

## 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.

29 June 2020

### **Baron Oil Plc**

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

### **AGM Statement**

Baron Oil Plc (AIM:BOIL), the AIM-quoted oil and gas exploration and production company focused on opportunities in SE Asia, Latin America and the UK, will be holding its Annual General Meeting at 1pm today. At the meeting, Dr Malcolm Butler, Executive Chairman, will release the following statement.

#### *Financial Position and Commitments*

Following the Share Placing in Q1 2020, which significantly strengthened the Company's financial capability, available cash at the end of May 2020 was £1.872 million, excluding the Peru and Timor-Leste performance bonds of US\$160,000 and US\$333,333 respectively. As a result, our proposed work programmes for 2020 and into 2021 are funded.

There is no obligation to drill before 2022 in Timor-Leste and there are no plans to drill in the UK in the foreseeable future. In Peru, where we have been attempting to facilitate the drilling of the El Barco-3X well, it is now becoming clear that the impact of COVID-19 will push any proposed drilling into 2021.

#### *Operations*

In common with most other industries, Baron faces challenges in managing the disruption caused by COVID-19-related global lockdowns. We have noted previously that access to the necessary datasets to fulfil work programmes in both Timor-Leste and the UK is being delayed and these problems continue. However, this requirement needs to be viewed in the context of ensuring that our efforts to progress activities do not compromise the health and safety of those with whom we work.

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

The main work obligations in the initial two-year period of the Chuditch PSC are the reprocessing of 800 km<sup>2</sup> of 3D seismic data and 2,000 line kms of 2D seismic data. Thereafter, subject to satisfactory results from the reprocessing, the subsequent commitment is for a well to be drilled in the third year of the Initial Term of the Chuditch PSC. Since signing the Chuditch PSC in November 2019, SundaGas has progressed the project as far as possible, conducting detailed technical baseline studies and employing a General Manager in Dili as the first step in building a local organisation.

The initial work programme was designed to extract the maximum information from existing seismic data, utilizing the technical expertise of the SundaGas team and incorporating a training programme for Timor-Leste nationals. There are issues with sea-bed topography that impact the resolution of seismic data at the Plover reservoir level in the Chuditch area and a pre-stack depth migration

("PSDM") processing routine, tailored to resolve these local issues, is necessary to define future drilling locations. Although the work carried out by Shell determined that there was minimal reservoir and migration risk, this specialised processing is necessary to define the limits of the accumulation, which impacts the volumes in place and the location of future wells. Accessing the original raw acquisition data for the existing seismic volumes is critical for this programme and a combination of COVID-19 lockdowns and data retrieval issues has meant that SundaGas has yet to receive these key data for either 3D or 2D seismic data.

As shareholders may be aware, SundaGas is a sponsor as well as presenting at the virtual Energy Online Series: Timor-Leste on Thursday 9 July 2020. The SundaGas presentation will not contain any information that has not previously been disclosed publicly. The postponed physical conference (Second Timor-Leste Oil & Gas Summit), where SundaGas is also a sponsor, is currently scheduled to take place in Q4 2020.

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

This licence, which contains the large Dunrobin and smaller Golspie prospects, was formally awarded to Baron Oil and its partners in September 2019 as part of the UK 31st Offshore Licensing Round. At the time, the Inner Moray Firth area attracted many bids, including successful ones from major companies. Both prospects are already defined by existing 3D seismic with supporting 2D seismic data, but specialised reprocessing to PSDM is planned when access to the original field data has been achieved. Unfortunately, such access is also being delayed because of COVID-19-related issues.

In April 2020, we announced a Work Sharing and Confidentiality Agreement ("WSCA") with a large European Exploration and Production Company for licence P2478. The Joint Venture partners agreed to cease marketing a farmout until 30th September 2020, during which period the WSCA party will complete its own regional technical work and share its data and interpretations over the area. The exclusivity period may be extended with this party until 31 December 2020 should it wish to negotiate farm-in terms. Whether or not this happens, we are hopeful that these studies will improve the chances of bringing in a partner to assist in funding, should the group elect to drill in due course.

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

Licence P1918, Colter: The initial evaluation of the drilling results indicated that the Colter South Prospect had the potential to contain commercial quantities of oil and the reduced licence acreage was continued into its Second Term in February 2020. However, re-evaluation of the geophysical information indicates that a further appraisal well is required which, when combined with the recent drop in oil prices, increases the likelihood that the licence will be relinquished at or before expiry of its Second Term on 31 January 2021.

PEDL330 & PEDL345, Purbeck: These are onshore Licences, lying to the south of Wytch Farm oilfield. PEDL345 includes a major part of the Purbeck Prospect, which is being evaluated. However, lower oil prices and more stringent environmental issues associated with drilling in this coastal area of Dorset means it is unlikely that drilling will be able to take place before these licences expire on 20 July 2021.

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

Despite announcing a military enforced lockdown in mid-March, Peru continues to struggle to contain the COVID-19 outbreak. The country currently ranks second only to Brazil in Latin America in confirmed cases and the Piura region, where Block XXI is situated, is the third most affected region in Peru. We continue to pursue efforts to drill the El Barco-3X well, including bringing in a farm-in partner,

but progress has been halted by the COVID-19 measures, which include strict movement restrictions and curfews.

The Block is in its fifth and last exploration phase but remains in Force Majeure, with approximately 6 months left in which to drill when it is lifted. Once the well is drilled, the Company has an agreement in principle with PeruPetro to have the option of a three-year extension. We will also be entitled to the return of our US\$160,000 government performance bond if the well is drilled. The most recent estimate for site preparation and drilling of El Barco-3X is US\$1.2 million.

It is unclear when access to Block XXI operations will be restored and what long-term effect the COVID-19 disruptions will have on the area. However, it is becoming clear that activities that had been planned for 2020 will now be pushed into 2021.

***Comment***

Once the impact of the pandemic recedes and the global economic outlook and industry activity levels begin to recover, we will seek to accelerate activity across our existing portfolio. Meanwhile, our work programmes for 2020 and into 2021 are funded and we have minimised capital commitments in the short term. The current delays are frustrating for all of us. We will keep shareholders informed as progress resumes.

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