28 September 2018

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.

BARON OIL Plc
("Baron Oil", "Baron" or "the Company")

Unaudited Interim Results
for the six months ended 30 June 2018

Baron Oil Plc, the AIM-listed oil and gas exploration and production company primarily focused on opportunities in the UK and Latin America, announces its unaudited interim financial information and results for the six months ended 30 June 2018.

Highlights

- The Wick exploration well and Colter appraisal well rig site surveys have been completed, the contract has been signed for the Ensco 72 rig and the two well programme is expected to commence at Wick during the 4th Quarter of 2018, subject to receipt of the necessary regulatory approvals and consents for both wells. Follows Farmout Agreements signed with Corallian Energy Limited in March and June 2018 in respect of UK Offshore Licenses P2235 (Wick) and P1918 (Colter).

- Wick has been defined by 3D seismic mapping by Baron and others and a recent announcement by Upland Resources Limited stated Wick has estimated in-place P50 Prospective Resources of around 250 million barrels of oil (unrisked) in sands of Jurassic and Triassic age in the licence area, a large part of which will be tested by the Wick well.

- Colter is estimated to have the potential to hold unrisked Pmean Prospective Resources of 23 million barrels of oil equivalent recoverable.

- Peru Block XXI: The El Barco-3X exploration well is now targeted for early 2019, but the drilling programme is subject to completion of a farm out agreement with an interested third party and removal from Force Majeure.

- Operating loss of £400,000 and net loss after finance and tax of £405,000 (0.07p per share) for the period, down from a net loss of £916,000 in the same period in 2017, and from a net loss of £1,539,000 in the year ended 31 December 2017.

- Cash balance at 30 June 2018 was £3,236,000 with remaining obligations on Wick of £831,300 and Colter of £707,700 on the same date, based on latest AFE information.

United Kingdom offshore licence P2235 block 11/24b ("Wick" Prospect) (Baron 15%)

Baron announced on 13 March 2018 that it had signed a definitive Farmout Agreement with Corallian Energy Limited, ("Corallian") in respect of UK Offshore Licence P2235 (Block 11/24b), which contains the Wick Prospect. Under the Agreement, the Company will pay 20% of the costs of the Wick well, up to a maximum gross cost of £4.2 million, and 15% of other costs on the licence and it has now been assigned a 15% working interest in P2235. It was announced on 25 July 2018 that an Authorisation for Expenditure ("AFE") for the Wick well had been signed in the amount of £5.2 million, of which Baron's share will be £990,000 (£831,000 remaining at 30 June 2018). The Wick Prospect lies close to the shore of NE Scotland, 5 kilometres north and updip from the Lybster Field, which has been developed from onshore facilities. The Wick prospect has been defined by 3D seismic mapping by Baron and others and a recent announcement by Upland Resources Limited stated Wick has estimated in-place P50 Prospective Resources of around 250 million barrels of oil (unrisked) in sands of Jurassic and Triassic age in the 11/24b licence area, a large part of which will be tested by the Wick well. The Wick well will be drilled to a total depth of 1250 metres subsea in a water depth of 39 metres during the 4th Quarter of 2018, subject to receipt of the necessary approvals and consents. Baron has now been notified by Corallian that the site survey for the drilling location had been completed and that an agreement has been signed with Ensco UK Limited to provide the Ensco 72 jack-up drilling rig to drill this well.

United Kingdom offshore licence P1918 block 98/11a ("Colter" Prospect) and onshore PEDLs 330 & 345 (Baron 8%)

Baron initially announced on 13 March 2018 that it had entered into a Farmout Agreement with Corallian under which it would earn a 5% working interest in UK Offshore Licence P1918, which contains the Colter Prospect, on which an appraisal well is planned to be drilled in the 4th Quarter of this year, following the Wick Well, subject to receipt of the necessary approvals and consents. By participating in this well, Baron would also earn a 5% interest in nearby onshore licences PEDL 330 and PEDL 345. On 25 July 2018, the Company announced that it had agreed to increase its working interest to 8% in this project. Under the terms of the revised agreement with Corallian, the Company will pay 10.67% of the costs related to this well, capped at a gross cost of £8.0 million. Costs above this cap will be funded at 8%. It was also announced that a AFE had been signed for the drilling of the Colter well at a total cost of £7.6 million, including £0.4 million of back costs. The total payable by the Company is currently estimated at some £810,000 (£707,700 remaining at 30 June 2018) to earn an 8% interest in each of P1918, PEDL330 and PEDL345.

The Colter Prospect lies in Poole Bay, immediately southeast of the Wytch Farm oilfield which has been developed from onshore facilities. The Colter Prospect is estimated to have the potential to hold unrisked Pmean Prospective Resources of 23 million barrels of oil equivalent recoverable from this reservoir. The Prospect will be appraised by a well drilled to a total depth of 1850 metres subsea in a water depth of 16 metres. Baron has now been notified by Corallian that the site survey for the drilling location had been completed and that an agreement has been signed with Ensco UK Limited to provide the Ensco 72 jack-up drilling rig to drill this well,

Preliminary mapping of a separate area around the 98/11-1 well, south of the Colter prospect, suggest the potential for Prospective Resources of up to 27 million barrels of recoverable oil. Further definition of this separate area will be possible once the results of the Colter well are available.

Legacy Exploration Activity

Peru Onshore Block XXI (Baron 100%)

The Company owns a 100% interest in the contract for block XXI through its 100%-owned subsidiary Gold Oil Peru SAC ("GOP"). The block lies onshore in the Sechura Desert, close to the town of Piura, and covers a current area of 2,425 square kilometres.

Plans are still active to drill the El Barco prospect, to a depth of 1850 metres, most likely in early 2019, subject to the execution of a satisfactory farmout agreement with an interested third party. Mapping of the El Barco prospect by GOP indicates that unrisked Prospective Resources are in the range of 6.4 billion cubic feet of recoverable gas in a low-risk shallow sand and 7.1 million barrels of recoverable oil in a much higher risk fractured basement play. The block XXI contract is currently in Force Majeure, because of local opposition to the drilling at El Barco. If the well is not drilled within 6 months of expiry of the Force Majeure situation, the contract will terminate and the Company will forfeit its guarantee bond of US$160,000.

Operations In Colombia

The Colombian company Inversiones Petroleras de Colombia ("Invepetrol"), in which Baron is a 50% shareholder, is now controlled by our partner, CI International Fuels, and Baron has no further involvement in its activities. Proceedings to liquidate this company were entered into on 23 May 2018.

Sea Asia Study Group

There has been no further progress on the SundaGas project. A decision by the host government continues to be delayed and it seems unlikely that an award, if any, will be made before the beginning of 2019.

Financial Results

In the six month period to 30 June 2018, the Company experienced an operating loss of £400,000 (30 June 2017: loss of £1,430,000; year to 31 December 2017: loss of £2,069,000).

The consolidated Income Statement includes exploration and evaluation expenditure and impairment of £121,000 in respect of block XXI Peru and £4,000 in respect of the the Southeast Asia Joint Study Agreement with SundaGas and final costs on block PL1/10 Ireland.

Administration expenses, excluding exchange differences, in the period were £267,000 (30 June 2017: £269,000; year to 31 December 2016: £510,000). These have now stabilised following the the removal of Colombia administrative costs in 2017 and the efforts to reduce Head Office costs in prior periods. The Board does not consider that there is scope for further cost reductions in this area. Exchange differences gave rise to a small gain of £14,000 in the period (30 June 2017: loss of £392,000, year to 31 December 2017: loss of £508,000).

There was no other operating income during the period (30 June 2017: £12,000; year to 31 December 2017: £21,000).

After finance and tax, the Company shows a net loss of £405,000 (June 2017: net loss of £916,000; 2017 year: net loss of £1,539,000), representing a loss of 0.03p per share (June 2017: 0.07p; year to 31 December 2017: 0.112p).

Cash balance at 30 June 2018 was £3,359,330 (30 June 2017: £1,671,000; 31 December 2017: £3,873,000).

Malcolm Butler, Chairman of Baron commented:

"The rig contract for the Wick and Colter wells has now been signed and the wells will be drilled once the permitting process has been completed. Encouragingly, we are now moving ahead with the purchase of wellheads and casing and we believe the remaining permits will be obtained shortly. We look forward to sharing with shareholders the results of these exciting wells in due course."

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

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Consolidated Income Statement
for the six months ended 30 June 2018

	Note	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross loss		-	-	-
Exploration and evaluation expenditure		(4)	(81)	(109)
Intangible assets written off		-	-	(1,837)
Intangible asset impairment		(121)	(1,556)	-
Goodwill impairment		-	-	-
Receivables impairment		(22)	25	43
Disposal of Colombia operations		-	831	831
Administration expenses	5	(267)	(269)	(510)
Profit/(loss) arising on foreign exchange		14	(392)	(508)
Other operating income		-	12	21
Operating profit/(loss)		(400)	(1,430)	(2,069)
Finance cost		(7)	(7)	(8)
Finance income		2	2	19
Loss on ordinary activities before taxation	6	(405)	(1,435)	(2,058)
Income tax (expense)/benefit	7	-	519	519
Loss on ordinary activities after taxation		(405)	(916)	(1,539)
Loss on ordinary actvities after taxation is attributable to:				
Equity shareholders		(405)	(916)	(1,539)
Non-controlling interests		0	-	-
Loss on ordinary activities after taxation		(405)	(916)	(1,539)
Earnings/(loss) per share: basic	8	(0.03)p	(0.07)p	(0.112)p
Diluted	8	(0.03)p	(0.07)p	(0.112)p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2018

	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Loss on ordinary activities after taxation attributable to the parent	(405)	(916)	(1,539)
Other comprehensive income			
Currency translation differences	(8)	97	35
Total comprehensive income for the period	(413)	(819)	(1,504)
Total comprehensive income attributable to :			
Owners of the company	(413)	(819)	(1,504)

Consolidated Statement of Financial Position
for the six months ended 30 June 2018

	Notes	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Non-current assets				
Property, plant and equipment		1	2	-
Intangibles		1,397	1,256	1,260
Goodwill		-	-	-
		1,398	1,258	1,260
Current assets				
Inventories		-	-	-
Receivables		41	216	18
Cash and cash equivalents		3,236	1,671	3,873
Cash held as security for bank guarantees		123	2,890	119
		3,400	4,777	4,010
Total assets		4,798	6,035	5,270
Equity and liabilities				
Capital and reserves attributable to owners of the parent				
Called up share capital	9	344	344	344
Share premium account		30,237	30,237	30,237
Share option reserve		122	81	122
Foreign exchange translation reserve		1,715	1,785	1,723
Retained earnings		(28,568)	(27,540)	(28,163)
Total equity		3,850	4,907	4,263
Current liabilities				
Trade and other payables		142	232	195
Taxes payable		806	896	812
		948	1,128	1,007
Total equity and liabilities		4,798	6,035	5,270

Consolidated Statement of Cash Flows
for the six months ended 30 June 2018

	Notes	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Operating activities	9	(417)	(361)	(680)
Investing activities				
Return from investment and servicing of finance		2	2	19
Sale of intangible assets		-	-	-
Cash previously not available now released		-	-	2,674
Acquisition of intangible assets		(222)	(128)	(298)
Acquisition of tangible assets		-	-	-
		(220)	(126)	2,395
Financing activities				
Proceeds from issue of share capital		-	-	-
Net cash (outflow)/inflow		(637)	(487)	1,715
Cash and cash equivalents at the beginning of the period		3,873	2,158	2,158
Cash and cash equivalents at the end of the period		3,236	1,671	3,873

As at 30 June 2018, bank deposits include amounts totaling US$160,000 (30 June 2017: US$3.74M and 31 December 2017: US$160,000) that are being held in respect of guarantees and are 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 2018

	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Opening equity	4,263	6,073	6,073
Loss for the period	(405)	(916)	(1,498)
Deconsolidation of non-controlling interest	-	(347)	(347)
Foreign exchange translation	(8)	97	35
Closing equity	3,850	4,907	4,263

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 2017. The financial statements for the half period ended 30 June 2018 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 2017, prepared under IFRS, were approved by the Board of Directors on 24 May 2018 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 2017. This interim financial information for the six months to 30 June 2018, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 28 September 2018.

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 2017, 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 (continued)

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

	United Kingdom	South America	South East Asia	Total
Six months ended 30 June 2018	£'000	£'000	£'000	£'000
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	(254)	(150)	(1)	(405)
Total net assets	3,236	614	-	3,850

	United Kingdom	South America	South East Asia	Total
Six months ended 30 June 2017	£'000	£'000	£'000	£'000
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	(565)	(270)	(81)	(916)
Total assets	4,266	641	-	4,907

Notes to the Interim Financial Information (continued)

4. Segmental information (continued)

	United Kingdom	South America	South East Asia	Total
Year ended 31 December 2017	£'000	£'000	£'000	£'000
Audited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	(990)	(459)	(90)	(1,539)
Total assets less liabilities	3,762	501	-	4,263

5. Administration expenses	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
United Kingdom operations	267	269	510
(Profit)/loss arising on foreign exchange	(14)	392	508
	253	661	1,018

Notes to the Interim Financial Information (continued)

6. Loss from operations

	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
The loss on ordinary activities before taxation includes:			
Auditors' remuneration			
Audit	11	15	21
Other non-audit services	2	-	5
Depreciation of oil and gas assets	-	1	-
Intangible asset writtten off	-	-	1,837
Impairment of intangible assets	121	1,556	-
Impairment of property, plant and equipment	-	-	-
Impairment of foreign tax receivables	22	(25)	(43)
Disposal of operations	-	831	831
(Profit)/Loss on exchange	(14)	392	508

7. Income tax expense

The income tax charge for the period relates to the (provision)/reduction in provision for foreign taxation on the profit or loss.

8. Earnings/(loss) per Share

	6 months to 30 June 2018 Unaudited	6 months to 30 June 2017 Unaudited	Year to 31 December 2017 Audited
	Pence	Pence	Pence
Earnings/(loss) per ordinary share			
Basic	-£0.03	-£0.07	-£0.112
Diluted	-£0.03	-£0.07	-£0.112

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £405,000 (30 June 2017: £916,000; 31 December 2017: £1,539,000) and a weighted average number of shares in issue of 1,433,344,040 (30 June 2017: 1,376,409,576; 31 December 2017: 1,405,269,472).

The potentially dilutive options issued were 41,000,000 (30 June 2017: 35,172,414; 31 December 2017: 76,172,414).

Notes to the Interim Financial Information (continued)

9. Called up Share Capital

There have been no changes to share capital in the reporting period.

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

	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	Year to 31 December 2017 Audited £'000
Profit/(loss) for the period	(405)	(916)	(1,539)
Depreciation and amortisation	121	1,557	2
Share based payments	-	-	41
Non-cash movement arising on deconsolidation of non-controlling interests	-	(346)	(347)
Finance income shown as an investing activity	(2)	(2)	(19)
Tax Expense/(Benefit)	-	(519)	(519)
Foreign currency translation	(33)	458	512
(Increase)/decrease in receivables	(23)	316	2,052
Tax paid	(22)	(87)	(4)
Increase/(decrease) in payables	(53)	(822)	(859)
	(417)	(361)	(680)

11. Related party transactions

During the period, the company purchased accounting and administrative services amounting to £4,500 (30 June 2017: £4,500; 31 December 2017: £8,250) from Langley Associates Limited, a company controlled by Mr G Barnes, a director.

Notes to the Interim Financial Information (continued)

12. Financial information

The unaudited interim financial information for period ended 30 June 2018 does 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 2017 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.