) Commercial reserves estimates

Oil and gas reserve estimates: estimation of recoverable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs all of which impact future cashflows. It also requires the interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in estimated reserves can impact developed and undeveloped property carrying values, asset retirement costs and the recognition of income tax assets, due to changes in expected future cash flows. Reserve estimates are also integral to the amount of depletion and depreciation charged to income.

Notes to the Interim Financial Information

4. Segmental information

	United Kingdom	South America	South East Asia	Total
	£'000	£'000	£'000	£'000
<b>Six months ended 30 June 2020</b>				
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Segment result	(332)	(197)	(174)	(703)
Total net assets	2,067	143	-	2,210
<b>Six months ended 30 June 2019</b>				
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Segment result	(217)	(82)	(8)	(307)
Total assets	1,762	135	-	1,897
<b>Year ended 31 December 2019</b>				
Audited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Segment result	(1,575)	(57)	(42)	(1,674)
Total assets less liabilities	320	135	-	455

Notes to the Interim Financial Information (continued)

<b>5. Administration expenses</b>	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
Directors' and employee benefit expense	160	141	258
Share-based payment	63	-	-
Legal and professional fees	114	56	133
Other expenses	30	30	51
	<u>367</u>	<u>227</u>	<u>442</u>

<b>6. Loss from operations</b>	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
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The loss on ordinary activities before taxation includes:

Auditors' remuneration			
Audit	13	11	21
Other non-audit services	1	1	5
Exploration and evaluation expenditure	-	-	160
Impairment of intangible assets	120	6	1,047
Impairment of foreign tax receivables	14	8	(16)
(Profit)/Loss on exchange	(37)	13	41
	<u></u>	<u></u>	<u></u>

**7. Income tax expense**

There was no tax expense during the period (30 June 2019: nil; 31 December 2019: nil).

Notes to the Interim Financial Information (continued)

8. Earnings/(loss) per Share

	6 months to 30 June 2020 Unaudited Pence	6 months to 30 June 2019 Unaudited Pence	Year to 31 December 2019 Audited Pence
Earnings/(loss) per ordinary share			
Basic	(0.02)	(0.02)	(0.10)
Diluted	(0.02)	(0.02)	(0.10)

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £703,000 (30 June 2019: £307,000; 31 December 2019: £1,674,000) and a weighted average number of shares in issue of 3,545,718,838 (30 June 2019: 1,440,221,731; 2019: 1,685,313,686).

9. Called up Share Capital

On 20 February 2020, the Company issued 735,714,280 Ordinary Shares of 0.025p each at 0.1p per share, plus a further 1,764,285,720 Ordinary Shares of 0.025p each at 0.1p per share on 11 March 2020, together yielding net proceeds after costs of £2,307,000.

10. Reconciliation of operating loss to net cash outflow from operating activities

	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
Profit/(loss) for the period	(703)	(307)	(1,674)
Depreciation and amortisation	279	6	1,047
Share based payments	63	-	-
Income from interest in associated undertaking	15	-	-
Finance income shown as an investing activity	(2)	(1)	(1)
Foreign currency translation	(41)	50	(4)
(Increase)/decrease in receivables	(262)	364	454
Tax paid	20	(70)	-
Increase/(decrease) in payables	(44)	(520)	(546)
	<u>(675)</u>	<u>(478)</u>	<u>(724)</u>

**Notes to the Interim Financial Information (continued)**

**11. Related party transactions**

During the period, the Company purchased technical services amounting to £1,346 (30 June 2019: £3,523; 31 December 2019: £9,915) from Tedstone Oil and Gas Limited, a company controlled by Mr Jon Ford, a director.

During the preceding year to 31 December 2019, the Company purchased administrative services amounting to £2,500 (30 June 2019: £2,500) from Langley Associates Limited, a company controlled by Mr Geoff Barnes, who was previously a director. There were no such payments in the six month period ended 30 June 2020.

**12. Financial Information**

The unaudited interim financial information for period ended 30 June 2020 do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2019 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report and did not contain statements under Section 498 to 502 of the Companies Act 2006.

Copies of this interim financial information document are available from the Company at its registered office at Finsgate, 5-7 Cranwood Street, London EC1V 9EE. The interim financial information document will also be available on the Company's website [www.baronoilplc.com](http://www.baronoilplc.com).