2 September 2013

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

Unaudited Interim Financial Information
for the period 1 January 2014 to 30 June 2014

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 and results for the six months ended 30 June 2013.

Highlights

- Peru Block Z-34: The Environmental Impact Assessment ("EIA") was approved by the Ministry of Energy and Mines in June 2014.
- Colombia, Nancy Burdine ("NBM") fields: Baron Oil disposed of 50% of its equity in Invepetrol to C.I. International Fuels Ltd in April, 2014 for new investment of US$2 million.
- Loss on Ordinary Activities £2,018,000 (30 June 2013: profit of £256,000; 2012 year: loss of £3,565,000)
- Loss per share 0.17p (30 June 2013: earnings per share 0.02p; 2013 year: loss per share 0.31p)

Colombia Highlights:

Nancy Burdine Maxine Producing Fields (NBM)

Baron Oil sold 50% of its equity in Invepetrol to C.I. International Fuels Ltd. in April 2014 for US$2 million, this sum being invested in the ongoing operations of the fields.

Baron Oil and CII are now equal partners in the NBM field where Baron Oil keeps the operatorship whilst CII will enhance the commercial side of the business.

The NBM's oil production has been steadily above 450 bopd on a daily average for most of the first half of this year. 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 the new buyers.

Discussions about the potential extension of the NMB license are continuing with Ecopetrol.

Baron Oil Colombia Reorganisation

Baron Oil Colombia has concluded its operational reorganisation. The new operational structure provides a significant reduction, not only in field costs, but also in the Bogota overhead cost whilst keeping a close relationship with local communities and authorities

Rosablanca Block

Following the new partnership with PG&I, a new exploration work program has been submitted to the Colombian authorities (ANH). Baron Oil remains the field operator and has a 5% percent carried interest through the whole exploration work program.

Peru Highlights

Block Z-34 offshore

The Environmental Impact Assessment ("EIA") was approved by the Ministry of Energy and Mines in June, 2014.

The license is now in the third phase out of five exploration phases. The third phase consists of 720 working units or one exploration well. The period is twelve months. No further "EIA's" will be required in the upcoming phases.

Baron Oil has a 20% carried interest in the three remaining phases and is the operator of the block. Currently, Baron Oil is discussing with Union Oil & Gas on how to move forward in the third phase.

Z34 is located within the Talara Basin offshore North West Peru and the block covers a very large area of 3,713 sq km. This highly prospective basin has historically produced more than 1.6 billion barrels of oil and most of the remaining potential is believed to be in the offshore area of the basin. Karoon Oil and Gas, operator of the adjoining block Z-38, has announced that it will start a drilling campaign.

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

Block XXI onshore

Baron Oil expects to obtain the EIA approval within the next few months. A 2D seismic survey is being planned for next year to be closely followed by several exploration wells.

The Company has a 30% carried interest with Vale as partner.

Financial Results

In the six month period to 30 June 2014, the Company experienced an operating loss of £2,010,000 (30 June 2013: profit of £289,000; 2013 year: loss of £2,973,000) on revenue of £1,188,000 (30 June 2013: £2,059,000; 2013 year: £2,221,000). Oil sales for this period held up well after the difficulties experienced in the second half of 2013, with the Group's share of revenue reducing to 50% from mid-April as a result of the 50% divestment of NBM to CII. After finance and tax, the company shows a final loss of £2,018,000 (30 June 2013: profit of £256,000; 2013 year: loss of £3,565,000), representing a loss per share of 0.17p

We continue with our approach of impairing both development intangibles and goodwill, giving rise to a net charge to the Income Statement of £679,000 (30 June 2013: £439,000; 2013 year: £998,000).

Overheads in the period amounted to £794,000 (30 June 2013: £684,000; 2013 year: £2,043,000). This demonstrates that company management has continued to reduce the level of overead when compared with the whole of the preceding year.

Post balance sheet events

On 12 August 2014, the Company raised £2.985 million after expenses by way of a placing of 206,896,551 new ordinary shares.

Conclusions

The Management of the Company continues its reorganisation of its operations..

The NBM field in Colombia has still a significant amount of upside potential but with continuing difficulties in its operations, and ongoing licence extension negotiations, the Company believes that by divesting 50% of its interest in favour of its new partner, CI International Fuels Ltd, it reduces its risk exposure .

In Peru, we remain of the view that this region offers very good prospects for the future and we continue to develop these opportunities with our commercial partners.

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. The Company continues to review potential opportunities and we will report to shareholders if a successful conclusion is forthcoming.

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

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2 September 2014

Consolidated Income Statement
for the six months ended 30 June 2014

	Note	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
Revenue		1,188	2,059	2,211
Cost of sales		(1,737)	(804)	(2,397)
Gross (loss)/profit		(549)	1,255	(186)
Intangible asset impairment		(416)	598	(384)
Goodwill impairment		(263)	(364)	(526)
Loss on disposal of intangible assets		-	(673)	(88)
Loss on destruction of oilfield assets		-	-	(232)
Administration expenses	5	(794)	(684)	(2,043)
Other operating income		12	157	486
Operating profit/(loss)		(2,010)	289	(2,973)
Finance cost		0	0	(68)
Finance income		7	14	43
Profit/(loss) on ordinary activities before taxation		(2,003)	303	(2,998)
Income tax (expense)/benefit	6	(15)	(47)	(567)
Profit/(loss) on ordinary activities after taxation		(2,018)	256	(3,565)
Earnings/(loss) per share: basic	7	(0.17)p	0.02p	(0.31)p
Diluted	7	(0.17)p	0.02p	(0.31)p

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

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2014

	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
Profit/(loss) for the period	(2,018)	256	(3,565)
Other comprehensive income			
Share based payments	0	0	205
Currency translation differences	(236)	(480)	197
Total comprehensive income for the period	(2,254)	(224)	(3,163)
Total comprehensive income attributable to :			
Owners of the company	(2,254)	(224)	(3,163)

Consolidated Statement of Financial Position
for the six months ended 30 June 2014

	Notes	6 months to 30-Jun 2014 Unaudited	6 months to 30-Jun 2013 Unaudited	Year to 31-Dec 2013 Audited
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		1,518	2,162	2,405
Intangibles		2,203	2,520	2,275
Goodwill		668	1,640	922
		4,389	6,322	5,602
Current assets				
Inventories		106	316	235
Receivables		2,027	2,298	2,211
Cash and cash equivalents		1,962	3,854	2,078
Cash held as security for bank guarantees		2,122	2,372	2,276
		6,217	8,840	6,800
Total assets		10,606	15,162	12,402
Equity and liabilities				
Capital and reserves				
Called up share capital	8	292	292	292
Share premium account		27,304	27,304	27,304
Share option reserve		205	0	205
Foreign exchange translation reserve		1,254	812	1489
Retained earnings		(22,965)	(17,126)	(20,947)
Total equity		6,090	11,282	8,343
Current liabilities				
Trade and other payables		4,271	3,741	3,290
Taxes payable		245	139	769
		4,516	3,880	4,059
Total equity and liabilities		10,606	15,162	12,402

Consolidated Statement of Cash Flows
for the six months ended 30 June 2014

	Notes	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
Operating activities	9	305	(568)	(1,470)
Investing activities				
Return from investment and servicing of finance		7	14	43
Sale of intangible assets		0	2,398	2,579
Disposal of tangible assets			-	640
Cash deposited for Peru performance guarantees		-	-	
Purchase of intangible assets		(422)	(385)	(438)
Purchase of tangible assets		(5)	(605)	(2,276)
		(420)	1,422	548
Financing activities				
Proceeds from issue of share capital		0	2,050	2,050
Net cash (outflow)/inflow		(116)	2,904	1,128
Cash and cash equivalents at the beginning of the period		2,078	950	950
Cash and cash equivalents at the end of the period		1,962	3,854	2,078

As at 30 June 2014, bank deposits included an amount of US$3.6M (30 June and 31 December 2013: 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 2014

	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
Profit/(loss) for the period	(2,018)	256	(3,565)
Shares issued	0	2,050	2,050
Share based payments		-	205
Foreign exchange translation	(236)	(480)	197
	(2,254)	1,826	(1,113)
Opening shareholders' funds	8,343	9,456	9,456
Closing shareholders' funds	6,089	11,282	8,343

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 2013. The financial statements for the half period ended 30 June 2014 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 2013, prepared under IFRS, were approved by the Board of Directors on 2 June 2014 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 2013. This interim financial information for the six months to 30 June 2014, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 1 September 2014.

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 2014, 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 2014:

Reference	Title	Summary	Application date of standard	Application date of Group
IAS 36	Impairment of assets	Limited scope amendments to disclosure requirements	Periods commencing on or after 1 January 2014	1 January 2014
IAS 39	Hedge accounting and novation of derivatives	Provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria	Periods commencing on or after 1 January 2014	1 January 2014
IFRIS 21	Accounting for levies imposed by governments	Clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy	Periods commencing on or after 1 January 2014	1 January 2014

Notes to the Interim Financial Information

Reference	Title	Summary	Application date of standard	Application date of Group
IFRS 10, IFRS 12, IAS 27	Exception from consolidation for “investment entities”	Amendments have been made to define an “investment entity” and to introduce an exception from consolidation and the required disclosures	Periods commencing on or after 1 January 2014	1 January 2014
IAS 32	Financial instruments: Presentation	Clarifies the requirements for offsetting of financial assets and financial liabilities	Periods commencing on or after 1 January 2014	1 January 2014

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
Amendments to IFRS 2, IFRS 3	Amendments resulting from Annual Improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014	1 July 2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service	Periods commencing on or after 1 July 2014	1 January 2015
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2016

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.

Notes to the Interim Financial Information (continued)

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 2014			
Unaudited			
Revenue			
Sales to external customers	-	1,188	1,188
Segment revenue	-	1,188	1,188
Results			
Segment result	(502)	(1,516)	(2,018)
Total net assets	2,460	3,630	6,090

	United Kingdom	South America	Total
	£'000	£'000	£'000
Six months ended 30 June 2013			
Unaudited			
Revenue			
Sales to external customers	-	2059	2059
Segment revenue	-	2059	2059
Results			
Segment result	(205)	461	256
Total assets	2,545	8,737	11,282

Baron Oil Plc

Notes to the Interim Financial Information (continued)

5. Loss from operations

	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
The loss on ordinary activities before taxation includes:			
Auditors' remuneration			
Audit	21	62	46
Audit - prior years		-	
Other non-audit services	-	-	12
Depreciation of non oil and gas assets	-	-	5
Depreciation of oil and gas assets	560	337	1,209
Impairment of intangible assets	679	(234)	384
Loss on disposal of investment	-	673	88
(Profit)/Loss on exchange	72	(141)	104

6. Income tax expense

The income tax charge for the period relates to provision for 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 2014 Unaudited	6 months to 30-Jun 2013 Unaudited	Year to 31-Dec 2013 Audited
	Pence	Pence	Pence
Earnings/(loss) per ordinary share			
Basic	(0.17)	(0.14)	(0.31)
Diluted	(0.17)	(0.14)	(0.31)

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £2,018,000 (30 June 2013: profit of £256,000; 31 December 2014: loss of £3,565,000) and a weighted average number of shares in issue of 1,169,513,025 (30 June 2013: 1,134,187,058; 31 December 2013: 1,151,995,217).

The potentially dilutive warrants issued were 40,241,431 (30 June 2013: 26,000,000; 31 December 2013: 40,241,431).

Notes to the Interim Financial Information (continued)

8. Called up Share Capital

There have been no changes to share capital in the reporting period. After the end of the period on 12 August 2014, the Company raised £2.985 million after expenses by way of a placing of 206,896,551 new ordinary shares.

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

	6 months to 30-Jun 2014 Unaudited £'000	6 months to 30-Jun 2013 Unaudited £'000	Year to 31-Dec 2013 Audited £'000
Profit/(loss) for the period	(2,018)	256	(3,565)
Depreciation and amortisation	1,239	777	1,411
Loss on disposal of assets			320
Non-cash movement arising on changes in interests in tangible fixed assets	330	-	555
Share based payments	-	-	205
Finance income shown as an investing activity	(7)	(14)	(43)
Tax Expense/(Benefit)	15	47	567
Foreign currency translation	(8)	(713)	174
(Increase)/decrease in inventories	129	(203)	(122)
(Increase)/decrease in receivables	183	125	213
Tax paid	(539)	(146)	(36)
Increase/(decrease) in payables	981	(697)	(1,149)
	305	(568)	(1,470)

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 2014 (30 June 20132: nil; 31 December 2013: nil). At the end of the period, there were no balances outstanding (30 June 2013 and 31 December 2013: balance due to Terra Firma Technology Pty Ltd of £58,790).

11. Financial information

The unaudited interim financial information for period ended 30 June 2014 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 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.