26 September 2016

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

Unaudited Interim Results
for the six months ended 30 June 2016

Baron Oil Plc, the AIM-listed oil and gas exploration and production company primarily focused on opportunities in Latin America and South-East Asia, announces its unaudited interim financial information and results for the six months ended 30 June 2016.

Highlights

* Bill Colvin becomes non-executive Chairman, Malcolm Butler appointed Chief Executive Officer, Geoff Barnes appointed Finance Director.

* New JV announced with SundaGas to identify new ventures in SE Asia.

* Peru Block XXI. The 2D seismic programme completed at the beginning of the period and a new drillable prospect defined.

* Peru Block Z-34. Licence continues in Force Majeure. Seismic AVO studies carried out and investigation of rig availability and permitting timelines underway.

* IslandMagee Gas Storage Project. The InfraStrata loan repaid, with interest; Baron maintains, until the end of March 2017, an option to acquire a 16.666% interest in Infrastrata plc.

* Significant reduction in Peru office costs achieved.

Corporate

Board Structure:
In May 2016 Bill Colvin elected to return to his previous position as non-executive Chairman and Malcolm Butler was appointed to an executive position as Chief Executive Officer. At the same time, Geoff Barnes was appointed Finance Director. The overall financial effect of these board changes was neutral.

Lima Office:
Following a review of overhead costs and the efficacy of our staff in the Lima office, the Board decided to terminate the existing staff in June 2016 and to close the dedicated office. In its place, we have contracted the services of PAS Peru, a local consulting group headed by Guillermo Nieto. Mr Nieto has now assumed the functions of General Manager for Gold Oil Peru, our operating subsidiary in Peru, whose registered office has now been relocated to that of PAS Peru. This resulted in a one-off termination cost of US$153,000 but has reduced the ongoing cost of operating in Peru by some 50%.

SE Asia

SundaGas Joint Venture:
As announced recently, Baron has entered into a Joint Venture with SundaGas Pte Ltd ("SundaGas"), a Singapore-based company, to search for new business opportunities in Southeast Asia. SundaGas is a new exploration and production company, founded by Dr Andy Butler, formerly VP Business Development at Mitra Energy Inc. Its management has many years of experience as an operator in SE Asia, where a number of material transactions were completed. SundaGas has already identified a portfolio of potential opportunities, ranging from new PSC applications to purchases of existing production. The company also has the great advantage of being able to bring an operating capability in SE Asia to the table.

Baron will pay SundaGas a monthly fee for an initial period of six months from 1 October 2016, after which the arrangement will be reviewed. In the event that opportunities that have already been identified by SundaGas, or are identified during the initial period come to fruition, Baron will have the right to take an interest in them on the same terms as SundaGas.

Peru

Block XXI (Baron Oil 100%):
The acquisition of a total of 173 kms of 2D seismic was completed in January 2016 over the southwest corner of this large onshore block for a total of US$1.8 million. Interpretation of the data indicates the presence of an interesting closure immediately to the northeast of the 1954 Minchales-1X well, which had good gas shows and at least one small accumulation, and it was decided to continue into the final phase of the contract. The obligation during this phase, which expires in October 2017, is to drill one well. Our Lima office is currently discussing well costs and timing with potential drilling contractors and we hope to be able to drill a well in the middle of 2017. Such well would have a target depth of 1,850 metres and would test seismic indications of gas in shallow sands and in the basement rocks. However, it is still our intention to bring in a partner to share the cost of drilling.

Block Z-34 (Baron Oil 20% carried interest, following assignment of 30% to UOGG):
Very little progress continues to be made on this deep water block offshore Peru. Although the licence remains in suspension through the Force Majeure clause, the availability of deep water drillships has improved and costs have been reduced significantly. On behalf of the group, our partner Union Oil & Gas Group (UOGG) is carrying out a survey of rig availability, has commissioned a detailed study of the permit and regulation regime for drilling in these sensitive waters and has carried out AVO studies on our 3D seismic volume. UOGG continues to seek a partner to farm-in to the block to drill one or more wells, without success to date.

The Supreme Decree to approve the assignment of a 30% interest in Z-34 to UOGG was signed by the outgoing President of Peru in July 2016 but we are still waiting on execution of the Public Deed to finalise this transaction. We expect this to take place shortly, at which point we will be entitled to receive the final payment UOGG is obligated to make of US$2 million. In the meantime, in order to increase operating efficiency, Gold Oil Peru SAC has contracted the services of the technical group in UOGG to work on operations in block Z-34.

Colombia

As previously stated in the 2015 Annual Report and Financial Statements, we are in the process of closing down all our operations in Colombia. We have made almost all our staff redundant and retain only a minimal administrative presence in Bogota.

The process of finalising all the reports on the handover of the Nancy Burdine Maxine ("NBM") oil field to Ecopetrol is continuing and we expect this to conclude in the autumn. We continue to experience difficulty engaging with our local partner, CI Fuels International Limited and this is an ongoing impediment to the orderly closure of our operations in Colombia.

In May 2016, we transferred the assets and undertakings of the Company's Colombia branch to a local company, Projects & Investments Group, for US$111,000. The company's interest in the Rosablanca and Azar fields transferred with the transaction.

Licences PL1/10 and P2123, Northern Ireland (Baron Oil 10%)

Baron paid 13.33% of the costs of drilling Woodburn Forest-1 to earn a 10% interest in onshore Licence PL1/10 and offshore Licence P2123. The well was drilled to a total depth of 2,000 metres and was plugged and abandoned in June 2016, without having encountered any significant shows of hydrocarbons. However, good reservoirs were encountered in Triassic and Permian sands and the joint venture partners are currently reprocessing 2D seismic data in P2123 to evaluate potential prospects straddling the coastline between the two Licences. Unfortunately, even though it was made clear that this was a conventional exploration well, with no intention to frack, the costs of the Woodburn Forest-1 well were increased significantly because of security precautions made necessary by continual disruptions from groups of demonstrators.

IslandMagee Gas Storage Project, Northern Ireland

Infrastrata plc continues discussions with third parties on funding the next phase of this strategically-important gas storage project. Baron elected to have the full amount of the loan plus interest repaid at the beginning of August 2016, receiving £1,537,086 of which £136,134 was interest. At the same time, Baron renegotiated the original option to convert the entire balance of the loan into an equity participation of 15% of the share capital in Infrastrata's subsidiary, Islandmagee Storage Limited ("IMSL"). The option as amended enables Baron to acquire a 15% interest in the IMSL project for a payment of £1,536,498 before the end of March 2017. As announced on 26 September 2016, this option has been further revised so that Baron now has an option to acquire the number of ordinary shares of 1p in InfraStrata plc that represents 16.666% of the enlarged ordinary share capital of InfraStrata plc (from time to time) for a payment of £1,536,498, until 31 March 2017, in substitution for a 15% interest in IMSL.

Financial Results

In the six month period to 30 June 2016, the Company experienced an operating loss of £240,000 (30 June 2015: £995,000; year to 31 December 2015: £1,848,000). Following the closure of our operations in Colombia, there was no revenue in the six months ended 30 June 2016 of (30 June 2015: £1,015,000; year to 31 December 2015: £1,048,000).

We continue our approach of impairing both exploration intangibles and goodwill, with a total impairment charge of £954,000 (30 June 2015: £1,000; year to 31 December 2015: £1,312,000), with £636,000 being attributable to the unsuccessful exploration well on Woodburn Forest and the remainder arising from our Peru activities. During the period, we have been able to reduce the impairment charge against receivables, giving rise to a credit to the P&L of £427,000 (30 June 2015: nil; year to 31 December 2015: charge of £163,000).

The aforementioned Supreme Decree approving the assignment of a 30% interest in Z-34 to UOGG enables us to recognise a receivable of US$2 million, this being a direct transfer of the value previously held in intangible assets.

Administration expenses, excluding exchange differences, in the period were £528,000 (30 June 2015: £600,000; year to 31 December 2015: £1,137,000). Exchange differences gave rise to a gain of £460,000 in the period (30 June 2015: loss of £98,000, year to 31 December 2015: gain of £271,000); much of the company's assets are held in US Dollars and this gain reflects the weakening of pound sterling, particularly following the result of the EU referendum.

Other operating income of £355,000 (30 June 2015: loss of £150,000; year to 31 December 2015: income of £65,000) includes £304,000 arising on the cancellation of payables held since 2012.

After finance and tax, the company shows a net loss £183,000 (June 2015: £973,000; 2015 year: £2,210,000), representing a loss of 0.01p per share (June 2015: 0.07p; year to 31 December 2015: 0.15p).

Conclusions

The past six months have been a frustrating period for Baron' shareholders, with the failure of Woodburn Forest-1 and the continuing slow pace of progress in Peru, particularly on Block Z-34. The Board has spent a great deal of time trying to move things forward in Peru and has succeeded in cutting the ongoing costs of operations there. Although we hope to be able to get a well drilled in Block XXI in 2017, the prospect is relatively small and we are attempting to find an industry partner to share a major part of the cost.

However, the Joint Venture in SE Asia offers a great opportunity for Baron to open up a new operation in one of the few areas of the world where there is both strong demand for oil and gas and the clear support of governments to make exploration and production easy to achieve. We are particularly interested in gas opportunities because of the stable, long-term pricing environment. Having access to the experience and deal flow of the SundaGas team gives Baron a head start that would take years to achieve if built from scratch.

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 2016

	Note	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Revenue		-	1,015	1,048
Cost of sales		-	(1,163)	(611)
Gross loss		-	(148)	437
Intangible asset impairment		(954)	(84)	(1,312)
Goodwill impairment		-	85	-
Property, plant & equipment impairment		-	-	(9)
Receivables impairment		427	-	(163)
Administration expenses	5	(528)	(600)	(1,137)
Profit/(loss) arising on foreign exchange		460	(98)	271
Other operating income		355	(150)	65
Operating profit/(loss)		(240)	(995)	(1,848)
Finance cost		(5)	-	(19)
Finance income		62	32	92
Loss on ordinary activities before taxation	6	(183)	(963)	(1,775)
Income tax (expense)/benefit	7	-	(10)	(435)
Loss on ordinary activities after taxation		(183)	(973)	(2,210)
Loss on ordinary actvities after taxation is attributable to:				
Equity shareholders		(200)	(951)	(2,044)
Non-controlling interests		17	(22)	(66)
Loss on ordinary activities after taxation		(183)	(973)	(2,110)
Earnings/(loss) per share: basic	8	(0.01)p	(0.07)p	(0.15)p
Diluted	8	(0.01)p	(0.07)p	(0.15)p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2016

	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Loss on ordinary activities after taxation attributable to the parent	(200)	(951)	(2,044)
Other comprehensive income			
Currency translation differences	128	102	88
Total comprehensive income for the period	(72)	(849)	(1,956)
Total comprehensive income attributable to :			
Owners of the company	(72)	(849)	(1,956)

Consolidated Statement of Financial Position
for the six months ended 30 June 2016

	Notes	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Non-current assets				
Property, plant and equipment		3	4	4
Intangibles		1,265	1,693	2,548
Goodwill		-	-	-
		1,268	1,697	2,552
Current assets				
Inventories		-	151	-
Receivables		3,724	3,550	1,712
Cash and cash equivalents		1,174	4,253	3,010
Cash held as security for bank guarantees		2,819	2,300	2,442
		7,717	10,254	7,164
Total assets		8,985	11,951	9,716
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		286	205	286
Foreign exchange translation reserve		2,106	1,993	1,978
Retained earnings		(26,997)	(25,748)	(26,797)
Capital and reserves attributable to non-controlling interests		620	791	603
Total equity		6,596	7,822	6,651
Current liabilities				
Trade and other payables		966	3,321	1,747
Taxes payable		1,423	808	1,318
		2,389	4,129	3,065
Total equity and liabilities		8,985	11,951	9,716

Consolidated Statement of Cash Flows
for the six months ended 30 June 2016

	Notes	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Operating activities	10	(3,252)	(912)	(2,746)
Investing activities				
Return from investment and servicing of finance		62	32	92
Sale of intangible assets		0	-	-
Disposal of tangible assets		1,581	89	227
Acquisition of intangible assets		(227)	(124)	(1,732)
Acquisition of tangible assets		(1)	(13)	(12)
Acquisition of investment assets		-	(2,000)	-
		1,415	(2,016)	(1,425)
Net cash (outflow)/inflow		(1,836)	(2,928)	(4,171)
Cash and cash equivalents at the beginning of the period		3,010	7,181	7,181
Cash and cash equivalents at the end of the period		1,174	4,253	3,010

As at 30 June 2016, bank deposits included an amount of US$3.6M (30 June and 31 December 2015: 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 2016

	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Opening equity	6,651	8,692	8,692
Loss for the period	(183)	(973)	(2,210)
Share based payments	-	-	81
Foreign exchange translation	128	103	88
Closing equity	6,596	7,822	6,651

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 2015. The financial statements for the half period ended 30 June 2016 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 2015, prepared under IFRS, were approved by the Board of Directors on 2 June 2016 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 year ended 31 December 2015. This interim financial information for the six months to 30 June 2016, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 26 September 2016.

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 2015, 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.

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	Total
Six months ended 30 June 2016	£'000	£'000	£'000
Unaudited			
Revenue			
Sales to external customers	-	-	-
Segment revenue	-	-	-
Results			
Segment result	(421)	238	(183)
Total net assets	5,860	736	6,596

	United Kingdom	South America	Total
Six months ended 30 June 2015	£'000	£'000	£'000
Unaudited			
Revenue			
Sales to external customers	-	1,015	1,015
Segment revenue	-	1,015	1,015
Results			
Segment result	1,761	(2,734)	(973)
Total assets	2,460	5,362	7,822

	United Kingdom	South America	Total
Year ended 31 December 2015	£'000	£'000	£'000
Unaudited			
Revenue			
Sales to external customers	-	1048	1048
Segment revenue	-	1,048	1,048
Results			
Segment result	(354)	(1,856)	(2,210)
Total assets less liabilities	5,270	1,381	6651

5. Administration expenses

	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
United Kingdom operations	291	262	542
Colombia operations	105	265	530
Peru operations	132	73	65
(Profit)/loss arising on foreign exchange	(460)	98	(271)
	68	698	866

6. Loss from operations

	6 months to 30-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000

The loss on ordinary activities before taxation includes:

Auditors' remuneration			
Audit	24	20	43
Other non-audit services	-	-	12
Depreciation of oil and gas assets	247	592	4
Impairment of intangible assets	954	(1)	1,312
Impairment of property, plant and equipment	-	-	9
Impairment of foreign tax receivables	57	(51)	163
(Profit)/Loss on exchange	(460)	98	(271)

7. Income tax expense

The income tax charge for the period relates to provisions for foreign taxation on taxable gains arising in the Company's operations in Peru.

8. Earnings/(loss) per Share

	6 months to 30-Jun 2016 Unaudited	6 months to 30-Jun 2015 Unaudited	Year to 31-Dec 2015 Audited
	Pence	Pence	Pence
Earnings/(loss) per ordinary share			
Basic	(0.01)	(0.07)	(0.15)
Diluted	(0.01)	(0.07)	(0.15)

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £183,000 (30 June 2015: £971,000; 31 December 2015: £2,210,000) and a weighted average number of shares in issue of 1,376,409,576 (30 June 2015: 1,376,409,576; 31 December 2015: 1,376,409,576).

The potentially dilutive options issued were 35,172,414 (30 June 2015: 71,412,845; 31 December 2015: 71,412,845).

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-Jun 2016 Unaudited £'000	6 months to 30-Jun 2015 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Profit/(loss) for the period	(200)	(951)	(2,044)
Depreciation and amortisation	247	592	1,325
Share based payments	-	-	81
Non-cash movement arising on consolidation of non-controlling interests	17	(22)	(166)
Finance income shown as an investing activity	(62)	(32)	(92)
Tax Expense/(Benefit)	-	10	435
Foreign currency translation	(566)	82	(195)
(Increase)/decrease in inventories	-	53	204
(Increase)/decrease in receivables	(2,012)	(351)	(513)
Tax paid	105	(110)	(25)
Increase/(decrease) in payables	(781)	(183)	(1,756)
	(3,252)	(912)	(2,746)