16 September 2013

BARON OIL plc
("Baron Oil", “Baron” or "the Company")

Unaudited Interim Financial Information
for the period 1 January 2013 to 30 June 2013

Baron Oil Plc, the AIM-listed oil and gas exploration and production company primarily focused on opportunities in Latin America, announces its unaudited interim financial information results for the six months ended 30 June 2013.

Highlights

- Farm-out of 80% of the Z-34 block offshore Peru to Union Oil & Gas.
- Discussions started with Ecopetrol about the contract extension for the Nancy Burdine Maxine field.
- Profit on Ordinary Activities £303,000 (30 June 2012: loss of £1,520,000; 2012 year: loss of £9,353,000)
- Earnings per share 0.02p (30 June 2012: loss per share 0.20p; 2012 year: loss per share 1.06p)

Colombia Highlights:

Nancy Burdine Maxine Producing Fields (NBM)
After a well intervention campaign, NBM’s oil production has been steadily above 330 bopd on a daily average for the first half of this year. This production has come, mainly, out of two wells: N-1 (~ 350 bopd) and B-5 (~ 65 bopd); where B-1 has been temporarily shut-in due to a mechanical integrity issue on its production casing string. NBM’s surface production plant has been modernized and upgraded aiming to maximize the quality of the produced oil and to satisfy the new oil quality specifications set by Ecopetrol.

Baron Oil Colombia Reorganization
Baron Oil Colombia has decided to move its entire NBM operational structure from Bogota to Orito, a city located closer to our field in the Putumayo region. The new operational structure will provide various benefits directly to our Colombian operations by allowing us to address any operational, social, community and HSE issues locally. Baron Oil Colombia also anticipates that the new operational structure will create substantial annual reductions in field operating costs and local overhead expenditures.

Nancy Burdine Maxine Contract Renegotiations
Based on the latest NBM encouraging well results and its future production potential, Ecopetrol and Baron Oil have started discussions aimed at agreeing an extension to the NBM contract. Ecopetrol has advised us that it will be in all the parties best interest to agree a new set of commercial conditions for the full development of the NBM fields within a short timescale. We will update shareholders on any developments from these important discussions.

Rosablanca Block
Following the new partnership with PG&I, a new exploration work program has been approved and agreed between the Parties. The work program will be submitted to the Colombian authorities (ANH) for their final approval. Under the present agreement with PG&I, Baron Oil remains the field operator and has a five percent cost carry through the whole exploration work programme.

<u>Peru Highlights</u>

Block Z-34 offshore

Since Union Oil & Gas Corporation ("Union") farmed into Block Z34 last April your company has made significant progress. Our main focus during the past few months has been to speed up all work related to the EIA ("Environmental Impact Study") in order to get the necessary permits to drill and/or acquire additional seismic on this very large and prospective offshore block. The EIA process was initiated early last year and two successful rounds of consultation workshops with the local communities have already been held. A Public Hearing is planned for the end of October which is the last event in the EIA process. After the Public Hearing, the Ministry of Energy usually takes at least six month to approve the EIA. However recently the Ministry is making strenuous efforts to reduce the lead time and a Supreme Decree has been released earlier this year to regulate and speed up the approval process. Therefore it is anticipated that the EIA permit for Block Z-34 could be ready as early as February / March 2014.

As explained in earlier communications, our partner Union will carry Baron Oil (20% interest) through the three remaining exploration phases of this very large block. This work program has yet to be finally agreed between the partners and Perupetro. However technical discussions have already started while Union is also reviewing the large quantities of data acquired over the block in the past few years in order to determine the optimum solution for unlocking the huge potential of this prospective block.

A competent person's report compiled in 2012 by Degolyer and Mac Naughton using the results from the large 3D-seismic survey has assessed the un-risked potential of this offshore block to be in excess of 2 billion barrels of oil. There are a number of attractive individual prospects identified across this block, some of them exceeding 100 million barrels.

Block XXI onshore

This Block is at the same stage of development as Block Z-34. The EIA process is presently on-going. Baron Oil expects to obtain the EIA approval during the first quarter of 2014. A 2D seismic survey is being planned for next year to be closely followed by several exploration wells. Baron Oil (30% interest) is carried by Vale for the first $10 million of costs.

Financial Results

In the six month period to 30 June 2013, the Company achieved an operating profit of £289,000 (30 June 2012: loss of £1,528,000; 2012 year: loss of £9,304,000) on revenue of £2,059,000 (30 June 2012: £1,068,000; 2012 year: £2,832,000), this being the first such operating profit in the history of the company. This reflects improved oil sales at better margins in our production operations in Colombia. After finance and tax, the company shows a final profit of £256,000 (30 June 2012: loss of £1,560,000; 2012 year: £9,471,000), representing earnings per share of 0.02p

The results include the sale of Plectrum Petroleum Limited to Union Oil & Gas, representing 50% of the Company's interest in block Z34, offshore Peru, as part of the 80% farmout of that block.. A book loss of £673,000 was made on disposal of this company but, as this had previously been impaired, there was no impact on the results for the period. We continue with our approach of impairing both development intangibles and goodwill, giving rise to a net charge to the Income Statement of £439,000.

Overheads in the period amounted to £684,000 (30 June 2012: £1,314,000; 2012 year: £3,267,000). This is split between overheads in our producing asset of £290,000, exchange gains of £141,000, and general corporate overhead of £535,000. This demonstrates that company management has significantly reduced the level of overhead.

Post balance sheet events

Colombia:

The Company announced in July that it has formed a partnership with S&J Full Services in the NBM field. Under the terms of the agreement, Baron Oil farmed out 50% of its interest for $2 million. S&J Full Services is a private engineering company based in Putumayo with more than 20 years' experience.

The production in NBM was halted in July due to a nationwide agricultural strike. Fortunately the strike ended in August.

Conclusions

The total reorganization of the Company is still in full progress. The drastic reduction in overhead has already led to a small profit for the first 6 months of 2013.

The NBM field in Colombia has still a significant amount of upside potential; however it would not make sense for us to invest additional funds before the negotiations over the licence extension with Ecopetrol have been successfully finalized.

In Peru, Karoon/Pitkin are planning to drill a well(s) in 2014 in Block Z-38 which adjoins block Z-34. The results of this work will substantially underwrite the potential of Block Z-34. A potential follow up drilling campaign in the Z-34 Block is currently under discussion.

Baron Oil is now in a steady state after a period of significant financial turmoil,however it is clear to the Management that the Company has to look for opportunities to enhance shareholder value in the short to medium term. At present several potential opportunities are being analyzed and will be reported to shareholders if a successful conclusion is forthcoming.

For further information on the Company, visit www.baronoilplc.com or contact:

Baron Oil Plc:

Rudolph Berends (CEO) Tel: +44 (0)203 427 5089

Cantor Fitzgerald (Nominated Advisor and Broker):
Stewart Dickson (Corporate Finance) / Richard Redmayne (Corporate Broking) Tel.: +44 (0)207 894 7649

16 September 2013

Consolidated Income Statement
for the six months ended 30 June 2013

	Note	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Revenue		2,059	1,068	2,832
Cost of sales		(804)	(1,315)	(2,623)
Gross profit		1,255	(247)	209
Intangible asset impairment		598	(25)	(5,535)
Goodwill impairment		(364)	-	(728)
Loss on disposal of intangible assets		(673)	-	-
Administration expenses	5	(684)	(1,314)	(3,267)
Other operating income		157	58	17
Operating profit/(loss)		289	(1,528)	(9,304)
Finance cost		-	(2)	(69)
Finance income		14	10	20
Profit/(loss) on ordinary activities before taxation		303	(1,520)	(9,353)
Income tax (expense)/benefit	6	(47)	(40)	(118)
Profit/(loss) on ordinary activities after taxation		256	(1,560)	(9,471)
Earnings/(loss) per share: basic	7	0.02p	(0.20)p	(1.06)p
Diluted	7	0.02p	(0.20)p	(1.06)p

The group's revenue and profit/(loss) arise from continuing operations.

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2013

	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Profit/(loss) for the period	256	(806)	(9,471)
Other comprehensive income			
Currency translation differences	(480)	6	(7)
Total comprehensive income for the period	(224)	(800)	(9,478)
Total comprehensive income attributable to :			
Owners of the company	(224)	(1,152)	(9,478)

Consolidated Statement of Financial Position
for the six months ended 30 June 2013

	Notes	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Non-current assets				
Property, plant and equipment		2,162	1,497	1,893
Intangibles		2,520	11,307	2,039
Goodwill		1,640	2,191	2,004
Intangible assets held for sale		-	-	2476
		6,322	14,995	8,412
Current assets				
Inventories		316	94	113
Receivables		2,298	1,547	2,423
Cash and cash equivalents		3,854	532	950
Cash held as security for bank guarantees		2,372	2,516	2,234
		8,840	4,689	5,720
Total assets		15,162	19,684	14,132
Equity and liabilities				
Capital and reserves				
Called up share capital	8	292	223	223
Share premium account		27,304	25,323	25,323
Foreign exchange translation reserve		812	1013	1292
Retained earnings		(17,126)	(9,471)	(17,382)
Total equity		11,282	17,088	9,456
Current liabilities				
Trade and other payables		3,741	2,474	4,438
Taxes payable		139	122	238
		3,880	2,596	4,676
Total equity and liabilities		15,162	19,684	14,132

Consolidated Statement of Cash Flows
for the six months ended 30 June 2013

	Notes	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Operating activities	9	(568)	(2,394)	(2,877)
Investing activities				
Return from investment and servicing of finance		14	10	20
Sale of intangible assets		2,398	-	2,337
Cash deposited for Peru performance guarantees		-	(1,231)	(949)
Purchase of intangible assets		(386)	(634)	(2,171)
Purchase of tangible assets		(605)	(303)	(494)
		1,421	(2,158)	(1,257)
Financing activities				
Proceeds from issue of share capital		2,085	-	-
Costs of share issue		(35)	-	-
Net cash (outflow)/inflow		2,904	(4,552)	(4,134)
Cash and cash equivalents at the beginning of the period		950	5,084	5,084
Cash and cash equivalents at the end of the period		3,854	532	950

As at 30 June 2013, bank deposits included an amount of US$3.6M (30 June and 31 December 2012: US$3.6M) that is being held as a guarantee in respect of a letter of credit and is not available for use until the Group fulfils certain licence commitment in Peru. This is not considered to be liquid cash and has therefore been excluded from the cash flow statement.

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2013

	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Profit/(loss) for the period	256	(1,560)	(9,471)
Shares issued	2,050	-	-
Foreign exchange translation	(480)	115	394
	1,826	(1,445)	(9,077)
Opening shareholders' funds	9,456	18,533	18,533
Closing shareholders' funds	11,282	17,088	9,456

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 2012. The financial statements for the half period ended 30 June 2013 are unaudited and do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006.

Statutory accounts for the period ended 31 December 2012, prepared under IFRS, were approved by the Board of Directors on 13 June 2013 and delivered to the Registrar of Companies.

2. Basis of Preparation

These 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 Accounts for the period ended 31 December 2012. This interim financial information for the six months to 30 June 2013, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 16 September 2013.

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 2012, as described in those annual financial statements.

New and amended standards adopted by the Company

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2013:

Reference	Title	Summary	Application date of standard	Application date of Group
Amendments to IFRS 7	Amendments related to the offsetting of assets and liabilities	Guidance on offsetting of financial assets and financial liabilities	Annual periods beginning on or after 1 January 2013	1 January 2013
IFRS 10	Consolidated Financial Statements	Replaces IAS 27 section that addressed accounting for consolidated financial statements. Establishes a single control model applicable to all entities	Periods commencing on or after 1 January 2013	1 January 2013

Notes to the Interim Financial Information

IFRS 11	Joint Arrangements	Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations.	Periods commencing on or after 1 January 2013	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Increases disclosure requirements in relation to an entity's interests in subsidiaries, joint arrangements, associates and structured entities	Periods commencing on or after 1 January 2013	1 January 2013
IFRS 13	Fair Value Measurement	Guidance on how to measure fair value when fair value is required or permitted	Periods commencing on or after 1 January 2013	1 January 2013
Amendments to IAS 1	Presentation of Financial Statements	Presentation of items within other comprehensive income	Periods commencing on or after 1 July 2012	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	Sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	Periods commencing on or after 1 January 2013	1 January 2013

- IFRS7 (amendment) "Financial Instruments: Disclosures" – additional disclosures re transfers of financial assets, effective for reporting periods beginning after 1 July 2011.

The impact of adopting the above amendments had no material impact on the financial statements of the Group.

Standards, interpretations and amendments to published standards that are not yet effective

The following standards, amendments and interpretations applicable to the Group are in issue but are not yet effective and have not been early adopted in these financial statements. They may result in consequential changes to the accounting policies and other note disclosures. We do not expect the impact of such changes on the financial statements to be material. These are outlined in the table below:

Reference	**Title**	**Summary**	**Application date of standard**	**Application date of Group**
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Group.

Notes to the Interim Financial Information

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 year. 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.

iii) Decommissioning costs;
Asset retirement obligations: the amounts recorded for asset retirement obligations are based on each field's operator's best estimate of future costs and the remaining time to abandonment of oil and gas properties, which may also depend on commodity prices.

iv) Share based payments
The fair value of share-based payments recognised in the income statement is measured by use of the Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

4. Segmental Information

In the opinion of the Directors the Group has one class of business, being the exploration for, and development and production of, oil and gas reserves, and other related activities.

The Group's primary reporting format is determined to be the geographical segment according to the location of the oil and gas asset. There are currently two geographic reporting segments: South America, which is involved in production, development and exploration activity, and the United Kingdom being the head office.

	United Kingdom	South America	Total
	£'000	£'000	£'000
Six months ended 30 June 2013			
Unaudited			
Revenue			
Sales to external customers	-	2,059	2,059
Segment revenue	-	2,059	2,059
Results			
Segment result	(205)	461	256
Total net assets	2,545	8,737	11,282

	United Kingdom	South America	Total
	£'000	£'000	£'000
Six months ended 30 June 2012			
Unaudited			
Revenue			
Sales to external customers	-	1068	1068
Segment revenue	-	474	474
Results			
Segment result	(1,095)	(465)	(1,560)
Total assets	2,203	14,885	17,088

Notes to the Interim Financial Information (continued)

5. Loss from operations

	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
The loss on ordinary activities before taxation includes:			
Auditors' remuneration			
Audit	62	49	54
Audit - prior years		-	34
Other non-audit services	-	1	5
Depreciation of non oil and gas assets	-	6	5
Depreciation of oil and gas assets	337	396	789
Impairment of intangible assets	(234)	-	5,535
Loss on disposal of intangible assets	673	-	-
(Profit)/Loss on exchange	(141)	184	191

6. Income tax expense

The income tax charge for the period relates to provision for foreign taxation on the profit arising in the Company's production oilfields, and a tax on equity relating to one of the company's foreign branches.

7. Earnings/(loss) per Share

	6 months to 30-Jun 2013 Unaudited Pence	6 months to 30-Jun 2012 Unaudited Pence	Year to 31-Dec 2012 Audited Pence
Earnings/(loss) per ordinary share			
Basic	0.02	(0.14)	(1.06)
Diluted	0.02	(0.14)	(1.06)

The earnings/(loss) per ordinary share is based on the Group's profit for the period of £256,000 (30 June 2102: loss of £1,560,000; 31 December 2012: loss of £9,471,000) and a weighted average number of shares in issue of 1,134,187,058 (30 June and 31 December 2012: 891,513,025).

The potentially dilutive warrants issued were 26,000,000 (30 June 2012: 39,000,000; 31 December 2012: £59,500,000).

Notes to the Interim Financial Information (continued)

8. Called up Share Capital

During the period, the company issued 278,000,000 new ordinary shares, providing additional share capital of £2,050,000 net of issue costs.

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

	6 months to 30-Jun 2013 Unaudited £'000	6 months to 30-Jun 2012 Unaudited £'000	Year to 31-Dec 2012 Audited £'000
Profit/(loss) for the period	256	(1,560)	(9,471)
Depreciation and amortisation	777	402	7,055
Finance income shown as an investing activity	(14)	(10)	(20)
Non-cash movement arising on consolidation of minority interests in tangible fixed assets now acquired	-	-	(593)
Tax Expense/(Benefit)	47	40	118
Foreign currency translation	(713)	115	307
(Increase)/decrease in inventories	(203)	24	5
(Increase)/decrease in receivables	125	(667)	(1,506)
Tax paid	(146)	(85)	(47)
Increase/(decrease) in payables	(697)	(653)	1,275
	(568)	(2,394)	(2,877)

10. Related party transactions

In preceding periods, the Company has been provided with management and geosciences services by Australian Drilling Associates Pty Ltd and Sheer Energy Pty Ltd, both of which are owned and controlled by Mr John Bell who was a director at the time, and also by Terra Firma Technology Pty Ltd, which is controlled by Mr Ian Reid who was a director at the time.

There were no transactions between the parties above in the six month period ended 30 June 2013 (30 June 2012: £249,869; 31 December 2012: At the end of the period, there was a balance due to Terra Firma Technology Pty Ltd of £58,790 (2012: £58,790), which is subject to a dispute by the Company.

Notes to the Interim Financial Information (continued)

11. Financial information

The unaudited interim financial information for period ended 30 June 2013 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 2012 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.goldoilplc.com.